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[National Service Trust Act-Copy] [1]

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TO THE CONGRESS OF THE UNITED STATES:

I am pleased to transmit today for your immediate consideration and enactment the "National Service Trust Act of 1993" and the "Student Loan Reform Act of 1993." These Acts represent innovative public policy founded on traditional American values: offering educational opportunity, rewarding personal responsibility, and building the American community. In affirming these values, the Acts reject wasteful bureaucracy -- instead reinventing government to unleash the ideas and initiative of the American people. Also transmitted is a section-by-section analysis.

Throughout the Presidential campaign last year, Americans of all backgrounds and political persuasions responded to national service like few other ideas. The reasons are clear. Higher education is fundamental to the American Dream, but complex procedures and inflexible repayment plans have created serious problems for many students with education loans to pay back. Defaults are too high today -- and taxpayers are left to foot the bill. Americans are yearning to reaffirm an American community that transcends race, region, or religion -- and to tackle the problems that threaten our shared future.

The two Acts are designed to meet these basic American needs. The National Service Trust Act of 1993 establishes a domestic Peace Corps, offering hundreds of thousands of young people the opportunity to pay for school by doing work our country needs. The Student Loan Reform Act of 1993 overhauls the student loan system. Through a one-stop direct student loan program, the Act will save taxpayers billions of dollars, lower interest rates for students, and simplify the financial aid system. And through new EXCEL Accounts and other repayment options, the Act will offer borrowers greater choice and lower monthly payments while reducing the chance of defaults.

The National Service Trust Act of 1993 establishes a definition of national service that is clear but broad.

National service is work that addresses unmet educational, environmental, human, or public safety needs. It enriches the lives of those who serve, instilling the ethic of civic responsibility that is essential to our democracy. And national service does not displace or duplicate the functions of existing workers.

Building on the National and Community Service Act of 1990 and the flourishing community service programs of nonprofit organizations and States, the initiative rejects bureaucracy in favor of locally driven programs. In the spirit of reinventing government, the Act will empower those with the greatest expertise and incentives to make national service work.

The Act enables citizens of all backgrounds to serve and use their educational awards where they see fit. While many participants will be recent college graduates, Americans will be eligible to enter the program at any time in their adult lives. Both full-time and part-time service will be encouraged. And whatever their education level, those who complete a term of service will receive an award of \$5,000. The award will be payable toward past, present, or future educational expenses in 4- and 2-year colleges, training programs, and graduate and professional schools.

The Act demands that programs meet tough guidelines for excellence and requires measurable performance goals and independent evaluations. Within these limits, however, the Act enables the people who run programs to design them. The smallest community-based organizations and largest Federal agencies will be able to compete for funding. A variety of program models will be eligible, ranging from youth corps that enable at-risk youth to meet community needs, to preprofessional programs that give college students ROTC-like training and then placements in specific problem areas, to diverse community corps that involve Americans of all backgrounds in meeting common goals.

With the economic market as a model, there is competition at every level of the system: programs compete for State approval, States compete for Federal approval, and programs at the national level compete against each other and States for Federal approval. To build public/private partnerships that earn support far beyond government, the Act requires programs to make a cash match and to increase nongovernment support as time passes.

The Act is designed to reduce waste and promote an entrepreneurial government culture. The Act establishes a new Government Corporation for National Service that combines two existing independent agencies, the Commission on National and Community Service and ACTION. With flexible personnel policies and a small, bipartisan Board sharing power with a Chairperson, the Corporation will operate as much like a lean nonprofit corporation as a Government agency.

The State level will mirror the Federal level and build a strong partnership between the two. Bipartisan State commissions on national service will be responsible for selecting programs to be funded by States. To ensure genuine Federal/State cooperation, a representative of the Corporation will sit on State commissions and a representative of the States on the Corporation Board.

The National Service Trust Act of 1993 encourages Americans to join together and serve our country -- at all ages and in all forms. The Act enhances the Serve-America program for school-age youth; extends and improves the VISTA and Older Americans Volunteer Programs authorized under the Domestic Volunteer Service Act; supports the Civilian Community Corps and Points of Light Foundation; and pulls these efforts under the new Corporation. The Act will help instill an ethic of service in elementary and secondary school students, encourage them to serve in their college years, and give them further opportunities later in their lives.

The Student Loan Reform Act of 1993 will take an important first step toward comprehensive reform of the student loan system. It saves money, makes loan repayment more affordable, and holds students more accountable. The measures in no way replace the Pell Grant program, which will remain the cornerstone of financial aid for millions of students.

The Student Loan Reform Act of 1993 replaces the current Federal Family Education Loan program with the Federal Direct Student Loan Program over a 4-year period. By eliminating subsidies to private lenders and making loans directly to students, direct lending will save taxpayers \$4.3 billion through Fiscal Year 1998 and still allow interest rates to drop for student borrowers. Many schools will make loans directly to students on campus, though none will be forced to do so. In addition, no institution will service or collect loans. This reform simplifies the system for many students, enabling most to receive all their aid through "one-stop shopping" at their institutions' financial aid offices.

The lending reform expands choice and reduces burdens for all student borrowers by offering a variety of repayment plans -- including fixed, extended, graduated, and income-contingent schedules. In the same way that multiple financing options help homeowners, these plans offer real choice to all and lower monthly payments to those who want them. Income-contingent repayments -- through the new EXCEL Accounts -- also encourage service by students who do not participate in service under the National Service Trust Act. With more manageable monthly payments, more students will be able to take jobs that pay less but do more for their communities, without risking default. And whatever plan they first choose, students will be able to change their repayment schedule as their circumstances change.

The Student Loan Reform Act of 1993 will also reduce default rates. By electing income-contingent repayment schedules, students with lower incomes will be able to repay their loans on a manageable plan, without defaulting. Through cooperation with the IRS, the Act will improve collection and monitoring of student loans. And for those who are able to pay but do not, the Act will give the Secretary of Education authority to require payment on an income-contingent basis.

Opportunity, responsibility, and community go beyond politics. They are basic American ideals. Enactment of these two Acts will express the Nation's commitment to these ideals and to our shared future. I urge the Congress to give the legislation prompt and favorable consideration.

A handwritten signature in black ink, reading "William J. Clinton". The signature is written in a cursive, flowing style with a large initial "W".

THE WHITE HOUSE,

May 5, 1993.

FACT SHEET

NATIONAL SERVICE TRUST ACT OF 1993

The "National Service Trust Act of 1993" is innovative public policy founded on traditional American values: offering educational opportunity, demanding personal responsibility, and building the American community. In affirming these values, the initiative also rejects big bureaucracy -- reinventing government to unleash the initiative of the American people.

The President's support for service extends from the youngest elementary school students to our oldest citizens, and includes everything from part-time volunteer activities to full-time public service jobs.

The President's initiative will:

- Build the American community through a new domestic Peace Corps that brings Americans together to tackle pressing national problems.
- Offer educational opportunity and reward individual responsibility by providing educational awards to hundreds of thousands of Americans who serve our country.
- Reinvent government by streamlining Federal bureaucracies, relying on locally driven initiatives, and creating flexibility for students and competition among programs.

The Act will establish a Corporation for National Service that will offer Americans who do vital work in the national service initiative an educational award.

The Corporation will establish quality criteria and require measurable impacts, but within these bounds, communities will be able to design programs that meet their own pressing needs. Programs will be expected to educate their participants both in the particular skills their service demands and in the civic responsibility that our democracy requires. In all respects, the Act is designed to build partnerships -- among Federal Government, State governments, and the private sector; and within communities, among the schools, businesses, and civic organizations that seek to fight common problems. Assistance will be distributed on a competitive basis and no program will have a right to funding, but a wide variety of organizations will have a chance to establish programs that serve our country.

Definition of National Service

- Meets unmet educational, environmental, human, or public safety needs.
- Improves the life of the participant, through citizenship education and training.
- Does not displace or duplicate the functions of existing workers.

Organization

- To reduce waste and promote an entrepreneurial government culture, a new government Corporation for National Service will be established, combining the Commission on National and Community Service and ACTION.
- While maintaining existing programs such as VISTA, the new program makes investments in new initiatives; neither the Corporation nor the State commissions will operate them.
- A small bipartisan Board will share power with a Chairperson.
- Flexible and quality-driven personnel policies will include pay-for-performance and a 7-year limit on most tenures.
- The Corporation may solicit and accept private contributions.
- At the state level, commissions on national service will be established to mirror and cooperate with the Federal Corporation.
- Like the Corporation Board, commissions will be composed of bipartisan members from a variety of fields. To ensure a genuine Federal/State partnership, a representative of the Corporation will sit on the State commissions, and a State representative will sit on the Corporation Board.
- All programs will have to compete for support; none will be guaranteed funding.
- One-third of funds will be allocated by population-based formula to State commissions with approved plans for competitive distribution of funds; at least one-third to State commissions on a competitive basis for competitive distribution; and up to one-third will be reserved to the Corporation for allocation on a competitive basis.

Programs

- National quality criteria for programming will be developed for every type of program in conjunction with experts in the field.
- Performance goals and independent evaluations will be required in every program.

- An Inspector General will police fraud and abuse and perform oversight of funded programs.
- To encourage public/private partnership, programs must provide a 15 percent cash match on stipends and health care and a 25 percent match for other program support.
- Entities ranging from small community organizations to Federal agencies will be eligible to operate service programs.
- A broad array of possible programs will be eligible for funding: from youth corps for at-risk youth, to specialized service programs for college graduates, to diverse community corps for Americans of all backgrounds. Many other models are possible, and venture capital will be available for new efforts.

Participants

- To encourage wide and diverse participation, individuals aged 17 and over may serve before, during, or after post-secondary education.
- To target program participation to participant interests and community needs, participants will be recruited and selected by approved local programs. A national or State recruitment system will also be established to disseminate information and help interested individuals locate placements in local programs. Information about available positions will be widely disseminated through high schools, colleges, and other placement offices.
- To earn an educational award, a participant must complete at least 1 year of full-time or 2 years of part-time service in an approved program. An individual may serve up to two terms and earn up to two educational awards.
- Educational awards of \$5,000 will be provided for each term of service. Awards may be used for past, present or future expenses, including 2- and 4-year colleges, training programs, and graduate or professional programs.
- Programs will set stipends within a limited range based at minimum wage. Health and child care will be provided to those who need them.

Encouraging Service by All

- The Act enhances the Serve-America program for school-age youth.
- The Act extends and improves the VISTA and Older Americans Volunteer Programs.
- The Act reauthorizes support for the Civilian Community Corps.
- The Act reauthorizes support for the Points of Light Foundation.

OUTLINE OF LEGISLATION

NATIONAL SERVICE INITIATIVE

President Clinton's national service program will expand educational opportunity, reward individual responsibility, and build the American community by bringing citizens together to tackle common problems. The President's support for service extends from the youngest elementary students to our oldest citizens, and includes everything from part-time volunteer activities to full-time public service jobs.

The centerpiece of the President's initiative to support service is a new program to offer educational awards to Americans who make a substantial commitment to service. In addition to this program, which builds on the youth corps and demonstration programs of the National and Community Service Act of 1990, the National Service Trust Act includes:

- Extension and improvement of programs in the National and Community Service Act of 1990 that enhance elementary and secondary education through community service in schools, support after-school and summer programs for school-age youth, and fund service programs on college campuses.
- Support for the Civilian Community Corps, to provide service opportunities in areas adversely affected by defense cutbacks.
- Support for the Points of Light Foundation, to support volunteerism.
- Extension and improvement of VISTA and the Older American Volunteer Programs authorized by the Domestic Volunteer Service Act.
- Creation of a new Investment Fund for Quality and Innovation to support model service programs and activities designed to ensure the development of high quality national service programs.

NATIONAL SERVICE TRUST ACT

Focus of Service

- National service must address unmet educational, environmental, human, or public safety needs. National priorities may be established within these areas.
- National service must improve the life of the participants, through citizenship education and training.
- Participants may not displace or duplicate the functions of existing workers.

Corporation for National Service

Structure

- The national service program will be administered by a new government Corporation for National Service, created by combining two existing independent federal agencies, the Commission on National and Community Service and ACTION.
- The corporation will be responsible for administering all programs authorized under the National and Community Service Act and Domestic Volunteer Service Act, including VISTA and the Older American Volunteer Programs. The Corporation will also fund training and technical assistance, service clearinghouses and other activities.
- The investment division of the corporation will administer the new trust program and programs currently administered by the Commission on National and Community Service.
- The operating division will administer programs currently run by the ACTION agency, including VISTA and the Older American Volunteer Programs.
- Flexible and quality-driven personnel policies will include pay-for-performance and a 7-year limit on most tenures.
- The Corporation may solicit and accept private funds.

Governance

- The corporation will have an eleven-member volunteer Board of Directors appointed by the President and confirmed by the Senate. It will be bipartisan and include persons experienced in national service, experts in providing educational, environmental, human, or public safety service, and representatives of States.
- The first Board members will be appointed primarily from the Board of Directors of the Commission on National and Community Service. Seven Cabinet secretaries will serve as non-voting ex-officio members.

- The Board will approve grant decisions, develop the corporation's strategic plan, review other policy and personnel decisions, receive and act on reports from the Inspector General, supervise evaluations, and advise the Corporation on all issues.

- A Chairperson of the Board and a Managing Director for each division will be full-time employees appointed by the President and confirmed by the Senate.

Oversight

- An Inspector General will oversee programs to guard against fraud and abuse.

- Programs must arrange for independent audits and evaluations, and may also be required to participate in national or state evaluations.

State Commissions

Structure

- In order to receive a grant, each state must establish a commission on national service. The corporation will provide funding for the state commission.

- Commissions will have 7 to 13 members appointed by the governors on a bipartisan basis. There must be at least one representative of national service programs, one representative of local governments, and one representative of local labor organizations on each Board. The remaining members of the Board will be selected from among representatives of community-based organizations, youth who participate in service, educators, business, or experts in the delivery of particular services. Not more than 25 percent of voting members may be state officials, although additional state agency representatives may sit on the commissions as non-voting ex-officio members. Commissions will elect their own chair.

- A representative of the corporation will sit on each commission as a voting member and act as liaison between the commission and the corporation.

Duties

- State commissions will be responsible for selecting programs to be funded under the state formula allocation, and in any competitive grant states may request.

- State commissions must also design strategic plans for service in the states, recruit participants, and disseminate information about service opportunities.

- State commissions may also support clearinghouses, training and technical assistance, and other initiatives to support service. They may not operate national service programs, but may use a portion of funds to support programs run by state agencies.

Transition

- For a period of one year, existing state agencies may assume the responsibility of the state commissions.
- The Corporation may approve an alternative agency in place of a commission at a state's request, if the agency ensures diverse participation in policy making.

Allocation of Funds

- States submitting plans approved by the Corporation will receive one-third of funds according to a population-based formula and one-third on a competitive basis.
- One-third of funds will be allocated directly by the corporation. Programs eligible for priority consideration include federal programs, national nonprofit organizations operating multiple programs or competitive grant programs, national service initiatives in more than one state and meeting priority needs, proposals to replicate successful programs in more than one state, professional corps, and innovative national service programs.

Programs

Goals

- Programs must set measurable goals regarding the impact of the service on the community and on participants.

Eligibility

- Programs eligible for national service designation include diverse community corps, youth corps, specialized service programs focusing on a specific community need, individual placement programs, campus-based service programs, programs that train and place service-learning coordinators in schools or team leaders in corps programs, intergenerational programs, national service entrepreneurship programs, and professional corps.
- Programs may be run by non-profit organizations, institutions of higher education, local governments, school districts, states, or federal agencies.
- Programs may not provide direct benefits to for-profit businesses, labor unions, or partisan political organizations, or involve participants in religious activities.

Selection

- Selection criteria include quality (based on criteria developed in consultation with experts in the field), innovation, sustainability, and replicability of programs.

- Past experience and management skills of program leadership, involvement of participants in leadership roles, and the extent to which the program builds on existing programs will also be taken into account.

- Programs serving and recruiting participants from communities of need, including those designated as enterprise zones, community redevelopment areas, areas with high poverty rates, environmentally distressed areas, and communities adversely affected by decreased defense spending will also receive special consideration.

Funding

- All participants will receive educational awards.

- To develop programs, one-year planning grants will be available. To support national service participants, three-year renewable grants will be available for program expansion or replication.

- Administrative costs will be limited to five percent of all grants other than planning grants.

- Programs must pay 15 percent of the stipend and health care benefits in cash and 25 percent of other program costs receiving federal support. The 25 percent match may be in cash or in kind from any source other than programs funded under the National and Community Service or Domestic Volunteer Service Acts.

- Federal funds must supplement, not supplant, state and local dollars.

Participants

Eligibility

- Individuals may serve before, during, or after post-secondary education.

- In general, participants may be age 17 or older. Youth corps participants may be age 16 or older.

- Participants must be high school graduates or agree to achieve their GED prior to receiving educational awards.

Selection

- Participants will be recruited and selected on a nondiscriminatory basis and without regard to political affiliation by local programs designated by states or the federal government.

- A national or state recruitment system will help interested individuals locate placements in local programs. Information about available positions will be widely

disseminated through high schools, colleges and other placement offices. A special leadership corps may be recruited, trained, and placed to assist in the development of new national service programs.

Term of Service

- To earn an educational award, a participant one year of full-time or two years of part-time service in a program designated by a state or the federal government. An individual may serve up to two terms and earn up to two educational awards.

Educational Awards

- Educational awards of \$5,000 will be provided for a term of service. Educational awards may be used to repay loans for higher education or to pay for higher education or training.

- Educational awards will be federally funded and deposited into a national service trust on behalf of all participants accepted into the program. Organizations and individuals may donate funds to support national service participants in the donor's community.

- Payments will be made directly to qualified post-secondary educational institutions, including two- and four-year colleges, training programs, and graduate or professional programs.

- In the case of participants with outstanding loan obligations for qualified educational activities, awards will be paid directly to lenders.

- Awards will not be taxable and must be used within five years of receipt.

Stipends

- Programs will set stipends within program guidelines. However, federal support will be limited to a match of 85 percent of an annual stipend equivalent to benefits received by VISTA volunteers. Programs may provide additional stipends up to twice this amount, with no federal match for the portion of the stipend in excess of the VISTA benefit.

- In the limited case of designated professional corps in areas of great need, such as teaching and public safety in underserved areas, participants may be paid a salary in excess of the guidelines and receive an educational award. However, no federal support will be available for a stipend, and professional corps will be selected on a case-by-case basis directly by the Corporation.

Health and Child Care

- All participants without access to health insurance will receive health coverage. Federal dollars will pay up to 85 percent of the cost of these benefits.

- Participants will receive child care assistance, if needed.

Serve-America

The proposal extends and expands the existing Serve-America program for school-age youth and Higher Education Innovative Projects for Community Service. Modifications to these programs are described below.

Service-Learning Program

Program Goals

- To build a foundation for service among the nation's youth, inspiring them to serve and instilling in them the values and attitude to serve effectively after graduation.
- To create opportunities for all American children to serve our country.

Types of Programs

- Programs may be partnerships of local education agencies and community-based organizations.
- Local educational agencies may receive planning grants to hire service-learning coordinators.

Types of Funding

- School-based programs will be eligible for funding through state educational agencies, partly based on formula and partly through competition.
- State educational agencies must develop state plans that indicate programs to be funded and detail 3-year strategies for service-learning in their states. The Corporation must approve state plans.
- Programs may receive one-year planning grants for school-based programs. Subgranting to experienced institutions for school-based programs will also be allowed.
- All local programs will be required to provide at least 10 percent of total program costs in the first year of funding, increasing to 50 percent in the fourth. Local programs may utilize other federal education funds to meet the match requirement.

Training and Technical Assistance

- Clearinghouses will be expanded to further enable them to disseminate information and curriculum materials; train teachers, service sponsors and participants; and provide needs assessments or technical assistance.
- States will also receive additional resources to train and educate state educational personnel.

Community-based Program for School-Age Youth

- Community-based organizations working with school-age youth may receive grants from the State Commission for programs to involve such youth in community service.
- National non-profit organizations may apply to the Corporation to make subgrants or run multi-state community-service programs for this population.

Higher Education Innovative Projects

- Higher Education institutions, consortia of such institutions, or partnerships of higher education institutions and non-profit institutions may receive grants from the Corporation for student community-service programs or programs to train teachers in service-learning methods.
- Funds may supplement College Work-Study funds being used for community service placements.

Extension of the Domestic Volunteer Service Act of 1973

The proposal extends and expands VISTA and Older American Volunteer Programs authorized by the Domestic Volunteer Service Act. Following a transition period, these programs will be administered by the corporation for national service.

VISTA

- Extends authority for the VISTA program and increases number of VISTA volunteers.
- Authorizes new VISTA Summer Associate program.
- Authorizes a University Year for VISTA program to encourage student volunteer efforts addressing the needs of low-income communities.
- Removes restrictions limiting the flexibility to manage VISTA, while reaffirming commitment to recruiting a diverse group of VISTA volunteers including young and older adults.
- Increases post-service stipends by \$30 for each month of service. Such stipends are not available if VISTA volunteer accepts an educational award under the national service trust.
- Continues support for VISTA Literacy Corps.

Special Volunteer Programs

- Provides broadened authority under the Special Volunteer Programs to supporting demonstrations and innovations, provide technical assistance, and promote other entrepreneurial activities. Eliminates specific authority for student community service and drug programs, which are covered under the broadened demonstration authority and under the National and Community Service Act.

Older American Volunteer Programs

- Renames the Older American Volunteer Programs as National Senior Volunteer Corps and the Retired Senior Volunteer Program as the Retired and Senior Volunteer Program (RSVP).
- Lowers eligibility age for participation in the RSVP program to 55.
- Clarifies that Foster Grandparents may work with children with special and exceptional needs in Head Start programs, schools, and day care centers.
- Provides for a new demonstration authority to enrich and strengthen older American volunteer programs across the country.
- Eliminates restrictions that limit the flexibility to administer the program.
- Increases the stipend for low-income Foster Grandparents and Senior Companions once over the next five years to account for inflation.

Administration

- Encourages relationships between ACTION and other federal agencies where ACTION volunteers might help further the purposes of other Federal programs.
- Authorizes a Center for Research and Training on Volunteerism to strengthen volunteer programs across the country.
- Provides a technical amendment to restore the crediting of VISTA service for federal pensions.
- Provides copyright protection for the programs authorized under the Act.

NATIONAL SERVICE TRUST ACT OF 1993

SUMMARY

The National Service Trust Act of 1993 has four titles.

Title I contains programs: the new national service program offering educational awards in return for service; amendments to service programs for school-age youth and students in institutions of higher education; and an investment fund to promote quality and innovation in programming. Title I amends the National and Community Service Act of 1990 ("NCSA").

Title II establishes the organizational framework for these programs: State Commissions on National Service and a Federal Corporation for National Service. Title II also amends the NCSA.

Title III reauthorizes the NCSA and the Domestic Volunteer Service Act of 1973 ("DVSA"), amends DVSA and authorizes appropriations for titles I and II of the Act.

Title IV contains the technical and conforming amendments.

SECTION-BY-SECTION SUMMARY

Section 1. Short Title and Table of Contents.

The short title of the bill is the National Service Trust Act of 1993.

Section 2. Findings and Purposes.

The Congress finds the following:

(1) Throughout the United States, there are pressing unmet human, educational, environmental and public safety needs.

(2) Americans desire to affirm common responsibilities and shared values that transcend race, religion, or region.

(3) The rising costs of post-secondary education are putting higher education out of reach for an increasing number of citizens.

(4) Americans of all ages can improve their communities and become better citizens through service to the United States.

(5) Nonprofit organizations, local governments, States, and the Federal Government are already supporting a wide variety of national service programs that deliver needed services in a cost-effective manner.

It is the purpose of this Act to --

(1) meet the unmet human, educational, environmental, and public safety needs of the United States, without displacing existing workers;

(2) renew the ethic of civic responsibility and the spirit of community throughout the United States;

(3) expand educational opportunity by rewarding individuals who participate in national service with an increased ability to pursue higher education or job training;

(4) encourage citizens of the United States, regardless of age or income, to engage in full-time or part-time national service;

(5) reinvent government to eliminate duplication, support locally established initiatives, require measurable goals for performance, and offer flexibility in meeting those goals;

(6) build on the existing organizational service infrastructure of Federal State, and local programs and agencies to expand full-time and part-time service opportunities for all citizens; and

(7) provide tangible benefits to the communities in which national service is performed.

TITLE I -- PROGRAMS AND RELATED PROVISIONS

Subtitle A -- Programs

Section 101. Federal Investment in Support of National Service.

Section 101 replaces Subtitle C of the NCSA with a new National Service Program.

Subtitle C -- National Service Program

PART I -- INVESTMENT IN NATIONAL SERVICE

Section 121.¹ Authority To Provide Assistance and Approved National Service Positions.

The Corporation for National Service ("Corporation") may provide assistance to organizations in order to carry out, or make grants to carry out, national service programs. The Corporation will provide educational awards to participants of any program that receives such program assistance. Organizations eligible to apply for assistance to carry out programs include nonprofit organizations, institutions of higher education, school districts, local governments, States and Federal agencies.

¹ Underlined section numbers indicate sections of this Act. Non-underlined section numbers indicate amended sections of the National and Community Service.

Not more than 5 percent of program assistance may be used for administrative costs.

Federal assistance to programs under section 121, exclusive of stipends and health and child care assistance (covered in section 140), may not exceed 75 percent of total program costs. The program will provide the other 25 percent in cash or in kind. If inadequate financial resources are available at the local level, the Corporation may waive this match requirement and the other match requirements contained in section 140.

Section 122. Types of National Service Programs Eligible for Program Assistance.

A variety of national service programs will be eligible to receive funding. Programs will provide opportunities for full- or part-time service that meets unmet human, educational, environmental or public safety needs. Section 122 lists a number of examples of qualified programs, to which the Corporation may add others: (1) diverse community corps; (2) youth corps; (3) service-learning programs; (4) specialized services programs; (5) individualized placement programs with regular group activities; (6) campus-based programs; (7) preprofessional programs with summer training while in college; (8) professional corps; (9) youthbuild programs; (10) national service entrepreneurship programs; (11) intergenerational programs.

In consultation with experts in the fields, the Corporation will establish different quality criteria for different types of programs. The Corporation's criteria will apply to all grants made under the Act, including grants by States and other programs operating subgranting programs.

To focus national service programs on meeting particular needs and for other purposes consistent with the Act, the Corporation may establish priorities for the types of national service programs to be assisted. The Corporation will provide prompt notice of these priorities and any changes in these priorities.

Section 123. Types of National Service Positions Eligible for Approval for National Service Educational Awards.

All participants in programs that receive assistance will receive educational awards. In addition, participants in certain other service programs will be eligible for educational awards. The following categories, to which the Corporation may add others, will be eligible to receive educational awards: (1) positions as participants in programs receiving assistance under Section 121; (2) positions in approved national service programs not receiving assistance; (3) positions as VISTA volunteers; (4) positions as service-learning coordinators in programs receiving

assistance under the Serve-America program; (5) positions in the Civilian Conservation Corps; (6) positions as crew leaders in youth corps programs or other similar positions in national service programs.

Section 124. Types of Program Assistance.

The Corporation may make several kinds of grants. Non-renewable planning grants will be available for one year. Renewable operating grants and renewable replication grants will be available for up to three years. States and other organizations operating grant programs may provide the same types of assistance through subgrants.

Section 125. Training and Technical Assistance.

The Corporation is authorized to provide training and technical assistance, either directly, or by grant or contract. Training programs will help national service programs meet unmet needs, develop leaders, instill an ethic of civic responsibility in participants, improve their own management and budgetary skills, and enhance the training of participants. Technical assistance will help applicants develop programs and apply for assistance.

Section 126. Other Special Assistance.

The Corporation may also provide assistance for several other purposes. The Corporation is authorized to provide assistance to a State to establish and operate a State Commission. Corporation assistance will provide 85 percent of the total cost of a Commission in the first year, declining at a rate determined by the Corporation to not more than 50 percent of the total cost in the fifth and any subsequent year.

The Corporation may provide assistance to corps and other national service programs in order to provide disaster relief.

The Corporation may make challenge grants that offer \$1 of assistance for each \$1 in cash raised by a national service program from private sources. The Corporation will establish a ceiling on the amount of assistance through challenge grants, and establish criteria to ensure that they are made widely available to a variety of high-quality programs.

Section 129(c) establishes a limit on appropriations for challenge grants of \$10,000,000 in a fiscal year.

PART II -- APPLICATION AND APPROVAL PROCESS

Section 129. Provision of Assistance and Approved National Service Positions by Competitive and Other Means.

National service programs must apply to the Corporation through State Commissions on National Service ("State Commissions") or directly. The Corporation may only distribute such funds as are available in each fiscal year. Funds allocated for educational awards will be maintained in a separate National Service Trust and will not be available for program expenses.

Program funds and educational awards will be made available in three ways: (a) by formula to States; (b) competitively to States; and (c) competitively to entities (including States) applying directly to the Corporation.

(a) One-third of program assistance and a corresponding number of educational awards, will be allocated to States based on population (one percent of all program assistance will be reserved for Indian tribes and territories).

(b) Not less than one-third of program assistance and a corresponding number of approved positions will be available to States on a competitive basis. With their applications for formula funding, States may include an application for additional competitive funding.

(c) Up to one-third of program assistance and a corresponding number of approved positions funds will be allocated competitively by the Corporation. Priorities for funds allocated under this section are contained in section 133.

Participants in programs operated directly by the Corporation -- VISTA and the Civilian Community Corps -- will automatically receive educational awards in any year when the total number of educational awards is at least twice the total number of such participants.

Individuals, corporations, foundations or other entities may sponsor approved positions in designated areas. Such sponsored positions will not be taken into account when the Corporation allocates Federally-funded positions, and such funds will be deposited in the National Service Trust.

If a State does not apply to the Corporation for an allocation, the Corporation may use the funds that the State would have received to make grants in that State and, subsequently, to make grants in other States.

Section 130. Application for Assistance and Approved National Service Positions.

In order to be eligible for program assistance and approved positions, entities must submit applications either to State Commissions or directly to the Corporation. The Corporation may set reasonable deadlines and require reasonable information to be

provided in such applications, including descriptions of: (1) programs to be carried out directly by the applicant; (2) programs selected to receive grants; (3) other funding sources that the program sought to use or used, particularly in the case of an application for renewed funding; (4) the extent to which the program will meet unmet needs and directly benefit the community in which projects are performed; (5) the plan to recruit participants, including economically disadvantaged youths, for the programs supported; (6) the manner in which the programs will build on existing programs; (7) the manner in which the program will develop an ethic of civic responsibility in participants; improve the lives of participants through training, meaningful service experiences, and opportunities to reflect on those experiences; and offer participants opportunities to design and lead programs; (8) measurable goals for meeting unmet needs and providing a meaningful service experience, and a strategy to meet those goals; (9) the extent to which the program meets the national service priorities established under section 122(c); (10) the past experience of the applicant; (11) the type and number of national service positions that the participant requests; (12) the extent to which participants, representatives of the community served, community-based organizations and labor organizations contributed to the program's development, including the identity of the labor representative and the nature of the consultation with him or her; and (13) such other information as the Corporation may require.

In the case of applications for educational awards that do not request program assistance, the Corporation may require special application requirements.

In general, State Commissions will submit applications on behalf of States. In submitting these applications, State Commissions must provide an assurance that they have selected all programs on a competitive basis. They must also provide an assurance that not less than 60 percent of assistance is provided to programs that are not run by the State. In the event that insufficient qualified applications are submitted by non-State applicants, additional funds may be requested for programs administered directly by the State.

An application shall include written concurrence from any local labor organization representing employees of the applicant who are engaged in the same or substantially similar work as the work proposed to be carried out.

The Corporation will reject the application of a program if another application of the program is already pending before the Corporation.

Section 131. National Service Program Assistance Requirements.

In order to be eligible for assistance, programs must provide assurances regarding: (1) the positive impact of service on communities and compliance with the nondisplacement and nonduplication requirements of section 177; (2) the positive impact of service on participants; (3) broad consultation with representatives of the community served and community-based organizations there; labor organizations representing employees engaged in similar work, to ensure compliance with nondisplacement provisions; and, in the case of programs not funded through the States, the State Commission for the State where the program is located; (4) development of performance goals, arrangement of an independent evaluation, and compliance with evaluation requirements; (5) provision of a living allowance; (6) willingness to select some participants from among prospective participants recruited at the State and national level under section 138(c), including the national leadership pool recruited and trained by the Corporation.

Section 132. Ineligible Service Categories.

National service programs may not provide direct benefits to businesses organized for profit, labor unions, or partisan political organizations. Benefits may be provided to religious organizations only if assistance is not used for and participants do not provide religious instruction, conduct worship services, or proselytize.

Section 133. Consideration of Applications.

The Corporation, States, and other applicants operating subgrant programs will use the following criteria in determining whether to provide assistance and approved slots to programs: (1) program quality; (2) innovation and replicability; (3) sustainability; (4) leadership quality, past performance, and the extent to which new programs build on existing programs; (5) involvement of participants and community residents in program design, leadership and operations; (6) the extent to which programs are in areas that most need them, such as enterprise zones, environmentally distressed areas, or areas adversely affected by reductions in defense spending; (7) in the case of applicants other than States, consistency with applications under section 130 of the State in which projects would be funded; and (8) other criteria established by the Corporation.

The Corporation will also ensure that programs receiving assistance are geographically diverse and in urban and rural areas of States with the highest rates of poverty. Among programs applying directly to the Corporation, the Corporation may designate certain programs for priority consideration, such as: (1) programs carried out by other Federal agencies; (2) programs

addressing national priorities; (3) innovative programs; (4) private non-profit programs which would replicate in several States a model already operating in at least one State; (5) national grant programs operated by nonprofit organizations with established expertise in national service or in providing particular services; and (6) professional corps.

If the Corporation rejects the application of a State Commission, the Corporation will promptly notify the Commission of the reasons for the rejection. The Corporation must then provide the Commission with reasonable opportunity to revise and resubmit the application, and with technical assistance if the Commission requests. If the request of a State Commission is again rejected, the Corporation may reallocate funds to make grants directly to programs in that State and, subsequently, to programs in other States.

PART III -- NATIONAL SERVICE PARTICIPANTS

Section 137. Description of Participants.

In order to participate in a national service program, an individual must in general be 17 years of age or older, a citizen or permanent resident, have a high school diploma or agree to obtain one while serving, meet eligibility requirements for the particular program, and be selected by that program.

Out-of-school youths ages 16 to 25 are eligible to participate in youth corps or youthbuild programs.

Section 138. Selection of National Service Participants.

In general, a program that receives assistance or approved positions will be responsible for selecting participants. In addition to ensuring that participants satisfy eligibility requirements under section 137, programs must select participants without regard to political affiliation, race, color, national origin, sex, age, or disability.

Participants may serve for a second term of service only if they have satisfactorily completed their first term of service.

While individual programs will be responsible for most recruiting, the Corporation and State Commissions will establish a recruiting and placement system from which programs may be required to recruit a portion of their participants under section 131(f). The Corporation and State Commissions will also disseminate information about national service through cooperation with secondary schools, institutions of higher education, employment service offices, and other appropriate entities, particularly those that provide outreach to disadvantaged youths.

From among individuals it recruits, the Corporation will establish a national leadership pool and training program. The Corporation will make special efforts to include in the leadership pool individuals who have served in the Peace Corps, as VISTA volunteers, or in national service programs assisted under section 121. The Corporation will assign these leaders to national service programs that request them, in order to lead the programs in ways not carried out by regular participants.

Section 139. Terms of Service.

In general, in order to receive an educational award, an individual must serve either full-time (not less than 1,700 hours over 9 months to 1 year) or part-time (not less than 1,700 hours over 1 to 2 years). The Corporation is authorized to develop guidelines for part-time participants to complete fewer hours of service and receive a correspondingly smaller educational award.

Participants may be released by recipients of assistance from completing a term of service for compelling personal reasons or for cause. Participants released for compelling personal reasons may be eligible for partial educational awards; participants released for cause are not eligible for awards.

Section 140. Living allowances for national service participants.

All programs must provide living allowances within specified guidelines. The provisions are designed to permit a great deal of flexibility in designing programs which are attractive and accessible to a wide range of potential participants in widely differing economic circumstances, including college graduates, high school graduates, and high school drop-outs who enroll in high school equivalency programs.

The Corporation will support 85 percent of the living allowances up to the total amount of the VISTA average annual subsistence allowance, which is comparable to a minimum age stipend. For living allowances up to the VISTA average annual subsistence allowance, the program must provide the other 15 percent.

Programs may offer stipends up to twice this target stipend level, but the Corporation will not match any amount in excess of the total of the VISTA subsistence allowance.

Living allowances may be prorated in the case of part-time participants who serve a reduced term of service. Living allowances will not count in determining eligibility for any benefits or assistance.

To encourage professional corps in underserved communities, programs may provide living allowances above 200 percent of the

VISTA living allowance and stipend. In such instances, however, the Corporation will provide no contributions toward such stipends, and applications for this assistance will be approved by the Corporation on a case-by-case, competitive basis.

The Corporation will also provide assistance to pay 85 percent of the cost of a basic health insurance policy for each full-time participant who is not otherwise covered by a health insurance policy. The Corporation will establish the contents of the basic health insurance policy. The program must pay the other 15 percent of health care premium costs.

The Corporation will also make child care or a child care allowance available for full-time participants who require such services. The Corporation will establish guidelines for the availability of child care.

The Corporation may waive the limitations on the Federal share in this section due to lack of available financial resources for a program.

Section 141. National Service Educational Awards.

In general, a participant in a national service program will be eligible for an educational award if he or she serves in an approved position and satisfies eligibility requirements under section 146. VISTA volunteers shall not be eligible to receive awards if they accept the VISTA readjustment allowance.

Section 102. National Service Trust and provision of national service educational awards.

Section 102 replaces Subtitle D of the NCSA with the National Service Trust.

Subtitle D -- National Service Trust and Provision of National Service Educational Awards

Section 145. Establishment of the National Service Trust.

The National Service Trust is established as an account in the United States Treasury. Funds in the Trust are available for educational awards. The Trust consists of: (1) amounts designated by the Corporation for educational awards, and for payment of interest expenses under section (e), from amounts appropriated to the Corporation and made available for this subtitle; (2) amounts received by the Corporation as gifts, bequests, or in other such ways; and (3) interest on, and proceeds from sale or redemption of, any obligations held by the Trust.

The Secretary of the Treasury will invest amounts appropriated to the Trust in interest-bearing obligations.

The Corporation will report to Congress every year on the financial status of the Trust.

Section 146. Individuals Eligible to Receive a National Service Educational Award from the Trust.

Individuals who complete a term of service in approved national service positions will be eligible for an educational award for each of up to two terms of service. Individuals may participate in programs for more than two terms, but will not be eligible for educational awards after the second term of service.

Awards must be used within five years after the completion of service. The Corporation may waive this requirement if an individual was unavoidably prevented from using the award or performed another term of service during that period.

Section 147. Determination of the Amount of the National Service Educational Award.

Educational awards of \$5,000 will be provided for each term of service. For individuals released from service for compelling personal reasons, a partial award will be available.

Section 148. Disbursement of National Service Educational Awards.

Individuals may use educational awards to repay student loans, to pay for attendance at an institution of higher education, or to pay for expenses in an approved school-to-work program.

An individual who wants to use his or her educational award to repay loans will submit an application, in a manner prescribed by the Corporation, that identifies or enables the Corporation easily to identify the holder of the loan, the outstanding principal and interest, and other basic information. The Corporation will then disburse to the holder the amount to which the individual is entitled. The Corporation may require verification by the lender, and may aggregate payments to holders.

Loans made, insured, or guaranteed under title IV of the Higher Education Act ("HEA"), other than a loan to a parent under section 428B of the Act, and loans made under title VII or VIII of the Public Health Service Act, will be eligible for repayment.

During the period of service, interest on loans will be deferred. At the completion of a participant's year of service, the Corporation may by regulation prescribe for payment of

accrued interest. Such regulations will be prescribed after consultation with the Secretary of Education.

An individual who intends to use an education award to pay current educational expenses must verify eligibility through an eligible institution of higher education. Institutions designated by these individuals will notify the Corporation of the names of those students and the amounts of educational awards that will be claimed. In order to be eligible, these institutions must also verify participation in programs under section 487 of the HEA.

The Corporation will disburse the amount for which eligible individuals have qualified, provided that combined with federal means tested grant assistance and veterans' education benefits, such payments do not exceed the cost of attendance. Disbursements will be made in at least two installments, with the interval between first and second to be not less than half of the enrollment period. Institutions will be required to refund amounts disbursed for individuals who do not complete their periods of enrollment at those institutions.

The Corporation will establish regulations for the payment of national service awards to individuals who participate in school-to-work programs approved by the Secretaries of Labor and Education.

National service awards will not be taken into account in determining eligibility for any federal means-tested benefits or be considered taxable income.

This section amends the Stafford loan forgiveness provisions in existing law to make such forgiveness available to individuals who were new borrowers after October 1, 1989, and provides that such loan forgiveness will not be taken into account in determining eligibility for any federal means-tested benefits or be considered taxable income.

Section 103. School-based and Community-based Service Learning Programs.

The section strikes Subtitle B, Part I of the National and Community Service Act and replaces it with a similar program that differs from existing law in the following ways: by authorizing planning grants to local educational agencies to recruit and train, or support, service-learning coordinators; eliminating authority within existing Serve-America program for grants by the State Educational Agency for community service programs for school dropouts and out-of-school youth; authorizing the Corporation to make grants to existing public or private non-profit organizations that will make subgrants to eligible organizations for service-learning programs; authorizing the

Corporation to reserve up to 25 percent of appropriated funds to make competitive grants to States or existing public or private non-profit organizations that will make subgrants; modifying allocation of funds requirements; and making other improvements.

The section further authorizes the Corporation to provide assistance through State Commissions for community-based programs involving school-age youth (including school dropouts and out-of-school youth) in community service.

The section further amends Subtitle B, Part II of the National and Community Service Act by adding priority criteria to be considered by the Corporation in allocating funds under the Higher Education Innovative Projects, and making other improvements.

Section 104. Quality and Innovation Activities.

Section 104 repeals subtitle E of Title I of the National and Community Service Act, renumbers the Act, and authorizes an investments for quality and innovation. Activities authorized for funding include: support for innovative and model programs, support for summer programs; provision of training and technical assistance to community-based agencies that are service sponsors; provision of training and technical assistance in applying for assistance; national service fellowships; conferences and materials; Peace Corps and VISTA training; promotion and recruitment; provision of training for participants and supervisors; research; intergenerational support; planning coordination; activities to promote youth leadership; development of a national program identity; clearinghouses; service-learning; and Presidential awards. The section also makes a series of technical and conforming amendments, including an extension of authority under section 1092(c) of the National Defense Authorization Act for Fiscal Year 1993.

Subtitle B -- Related Provisions

Section 111. Definitions.

The section provides definitions of terms used in the National and Community Service Act and makes a series of technical and conforming amendments.

Section 112. Authority to Make Grants.

Repeals section 102 of the NCSA.

Section 113. Family and Medical Leave.

Provides that participants are employees of service sponsors for purposes of the Family and Medical Leave Act of 1993.

Section 114. Reports

Provides that NCSA reporting requirements apply to both NCSA and DVSA.

Section 115. Nondiscrimination.

Amends nondiscrimination provisions of NCSA to conform to the Americans with Disabilities Act.

Section 116. Notice, Hearing and Grievance Procedures.

Amends administrative provisions of NCSA to provide a process for decertification of approved national service provisions and to clarify grievance procedures.

Section 117. Nondisplacement.

Amends the nondisplacement provisions of NCSA to protect employees with recall rights pursuant to a collective bargaining or personnel procedure.

Section 118. Evaluation.

Provides that NCSA evaluation requirements apply to both NCSA and DVSA.

Sections 119-121. Conforming Amendments.

Make conforming amendments.

TITLE II -- ORGANIZATION

Section 201. State Commissions on National Service.

Section 201 replaces section 178 of the NCSA, describing State advisory and in general requires the establishment of State Commissions.

Section 178. State Commissions on National Service.

In order to be eligible for allotments under subtitle B or C, a State must establish a State Commission on National Service. For a transitional period and under other circumstances in which wide participation in policy functions is ensured, the Corporation may recognize already existing State programs as an alternative to the State Commission.

State Commissions will consist of not less than 7 members and not more than 13 members. The Governor of the State will appoint members. There will be at least one representative of national service programs, one representative of local

governments in the State, and one representative of local labor organizations. Other appointments will be made from among the following: representatives of community-based organizations, youth who participate in service, educators, business, or experts in the delivery of human, educational, environmental or public safety services. Not more than 25 percent of Commission members may be employees of State government, though more may sit as non-voting ex officio members. A representative of the Corporation will sit on the State Commission.

Not more than 50 percent of the State Commissions plus one member may be from the same political party. To the maximum extent possible, State Commissions should be balanced according to race, ethnic background, age and gender. Members will serve for 3 year terms, with shorter periods at first to ensure staggered terms, and may only receive as compensation reimbursements for travel expenses and per diems. State Commissions will elect a chairperson from among the members of the Commission.

The responsibilities of the State Commission include: (1) preparation of a 3-year national service plan, updated annually; (2) preparation of applications for funds under sections 117B and 130; (3) assistance in the preparation of applications by the State educational agency under section 113; (4) preparation of the application of the State for approved national service provisions under section 130; (5) assistance to programs in providing health care and child care benefits; (6) development of a State recruitment, placement and information dissemination system; (7) administration of the grant program, including selection, oversight and evaluation of grant recipients; (8) development of projects, training methods, curriculum materials, and other activities related to service.

State commissions may not directly operate a national service program. They may delegate nonpolicy duties to a State agency or nonprofit organization, subject to limitations.

In order to establish the eligibility of the State Commission to receive grants, the Governor must notify the Corporation of its composition and authority under State law. The Corporation may reject a State Commission if the Commission does not comply with the requirements of this section. In such instances, the Corporation must notify the State of its reasons, provide technical assistance if requested, and give an opportunity for resubmission.

Section 202. Interim authorities of the Corporation for National Service and ACTION agency.

This section amends Subtitle G of Title I of the NCSA.

Subtitle G -- Corporation for
National Service

Section 191. Corporation for National Service.

Section 202 establishes a new Corporation for National Service to administer the National Service Program. The Corporation is a Government Corporation as defined in section 103 of title 5, United States Code.

Section 192. Board of Directors.

The Board of the Corporation will consist of eleven members, appointed by the President and confirmed by the Senate. Board members will have extensive experience in service and in State government, represent a broad range of viewpoints, have expertise in education, environmental, public safety or human services. To the maximum extent practicable, the Board shall be diverse according to race, ethnic background, age and gender. No more than 6 Board members may be from the same political party.

No fewer than eight initial members of the Board will be appointed from the individuals serving on the Board of Directors of the Commission on National and Community Service. Ten Cabinet members and agency directors will sit on the Corporation Board as ex officio members.

Terms will generally be three years, except that certain initial appointments will be for one year or two years in order to stagger terms of service.

Section 192A. Authorities and Duties of Board of Directors.

The Board will meet at least three times each year. The Board will elect a Vice-Chairperson from among its members, as well as such other officers that the Board determines to be appropriate.

The Board will establish an Inspector General Oversight Committee, comprised of the Vice Chairperson and two members selected by him or her. The Chairperson shall not serve on the Oversight Committee.

Board members other than the chairperson will be reimbursed only for travel and other business expenses, including a per diem in lieu of subsistence.

Board members who are not otherwise Government employees will be considered special Government employees. Board members will be considered Federal employees for the purposes of tort claims.

The duties of the Board include the following: (1) making grants and allotments of national service positions; (2) preparing for the Corporation a strategic plan every three years, with updates annually; (3) making recommendations with respect to the personnel system; (4) reviewing the actions of the Chairperson with respect to standards, policies, procedures, programs and initiatives, and informing the Chairperson of any deviation from the strategic plan or Board recommendations; (5) receiving and acting on the Inspector General's reports; (6) arranging for evaluations; (7) providing for research; (8) advising the President and Congress on national and community service; (9) disseminating information; (10) other activities determined by the Chairperson.

Section 193. Chairperson and Director.

The Chairperson will be appointed by the President and confirmed by the Senate, and compensated at the rate provided for Level III of the Executive Schedule.

The Chairperson will prescribe such rules and regulations as are necessary and appropriate under this Act.

Section 193A. Authorities and Duties of the Chairperson.

The Chairperson will be responsible for the exercise of the powers of the Corporation that are not reserved to the Board, including authority and control over personnel.

The Chairperson will: (1) submit to the Board a proposal regarding standards, policies and procedures necessary to carry out this Act; (2) establish programs and initiatives necessary to carry out the Act; (3) consult with other Federal agencies; (4) on the recommendation of the Board, suspend or terminate payments, or decertify programs and approved positions; (5) prepare and submit to the Board an annual report and necessary interim reports describing major actions with respect to personnel and standards, policies, and procedures; (6) notify the Board and explain to the Board any substantial difference between the actions of the Chairperson and the strategic plan recommended by the Board; (7) prepare an annual report for Congress on donated services, money and property, and other matters.

The Chairperson may (1) establish and change the organizational units within the Corporation; (2) with the approval of the President, arrange with and reimburse other Federal agencies for the performance of duties under this Act, or delegate duties to the heads of other Federal agencies; (3) accept or utilize the services and facilities of a Federal agency or State; (4) allocate funds to other Federal agencies as may be necessary to carry out this Act; (5) rent offices and expend

Corporation funds to acquire space; and (6) perform other functions necessary to carry out this Act.

The Chairperson is authorized to bring legal actions on behalf of the Corporation.

When programs administered by ACTION are transferred to the Corporation, the Chairperson will assume the duties of the Director of ACTION.

The Chairperson may not delegate a function of the Board without permission of the Board.

Section 194. Officers.

There will be two managing directors within the Corporation, one responsible for Federally operated programs and the other responsible for investment programs. The managing directors will be compensated at the rate provided for level IV of the Executive Schedule.

There will be an Inspector General who will report directly to the oversight committee. The Inspector General will be compensated at rate provided for level IV of the Executive Schedule.

There will be a Chief Financial Officer reporting directly to the Chairperson. The Chief Financial Officer will be compensated at level IV of the Executive Schedule.

Section 195. Employees, Consultants, and other Personnel.

The Corporation will establish a merit-based competitive selection system based on job requirements and applicant qualifications. Except for special circumstances, the personnel of the Corporation may be appointed for terms that do not exceed five years, with renewals for a period not to exceed seven years. Employees will be covered by civil service health and life insurance programs. Employees who transfer or separate after working at the Corporation for three years will be eligible for appointment in the competitive service. Service for one year or more will be treated as a period of service for personnel seeking employment in the competitive service.

After appropriate consultations, the Chairperson will establish the compensation system, which will include pay-for performance compensation and an upper limit on salaries of Executive Level IV.

The Chairperson may also establish advisory committees to assist in developing quality criteria for programs, outreach programs, or other key elements of the initiative. Members of

advisory committees may have only their travel expenses reimbursed.

Section 196. Administration.

The Corporation may solicit and accept voluntary services and donations, consistent with reasonable conflict of interest rules. The Corporation may also enter into contracts to carry out this Act.

The functions of the Commission on National and Community Service are transferred to the Corporation on October 1, 1993. The Board of the Commission will continue to serve until such time as the Board of the Corporation is formed.

Job search assistance will be provided for any personnel from ACTION or the Commission who do not become employees of the Corporation.

Section 203. Final Authorities of the Corporation.

During a transitional period not to exceed 18 months after the date of enactment, the Corporation, together with the Office of Management and Budget, will organize an orderly transfer of certain functions from ACTION to the Corporation. To the extent that ACTION personnel accept employment at the Corporation prior to the transfer of function, such employment will be under the Corporation's personnel system. To the extent that functions are transferred, personnel who are transferred will retain their rights under the competitive civil service system. At the point that such transferred personnel separate from the Corporation, these positions may be filled under the Corporation's personnel system.

TITLE III -- REAUTHORIZATION

Subtitle A -- National and Community Service Act of 1990

Section 301. Authorization of Appropriations.

Section 501 of the NCSA is amended to read as follows.

Section 501. Authorization of Appropriations.

To provide financial assistance under title I, subtitle B, \$45,000,000 are authorized in fiscal year 1994, and such sums as may be necessary for each of the fiscal years 1995 through 1998.

To provide financial assistance under title I, subtitles C,D and H, \$389,000,000 are authorized for fiscal year 1994, and such

sums as may be necessary for each of the fiscal years 1995 through 1998.

To carry out the provisions of title I, such sums as may be necessary are authorized for each of the fiscal years 1994 through 1998.

To carry out the provisions of title III, assistance to the Points of Light Foundation, \$5,000,000 are authorized for each of the fiscal years 1994 through 1998.

Funds appropriated under this section will remain available until expended.

Subtitle B -- Domestic Volunteer Service Act of 1973

Section 311. Short Title; References.

Provides that this subtitle may be cited as the "Domestic Volunteer Service Act Amendments of 1993" and provides that amendments, unless otherwise specified, are to the Domestic Volunteer Service Act.

Chapter 1 -- VISTA and other Anti-Poverty Programs.

Section 321. Purpose of the VISTA program.

Provides an addition to the Statement of purpose for the VISTA program to include strengthening local agencies and organizations to address the needs of low-income communities and individuals.

Section 322. Selection and Assignment of VISTA volunteers.

Provides for a series of amendments affecting the selection and assignment of VISTA volunteers, including clarifying that volunteers may participate in programs similar to those authorized under the VISTA Literacy Corps and repealing mandated organizational structures, information systems, staffing levels, hiring requirements, and content of an application to become a VISTA volunteer. The section further revises authority for a sponsoring organization to recruit a volunteer to clarify that it is subject to the Director's approval; makes a series of changes to the existing requirements concerning public awareness and recruitment, the composition of the volunteer force, and spending requirements related to promotion and recruitment; and encourages the Director to enter into agreements with other Federal agencies to place VISTA volunteers.

Section 323. Terms and Periods of Service.

Clarifies the terms and periods of service for VISTA volunteers and authorizes the creation of a VISTA Summer Associates program.

Section 324. Support for VISTA volunteers.

Provides for several amendments affecting the subsistence allowance and stipend rates for VISTA volunteers.

Section 325. Participation of Younger and Older Persons

Revises the requirement for program participation to have the Director take necessary steps to encourage the fullest participation of younger and older individuals.

Section 326. Literacy Activities.

Repeals the requirement that funds made available under VISTA Literacy Corps will be used to supplement and not supplant the level of services provided under part A in fiscal year 1986 to address the problem of illiteracy.

Section 327. Applications for Assistance.

Restates the requirements related to the consideration of applications under the VISTA program to clarify existing statutory requirements.

Section 328. Repeal of Authority for Student Community Service Programs.

Repeals authority to make grants for student community service programs.

Section 329. University Year for VISTA.

Redesignates the University Year for ACTION program to the University Year for VISTA program. Revises the minimum period of service under the program from an academic year to an academic semester or its equivalent.

Section 330. Authority to establish and operate special volunteer and demonstration programs.

Authorizes the Director to conduct or make grants or contracts for special volunteer and demonstration programs that will fulfill the purpose of the Agency. Specifies that grants will be made on the basis of merit. Deletes current provisions restricting the flexibility of the Director under part C of title

I. Permits supporting both stipended and non-stipended volunteer programs under part C.

Section 331. Technical and Financial Assistance.

Clarifies authority for the Director to provide technical and financial assistance.

Section 332. Elimination of Separate Authority for Drug Abuse Programs.

Deletes separate authority for drug abuse programs under part C of title I.

Chapter 2 -- National Senior Volunteer Corps

Section 341. National Senior Volunteer Corps.

Revises all references to Older American Volunteer Program to refer to National Senior Volunteer Corps.

Section 342. The Retired and Senior Volunteer Program.

Revises the name of the Retired Senior Volunteer Program to the Retired and Senior Volunteer Program.

Section 343. Operation of the Retired and Senior Volunteer Program.

Revises the minimum age for participation in the program from 60 to 55 and recognizes the participation of older working persons, in addition to retired individuals, in the program. Also deletes an obsolete requirement to give State agencies established under the Older Americans Act of 1965 the opportunity to comment on any award within the State.

Section 344. Services Under the Foster Grandparent Program.

Modifies the statutory description of types of activities of Foster Grandparents to reflect the current scope and breadth of the program. Further, clarifies that Foster Grandparents may provide services to multiple children.

Section 345. Stipends for Low-Income Volunteers.

Requires that the hourly stipend for low-income volunteers under the Foster Grandparent and Senior Companion Programs be adjusted once over the next several years, rounded to the nearest five cents. Further requires that the stipend be a minimum of \$2.45 per hour, the current rate under the programs.

Section 346. Participation of Non-Low-Income Persons under Parts B and C.

Revises the section allowing non-low-income persons to participate under parts B and C of title II. Detailed statutory requirements governing such participation are unnecessary. Local projects retain the flexibility to determine whether volunteers will be used.

Section 347. Conditions of Grants and Contracts.

Repeals a limitation on participation in the Foster Grandparent and Senior Companions to those no longer in the work force, thereby enabling these volunteers to work on a part-time basis. Also repeals a requirement that grants under the Foster Grandparent Program be made to a community action agency, and if not made to that agency, that certain requirements be met. Further, repeals a requirement that provides certain State agencies with the opportunity to review and comment on recommendations for awards within the State.

Section 348. Evaluation of the Senior Companion Program.

Deletes a duplicative provision requirement the evaluation of the impact of projects assisted under the Senior Companion Program.

Section 349. Agreements with Other Federal Agencies.

Inserts a section encouraging the Director to enter into certain arrangements with other Federal agencies that will promote both the mission of ACTION and the mission and programs of those agencies.

Section 350. Programs of National Significance.

Eliminates a requirement that not less than one-third of the new funds made available for Older American Volunteer Programs be earmarked for programs of national significance, provides discretion for the Director to determine which programs will be supported in a particular year, expands the categories of activities that may be funded, and replaces the limitation on authorization with the authority to award such sums as necessary.

Section 351. Adjustments to Federal Financial Assistance.

Repeals reporting and certain other requirements with respect to inflationary considerations.

Section 352. Demonstration Programs.

Provides for a new demonstration authority to fund projects involving Older American volunteers.

Chapter 3 -- Administration

Section 361. Purpose of Agency.

Clarifies the responsibility of the agency to promote coordination of volunteer efforts and other activities.

Section 362. Authority of the Director.

Provides authority to the Agency to solicit gifts and services.

Section 363. Compensation for Volunteers.

Clarifies that only contributions from Volunteers and beneficiaries is prohibited under the Act.

Section 364. Repeal of Report.

Repeals a requirement that the Director submit an annual report to Congress on the recruitment plan and activities conducted for the VISTA program.

Section 365. Application of Federal Law.

Revises the basis of computation for disability benefits for volunteers under the VISTA program from the entrance salary of a grade GS-7 employee to the entrance salary of a grade GS-5 employee.

Section 366. Evaluation of Programs.

Revises requirements for program evaluations.

Section 367. Nondiscrimination Provisions.

Replaces existing nondiscrimination provisions with those currently provided for under the National and Community Service Act, updated to conform to the Americans with Disabilities Act.

Section 368. Elimination of Separate Requirements for Setting Regulations.

Eliminates a series of requirements related to prescribing regulations under the Act.

Section 369. Clarification of Role of Inspector General.

Clarifies the Act to indicate that recipients of grants must make records available to the Inspector General of ACTION.

Section 370. Copyright Protection.

Provides copyright protection for the major programs operated by the Agency.

Section 371. Center for Research and Training.

Authorizes a Center for Research and Training on Volunteerism.

Section 372. Deposit Requirement Credit for Service as a Volunteer.

Amends title 5, United States Code, to provide that retirement credit under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS) for time served as a VISTA volunteer will be available for all former volunteers who become Federal employees subsequent to their volunteer service, upon payment of a deposit based on their post service stipends.

Chapter 4 -- Authorization of Appropriations and
Other Amendments

Section 381. Authorization of Appropriations for Title I.

Provides separate authorization for various parts and sections under title I of the legislation for fiscal years 1994 through 1998. Also stipulates that the legislatively mandated minimum subsistence allowance for VISTA volunteers may not be reduced in order to increase the number of volunteer service years. Specifies that any VISTA volunteers also working on activities authorized under parts B and/or C of title I must meet the antipoverty criteria specified under part A. Finally, specifies that amounts appropriated for part A must provide for a minimum number of volunteer service years in each fiscal year.

To carry out part A of title I, \$40,000,000 is authorized for fiscal year 1994, and such sums as may be necessary for each of the fiscal years 1994 through 1998.

Section 382. Authorization of Appropriations for Title II.

Provides authorizes for programs under Title II for each of the fiscal years 1994 through 1998.

To carry out part A of title II, the Retired and Senior Volunteer Program, \$35,800,000 is authorized in fiscal year 1994,

and such sums as may be necessary for each of the fiscal years 1995 through 1998.

To carry out part B of title II, the Foster Grandparent Program, \$68,800,000 is authorized for fiscal year 1994, and such sums as may be necessary in fiscal years 1995 through 1998.

To carry out part C of title II, the Senior Companion Program, \$31,700,000 are authorized for fiscal year 1994, and such sums as may be necessary in fiscal years 1995 through 1998.

To carry out part E of title II, Demonstration Programs, such sums as may be necessary are authorized for each of the fiscal years 1995 through 1998.

Section 383. Authorization of Appropriations for Title IV.

Provides authorization for program administration under title IV. Provides separate authorization for evaluation and the Center for Research and Training.

Section 384. Conforming Amendments; Compensation for VISTA FECA Claimants.

Provides for Conforming amendments.

Section 385. Repeal of Authority.

Repeals authority for Youthbuild.

Chapter 5 -- General Provisions

Section 391. Technical and Conforming Amendments

Amends the table of contents.

Section 392. Effective Date.

Makes October 1, 1993 or date of enactment effective date.

TITLE IV -- TECHNICAL AND CONFORMING AMENDMENTS

Sections 401 - 405.

Makes a series of technical and conforming amendments.

Section 404 provides that funding for the Points of Light Foundation will be provided through the Corporation.

Section 406. Effective Date.

Establishes effective dates for the legislation.

A BILL

To amend the National and Community Service Act of 1990 to establish a Corporation for National Service, enhance opportunities for national service, and provide national service educational awards to persons participating in such service, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “National Service Trust Act of 1993”.

6 (b) TABLE OF CONTENTS.—The table of contents is
7 as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings and purpose.

TITLE I—PROGRAMS AND RELATED PROVISIONS

Subtitle A—Programs

Sec. 101. Federal investment in support of national service.

Sec. 102. National Service Trust and provision of national service educational awards.

Sec. 103. School-based and community-based service-learning programs.

Sec. 104. Quality and innovation activities.

Subtitle B—Related Provisions

Sec. 111. Definitions.

Sec. 112. Authority to make State grants.

Sec. 113. Family and medical leave.

Sec. 114. Reports.

Sec. 115. Nondiscrimination.

Sec. 116. Notice, hearing, and grievance procedures.

Sec. 117. Nondisplacement.

Sec. 118. Evaluation.

Sec. 119. Engagement of participants.

Sec. 120. Contingent extension.

Sec. 121. Repeals.

TITLE II—ORGANIZATION

Sec. 201. State Commissions on National Service.

Sec. 202. Interim authorities of the Corporation for National Service and ACTION Agency.

Sec. 203. Final authorities of the Corporation for National Service.

TITLE III—REAUTHORIZATION

Subtitle A—National and Community Service Act of 1990

Sec. 301. Authorization of appropriations.

Subtitle B—Domestic Volunteer Service Act of 1973

Sec. 311. Short title; references.

CHAPTER 1—VISTA AND OTHER ANTI-POVERTY PROGRAMS

Sec. 321. Purpose of the VISTA program.

Sec. 322. Selection and assignment of VISTA volunteers.

Sec. 323. Terms and periods of service.

Sec. 324. Support for VISTA volunteers.

Sec. 325. Participation of younger and older persons.

Sec. 326. Literacy activities.

Sec. 327. Applications for assistance.

Sec. 328. Repeal of authority for student community service programs.

Sec. 329. University year for VISTA.

Sec. 330. Authority to establish and operate special volunteer and demonstration programs.

Sec. 331. Technical and financial assistance.

Sec. 332. Elimination of separate authority for drug abuse programs.

CHAPTER 2—NATIONAL SENIOR VOLUNTEER CORPS

Sec. 341. National Senior Volunteer Corps.

Sec. 342. The Retired and Senior Volunteer Program.

Sec. 343. Operation of the Retired and Senior Volunteer Program.

Sec. 344. Services under the Foster Grandparent Program.

Sec. 345. Stipends for low-income volunteers.

Sec. 346. Participation of non-low-income persons under parts B and C.

Sec. 347. Conditions of grants and contracts.

Sec. 348. Evaluation of the Senior Companion Program.

Sec. 349. Agreements with other Federal agencies.

Sec. 350. Programs of national significance.

Sec. 351. Adjustments to Federal financial assistance.

Sec. 352. Demonstration programs.

CHAPTER 3—ADMINISTRATION

Sec. 361. Purpose of agency.

Sec. 362. Authority of the Director.

Sec. 363. Compensation for volunteers.

Sec. 364. Repeal of report.

Sec. 365. Application of Federal law.

Sec. 366. Evaluation of programs.

- Sec. 367. Nondiscrimination provisions.
- Sec. 368. Elimination of separate requirements for setting regulations.
- Sec. 369. Clarification of role of Inspector General.
- Sec. 370. Copyright protection.
- Sec. 371. Center for research and training.
- Sec. 372. Deposit requirement credit for service as a volunteer.

CHAPTER 4—AUTHORIZATION OF APPROPRIATIONS AND OTHER AMENDMENTS

- Sec. 381. Authorization of appropriations for title I.
- Sec. 382. Authorization of appropriations for title II.
- Sec. 383. Authorization of appropriations for title IV.
- Sec. 384. Conforming amendments; compensation for VISTA FECA claimants.
- Sec. 385. Repeal of authority.

CHAPTER 5—GENERAL PROVISIONS

- Sec. 391. Technical and conforming amendments.
- Sec. 392. Effective date.

TITLE IV—TECHNICAL AND CONFORMING AMENDMENTS

- Sec. 401. Definition of Director.
- Sec. 402. References to ACTION and the ACTION Agency.
- Sec. 403. Definitions.
- Sec. 404. References to the Commission on National and Community Service.
- Sec. 405. References to Directors of the Commission on National and Community Service.
- Sec. 406. Effective date.

1 SEC. 2. FINDINGS AND PURPOSE.

2 (a) IN GENERAL.—Section 2 of the National and
3 Community Service Act of 1990 (42 U.S.C. 12501) is
4 amended to read as follows:

5 “SEC. 2. FINDINGS AND PURPOSE.

6 “(a) FINDINGS.—The Congress finds the following:

7 “(1) Throughout the United States, there are
8 pressing unmet human, educational, environmental,
9 and public safety needs.

10 “(2) Americans desire to affirm common re-
11 sponsibilities and shared values that transcend race,
12 religion, or region.

1 “(3) The rising costs of post-secondary edu-
2 cation are putting higher education out of reach for
3 an increasing number of citizens.

4 “(4) Americans of all ages can improve their
5 communities and become better citizens through
6 service to the United States.

7 “(5) Nonprofit organizations, local govern-
8 ments, States, and the Federal Government are al-
9 ready supporting a wide variety of national service
10 programs that deliver needed services in a cost-effec-
11 tive manner.

12 “(b) PURPOSES.—It is the purpose of this Act to—

13 “(1) meet the unmet human, educational, envi-
14 ronmental, and public safety needs of the United
15 States, without displacing existing workers;

16 “(2) renew the ethic of civic responsibility and
17 the spirit of community throughout the United
18 States;

19 “(3) expand educational opportunity by reward-
20 ing individuals who participate in national service
21 with an increased ability to pursue higher education
22 or job training;

23 “(4) encourage citizens of the United States,
24 regardless of age or income, to engage in full-time
25 or part-time national service;

1 “(5) reinvent government to eliminate duplica-
 2 tion, support locally established initiatives, require
 3 measurable goals for performance, and offer flexibil-
 4 ity in meeting those goals;

5 “(6) build on the existing organizational service
 6 infrastructure of Federal, State, and local programs
 7 and agencies to expand full-time and part-time serv-
 8 ice opportunities for all citizens; and

9 “(7) provide tangible benefits to the commu-
 10 nities in which national service is performed.”.

11 (b) TABLE OF CONTENTS.—Section 1(b) of the Na-
 12 tional and Community Service Act of 1990 (Public Law
 13 101–610; 104 Stat. 3127) is amended by striking the item
 14 relating to section 2 and inserting the following new item:

“Sec. 2. Findings and purpose.”.

15 **TITLE I—PROGRAMS AND**
 16 **RELATED PROVISIONS**
 17 **Subtitle A—Programs**

18 **SEC. 101. FEDERAL INVESTMENT IN SUPPORT OF NA-**
 19 **TIONAL SERVICE.**

20 (a) ASSISTANCE PROGRAM AUTHORIZED.—Subtitle C
 21 of title I of the National and Community Service Act of
 22 1990 (42 U.S.C. 12541 et seq.) is amended to read as
 23 follows:

1 **“Subtitle C—National Service Trust**
2 **Program**

3 **“PART I—INVESTMENT IN NATIONAL SERVICE**

4 **“SEC. 121. AUTHORITY TO PROVIDE ASSISTANCE AND AP-**
5 **PROVED NATIONAL SERVICE POSITIONS.**

6 “(a) PROVISION OF ASSISTANCE.—The Corporation
7 for National Service may make grants to States, subdivi-
8 sions of States, Indian tribes, public and private not-for-
9 profit organizations, and institutions of higher education
10 for the purpose of assisting the recipients of the grants—

11 “(1) to carry out full- or part-time national
12 service programs, including summer programs, de-
13 scribed in section 122(a); and

14 “(2) to make grants in support of other na-
15 tional service programs described in section 122(a)
16 that are carried out by other entities.

17 “(b) AGREEMENTS WITH FEDERAL AGENCIES.—The
18 Corporation may enter into a contract or cooperative
19 agreement with another Federal agency to support a na-
20 tional service program carried out by the agency. The sup-
21 port provided by the Corporation pursuant to the contract
22 or cooperative agreement may include the transfer to the
23 Federal agency of funds available to the Corporation
24 under this subtitle. A Federal agency receiving assistance
25 under this subsection shall not be required to satisfy the

1 matching funds requirements specified in subsection (e).
2 However, the supplementation requirements specified in
3 section 173 shall apply with respect to the Federal na-
4 tional service programs supported with such assistance.

5 “(c) PROVISION OF APPROVED NATIONAL SERVICE
6 POSITIONS.—As part of the provision of assistance under
7 subsections (a) and (b), the Corporation shall—

8 “(1) approve the provision of national service
9 educational awards described in subtitle D for the
10 participants who serve in national service programs
11 carried out using such assistance; and

12 “(2) deposit in the National Service Trust es-
13 tablished in section 145(a) an amount equal to the
14 product of—

15 “(A) the value of a national service edu-
16 cational award under section 147; and

17 “(B) the total number of approved national
18 service positions to be provided.

19 “(d) FIVE PERCENT LIMITATION ON ADMINISTRA-
20 TIVE COSTS.—

21 “(1) LIMITATION.—Not more than 5 percent of
22 the amount of assistance provided to the original re-
23 cipient of a grant or transfer of assistance under
24 subsection (a) or (b) for a fiscal year may be used
25 to pay for administrative costs incurred by—

1 “(A) the recipient of the assistance; and

2 “(B) national service programs carried out
3 or supported with the assistance.

4 “(2) RULES ON USE.—The Corporation may by
5 rule prescribe the manner and extent to which—

6 “(A) assistance provided under subsection
7 (a) or (b) may be used to cover administrative
8 costs; and

9 “(B) that portion of the assistance avail-
10 able to cover administrative costs should be dis-
11 tributed between—

12 “(i) the original recipient of the grant
13 or transfer of assistance under such sub-
14 section; and

15 “(ii) national service programs carried
16 out or supported with the assistance.

17 “(e) MATCHING FUNDS REQUIREMENTS.—

18 “(1) REQUIREMENTS.—Except as provided in
19 section 140, the Federal share of the cost of carry-
20 ing out a national service program that receives the
21 assistance under subsection (a), whether the assist-
22 ance is provided directly or as a subgrant from the
23 original recipient of the assistance, may not exceed
24 75 percent of such cost.

1 “(2) CALCULATION.—In providing for the re-
2 maining share of the cost of carrying out a national
3 service program, the program—

4 “(A) shall provide for such share through
5 a payment in cash or in kind, fairly evaluated,
6 including facilities, equipment, or services; and

7 “(B) may provide for such share through
8 State sources, local sources, or other Federal
9 sources (other than the use of funds made
10 available under the national service laws).

11 “(3) WAIVER.—The Corporation may waive in
12 whole or in part the requirements of paragraph (1)
13 with respect to a national service program in any fis-
14 cal year if the Corporation determines that such a
15 waiver would be equitable due to a lack of available
16 financial resources at the local level.

17 **“SEC. 122. TYPES OF NATIONAL SERVICE PROGRAMS ELIGI-**
18 **BLE FOR PROGRAM ASSISTANCE.**

19 “(a) ELIGIBLE NATIONAL SERVICE PROGRAMS.—
20 The recipient of a grant under section 121(a) and each
21 Federal agency receiving assistance under section 121(b)
22 shall use the assistance, directly or through subgrants to
23 other entities, to carry out full- or part-time national serv-
24 ice programs, including summer programs, that address
25 unmet human, educational, environmental, or public safe-

1 ty needs. Subject to subsection (b)(1), these national serv-
2 ice programs may include the following types of national
3 service programs:

4 “(1) A community corps program that meets
5 unmet human, educational, environmental, or public
6 safety needs and promotes greater community unity
7 through the use of organized teams of participants
8 of varied social and economic backgrounds, skill lev-
9 els, physical capabilities, ages, ethnic backgrounds,
10 or genders.

11 “(2) A youth corps program, such as a con-
12 servation corps or youth service corps (including a
13 conservation corps or youth service corps that per-
14 forms service on Federal or other public lands or on
15 Indian lands), that—

16 “(A) undertakes meaningful full-time serv-
17 ice projects with visible benefits to a commu-
18 nity, including natural resource, urban renova-
19 tion, or human services projects;

20 “(B) includes as participants youths and
21 young adults between the ages of 16 and 25, in-
22 clusive, including out-of-school youths and other
23 disadvantaged youths who are between those
24 ages; and

1 “(C) provides those participants who are
2 youths and young adults with—

3 “(i) crew-based, highly structured,
4 and adult-supervised work experience, life
5 skills, education, career guidance and
6 counseling, employment training, and sup-
7 port services; and

8 “(ii) the opportunity to develop citi-
9 zenship values and skills through service to
10 their community and the United States.

11 “(3) A program that provides specialized train-
12 ing to individuals in service-learning and places the
13 individuals after such training in positions, including
14 positions as service-learning coordinators, to facili-
15 tate service-learning in programs eligible for funding
16 under part I subtitle B.

17 “(4) A service program that is targeted at spe-
18 cific unmet human, educational, environmental, or
19 public safety needs and that—

20 “(A) recruits individuals with special skills
21 or provides specialized preservice training to en-
22 able participants to be placed individually or in
23 teams in positions in which the participants can
24 meet such unmet needs; and

1 “(B) brings participants together for addi-
2 tional training and other activities designed to
3 foster civic responsibility, increase the skills of
4 participants, and improve the quality of the
5 service provided.

6 “(5) An individualized placement program that
7 includes regular group activities, such as leadership
8 training and special service projects.

9 “(6) A campus-based program that is designed
10 to provide substantial service in a community during
11 the school term and during summer or other vaca-
12 tion periods through the use of—

13 “(A) students who are attending an insti-
14 tution of higher education, including students
15 supported by work-study funds under part C of
16 title IV of the Higher Education Act of 1965
17 (42 U.S.C. 2751 et seq.);

18 “(B) teams composed of such students; or

19 “(C) teams composed of a combination of
20 such students and community residents.

21 “(7) A preprofessional training program in
22 which students enrolled in an institution of higher
23 education—

1 “(A) receive training in specified fields,
2 which may include classes containing service-
3 learning;

4 “(B) perform service related to such train-
5 ing outside the classroom during the school
6 term and during summer or other vacation peri-
7 ods; and

8 “(C) agree to provide service upon gradua-
9 tion to meet unmet human, educational, envi-
10 ronmental, or public safety needs related to
11 such training.

12 “(8) A professional corps program that recruits
13 and places qualified participants in positions—

14 “(A) as teachers, nurses, police officers,
15 early childhood development staff, or other pro-
16 fessionals providing service to meet educational,
17 human, environmental, or public safety needs in
18 communities with an inadequate number of
19 such professionals;

20 “(B) that may include a salary in excess of
21 the maximum living allowance authorized in
22 subsection (a)(3) of section 140, as provided in
23 subsection (c) of such section; and

24 “(C) that are sponsored by public or pri-
25 vate not-for-profit employers who agree to pay

1 100 percent of the salaries and benefits (other
2 than any national service educational award
3 under subtitle D) of the participants.

4 “(9) A program in which economically dis-
5 advantaged individuals who are between the ages of
6 16 and 24 years of age, inclusive, are provided with
7 opportunities to perform service that, while enabling
8 such individuals to obtain the education and employ-
9 ment skills necessary to achieve economic self-suffi-
10 ciency, will help their communities meet—

11 “(A) the housing needs of low-income fam-
12 ilies and the homeless; and

13 “(B) the need for community facilities in
14 low-income areas.

15 “(10) A national service entrepreneur program
16 that identifies, recruits, and trains gifted young
17 adults of all backgrounds and assists them in de-
18 signing solutions to community problems.

19 “(11) An intergenerational program that com-
20 bines students, out-of-school youths, and older
21 adults as participants to provide needed community
22 services.

23 “(12) Such other national service programs ad-
24 dressing unmet human, educational, environmental,

1 or public safety needs as the Corporation may des-
2 ignate.

3 “(b) QUALIFICATION CRITERIA TO DETERMINE ELI-
4 GIBILITY.—

5 “(1) ESTABLISHMENT BY CORPORATION.—The
6 Corporation shall establish qualification criteria for
7 different types of national service programs for the
8 purpose of determining whether a particular national
9 service program should be considered to be a na-
10 tional service program eligible to receive assistance
11 or approved national service positions under this
12 subtitle.

13 “(2) CONSULTATION.—In establishing qualifica-
14 tion criteria under paragraph (1), the Corporation
15 shall consult with organizations and individuals who
16 are experts regarding national service or regarding
17 the delivery of human, educational, environmental,
18 or public safety services to communities or persons.

19 “(3) APPLICATION TO SUBGRANTS.—The quali-
20 fication criteria established by the Corporation under
21 paragraph (1) shall also be used by each recipient of
22 assistance under section 121(a) that uses any por-
23 tion of the assistance to conduct a grant program to
24 support other national service programs.

25 “(c) NATIONAL SERVICE PRIORITIES.—

1 “(1) ESTABLISHMENT BY CORPORATION.—In
2 order to concentrate national efforts on meeting cer-
3 tain unmet human, educational, environmental, or
4 public safety needs and to achieve the other pur-
5 poses of this Act, the Corporation may establish,
6 and periodically alter, priorities regarding the types
7 of national service programs to be assisted under
8 section 121 and the purposes for which such assist-
9 ance may be used.

10 “(2) NOTICE TO APPLICANTS.—The Corpora-
11 tion shall provide advance notice to potential appli-
12 cants of any national service priorities to be in effect
13 under this subsection for a fiscal year. The notice
14 shall specifically include—

15 “(A) a description of any alteration made
16 in the priorities since the previous notice; and

17 “(B) a description of the national service
18 programs that are designated by the Corpora-
19 tion under section 133(d)(2) as eligible for pri-
20 ority consideration in the next competitive dis-
21 tribution of assistance under section 121(a).

22 “(3) APPLICATION TO SUBGRANTS.—Any na-
23 tional service priorities established by the Corpora-
24 tion under this subsection shall also be used by each
25 recipient of funds under section 121(a) that uses

1 any portion of the assistance to conduct a grant pro-
2 gram to support other national service programs.

3 **"SEC. 123. TYPES OF NATIONAL SERVICE POSITIONS ELIGI-**
4 **BLE FOR APPROVAL FOR NATIONAL SERVICE**
5 **EDUCATIONAL AWARDS.**

6 "The Corporation may approve of any of the follow-
7 ing service positions as an approved national service posi-
8 tion that includes the national service educational award
9 described in subtitle D as one of the benefits to be pro-
10 vided for successful service in the position:

11 "(1) A position for a participant in a national
12 service program described in section 122(a) that re-
13 ceives assistance under subsection (a) or (b) of sec-
14 tion 121.

15 "(2) A position for a participant in a program
16 that—

17 "(A) is carried out by a State, a subdivi-
18 sion of a State, an Indian tribe, a public or pri-
19 vate not-for-profit organization, an institution
20 of higher education, or a Federal agency; and

21 "(B) would be eligible to receive assistance
22 under section 121(a), based on criteria estab-
23 lished by the Corporation, but has not applied
24 for such assistance.

1 “(3) A position involving service as a VISTA
2 volunteer under title I of the Domestic Volunteer
3 Service Act of 1973 (42 U.S.C. 4951 et seq.).

4 “(4) A position facilitating service-learning in a
5 program described in section 122(a)(3) that is eligi-
6 ble for assistance under part I of subtitle B.

7 “(5) A position for a participant in the Civilian
8 Community Corps under subtitle E.

9 “(6) A position involving service as a crew lead-
10 er in a youth corps program or a similar position
11 supporting a national service program that receives
12 an approved national service position.

13 “(7) Such other national service positions as
14 the Corporation considers to be appropriate.

15 **“SEC. 124. TYPES OF PROGRAM ASSISTANCE.**

16 “(a) PLANNING ASSISTANCE.—The Corporation may
17 provide assistance under section 121 to a qualified appli-
18 cant that submits an application under section 130 for the
19 planning of a national service program. Assistance pro-
20 vided in accordance with this subsection may cover a pe-
21 riod of not more than 1 year.

22 “(b) OPERATIONAL ASSISTANCE.—The Corporation
23 may provide assistance under section 121 to a qualified
24 applicant that submits an application under section 130
25 for the establishment, operation, or expansion of a na-

1 tional service program. Assistance provided in accordance
2 with this subsection may cover a period of not more than
3 3 years, but may be renewed by the Corporation upon con-
4 sideration of a new application under section 130.

5 “(c) REPLICATION ASSISTANCE.—The Corporation
6 may provide assistance under section 121 to a qualified
7 applicant that submits an application under section 130
8 for the expansion of a proven national service program to
9 another geographical location. Assistance provided in ac-
10 cordance with this subsection may cover a period of not
11 more than 3 years, but may be renewed by the Corpora-
12 tion upon consideration of a new application under section
13 130.

14 “(d) APPLICATION TO SUBGRANTS.—The require-
15 ments of this section shall apply to any State or other
16 applicant receiving assistance under section 121 that pro-
17 poses to conduct a grant program using the assistance to
18 support other national service programs.

19 **“SEC. 125. TRAINING AND TECHNICAL ASSISTANCE.**

20 “(a) TRAINING PROGRAMS.—The Corporation may
21 conduct, directly or by grant or contract, appropriate
22 training programs regarding national service in order to—
23 “(1) improve the ability of national service pro-
24 grams assisted under section 121 to meet human,

1 educational, environmental, or public safety needs in
2 communities—

3 “(A) where services are needed most; and

4 “(B) where programs do not currently
5 exist or are currently too limited to meet com-
6 munity needs;

7 “(2) promote leadership development in such
8 programs;

9 “(3) improve the instructional and pro-
10 grammatic quality of such programs to build an
11 ethic of civic responsibility;

12 “(4) develop the management and budgetary
13 skills of program operators; and

14 “(5) provide for or improve the training pro-
15 vided to the participants in such programs.

16 “(b) TECHNICAL ASSISTANCE.—The Corporation
17 may make appropriate technical assistance available to
18 States, labor organizations, organizations operated by
19 young adults, and other entities described in section 121
20 that desire—

21 “(1) to develop national service programs; or

22 “(2) to apply for assistance under such section or
23 under a grant program conducted using assistance pro-
24 vided under such section.

1 **"SEC. 126. OTHER SPECIAL ASSISTANCE.**

2 “(a) SUPPORT FOR STATE COMMISSIONS.—

3 “(1) ASSISTANCE AUTHORIZED.—The Corpora-
4 tion may make assistance available to assist a State
5 to establish or operate the State Commission on Na-
6 tional Service required to be established by the State
7 under section 178.

8 “(2) AMOUNT OF ASSISTANCE.—The amount of
9 assistance that may be provided to a State Commis-
10 sion under this subsection, together with other Fed-
11 eral funds available to establish or operate the State
12 Commission, may not exceed—

13 “(A) 85 percent of the total cost to estab-
14 lish or operate the State Commission for the
15 first year for which the State Commission re-
16 ceives assistance under this subsection; and

17 “(B) such smaller percentage of such cost
18 as the Corporation may establish for the sec-
19 ond, third, and fourth years of such assistance
20 in order to ensure that the Federal share does
21 not exceed 50 percent of such costs for the fifth
22 year, and any subsequent year, for which the
23 State Commission receives assistance under this
24 subsection.

25 “(b) DISASTER SERVICE.—The Corporation may un-
26 dertake activities to involve youth corps programs de-

1 scribed in section 122(a)(2) and other programs that re-
2 ceive assistance under the national service laws in disaster
3 relief efforts.

4 “(c) CHALLENGE GRANTS FOR NATIONAL SERVICE
5 PROGRAMS.—

6 “(1) ASSISTANCE AUTHORIZED.—The Corpora-
7 tion may make challenge grants under this sub-
8 section to a national service program that receives
9 assistance under section 121. The Corporation shall
10 develop criteria for the selection of challenge grant
11 recipients so as to make the grants widely available
12 to a variety of high-quality national service pro-
13 grams.

14 “(2) AMOUNT OF ASSISTANCE.—A challenge
15 grant under this subsection may provide not more
16 than \$1 of assistance under this subsection for each
17 \$1 in cash raised by the national service program
18 from private sources in excess of amounts required
19 to be provided by the program to satisfy matching
20 funds requirements under section 121(e). The Cor-
21 poration shall establish a ceiling on the amount of
22 assistance that may be provided to a national service
23 program under this subsection.

**“PART II—APPLICATION AND APPROVAL
PROCESS**

**“SEC. 129. PROVISION OF ASSISTANCE AND APPROVED NA-
TIONAL SERVICE POSITIONS BY COMPETI-
TIVE AND OTHER MEANS.**

**“(a) ALLOTMENTS OF ASSISTANCE AND APPROVED
POSITIONS TO STATES AND INDIAN TRIBES.—**

**“(1) $33\frac{1}{3}$ PERCENT ALLOTMENT OF ASSIST-
ANCE.—Of the funds allocated by the Corporation
for provision of assistance under subsections (a) and
(b) of section 121 for a fiscal year, the Corporation
shall make a grant under section 121(a) (and a cor-
responding allotment of approved national service
positions) to each of the several States, the District
of Columbia, and the Commonwealth of Puerto Rico
that has an application approved by the Corporation
under section 133. The amount allotted as a grant
to each such State under this paragraph for a fiscal
year shall be equal to the amount that bears the
same ratio to $33\frac{1}{3}$ percent of the allocated funds for
that fiscal year as the population of the State bears
to the total population of the several States, the Dis-
trict of Columbia, and the Commonwealth of Puerto
Rico.**

**“(2) ONE PERCENT ALLOTMENT OF ASSIST-
ANCE.—Of the funds allocated by the Corporation**

1 for provision of assistance under subsections (a) and
2 (b) of section 121 for a fiscal year, the Corporation
3 shall reserve 1 percent of the allocated funds for
4 grants under section 121(a) to Indian tribes, the
5 Virgin Islands, Guam, American Samoa, and the
6 Commonwealth of the Northern Mariana Islands, to
7 be allotted by the Corporation on a competitive basis
8 in accordance with their respective needs. Palau
9 shall also be eligible for a grant under this para-
10 graph from the 1 percent allotment until such time
11 as the Compact of Free Association with Palau is
12 ratified.

13 “(3) EFFECT OF FAILURE TO APPLY.—If a
14 State or Indian tribe fails to apply for, or fails to
15 give notice to the Corporation of its intent to apply
16 for, an allotment under this subsection, the Corpora-
17 tion shall use the amount that would have been al-
18 lotted under this subsection to the State or Indian
19 tribe—

20 “(A) to make grants (and provide ap-
21 proved national service positions in connection
22 with such grants) to other eligible entities
23 under section 121 that propose to carry out na-
24 tional service programs in the State or on be-
25 half of the Indian tribe; and

1 “(B) after making grants under paragraph
2 (1), to make a reallocation to other States and
3 Indian tribes with approved applications under
4 section 130.

5 “(b) RESERVATION OF APPROVED POSITIONS.—

6 “(1) NUMBER RESERVED.—Except as provided
7 in paragraph (2), the Corporation shall ensure that
8 each individual selected during a fiscal year for as-
9 signment as a VISTA volunteer under title I of the
10 Domestic Volunteer Service Act of 1973 (42 U.S.C.
11 4951 et seq.) or as a participant in the Civilian
12 Community Corps Demonstration Program under
13 subtitle E shall receive the national service edu-
14 cational award described in subtitle D if the individ-
15 ual satisfies the eligibility requirements for the
16 award. Funds for approved national service positions
17 required by this paragraph for a fiscal year shall be
18 deducted from the total funding for approved na-
19 tional service positions to be available for distribu-
20 tion under subsections (a) and (d) for that fiscal
21 year.

22 “(2) EXCEPTION.—If the total number of ap-
23 proved national service positions to be available for
24 distribution under subsections (a) and (d) for a fis-
25 cal year does not exceed 200 percent of the number

1 of such positions that would be required to satisfy
2 paragraph (1) for that fiscal year, the Corporation
3 shall not reserve the national service educational
4 award for individuals described in such paragraph
5 who are selected during that fiscal year.

6 “(c) RESERVATION FOR SPECIAL ASSISTANCE.—Sub-
7 ject to section 501(a)(2), of the funds allocated by the
8 Corporation for provision of assistance under subsections
9 (a) and (b) of section 121 for a fiscal year, the Corpora-
10 tion may reserve such amount as the Corporation consid-
11 ers to be appropriate for the purpose of making assistance
12 available under sections 125 and 126. However, the Cor-
13 poration may not reserve more than \$10,000,000 for a
14 fiscal year for challenge grants under section 126(c).

15 “(d) COMPETITIVE DISTRIBUTION OF REMAINING
16 FUNDS AND APPROVED POSITIONS.—

17 “(1) STATE COMPETITION.—Of the funds allo-
18 cated by the Corporation for provision of assistance
19 under subsections (a) and (b) of section 121 for a
20 fiscal year, the Corporation shall use not less than
21 $33\frac{1}{3}$ percent of the allocated funds to make grants
22 to States on a competitive basis under section
23 121(a).

24 “(2) FEDERAL AGENCIES AND OTHER APPLI-
25 CANTS.—The Corporation shall distribute on a com-

1 petitive basis to subdivisions of States, Indian tribes,
2 public and private not-for-profit organizations (in-
3 cluding labor organizations), institutions of higher
4 education, and Federal agencies the remainder of
5 the funds allocated by the Corporation for provision
6 of assistance under section 121 for a fiscal year,
7 after operation of paragraph (1) and subsections (a)
8 and (c).

9 “(3) LIMITATIONS.—The Corporation may limit
10 the categories of eligible applicants for assistance
11 under paragraph (2) consistent with the priorities
12 established by the Corporation under section
13 133(d)(2).

14 “(e) APPLICATION REQUIRED.—The allotment of as-
15 sistance and approved national service positions to a State
16 or Indian tribe under subsection (a), and the competitive
17 distribution of assistance and approved national service
18 positions under subsection (d), shall be made by the Cor-
19 poration only pursuant to an application submitted by a
20 State or other applicant under section 130 and approved
21 by the Corporation under section 133.

22 “(f) DISTRIBUTION OF APPROVED POSITIONS SUB-
23 JECT TO AVAILABLE FUNDS.—The Corporation may not
24 distribute approved national service positions under this
25 section for a fiscal year in excess of the number of such

1 positions for which the Corporation has sufficient available
2 funds in the National Service Trust for that fiscal year
3 to satisfy the maximum possible obligations to be incurred
4 by the United States to provide the national service edu-
5 cational award corresponding to service in these positions.

6 “(g) SPONSORSHIP OF APPROVED NATIONAL SERV-
7 ICE POSITIONS.—

8 “(1) SPONSORSHIP AUTHORIZED.—The Cor-
9 poration may enter into agreements with persons or
10 entities who offer to sponsor national service posi-
11 tions for which the person or entity will be respon-
12 sible for supplying the funds necessary to provide a
13 national service educational award. The distribution
14 of these approved national service positions shall be
15 made pursuant to the agreement, and the creation
16 of these positions shall not be taken into consider-
17 ation in determining the number of approved na-
18 tional service positions to be available for distribu-
19 tion under this section.

20 “(2) DEPOSIT OF CONTRIBUTION.—Funds pro-
21 vided pursuant to an agreement under paragraph
22 (1) and any other funds contributed to the Corpora-
23 tion to support the activities of the Corporation
24 under the national service laws shall be deposited in

1 the National Service Trust established in section
2 145 until such time as the funds are needed.

3 **"SEC. 130. APPLICATION FOR ASSISTANCE AND APPROVED**
4 **NATIONAL SERVICE POSITIONS.**

5 "(a) TIME, MANNER, AND CONTENT OF APPLICA-
6 TION.—To be eligible to receive assistance under section
7 121 and approved national service positions for partici-
8 pants who serve in the national service programs to be
9 carried out using the assistance, a State, subdivision of
10 a State, Indian tribe, public or private not-for-profit orga-
11 nization, institution of higher education, or Federal agen-
12 cy shall prepare and submit to the Corporation an applica-
13 tion at such time, in such manner, and containing such
14 information as the Corporation may reasonably require.

15 "(b) TYPES OF APPLICATION INFORMATION.—In
16 order to have adequate information upon which to consider
17 an application under section 133, the Corporation may re-
18 quire the following information to be provided in an appli-
19 cation submitted under subsection (a):

20 "(1) A description of the national service pro-
21 grams proposed to be carried out directly by the ap-
22 plicant using assistance provided under section 121.

23 "(2) A description of the national service pro-
24 grams that are selected by the applicant to receive
25 a grant from assistance requested under section 121

1 and a description of the process and criteria by
2 which the programs were selected.

3 “(3) A description of other funding sources to
4 be used, or sought to be used, for the national serv-
5 ice programs referred to in paragraphs (1) and (2),
6 and, if the application is submitted for the purpose
7 of seeking a renewal of assistance, a description of
8 the success of the programs in reducing their reli-
9 ance on Federal funds.

10 “(4) A description of the extent to which the
11 projects to be conducted using the assistance will ad-
12 dress unmet human, educational, environmental, or
13 public safety needs and produce a direct benefit for
14 the community in which the projects are performed.

15 “(5) A description of the plan to be used to re-
16 cruit participants, including economically disadvan-
17 taged youth, for the national service programs re-
18 ferred to in paragraphs (1) and (2).

19 “(6) A description of the manner in which the
20 national service programs referred to in paragraphs
21 (1) and (2) build on existing programs, including
22 Federal programs;

23 “(7) A description of the manner in which the
24 national service programs referred to in paragraphs
25 (1) and (2) will involve participants—

1 “(A) in projects that build an ethic of civic
2 responsibility and produce a positive change in
3 the lives of participants through training and
4 participation in meaningful service experiences
5 and opportunities for reflection on such experi-
6 ences; and

7 “(B) in leadership positions in implement-
8 ing and evaluating the program.

9 “(8) Measurable goals for the national service
10 programs referred to in paragraphs (1) and (2), and
11 a strategy to achieve such goals, in terms of—

12 “(A) the impact to be made in meeting
13 unmet human, educational, environmental, or
14 public safety needs; and

15 “(B) the service experience to be provided
16 to participants in the programs.

17 “(9) A description of the manner and extent to
18 which the national service programs referred to in
19 paragraphs (1) and (2) conform to the national serv-
20 ice priorities established by the Corporation under
21 section 122(c).

22 “(10) A description of the past experience of
23 the applicant in operating a comparable program or
24 in conducting a grant program in support of other
25 comparable programs.

1 “(11) A description of the type and number of
 2 proposed service positions in which participants will
 3 receive the national service educational award de-
 4 scribed in subtitle D and a description of the man-
 5 ner in which approved national service positions will
 6 be apportioned by the applicant.

7 “(12) A description of the manner and extent
 8 to which participants, representatives of the commu-
 9 nity served, community-based agencies with a dem-
 10 onstrated record of experience in providing services,
 11 and labor organizations contributed to the develop-
 12 ment of the national service programs referred to in
 13 paragraphs (1) and (2), including the identity of the
 14 individual representing the labor organization who
 15 was consulted and the nature of the consultation.

16 “(13) Such other information as the Corpora-
 17 tion may reasonably require.

18 “(c) APPLICATION TO RECEIVE ONLY APPROVED NA-
 19 TIONAL SERVICE POSITIONS.—

20 “(1) APPLICABILITY OF SUBSECTION.—This
 21 subsection shall apply in the case of an application
 22 in which—

23 “(A) the applicant is not seeking assist-
 24 ance under subsection (a) or (b) of section 121,
 25 but requests national service educational

1 awards for individuals serving in service posi-
2 tions described in section 123; or

3 “(B) the applicant requests national serv-
4 ice educational awards for service positions de-
5 scribed in section 123, but the positions are not
6 positions in a national service program de-
7 scribed in section 122(a) for which assistance
8 may be provided under subsection (a) or (b) of
9 section 121.

10 “(2) SPECIAL APPLICATION REQUIREMENTS.—
11 For the applications described in paragraph (1), the
12 Corporation shall establish special application re-
13 quirements in order to determine—

14 “(A) whether the service positions meet
15 unmet human, educational, environmental, or
16 public safety needs and meet the criteria for as-
17 sistance under this subtitle; and

18 “(B) whether the Corporation should ap-
19 prove the positions as approved national service
20 positions that include the national service edu-
21 cational award described in subtitle D as one of
22 the benefits to be provided for successful service
23 in the position.

24 “(d) SPECIAL RULE FOR STATE APPLICANTS.—

1 “(1) SUBMISSION BY STATE COMMISSION.—The
2 application of a State for approved national service
3 positions or for a grant under section 121(a) shall
4 be submitted by the State Commission.

5 “(2) COMPETITIVE SELECTION.—The applica-
6 tion of a State shall contain an assurance that all
7 assistance provided under section 121(a) to the
8 State will be used to support national service pro-
9 grams that were selected by the State on a competi-
10 tive basis.

11 “(3) ASSISTANCE TO NONSTATE ENTITIES.—
12 The application of a State shall also contain an as-
13 surance that not less than 60 percent of the assist-
14 ance will be used to make grants in support of na-
15 tional service programs other than national service
16 programs carried out by a State agency. The Cor-
17 poration may permit a State to deviate from the per-
18 centage specified by this subsection if the State has
19 not received a sufficient number of acceptable appli-
20 cations to comply with the percentage.

21 “(e) SPECIAL RULE FOR CERTAIN SERVICE SPON-
22 SORS.—In the case of an applicant that proposes to serve
23 as the service sponsor, the application shall include the
24 written concurrence of any local labor organization rep-
25 resenting employees of the applicant who are engaged in

1 the same or substantially similar work as that proposed
2 to be carried out.

3 “(f) LIMITATION ON SAME PROJECT IN MULTIPLE
4 APPLICATIONS.—The Corporation shall reject an applica-
5 tion submitted under this section if a project proposed to
6 be conducted using assistance requested by the applicant
7 is already described in another application pending before
8 the Corporation.

9 **“SEC. 131. NATIONAL SERVICE PROGRAM ASSISTANCE RE-**
10 **QUIREMENTS.**

11 “(a) IMPACT ON COMMUNITIES.—An application sub-
12 mitted under section 130 shall include an assurance by
13 the applicant that any national service program carried
14 out by the applicant using assistance provided under sec-
15 tion 121 and any national service program supported by
16 a grant made by the applicant using such assistance will—

17 “(1) address unmet human, educational, envi-
18 ronmental, or public safety needs through services
19 that provide a direct benefit to the community in
20 which the service is preformed; and

21 “(2) comply with the nonduplication and
22 nondisplacement requirements of section 177.

23 “(b) IMPACT ON PARTICIPANTS.—An application
24 submitted under section 130 shall also include an assur-
25 ance by the applicant that any national service program

1 carried out by the applicant using assistance provided
2 under section 121 and any national service program sup-
3 ported by a grant made by the applicant using such assist-
4 ance will—

5 “(1) provide participants in the national service
6 program with the training, skills, and knowledge
7 necessary for the projects that participants are
8 called upon to perform; and

9 “(2) provide support services to participants,
10 such as the provision of appropriate information and
11 support—

12 “(A) to those participants who are com-
13 pleting a term of service and making the transi-
14 tion to other educational and career opportuni-
15 ties; and

16 “(B) to those participants who are school
17 dropouts in order to assist those participants in
18 earning the equivalent of a high school diploma.

19 “(c) CONSULTATION.—An application submitted
20 under section 130 shall also include an assurance by the
21 applicant that any national service program carried out
22 by the applicant using assistance provided under section
23 121 and any national service program supported by a
24 grant made by the applicant using such assistance will—

1 “(1) provide in the design, recruitment, and op-
2 eration of the program for broad-based input from
3 the community served, community-based agencies
4 with a demonstrated record of experience in provid-
5 ing services, and local labor organizations represent-
6 ing employees of service sponsors;

7 “(2) prior to the placement of participants, con-
8 sult with any local labor organization representing
9 employees in the area who are engaged in the same
10 or similar work as that proposed to be carried out
11 by such program to ensure compliance with the
12 nondisplacement requirements specified in section
13 177; and

14 “(3) in the case of a program that is not fund-
15 ed through a State, consult with and coordinate ac-
16 tivities with the State Commission for the State in
17 which the program operates.

18 “(d) EVALUATION AND PERFORMANCE GOALS.—

19 “(1) IN GENERAL.—An application submitted
20 under section 130 shall also include an assurance by
21 the applicant that the applicant will—

22 “(A) arrange for an independent evalua-
23 tion of any national service program carried out
24 using assistance provided to the applicant under
25 section 121;

1 “(B) develop measurable performance
2 goals and evaluation methods (such as the use
3 of surveys of participants and persons served),
4 which are to be used as part of such evaluation
5 to determine the impact of the program—

6 “(i) on communities and persons
7 served by the projects performed by the
8 program;

9 “(ii) on participants who take part in
10 the projects; and

11 “(iii) in such other areas as the Cor-
12 poration may require; and

13 “(C) cooperate with any evaluation activi-
14 ties undertaken by the Corporation.

15 “(2) ALTERNATIVE EVALUATION REQUIRE-
16 MENTS.—The Corporation may establish alternative
17 evaluation requirements for national service pro-
18 grams based upon the amount of assistance received
19 under section 121 or received by a grant made by
20 a recipient of assistance under such section. The de-
21 termination of whether a national service program is
22 covered by this paragraph shall be made in such
23 manner as the Corporation may prescribe.

24 “(e) LIVING ALLOWANCES AND OTHER INSERVICE
25 BENEFITS.—Except as provided in section 140(c), an ap-

1 plication submitted under section 124 shall also include
2 an assurance by the applicant that the applicant will—

3 “(1) provide a living allowance and other bene-
4 fits specified in section 140 to participants in any
5 national service program carried out by the appli-
6 cant using assistance provided under section 121;
7 and

8 “(2) require that each national service program
9 that receives a grant from the applicant using such
10 assistance will also provide a living allowance and
11 other benefits specified in section 140 to participants
12 in the program.

13 “(f) SELECTION OF PARTICIPANTS FROM INDIVID-
14 UALS RECRUITED BY CORPORATION OR STATE COMMIS-
15 SIONS.—The Corporation may also require an assurance
16 by the applicant that any national service program carried
17 out by the applicant using assistance provided under sec-
18 tion 121 and any national service program supported by
19 a grant made by the applicant using such assistance will
20 select a portion of the participants for the program from
21 among prospective participants recruited by the Corpora-
22 tion or State Commissions under section 138(d). The Cor-
23 poration may specify a minimum percentage of partici-
24 pants to be selected from the national leadership pool es-

1 tablished under section 138(e) and may vary the percent-
2 age for different types of national service programs.

3 **"SEC. 132. INELIGIBLE SERVICE CATEGORIES.**

4 "An application submitted to the Corporation under
5 section 130 shall include an assurance by the applicant
6 that any national service program carried out using assist-
7 ance provided under section 121 and any approved na-
8 tional service position provided to an applicant will not be
9 used to perform service that provides a direct benefit to
10 any—

11 "(1) business organized for profit;

12 "(2) labor union;

13 "(3) partisan political organization; or

14 "(4) organization engaged in religious activities,
15 unless such service does not involve the use of assist-
16 ance provided under section 121 or participants to
17 give religious instruction, conduct worship services,
18 or engage in any form of proselytization.

19 **"SEC. 133. CONSIDERATION OF APPLICATIONS.**

20 "(a) CORPORATION CONSIDERATION OF CERTAIN
21 CRITERIA.—The Corporation shall apply the criteria de-
22 scribed in subsections (c) and (d) in determining
23 whether—

1 “(1) to approve an application submitted under
2 section 130 and provide assistance under section
3 121 to the applicant; and

4 “(2) to approve service positions described in
5 the application as national service positions that in-
6 clude the national service educational award de-
7 scribed in subtitle D and provide such approved na-
8 tional service positions to the applicant.

9 “(b) APPLICATION TO SUBGRANTS.—A State or
10 other entity that uses assistance provided under section
11 121(a) to support national service programs selected on
12 a competitive basis to receive a share of the assistance
13 shall use the criteria described in subsections (c) and (d)
14 when considering an application submitted by a national
15 service program to receive a portion of such assistance or
16 an approved national service position. The application of
17 the State or other entity under section 130 shall contain
18 a certification that the State or other entity complied with
19 these criteria in the selection of national service programs
20 to receive assistance.

21 “(c) ASSISTANCE CRITERIA.—The criteria required
22 to be applied in evaluating applications submitted under
23 section 130 are as follows:

1 “(1) The quality of the national service pro-
2 gram proposed to be carried out directly by the ap-
3 plicant or supported by a grant from the applicant.

4 “(2) The innovative aspects of the national
5 service program, and the feasibility of replicating the
6 program.

7 “(3) The sustainability of the national service
8 program, based on evidence such as the existence—

9 “(A) of strong and broad-based community
10 support for the program; and

11 “(B) of multiple funding sources or private
12 funding for the program.

13 “(4) The quality of the leadership of the na-
14 tional service program, the past performance of the
15 program, and the extent to which the program
16 builds on existing programs.

17 “(5) The extent to which participants of the na-
18 tional service program are recruited from among
19 residents of the communities in which projects are to
20 be conducted, and the extent to which participants
21 and community residents are involved in the design,
22 leadership, and operation of the program.

23 “(6) The extent to which projects would be con-
24 ducted in areas where they are needed most, such
25 as—

1 “(A) communities designated as enterprise
2 zones or redevelopment areas, targeted for spe-
3 cial economic incentives, or otherwise identifi-
4 able as having high concentrations of low-in-
5 come people;

6 “(B) areas that are environmentally dis-
7 tressed; or

8 “(C) areas adversely affected by reductions
9 in defense spending or the closure or realign-
10 ment of military installations.

11 “(7) In the case of applicants other than
12 States, the extent to which the application is consist-
13 ent with the application under section 130 of the
14 State in which the projects would be conducted.

15 “(8) Such other criteria as the Corporation con-
16 siders to be appropriate.

17 “(d) OTHER CONSIDERATIONS.—

18 “(1) GEOGRAPHIC DIVERSITY.—The Corpora-
19 tion shall ensure that recipients of assistance pro-
20 vided under section 121 are geographically diverse
21 and include projects to be conducted in those urban
22 and rural areas in a State with the highest rates of
23 poverty.

24 “(2) PRIORITIES.—The Corporation may des-
25 ignate, under such criteria as may be established by

1 the Corporation, certain national service programs
2 or types of national service programs described in
3 section 122(a) for priority consideration in the com-
4 petitive distribution of funds under section
5 129(d)(2). In designating national service programs
6 to receive priority, the Corporation may include—

7 “(A) national service programs carried out
8 by another Federal agency;

9 “(B) national service programs that con-
10 form to the national service priorities in effect
11 under section 122(c);

12 “(C) innovative national service programs;

13 “(D) national service programs that are
14 well established in one or more States at the
15 time of the application and are proposed to be
16 expanded to additional States using assistance
17 provided under section 121;

18 “(E) grant programs in support of other
19 national service programs if the grant programs
20 are to be conducted by not-for-profit organiza-
21 tions with a demonstrated and extensive exper-
22 tise in the provision of services to meet human,
23 educational, environmental, or public safety
24 needs; and

1 “(F) professional corps programs described
2 in section 122(a)(8).

3 “(e) REJECTION OF STATE APPLICATIONS.—

4 “(1) NOTIFICATION OF STATE APPLICANTS.—If
5 the Corporation rejects an application submitted by
6 a State Commission under section 130 for funds de-
7 scribed in section 129(a)(1), the Corporation shall
8 promptly notify the State Commission of the reasons
9 for the rejection of the application.

10 “(2) RESUBMISSION AND RECONSIDERATION.—

11 The Corporation shall provide a State Commission
12 notified under paragraph (1) with a reasonable op-
13 portunity to revise and resubmit the application. At
14 the request of the State Commission, the Corpora-
15 tion shall provide technical assistance to the State
16 Commission as part of the resubmission process.
17 The Corporation shall promptly reconsider an appli-
18 cation resubmitted under this paragraph.

19 “(3) REALLOTMENT.—The amount of any
20 State’s allotment under section 129(a) for a fiscal
21 year that the Corporation determines will not be
22 provided for that fiscal year shall be available for
23 distribution by the Corporation as provided in para-
24 graph (3) of such subsection.

1 **“PART III—NATIONAL SERVICE PARTICIPANTS**

2 **“SEC. 137. DESCRIPTION OF PARTICIPANTS.**

3 “(a) IN GENERAL.—For purposes of this subtitle, an
4 individual shall be considered to be a participant in a na-
5 tional service program carried out using assistance pro-
6 vided under section 121 if the individual—

7 “(1) meets such eligibility requirements as may
8 be established by the program;

9 “(2) is selected by the program to serve in a po-
10 sition with the program;

11 “(3) will serve in the program for a term of
12 service specified in section 139 to be performed be-
13 fore, during, or after attendance at an institution of
14 higher education;

15 “(4) is 17 years of age or older at the time the
16 individual begins the term of service;

17 “(5) has received a high school diploma or its
18 equivalent or agrees to obtain a high school diploma
19 or its equivalent and the individual did not drop out
20 of an elementary or secondary school to enroll in the
21 program; and

22 “(6) is a citizen of the United States or lawfully
23 admitted for permanent residence.

24 “(b) SPECIAL RULES FOR CERTAIN YOUTH PRO-
25 GRAMS.—An individual shall be considered to be a partici-
26 pant in a youth corps program described in section

1 122(a)(2) or a program described in section 122(a)(9)
2 that is carried out with assistance provided under section
3 121(a) if the individual—

4 “(1) satisfies the requirements specified in sub-
5 section (a), except paragraph (4) of such subsection;
6 and

7 “(2) is between the ages of 16 and 25, inclu-
8 sive, at the time the individual begins the term of
9 service.

10 **“SEC. 138. SELECTION OF NATIONAL SERVICE PARTICI-**
11 **PANTS.**

12 “(a) SELECTION PROCESS.—Subject to subsections
13 (b) and (c) and section 131(f), the actual recruitment and
14 selection of an individual to serve in a national service pro-
15 gram receiving assistance under section 121 or to fill an
16 approved national service position shall be conducted by
17 the State, subdivision of a State, Indian tribe, public or
18 private not-for-profit organization, institution of higher
19 education, Federal agency, or other entity to which the
20 assistance and approved national service positions are pro-
21 vided.

22 “(b) NONDISCRIMINATION AND NONPOLITICAL SE-
23 LECTION OF PARTICIPANTS.—The recruitment and selec-
24 tion of individuals to serve in national service programs
25 receiving assistance under section 121 or to fill approved

1 national service positions shall be consistent with the re-
2 quirements of section 175.

3 “(c) SECOND TERM.—Acceptance into a national
4 service program to serve a second term of service under
5 section 139 shall only be available to individuals who per-
6 form satisfactorily in their first term of service.

7 “(d) RECRUITMENT AND PLACEMENT.—The Cor-
8 poration and each State Commission shall establish a sys-
9 tem to recruit individuals who desire to perform national
10 service and to assist the placement of these individuals in
11 approved national service positions, including positions
12 available under title I of the Domestic Volunteer Service
13 Act of 1973 (42 U.S.C. 4951). The Corporation and State
14 Commissions shall disseminate information regarding
15 available approved national service positions through co-
16 operation with secondary schools, institutions of higher
17 education, employment service offices, and other appro-
18 priate entities, particularly those organizations that pro-
19 vide outreach to disadvantaged youths.

20 “(e) NATIONAL LEADERSHIP POOL.—

21 “(1) SELECTION AND TRAINING.—From among
22 individuals recruited under subsection (d), the Cor-
23 poration may select individuals with significant lead-
24 ership potential, as determined by the Corporation,
25 to receive special training to enhance their leader-

1 ship ability. The leadership training shall be pro-
2 vided by the Corporation directly or through a grant
3 or contract.

4 “(2) EMPHASIS ON CERTAIN INDIVIDUALS.—In
5 selecting individuals to receive leadership training
6 under this subsection, the Corporation shall make
7 special efforts to select individuals who have served
8 in the Peace Corps, as VISTA volunteers, or as par-
9 ticipants in national service programs receiving as-
10 sistance under section 121.

11 “(3) ASSIGNMENT.—At the request of a pro-
12 gram that receives assistance under the national
13 service laws, the Corporation may assign an individ-
14 ual who receives leadership training under para-
15 graph (1) to work with the program in a leadership
16 position and carry out assignments not otherwise
17 performed by regular participants. An individual as-
18 signed to a program shall be considered to be a par-
19 ticipant of the program.

20 **“SEC. 139. TERMS OF SERVICE.**

21 “(a) IN GENERAL.—As a condition of receiving a na-
22 tional service education award under subtitle D, a partici-
23 pant in an approved national service position shall be re-
24 quired to perform full- or part-time national service for
25 at least one term of service specified in subsection (b).

1 “(b) TERM OF SERVICE.—

2 “(1) FULL-TIME SERVICE.—An individual per-
3 forming full-time national service in an approved na-
4 tional service position shall agree to participate in
5 the program sponsoring the position for not less
6 than 1,700 hours during a period of not less than
7 9 months and not more than 1 year.

8 “(2) PART-TIME SERVICE.—Except as provided
9 in paragraph (3), an individual performing part-time
10 national service in an approved national service posi-
11 tion shall agree to participate in the program spon-
12 soring the position for not less than 1,700 hours
13 during a period of not less than 1 year and not more
14 than 2 years.

15 “(3) REDUCTION IN HOURS OF PART-TIME
16 SERVICE.—The Corporation may reduce the number
17 of hours required to be served to successfully com-
18 plete part-time national service to a level determined
19 by the Corporation, except that any reduction in the
20 required term of service shall include a correspond-
21 ing reduction in the amount of any national service
22 educational award that may be available under sub-
23 title D with regard to that service.

24 “(c) RELEASE FROM COMPLETING TERM OF SERV-
25 ICE.—

1 “(1) RELEASE AUTHORIZED.—A recipient of
2 assistance under section 121 or a program sponsor-
3 ing an approved national service position may re-
4 lease a participant from completing a term of service
5 in the position—

6 “(A) for compelling personal circumstances
7 as demonstrated by the participant; or

8 “(B) for cause.

9 “(2) EFFECT OF RELEASE.—If the released
10 participant was serving in an approved national
11 service position, the participant may receive a por-
12 tion of the national service educational award cor-
13 responding to that service in the manner provided in
14 section 147(b), except that a participant released for
15 cause may not receive any portion of the national
16 service educational award.

17 **“SEC. 140. LIVING ALLOWANCES FOR NATIONAL SERVICE**
18 **PARTICIPANTS.**

19 “(a) PROVISION OF LIVING ALLOWANCE.—

20 “(1) LIVING ALLOWANCE PERMITTED.—Subject
21 to paragraph (3), a national service program carried
22 out using assistance provided under section 121
23 shall provide to each participant in the program a
24 living allowance in such an amount as may be estab-
25 lished by the program.

1 “(2) LIMITATION ON FEDERAL SHARE.—The
2 amount of the annual living allowance provided
3 under paragraph (1) that may be paid using assist-
4 ance provided under section 121 and using any other
5 Federal funds shall not exceed the lesser of—

6 “(A) 85 percent of the total average an-
7 nual subsistence allowance provided to VISTA
8 volunteers under section 105 of the Domestic
9 Volunteer Service Act of 1973 (42 U.S.C.
10 4955); and

11 “(B) 85 percent of the annual living allow-
12 ance established by the national service pro-
13 gram involved.

14 “(3) MAXIMUM LIVING ALLOWANCE.—Except
15 as provided in subsection (c), the total amount of an
16 annual living allowance that may be provided to a
17 participant in a national service program shall not
18 exceed 200 percent of the average annual subsist-
19 ence allowance provided to VISTA volunteers under
20 section 105 of the Domestic Volunteer Service Act
21 of 1973 (42 U.S.C. 4955).

22 “(4) PRORATION OF LIVING ALLOWANCE.—The
23 amount provided as a living allowance under this
24 subsection shall be prorated in the case of a partici-

1 pant who is authorized to serve a reduced term of
2 service under section 139(b)(3).

3 “(5) TREATMENT OF LIVING ALLOWANCE.—

4 The amount provided as a living allowance under
5 this subsection, up to the maximum living allowance
6 authorized by paragraph (3), shall not be taken into
7 account in determining the need or eligibility of any
8 person for benefits or assistance, or the amount of
9 such benefits or assistance, under any Federal,
10 State, or local program financed in whole or in part
11 with Federal funds. Nothing in the preceding sen-
12 tence shall be construed to exclude amounts received
13 as a living allowance from gross income under sec-
14 tion 61 of the Internal Revenue Code of 1986 (26
15 U.S.C. 61).

16 “(b) COVERAGE OF CERTAIN EMPLOYMENT-RELAT-
17 ED TAXES.—To the extent a national service program that
18 receives assistance under section 121 is subject, with re-
19 spect to the participants in the program, to the taxes im-
20 posed on an employer under sections 3111 and 3301 of
21 the Internal Revenue Code of 1986 (26 U.S.C. 3111,
22 3301) and taxes imposed on an employer under a work-
23 men’s compensation act, the assistance provided to the
24 program under section 121 shall include an amount suffi-

1 cient to cover 85 percent of such taxes based upon the
2 lesser of—

3 “(1) the total average annual subsistence allow-
4 ance provided to VISTA volunteers under section
5 105 of the Domestic Volunteer Service Act of 1973
6 (42 U.S.C. 4955); and

7 “(2) the annual living allowance established by
8 the program.

9 “(c) EXCEPTION FROM MAXIMUM LIVING ALLOW-
10 ANCE FOR CERTAIN ASSISTANCE.—A professional corps
11 program described in section 122(a)(8) that desires to
12 provide a living allowance in excess of the maximum allow-
13 ance authorized in subsection (a)(3) may still apply for
14 such assistance, except that—

15 “(1) any assistance provided to the applicant
16 under section 121 may not be used to pay for any
17 portion of the allowance;

18 “(2) the applicant shall apply for such assist-
19 ance only by submitting an application to the Cor-
20 poration for assistance on a competitive basis; and

21 “(3) the national service program must be oper-
22 ated directly by the applicant and must meet urgent,
23 unmet human, educational, environmental, or public
24 safety needs, as determined by the Corporation.

1 “(d) HEALTH INSURANCE.—A State or other recipi-
2 ent of assistance under section 121 shall provide a basic
3 health care policy for each full-time participant in a na-
4 tional service program carried out or supported using the
5 assistance if the participant is not otherwise covered by
6 a health care policy. Not more than 85 percent of the cost
7 of a premium shall be provided by the Corporation, with
8 the remaining cost paid by the entity receiving assistance
9 under section 121. The Corporation shall establish mini-
10 mum standards that all plans must meet in order to qual-
11 ify for payment under this part, any circumstances in
12 which an alternative health care policy may be substituted
13 for the basic health care policy, and mechanisms to pro-
14 hibit participants from dropping existing coverage.

15 “(e) CHILD CARE.—

16 “(1) AVAILABILITY.—A State or other recipient
17 of assistance under section 121 shall—

18 “(A) make child care available for children
19 of each full-time participant who serves in a na-
20 tional service program carried out or supported
21 by the recipient using the assistance, including
22 individuals who need such child care in order to
23 participate in the program; or

24 “(B) provide a child care allowance to each
25 full-time participant in a national service pro-

1 gram who needs such assistance in order to
2 participate in the program.

3 “(2) GUIDELINES.—The Corporation shall es-
4 tablish guidelines regarding the circumstances under
5 which child care must be made available under this
6 subsection and the value of any allowance to be pro-
7 vided.

8 “(f) WAIVER OF LIMITATION ON FEDERAL SHARE.—
9 The Corporation may waive in whole or in part the limita-
10 tion on the Federal share specified in this section with
11 respect to a particular national service program in any fis-
12 cal year if the Corporation determines that such a waiver
13 would be equitable due to a lack of available financial re-
14 sources at the local level.

15 **“SEC. 141. NATIONAL SERVICE EDUCATIONAL AWARDS.**

16 “(a) ELIGIBILITY GENERALLY.—A participant in a
17 national service program carried out using assistance pro-
18 vided to an applicant under section 121 shall be eligible
19 for the national service educational award described in
20 subtitle D if the participant—

21 “(1) serves in an approved national service po-
22 sition; and

23 “(2) satisfies the eligibility requirements speci-
24 fied in section 146 with respect to service in that ap-
25 proved national service position.

1 “(b) SPECIAL RULE FOR VISTA VOLUNTEERS.—A
 2 VISTA volunteer who serves in an approved national serv-
 3 ice position shall be ineligible for a national service edu-
 4 cational award if the VISTA volunteer accepts the stipend
 5 authorized under section 105(a)(1) of the Domestic Volun-
 6 teer Service Act of 1973 (42 U.S.C. 4955(a)(1)).”.

7 (b) TABLE OF CONTENTS.—Section 1(b) of the Na-
 8 tional and Community Service Act of 1990 (Public Law
 9 101-610; 104 Stat. 3127) is amended by striking the
 10 items relating to subtitle C of title I of such Act and in-
 11 serting the following new items:

“Subtitle C—National Service Trust Program

“PART I—INVESTMENT IN NATIONAL SERVICE

- “Sec. 121. Authority to provide assistance and approved national service positions.
- “Sec. 122. Types of national service programs eligible for program assistance.
- “Sec. 123. Types of national service positions eligible for approval for national service educational awards.
- “Sec. 124. Types of program assistance.
- “Sec. 125. Training and technical assistance.
- “Sec. 126. Other special assistance.

“PART II—APPLICATION AND APPROVAL PROCESS

- “Sec. 129. Provision of assistance and approved national service positions by competitive and other means.
- “Sec. 130. Application for assistance and approved national service positions.
- “Sec. 131. National service program assistance requirements.
- “Sec. 132. Ineligible service categories.
- “Sec. 133. Consideration of applications.

“PART III—NATIONAL SERVICE PARTICIPANTS

- “Sec. 137. Description of participants.
- “Sec. 138. Selection of national service participants.
- “Sec. 139. Required terms of service of national service participants.
- “Sec. 140. Living allowances for national service participants.
- “Sec. 141. National service educational awards.”.

1 SEC. 102. NATIONAL SERVICE TRUST AND PROVISION OF
2 NATIONAL SERVICE EDUCATIONAL AWARDS.

3 (a) ESTABLISHMENT OF TRUST; PROVISION OF
4 AWARDS.—Subtitle D of title I of the National and Com-
5 munity Service Act of 1990 (42 U.S.C. 12571 et seq.) is
6 amended to read as follows:

7 **“Subtitle D—National Service**
8 **Trust and Provision of National**
9 **Service Educational Awards**

10 **“SEC. 145. ESTABLISHMENT OF THE NATIONAL SERVICE**
11 **TRUST.**

12 “(a) ESTABLISHMENT.—There is established in the
13 Treasury of the United States an account to be known
14 as the National Service Trust. The Trust shall consist
15 of—

16 “(1) from the amounts appropriated to the Cor-
17 poration and made available to carry out this sub-
18 title pursuant to section 501(a)(1), such amounts as
19 the Corporation may designate to be available for
20 the payment of—

21 “(A) national service educational awards;
22 and

23 “(B) interest expenses pursuant to sub-
24 section (e);

1 “(2) any amounts received by the Corporation
2 as gifts, bequests, devise, or otherwise pursuant to
3 section 192(a)(2); and

4 “(3) the interest on, and proceeds from the sale
5 or redemption of, any obligations held by the Trust.

6 “(b) INVESTMENT OF TRUST.—It shall be the duty
7 of the Secretary of the Treasury to invest in full the
8 amounts appropriated to the Trust. Except as otherwise
9 expressly provided in instruments concerning a gift, be-
10 quest, devise, or other donation and agreed to by the Cor-
11 poration, such investments may be made only in interest-
12 bearing obligations of the United States or in obligations
13 guaranteed as to both principal and interest by the United
14 States. For such purpose, such obligations may be ac-
15 quired (1) on original issue at the issue price, or (2) by
16 purchase of outstanding obligations at the marketplace.
17 Any obligation acquired by the Trust may be sold by the
18 Secretary at the market price.

19 “(c) EXPENDITURES FROM TRUST.—Amounts in the
20 Trust shall be available for payments of national service
21 educational awards in accordance with section 148.

22 “(d) REPORTS TO CONGRESS ON RECEIPTS AND EX-
23 PENDITURES.—The Corporation shall submit an annual
24 report to the Congress on the financial status of the Trust.
25 Such report shall—

1 “(1) specify the amount deposited to the Trust
2 from the most recent appropriation to the Corpora-
3 tion, the amount received by the Corporation as gifts
4 or bequest during the period covered by the report,
5 and any amounts obtained by the Trust pursuant to
6 subsection (a)(3);

7 “(2) identify the number of individuals who are
8 currently performing service to qualify, or have
9 qualified, for national service educational awards;

10 “(3) identify the number of individuals whose
11 ability to claim national service educational awards
12 during the period covered by the report—

13 “(A) has been reduced pursuant to section
14 147(b); or

15 “(B) has lapsed pursuant to section
16 146(d); and

17 “(4) estimate the number of additional ap-
18 proved national service positions which the Corpora-
19 tion will be able to make available under subtitle C
20 on the basis of any accumulated surplus in the
21 Trust above the amount required to provide national
22 service educational awards to individuals identified
23 under paragraph (2), including any amounts avail-
24 able as a result of the circumstances referred to in
25 paragraph (3).

1 **“SEC. 146. INDIVIDUALS ELIGIBLE TO RECEIVE A NATIONAL**
2 **SERVICE EDUCATIONAL AWARD FROM THE**
3 **TRUST.**

4 “(a) **ELIGIBLE INDIVIDUALS.**—An individual shall
5 receive a national service educational award from the Na-
6 tional Service Trust if the individual—

7 “(1) successfully completes the required term of
8 service described in subsection (b) in an approved
9 national service position;

10 “(2) was 17 years of age or older at the time
11 the individual began serving in the approved na-
12 tional service position or was an out-of-school youth
13 serving in an approved national service position with
14 a youth corps program described in section
15 122(a)(2) or a program described in section
16 122(a)(9);

17 “(3) has received a high school diploma, or the
18 equivalent of such diploma, at the time the individ-
19 ual uses the national service educational award; and

20 “(4) is a citizen of the United States or lawfully
21 admitted for permanent residence.

22 “(b) **TERM OF SERVICE.**—The term of service for an
23 approved national service position shall not be less than
24 the full- or part-time term of service specified in section
25 139(b).

1 “(c) LIMITATION ON NUMBER OF TERMS OF SERV-
2 ICE FOR AWARDS.—Although an individual may serve
3 more than 2 terms of service described in subsection (b)
4 in an approved national service position, the individual
5 shall receive a national service educational award from the
6 National Service Trust only on the basis of the first and
7 second of such terms of service.

8 “(d) TIME FOR USE OF EDUCATIONAL AWARD.—

9 “(1) FIVE-YEAR REQUIREMENT.—An individual
10 eligible to receive a national service educational
11 award under this section may not use such award
12 after the end of the 5-year period beginning on the
13 date the individual completes the term of service in
14 an approved national service position that is the
15 basis of the award.

16 “(2) EXCEPTION.—The Corporation may ex-
17 tend the period within which an individual may use
18 a national service educational award if the Corpora-
19 tion determines that the individual—

20 “(A) was unavoidably prevented from
21 using the national service educational award
22 during the original 5-year period; or

23 “(B) performed another term of service in
24 an approved national service position during
25 that period.

1 **"SEC. 147. DETERMINATION OF THE AMOUNT OF THE NA-**
2 **TIONAL SERVICE EDUCATIONAL AWARD.**

3 “(a) AMOUNT GENERALLY.—Except as provided in
4 subsection (b), an individual described in section 146(a)
5 who successfully completes a required term of service in
6 an approved national service position shall receive a na-
7 tional service educational award having a value equal to
8 \$5,000 for each of not more than 2 of such terms of serv-
9 ice.

10 “(b) AWARD FOR PARTIAL COMPLETION OF SERV-
11 ICE.—If an individual serving in an approved national
12 service position is released in accordance with section
13 139(c)(1)(A) from completing the term of service agreed
14 to by the individual, the Corporation may provide the indi-
15 vidual with that portion of the national service educational
16 award approved for the individual that corresponds to the
17 quantity of the term of service actually completed by the
18 individual.

19 **"SEC. 148. DISBURSEMENT OF NATIONAL SERVICE EDU-**
20 **CATIONAL AWARDS.**

21 “(a) IN GENERAL.—Amounts in the Trust shall be
22 available—

23 “(1) to repay student loans in accordance with
24 subsection (b);

1 “(2) to pay all or part of the cost of attendance
2 at an institution of higher education in accordance
3 with subsection (c);

4 “(3) to pay expenses incurred in participating
5 in an approved school-to-work program in accord-
6 ance with subsection (d); and

7 “(4) to pay interest expenses in accordance with
8 regulations prescribed pursuant to subsection (e).

9 “(b) USE OF EDUCATIONAL AWARD TO REPAY OUT-
10 STANDING STUDENT LOANS.—

11 “(1) APPLICATION BY ELIGIBLE INDIVID-
12 UALS.—An eligible individual under section 146 who
13 desires to apply his or her national service edu-
14 cational award to the repayment of qualified student
15 loans shall submit, in a manner prescribed by the
16 Corporation, an application to the Corporation
17 that—

18 “(A) identifies, or permits the Corporation
19 to identify readily, the holder or holders of such
20 loans;

21 “(B) indicates, or permits the Corporation
22 to determine readily, the amounts of principal
23 and interest outstanding on the loans; and

1 “(C) contains or is accompanied by such
2 other information as the Corporation may re-
3 quire.

4 “(2) DISBURSEMENT OF REPAYMENTS.—Upon
5 receipt of an application from an eligible individual
6 of an application that complies with paragraph (1),
7 the Corporation shall, as promptly as practicable
8 consistent with paragraph (5), disburse the amount
9 of the national service educational award to which
10 the eligible individual is entitled. Such disbursement
11 shall be made by check or other means that is pay-
12 able to the holder of the loan and requires the en-
13 dorsement or other certification by the eligible indi-
14 vidual.

15 “(3) APPLICATION OF DISBURSED AMOUNTS.—
16 If the amount disbursed under paragraph (2) is less
17 than the principal and accrued interest on any quali-
18 fied student loan, such amount shall first be applied
19 to the repayment of principal.

20 “(4) REPORTS BY HOLDERS.—Any holder re-
21 ceiving a loan payment pursuant to this subsection
22 shall submit to the Corporation such information as
23 the Corporation may require to verify that such pay-
24 ment was applied in accordance with this subsection

1 and any regulations prescribed to carry out this sub-
2 section.

3 “(5) AUTHORITY TO AGGREGATE PAYMENTS.—
4 The Corporation may, by regulation, provide for the
5 aggregation of payments to holders under this sub-
6 section.

7 “(6) DEFINITION OF QUALIFIED STUDENT
8 LOANS.—The term ‘qualified student loans’ means—

9 “(A) any loan made, insured, or guaran-
10 teed pursuant to title IV of the Higher Edu-
11 cation Act of 1965 (20 U.S.C. 1070 et seq.),
12 other than a loan to a parent of a student pur-
13 suant to section 428B of such Act (20 U.S.C.
14 1078-2); and

15 “(B) any loan made pursuant to title VII
16 or VIII of the Public Health Service Act (42
17 U.S.C. 292a et seq.).

18 “(7) DEFINITION OF HOLDER.—The term
19 ‘holder’ with respect to any eligible loan means the
20 original lender or, if the loan is subsequently sold,
21 transferred, or assigned to some other person, and
22 such other person acquires a legally enforceable
23 right to receive payments from the borrower, such
24 other person.

1 “(c) USE OF EDUCATIONAL AWARDS TO PAY CUR-
2 RENT EDUCATIONAL EXPENSES.—

3 “(1) APPLICATION BY ELIGIBLE INDIVIDUAL.—

4 An eligible individual under section 146 who desires
5 to apply his or her national service educational
6 award to the payment of current educational ex-
7 penses shall, on a form prescribed by the Corpora-
8 tion, submit an application to the institution of high-
9 er education in which the student will be enrolled
10 that contains such information as the Corporation
11 may require to verify the individual’s eligibility.

12 “(2) SUBMISSION OF REQUESTS FOR PAYMENT
13 BY INSTITUTIONS.—An institution of higher edu-
14 cation that receives one or more applications that
15 comply with paragraph (1) shall submit to the Cor-
16 poration a statement, in a manner prescribed by the
17 Corporation, that—

18 “(A) identifies each eligible individual fil-
19 ing an application under paragraph (1) for a
20 disbursement of the individual’s national service
21 educational award under this subsection;

22 “(B) specifies the amounts for which such
23 eligible individuals are, consistent with para-
24 graph (6), qualified for disbursement under this
25 subsection;

“(C) certifies that (i) the institution of higher education has in effect a program participation agreement under section 487 of the Higher Education Act of 1965 (20 U.S.C. 1094), and (ii) the institution’s eligibility to participate in any of the programs under title IV of such Act (20 U.S.C. 1070 et seq.) has not been limited, suspended, or terminated; and

“(D) contains such provisions concerning financial compliance as the Corporation may require.

“(3) DISBURSEMENT OF PAYMENTS.—Upon receipt of a statement from an institution of higher education that complies with paragraph (2), the Corporation shall, subject to paragraph (4), disburse the total amount of the national service educational awards for which eligible individuals who have submitted applications to that institution under paragraph (1) are qualified. Such disbursement shall be made by check or other means that is payable to the institution and requires the endorsement or other certification by the eligible individual.

“(4) MULTIPLE DISBURSEMENTS REQUIRED.—The total amount required to be disbursed to an institution of higher education under paragraph (3)

1 for any period of enrollment shall be disbursed by
2 the Corporation in 2 or more installments, none of
3 which exceeds $\frac{1}{2}$ of such total amount. The interval
4 between the first and second such installment shall
5 not be less than $\frac{1}{2}$ of such period of enrollment, ex-
6 cept as necessary to permit the second installment to
7 be paid at the beginning of the second semester,
8 quarter, or similar division of such period of enroll-
9 ment.

10 “(5) REFUND RULES.—The Corporation shall,
11 by regulation, provide for the refund to the Corpora-
12 tion (and the crediting to the national service edu-
13 cational award of an eligible individual) of amounts
14 disbursed to institutions for the benefit of eligible in-
15 dividuals who withdraw or otherwise fail to complete
16 the period of enrollment for which the assistance
17 was provided. Such regulations shall be consistent
18 with the fair and equitable refund policies required
19 of institutions pursuant to section 484B of the
20 Higher Education Act of 1965 (20 U.S.C. 1091b).
21 Amounts refunded to the Trust pursuant to this
22 paragraph may be used by the Corporation to fund
23 additional approved national service positions under
24 subtitle C.

1 “(6) MAXIMUM AWARD.—The portion of an eli-
2 gible individual’s total available national service edu-
3 cational award that may be disbursed under this
4 subsection for any period of enrollment shall not ex-
5 ceed the difference between—

6 “(A) the eligible individual’s cost of attend-
7 ance for such period of enrollment, determined
8 in accordance with section 472 of the Higher
9 Education Act of 1965 (20 U.S.C. 1087ll); and

10 “(B) the sum of (i) the student’s estimated
11 financial assistance for such period under part
12 A of title IV of such Act (20 U.S.C. 1070 et
13 seq.), and (ii) the student’s veterans’ education
14 benefits, determined in accordance with section
15 480(c) of such Act (20 U.S.C. 1087vv(c)).

16 “(d) USE OF EDUCATIONAL AWARD TO PARTICIPATE
17 IN APPROVED SCHOOL-TO-WORK PROGRAMS.—The Cor-
18 poration shall by regulation provide for the payment of
19 national service educational awards to permit eligible indi-
20 viduals to participate in school-to-work programs approved
21 by the Secretaries of Labor and Education.

22 “(e) INTEREST PAYMENTS DURING FORBEARANCE
23 ON LOAN REPAYMENT.—The Corporation may provide by
24 regulation for the payment on behalf of an eligible individ-
25 ual of interest that accrues during a period for which such

1 individual has obtained forbearance in the repayment of
2 a qualified student loan (as defined in subsection (b)(6)),
3 if the eligible individual successfully completes his or her
4 required term of service (as determined under section
5 146(b)). Such regulations shall be prescribed after con-
6 sultation with the Secretary of Education.

7 “(f) TREATMENT OF BENEFITS.—Notwithstanding
8 any other provision of law, national service awards and
9 other benefits received under this section shall not be
10 taken into account in the determining the need or eligi-
11 bility of any person for benefits or assistance, or the
12 amount of such benefits or assistance, under any Federal,
13 State, or local program financed in whole or in part with
14 Federal funds. The amount of any national service award
15 or other benefits received under this section shall not be
16 considered income for purposes of the Internal Revenue
17 Code of 1986.

18 “(g) DEFINITION OF INSTITUTION OF HIGHER EDU-
19 CATION.—Notwithstanding section 101 of this Act, for
20 purposes of this section the term ‘institution of higher
21 education’ has the meaning provided by section 481(a) of
22 the Higher Education Act of 1965 (20 U.S.C. 1088(a)).”.

23 “(b) TABLE OF CONTENTS.—Section 1(b) of the Na-
24 tional and Community Service Act of 1990 (Public Law
25 101–610; 104 Stat. 3127) is amended by striking the

1 items relating to subtitle D of title I of such Act and in-
 2 serting the following new items:

“Subtitle D—National Service Trust and Provision of National Service
 Educational Awards

“Sec. 145. Establishment of the National Service Trust.

“Sec. 146. Individuals eligible to receive a national service educational award
 from the Trust.

“Sec. 147. Determination of the amount of the national service educational
 award.

“Sec. 148. Disbursement of national service educational awards.”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) ELIGIBILITY FOR SUBSIDIZED STAFFORD
 5 LOANS.—Section 428(a)(2)(C)(i) of the Higher Edu-
 6 cation Act of 1965 (20 U.S.C. 1078(a)(2)(C)(i)) is
 7 amended by inserting after “parts C and E of this
 8 title,” the following: “any national service edu-
 9 cational award such student will receive under sub-
 10 title D of title I of the National and Community
 11 Service Act of 1990 (42 U.S.C. 12751 et seq.),”.

12 (2) FORBEARANCE IN THE COLLECTION OF
 13 STAFFORD LOANS.—Section 428 of the Higher Edu-
 14 cation Act of 1965 is amended—

15 (A) in subsection (b)(1)—

16 (i) by redesignating subparagraphs
 17 (W), (X), and (Y) as subparagraphs (X),
 18 (Y), and (Z), respectively; and

19 (ii) by inserting immediately after
 20 subparagraph (V) the following new sub-
 21 paragraph:

1 “(W)(i) provides that, upon written re-
2 quest, a lender shall grant a borrower forbear-
3 ance on such terms as are otherwise consistent
4 with the regulations of the Secretary, during
5 periods in which the borrower is serving in a
6 national service position, for which he or she re-
7 ceives a national service educational award
8 under the National Service Trust Act of 1993;

9 “(ii) provides that clauses (iii) and (iv) of
10 subparagraph (V) shall also apply to a forbear-
11 ance granted under this subparagraph; and

12 “(iii) provides that interest shall continue
13 to accrue on a loan for which a borrower re-
14 ceives forbearance under this subparagraph and
15 shall be capitalized or paid by the borrower;”;
16 and

17 (B) in subsection (c)(3)(A), by striking
18 “subsection (b)(1)(V)” and inserting “sub-
19 section (b)(1) (V) and (W)”.

20 (3) ELIGIBILITY FOR STAFFORD LOAN FOR-
21 GIVENESS.—Section 428J of the Higher Education
22 Act of 1965 (20 U.S.C. 1078–10) is amended—

23 (A) in subsection (b)(1), is amended by
24 striking “October 1, 1992” and inserting “Oc-
25 tober 1, 1989”;

1 (B) in subsection (c), by adding at the end
2 the following new paragraph:

3 “(5) INELIGIBILITY OF NATIONAL SERVICE
4 EDUCATIONAL AWARD RECIPIENTS.—No student
5 borrower may, for the same volunteer service, receive
6 a benefit under both this section and subtitle D of
7 title I of the National and Community Service Act
8 of 1990 (42 U.S.C. 12751 et seq.).”; and

9 (C) by adding at the end the following new
10 subsection:

11 “(h) TREATMENT OF BENEFITS.—Notwithstanding
12 any other provision of law, the amount of any loan repaid
13 by the Secretary under this section shall not be taken into
14 account in the determining the need or eligibility of any
15 person for benefits or assistance, or the amount of such
16 benefits or assistance, under any Federal, State, or local
17 program financed in whole or in part with Federal funds.
18 The amount of any loan repaid by the Secretary under
19 this section shall not be considered income for purposes
20 of the Internal Revenue Code of 1986.”.

21 (4) ELIGIBILITY FOR PERKINS LOAN FORGIVE-
22 NESS.—Section 465(a) of the Higher Education Act
23 of 1965 (20 U.S.C. 1087ee(a)) is amended by add-
24 ing at the end the following new paragraph:

1 “(6) No borrower may, for the same volunteer
2 service, receive a benefit under both this section and
3 subtitle D of title I of the National and Community
4 Service Act of 1990 (42 U.S.C. 12751 et seq.).”.

5 (5) IMPACT ON GENERAL NEEDS ANALYSIS.—
6 Section 480(j) of such Act (20 U.S.C. 1087vv(j)) is
7 amended by adding at the end the following new
8 paragraph:

9 “(3) Notwithstanding paragraph (1), any na-
10 tional service educational award such student will re-
11 ceive under subtitle D of title I of the National and
12 Community Service Act of 1990 (42 U.S.C. 12751
13 et seq.) shall not be taken into account in determin-
14 ing estimated financial assistance not received under
15 this title.”.

16 **SEC. 103. SCHOOL-BASED AND COMMUNITY-BASED SERV-**
17 **ICE-LEARNING PROGRAMS.**

18 (a) AMENDMENTS TO SERVE-AMERICA PROGRAMS.—

19 (1) PURPOSE.—The purpose of this subsection
20 is to improve the Serve-America programs estab-
21 lished under part I of subtitle B of the National and
22 Community Service Act of 1990, and to enable the
23 Corporation for National Service, and the entities
24 receiving financial assistance under such part, to—

1 (A) work with teachers in elementary
2 schools and secondary schools within a commu-
3 nity, and with community-based agencies, to
4 create and offer service-learning opportunities
5 for all school-age youth;

6 (B) educate teachers, and faculty providing
7 teacher training and retraining, about service-
8 learning, and incorporate service-learning op-
9 portunities into classroom teaching to strength-
10 en academic learning;

11 (C) coordinate the work of adult volunteers
12 who work with elementary and secondary
13 schools as part of their community service ac-
14 tivities; and

15 (D) work with employers in the commu-
16 nities to ensure that projects introduce the stu-
17 dents to various careers and expose the stu-
18 dents to needed further education and training.

19 (2) PROGRAMS.—Subtitle B of title I of the Na-
20 tional and Community Service Act of 1990 (42
21 U.S.C. 12501 et seq.) is amended by striking the
22 subtitle heading and all that follows through the end
23 of part I and inserting the following:

1 **“Subtitle B—School-Based and**
2 **Community-Based Service-**
3 **Learning Programs**

4 **“PART I—SERVE-AMERICA PROGRAMS**

5 **“Subpart A—School-Based Programs for Students**

6 **“SEC. 111. AUTHORITY TO ASSIST STATES AND INDIAN**
7 **TRIBES.**

8 “(a) USE OF FUNDS.—The Corporation, in consulta-
9 tion with the Secretary of Education, may make grants
10 under section 112(b)(1), and allotments under subsections
11 (a) and (b)(2) of section 112, to States and Indian tribes
12 to pay for the Federal share of—

13 “(1) planning and building the capacity of the
14 States or Indian tribes (which may be accomplished
15 through grants or contracts with qualified organiza-
16 tions) to implement school-based service-learning
17 programs, including—

18 “(A) providing training for teachers, su-
19 pervisors, personnel from community-based
20 agencies (particularly with regard to the utiliza-
21 tion of participants), and trainers, to be con-
22 ducted by qualified individuals or organizations
23 that have experience with service-learning;

24 “(B) developing service-learning curricula
25 to be integrated into academic programs, in-

1 including the age-appropriate learning component
2 described in section 114(d)(5)(B);

3 “(C) forming local partnerships described
4 in paragraph (2) or (4) to develop school-based
5 service-learning programs in accordance with
6 this subpart;

7 “(D) devising appropriate methods for re-
8 search and evaluation of the educational value
9 of service-learning and the effect of service-
10 learning activities on communities; and

11 “(E) establishing effective outreach and
12 dissemination of information to ensure the
13 broadest possible involvement of community-
14 based agencies with demonstrated effectiveness
15 in working with school-age youth in their com-
16 munities;

17 “(2) implementing, operating, or expanding
18 school-based service-learning programs, which may
19 include paying for the cost of the recruitment, train-
20 ing, supervision, placement, salaries, and benefits of
21 service-learning coordinators, through State distribu-
22 tion of Federal funds made available under this sub-
23 part to projects operated by local partnerships
24 among—

25 “(A) local educational agencies; and

1 “(B) one or more community partners
2 that—

3 “(i) shall include a public or private
4 not-for-profit organization that will make
5 projects available for participants, who
6 shall be students; and

7 “(ii) may include a private for-profit
8 business or private elementary or second-
9 ary school;

10 “(3) planning of school-based service-learning
11 programs through State distribution of Federal
12 funds made available under this subpart to local
13 educational agencies, which planning may include
14 paying for the cost of—

15 “(A) the salaries and benefits of service-
16 learning coordinators; or

17 “(B) the recruitment, training, supervision,
18 and placement of service-learning coordinators
19 who are participants in a program under sub-
20 title C or receive a national service educational
21 award under subtitle D,

22 who will identify the community partners described
23 in paragraph (2)(B) and assist in the design and im-
24 plementation of a program described in paragraph
25 (2); and

1 “(4) implementing, operating, or expanding
2 school-based service-learning programs involving
3 adult volunteers to utilize service-learning to improve
4 the education of students through State distribution
5 of Federal funds made available under this part to
6 local partnerships among—

7 “(A) local educational agencies; and

8 “(B) one or more—

9 “(i) public or private not-for-profit or-
10 ganizations;

11 “(ii) other educational agencies; or

12 “(iii) private for-profit businesses,

13 that coordinate and operate projects for participants,
14 who shall be students.

15 “(b) DUTIES OF SERVICE-LEARNING COORDINA-
16 TOR.—A service-learning coordinator referred to in para-
17 graph (2) or (3) of subsection (a) shall provide services
18 to a local educational agency by—

19 “(1) expanding the awareness of teachers of the
20 potential of service-learning in strengthening the
21 educational achievement, leadership development,
22 and substantive learning, of students;

23 “(2) providing technical assistance and informa-
24 tion to, and facilitating the training of, teachers who
25 want to use service-learning in their classrooms;

1 “(3) assisting local partnerships described in
2 subsection (a) in the planning, development, and
3 execution of service-learning projects;

4 “(4) recruiting and supervising adult volun-
5 teers, or individuals who are participants in a pro-
6 gram under subtitle C or receive a national service
7 educational award under subtitle D, to expand serv-
8 ice-learning opportunities; and

9 “(5) coordinating the activities of the service-
10 learning coordinator with the activities of the com-
11 mittee described in section 114(d)(1), and, where
12 appropriate, assisting the committee.

13 “(c) RELATED EXPENSES.—A partnership, local edu-
14 cational agency, or other qualified organization that re-
15 ceives financial assistance under this subpart may, in car-
16 rying out the activities described in subsection (a), use
17 such assistance to pay for the Federal share of reasonable
18 costs related to the supervision of participants, program
19 administration, transportation, insurance, evaluations,
20 and for other reasonable expenses related to the activities.

21 **“SEC. 111A. AUTHORITY TO ASSIST LOCAL APPLICANTS IN**
22 **NONPARTICIPATING STATES.**

23 “‘In any fiscal year in which a State does not submit
24 an application under section 113, for an allotment under
25 subsection (a) or (b)(2) of section 112, that meets the re-

1 quirements of section 113 and such other requirements
2 as the Chairperson may determine to be appropriate, the
3 Corporation may use the allotment of that State to make
4 direct grants to pay for the Federal share of the cost of—

5 “(1) carrying out the activities described in
6 paragraph (2) or (4) of section 111(a), to a local
7 partnership described in such paragraph; or

8 “(2) carrying out the activities described in
9 paragraph (3) of such section, to an agency de-
10 scribed in such paragraph,
11 that is located in the State.

12 **“SEC. 111B. AUTHORITY TO ASSIST PUBLIC OR PRIVATE**
13 **NOT-FOR-PROFIT ORGANIZATIONS.**

14 “(a) IN GENERAL.—The Corporation may make a
15 grant under section 112(b)(1) to a public or private not-
16 for-profit organization that—

17 “(1) has experience with service-learning;

18 “(2) was in existence 1 year before the date on
19 which the organization submitted an application
20 under section 114(a); and

21 “(3) meets such other criteria as the Chair-
22 person may establish.

23 “(b) USE OF FUNDS.—Such an organization may use
24 a grant made under subsection (a) to make grants to part-
25 nerships described in paragraph (2) or (4) of section

1 111(a) to implement, operate, or expand school-based
2 service-learning programs as described in such section and
3 provide technical assistance and training to appropriate
4 persons.

5 **“SEC. 112. GRANTS AND ALLOTMENTS.**

6 “(a) INDIAN TRIBES AND TERRITORIES.—Of the
7 amounts appropriated to carry out this subpart for any
8 fiscal year, the Corporation shall reserve an amount of not
9 more than 1 percent for payments to Indian tribes, the
10 Virgin Islands, Guam, American Samoa, and the Com-
11 monwealth of the Northern Mariana Islands, to be allotted
12 in accordance with their respective needs. The Corporation
13 may also make payments from such amount to Palau, in
14 accordance with its needs, until such time as the Compact
15 of Free Association with Palau is ratified.

16 “(b) GRANTS AND ALLOTMENTS THROUGH
17 STATES.—The Corporation shall use the remainder of the
18 funds appropriated to carry out this subpart for any fiscal
19 year as follows:

20 “(1) GRANTS.—Except as provided in para-
21 graph (3), from 25 percent of such funds, the Cor-
22 poration may make grants, on a competitive basis,
23 to—

24 “(A) State educational agencies and Indian
25 tribes; or

1 “(B) as described in section 111B, to
2 grantmaking entities.

3 “(2) ALLOTMENTS.—

4 “(A) SCHOOL-AGE YOUTH.—Except as pro-
5 vided in paragraph (3), from 37.5 percent of
6 such funds, the Corporation shall allot to each
7 State an amount that bears the same ratio to
8 37.5 percent of such funds as the number of
9 school-age youth in the State bears to the total
10 number of school-age youth of all States.

11 “(B) ALLOCATION UNDER ELEMENTARY
12 AND SECONDARY EDUCATION ACT OF 1965.—
13 Except as provided in paragraph (3), from 37.5
14 percent of such funds, the Corporation shall
15 allot to each State an amount that bears the
16 same ratio to 37.5 percent of such funds as the
17 allocation to the State for the previous fiscal
18 year under chapter 1 of title I of the Elemen-
19 tary and Secondary Education Act of 1965 (20
20 U.S.C. 2711 et seq.) bears to such allocations
21 to all States.

22 “(3) MINIMUM AMOUNT.—No State shall re-
23 ceive, under paragraph (2), an allotment that is less
24 than the allotment such State received for fiscal year
25 1993 under section 112(b) of this Act, as in effect

1 on the day before the date of enactment of this part.

2 If the amount of funds made available in a fiscal
3 year to carry out paragraph (2) is insufficient to
4 make such allotments, the Corporation shall make
5 available sums from the 25 percent described in
6 paragraph (1) for such fiscal year to make such al-
7 lotments.

8 “(4) DEFINITION.—Notwithstanding section
9 101(25), for purposes of this subsection, the term
10 ‘State’ means each of the several States, the District
11 of Columbia, the Commonwealth of Puerto Rico, and
12 an Indian tribe.

13 “(c) REALLOTMENT.—If the Corporation determines
14 that the allotment of a State or Indian tribe under this
15 section will not be required for a fiscal year because the
16 State or Indian tribe does not submit an application for
17 the allotment under section 113 that meets the require-
18 ments of such section and such other requirements as the
19 Chairperson may determine to be appropriate, the Cor-
20 poration shall, after making any grants under section
21 111A to a partnership or agency described in such section,
22 make any remainder of such allotment available for real-
23 lotment to such other States, and Indian tribes, with ap-
24 proved applications submitted under section 113, as the
25 Corporation may determine to be appropriate.

1 “(d) EXCEPTION.—Notwithstanding subsections (a)
2 and (b), if less than \$20,000,000 is appropriated for any
3 fiscal year to carry out this subpart, the Corporation shall
4 award grants to States and Indian tribes, from the
5 amount so appropriated, on a competitive basis to pay for
6 the Federal share of the activities described in section 111.

7 **“SEC. 113. STATE OR TRIBAL APPLICATIONS.**

8 “(a) SUBMISSION.—To be eligible to receive a grant
9 under section 112(b)(1), an allotment under subsection
10 (a) or (b)(2) of section 112, a reallotment under section
11 112(c), or a grant under section 112(d), a State, acting
12 through the State educational agency, or an Indian tribe,
13 shall prepare, submit to the Corporation, and obtain ap-
14 proval of, an application at such time and in such manner
15 as the Chairperson may reasonably require.

16 “(b) CONTENTS.—An application that is submitted
17 under subsection (a) with respect to service-learning pro-
18 grams described in section 111 shall include—

19 “(1) a 3-year strategic plan, or a revision of a
20 previously approved 3-year strategic plan, for pro-
21 moting service-learning through the programs, which
22 plan shall contain such information as the Chair-
23 person may reasonably require, such as—

1 “(A) a description of the goals to be at-
2 tained in promoting service-learning through
3 such programs;

4 “(B) a description of the resources and or-
5 ganization needed to achieve the goals of such
6 programs within elementary schools and second-
7 ary schools; and

8 “(C) a description of the manner in
9 which—

10 “(i) such programs and the activities
11 to be carried out under such programs re-
12 late to the goals described in subparagraph
13 (A);

14 “(ii) the applicant will evaluate the
15 success of the programs and the extent of
16 community involvement in the programs,
17 and measure the extent to which the pro-
18 grams meet the goals described in subpara-
19 graph (A);

20 “(iii) in reviewing applications submit-
21 ted under section 114(c), the applicant has
22 ranked the applications according to the
23 criteria described in section 115(b), has
24 considered the factors described in section
25 115(a), and has reviewed the applications

1 in a manner that ensured the equitable
2 treatment of all such applications;

3 “(iv) the programs will be coordinated
4 with—

5 “(I) the education reform efforts
6 of the applicant;

7 “(II) other efforts to meet the
8 National Education Goals;

9 “(III) other service activities in
10 the State or serving the Indian tribe;
11 and

12 “(IV) other education programs,
13 training programs, social service pro-
14 grams, and appropriate programs that
15 serve school-age youth, that are au-
16 thorized under Federal law;

17 “(v) the applicant will disseminate in-
18 formation, conduct outreach, and take
19 other measures, to encourage cooperative
20 efforts among the local educational agen-
21 cies, local government agencies, commu-
22 nity-based agencies, State agencies, and
23 private for-profit businesses that will carry
24 out the service-learning programs proposed
25 by the applicant, to develop and provide

1 projects, including those that involve the
2 participation of urban, suburban, and rural
3 students working together;

4 “(vi) the applicant will promote ap-
5 propriate projects in such programs for
6 economically disadvantaged students, stu-
7 dents with limited basic skills, students in
8 foster care who are becoming too old for
9 foster care, students of limited-English
10 proficiency, homeless students, and stu-
11 dents with disabilities;

12 “(vii) service-learning training and
13 technical assistance will be provided
14 through the programs—

15 “(I) to State and local edu-
16 cational agency personnel, federally
17 assisted education specialists in the
18 State or serving the Indian tribe, and
19 local recipients of grants under this
20 subpart, to raise the awareness of
21 service-learning among such person-
22 nel, specialists, and recipients; and

23 “(II) by qualified and experi-
24 enced individuals employed by the
25 State or Indian tribe or through

1 grants or contracts with such individ-
2 uals;

3 “(viii) a service-learning network will
4 be established for the State or Indian
5 tribe, comprised of expert teachers and ad-
6 ministrators who have carried out success-
7 ful service-learning activities within the
8 State or serving the Indian tribe; and

9 “(ix) the applicant will use payments
10 from sources described in section
11 116(a)(2)(B) to expand projects for stu-
12 dents through the programs proposed by
13 the applicant;

14 “(2) assurances that—

15 “(A) the applicant will keep such records
16 and provide such information to the Corpora-
17 tion with respect to the programs as may be re-
18 quired for fiscal audits and program evaluation;
19 and

20 “(B) the applicant will comply with the
21 nonduplication and nondisplacement require-
22 ments of section 177; and

23 “(3) such additional information as the Chair-
24 person may reasonably require.

1 **"SEC. 114. LOCAL APPLICATIONS.**

2 “(a) APPLICATION TO CORPORATION TO MAKE
3 GRANTS FOR SCHOOL-BASED SERVICE-LEARNING PRO-
4 GRAMS.—

5 “(1) IN GENERAL.—To be eligible to receive a
6 grant in accordance with section 111B(a) to make
7 grants relating to school-based service-learning pro-
8 grams described in section 111(a)(2), a grantmaking
9 entity shall prepare, submit to the Corporation, and
10 obtain approval of, an application.

11 “(2) SUBMISSION.—Such application shall be
12 submitted at such time and in such manner, and
13 shall contain such information, as the Chairperson
14 may reasonably require. Such application shall in-
15 clude a proposal to assist such programs in more
16 than 1 State.

17 “(b) DIRECT APPLICATION TO CORPORATION TO
18 CARRY OUT SCHOOL-BASED SERVICE-LEARNING PRO-
19 GRAMS IN NONPARTICIPATING STATES.—To be eligible to
20 receive a grant from the Corporation in the circumstances
21 described in section 111A to carry out an activity de-
22 scribed in such section, a partnership or agency described
23 in such section shall prepare, submit to the Corporation,
24 and obtain approval of, an application. Such application
25 shall be submitted at such time and in such manner, and

1 shall contain such information, as the Chairperson may
2 reasonably require.

3 “(c) APPLICATION TO STATE OR INDIAN TRIBE TO
4 RECEIVE ASSISTANCE TO CARRY OUT SCHOOL-BASED
5 SERVICE-LEARNING PROGRAMS.—

6 “(1) IN GENERAL.—Any—

7 “(A) qualified organization that desires to
8 receive financial assistance under this subpart
9 from a State or Indian tribe for an activity de-
10 scribed in section 111(a)(1);

11 “(B) partnership described in section
12 111(a)(2) that desires to receive such assistance
13 from a State, Indian tribe, or grantmaking en-
14 tity for an activity described in section
15 111(a)(2);

16 “(C) agency described in section 111(a)(3)
17 that desires to receive such assistance from a
18 State or Indian tribe for an activity described
19 in such section; or

20 “(D) partnership described in section
21 111(a)(4) that desires to receive such assistance
22 from a State or Indian tribe for an activity de-
23 scribed in such section,

24 to be carried out through a service-learning program
25 described in section 111, shall prepare, submit to

1 the State educational agency, Indian tribe, or
2 grantmaking entity, and obtain approval of, an ap-
3 plication for the program.

4 “(2) SUBMISSION.—Such application shall be
5 submitted at such time and in such manner, and
6 shall contain such information, as the agency, tribe,
7 or entity may reasonably require.

8 “(d) CONTENTS OF APPLICATION.—An application
9 that is submitted under subsection (a), (b), or (c) with
10 respect to a service-learning program described in section
11 111 shall, at a minimum, contain a proposal that
12 includes—

13 “(1) information specifying the membership and
14 role of an established advisory committee, consisting
15 of representatives of community-based agencies in-
16 cluding service recipients, students, parents, teach-
17 ers, administrators, representatives of agencies that
18 serve school-age youth or older adults, school board
19 members, representatives of local labor organiza-
20 tions, and representatives of business, that will pro-
21 vide advice with respect to the program;

22 “(2) a description of—

23 “(A) the goals of the program which shall
24 include goals that are quantifiable and dem-

1 onstrate any benefits from the program to par-
2 ticipants and the community;

3 “(B) service-learning projects to be pro-
4 vided under the program, and evidence that
5 participants will make a sustained commitment
6 to service in the projects;

7 “(C) the manner in which participants in
8 the program were or will be involved in the de-
9 sign and operation of the program;

10 “(D) training for supervisors, teachers,
11 service sponsors, and participants in the pro-
12 gram;

13 “(E) the manner in which exemplary serv-
14 ice will be recognized under the program; and

15 “(F) any resources that will permit con-
16 tinuation of the program, if needed, after the
17 assistance received under this subpart for the
18 program has ended;

19 “(3) information that shall include—

20 “(A) a disclosure of whether or not the
21 participants will receive academic credit for par-
22 ticipation in the program;

23 “(B) the expected number of participants
24 in the program and the hours of service that

1 such participants will provide individually and
2 as a group;

3 “(C) the proportion of expected partici-
4 pants in the program who are economically dis-
5 advantaged, including participants with disabil-
6 ities; and

7 “(D) any role of adult volunteers in imple-
8 menting the program, and the manner in which
9 such volunteers will be recruited;

10 “(4) in the case of an application submitted by
11 a local partnership, a written agreement, between
12 the members of the local partnership, stating that
13 the program was jointly developed by the members
14 and that the program will be jointly executed by the
15 members; and

16 “(5) assurances that—

17 “(A) prior to the placement of a partici-
18 pant, the entity carrying out the program will
19 consult with any local labor organization rep-
20 resenting employees in the area who are en-
21 gaged in the same or similar work as that pro-
22 posed to be carried out by such program, to
23 prevent the displacement and protect the rights
24 of such employees;

1 “(B) the entity carrying out the program
2 will develop an age-appropriate learning compo-
3 nent for participants in the program that shall
4 include a chance for participants to analyze and
5 apply their service experiences; and

6 “(C) the entity carrying out the program
7 will comply with the nonduplication and
8 nondisplacement requirements of section 177
9 and grievance procedure requirements of section
10 176(f).

11 **“SEC. 115. CONSIDERATION OF APPLICATIONS.**

12 “(a) CRITERIA FOR APPLICATIONS.—In approving
13 applications for financial assistance under subsection (a),
14 (b), (c), or (d) of section 112, the Corporation shall con-
15 sider such criteria with respect to sustainability,
16 replicability, innovation, and quality of programs under
17 this subpart as the Chairperson may by regulation specify.
18 In providing assistance under this subpart, a State edu-
19 cational agency, Indian tribe, or grantmaking entity shall
20 consider such criteria.

21 “(b) PRIORITY FOR LOCAL APPLICATIONS.—

22 “(1) IN GENERAL.—In providing assistance
23 under this subpart, a State educational agency or
24 Indian tribe, or the Corporation if section 111A or
25 111B applies, shall give priority to entities that sub-

1 mit applications under section 114 with respect to
2 service-learning programs described in section 111
3 that—

4 “(A) involve participants in the design and
5 operation of the program;

6 “(B) are in the greatest need of assistance,
7 such as programs targeting low-income areas;

8 “(C) involve—

9 “(i) students from public elementary
10 or secondary schools, and students from
11 private elementary or secondary schools,
12 serving together; or

13 “(ii) students of different ages, races,
14 sexes, ethnic groups, disabilities, or eco-
15 nomic backgrounds, serving together; or

16 “(D) are integrated into the academic pro-
17 gram of the participants.

18 “(c) REJECTION OF APPLICATIONS.—If the Corpora-
19 tion rejects an application submitted by a State under sec-
20 tion 113 for an allotment under subsection (b)(2) of sec-
21 tion 112, the Corporation shall promptly notify the State
22 of the reasons for the rejection of the application. The
23 Corporation shall provide the State with a reasonable op-
24 portunity to revise and resubmit the application and shall
25 provide technical assistance, if needed, to the State as part

1 of the resubmission process. The Corporation shall
2 promptly reconsider such resubmitted application.

3 **"SEC. 115A. PARTICIPATION OF STUDENTS AND TEACHERS**
4 **FROM PRIVATE SCHOOLS.**

5 “(a) IN GENERAL.—To the extent consistent with the
6 number of students in the State or Indian tribe or in the
7 school district of the local educational agency involved who
8 are enrolled in private not-for-profit elementary and sec-
9 ondary schools, such State, Indian tribe, or agency shall
10 (after consultation with appropriate private school rep-
11 resentatives) make provision—

12 “(1) for the inclusion of services and arrange-
13 ments for the benefit of such students so as to allow
14 for the equitable participation of such students in
15 the programs implemented to carry out the objec-
16 tives and provide the benefits described in this sub-
17 part; and

18 “(2) for the training of the teachers of such
19 students so as to allow for the equitable participa-
20 tion of such teachers in the programs implemented
21 to carry out the objectives and provide the benefits
22 described in this subpart.

23 “(b) WAIVER.—If a State, Indian tribe, or local edu-
24 cational agency is prohibited by law from providing for
25 the participation of students or teachers from private not-

1 for-profit schools as required by subsection (a), or if the
2 Corporation determines that a State, Indian tribe, or local
3 educational agency substantially fails or is unwilling to
4 provide for such participation on an equitable basis, the
5 Chairperson shall waive such requirements and shall ar-
6 range for the provision of services to such students and
7 teachers. Such waivers shall be subject to consultation,
8 withholding, notice, and judicial review requirements in
9 accordance with paragraphs (3) and (4) of section 1017(b)
10 of the Elementary and Secondary Education Act of 1965
11 (20 U.S.C. 2727(b)).

12 **"SEC. 116. FEDERAL, STATE, AND LOCAL CONTRIBUTIONS.**

13 “(a) SHARE.—

14 “(1) IN GENERAL.—The Federal share attrib-
15 utable to this subpart of the cost of carrying out a
16 program for which a grant or allotment is made
17 under this subpart may not exceed—

18 “(A) 90 percent of the total cost of the
19 program for the first year for which the pro-
20 gram receives assistance under this subpart;

21 “(B) 80 percent of the total cost of the
22 program for the second year for which the pro-
23 gram receives assistance under this subpart;

24 “(C) 70 percent of the total cost of the
25 program for the third year for which the pro-

1 gram receives assistance under this subpart;
2 and

3 “(D) 50 percent of the total cost of the
4 program for the fourth year, and for any subse-
5 quent year, for which the program receives as-
6 sistance under this subpart.

7 “(2) CALCULATION.—In providing for the re-
8 maining share of the cost of carrying out such a pro-
9 gram, each recipient of assistance under this
10 subpart—

11 “(A) shall provide for such share through
12 a payment in cash or in kind, fairly evaluated,
13 including facilities, equipment, or services; and

14 “(B) may provide for such share through
15 State sources, local sources, or Federal sources
16 (other than funds made available under the na-
17 tional service laws).

18 “(b) WAIVER.—The Chairperson may waive the re-
19 quirements of subsection (a) in whole or in part with re-
20 spect to any such program in any fiscal year if the Cor-
21 poration determines that such a waiver would be equitable
22 due to a lack of available financial resources at the local
23 level.

24 **“SEC. 116A. LIMITATIONS ON USES OF FUNDS.**

25 “(a) ADMINISTRATIVE COSTS.—