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National Service Trust Act of 1993 Summary of Legislation

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NATIONAL SERVICE TRUST ACT OF 1993

SUMMARY

The National Service Trust Act of 1993 has four titles.

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

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

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

Title IV contains the technical and conforming amendments.

SECTION-BY-SECTION SUMMARY

Section 1. Short Title and Table of Contents.

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

Section 2. Findings and Purposes.

The Congress finds the following:

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

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

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

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

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

It is the purpose of this Act to --

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

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

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

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

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

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

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

TITLE I -- PROGRAMS AND RELATED PROVISIONS

Subtitle A -- Programs

Section 101. Federal Investment in Support of National Service.

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

Subtitle C -- National Service Program

PART I -- INVESTMENT IN NATIONAL SERVICE

Section 121.[1] Authority To Provide Assistance and Approved National Service Positions.

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

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

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

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

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

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

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

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

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

All participants in programs that receive assistance will receive educational awards. In addition, participants in certain other service programs will be eligible for educational awards. The following categories, to which the Corporation may add others, will be eligible to receive educational awards: (1) positions as participants in programs receiving assistance under Section 121; (2) positions in approved national service programs not receiving assistance; (3) positions as VISTA volunteers; (4) positions as service-learning coordinators in programs receiving assistance under the Serve-America program; (5) positions in the Civilian Conservation Corps; (6) positions as crew leaders in youth corps programs or other similar positions in national service programs.

Section 124. Types of Program Assistance.

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

Section 125. Training and Technical Assistance.

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

Section 126. Other Special Assistance.

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

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

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

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

PART II -- APPLICATION AND APPROVAL PROCESS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 131. National Service Program Assistance Requirements.

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

Section 132. Ineligible Service Categories.

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

Section 133. Consideration of Applications.

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

The Corporation will also ensure that programs receiving assistance are geographically diverse and in urban and rural areas of States with the highest rates of poverty. Among programs applying directly to the Corporation, the Corporation may designate certain programs for priority consideration, such as: (1) programs carried out by other Federal agencies; (2) programs addressing national priorities; (3) innovative programs; (4) private non-profit programs which would replicate in several States a model already operating in at least one State; (5) national grant programs operated by nonprofit organizations with established expertise in national service or in providing particular services; and (6) professional corps.

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

PART III -- NATIONAL SERVICE PARTICIPANTS

Section 137. Description of Participants.

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

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

Section 138. Selection of National Service Participants.

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

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

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

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

Section 139. Terms of Service.

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

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

Section 140. Living allowances for national service participants.

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

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

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

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

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

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

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

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

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

Section 141. National Service Educational Awards.

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

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

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

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

Section 145. Establishment of the National Service Trust.

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

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

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

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

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

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

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

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

Section 148. Disbursement of National Service Educational Awards.

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

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

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

During the period of service, interest on loans will be deferred. At the completion of a participant's year of service, the Corporation may by regulation prescribe for payment of accrued interest. Such regulations will be prescribed after consultation with the Secretary of Education.

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

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

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

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

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

<u>Section 103</u>. School-based and Community-based Service Learning Programs.

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

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

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

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

Section 104. Quality and Innovation Activities.

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

Subtitle B -- Related Provisions

Section 111. Definitions.

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

Section 112. Authority to Make Grants.

Repeals section 102 of the NCSA.

Section 113. Family and Medical Leave.

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

Section 114. Reports

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

Section 115. Nondiscrimination.

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

Section 116. Notice, Hearing and Grievance Procedures.

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

Section 117. Nondisplacement.

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

Section 118. Evaluation.

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

Sections 119-121. Conforming Amendments.

Make conforming amendments.

TITLE II -- ORGANIZATION

Section 201. State Commissions on National Service.

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

Section 178. State Commissions on National Service.

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

State Commissions will consist of not less than 7 members and not more than 13 members. The Governor of the State will appoint members. There will be at least one representative of national service programs, one representative of local governments in the State, and one representative of local labor organizations. Other appointments will be made from among the following: representatives of community-based organizations, youth who participate in service, educators, business, or experts in the delivery of human, educational, environmental or public safety services. Not more than 25 percent of Commission members may be employees of State government, though more may sit as non-voting ex officio members. A representative of the Corporation will sit on the State Commission.

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

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

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

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

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

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

Subtitle G -- Corporation for National Service

Section 191. Corporation for National Service.

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

Section 192. Board of Directors.

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

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

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

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

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

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

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

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

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

Section 193. Chairperson and Director.

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

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

Section 193A. Authorities and Duties of the Chairperson.

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

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

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

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

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

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

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

Section 194. Officers.

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

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

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

Section 195. Employees, Consultants, and other Personnel.

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

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

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

Section 196. Administration.

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

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

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

Section 203. Final Authorities of the Corporation.

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

TITLE III -- REAUTHORIZATION

Subtitle A -- National and Community Service Act of 1990

Section 301. Authorization of Appropriations.

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

Section 501. Authorization of Appropriations.

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

To provide financial assistance under title I, subtitles C,D and H, $389,000,000 are authorized for fiscal year 1994, and such sums as may be necessary for each of the fiscal years 1995 through 1998.

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

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

Funds appropriated under this section will remain available until expended.

Subtitle B -- Domestic Volunteer Service Act of 1973

Section 311. Short Title; References.

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

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

Section 321. Purpose of the VISTA program.

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

Section 322. Selection and Assignment of VISTA volunteers.

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

Section 323. Terms and Periods of Service.

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

Section 324. Support for VISTA volunteers.

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

Section 325. Participation of Younger and Older Persons

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

Section 326. Literacy Activities.

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

Section 327. Applications for Assistance.

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

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

Repeals authority to make grants for student community service programs.

Section 329. University Year for VISTA.

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

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

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

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

Section 331. Technical and Financial Assistance.

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

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

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

Chapter 2 -- National Senior Volunteer Corps

Section 341. National Senior Volunteer Corps.

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

Section 342. The Retired and Senior Volunteer Program.

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

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

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

Section 344. Services Under the Foster Grandparent Program.

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

Section 345. Stipends for Low-Income Volunteers.

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

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

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

Section 347. Conditions of Grants and Contracts.

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

Section 348. Evaluation of the Senior Companion Program.

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

Section 349. Agreements with Other Federal Agencies.

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

Section 350. Programs of National Significance.

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

Section 351. Adjustments to Federal Financial Assistance.

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

Section 352. Demonstration Programs.

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

Chapter 3 -- Administration

Section 361. Purpose of Agency.

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

Section 362. Authority of the Director.

Provides authority to the Agency to solicit gifts and services.

Section 363. Compensation for Volunteers.

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

Section 364. Repeal of Report.

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

Section 365. Application of Federal Law.

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

Section 366. Evaluation of Programs.

Revises requirements for program evaluations.

Section 367. Nondiscrimination Provisions.

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

Section 368. Elimination of Separate Requirements for Setting Regulations.

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

Section 369. Clarification of Role of Inspector General.

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

Section 370. Copyright Protection.

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

Section 371. Center for Research and Training.

Authorizes a Center for Research and Training on Volunteerism.

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

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

Chapter 4 -- Authorization of Appropriations and Other Amendments

Section 381. Authorization of Appropriations for Title I.

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

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

Section 382. Authorization of Appropriations for Title II.

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

To carry out part A of title II, the Retired and Senior Volunteer Program, $35,800,000 is authorized in fiscal year 1994, and such sums as may be necessary for each of the fiscal years 1995 through 1998.

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

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

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

Section 383. Authorization of Appropriations for Title IV.

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

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

Provides for Conforming amendments.

Section 385. Repeal of Authority.

Repeals authority for Youthbuild.

Chapter 5 -- General Provisions

Section 391. Technical and Conforming Amendments

Amends the table of contents.

Section 392. Effective Date.

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

TITLE IV -- TECHNICAL AND CONFORMING AMENDMENTS

Sections 401 - 405.

Makes a series of technical and conforming amendments.

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

Section 406. Effective Date.

Establishes effective dates for the legislation.

THE WHITE HOUSE

WASHINGTON

FACT SHEET

NATIONAL SERVICE TRUST ACT OF 1993

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

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

The President's initiative will:

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

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

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

Definition of National Service

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

Organization

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

Programs

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

- An Inspector General will police fraud and abuse and perform oversight of funded programs.

- To encourage public/private partnership, programs must provide a 15 percent cash match on stipends and health care and a 25 percent match for other program support.

- Entities ranging from small community organizations to Federal agencies will be eligible to operate service programs.

- A broad array of possible programs will be eligible for funding: from youth corps for at-risk youth, to specialized service programs for college graduates, to diverse community corps for Americans of all backgrounds. Many other models are possible, and venture capital will be available for new efforts.

Participants

- To encourage wide and diverse participation, individuals aged 17 and over may serve before, during, or after post-secondary education.

- To target program participation to participant interests and community needs, participants will be recruited and selected by approved local programs. A national or State recruitment system will also be established to disseminate information and help interested individuals locate placements in local programs. Information about available positions will be widely disseminated through high schools, colleges, and other placement offices.

- To earn an educational award, a participant must complete at least 1 year of full-time or 2 years of part-time service in an approved program. An individual may serve up to two terms and earn up to two educational awards.

- Educational awards of $5,000 will be provided for each term of service. Awards may be used for past, present or future expenses, including 2- and 4-year colleges, training programs, and graduate or professional programs.

- Programs will set stipends within a limited range based at minimum wage. Health and child care will be provided to those who need them.

Encouraging Service by All

- The Act enhances the Serve-America program for school-age youth.

- The Act extends and improves the VISTA and Older Americans Volunteer Programs.

- The Act reauthorizes support for the Civilian Community Corps.

- The Act reauthorizes support for the Points of Light Foundation.

THE WHITE HOUSE

WASHINGTON

OUTLINE OF LEGISLATION

NATIONAL SERVICE INITIATIVE

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

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

- Extension and improvement of programs in the National and Community Service Act of 1990 that enhance elementary and secondary education through community service in schools, support after-school and summer programs for school-age youth, and fund service programs on college campuses.

- Support for the Civilian Community Corps, to provide service opportunities in areas adversely affected by defense cutbacks.

- Support for the Points of Light Foundation, to support volunteerism.

- Extension and improvement of VISTA and the Older American Volunteer Programs authorized by the Domestic Volunteer Service Act.

- Creation of a new Investment Fund for Quality and Innovation to support model service programs and activities designed to ensure the development of high quality national service programs.

Focus of Service

- National service must address unmet educational, environmental, human, or public safety needs. National priorities may be established within these areas.

- National service must improve the life of the participants, through citizenship education and training.

- Participants may not displace or duplicate the functions of existing workers.

Corporation for National Service

Structure

- The national service program will be administered by a new government Corporation for National Service, created by combining two existing independent federal agencies, the Commission on National and Community Service and ACTION.

- The corporation will be responsible for administering all programs authorized under the National and Community Service Act and Domestic Volunteer Service Act, including VISTA and the Older American Volunteer Programs. The Corporation will also fund training and technical assistance, service clearinghouses and other activities.

- The investment division of the corporation will administer the new trust program and programs currently administered by the Commission on National and Community Service.

- The operating division will administer programs currently run by the ACTION agency, including VISTA and the Older American Volunteer Programs.

- Flexible and quality-driven personnel policies will include pay-for-performance and a 7-year limit on most tenures.

- The Corporation may solicit and accept private funds.

Governance

- The corporation will have an eleven-member volunteer Board of Directors appointed by the President and confirmed by the Senate. It will be bipartisan and include persons experienced in national service, experts in providing educational, environmental, human, or public safety service, and representatives of States.

- The first Board members will be appointed primarily from the Board of Directors of the Commission on National and Community Service. Seven Cabinet secretaries will serve as non-voting ex-officio members.

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

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

Oversight

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

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

State Commissions

Structure

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

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

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

Duties

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

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

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

Transition

- For a period of one year, existing state agencies may assume the responsibility of the state commissions.

- The Corporation may approve an alternative agency in place of a commission at a state's request, if the agency ensures diverse participation in policy making.

Allocation of Funds

- States submitting plans approved by the Corporation will receive one-third of funds according to a population-based formula and one-third on a competitive basis.

- One-third of funds will be allocated directly by the corporation. Programs eligible for priority consideration include federal programs, national nonprofit organizations operating multiple programs or competitive grant programs, national service initiatives in more than one state and meeting priority needs, proposals to replicate successful programs in more than one state, professional corps, and innovative national service programs.

Programs

Goals

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

Eligibility

- Programs eligible for national service designation include diverse community corps, youth corps, specialized service programs focusing on a specific community need, individual placement programs, campus-based service programs, programs that train and place service-learning coordinators in schools or team leaders in corps programs, intergenerational programs, national service entrepreneurship programs, and professional corps.

- Programs may be run by non-profit organizations, institutions of higher education, local governments, school districts, states, or federal agencies.

- Programs may not provide direct benefits to for-profit businesses, labor unions, or partisan political organizations, or involve participants in religious activities.

Selection

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

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

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

Funding

- All participants will receive educational awards.

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

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

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

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

Participants

Eligibility

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

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

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

Selection

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

- A national or state recruitment system will help interested individuals locate placements in local programs. Information about available positions will be widely disseminated through high schools, colleges and other placement offices. A special leadership corps may be recruited, trained, and placed to assist in the development of new national service programs.

Term of Service

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

Educational Awards

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

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

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

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

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

Stipends

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

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

Health and Child Care

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

- Participants will receive child care assistance, if needed.

Serve-America

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

Service-Learning Program

Program Goals

- To build a foundation for service among the nation's youth, inspiring them to serve and instilling in them the values and attitude to serve effectively after graduation.

- To create opportunities for all American children to serve our country.

Types of Programs

- Programs may be partnerships of local education agencies and community-based organizations.

- Local educational agencies may receive planning grants to hire service-learning coordinators.

Types of Funding

- School-based programs will be eligible for funding through state educational agencies, partly based on formula and partly through competition.

- State educational agencies must develop state plans that indicate programs to be funded and detail 3-year strategies for service-learning in their states. The Corporation must approve state plans.

- Programs may receive one-year planning grants for school-based programs. Subgranting to experienced institutions for school-based programs will also be allowed.

- All local programs will be required to provide at least 10 percent of total program costs in the first year of funding, increasing to 50 percent in the fourth. Local programs may utilize other federal education funds to meet the match requirement.

Training and Technical Assistance

- Clearinghouses will be expanded to further enable them to disseminate information and curriculum materials; train teachers, service sponsors and participants; and provide needs assessments or technical assistance.

- States will also receive additional resources to train and educate state educational personnel.

Community-based Program for School-Age Youth

- Community-based organizations working with school-age youth may receive grants from the State Commission for programs to involve such youth in community service.

- National non-profit organizations may apply to the Corporation to make subgrants or run multi-state community-service programs for this population.

Higher Education Innovative Projects

- Higher Education institutions, consortia of such institutions, or partnerships of higher education institutions and non-profit institutions may receive grants from the Corporation for student community-service programs or programs to train teachers in service-learning methods.

- Funds may supplement College Work-Study funds being used for community service placements.

Extension of the Domestic Volunteer Service Act of 1973

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

VISTA

- Extends authority for the VISTA program and increases number of VISTA volunteers.

- Authorizes new VISTA Summer Associate program.

- Authorizes a University Year for VISTA program to encourage student volunteer efforts addressing the needs of low-income communities.

- Removes restrictions limiting the flexibility to manage VISTA, while reaffirming commitment to recruiting a diverse group of VISTA volunteers including young and older adults.

- Increases post-service stipends by $30 for each month of service. Such stipends are not available if VISTA volunteer accepts an educational award under the national service trust.

- Continues support for VISTA Literacy Corps.

Special Volunteer Programs

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

Older American Volunteer Programs

- Renames the Older American Volunteer Programs as National Senior Volunteer Corps and the Retired Senior Volunteer Program as the Retired and Senior Volunteer Program (RSVP).

- Lowers eligibility age for participation in the RSVP program to 55.

- Clarifies that Foster Grandparents may work with children with special and exceptional needs in Head Start programs, schools, and day care centers.

- Provides for a new demonstration authority to enrich and strengthen older American volunteer programs across the country.

- Eliminates restrictions that limit the flexibility to administer the program.

- Increases the stipend for low-income Foster Grandparents and Senior Companions once over the next five years to account for inflation.

Administration

- Encourages relationships between ACTION and other federal agencies where ACTION volunteers might help further the purposes of other Federal programs.

- Authorizes a Center for Research and Training on Volunteerism to strengthen volunteer programs across the country.

- Provides a technical amendment to restore the crediting of VISTA service for federal pensions.

- Provides copyright protection for the programs authorized under the Act.

The White House

The Office of National Service

FOR IMMEDIATE RELEASE
May 6, 1993

Contact: Diana Aldridge
(202) 456-6444

ADMINISTRATION INTRODUCES NATIONAL SERVICE LEGISLATION
PRESIDENT'S INITIATIVE GAINS EARLY BI-PARTISAN SUPPORT

Washington, D.C. The Administration's National Service Trust Act of 1993 was introduced today with significant bi-partisan support in both Houses of Congress.

Among the first-day cosponsors of the legislation were 18 Senators (14 Democrats and 4 Republicans) and 147 House Members (128 Democrats and 19 Republicans).

"We are pleased by the support our national service legislation is gaining on both sides of the political aisle, and we will work hard over the next days and weeks to reach all Members of Congress -- Democrats and Republicans alike," said Eli Segal, Assistant to the President and Director of the Office of National Service. "National Service is not about politics; it is about basic goals that all of us share."

(See attached lists of Senate and House original co-sponsors)

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SENATE COSPONSORS OF NATIONAL SERVICE TRUST ACT OF 1993
(As of May 6)

Breaux - D
Boren - D
Campbell - D
Chafee - R
Dodd - D
Durenberger - R
Jeffords - R
Kennedy - D
Lieberman - D
Mikulski - D
Nunn - D
Pell - D
Robb - D
Rockefeller - D
Specter - R
Simon - D
Wellstone - D
Wofford - D

HOUSE CO-SPONSORS OF NATIONAL SERVICE TRUST ACT OF 1993
(As of May 6)

Abercrombie - D
Ackerman - D
Andrews (N.J.) - D
Bacchus - D
Baesler - D
Barlow - D
Becerra - D
Beilenson - D
Bereuter - R
Berman - D
Bevill - D
Bilbray - D
Blute - R
Boucher - D
Brewster - D
Browder - D
Bryant - D
Carr - D
Chapman - D
Clay - D
Clements - D
Cooper - D
Coopersmith - D
Costello - D
Cramer - D
Darden - D
Deal - D
DeLauro - D
DeLugo - D
Derrick - D
Dickey - R
Dicks - D
Engel - D
English (AZ) - D
English (OK) - D
Eshoo - D
Faleomavaega - D
Fazio - D
Fields (LA) - D
Filner - D
Fish - R
Flake - D
Ford - D
Frank (MA) - D
Geren - D
Gilman - R
Gilmor - R
Gordon - D
Green - D
Gunderson - R
Hayes - D
Hefner - D
Hinchey - D
Hochbrueckner - D
Hoekstra - R
Holden - D
Horn - R
Houghton - R
Hoyer - D
Hughes - D
Jefferson - D
Johnson (GA) - D
Kennedy - D
Kennelly - D
Kildee - D
Klein - D
Klink - D
LaFalce - D
Lancaster - D
Lantos - D
Larocco - D
Lazio - R
Leach - R
Lewis (FLA) - R
Lewis (GA) - D
Lipinski - D
Lowey - D
McCurdy - D
McDermott - D
McHale - D
Machtley - R
Maloney - D
Manton - D
Martinez - D
Mazzoli - D
Menendez - D
Miller (CA) - D
Mink - D
Mfume - D
Mollahan - D
Montgomery - D
Moran - D
Morella - R
Murphy - D
Murtha - D
Oberstar - D
Orton - D
Owens - D
Payne (N.J.) - D
Payne (VA) - D
Pelosi - D
Penny - D
Peterson (MN) - D
Poshard - D
Price - D
Reed - D
Richardson - D
Roemer - D
Rose - D
Sawyer - D
Schenk - D
Scott - D
Serrano - D
Shays - R
Shepherd - D
Skelton - D
Slattery - D
Slaughter - D
Snowe - R
Spratt - D
Stokes - D
Strickland - D
Studds - D
Stupak - D
Swett - D
Swift - D
Tanner - D
Tauzin - D
Thurman - D
Torkelson - R
Torres - D
Underwood - D
Unsoeld - D
Upton - R
Velasquez - D
Vento - D
Volkmer - D
Waters - D
Watt - D
Waxman - D
Wheat - D
Williams - D
Wise - D
Woolsey - D

THE NEW YORK TIMES **NATIONAL** WEDNESDAY, MAY 5, 1993

Slow but Sure on National Service

President Clinton promised voters "a domestic G.I. Bill that will pledge college assistance to any student who wants it." But the national service plan he recently announced falls short of that lofty goal. Only a handful of students will participate, and they will receive a fraction of what it takes to attend private colleges.

Some are urging the President to move faster. But in the current political vortex faster is probably wrong. Mr. Clinton is already trying to ram three major bills — the budget, health care reform and the Mexican trade pact — through Congress this summer. Moreover, Congress needs his strong leadership to strengthen and pass the campaign finance legislation expected to be unveiled later this week. To add an ambitious national service plan to the Congressional agenda risks overload — and gridlock.

So Mr. Clinton has decided to start national service off slowly. That's acceptable, as long as he honors his campaign promises by accelerating the plan next year.

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The Clinton plan would open college gates to more students through national service and a restructured student loan program. High school graduates who volunteer for a year or two of community service would, besides earning the minimum wage, receive awards of up to $10,000 toward post-secondary education or training.

The award isn't large enough to pay for four years at private colleges. And the program would initially accommodate only 25,000 students — a tiny fraction of the eligible population. But a slow pace may prove wise.

Mr. Clinton's vision is grand: young Americans advancing themselves as they combat illiteracy, aid the homeless or rehabilitate housing. But if it is rushed, the program could degenerate into a government bureaucracy handing out useless jobs that wouldn't be filled by anyone other than volunteers.

The President also proposes to open college to students who don't volunteer for community service by providing affordable student loans. The current loan program is a complex myriad of options under which commercial banks extend loans with the backing of Federal guarantees and subsidies.

Mr. Clinton's would simplify the process by having the Government directly lend to students, thereby cutting out the banks and saving money. The plan would also give students the option to tie repayment to their future income — thereby eliminating the fear of bankruptcy for those who enter low-paid occupations. Whether the plan would work smoothly depends on details that have yet to be provided.

President Clinton's student loan program would be simpler than the current program. But it may not be cheaper. The money saved by eliminating bank profits could easily be swallowed up by bloated bureaucracy and less vigilant collection from deadbeats. And there are ways to cut out fat from the existing program — by reducing the subsidies paid to the banks and forcing them to bear more of the risk from student defaults.

What's odd is Mr. Clinton's decision to revamp the system even before the results of a pilot project of direct lending is studied. Surely it would make sense to see how the program works on a small scale before launching it nationwide.

The President's vision draws on the inspiring model of the G.I. Bill of Rights, which put millions of World War II veterans into college classrooms and made them the best educated, and most productive, workers American has ever had. His plan isn't up to that standard — yet. But Mr. Clinton is on to something important — an idea that is fully consistent with his campaign pledge to fashion government programs that help the needy only in exchange for performance. This worthy endeavor need not be rushed.

N.Y.TIMES:05/01/93

CLINTON PROPOSES SERVICE PROGRAM TO AID STUDENTS

ALSO URGES LENDING

$10,000 Grants Planned in Return for 2 Years in Community Jobs

National Service Plan

$10,000 per student in school grants would be available in return for community work ($5,000 per year of service).

Students would also be paid at least the minimum wage, and receive health care and child care assistance if needed.

25,000 students would take part in 1994, working in human services, education, the environment and safety.

Student Loan Overhaul

MONEY would be lent to students directly by the Government.

REPAYMENT would be based on a percentage of a worker's income. Those with lower-income jobs would have longer to pay.

WAGE WITHHOLDING might be used by the Internal Revenue Service to enforce loan collection.

By THOMAS L. FRIEDMAN
Special to The New York Times

NEW ORLEANS, April 30 — President Clinton outlined a plan today to overhaul the way Americans pay for college, offering students up to $10,000 for college or vocational training in return for two years of community service. In addition, he would change the student loan program to allow students to borrow money directly from the Government.

Mr. Clinton unveiled the aid program — a central promise of his campaign, with great appeal to middle-class voters — to a cheering audience of students at the University of New Orleans, saying that if adopted by Congress, it would "revive America's commitment to community and make affordable the cost of a college education for every American."

G.I. Bill of the 90's?

He said his National Service Trust Act would be to the 1990's what the G.I. Bill was for the 1950's and the Peace Corps was for the 1960's — the place "where higher learning goes hand in nand with the higher purpose of addressing our unmet needs."

If Congress passes the national service bill this year, Mr. Clinton said, the program can start in 1994. The National Service budget calls for $400 million in 1994, which would cover about 25,000 community service jobs, rising to $3.4 billion a year for 150,000 participants in 1997.

They would do minimum-wage jobs in education, the environment, public safety and human services. On top of their wages, about $8,500 a year, they would get $5,000 a year to repay college loans or otherwise pay for education and training.

Bypassing Banks

The other major component of the aid program, to be introduced as a separate bill, is direct student loans from the Federal Government. Such loans are now guaranteed by the Government but made by banks, which earn a profit on the interest. The President said direct aid would eliminate bank profits, making loans available at lower rates.

In 1992, banks made $13.6 billion in federally insured student loans. Administration officials estimate that demand for such loans could rise to $20 billion to $25 billion a year after five years. The Government would raise the money it lends in the bond market, not from taxes.

The legislation will include a proposal to allow graduates to repay tuition loans at a monthly rate linked to their income, thereby reducing defaults and encouraging graduates to

Continued on Page 10, Column 1

Clinton Offers New Plan To Aid College Students

Continued From Page 1

take low-paying community service jobs. The payments would be collected through the Internal Revenue Service, Mr. Clinton said, most likely through payroll deductions or as part of income tax filings.

Contrary Opinions

Administration officials said they were cautiously optimistic that the plan would have bipartisan support in Congress, but early reaction was mixed.

"The President's plan gets two A's from me because it makes a college education or better job training more affordable and accessible to our young people and our workers," said Representative William D. Ford, of Michigan, chairman of the House Education and Labor Committee.

But Representative Marge Roukema of New Jersey, the senior Republican on Mr. Ford's committee, said the President "should be concentrating on reducing the deficit, instead of proposing new multibillion-dollar entitlement programs."

The night before his announcement, Mr. Clinton decided to slash the compensation for community service from a maximum of $13,000 for two years' work to $10,000, in hopes of pre-empting complaints from Republicans about costs, and to deal with Pentagon concerns that too much cash would lure young people away from the military which has its own scholarship program in return for service.

Assistance that appeals to the middle-class.

Mr. Clinton said his proposal, which is the work of Eli Segal, the director of the White House national service bureau, had been designed to put as much of the bureaucratic burden as possible on state and local institutions.

Bones of the Program

It would work as follows: A National Service Corporation would be set up by the Government to allocate National Service slots to states, which would allot them to community service groups and municipalities.

The number of a state's slots would be based on population, but the Administration hopes to encourage competition by giving states the opportunity to to get more if they come up with creative ideas. The states would decide which groups would get slots and the National Service Corporation in Washington will simply ratify the choices.

A community service program authorized for three slots, for instance, can make this offer to three people ages 17 years or older: If they will work for the minimum wage of $4.25 an hour for one year, the national service trust fund will provide up to $5,000 toward their tuition, room and board. That money, if used for tuition payments, would be paid by the Government directly to the college of the student's choice; money for loan repayment for former students would be made directly to the bank.

Anyone could volunteer for national service and receive the grants regardless of family income. If a volunteer works for two years, the government would pay $10,000 toward his education, the maximum available under the program. The money must be used for education within five years of the service work. The Federal government would also pay 85 percent of the $4.25 minimum wage — roughly $6,000 a year per person — with state and local authorities expected to pick up the rest.

The states would be responsible for monitoring the local service organizations to prevent fraud, and the National Service Corporation would also have its own inspector general to monitor the programs. Any program caught in fraud would be removed.

As for the student loan programs, Mr. Clinton proposed two fundamental changes. The first is the establishment of what is being called one-stop direct student loans. Student loans are now provided by commercial banks at below-market interest rates and guaranteed by the Government. When students default, the Government pays the banks; defaults cost the Government about $3 billion a year.

Under the new program detailed by Mr. Clinton today, the Federal Government would provide a pool of public money for student loans, replacing the private capital being provided by commercial banks. The government would grant student loans, with colleges and vocational schools working as the middlemen. Mr. Clinton said he would like to phase in this program, beginning with roughly $500 million in loan capital for fiscal 1994 and eventually growing to cover all loans by 1997.

The commercial banking industry is expected to fight this proposal.

Mr. Clinton argued that in the long run this program would save taxpayers money, primarily because the government will no longer have to extend a subsidy to commercial banks to keep the loans below market rate, because bank profits will be taken out of the equation and because the Government can borrow money for student loans more cheaply than banks can. The loan program is intended to pay for itself.

In the 1991-92 school year, annual costs — tuition, room, board, books and expenses — at four-year public institutions averaged $7,584, according to the College Board, while the costs of four-year private institutions averaged $16,292.

The last program Mr. Clinton unveiled is called Excel Accounts, under which the Government would prov all students with the opportunity to back their student loans as a perc age of their income over time; the the graduate makes, the more time has to pay off the loan. The value of program, he said, is that gradua freed from the pressure of large l payments, would be encouraged to t low-paying public service jobs.

Mr. Clinton directed the Secreta of the Treasury and Education to co up with a plan for I.R.S. collectior student loans, through wage withh ings or some other means, to red defaults and simplify the system borrowers.

The National Service Plan

Who is eligible?

High school graduates and those with a General Equivalency Diploma, 17 or older, can qualify for school grants in return for community service.

How long will participants serve?

At least one year of full-time service.

How much are the awards worth?

Awards of $5,000 will be paid for each year of service; students can choose one or two years. The money could be used to repay college loans or to pay for other education or training. Students would also receive at least minimum-wage stipends, along with health care and child care assistance if needed.

What kinds of jobs will be available?

Service will be in four broad areas. Here are examples:

Education: Assisting teachers in Head Start or in classrooms.

The Environment: Working on recycling or conservation projects.

Human services: Providing care to homebound elderly. Helping to build housing for the homeless.

Public safety: Teaching drug education seminars. Serving as a community service officer with a police department.