

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the William J. Clinton
Presidential Library Staff.**

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Legislative Affairs

Series/Staff Member: Jack Lew

Subseries:

OA/ID Number: 2392

FolderID:

Folder Title:

[National Service Trust Act-Extra Drafting Copies]

Stack:

S

Row:

25

Section:

7

Shelf:

10

Position:

3

NATIONAL SERVICE TRUST FUND ACT.

Short Title: National Service Trust Fund Act of 1993.

TITLE I. Purposes. The purposes of this Act are:

--to inspire in all Americans a new commitment to serving their country, their communities, and their fellow citizens;

--to provide access to higher education and job training for ~~all~~ young Americans, regardless of their economic background; ✓

--to enable students to finance their education and job training by working in national and community service activities; and,

--to allow students to repay their loans as a percentage of their income and to consolidate and simplify the Federal student loan programs.

TITLE II. Amendments to the National and Community Service Act of 1990.

Part A: Creation of the National Service Trust Fund

The National and Community Service Act of 1990 is amended by adding the following new subtitle:

"Subtitle __. National Service Trust Fund.

There is created a National Service Trust Fund to provide educational benefits to participants performing qualified national service.

A. Eligibility of Individuals. Participants shall be eligible to receive educational benefits from the National Service Trust Fund if they:

January 22, 1993

--are a citizen of the United States or lawfully admitted for permanent residence;

--are an out-of-school youth or graduated from an institution of higher education in the previous two years; and

--are accepted into and serve for a term defined in section C in a qualified national service placement.

B. Term of Service. Participants shall serve:

--in the case of full-time service of not less than 40 hours per week, for a period of not less than [nine?] months;

--in the case of part-time service of more than an average of [nine?] hours a week for a period of not less than three years.

C. Qualified National Service. Individuals shall serve in positions meeting educational, human service, environmental or public safety needs. As provided in section I, states or the Commission on National and Community Service may designate any of the following as qualified national service:

--service as a VISTA volunteer;

--service in the Peace Corps;

-- service in programs funded under subtitles C, D, H, or sections 6 and 7 of subtitle E of this Act;

--programs comparable to those funded under subtitles C, D, H, or sections 6 and 7 of subtitle E of this Act that meet quality criteria established by the Commission;

--in the case of an individual who has completed one term of qualified national service, service on the staff of a qualified

national service program;

--service as a service-learning coordinator in a program eligible for funding under subtitle B of this Act; and,

--service in employer-supported positions which provide health insurance to participants and which:

--meet ~~human~~ educational, ^{health care, human service,} environmental or public safety needs; and,

--have been vacant for not less than [twelve months] and are unlikely to be filled in the next [six months] due to a shortage of qualified applicants; **OR**

--are located in an [urban or rural enterprise zone].

D. National Database. Qualified national service positions shall be listed in a national computerized database, accessible through college and high school placement offices, employment service centers, volunteer centers, and other entities.

E. Selection of Participants. Organizations sponsoring qualified national service positions shall select individuals to serve in such positions.

F. Educational Benefits. Participants successfully completing a term of qualified national service shall receive a certificate worth \$5,000 in educational benefits for each such term, up to two terms. Educational benefits may be used for:

--repayment of a qualified federal student loan;

--payment of tuition, fees, room and board at an institution of higher education; or

- how do
you make
sure you
don't get
too many
people +
new
ones
2.12.93

January 22, 1993

--employment training, including apprenticeship.

G. Remittance of Certificates. The Commission shall remit a payment from the Trust Fund to eligible entities presenting completed certificates. A completed certificate shall include a statement, signed by the participant and the eligible entity under penalty of perjury, declaring compliance with the terms of this Act, and may include supporting documentation as required by the Commission. An eligible entity is the holder of a loan described in F (below), an institution of higher education, or any other entity approved by the Commission.

H. Qualified Federal Student Loan. A qualified federal student loan is any loan issued or insured by the federal government under Title IV of the Higher Education Act or Title VII of the Public Health Service Act.

I. Designation of Qualified National Service Positions. Authority to designate qualified national service positions shall be allocated as follows:

--the authority to designate [not less than one-third] of the positions shall be given to qualified states based on [population];

--the authority to designate [up to one-third] of the positions shall be awarded to qualified states on a competitive basis; and

--[not less than one-third] of the positions shall be designated by the Commission or delegated to public or private nonprofit organizations providing qualified national service opportunities.

Such states and organizations shall use criteria established by the Commission in designating qualified national service positions.

J. Qualified States. For a state to be eligible to designate positions under part I:

--the chief executive officer of such state shall designate a state lead agency responsible for administering the program;

--the state shall have in place a state National Service Commission described in section 178;

--the state lead agency shall submit a plan, approved by the state ~~Community~~ ^{National} Service Commission, specifying proposed qualified national service positions within the state, describing a system for ensuring compliance with this subtitle, describing how the state will make child care available for children of participants to the maximum extent practicable, and describing how such positions will be coordinated with other service initiatives within the state; and

--the state shall arrange group activities for participants and make other efforts designed to promote the ethic of service.

K. Commission on National and Community Service. The Commission on National and Community Service shall administer the National Service Trust Fund. The Commission shall:

--in consultation with experts in the field of national service, establish criteria for qualified national service opportunities;

--monitor compliance with the provisions of this subtitle;

--arrange for the national database described in section D;

--arrange for a national visibility campaign promoting a national service ethic and participation in national service;

- provide a national training curriculum for participants to foster a national program identity;

- facilitate the creation of an alumni network of national service participants;

- coordinate this subtitle with other provisions of the Act; and,

- provide training and technical assistance to states and programs offering qualified national service positions.

L. Authorization of Appropriations. There are authorized to be appropriated:

- to provide education benefits described in section F, [\$X00 million], which shall remain available until expended; and,

- to carry out other activities described in this subtitle, and to administer the National Service Trust Fund, [\$X million].”

Part B: Reauthorization and Expansion of the National and Community Service Act.

The National and Community Service Act of 1990 is amended to:

- continue and expand the funding authorization for the American Youth Service and Conservation Corps, Serve America, Higher Education Innovative Projects, and Model National Service Programs; and,

- add new authority for a Pre-Professional Corps and Public Interest Entrepreneurs.

TITLE III. Federal Family Education Loans.

Section 428A of the Higher Education Act is amended as follows:

A. Establishment of New Loan Program. There is established one federal student loan program to ensure that all students have access to the financial resources to attend college.

B. Loan Limits. Full-time students are entitled to borrow the following amounts annually (students attending part-time or in short-term programs will have lower limits):

1. Dependent undergraduate students:

--who have not completed their first year of postsecondary education may borrow up to \$2,625;

--who have completed their first year, but have not completed their second year of postsecondary education, may borrow up to \$3,500;

--who have completed two years of postsecondary education but have not completed their program of study may borrow up to \$5,500;

--may not borrow more than an aggregate of \$23,000 as undergraduates.

2. Independent undergraduate students:

--who have not completed their first year of postsecondary education may borrow up to \$6,625;

--who have completed their first year, but have not completed their second year of postsecondary education, may borrow up to \$7,500;

--who have completed two years of postsecondary education but have not completed their program of study may borrow up to \$10,500;

--may not borrow more than an aggregate of \$46,000 as undergraduates.

3. Graduate students [independent by definition] may borrow up to \$18,500 per year, except that no graduate student may borrow more than a total of \$138,500.

[No student may receive more financial aid from the federal programs than the amount needed to cover the cost of attendance].

C. Repeal of Existing Programs. [The new program incorporates eligibility from Stafford, SLS, and the unsubsidized program].

D. Universal Eligibility. No student shall be denied a loan based on either personal or family income, *however*

E. In-school interest subsidy. Section 428 of the Higher Education Act is amended to provide for a federal interest subsidy for financially needy students, as identified under the needs analysis provisions in section _____. The subsidy would apply to that portion of their loan for which they are eligible, up to a maximum of \$2,625 in the first year, \$3,500 in the second year, \$5,500 in the remaining undergraduate years, and \$8,500 in the graduate years. [Deferral benefits must also be included].

F. Interest rate. Section 427 is amended such that the interest rate on the loans shall be equal to the 91-day Treasury bills plus 3.1 percent, with a maximum of 9 percent. (The current SLS maximum is 11 percent, so this is a better deal for students).

G. Origination Fee. Borrowers under the federal student loan program shall be charged an origination fee equal to ___ percent of the loan principal. [The level of the fee must be determined based on cost estimates of the overall program -- current origination fee levels on federal student loans are either 5 or 6.5 percent.]

H. Guarantee Fee. Guarantee agencies may charge borrowers a fee as permitted under section ____.

I. Loan Consolidation. Loans made under this program shall be eligible for student loan consolidation as under current law, to simplify repayment for borrowers.

TITLE IV. Establishment of Income-Contingent Repayment Option.
(Expansion of §437A on the Higher Education Amendments of 1992).

A. Purpose. It is the purpose of this section to

--establish a program that will allow student borrowers to repay their loans as a percentage of their income over time;

--allow the Secretary to identify and implement other measures to encourage borrowers not participating in the National Service Trust Fund programs to enter into low-paying public service work.

B. Authorization. The Secretary shall establish a program allowing student borrowers under this part or part D to choose to repay their loans on an income-contingent basis. The Secretary is authorized to:

(1) acquire from eligible holders, or to otherwise arrange for the transfer of, the notes of borrowers who submit a request for income-contingent repayment; and,

(2) to enter into contracts or arrangements with private firms or other agencies of the Government to carry out the purposes

of this section.

C. Regulations. The Secretary shall establish the terms and conditions for the income contingent repayment program. The regulations shall:

- (1) specify the schedules under which income will be assessed for repayment of loans;
- (2) provide for the discharge of any remaining obligation after the borrower has been in repayment status (non-student status) for not more than 25 years; and,
- (3) establish other terms and conditions as may be necessary.

[This provides the Secretary with maximum flexibility to address issues such as types of borrowers who can participate (new borrowers, new loans, old borrowers, graduate, etc.); when borrowers opt for the program (and the opt-out procedure, if any); the definition of income (and provisions to protect against hiding of income); the assessment of income (including whether there is an adjustment to reduce negative amortization for lower income borrowers and/or a surcharge for higher income borrowers, and how married couples are treated); etc.].

D. Community Service Incentives. The Secretary, in cooperation with the Commission on National and Community Service, may establish alternative terms, conditions, and discharge provisions to encourage borrowers to participate in low-paying public service work.

[This permits the Secretary to establish loan forgiveness and/or interest deferral provisions other than those provided for in the income-contingent repayment formula to help borrowers who engage in a particular type of work. For example, the Secretary

could pay the interest costs for anyone making less than \$10,000 and working for a charitable corporation providing direct services to low-income or disabled individuals.

E. National Service Loan Forgiveness. To facilitate loan forgiveness under [section ___ of the National and Community Service Act, as amended above], the Secretary of Education is authorized to acquire from eligible holders, or to otherwise arrange for the transfer of, the notes of borrowers who are engaging in national and community service activities pursuant to [the National Service Trust Fund]. If the participant has loan amounts remaining, or fails to complete the service, the Secretary shall assign the loan to a servicer to resume repayment.

F. Authorization of Appropriation. There are authorized to be appropriated funds for the purchase of loans on behalf of students who will engage in national service and to cover any additional costs associated with part D (Community Service Incentives).

V. Expansion of Direct Lending Demonstration Program.

(§451 of the Higher Education Amendments of 1992 et. seq.)

A. 500 schools. Section ___ is amended to require the Secretary to enter into agreements with not fewer than 400 nor more than 500 institutions of higher education to participate in the direct loan demonstration program. Further amend to allow the program to begin with some schools as early as July 1993.

B. Expansion. After the first year, the Secretary may increase the number of institutions participating in the program, if the Secretary determines that the Federal government has the administrative capacity to do so.

C. Guaranty Agency protections. Section 453 (e) should be deleted and replaced with two new provisions.

(1) The Secretary shall assure that no guaranty agency's administrative cost allowance (ACA) will be reduced by more than 15% of its level for fiscal year 1992; and,

(2) The Secretary may, for any guarantee agency with a substantial volume of loans under the direct loan demonstration program, reimburse agencies based on a percentage of outstanding loans guaranteed by the agency, rather than 1% of the new loans guaranteed by the agency. (The Secretary may determine the percentage that would be appropriate).

[Current law requires the Secretary to choose schools so as not to reduce the volume of new loans at any guaranty agency by more than 15 percent, and to determine that all affected guaranty agencies "will remain financially sound." This provision places the Secretary in the position of publicly declaring some agencies financially troubled.]

D. Default Reduction. Reduce Federal reinsurance to guaranty agencies by 3 percentage points for every percent of defaults above 2.5%. [Currently, there is a "cliff" of sorts when the default rate reaches 10 percent and the reinsurance rate is reduced to X%. This would instead encourage constant effort to reduce defaults, to counter the incentive created by the bounty on already-defaulted loans.]

TITLE VI. Amendments to the Domestic Volunteer Service Act and to the Peace Corps Act. [If necessary].

National Service Trust Fund Act of 1993

A. Establishment of the National Service Trust Fund

Funds appropriated to the Trust Fund may be used to provide a benefit worth \$10,000 for each year of service to individual completing one or two terms of approved national service. [Issue: an alternative to raising funds each year for the Trust Fund through appropriations would be to create an actual trust fund. Suggest that we ask OMB to design an actual trust fund to determine if this is workable and a preferred design.]

States and a new National Service Agency will approve national service positions in the areas of education, human services, environment, and public safety from among the following:

- Programs funded in part 3 of section B, below.
- Program comparable to those funded in part 3 of section B, below.
- In the case of individuals who have completed one term of national service in a youth corps program, service on the staff of a youth corps program.
- Service as a service-learning coordinator in a program eligible for funding under part 1 of section B, below.
- Service in employer-support service positions that have been vacant for not less than a year and are unlikely to be filled due to a shortage of qualified applicants and that are located in depressed urban or rural areas.

To guard against displacement of paid workers, the nondisplacement and nonduplication provisions of the National and Community Service Act apply to all positions.

The ability to approve half of national service positions will be awarded to states -- one-fourth of positions to be allocated to states based on population and one-fourth based on a competition. The other half of positions will be awarded by the National Service Agency -- at least one-fourth directly to public and private non-profit organizations and up to one-fourth to federally run programs or programs sponsored by other federal agencies.

Any recent college graduate of any age or out-of-school youth may participate by applying to and being accepted into a program offering approved national service

positions. To assist individuals in locating approved positions, a national database will be established which can be accessed through college placement offices, employment centers, and other appropriate locations.

A minimum term of service qualifying the individual for a \$10,000 benefit is equal to 1500 hours of service over a period of not less than nine months. A part-time term of service of the equivalent number of hours must be completed within three years. A benefit may be used to pay for tuition, fees, room and board at an institution of higher education, to repay qualified federal student loans, or to obtain employment training.

To promote national esprit de corps, the National Service Agency will arrange a national training program for participants, along with a national insignia to be used on uniforms, promotional materials, and other materials of approved programs. It will also arrange for a national visibility campaign promoting national service and facilitate creation of an alumni network of individuals who have participated in national service.

B. Authorization of National Service Programs

To support an infrastructure of national service positions, funding is authorized for stipends and benefits (health care, child care) for participants and for program support. Three types of National Service programs may be supported:

1. Education programs, as authorized under subtitle B of the NCSA.
2. Older American programs, including the Older American Volunteer Programs of the Domestic Volunteer Service Act.
3. Full- and part-time national service eligible for benefits through the Trust Fund, including:

- Youth Corps (as currently authorized in subtitle C and D of the National and Community Service Act);

- Specialized Service Corps (including Earth Corps, Public Safety Corps, Health Corps, Education Corps, and a Child Welfare Corps);

- Individual Placement Programs (as currently authorized in subtitle D of the NCSA and VISTA);

- Professional Corps (including a Police Corps, Teach for America Corps, and Service-Learning Corps); and

-- Public Interest Entrepreneurs.

Stipends for full-time participants will be set locally; however, federal funds may not be used to pay stipends above the poverty line for a family of two (increments above this amount may, however, be paid with non-federal funds). All participants will receive health insurance and child care assistance, if needed.

Three types of support may be made available for full- and part-time national service:

-- Single-year planning or start-up grants, available to individuals, states, and public or private non-profit organizations including education institutions;

-- Multi-year operations grants, available to states and public or private non-profit organizations wishing to improve or expand existing programs.

-- Multi-year replication grants, available to states and public or private non-profit organizations wishing to replicate proven existing programs.

All full- and part-time national service grants will be made on a challenge basis and must be matched dollar for dollar with at least half of the match in cash.

C. Establishment of the National Service Agency

A new National Service Agency, governed by a nine-member Board of Directors, will administer the Trust Fund and the programs described above. [Note: perhaps the communications people can develop a more exciting name for the agency.] The ACTION and the Commission on National and Community Service will be eliminated, with the Commission staff, and selected ACTION staff, serving as interim staff for the new National Service Agency. [Issue: we need to learn more about what happens when you close down an agency, particularly regarding civil servants. Also, of what value are the ACTION state and regional offices -- can their functions be performed by a central office in Washington?] The Board of Directors of the National Service Agency will be a bipartisan group appointed by the President and confirmed by the Senate. All Board members will serve on a part-time basis as volunteers with the exception of the Chair, designated by the President, who will serve full-time and receive a salary. The Board will have maximum flexibility to appoint the staff, including an executive director. [Issue: with a program such as this, significant effort must be made to monitor against fraud and abuse. An inspector general is probably needed -- what special rules must be followed in setting up an IG office?]

The National Service Agency would have responsibility for the following functions:

- establishing criteria for approved national service positions and allocating them according to the statute;
- monitoring compliance with the law and ensuring against fraud and abuse;
- arranging for a national database of positions;
- arranging for a national training program for national service participants;
- arranging for a national visibility campaign promoting a national service ethic and participation in national service;
- facilitating creation of an alumni network of national service participants;
- coordinating service programs within the federal government;
- administering the National Service programs described above in section B;
- providing training and technical assistance to states and programs.

D. State Governance

The governor of each state may designate a lead agency and appoint a State National Service Commission responsible for administering the Trust Fund and the National Service programs described above in section B. The State Commission will include representatives of local service program directors and other citizens and will develop a plan for service, including proposed national service placements. The plan must ensure equitable treatment of urban and rural areas within the state and be approved by the governor and the National Service Agency.

A small grant will be made available to each state to develop the plan. Once the plan is approved by the National Service Agency, the state will be eligible to receive an allotment (determined half by a population-based formula and half based on a competition) of national service positions, as well as grants for national service programs described in section B.

§ 101. General Authority

The Commission may make grants on a competitive basis to States, Indian tribes, public and private nonprofit organizations, and institutions of higher education, and may transfer funds to Federal agencies for the planning, operation, and replication of full-, part-time and summer national service programs.

§ 201. Program Requirements

Participants in programs that receive assistance under this subtitle shall --

- a. perform service that addresses unmet human, educational, environmental or public safety needs, especially those needs relating to poverty.
- b. provide training to participants that --
 1. builds an ethic of civic responsibility through training in citizenship and the ethic of national and community service;
 2. orients each participant in the nature, philosophy and purpose of the program; and
 3. provides the skills and knowledge necessary for the type of service that participants will be called upon to perform.
- c. contains a service-learning component that provides participants with an opportunity to reflect on their service experiences.
- d. involve youth in the design of the program, and provide leadership positions to youth in implementing and evaluating the program.
- e. provide for broad-based input from the community in the design, recruitment, and operation of the program.
- f. prior to the placement of participants, the program will consult with any local labor organization representing employees in the area who are engaged in the same or similar work as that proposed to be carried out by such program.
- g. Provide living allowances pursuant to §
- h. Provide post-service benefits pursuant to §

§ 301. Ineligible service categories. To be eligible to receive assistance under this subtitle, the activities conducted through programs to be funded shall not be conducted by any--

- (1) business organized for profit;

- (2) labor union;
- (3) partisan political organization;
- (4) organization engaged in religious activities, unless such activities do not involve the use of funds provided under this title by program participants and program staff to give religious instruction, conduct worship services, or engage in any form of proselytization; or
- (5) domestic or personal service company or organization.

§ 401 Grants authorized by this subtitle shall be for the planning, demonstration, operation and replication of full-time, part-time, and summer national service programs.

§ 501 Type of Grants

- a. Planning grants - Grants may be made to qualified applicants for the planning of national service programs.
 - i The 5% administrative cost limit shall not apply to planning grants.
 - ii Planning grants may cover a period of up to one year.
- b. Demonstration grants - Grants may be made to qualified applicants for the demonstration of innovative national service programs.
 - i Demonstration grants may cover a period of up to three years.
- c. Operation grants- Grants may be made to qualified applicants for the operation of national service programs.
 - i Operation grants may cover a period of up to three years.
- d. Replication grants- Grants may be made to qualified applicants for the replication of national service programs.
 - i Replication grants may cover a period of up to three years.

§ 901 Conservation and Youth Service Corps.

- a. A youth corps program, as defined in §12511 (30), is one type of national service program eligible for funding under §501.

§ Grants

- a. The Commission shall ensure that programs receiving assistance under this subtitle are geographically diverse and include programs in both urban and rural States.

§1001 Terms of service

(a) Length of service.

- (1) Part-time. An individual performing part-time national service under this subtitle [42 USCS §§ 12571 et seq.] shall agree to perform community service for not less than 2 years.

(2) Full-time. An individual performing full-time national service under this subtitle [42 USCS §§ 12571 et seq.] shall agree to perform community service for not less than 1 year nor more than 2 years, at the discretion of such individual.

(3) Special senior service. A special senior service participant performing national service under this subtitle [42 USCS §§ 12571 et seq.] shall serve for a period of time as determined by the Commission.

(b) Partial completion of service. If the State releases a participant from completing a term of service in a program receiving assistance under this subtitle [42 USCS §§ 12571 et seq.] for compelling personal circumstances as demonstrated by such participant, the Commission may provide such participant with that portion of the financial assistance described in section 146 [42 USCS § 12576] that corresponds to the quantity of the service obligation completed by such individual.

(c) Terms of service.

1. full-time. An individual performing full time national service under this subtitle shall agree to perform community service for at least nine months per year for a total of at least 1500 hours per year.

b. Part-time - Part-time programs shall operate at least 9 hours per week.

(1) Part-time. A participant performing part-time national service under this subtitle [42 USCS §§ 12571 et seq.] shall serve for--

(3) Special senior service. A special senior service participant performing national service under this subtitle [42 USCS §§ 12571 et seq.] shall serve either part- or full-time as permitted by the Commission.

§ 12575. Eligibility

(a) Part-time.

(1) Requirements. An individual may serve in a part-time national service program under this subtitle [42 USCS §§ 12571 et seq.] if such individual--

(A) is 14 years of age or older; and

(B) is a citizen of the United States or lawfully admitted for permanent residence.

(2) Priority. In selecting applicants for a part-time program, States shall give priority to applicants who are currently employed.

(b) Full-time. An individual may serve in a full-time national service program under this subtitle [42 USCS §§ 12571 et seq.] if such individual--

(1) is 14 years of age or older;

(2) has received a high school diploma or the equivalent of such diploma, or agrees to achieve a high school diploma or the equivalent of such diploma while participating in the program; and

(3) is a citizen of the United States or lawfully admitted for permanent residence.

(c) Special senior service. An individual may serve as a special senior service participant under this subtitle [42 USCS §§ 12571 et seq.] if such individual--

(1) is 60 years of age or older; and

(2) meets the eligibility criteria for special senior service participation established by the Commission.

§ 12577. Living allowance

(a) Full-time service.

(1) In general. From assistance provided under this subtitle [42 USCS §§ 12571 et seq.], each participant in a full-time national service program receiving assistance under this subtitle [42 USCS §§ 12571 et seq.] shall receive a living allowance of not more than an amount equal to 100 percent of the poverty line for a family of two (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))).

(2) Non-Federal sources. Notwithstanding paragraph (1), a program agency may provide participants with additional amounts that are made available from non-Federal sources.

(b) Reduction in existing program benefits. Nothing in this section shall be construed to require a program in existence on the date of enactment of this Act [enacted Nov. 16, 1990] to decrease any stipends, salaries, or living allowances provided to participants under such program.

(c) Health insurance. In addition to the living allowance provided under subsection (a), grantees are encouraged to provide health insurance to each participant in a full-time national service program who does not otherwise have access to health insurance.

(d) Special senior service participant.

(1) Full-time. Each full-time special senior service participant shall receive a living allowance equal to the living allowance provided to full-time participants under subsection (a), and such other assistance as the Commission considers necessary and appropriate for a special senior service participant to carry out the service obligation of such participant.

(2) Part-time. Each part-time special senior service participant shall receive a living allowance equal to a share of such allowance offered to a full-time special senior service participant under paragraph (1), that has been prorated according to the number of hours such part-time participant serves in the program, and such other assistance that the Commission considers necessary and appropriate for a special senior service participant to carry out the service obligation of such participant.

§ 12576. Post-service benefits

(a) Part-time.

(1) The Commission shall annually provide to each part-time participant a nontransferable post-service benefit that is equal in value to \$ 2,000 for each year of service that such participant provides to the program.

(2) Construction. Nothing in this subsection shall be construed to prevent a State from using funds made available from non-Federal sources to increase the amount of post-service benefits provided under paragraph (1) to an amount in excess of that described in such paragraph.

(b) Full-time.

(1) The Commission shall annually provide to each full-time participant a nontransferable post-service benefit that is equal in value to \$ 5,000 for each year of service that such participant provides to the program.

(2) Construction. Nothing in this subsection shall be construed to prevent a State from using funds made available from non-Federal sources to increase the amount of post-service benefits provided under paragraph (1) to an amount in excess of that described in such paragraph.

(c) Special senior service participant. A special senior service participant shall be ineligible to receive post-service benefits under this section.

(d) Indexing. The Commission shall increase the value of post-service benefits provided under this section in each fiscal year based on the increase in the costs associated with attending a 4-year institution of higher education during that fiscal year. The Commission shall determine such increases in costs based on information made available by the Bureau of Labor Statistics and the National Center for Education Statistics.

(e) Post-service benefit.

(1) Part-time. A post-service benefit provided under subsection (a) shall only be used for—

(A) payment of a student loan from Federal or non-Federal sources;

(B) downpayment or closing costs associated with purchasing a first home; or

(C) tuition at an institution of higher education on a full-time basis, or to pay the expenses incurred in the full-time participation in an apprenticeship program approved by the appropriate State agency.

(2) Full-time. A post-service benefit provided under subsection (b) shall only be used for—

(A) payment of a student loan from Federal or non-Federal sources; or

(B) tuition, room and board, books and fees, and other costs associated with attendance (pursuant to section 472 of the Higher Education Act of 1965 (20 U.S.C. 10871)) at an institution of higher education on a full-time basis, or to pay the expenses incurred in the full-time participation in an apprenticeship program approved by the appropriate State agency.

§ — Criteria

(a) In providing assistance to States under this Part, if § 2501.7(b) applies, the Commission will consider:

(1)(i) The quality of the program, based on the program's ability to offer valuable services in the communities where they are needed most and where programs do not exist or where existing volunteer service programs are too limited to meet community needs; to provide productive, meaningful, educational experiences for participants which incorporate service-learning methods; to involve the participants in the design and operation of the program; to involve individuals from diverse backgrounds (including economically disadvantaged youth), and to develop the leadership skills of participants;

(ii) The quality of leadership and management, as measured by the qualifications of the principal leaders of the program; and plans and processes for recruitment, training, supervision, participant support, evaluation, administration and other key activities;

(2) Innovative aspects of the program based on the:

(i) Ability of the program to advance knowledge about effective community service in ways that will be broadly applicable beyond the program location; and

(ii) Approach to evaluation and other means of learning from the experience of the program;

(3)(i) Replicability, based on the ability and willingness of the program to assist others in learning from the experience and replicating the approach of the program; and

(4) Sustainability, based on:

(i) Inclusion in a State Comprehensive Plan;

(ii) Strong and broad-based community support for and involvement in the program; and

(iii) Evidence that financial resources will be available to continue the program after the expiration of the grant.

§ ____ Treatment of Living Allowances and Post Service Benefits.

a. Living allowances and post-service benefits shall not be counted as income under the Internal Revenue Act.

b. Living allowances and post-service benefits shall not be counted in determining eligibility for means-tested Federal programs.

§ ____Administrative costs. Programs receiving grants pursuant to this subtitle, other than a planning grant pursuant to §____, may use no more than 5% of the grant for administrative costs, including indirect costs.

§ ____Evaluation) Program objectives. The Commission shall ensure that programs that receive assistance under this subtitle are evaluated to determine their effectiveness in—

(1) recruiting and enrolling diverse participants in such programs based on economic background, race, ethnicity, age, marital status, education levels, and disability;

(2) promoting the educational achievement of each participant in such programs, based on earning a high school diploma or the equivalent of such diploma and the future enrollment and completion of increasingly higher levels of education;

(3) encouraging each participant to engage in public and community service after completion of the program based on career choices and service in other service programs such as the Volunteers in Service to America Program and older American volunteer programs established under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950 et seq.), the Peace Corps (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)), the military, and part-time volunteer service;

(4) promoting of positive attitudes among each participant regarding the role of such participant in solving community problems based on the view of such participant regarding the personal capacity of such participant to improve the lives of others, the responsibilities of such participant as a citizen and community member, and other factors;

(5) enabling each participant to finance a lesser portion of the higher education of such participant through student loans;

(6) providing services an projects that benefit the community;

(7) supplying additional volunteer assistance to community agencies without overloading such agencies with more volunteers than can effectively be utilized;

(8) providing services and activities that could not otherwise be performed by employed workers and that will not supplant the hiring of, or result in the displacement of, employed workers or impair the existing contracts of such workers; and

(9) attracting a greater number of citizens to public service, including service in the active and reserve components of the Armed Forces, the National Guard, the Peace Corps (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)), and the VISTA and older American volunteer programs established under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950 et seq.).

National Service Trust Fund Act of 1993

A. Establishment of the National Service Trust Fund

Funds appropriated to the Trust Fund may be used to provide a benefit worth \$10,000 for each year of service to individual completing one or two terms of approved national service. [Issue: an alternative to raising funds each year for the Trust Fund through appropriations would be to create an actual trust fund. Suggest that we ask OMB to design an actual trust fund to determine if this is workable and a preferred design.]

States and a new National Service Agency will approve national service positions in the areas of education, human services, environment, and public safety from among the following:

- Programs funded in part 3 of section B, below.
- Program comparable to those funded in part 3 of section B, below.
- In the case of individuals who have completed one term of national service in a youth corps program, service on the staff of a youth corps program.
- Service as a service-learning coordinator in a program eligible for funding under part 1 of section B, below.
- Service in employer-support service positions that have been vacant for not less than a year and are unlikely to be filled due to a shortage of qualified applicants and that are located in depressed urban or rural areas.

To guard against displacement of paid workers, the nondisplacement and nonduplication provisions of the National and Community Service Act apply to all positions.

The ability to approve half of national service positions will be awarded to states -- one-fourth of positions to be allocated to states based on population and one-fourth based on a competition. The other half of positions will be awarded by the National Service Agency -- at least one-fourth directly to public and private non-profit organizations and up to one-fourth to federally run programs or programs sponsored by other federal agencies.

Any recent college graduate of any age or out-of-school youth may participate by applying to and being accepted into a program offering approved national service

positions. To assist individuals in locating approved positions, a national database will be established which can be accessed through college placement offices, employment centers, and other appropriate locations.

A minimum term of service qualifying the individual for a \$10,000 benefit is equal to 1500 hours of service over a period of not less than nine months. A part-time term of service of the equivalent number of hours must be completed within three years. A benefit may be used to pay for tuition, fees, room and board at an institution of higher education, to repay qualified federal student loans, or to obtain employment training.

To promote national esprit de corps, the National Service Agency will arrange a national training program for participants, along with a national insignia to be used on uniforms, promotional materials, and other materials of approved programs. It will also arrange for a national visibility campaign promoting national service and facilitate creation of an alumni network of individuals who have participated in national service.

B. Authorization of National Service Programs

To support an infrastructure of national service positions, funding is authorized for stipends and benefits (health care, child care) for participants and for program support. Three types of National Service programs may be supported:

1. Education programs, as authorized under subtitle B of the NCSA.
2. Older American programs, including the Older American Volunteer Programs of the Domestic Volunteer Service Act.
3. Full- and part-time national service eligible for benefits through the Trust Fund, including:
 - Youth Corps (as currently authorized in subtitle C and D of the National and Community Service Act);
 - Specialized Service Corps (including Earth Corps, Public Safety Corps, Health Corps, Education Corps, and a Child Welfare Corps);
 - Individual Placement Programs (as currently authorized in subtitle D of the NCSA and VISTA);
 - Professional Corps (including a Police Corps, Teach for America Corps, and Service-Learning Corps); and

-- Public Interest Entrepreneurs.

Stipends for full-time participants will be set locally; however, federal funds may not be used to pay stipends above the poverty line for a family of two (increments above this amount may, however, be paid with non-federal funds). All participants will receive health insurance and child care assistance, if needed.

Three types of support may be made available for full- and part-time national service:

-- Single-year planning or start-up grants, available to individuals, states, and public or private non-profit organizations including education institutions;

-- Multi-year operations grants, available to states and public or private non-profit organizations wishing to improve or expand existing programs.

-- Multi-year replication grants, available to states and public or private non-profit organizations wishing to replicate proven existing programs.

All full- and part-time national service grants will be made on a challenge basis and must be matched dollar for dollar with at least half of the match in cash.

C. Establishment of the National Service Agency

A new National Service Agency, governed by a nine-member Board of Directors, will administer the Trust Fund and the programs described above. [Note: perhaps the communications people can develop a more exciting name for the agency.] The ACTION and the Commission on National and Community Service will be eliminated, with the Commission staff, and selected ACTION staff, serving as interim staff for the new National Service Agency. [Issue: we need to learn more about what happens when you close down an agency, particularly regarding civil servants. Also, of what value are the ACTION state and regional offices -- can their functions be performed by a central office in Washington?] The Board of Directors of the National Service Agency will be a bipartisan group appointed by the President and confirmed by the Senate. All Board members will serve on a part-time basis as volunteers with the exception of the Chair, designated by the President, who will serve full-time and receive a salary. The Board will have maximum flexibility to appoint the staff, including an executive director. [Issue: with a program such as this, significant effort must be made to monitor against fraud and abuse. An inspector general is probably needed -- what special rules must be followed in setting up an IG office?]

The National Service Agency would have responsibility for the following functions:

- establishing criteria for approved national service positions and allocating them according to the statute;
- monitoring compliance with the law and ensuring against fraud and abuse;
- arranging for a national database of positions;
- arranging for a national training program for national service participants;
- arranging for a national visibility campaign promoting a national service ethic and participation in national service;
- facilitating creation of an alumni network of national service participants;
- coordinating service programs within the federal government;
- administering the National Service programs described above in section B;
- providing training and technical assistance to states and programs.

D. State Governance

The governor of each state may designate a lead agency and appoint a State National Service Commission responsible for administering the Trust Fund and the National Service programs described above in section B. The State Commission will include representatives of local service program directors and other citizens and will develop a plan for service, including proposed national service placements. The plan must ensure equitable treatment of urban and rural areas within the state and be approved by the governor and the National Service Agency.

A small grant will be made available to each state to develop the plan. Once the plan is approved by the National Service Agency, the state will be eligible to receive an allotment (determined half by a population-based formula and half based on a competition) of national service positions, as well as grants for national service programs described in section B.

DRAFT

January 21, 1993

NATIONAL SERVICE TRUST FUND ACT.**Short Title:** National Service Trust Fund Act of 1993.**TITLE I. Purposes.** The purposes of this Act are:

--to inspire in all Americans a new commitment to serving their country, their communities, and their fellow citizens;

--to provide access to higher education and job training for all young Americans, regardless of their economic background;

--to enable students to finance their education and job training by working in national and community service activities; and,

--to allow students to repay their loans as a percentage of their income and to consolidate and simplify the Federal student loan programs.

TITLE II. Amendments to the National and Community Service Act of 1990.**Part A: Creation of the National Service Trust Fund**

The National and Community Service Act of 1990 is amended by adding the following new subtitle:

"Subtitle __. National Service Trust Fund.

There is created a National Service Trust Fund to provide educational benefits to participants performing qualified national service.

A. Eligibility of Individuals. Participants shall be eligible to receive educational benefits from the National Service Trust Fund if they:

January 21, 1993

--are a citizen of the United States or lawfully admitted for permanent residence;

--are an out-of-school youth or graduated from an institution of higher education in the previous two years; and

--are accepted into and serve for a term defined in section C in a qualified national service placement.

B. Term of Service. Participants shall serve:

--in the case of full-time service of not less than 40 hours per week, for a period of not less than nine months;

--in the case of part-time service of more than an average of [nine?] hours a week for a period of not less than three years.

C. Qualified National Service. Individuals shall serve in positions meeting educational, human service, environmental or public safety needs. As provided in section 1, states or the Commission on National and Community Service may designate any of the following as qualified national service:

--service as a VISTA volunteer;

--service in the Peace Corps;

-- service in programs funded under parts C, D, or sections 6 and 7 of part E of this Act;

service in
--programs comparable to those funded under parts C, D, or sections 6 and 7 of part E of this Act that meet quality criteria established by the Commission;

--in the case of an individual who has completed one term of qualified national service, service on the staff of a qualified

January 21, 1993

national service program;

--service as a service-learning coordinator in a program eligible for funding under subtitle B of this Act; and,

~~--service, in positions determined by the Commission or the state,~~ ^{in employer-supported positions,} which provide health insurance to participants and which:

--meet human, educational, environmental or public safety needs; and,

--have been vacant for not less than [twelve months] and are unlikely to be filled in the next [six months] due to a shortage of qualified applicants; OR

--are located in an [urban or rural enterprise zone].

D. National Database. Qualified national service positions shall be listed in a national computerized database, accessible through college and high school placement offices, employment service centers, volunteer centers, and other entities.

E. Selection of Participants. Organizations sponsoring qualified national service positions shall select individuals to serve in such positions.

F. Educational Benefits. Participants successfully completing a term of qualified national service shall receive a certificate worth \$5,000 in educational benefits for each such term, up to two terms. Educational benefits may be used for:

--repayment of a qualified federal student loan;

--payment of tuition, fees, room and board at an institution of higher education; or

January 21, 1993

--employment training, including apprenticeship.

G. Remittance of Certificates. The Commission shall remit a payment to eligible entities presenting ~~of~~ completed certificates. A completed certificate shall include a statement, signed by the participant and the eligible entity under penalty of perjury, declaring ~~that the funds are being used for the purposes intended,~~ and may include supporting documentation as required by the Commission. An eligible entity is the holder of a loan described in F (below), an institution of higher education (as defined in the Higher Education Act, section --), or any other entity approved by the Commission.

from the
Trust
Fund

compliance
with the terms
of this Act

H. Qualified Federal Student Loan. A qualified federal student loan is any loan issued or insured by the federal government under Title IV of the Higher Education Act or Title VII of the Public Health Service Act.

I. Designation of Qualified National Service Positions. ~~From funding authority appropriated pursuant to part b, the Commission shall allocate the authority to designate positions eligible for the education benefits certificate described in part F. Authority to designate the recipients of certificates shall be allocated as follows:~~ ^{from} ~~qualified national service positions~~

This doesn't
make
sense

^{the authority to designate}
--[not less than one-third] to qualified states based on [population]; ^{of positions shall be given}

^{the authority to designate}
--[up to one-third] to qualified states on a competitive basis; and ^{of positions shall be awarded}

~~positions shall be designated by the Commission or delegate~~
--[not less than one-third] ^{positions shall be designated by the Commission or delegate} directly to public or private nonprofit organizations providing qualified national service opportunities.

January 21, 1993

Such states and organizations shall use criteria established by the Commission in designating positions ~~offering education benefits~~
~~certificates.~~ *qualified national service*

J. Qualified States. For a state to be eligible to designate positions under part I:

--the chief executive officer of such state shall designate a state lead agency responsible for administering the program;

--the state shall have in place a state National Service Commission described in section 178;

--the state lead agency shall submit a plan, approved by the state Community Service Commission, specifying proposed qualified national service positions within the state, describing a system for ensuring compliance with this subtitle, describing how the state will make child care available for children of participants to the maximum extent practicable, and describing how such positions will be coordinated with other service initiatives within the state; and

--the state shall arrange group activities for participants and make other efforts designed to promote the ethic of service.

K. Commission on National and Community Service. The Commission on National and Community Service shall administer the National Service Trust Fund. The Commission shall:

--in consultation with experts in the field of national service, establish criteria for qualified national service opportunities;

--monitor compliance with the provisions of this subtitle;

--arrange for the national database described in section D;

January 21, 1993

--arrange for a national visibility campaign promoting a national service ethic and participation ~~and~~ national service;

in

--provide a national training curriculum for participants to foster a national program identity;

--facilitate the creation of an alumni network of national service participants;

--coordinate this subtitle with other provisions of the Act; *and*

--provide training and technical assistance to states and programs offering qualified national service positions;

L. Authorization of Appropriations. There are authorized to be appropriated:

--to provide education benefits described in section F, [\$X00 million], which shall remain available until expended; and,

--to carry out other activities described in this subtitle, and to administer the National Service Trust Fund, [\$X million]. *}}*

Part B: Reauthorization and Expansion of the National and Community Service Act.

The National and Community Service Act of 1990 is amended to:

--continue and expand the funding authorization for the Youth Service and Conservation Corps, Serve America, and Model National Service Programs; and,

--add new authority for a Pre-Professional Corps and Public Interest Entrepreneurs.

*American
High Education
Innovative
Projects*

January 21, 1993

TITLE III. Federal Family Education Loans.

Section 428A of the Higher Education Act is amended as follows:

A. Establishment of New Loan Program. There is established one federal student loan program to ensure that all students have access to the financial resources to attend college.

B. Loan Limits. Full-time students are entitled to borrow the following amounts annually (students attending part-time or in short-term programs will have lower limits):

	<u>Dependent Students</u>	<u>Independent Students</u>
First year	\$2,625	\$6,625
Second year	\$3,500	\$7,500
Remaining undergrad years	\$5,500	\$10,500
Aggregate undergrad limit	\$28,000	\$48,000
Graduate	n/a	\$18,500
Aggregate graduate limit	n/a	\$198,500

No student may receive more financial aid from the federal programs than the amount needed to cover the cost of attendance.

C. Repeal of Existing Programs. [The new program incorporates eligibility from Stafford, SLS, and the unsubsidized program].

D. Universal Eligibility. No student shall be denied a loan based on either personal or family income.

E. In-school interest subsidy. Section 428 of the Higher Education Act is amended to provide for a federal interest subsidy for financially needy students, as identified under the needs analysis provisions in section _____. The subsidy would apply to that portion of their loan for which they are eligible, up to a maximum of \$2,625 in the first year, \$3,500 in the second year, \$5,500 in the remaining undergraduate years, and \$8,500 in the graduate years. [Deferral

January 21, 1993

benefits must also be included].

F. Interest rate. Section 427 is amended such that the interest rate on the loans shall be equal to the 91-day Treasury bills plus 3.1 percent, with a maximum of 9 percent. (The current SLS maximum is 11 percent, so this is a better deal for students).

G. Origination Fee. Borrowers under the federal student loan program shall be charged an origination fee equal to ___ percent of the loan principal. [The level of the fee must be determined based on cost estimates of the overall program -- current origination fee levels on federal student loans are either 5 or 6.5 percent.]

H. Guarantee Fee. Guarantee agencies may charge borrowers a fee as permitted under section ____.

I. Loan Consolidation. Loans made under this program shall be eligible for student loan consolidation as under current law, to simplify repayment for borrowers.

TITLE IV. Establishment of Income-Contingent Repayment Option. (Expansion of §437A on the Higher Education Amendments of 1992).

A. Purpose. It is the purpose of this section to

--establish a program that will allow student borrowers to repay their loans as a percentage of their income over time;

--allow the Secretary to identify and implement other measures to encourage borrowers not participating in the National Service Trust Fund programs to enter into low-paying public service work.

B. Authorization. The Secretary shall establish a program allowing student borrowers under this part or part D to choose to repay their loans on an income-contingent basis. The Secretary is authorized to:

January 21, 1993

(1) acquire from eligible holders, or to otherwise arrange for the transfer of, the notes of borrowers who submit a request for income-contingent repayment; and,

(2) to enter into contracts or arrangements with private firms or other agencies of the Government to carry out the purposes of this section.

C. Regulations. The Secretary shall establish the terms and conditions for the income contingent repayment program. The regulations shall:

(1) specify the schedules under which income will be assessed for repayment of loans;

(2) provide for the discharge of any remaining obligation after the borrower has been in repayment status (non-student status) for not more than 25 years; and,

(3) establish other terms and conditions as may be necessary.

[This provides the Secretary with maximum flexibility to address issues such as types of borrowers who can participate (new borrowers, new loans, old borrowers, graduate, etc.); when borrowers opt for the program (and the opt-out procedure, if any); the definition of income (and provisions to protect against hiding of income); the assessment of income (including whether there is an adjustment to reduce negative amortization for lower income borrowers and/or a surcharge for higher income borrowers, and how married couples are treated); etc.].

D. Community Service Incentives. The Secretary, in cooperation with the Commission on National and Community Service, may establish alternative terms, conditions, and discharge provisions to

January 21, 1993

encourage borrowers to participate in low-paying public service work.

[This permits the Secretary to establish loan forgiveness and/or interest deferral provisions other than those provided for in the income-contingent repayment formula to help borrowers who engage in a particular type of work. For example, the Secretary could pay the interest costs for anyone making less than \$10,000 and working for a charitable corporation providing direct services to low-income or disabled individuals.

E. National Service Loan Forgiveness. To facilitate loan forgiveness under [section ___ of the National and Community Service Act, as amended above], the Secretary of Education is authorized to acquire from eligible holders, or to otherwise arrange for the transfer of, the notes of borrowers who are engaging in national and community service activities pursuant to [the National Service Trust Fund]. If the participant has loan amounts remaining, or fails to complete the service, the Secretary shall assign the loan to a servicer to resume repayment.

F. Authorization of Appropriation. There are authorized to be appropriated funds for the purchase of loans on behalf of students who will engage in national service and to cover any additional costs associated with part D (Community Service Incentives).

V. Expansion of Direct Lending Demonstration Program.
(§451 of the Higher Education Amendments of 1992 et. seq.)

A. 500 schools. Section ___ is amended to require the Secretary to enter into agreements with not fewer than 400 nor more than 500 institutions of higher education to participate in the direct loan demonstration program. Further amend to allow the program to begin with some schools as early as July 1993.

B. Expansion. After the first year, the Secretary may increase the

January 21, 1993

number of institutions participating in the program, if the Secretary determines that the Federal government has the administrative capacity to do so.

C. Guaranty Agency protections. Section 453 (e) should be deleted and replaced with two new provisions.

(1) The Secretary shall assure that no guaranty agency's administrative cost allowance (ACA) will be reduced by more than 15% of its level for fiscal year 1992; and,

(2) The Secretary may, for any guarantee agency with a substantial volume of loans under the direct loan demonstration program, reimburse agencies based on a percentage of outstanding loans guaranteed by the agency, rather than 1% of the new loans guaranteed by the agency. (The Secretary may determine the percentage that would be appropriate).

[Current law requires the Secretary to choose schools so as not to reduce the volume of new loans at any guaranty agency by more than 15 percent, and to determine that all affected guaranty agencies "will remain financially sound." This provision places the Secretary in the position of publicly declaring some agencies financially troubled.]

D. Default Reduction. Reduce Federal reinsurance to guaranty agencies by 3 percentage points for every percent of defaults above 2.5%. [Currently, there is a "cliff" of sorts when the default rate reaches 10 percent and the reinsurance rate is reduced to X%. This would instead encourage constant effort to reduce defaults, to counter the incentive created by the bounty on already-defaulted loans.]

TITLE VI. Amendments to the Domestic Volunteer Service Act and to the Peace Corps Act. [If necessary].

§ 101. General Authority

The Commission may make grants on a competitive basis to States, Indian tribes, public and private nonprofit organizations, and institutions of higher education, and may transfer funds to Federal agencies for the planning, operation, and replication of full-, part-time and summer national service programs.

§ 201. Program Requirements

Participants in programs that receive assistance under this subtitle shall --

- a. perform service that addresses unmet human, educational, environmental or public safety needs, especially those needs relating to poverty.
- b. provide training to participants that --
 1. builds an ethic of civic responsibility through training in citizenship and the ethic of national and community service;
 2. orients each participant in the nature, philosophy and purpose of the program; and
 3. provides the skills and knowledge necessary for the type of service that participants will be called upon to perform.
- c. contains a service-learning component that provides participants with an opportunity to reflect on their service experiences.
- d. involve youth in the design of the program, and provide leadership positions to youth in implementing and evaluating the program.
- e. provide for broad-based input from the community in the design, recruitment, and operation of the program.
- f. prior to the placement of participants, the program will consult with any local labor organization representing employees in the area who are engaged in the same or similar work as that proposed to be carried out by such program.
- g. Provide living allowances pursuant to §
- h. Provide post-service benefits pursuant to §

§ 301. Ineligible service categories. To be eligible to receive assistance under this subtitle, the activities conducted through programs to be funded shall not be conducted by any--

- (1) business organized for profit;

- (2) labor union;
- (3) partisan political organization;
- (4) organization engaged in religious activities, unless such activities do not involve the use of funds provided under this title by program participants and program staff to give religious instruction, conduct worship services, or engage in any form of proselytization; or
- (5) domestic or personal service company or organization.

§ 401 Grants authorized by this subtitle shall be for the planning, demonstration, operation and replication of full-time, part-time, and summer national service programs.

§ 501 Type of Grants

- a. Planning grants - Grants may be made to qualified applicants for the planning of national service programs.
 - i The 5% administrative cost limit shall not apply to planning grants.
 - ii Planning grants may cover a period of up to one year.
- b. Demonstration grants - Grants may be made to qualified applicants for the demonstration of innovative national service programs.
 - i Demonstration grants may cover a period of up to three years.
- c. Operation grants- Grants may be made to qualified applicants for the operation of national service programs.
 - i Operation grants may cover a period of up to three years.
- d. Replication grants- Grants may be made to qualified applicants for the replication of national service programs.
 - i Replication grants may cover a period of up to three years.

§ 901 Conservation and Youth Service Corps.

- a. A youth corps program, as defined in §12511 (30), is one type of national service program eligible for funding under §501.

§ Grants

- a. The Commission shall ensure that programs receiving assistance under this subtitle are geographically diverse and include programs in both urban and rural States.

§1001 Terms of service

(a) Length of service.

- (1) Part-time. An individual performing part-time national service under this subtitle [42 USCS §§ 12571 et seq.] shall agree to perform community service for not less than 2 years.

(2) Full-time. An individual performing full-time national service under this subtitle [42 USCS §§ 12571 et seq.] shall agree to perform community service for not less than 1 year nor more than 2 years, at the discretion of such individual.

(3) Special senior service. A special senior service participant performing national service under this subtitle [42 USCS §§ 12571 et seq.] shall serve for a period of time as determined by the Commission.

(b) Partial completion of service. If the State releases a participant from completing a term of service in a program receiving assistance under this subtitle [42 USCS §§ 12571 et seq.] for compelling personal circumstances as demonstrated by such participant, the Commission may provide such participant with that portion of the financial assistance described in section 146 [42 USCS § 12576] that corresponds to the quantity of the service obligation completed by such individual.

(c) Terms of service.

1. full-time. An individual performing full time national service under this subtitle shall agree to perform community service for at least nine months per year for a total of at least 1500 hours per year.

b. Part-time - Part-time programs shall operate at least 9 hours per week.

(1) Part-time. A participant performing part-time national service under this subtitle [42 USCS §§ 12571 et seq.] shall serve for—

(3) Special senior service. A special senior service participant performing national service under this subtitle [42 USCS §§ 12571 et seq.] shall serve either part- or full-time as permitted by the Commission.

§ 12575. Eligibility

(a) Part-time.

(1) Requirements. An individual may serve in a part-time national service program under this subtitle [42 USCS §§ 12571 et seq.] if such individual—

(A) is 14 years of age or older; and

(B) is a citizen of the United States or lawfully admitted for permanent residence.

(2) Priority. In selecting applicants for a part-time program, States shall give priority to applicants who are currently employed.

(b) Full-time. An individual may serve in a full-time national service program under this subtitle [42 USCS §§ 12571 et seq.] if such individual—

(1) is 14 years of age or older;

(2) has received a high school diploma or the equivalent of such diploma, or agrees to achieve a high school diploma or the equivalent of such diploma while participating in the program; and

(3) is a citizen of the United States or lawfully admitted for permanent residence.

(c) Special senior service. An individual may serve as a special senior service participant under this subtitle [42 USCS §§ 12571 et seq.] if such individual—

(1) is 60 years of age or older; and

(2) meets the eligibility criteria for special senior service participation established by the Commission.

§ 12577. Living allowance

(a) Full-time service.

(1) In general. From assistance provided under this subtitle [42 USCS §§ 12571 et seq.], each participant in a full-time national service program receiving assistance under this subtitle [42 USCS §§ 12571 et seq.] shall receive a living allowance of not more than an amount equal to 100 percent of the poverty line for a family of two (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))).

(2) Non-Federal sources. Notwithstanding paragraph (1), a program agency may provide participants with additional amounts that are made available from non-Federal sources.

(b) Reduction in existing program benefits. Nothing in this section shall be construed to require a program in existence on the date of enactment of this Act [enacted Nov. 16, 1990] to decrease any stipends, salaries, or living allowances provided to participants under such program.

(c) Health insurance. In addition to the living allowance provided under subsection (a), grantees are encouraged to provide health insurance to each participant in a full-time national service program who does not otherwise have access to health insurance.

(d) Special senior service participant.

(1) Full-time. Each full-time special senior service participant shall receive a living allowance equal to the living allowance provided to full-time participants under subsection (a), and such other assistance as the Commission considers necessary and appropriate for a special senior service participant to carry out the service obligation of such participant.

(2) Part-time. Each part-time special senior service participant shall receive a living allowance equal to a share of such allowance offered to a full-time special senior service participant under paragraph (1), that has been prorated according to the number of hours such part-time participant serves in the program, and such other assistance that the Commission considers necessary and appropriate for a special senior service participant to carry out the service obligation of such participant.

§ 12576. Post-service benefits

(a) Part-time.

(1) The Commission shall annually provide to each part-time participant a nontransferable post-service benefit that is equal in value to \$ 2,000 for each year of service that such participant provides to the program.

(2) Construction. Nothing in this subsection shall be construed to prevent a State from using funds made available from non-Federal sources to increase the amount of post-service benefits provided under paragraph (1) to an amount in excess of that described in such paragraph.

(b) Full-time.

(1) The Commission shall annually provide to each full-time participant a nontransferable post-service benefit that is equal in value to \$ 5,000 for each year of service that such participant provides to the program.

(2) Construction. Nothing in this subsection shall be construed to prevent a State from using funds made available from non-Federal sources to increase the amount of post-service benefits provided under paragraph (1) to an amount in excess of that described in such paragraph.

(c) Special senior service participant. A special senior service participant shall be ineligible to receive post-service benefits under this section.

(d) Indexing. The Commission shall increase the value of post-service benefits provided under this section in each fiscal year based on the increase in the costs associated with attending a 4-year institution of higher education during that fiscal year. The Commission shall determine such increases in costs based on information made available by the Bureau of Labor Statistics and the National Center for Education Statistics.

(e) Post-service benefit.

(1) Part-time. A post-service benefit provided under subsection (a) shall only be used for--

(A) payment of a student loan from Federal or non-Federal sources;

(B) downpayment or closing costs associated with purchasing a first home; or

(C) tuition at an institution of higher education on a full-time basis, or to pay the expenses incurred in the full-time participation in an apprenticeship program approved by the appropriate State agency.

(2) Full-time. A post-service benefit provided under subsection (b) shall only be used for--

(A) payment of a student loan from Federal or non-Federal sources; or

(B) tuition, room and board, books and fees, and other costs associated with attendance (pursuant to section 472 of the Higher Education Act of 1965 (20 U.S.C. 10871l)) at an institution of higher education on a full-time basis, or to pay the expenses incurred in the full-time participation in an apprenticeship program approved by the appropriate State agency.

§ ____ Criteria

(a) In providing assistance to States under this Part, if 2501.7(b) applies, the Commission will consider:

(1)(i) The quality of the program, based on the program's ability to offer valuable services in the communities where they are needed most and where programs do not exist or where existing volunteer service programs are too limited to meet community needs; to provide productive, meaningful, educational experiences for participants which incorporate service-learning methods; to involve the participants in the design and operation of the program; to involve individuals from diverse backgrounds (including economically disadvantaged youth), and to develop the leadership skills of participants;

(ii) The quality of leadership and management, as measured by the qualifications of the principal leaders of the program; and plans and processes for recruitment, training, supervision, participant support, evaluation, administration and other key activities;

(2) Innovative aspects of the program based on the:

(i) Ability of the program to advance knowledge about effective community service in ways that will be broadly applicable beyond the program location; and

(ii) Approach to evaluation and other means of learning from the experience of the program;

(3)(i) Replicability, based on the ability and willingness of the program to assist others in learning from the experience and replicating the approach of the program; and

(4) Sustainability, based on:

(i) Inclusion in a State Comprehensive Plan;

(ii) Strong and broad-based community support for and involvement in the program; and

(iii) Evidence that financial resources will be available to continue the program after the expiration of the grant.

§ ____ Treatment of Living Allowances and Post Service Benefits.

a. Living allowances and post-service benefits shall not be counted as income under the Internal Revenue Act.

b. Living allowances and post-service benefits shall not be counted in determining eligibility for means-tested Federal programs.

§ ____Administrative costs. Programs receiving grants pursuant to this subtitle, other than a planning grant pursuant to §____, may use no more than 5% of the grant for administrative costs, including indirect costs.

§ ____Evaluation) Program objectives. The Commission shall ensure that programs that receive assistance under this subtitle are evaluated to determine their effectiveness in--

(1) recruiting and enrolling diverse participants in such programs based on economic background, race, ethnicity, age, marital status, education levels, and disability;

(2) promoting the educational achievement of each participant in such programs, based on earning a high school diploma or the equivalent of such diploma and the future enrollment and completion of increasingly higher levels of education;

(3) encouraging each participant to engage in public and community service after completion of the program based on career choices and service in other service programs such as the Volunteers in Service to America Program and older American volunteer programs established under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950 et seq.), the Peace Corps (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)), the military, and part-time volunteer service;

(4) promoting of positive attitudes among each participant regarding the role of such participant in solving community problems based on the view of such participant regarding the personal capacity of such participant to improve the lives of others, the responsibilities of such participant as a citizen and community member, and other factors;

(5) enabling each participant to finance a lesser portion of the higher education of such participant through student loans;

(6) providing services an projects that benefit the community;

(7) supplying additional volunteer assistance to community agencies without overloading such agencies with more volunteers than can effectively be utilized;

(8) providing services and activities that could not otherwise be performed by employed workers and that will not supplant the hiring of, or result in the displacement of, employed workers or impair the existing contracts of such workers; and

(9) attracting a greater number of citizens to public service, including service in the active and reserve components of the Armed Forces, the National Guard, the Peace Corps (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)), and the VISTA and older American volunteer programs established under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950 et seq.).

DRAFT

~~January 21, 1993~~

March 11, 1992

NATIONAL SERVICE TRUST FUND ACT.

Short Title: National Service Trust Fund Act of 1993.

TITLE I. Purposes. The purposes of this Act are:

--to inspire in all Americans a new commitment to serving their country, their communities, and their fellow citizens;

--to provide access to higher education and job training for all young Americans, regardless of their economic background;

--to enable students to finance their education and job training by working in national and community service activities; and,

--to allow students to repay their loans as a percentage of their income and to consolidate and simplify the Federal student loan programs.

TITLE II. Amendments to the National and Community Service Act of 1990.

Part A: Creation of the National Service Trust Fund

The National and Community Service Act of 1990 is amended by adding the following new subtitle:

"Subtitle __. National Service Trust Fund.

There is created a National Service Trust Fund to provide educational benefits to participants performing qualified national service.

A. Eligibility of Individuals. Participants shall be eligible to receive educational benefits from the National Service Trust Fund if they:

January 21, 1993

--are a citizen of the United States or lawfully admitted for permanent residence;

--are an out-of-school youth, ^{or} graduated from an institution of higher education in the previous two years; and

^{or other?}

--are accepted into and serve for a term defined in section C in a qualified national service placement.

B. Term of Service. Participants shall serve:

--in the case of full-time service of not less than 40 hours ^{over} ~~per~~ week, ~~for~~ a period of not less than nine months;

--in the case of part-time service of more than ~~an average of~~ nine hours ~~a week for~~ ^{over} a period of not ~~less~~ ^{more} than three years.

C. Qualified National Service. Individuals shall serve in positions meeting educational, human service, environmental or public safety needs. As provided in section I, states or the ~~Commission on~~ ^{Corporation} ~~National and Community Service~~ may designate any of the following as qualified national service:

--service as a VISTA volunteer;

~~--service in the Peace Corps;~~ 2

-- service in programs funded under parts C, D, or sections 6 and 7 of part E of this Act;

^{service in} ~~--~~ programs comparable to those funded under parts C, D, or sections 6 and 7 of part E of this Act that meet quality criteria established by the ~~Commission;~~ ^{Corporation}

--in the case of an individual who has completed one term of qualified national service, service on the staff of a qualified

national service program:

--service as a service-learning coordinator in a program eligible for funding under subtitle B of this Act; and,

~~--service, in positions determined by the Commission or the state, which provide health insurance to participants and which:~~
in employer-supported positions that

--meet human, educational, environmental or public safety needs; and,

--have been vacant for not less than [twelve months] and are unlikely to be filled in the next [six months] due to a shortage of qualified applicants; OR

--are located in an *urban or rural enterprise zone*.

D. National Database. Qualified national service positions shall be listed in a national ~~computerized~~ database, accessible through college and high school placement offices, employment service centers, volunteer centers, and other entities.

E. Selection of Participants. Organizations sponsoring qualified national service positions shall *recruit and* select individuals to serve in such positions.

F. Educational Benefits. Participants successfully completing a term of qualified national service shall receive a certificate worth **\$5,000** in educational benefits for each such term, up to two terms. Educational benefits may be used for:

--repayment of a qualified federal student loan;

--payment of tuition, fees, room and board at an institution of higher education; or

National Recruitment and Placement:
The Corporation shall establish a system to recruit and place participants.
Organizations may be required, as a condition of receipt of a grant under subtitle —, to set aside a percentage of funded positions with individuals recruited nationally.

--employment training, including apprenticeship.

G. Remittance of Certificates. The Commission shall remit a payment to eligible entities presenting ~~a~~ completed certificates. A completed certificate shall include a statement, signed by the participant and the eligible entity under penalty of perjury, declaring ~~that the funds are being used for the purposes intended,~~ and may include supporting documentation as required by the Commission. An eligible entity is the holder of a loan described in F (below), an institution of higher education (as defined in the Higher Education Act, section --), or any other entity approved by the Commission.

from the Trust Fund

compliance with the terms of this Act

H. Qualified Federal Student Loan. A qualified federal student loan is any loan issued or insured by the federal government under Title IV of the Higher Education Act or Title VII of the Public Health Service Act.

I. Designation of Qualified National Service Positions. ~~From funding authority appropriated pursuant to part L, the Commission shall allocate the authority to designate positions eligible for the education benefits certificate described in part P. Authority to designate the recipients of certificates shall be allocated as follows:~~ ^{from the} ~~qualified national service positions~~

^{the authority to designate} ~~not less than one-third~~ ^{of positions shall be given} to qualified states based on [population];

^{the authority to designate} ~~up to one-third~~ ^{of positions shall be awarded} to qualified states on a competitive basis; and

~~not less than one-third~~ ^{of positions shall be designated by the} ~~directly~~ ^{or deleg} to public or private nonprofit organizations providing qualified national service opportunities.

not less than

-- not more than one-fourth of positions shall be designated by federal agencies selected by the Commission on a competitive basis.

January 21, 1993

Corporate

Such states and organizations shall use criteria established by the ~~Commission~~ in designating positions ~~offering education benefits~~ *qualified national service* ~~certificates.~~

J. Qualified States. For a state to be eligible to designate positions under part I:

[Signature]
~~--the chief executive officer of such state shall designate a state lead agency responsible for administering the program;~~

--the state shall have in place a state National Service Commission described in section 178;

shall submit a plan
~~--the state lead agency shall submit a plan, approved by the state Community Service Commission, specifying proposed qualified national service positions within the state, describing a system for ensuring compliance with this subtitle, describing how the state will make child care available for children of participants to the maximum extent practicable, and describing how such positions will be coordinated with other service initiatives within the state; and~~

--the state shall arrange group activities for participants and make other efforts designed to promote the ethic of service.

Corporate

Corporate
K. ~~Commission on National and Community Service.~~ *Corporate* The ~~Commission on National and Community Service~~ shall administer the National Service Trust Fund. The ~~Commission~~ shall:

--in consultation with experts in the field of national service, establish criteria for qualified national service opportunities;

--monitor compliance with the provisions of this subtitle;

--arrange for the national database described in section D;

January 21, 1993

--arrange for a national visibility campaign promoting a national service ethic and participation ~~and~~ national service;
in

--provide a national training curriculum for participants to foster a national program identity;

--facilitate the creation of an alumni network of national service participants;

--coordinate this subtitle with other provisions of the Act; and

--provide training and technical assistance to states and programs offering qualified national service positions;

L. Authorization of Appropriations. There are authorized to be appropriated:

--to provide education benefits described in section F, [\$X00 million], which shall remain available until expended; and,

--to carry out other activities described in this subtitle, and to administer the National Service Trust Fund, [\$X million]. ”

Part B: Reauthorization and Expansion of the National and Community Service Act.

The National and Community Service Act of 1990 is amended to:

--continue and expand the funding authorization for the Youth Service and Conservation Corps, Serve America, and Model National Service Programs; and,

--add new authority for a Pre-Professional Corps and Public Interest Entrepreneurs.

*American
Higher Education
Innovative
Projects*

Part B. The NCSA is amended by ~~striking~~ ^{replacing} Subtitle C + D with the following subtitle:

§ 101. General Authority

The Commission may make grants on a competitive basis to States, Indian tribes, public and private nonprofit organizations, and institutions of higher education, and may transfer funds to Federal agencies for the planning, operation, and replication of full-^{and} part-time ~~and summer~~ national service programs.

§ 201. Program Requirements

~~Participants in~~ ^{If} programs that receive assistance under this subtitle shall ---

- a. ^{involve participants in meaningful} ~~perform~~ service that addresses unmet human, educational, environmental or public safety needs, especially those needs relating to poverty.
- b. provide training to participants that --
 1. build~~s~~ an ethic of civic responsibility through training in citizenship and the ethic of national and community service;
 2. orient~~s~~ each participant in the nature, philosophy and purpose of the program; and
 3. provide~~s~~ the skills and knowledge necessary for the type of service that participants will be called upon to perform.
- c. contain~~s~~ a service-learning component that provides participants with an opportunity to reflect on their service experiences.
- d. involve ^{participants} ~~youth~~ in the design of the program, and provide leadership positions to ~~youth~~ ^{participants} in implementing and evaluating the program.
- e. provide for broad-based input from the community ^{served} in the design, recruitment, and operation of the program.
- f. prior to the placement of participants, ~~the program will~~ consult with any local labor organization representing employees in the area who are engaged in the same or similar work as that proposed to be carried out by such program.
- g. Provide living allowances pursuant to §
- h. ~~arrange for an independent evaluation of the program.~~
- ~~h. Provide post-service benefits pursuant to §~~

→ § 301. Ineligible service categories. To be eligible to receive assistance under this subtitle, the activities conducted through programs to be funded shall not be conducted by any--

- (1) business organized for profit;

Add §
Types 7
Nat'l
Service

- (2) labor union;
- (3) partisan political organization; or
- (4) organization engaged in religious activities, unless such activities do not involve the use of funds provided under this title by program participants and program staff to give religious instruction, conduct worship services, or engage in any form of proselytization; or
- ~~(5) domestic or personal service company or organization.~~

§ 401 Grants authorized by this subtitle shall be for the ~~planning, demonstration, planning~~ operation and replication of full-time, part-time, ~~and summer national service~~ ^{and n.s. programs.} programs.

§ 501 Type of Grants

a. Planning grants - Grants may be made to qualified applicants for the planning of national service programs.

~~i. The 5% administrative cost limit shall not apply to planning grants.~~

ii. Planning grants may cover a period of up to one year.

b. Demonstration grants - Grants may be made to qualified applicants for the demonstration of innovative national service programs.

i. Demonstration grants may cover a period of up to three years.

c. Operation grants - Grants may be made to qualified applicants for the ^{improvement of a} operation of national service programs.

i. Operation grants may cover a period of up to three years.

d. Replication grants - Grants may be made to qualified applicants for the replication of national service programs.

i. Replication grants may cover a period of up to three years.

§ 901 Conservation and Youth Service Corps.

a. A youth corps program, as defined in §12511 (30), is one type of national service program eligible for funding under §501.

§ Grants

a. The Commission shall ensure that programs receiving assistance under this subtitle are geographically diverse and include programs in both urban and rural States.

§1001 Terms of service

(a) Length of service.

(1) Part-time. An individual performing part-time national service under this subtitle [42 USCS §§ 12571 et seq.] shall agree to perform community service ~~for~~ not less than 2 years.

not less than - hours 1

Qualified applicants

Allocation of funds

Matching requirements over a period of

*a period of
here
number.*

(2) Full-time. An individual performing full-time national service under this subtitle [42 USCS §§ 12571 et seq.] shall agree to perform community service for not less than ~~a year nor more than 2 years~~, at the discretion of such individual.

*not less than
here
number.*

~~(3) Special senior service. A special senior service participant performing national service under this subtitle [42 USCS §§ 12571 et seq.] shall serve for a period of time as determined by the Commission.~~

(b) Partial completion of service. If the State releases a participant from completing a term of service in a program receiving assistance under this subtitle [42 USCS §§ 12571 et seq.] for compelling personal circumstances as demonstrated by such participant, the ~~Commission~~ may provide such participant with that portion of the financial assistance described in section 145 [42 USCS § 12576] that corresponds to the quantity of the service obligation completed by such individual.

~~(c) Terms of service.~~

(Subsumed above)

~~1. Full-time. An individual performing full time national service under this subtitle shall agree to perform community service for at least nine months per year for a total of at least 1500 hours per year.~~

~~b. Part-time. Part-time programs shall operate at least 9 hours per week.~~

~~(1) Part-time. A participant performing part-time national service under this subtitle [42 USCS §§ 12571 et seq.] shall serve for—~~

~~(3) Special senior service. A special senior service participant performing national service under this subtitle [42 USCS §§ 12571 et seq.] shall serve either part- or full-time as permitted by the Commission.~~

§ 12575. Eligibility

~~(a) Part-time.~~

(1) Requirements. An individual may serve in a ~~part-time~~ national service program under this subtitle [42 USCS §§ 12571 et seq.] if such individual—

(A) is 14 years of age or older; and

(B) is a citizen of the United States or lawfully admitted for permanent residence.

~~(2) Priority. In selecting applicants for a part-time program, States shall give priority to applicants who are currently employed.~~

~~(b) Full-time. An individual may serve in a full-time national service program under this subtitle [42 USCS §§ 12571 et seq.] if such individual—~~

~~(1) is 14 years of age or older;~~

~~(2) has received a high school diploma or the equivalent of such diploma, or agrees to achieve a high school diploma or the equivalent of such diploma while participating in the program; and~~

~~(3) is a citizen of the United States or lawfully admitted for permanent residence.~~

~~(c) Special senior service. An individual may serve as a special senior service participant under this subtitle [42 USCS §§ 12571 et seq.] if such individual—~~

~~(1) is 60 years of age or older; and~~

(2) meets the eligibility criteria for special senior service participation established by the Commission.

§ 12577. Living allowance

(a) Full-time service.

(1) In general. From assistance provided under this subtitle [42 USCS §§ 12571 et seq.], each participant in a full-time national service program receiving assistance under this subtitle [42 USCS §§ 12571 et seq.] shall receive a living allowance ~~of not more than an amount equal to 100 percent of the poverty line for a family of two (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)))~~ *equal to the federal minimum wage.*

(2) Non-Federal sources. Notwithstanding paragraph (1), a program agency may provide participants with additional amounts that are made available from non-Federal sources.

~~(b) Reduction in existing program benefits. Nothing in this section shall be construed to require a program in existence on the date of enactment of this Act [enacted Nov. 16, 1990] to decrease any stipends, salaries, or living allowances provided to participants under such program.~~

(c) Health insurance. In addition to the living allowance provided under subsection (a), grantees ~~are encouraged to~~ *shall* provide health insurance to each participant in a full-time national service program who does not otherwise have access to health insurance.

~~(d) Special senior service participant.~~

~~(1) Full-time. Each full-time special senior service participant shall receive a living allowance equal to the living allowance provided to full-time participants under subsection (a), and such other assistance as the Commission considers necessary and appropriate for a special senior service participant to carry out the service obligation of such participant.~~

~~(2) Part-time. Each part-time special senior service participant shall receive a living allowance equal to a share of such allowance offered to a full-time special senior service participant under paragraph (1), that has been prorated according to the number of hours such part-time participant serves in the program, and such other assistance that the Commission considers necessary and appropriate for a special senior service participant to carry out the service obligation of such participant.~~

§ 12576. Post-service benefits

(a) Part-time.

(1) The Commission shall annually provide to each part-time participant a nontransferable post-service benefit that is equal in value to \$ 2,000 for each year of service that such participant provides to the program.

(2) Construction. Nothing in this subsection shall be construed to prevent a State from using funds made available from non-Federal sources to increase the amount of post-service benefits provided under paragraph (1) to an amount in excess of that described in such paragraph.

(b) Full-time.

(1) The Commission shall annually provide to each full-time participant a nontransferable post-service benefit that is equal in value to \$ 5,000 for each year of service that such participant provides to the program.

(2) Construction. Nothing in this subsection shall be construed to prevent a State from using funds made available from non-Federal sources to increase the amount of post-service benefits provided under paragraph (1) to an amount in excess of that described in such paragraph.

(c) Special senior service participant. A special senior service participant shall be ineligible to receive post-service benefits under this section.

(d) Indexing. The Commission shall increase the value of post-service benefits provided under this section in each fiscal year based on the increase in the costs associated with attending a 4-year institution of higher education during that fiscal year. The Commission shall determine such increases in costs based on information made available by the Bureau of Labor Statistics and the National Center for Education Statistics.

(e) Post-service benefit.

(1) Part-time. A post-service benefit provided under subsection (a) shall only be used for—

- (A) payment of a student loan from Federal or non-Federal sources;
- (B) downpayment or closing costs associated with purchasing a first home; or
- (C) tuition at an institution of higher education on a full-time basis, or to pay the expenses incurred in the full-time participation in an apprenticeship program approved by the appropriate State agency.

(2) Full-time. A post-service benefit provided under subsection (b) shall only be used for—

- (A) payment of a student loan from Federal or non-Federal sources; or
- (B) tuition, room and board, books and fees, and other costs associated with attendance (pursuant to section 472 of the Higher Education Act of 1965 (20 U.S.C. 10871)) at an institution of higher education on a full-time basis, or to pay the expenses incurred in the full-time participation in an apprenticeship program approved by the appropriate State agency.

§ — Criteria

The following criteria will be considered in

(a) ~~In providing assistance to States under this Part, if 12501.7(b) applies, the Commission will consider:~~ *the awarding of grants:*

(1)(i) The quality of the program, based on the program's ability to offer valuable services in the communities where they are needed most and where programs do not exist or where existing ~~volunteer service~~ programs are too limited to meet community needs; to provide productive, meaningful, educational experiences for participants which incorporate service-learning methods; to involve the participants in the design and operation of the program; to involve individuals from diverse backgrounds (including economically disadvantaged youth), and to develop the leadership skills of participants;

(ii) The quality of leadership and management, as measured by the qualifications of the principal leaders of the program; and plans and processes for recruitment, training, supervision, participant support, evaluation, administration and other key activities;

(2) Innovative aspects of the program based on the:

(i) Ability of the program to advance knowledge about effective community service in ways that will be broadly applicable beyond the program location; and

(ii) Approach to evaluation and other means of learning from the experience of the program;

(3)(i) Replicability, based on the ability and willingness of the program to assist others in learning from the experience and replicating the approach of the program; and

(4) Sustainability, based on:

(i) Inclusion in a State Comprehensive Plan;

(ii) Strong and broad-based community support for and involvement in the program; and

(iii) Evidence that financial resources will be available to continue the program after the expiration of the grant.

§ ____ Treatment of Living Allowances and Post Service Benefits.

a. Living allowances and post-service benefits shall not be counted as income under the Internal Revenue Act.

b. Living allowances and post-service benefits shall not be counted in determining eligibility for means-tested Federal programs.

*Add criteria:
Community need,
as evidenced by
designated
as an enterprise
zone or other
means
to plan to
meet a need
designated as
a priority by the
Chair/President/
Board.*

§ ____Administrative costs. Programs receiving grants pursuant to this subtitle, other than a planning grant pursuant to §____, may use no more than 5% of the grant for administrative costs, including indirect costs.

§ ____Evaluation) Program objectives. The Commission shall ensure that programs that receive assistance under this subtitle are evaluated to determine their effectiveness in—

(1) ~~recruiting and enrolling~~ diverse participants in such programs based on economic background, race, ethnicity, ^{gender} age, marital status, education levels, and disability;

(2) promoting the educational achievement of each participant in such programs, based on earning a high school diploma or the equivalent of such diploma and the future enrollment and completion of increasingly higher levels of education;

(3) encouraging each participant to engage in public and community service after completion of the program based on career choices and service in other service programs such as the Volunteers in Service to America Program and older American volunteer programs established under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950 et seq.), the Peace Corps (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)), the military, and part-time volunteer service;

(4) promoting of positive attitudes among each participant regarding the role of such participant in solving community problems based on the view of such participant regarding the personal capacity of such participant to improve the lives of others, the responsibilities of such participant as a citizen and community member, and other factors;

(5) enabling each participant to finance a lesser portion of the higher education of such participant through student loans;

(6) providing services an projects that benefit the community;

(7) supplying additional volunteer assistance to community agencies without overloading such agencies with more volunteers than can effectively be utilized;

(8) providing services and activities that could not otherwise be performed by employed workers and that will not supplant the hiring of, or result in the displacement of, employed workers or impair the existing contracts of such workers; and

(9) attracting a greater number of citizens to public service, including service in the active and reserve components of the Armed Forces, the National Guard, the Peace Corps (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)), and the VISTA and older American volunteer programs established under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950 et seq.).

meeting
the goals
of the
program

January 22, 1993

NATIONAL SERVICE TRUST FUND ACT.

Short Title: National Service Trust Fund Act of 1993.

TITLE I. Purposes. The purposes of this Act are:

- to inspire in all Americans a new commitment to serving their country, their communities, and their fellow citizens;
- to provide access to higher education and job training for ~~the~~ young Americans, regardless of their economic background; ✓
- to enable students to finance their education and job training by working in national and community service activities; and,
- to allow students to repay their loans as a percentage of their income and to consolidate and simplify the Federal student loan programs.

TITLE II. Amendments to the National and Community Service Act of 1990.

Part A: Creation of the National Service Trust Fund

The National and Community Service Act of 1990 is amended by adding the following new subtitle:

"Subtitle __. National Service Trust Fund.

There is created a National Service Trust Fund to provide educational benefits to participants performing qualified national service.

A. Eligibility of Individuals. Participants shall be eligible to receive educational benefits from the National Service Trust Fund if they:

January 22, 1993

--are a citizen of the United States or lawfully admitted for permanent residence;

--are an out-of-school youth or graduated from an institution of higher education in the previous two years; and

--are accepted into and serve for a term defined in section C in a qualified national service placement.

B. Term of Service. Participants shall serve:

--in the case of full-time service of not less than 40 hours per week, for a period of not less than [nine?] months;

--in the case of part-time service of more than an average of [nine?] hours a week for a period of not less than three years.

C. Qualified National Service. Individuals shall serve in positions meeting educational, health care, human service, environmental or public safety needs. As provided in section I, states or the Commission on National and Community Service may designate any of the following as qualified national service:

--service as a VISTA volunteer;

--service in the Peace Corps;

-- service in programs funded under subtitles C, D, H, or sections 6 and 7 of subtitle E of this Act;

--programs comparable to those funded under subtitles C, D, H, or sections 6 and 7 of subtitle E of this Act that meet quality criteria established by the Commission;

--in the case of an individual who has completed one term of qualified national service, service on the staff of a qualified

national service program;

--service as a service-learning coordinator in a program eligible for funding under subtitle B of this Act; and,

--service in employer-supported positions which provide health insurance to participants and which:

--meet ~~human~~ educational, ^{health care, human service,} environmental or public safety needs; and,

--have been vacant for not less than [twelve months] and are unlikely to be filled in the next [six months] due to a shortage of qualified applicants; **OR**

--are located in an [urban or rural enterprise zone].

D. National Database. Qualified national service positions shall be listed in a national computerized database, accessible through college and high school placement offices, employment service centers, volunteer centers, and other entities.

E. Selection of Participants. Organizations sponsoring qualified national service positions shall select individuals to serve in such positions.

F. Educational Benefits. Participants successfully completing a term of qualified national service shall receive a certificate worth \$5,000 in educational benefits for each such term, up to two terms. Educational benefits may be used for:

--repayment of a qualified federal student loan;

--payment of tuition, fees, room and board at an institution of higher education; or

- how do
you make
sure you
don't get
too many
people +
new
ones
2.12.93

January 22, 1993

--employment training, including apprenticeship.

G. Remittance of Certificates. The Commission shall remit a payment from the Trust Fund to eligible entities presenting completed certificates. A completed certificate shall include a statement, signed by the participant and the eligible entity under penalty of perjury, declaring compliance with the terms of this Act, and may include supporting documentation as required by the Commission. An eligible entity is the holder of a loan described in F (below), an institution of higher education, or any other entity approved by the Commission.

H. Qualified Federal Student Loan. A qualified federal student loan is any loan issued or insured by the federal government under Title IV of the Higher Education Act or Title VII of the Public Health Service Act.

I. Designation of Qualified National Service Positions. Authority to designate qualified national service positions shall be allocated as follows:

--the authority to designate [not less than one-third] of the positions shall be given to qualified states based on [population];

--the authority to designate [up to one-third] of the positions shall be awarded to qualified states on a competitive basis; and

--[not less than one-third] of the positions shall be designated by the Commission or delegated to public or private nonprofit organizations providing qualified national service opportunities.

Such states and organizations shall use criteria established by the Commission in designating qualified national service positions.

J. Qualified States. For a state to be eligible to designate positions under part I:

- the chief executive officer of such state shall designate a state lead agency responsible for administering the program;

- the state shall have in place a state National Service Commission described in section 178;

- the state lead agency shall submit a plan, approved by the state ~~Community~~ ^{National} Service Commission, specifying proposed qualified national service positions within the state, describing a system for ensuring compliance with this subtitle, describing how the state will make child care available for children of participants to the maximum extent practicable, and describing how such positions will be coordinated with other service initiatives within the state; and

- the state shall arrange group activities for participants and make other efforts designed to promote the ethic of service.

K. Commission on National and Community Service. The Commission on National and Community Service shall administer the National Service Trust Fund. The Commission shall:

- in consultation with experts in the field of national service, establish criteria for qualified national service opportunities;

- monitor compliance with the provisions of this subtitle;

- arrange for the national database described in section D;

- arrange for a national visibility campaign promoting a national service ethic and participation in national service;

- provide a national training curriculum for participants to foster a national program identity;

- facilitate the creation of an alumni network of national service participants;

- coordinate this subtitle with other provisions of the Act; and,

- provide training and technical assistance to states and programs offering qualified national service positions.

L. Authorization of Appropriations. There are authorized to be appropriated:

- to provide education benefits described in section F, [\$X00 million], which shall remain available until expended; and,

- to carry out other activities described in this subtitle, and to administer the National Service Trust Fund, [\$X million]."

Part B: Reauthorization and Expansion of the National and Community Service Act.

The National and Community Service Act of 1990 is amended to:

- continue and expand the funding authorization for the American Youth Service and Conservation Corps, Serve America, Higher Education Innovative Projects, and Model National Service Programs; and,

- add new authority for a Pre-Professional Corps and Public Interest Entrepreneurs.

TITLE III. Federal Family Education Loans.

Section 428A of the Higher Education Act is amended as follows:

A. Establishment of New Loan Program. There is established one federal student loan program to ensure that all students have access to the financial resources to attend college.

B. Loan Limits. Full-time students are entitled to borrow the following amounts annually (students attending part-time or in short-term programs will have lower limits):

1. Dependent undergraduate students:

--who have not completed their first year of postsecondary education may borrow up to \$2,625;

--who have completed their first year, but have not completed their second year of postsecondary education, may borrow up to \$3,500;

--who have completed two years of postsecondary education but have not completed their program of study may borrow up to \$5,500;

--may not borrow more than an aggregate of \$23,000 as undergraduates.

2. Independent undergraduate students:

--who have not completed their first year of postsecondary education may borrow up to \$6,625;

--who have completed their first year, but have not completed their second year of postsecondary education, may borrow up to \$7,500;

--who have completed two years of postsecondary education but have not completed their program of study may borrow up to \$10,500;

--may not borrow more than an aggregate of \$46,000 as undergraduates.

3. Graduate students [independent by definition] may borrow up to \$18,500 per year, except that no graduate student may borrow more than a total of \$138,500.

[No student may receive more financial aid from the federal programs than the amount needed to cover the cost of attendance].

C. Repeal of Existing Programs. [The new program incorporates eligibility from Stafford, SLS, and the unsubsidized program].

D. Universal Eligibility. No student shall be denied a loan based on either personal or family income; *however*

E. In-school interest subsidy. Section 428 of the Higher Education Act is amended to provide for a federal interest subsidy for financially needy students, as identified under the needs analysis provisions in section _____. The subsidy would apply to that portion of their loan for which they are eligible, up to a maximum of \$2,625 in the first year, \$3,500 in the second year, \$5,500 in the remaining undergraduate years, and \$8,500 in the graduate years. [Deferral benefits must also be included].

F. Interest rate. Section 427 is amended such that the interest rate on the loans shall be equal to the 91-day Treasury bills plus 3.1 percent, with a maximum of 9 percent. (The current SLS maximum is 11 percent, so this is a better deal for students).

G. Origination Fee. Borrowers under the federal student loan program shall be charged an origination fee equal to ___ percent of the loan principal. [The level of the fee must be determined based on cost estimates of the overall program -- current origination fee levels on federal student loans are either 5 or 6.5 percent.]

H. Guarantee Fee. Guarantee agencies may charge borrowers a fee as permitted under section ____.

I. Loan Consolidation. Loans made under this program shall be eligible for student loan consolidation as under current law, to simplify repayment for borrowers.

TITLE IV. Establishment of Income-Contingent Repayment Option.
(Expansion of §437A on the Higher Education Amendments of 1992).

A. Purpose. It is the purpose of this section to

--establish a program that will allow student borrowers to repay their loans as a percentage of their income over time;

--allow the Secretary to identify and implement other measures to encourage borrowers not participating in the National Service Trust Fund programs to enter into low-paying public service work.

B. Authorization. The Secretary shall establish a program allowing student borrowers under this part or part D to choose to repay their loans on an income-contingent basis. The Secretary is authorized to:

(1) acquire from eligible holders, or to otherwise arrange for the transfer of, the notes of borrowers who submit a request for income-contingent repayment; and,

(2) to enter into contracts or arrangements with private firms or other agencies of the Government to carry out the purposes

of this section.

C. Regulations. The Secretary shall establish the terms and conditions for the income contingent repayment program. The regulations shall:

- (1) specify the schedules under which income will be assessed for repayment of loans;
- (2) provide for the discharge of any remaining obligation after the borrower has been in repayment status (non-student status) for not more than 25 years; and,
- (3) establish other terms and conditions as may be necessary.

[This provides the Secretary with maximum flexibility to address issues such as types of borrowers who can participate (new borrowers, new loans, old borrowers, graduate, etc.); when borrowers opt for the program (and the opt-out procedure, if any); the definition of income (and provisions to protect against hiding of income); the assessment of income (including whether there is an adjustment to reduce negative amortization for lower income borrowers and/or a surcharge for higher income borrowers, and how married couples are treated); etc.].

D. Community Service Incentives. The Secretary, in cooperation with the Commission on National and Community Service, may establish alternative terms, conditions, and discharge provisions to encourage borrowers to participate in low-paying public service work.

[This permits the Secretary to establish loan forgiveness and/or interest deferral provisions other than those provided for in the income-contingent repayment formula to help borrowers who engage in a particular type of work. For example, the Secretary

could pay the interest costs for anyone making less than \$10,000 and working for a charitable corporation providing direct services to low-income or disabled individuals.

E. National Service Loan Forgiveness. To facilitate loan forgiveness under [section ___ of the National and Community Service Act, as amended above], the Secretary of Education is authorized to acquire from eligible holders, or to otherwise arrange for the transfer of, the notes of borrowers who are engaging in national and community service activities pursuant to [the National Service Trust Fund]. If the participant has loan amounts remaining, or fails to complete the service, the Secretary shall assign the loan to a servicer to resume repayment.

F. Authorization of Appropriation. There are authorized to be appropriated funds for the purchase of loans on behalf of students who will engage in national service and to cover any additional costs associated with part D (Community Service Incentives).

V. Expansion of Direct Lending Demonstration Program.

(§451 of the Higher Education Amendments of 1992 et. seq.)

A. 500 schools. Section ___ is amended to require the Secretary to enter into agreements with not fewer than 400 nor more than 500 institutions of higher education to participate in the direct loan demonstration program. Further amend to allow the program to begin with some schools as early as July 1993.

B. Expansion. After the first year, the Secretary may increase the number of institutions participating in the program, if the Secretary determines that the Federal government has the administrative capacity to do so.

C. Guaranty Agency protections. Section 453 (e) should be deleted and replaced with two new provisions.

(1) The Secretary shall assure that no guaranty agency's administrative cost allowance (ACA) will be reduced by more than 15% of its level for fiscal year 1992; and,

(2) The Secretary may, for any guarantee agency with a substantial volume of loans under the direct loan demonstration program, reimburse agencies based on a percentage of outstanding loans guaranteed by the agency, rather than 1% of the new loans guaranteed by the agency. (The Secretary may determine the percentage that would be appropriate).

[Current law requires the Secretary to choose schools so as not to reduce the volume of new loans at any guaranty agency by more than 15 percent, and to determine that all affected guaranty agencies "will remain financially sound." This provision places the Secretary in the position of publicly declaring some agencies financially troubled.]

D. Default Reduction. Reduce Federal reinsurance to guaranty agencies by 3 percentage points for every percent of defaults above 2.5%. [Currently, there is a "cliff" of sorts when the default rate reaches 10 percent and the reinsurance rate is reduced to X%. This would instead encourage constant effort to reduce defaults, to counter the incentive created by the bounty on already-defaulted loans.]

TITLE VI. Amendments to the Domestic Volunteer Service Act and to the Peace Corps Act. [If necessary].

National Service Trust Fund Act of 1993

A. Establishment of the National Service Trust Fund

Funds appropriated to the Trust Fund may be used to provide a benefit worth \$10,000 for each year of service to individual completing one or two terms of approved national service. [Issue: an alternative to raising funds each year for the Trust Fund through appropriations would be to create an actual trust fund. Suggest that we ask OMB to design an actual trust fund to determine if this is workable and a preferred design.]

States and a new National Service Agency will approve national service positions in the areas of education, human services, environment, and public safety from among the following:

- Programs funded in part 3 of section B, below.
- Program comparable to those funded in part 3 of section B, below.
- In the case of individuals who have completed one term of national service in a youth corps program, service on the staff of a youth corps program.
- Service as a service-learning coordinator in a program eligible for funding under part 1 of section B, below.
- Service in employer-support service positions that have been vacant for not less than a year and are unlikely to be filled due to a shortage of qualified applicants and that are located in depressed urban or rural areas.

To guard against displacement of paid workers, the nondisplacement and nonduplication provisions of the National and Community Service Act apply to all positions.

The ability to approve half of national service positions will be awarded to states -- one-fourth of positions to be allocated to states based on population and one-fourth based on a competition. The other half of positions will be awarded by the National Service Agency -- at least one-fourth directly to public and private non-profit organizations and up to one-fourth to federally run programs or programs sponsored by other federal agencies.

Any recent college graduate of any age or out-of-school youth may participate by applying to and being accepted into a program offering approved national service

positions. To assist individuals in locating approved positions, a national database will be established which can be accessed through college placement offices, employment centers, and other appropriate locations.

A minimum term of service qualifying the individual for a \$10,000 benefit is equal to 1500 hours of service over a period of not less than nine months. A part-time term of service of the equivalent number of hours must be completed within three years. A benefit may be used to pay for tuition, fees, room and board at an institution of higher education, to repay qualified federal student loans, or to obtain employment training.

To promote national esprit de corps, the National Service Agency will arrange a national training program for participants, along with a national insignia to be used on uniforms, promotional materials, and other materials of approved programs. It will also arrange for a national visibility campaign promoting national service and facilitate creation of an alumni network of individuals who have participated in national service.

B. Authorization of National Service Programs

To support an infrastructure of national service positions, funding is authorized for stipends and benefits (health care, child care) for participants and for program support. Three types of National Service programs may be supported:

1. Education programs, as authorized under subtitle B of the NCSA.
2. Older American programs, including the Older American Volunteer Programs of the Domestic Volunteer Service Act.
3. Full- and part-time national service eligible for benefits through the Trust Fund, including:

-- Youth Corps (as currently authorized in subtitle C and D of the National and Community Service Act);

-- Specialized Service Corps (including Earth Corps, Public Safety Corps, Health Corps, Education Corps, and a Child Welfare Corps);

-- Individual Placement Programs (as currently authorized in subtitle D of the NCSA and VISTA);

-- Professional Corps (including a Police Corps, Teach for America Corps, and Service-Learning Corps); and

-- Public Interest Entrepreneurs.

Stipends for full-time participants will be set locally; however, federal funds may not be used to pay stipends above the poverty line for a family of two (increments above this amount may, however, be paid with non-federal funds). All participants will receive health insurance and child care assistance, if needed.

Three types of support may be made available for full- and part-time national service:

-- Single-year planning or start-up grants, available to individuals, states, and public or private non-profit organizations including education institutions;

-- Multi-year operations grants, available to states and public or private non-profit organizations wishing to improve or expand existing programs.

-- Multi-year replication grants, available to states and public or private non-profit organizations wishing to replicate proven existing programs.

All full- and part-time national service grants will be made on a challenge basis and must be matched dollar for dollar with at least half of the match in cash.

C. Establishment of the National Service Agency

A new National Service Agency, governed by a nine-member Board of Directors, will administer the Trust Fund and the programs described above. [Note: perhaps the communications people can develop a more exciting name for the agency.] The ACTION and the Commission on National and Community Service will be eliminated, with the Commission staff, and selected ACTION staff, serving as interim staff for the new National Service Agency. [Issue: we need to learn more about what happens when you close down an agency, particularly regarding civil servants. Also, of what value are the ACTION state and regional offices -- can their functions be performed by a central office in Washington?] The Board of Directors of the National Service Agency will be a bipartisan group appointed by the President and confirmed by the Senate. All Board members will serve on a part-time basis as volunteers with the exception of the Chair, designated by the President, who will serve full-time and receive a salary. The Board will have maximum flexibility to appoint the staff, including an executive director. [Issue: with a program such as this, significant effort must be made to monitor against fraud and abuse. An inspector general is probably needed -- what special rules must be followed in setting up an IG office?]

The National Service Agency would have responsibility for the following functions:

- establishing criteria for approved national service positions and allocating them according to the statute;
- monitoring compliance with the law and ensuring against fraud and abuse;
- arranging for a national database of positions;
- arranging for a national training program for national service participants;
- arranging for a national visibility campaign promoting a national service ethic and participation in national service;
- facilitating creation of an alumni network of national service participants;
- coordinating service programs within the federal government;
- administering the National Service programs described above in section B;
- providing training and technical assistance to states and programs.

D. State Governance

The governor of each state may designate a lead agency and appoint a State National Service Commission responsible for administering the Trust Fund and the National Service programs described above in section B. The State Commission will include representatives of local service program directors and other citizens and will develop a plan for service, including proposed national service placements. The plan must ensure equitable treatment of urban and rural areas within the state and be approved by the governor and the National Service Agency.

A small grant will be made available to each state to develop the plan. Once the plan is approved by the National Service Agency, the state will be eligible to receive an allotment (determined half by a population-based formula and half based on a competition) of national service positions, as well as grants for national service programs described in section B.

QUESTIONS ABOUT NATIONAL SERVICE

- 1) Is there a possibility that entities will be certified, but that participants will receive only post-service benefits and no stipends? (Teacher Corps)**
- 2) Could Teach For America receive a grant for operations but not get any slots?**
- 3) Is income taxable?**
- 4) Is benefit included in the calculation for other student aid?**
- 5) Is benefit included in determination of eligibility for other benefit programs (AFDC)?**
- 6) There is a state role. Is there a local role?**
- 7) Is there a local match? a state match? Is it waiveable?**
- 8) Is the match cash or in-kind?**
- 9) Are recipients of slots recognized somehow as Federal Service Corps members?**
- 10) Are post-college and others identically identified?**
- 11) How do we ensure that states (and other certified entities) get appropriate technical assistance and capacity building?**
- 12) Are we contemplating grants to states to help them develop their plans?**
- 13) Are there two benefit tiers?**
- 14) Do we require diversity or just encourage it? Can we achieve diversity in some other way (transferring participants)?**
- 15) Do we have a mechanism for funding leadership training for those heading programs?**
- 16) Can certified entities apply for funds for capacity building to handle volunteers?**

- 17) Is there TA for "entrepreneurs"?
- 18) How do we handle the liability issue?
- 19) Is there a maximum grant amount?
- 20) Do we take a position on "franchising" of motels (Youth Volunteer Corps)?
- 21) Would a "national" organization get slots to allocate among its franchises?
- 22) Would colleges get slots?

1. ESTABLISHMENT.

Establish Corporation for National Service as—

(1) nonprofit corporation but with Federal employees and officers (with advice and consent of Senate) (subject to suit, subject to ethical rules) (more like current commission than CPB); or

(2) (preferred) independent establishment with Federal officer as head and Board of Directors that may or may not include Federal employees and officers (if not, for what purposes are they Federal employees?) (S 2059, 102d Congress).

2. BOARD.

(a) ESTABLISHMENT.—Reappointment of entire Board (preferred), or maintenance of entire Board, or some very specific criterion (law degree) for maintaining specific

(b) TERM.—Length ____ years. Staggered terms?

(c) VACANCIES.—Appointed in same manner as predecessor.

(d) MEETINGS.—Not less often than ____ each year.

(e) QUORUM.—Majority of Board?

(f) COMPENSATION.—Pay equal to what level of Executive Schedule?

(g) EXPENSES.—Travel expenses and per diem under section 5703 of title 5, United States Code.

3. OFFICERS.

(a) CHAIRMAN.—Appointed by President with advice and consent of Senate, or appointed by Board (if Board is Federal officers) (CPB), or selected by Board from among its members (Commission). If appointed, at what level of Executive Schedule? ____

(b) EXECUTIVE DIRECTOR.—Level of Executive Schedule ____ or appointed without regard to provisions of title 5, United States Code? Limit on annual rate of basic pay?

(c) GENERAL COUNSEL.—Level of Executive Schedule ____ or appointed without regard to provisions of title 5, United States Code? Limit on annual rate of basic pay?

(d) EXISTING OFFICERS.—Abolish ACTION Deputy Directors, Assistant Directors, Associate Directors?

4. STAFF.

(a) VISTA; OAVP.—Staff carrying out VISTA and OAVP programs continue to be GS employees, with up to 8.5% schedule C employees.

(b) OTHER PROGRAMS.—Set number of employees (now 8) appointed without regard to GS provisions, other staff GS?

(c) CONSULTANTS AND EXPERTS.—Section 3109 of title 5, United States Code. Limit on annual rate of basic pay?

(d) PRESIDENTIAL DELEGATION OF FUNCTIONS.—Language similar to section 402(3) of Domestic Volunteer Service Act of 1973?

5. DUTIES AND FUNCTIONS.

(a) REGULATIONS.—General authority.

(b) **FUNCTIONS.**—Carry out programs under National and Community Service Act of 1990 and Domestic Volunteer Service Act of 1973.

6. OFFICES.

(a) **IN GENERAL.**—Six offices specified by statute, reporting directly to Chairman or Board. No need to specify operating and grants divisions.

(b) **DIRECTORS OF OFFICES.**—Level of Executive Schedule?

7. TRANSFERS.

(a) **FUNCTIONS.**—S.33, 102d Congress

(b) **PERSONNEL; ASSETS.**—S.33, 102d Congress

(c) **INTERIM AUTHORITY FOR APPOINTMENT AND COMPENSATION.**—S.33, 102d Congress

(d) **CONTINUATION OF ORDERS; DETERMINATIONS; AND REGULATIONS.**—S.33, 102d Congress

(e) **CONTINUATION OF PROCEEDINGS, SUITS, AND PENALTIES.**—S.33, 102d Congress

(f) **JUDICIAL REVIEW.**—S.33, 102d Congress

Independent Agency
HWDA

Re: appoint
Director

Board

~~to [unclear] agency~~
(Successor to the Commission)

Action

1) direct Fed
grant program

2) staff infrastructure
around country
(demonstrate req)
keep state

K-12

grants
to states
for coordinators
(a lot)

Teacher

Coordinator

coordinating
corps / in
schools

research
service learning

~~College~~
~~demo~~