January 22, 1993

# NATIONAL SERVICE TRUST FUND ACT.

Short Title: National Service Trust Fund Act of 1993.

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

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

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

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

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

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

**Part A: Creation of the National Service Trust Fund**

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

"Subtitle __. National Service Trust Fund.

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

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

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

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

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

B. Term of Service. Participants shall serve:

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

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

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

--service as a VISTA volunteer;

--service in the Peace Corps;

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

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

(must be not for profit, not advocacy)

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

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

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

--meet ~~human~~, health care, educational, environmental or public safety needs; **and**,

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

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

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

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

-how do you make sure you don't get too many people + [illegible]

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

--repayment of a qualified federal student loan;

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

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--employment training, including apprenticeship.

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

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

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

precollege 75%

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

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

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

-- not less than ~~75 percent~~ three quarters for pre-college positions

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

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

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

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

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

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

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

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

--monitor compliance with the provisions of this subtitle;

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

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

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

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

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

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

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

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

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

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

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

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

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

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## TITLE III. Federal Family Education Loans.

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

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

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

1. Dependent undergraduate students:

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

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

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

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

2. Independent undergraduate students:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

of this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# National Service Trust Fund Act of 1993

## A. Establishment of the National Service Trust Fund

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

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

-- Programs funded in part 3 of section B, below.

-- Program comparable to those funded in part 3 of section B, below.

-- In the case of individuals who have completed one term of national service in a youth corps program, service on the staff of a youth corps program.

-- Service as a service-learning coordinator in a program eligible for funding under part 1 of section B, below.

-- Service in employer-support service positions that have been vacant for not less than a year and are unlikely to be filled due to a shortage of qualified applicants and that are located in depressed urban or rural areas.

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

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

Any recent college graduate of any age or out-of-school youth may participate by applying to and being accepted into a program offering approved national service positions. To assist individuals in locating approved positions, a national database will be established which can be accessed through college placement offices, employment centers, and other appropriate locations.

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

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

**B. Authorization of National Service Programs**

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

1. Education programs, as authorized under subtitle B of the NCSA.

2. Older American programs, including the Older American Volunteer Programs of the Domestic Volunteer Service Act.

3. Full- and part-time national service eligible for benefits through the Trust Fund, including:

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

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

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

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

-- Public Interest Entrepreneurs.

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

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

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

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

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

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

**C. Establishment of the National Service Agency**

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

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

-- establishing criteria for approved national service positions and allocating them according to the statute;

-- monitoring compliance with the law and ensuring against fraud and abuse;

-- arranging for a national database of positions;

-- arranging for a national training program for national service participants;

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

-- facilitating creation of an alumni network of national service participants;

-- coordinating service programs within the federal government;

-- administering the National Service programs described above in section B;

-- providing training and technical assistance to states and programs.

## D. State Governance

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

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

§ 101. General Authority

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

§ 201. Program Requirements

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

a. perform service that addresses unmet human, educational, environmental or public safety needs, especially those needs relating to poverty.

b. provide training to participants that --

1. builds an ethic of civic responsibility through training in citizenship and the ethic of national and community service;

2. orients each participant in the nature, philosophy and purpose of the program; and

3. provides the skills and knowledge necessary for the type of service that participants will be called upon to perform.

c. contains a service-learning component that provides participants with an opportunity to reflect on their service experiences.

d. involve youth in the design of the program, and provide leadership positions to youth in implementing and evaluating the program.

e. provide for broad-based input from the community in the design, recruitment, and operation of the program.

f. prior to the placement of participants, the program will consult with any local labor organization representing employees in the area who are engaged in the same or similar work as that proposed to be carried out by such program.

g. Provide living allowances pursuant to §

h. Provide post-service benefits pursuant to §

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

(1) business organized for profit;

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

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

§ 501 Type of Grants

a. Planning grants - Grants may be made to qualified applicants for the planning of national service programs.
i The 5% administrative cost limit shall not apply to planning grants.
ii Planning grants may cover a period of up to one year.

b. . Demonstration grants - Grants may be made to qualified applicants for the demonstration of innovative national service programs.
i Demonstration grants may cover a period of up to three years.

c. Operation grants- Grants may be made to qualified applicants for the operation of national service programs.
i Operation grants may cover a period of up to three years.

d. Replication grants- Grants may be made to qualified applicants for the replication of national service programs.
i Replication grants may cover a period of up to three years.

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

§ Grants

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

§1001 Terms of service
(a) Length of service.
(1) Part-time. An individual performing part-time national service under this subtitle [42 USCS §§ 12571 et seq.] shall agree to perform community service for not less than 2 years.

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

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

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

(c) Terms of service.

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

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

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

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

## § 12575. Eligibility

(a) Part-time.

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

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

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

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

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

(1) is 14 years of age or older;

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

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

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

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

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

## § 12577. Living allowance

(a) Full-time service.

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

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

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

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

(d) Special senior service participant.

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

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

## § 12576. Post-service benefits

(a) Part-time.

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

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

(b) Full-time.

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

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

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

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

(e) Post-service benefit.

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

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

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

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

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

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

(B) tuition, room and board, books and fees, and other costs associated with attendance (pursuant to section 472 of the Higher Education Act of 1965 (20 U.S.C. 1087ll)) at an institution of higher education on a full-time basis, or to pay the expenses incurred in the full-time participation in an apprenticeship program approved by the appropriate State agency.

## § ___ Criteria

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

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

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

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

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

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

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

(4) Sustainability, based on:

(i) Inclusion in a State Comprehensive Plan;

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

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

§ ____Treatment of Living Allowances and Post Service Benefits.

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

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

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

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

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

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

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

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

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

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

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

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

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

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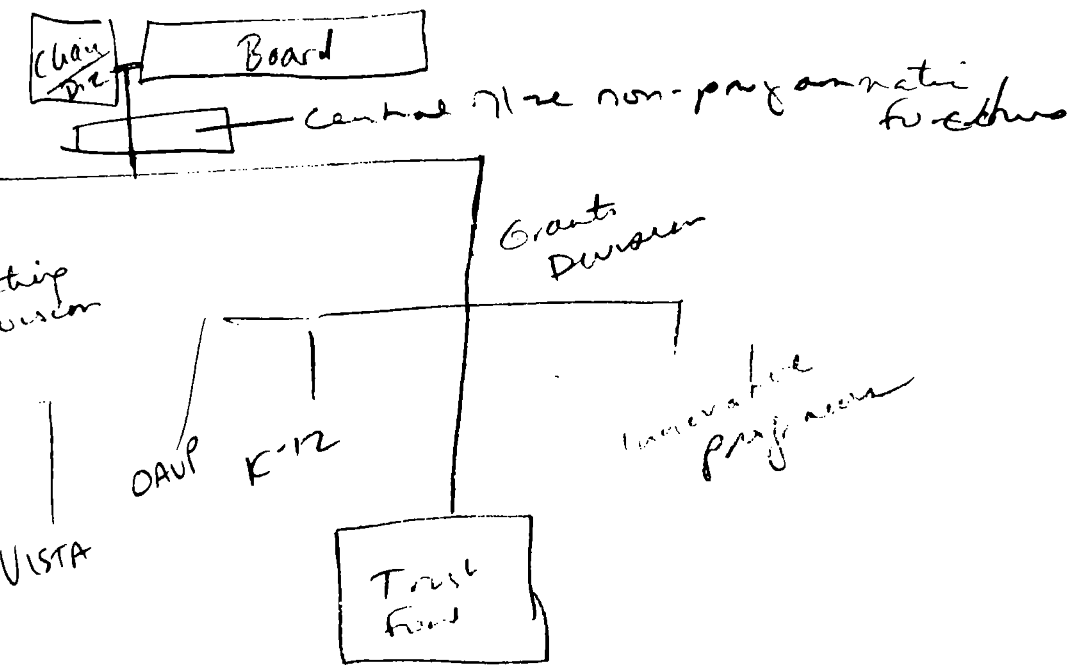
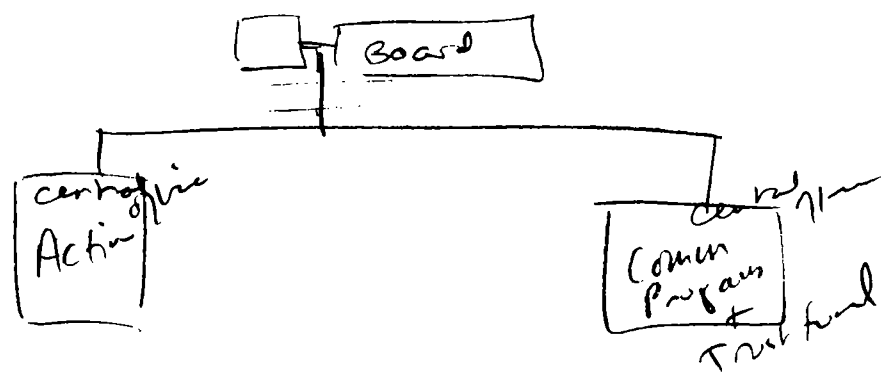
Long term




Short term



# The Commission on National and Community Service

Catherine Milton, Executive Director

**Facsimile Transmission**

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PLEASE DELIVER TO: Shirley Sagawa of:

FAX Number: 456-2878 Phone:

FROM: Dick Staufenberger

Date: 3-22-93

Re:

We are transmitting a total of 9 pages, including this cover page.



Message: 3rd doc. from TR not inclusive

MEMORANDUM

TO: Board

FROM: Tom Ehrlich

RE: Reauthorization Materials

DATE: March 22, 1993

As part of the continuing dialog with the White House staff working on the National Service programs, we have attempted to summarize Board views as well as provide some thoughts on the roles of the state and federal governments.

Attached are four documents. The first suggests a division of roles and responsibilities between the federal and state governments. The second attempts to capture key legislative recommendations. The third is a legislative draft combining the C and D subtitles. Finally, a memo with some very early thoughts on staffing and budget.

Your comment are encouraged.

March 22, 1993

# POTENTIAL ROLES/STRUCTURE FOR NATIONAL SERVICE PROGRAM

## FEDERAL ROLE

- Provide vision/overall leadership for field and report annually on need and trends to Congress and President
- Set standards for state commissions and monitor progress
- Develop certification criteria for local programs to be funded by the trust fund`
- Distribution of grants for funding infrastructure (combination of state and Federal)
- Develop criteria for and distribute national service slots to states
- Monitor grants and work of state commissions
- Auditing (mostly program, some financial)
- Training (including training of state commission staff)
- Technical Assistance/clearinghouse
- Evaluation (identify key research questions, and conduct national evaluation )
- Liaison with states
- Involve private sector (ability to accept private funds)
- Promote national service and encourage national placements

## STATE ROLE

- Governor of each state appoints a state commission
- Develop state plan which must be approved by Federal commission which is based on available resources and coordinates development of a comprehensive state strategy and implementation plan
- Award grants to local programs
- Certify national service programs
- Decertify programs that are out of compliance
- Provide training assistance to local/funded programs
- Audit — financial, some programming
- Provide technical assistance
- Monitor grants and national service programs
- Liaison with Federal commission

## FEDERAL STRUCTURE

- Independent bipartisan Federal commission (between 13 and 15 members); appointed by President. confirmed by Senate
- Policy making (not advisory, not operational)
- Hire Director
- Report annually to President and Congress
- Independent agency with at least 50 percent of staff outside Civil Service

## STATE STRUCTURE

- Independent bipartisan state commission with Board; not an operational agency
- Policy Board — (11 to 15 members) appointed by governor
- Composition must include representatives of the kinds of persons:
  - service
  - business
  - labor
  - youth
  - community based/nonprofit
  - foundation
  - higher education
  - ex officio--state department of education
  - labor
- Could make program grants to other state entities but not to itself
- Ability to accept private funds
- Staff must have service experience
- Funding would be combination of federal (based on formula and high standards), private (10 percent match); state (in kind)

MEMORANDUM **FOURTH DRAFT**

TO: Tom Ehrlich

FROM: Catherine Milton

RE: Legislative Recommendation

DATE: March 22, 1993

The following are our latest staff recommendations on changes in the National and Community Service Act. Unlike earlier recommendations. These take into consideration the broad outlines of the Clinton plan as currently framed as well as synthesize the key points of earlier recommendations of staff and Board.

## State Role

- Each state should have a commission similar to the National Commission. The State Commission should receive formula funds, based on population, to support a staff to develop monitors, and enhance community/national service programs and opportunities in the state.

- The role of the state commission would be developing a state plan to be submitted to the National Commission, making funding decisions, auditing programs, monitoring programs, providing training assistance, knowledge transfer a statewide MIS system, certification and decertification using national standards*.

- The federal government should be funding 75 percent of the costs of the state Commission and its staff.

- While some programs would be eligible for direct federal funding, they would be the exception. The states would play the primary coordinating and funding role in the program.

- In order to receive funding the states would have to meet standards established by the National Commission.

*The federal role is some instances parallels the state role, butr also includes e.g. monitoring, centeralized training, technical assistance, program auditing, evaluation and clearinghouses.

__Serve America__ - **(Subtitle B)**

- The Serve America program would very closely resemble the current program.

- The major change would be that __only__ 75 percent of the funds would be distributed by formula. The remaining 25 percent would be distributed by the National Commission for model or innovative programs including leader states, knowledge transfer, teacher training, technical assistance, and research and evaluation.

__Higher Education__ - **(Subtitle B)**

- Programs need to demonstrate a sustainability. Thus, ,more emphasis should go into developing the infrastructure than simply funding model programs. Programs should also demonstrate a relationship to the other subtitle programs.

__National Service Programs__ - **(Subtitle C)** - (this includes the existing C, some D and the expansion envisioned by the Clinton plan)

- The subtitle C would be changed to accommodate the broad range of programs envisioned by the Clinton proposal. In essence, this subtitle would be for the full-time and part-time national service programs that are stipended with post service benefits.

- The subtitle would be completely rewritten and provisions like disaster relief would be removed.

__National Service Demonstration Models__ - **(Subtitle D)**

- This subtitle would be solely __experimental__ models. It would require a 25 percent match.

- This subtitle would allow local non-profits, states, Indian Tribes, and local governments to apply directly to the Commission. Inter-state and regional programs would be eligible. However, preference would still be given programs that go through the states.

- A condition of the grant would be that the program is truly an experimental model that lends itself to evaluation. Thus, more specific program criteria would be developed by the Commission.

- It would allow for some replication however, major program expansion (past an experiment) would be funded under subtitle C.

- The statue should not have as many restrictions that the broad experimentation envisioned is impeded.

<u>Other</u> - (Subtitle E)

- Subtitle E would be rewritten and provide a substantial percentage of commission funds (comparable to B, and D) to be used for a broad variety of efforts to be procedurally decided by the Commission.

- The subtitle would only have an <u>exemplary</u> list of program areas which would include:
  - evaluation
  - training program(s) or center(s)
  - clearinghouse(s)
  - technical assistance
  - rural youth, governor's innovative, (Peace Corps/Action would be dropped as examples and possibly rural youth and governor's innovative).

- The section would not statutorily require a match nor make a division of funds between the various areas.

MEMORANDUM **FOURTH DRAFT**

TO: Tom Ehrlich

FROM: Catherine Milton

RE: Staffing and Budget Recommendations

DATE: March 22, 1993

The following staffing pattern/organizational arrangement is based on a $400 million program. It assumes:

- a state commission that has oversight, grant making, auditing etc. ($10 - 15 million nationwide)
- a Serve America/Higher Education subtitle of approximately $30 - 40 million
- an experimental demonstration program of about $30 - 40 million
- $30 - 40 million for a subtitle for training, evaluation, technical assistance, and clearinghouses
- a national service program approximately of 25,000 participants --- or average each participant will receive a $7,500 post service benefit and the program will receive an infrastructure payment of $7,500 - total cost $384 million
- Commission establishes certification standards - state does certification
- Commission does auditing, evaluation, monitors grants, conducts some training, establishes training guidelines, and technical assistance
- Commission operates the Trust Fund
- a flat organizational structure allowing maximum staff empowerment.

DRAFT/3-22

Organization

Board--Policy Making (15 Members)

- •Substantive areas of emphases.
- •Approve state plans.
- •Oversee grants
- •Appoint/fire Director
- •Appeals

| Staff | 25,000 Participants | 50,000 |
|---|---|---|
| Director | 1*/1** | |
| Deputy | 1/1 | |
| General Counsel | 3/1 | 5/2 |
| Administrative | | |
| Communications | 3/1 | |
| Budget/Administrative/Procurement | 5/2 | |
| Personnel/Travel | 3/1 | |
| Audit/Oversight | 3/1 | 6/2 |
| Evaluation/Monitoring | 3/1 | 5/2 -- |
| Training/Tech Assist | 4/1 | |
| Planning | 2/1 | |
| Program Management | 1/1 | |
| •National Service | 5/2 | 10/4 |
| •Demo Models | 3/1 | |
| •K-12 | 3/1 | |
| •Higher Ed | 3/1 | |
| •Youth Program | 1 | |
| •State | 2/1 | |
| •Summer | 4/1 | |
| •Relat. with Federal Agencies (liaison & operate) | 4/1 | |
| •HUD •CCC •Volunteer | | -- |
| Grants/Contracts/Certification | 10/3 | 18/5 |
| Trust Fund Administration | 10/3 | 18/5 |

(This assumes that the Commission will administer the Trust Fund. It also assumes a support service contract to hep on ADP design and data input).

* Professional/technical staff
**Support Staff

# DRAFT

participants

Higher Education and National Service
February 3, 1993

Summary

## I. Advantages and Disadvantages of "During College" National Service Options

The meeting began with a discussion of the pro's and con's of having options for students currently enrolled at institutions of higher education to accrue benefits through the National Service Trust Fund. The basic question was posed to participants: should there be "during college" as well as pre- and post-college options for the college-going population?

Advantages

As to the advantages of having "during college" options, participants focused on:

- the cost-effectiveness of campus-based community service programs;

#9 pres. call to new generation

- the ability to significantly increase even double the number of National Service participants for a small amount of additional monies relative to the costs of full-time pre- or post-college programs;

- the opportunity to engage "non-traditional" students, who make up a majority of students in higher education now, in national service and to offer these students and others more meaningful work;

accurate? 50% of all 1st yr. students this year are in comm. colleges

- the possibility to use a campus-based national service program with limited positions as a catalyst to energize the campus community -- by making them a part of the national service picture and encouraging those who do not/cannot participate during college to consider post-college opportunities;

- the potential of "during college" National Service programs to leverage the institutional resources of higher education to address social and environmental concerns in the community and to build the infrastructure of community service iniatives. Participants thought it was necessary to enlist institutions of higher education in helping to solve societal problems. Participants also felt that service-learning enhanced the educational mission of colleges and universities and that intensive national service programs could change the institutions of higher education themselves. Such programs could channel the considerable talents of college students, faculty and staff in partnership with community members to address a number of national priorities.

Participants also pointed out that the same rationale for supporting National Service options for pre-college, post-college, and non-college bound young people applied to options for enrolled students -- revitalize communities, teach participatory democracy, increase access to higher education, tackle societal problems. If part-time opportunities were to be part of the National Service Trust, part time "during college" options should exist.

<u>Disadvantages</u>

wealthy h.e.s, which by def

Participants listed the following disadvantages:

- bias toward ~~elite institutions~~ which have had the resources to put in place significant community service programs; however, it was pointed out that community colleges and other less well endowed institutions have developed substantial community service programs and that if a small amount of federal grants were provided many more institutions could begin to create programs;

- concern about the relationship of Trust benefits to other student financial assistance including work-study, Pell grants, and loans; the political pitfalls were discussed at length -- it was pointed out that we must not foster the impression that fewer students are getting aid at a greater cost; this problem is not unique to "during college" national service programs;

- possibility of displacing other types of campus-based volunteer community service programs or creating a two-tiered system of campus-based service opportunities; some participants pointed out that stipended service opportunities have not squeezed out unpaid service activities, rather the stipends have ~~allowed~~ enabled students who were financial unable to participate in service to do what they would have wanted to do anyway;

- inaccessibility to students who must work during school, if stipends or work-study money for service is not made available along with post-service benefits;

- difficulty in establishing criteria and systems for certification with so many institutions of higher education and millions of students;

- campus-based programs may not have the educational and socio-economic diversity of programs that attract both college-bound and non-college-bound youth.

Participants also mentioned the difficulties in developing a sense of national identity among part-time national service participants and they questioned if the level of sacrifice required for part-time service warranted Trust benefits.

## II. Structure of "During College" National Service Options

The level of specificity as to how national service options for enrolled students ought to be structured varied among participants -- some put forth sketches of a national certification infrastructure with cost figures while others simply stated do's and don'ts. A few general parameters did emerge:

- Programs ought to be certified, not individuals. However, not all positions within a program may get Trust benefits. An institution would have to determine how to allocate Trust benefits. Some participants discussed a sliding scale of benefits based upon financial need. Others suggested an institutional match to cover post-service benefits for those positions not covered by federal dollars within a certified program.

- In order for programs to qualify for national service certification, they must be qualitatively different from the average campus-based service opportunity.

- Only those community service programs with a significant institutional commitment to make service a part of their educational mission would qualify for national service certification. In addition, programs would have to meet other criteria as to the length of service activity, types of service activities, diversity of program participants and other institution-specific thresholds. For example, programs could require a minimum commitment of three to four years including summers. It was also suggested that collaboration with other community entities including businesses could be a threshold criteria. Minimum criteria should be set at the national level for uniformity.

- Certification would be competitive and time-limited. Only a limited number of the best campus-based opportunities at a few institutions would qualify for certification.

- Operating grants and certification should be separate processes.

- Although there was not a clear consensus on this point, many participants felt that, in addition to post-service benefits, students should receive stipends in some situations. It was thought that perhaps work-study monies could be leveraged for this purpose.

- National Service Trust benefits should not replace other student aid options. Some participants suggested that these benefits should be supplemental to other forms of aid for any given individual.

- National Service programs should not be only for needy students nor only for students who can afford not to work during college.

- Training would be a crucial element of any program, particularly to foster a national identity.

One participant suggested that at an annual cost of $333 million to the federal government 100,000 students could participate in the National Service Trust -- doubling the figures projected in the CNCS annual report. (Costs were figured at 10 hours per week for approximately 30 weeks, $5.50/hour stipend, $5.50/hour loan forgiveness, administrative and training costs at $1000 per student annually which would be the institutional match, for a federal share of $3,300 per student annually).

Another participant mentioned that the co-op program, in which students remain enrolled but alternate semesters working in an internship and taking classes, could be a possible model.

An idea for a training and certification system was presented: one national center and four regional centers based on college and university campuses could set standards, develop training curricula, and certify programs. The total annual cost for these centers was projected to be $1.5 million.

Participants were not convinced that an entirely state-managed certification or granting process would serve the needs of the higher education community, particularly private institutions.

In response to a question about outreach, participants emphasized that many constituencies need to be consulted in developing the role of higher education in relation to the National Service Trust including students and young people, "non-traditional" students, faculty, educational associations, professional disciplinary associations, service groups (COOL, Campus Compact and NSEE), college presidents, community-based organizations, the financial aid community, and administrators among others.