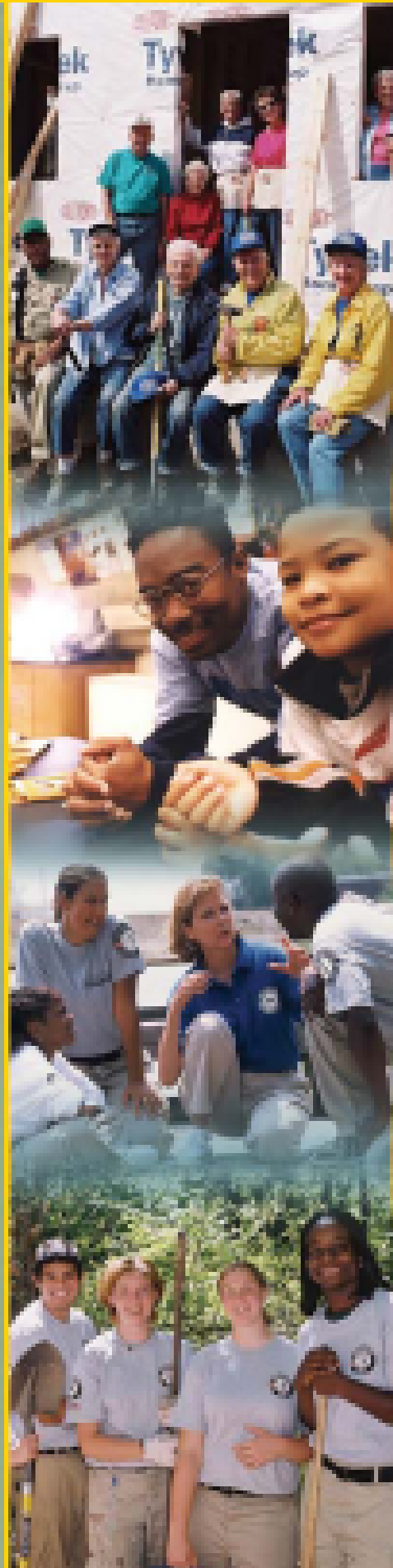


A Report by a Panel of the

NATIONAL ACADEMY OF PUBLIC ADMINISTRATION

for the U.S. Congress and the Corporation for National and Community Service



The Corporation for National and Community Service:

*Building a Foundation
for the Future*

October 2015

NATIONAL ACADEMY OF
PUBLIC ADMINISTRATION



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**The Corporation for National and
Community Service: Building a
Foundation for the Future**

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The views expressed in this report are those of the Panel. They do not necessarily reflect the views of the Academy as an institution.

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FOREWORD

Since its creation in 1993, the Corporation for National and Community Service has been the subject of much controversy; some have questioned many of its programs and even its very existence. Spurred largely by an Antideficiency Act violation resulting in temporary cessation of the Corporation's flagship program—AmeriCorps*State/National—Congress in 2004 asked the National Academy of Public Administration to review the Corporation's leadership, operations and management.

The Corporation's leadership welcomed this review. A new chief executive officer, David Eisner, arrived at the Corporation in the wake of the breakdown of financial controls, and had begun intense internal analyses of its problems. The chairman of the Corporation's Board of Directors, Stephen Goldsmith, was instrumental in seeking management and operational improvements as well.

The Academy Panel and staff conducting this review developed a highly interactive relationship with Corporation leaders. The executives asked the Academy team to keep them fully informed of its findings over the course of the study so that they could implement changes before the final report was issued. The Panel has been impressed with the Corporation's willingness to accept and implement its recommendations. It believes that the changes underway will have a lasting and positive impact on the organization's management and image.

The Academy was pleased to undertake this study. I want to thank the Panel for its thoughtful analysis and the Corporation's Board of Directors, executives and staff for their time and excellent cooperation. I also appreciate the help and interest the Academy received from the professional staff of four congressional subcommittees: the House and Senate VA-HUD Appropriations Subcommittees and the House and Senate Labor, HHS and Education Appropriations Subcommittees. Finally, I extend my thanks to the study team for its hard work and diligence in carrying out this important effort.



C. Morgan Kinghorn
President
National Academy of Public Administration

TABLE OF CONTENTS

EXECUTIVE SUMMARY	xi
CHAPTER 1: INTRODUCTION.....	1
Corporate Status.....	3
The Corporation’s Programs.....	3
Domestic Volunteer Service Act Programs	3
National and Community Service Trust Act Programs	4
Origins of the Study	6
CNCS Improvement Initiatives.....	7
Study Methodology.....	8
Organization of the Report.....	9
CHAPTER 2: CLARIFYING THE ROLE OF THE BOARD OF DIRECTORS	11
Board Membership.....	11
Types of Boards	12
Governance Boards.....	12
Advisory Boards	13
Evolution of CNCS’ Board of Directors.....	13
Disparate Views of the Board’s Role.....	14
The Need for Role Clarity.....	15
Supporting the Board and Meeting Its Information Needs.....	16
Conclusions and Recommendations	16
CHAPTER 3: STABILIZING SENIOR LEADERSHIP AND IMPROVING THE MANAGEMENT AND IMPLEMENTATION OF THE CORPORATION’S PROGRAMS	19
CNCS’ Headquarters Structure.....	20
Turnover and Extended Vacancies in Senior Positions Have Weakened CNCS’ Management Capability	21
Organizational Responsibilities for Managing CNCS Programs.....	23
Senior Corps and AmeriCorps*VISTA Programs	23
AmeriCorps*State/National Programs.....	24
Learn and Serve	25

AmeriCorps*National Civilian Community Corps	26
Coordinating Efforts to Promote National and Community Service	27
Cross-Program Interaction and Coordination in the Field.....	28
Coordination between CNCS Program Offices and with State Offices	30
The Need for Better Program Coordination and Potential Barriers.....	31
New Efforts and Opportunities to Increase Program Interactions	32
New Protocol for AmeriCorps and the State Offices.....	32
New Organizational Model for AmeriCorps Program Officers	32
State Service Plans.....	33
The Role of the Area Managers	34
Conclusions and Recommendations	35
CHAPTER 4: RESTRUCTURING HEADQUARTERS FOR BETTER MANAGEMENT	41
Organizational Entity Needed for Management Analysis and Other Key Activities	41
Responsibility for CNCS’ Grants Function is Scattered.....	43
Responsibility for Grants Policy.....	44
Responsibility for the Fiscal Aspects of Grant Operations.....	44
Roles, Relationships, and Organizational Alignment of CNCS Program and Grants Officers	45
Comparison of CNCS’ Program and Grants Officers’ Roles, Relationships, and Organizational Alignment with Other Agencies.....	46
New Role for AmeriCorps Program Officers	47
Restructuring Opportunities for CNCS’ Member Training and Support Functions.....	48
Conclusions and Recommendations	49
CHAPTER 5: IMPROVING FINANCIAL AND GRANTS MANAGEMENT	53
Administration of the National Service Trust.....	53
Trust Operations.....	54
Trust Reporting	55
Trust Reserve	55
Administrative Funds Management.....	56

Administrative Control of Funds	56
Budgeting and Internal Funds Management	57
Cost Allocation Methods for Budgeting and Accounting.....	58
Systems That Support CNCS' Financial Management Activities and Management Reporting—Current and Planned.....	60
Primary Systems and Applications	60
Other Corporation Systems.....	61
Management Reporting Capabilities.....	62
Work-In-Progress to Improve CNCS' Financial Systems and Reporting	63
Strategic Management of CNCS' Information Technology Resources.....	64
Role of the Chief Information Officer	64
Information Technology Planning	65
System Ownership and Priority Setting.....	65
Grants Management Processes in CNCS	66
Life Cycle of Competitive Grants.....	66
Other Process Improvements for Grants Management.....	71
AmeriCorps*State/National Grant Matching Requirements	72
Education and Training for Program Officers and Grants Officers.....	72
Conclusions and Recommendations	73
Financial Management.....	73
Grants Processes	76
CHAPTER 6: OPTIMIZING CNCS' HUMAN RESOURCES MANAGEMENT PRACTICES	79
Summary of the Academy's Operational Human Capital Studies.....	81
State Office Position Management Study	81
Grants/Program Management Position Management Study.....	83
HR Team Findings and Suggestions.....	83
Compensation Consistency Study.....	84
Optimizing the Alternative Personnel System.....	88
CNCS Employee Status	89
Conversion of GS Employees to APS	89
Leadership Development and Succession Planning	90
Workforce Planning and Analysis	91

Finalizing a Human Capital Strategy	92
Conclusions and Recommendations	93
CHAPTER 7: TOWARD A STRATEGY-CENTERED, RESULTS-ORIENTED CORPORATION	97
Strategic Planning Requirements	98
Status of Planning at CNCS	98
CNCS' Strategic Plan	101
Planning Issues.....	102
Strategic Planning Opportunities	104
Performance Measurement and Management.....	106
Metrics Development Activities	106
Challenges to Developing Metrics.....	107
Conclusions and Recommendations	109
CHAPTER 8: LOOKING TO THE FUTURE	115
Legislation.....	115
Legislative Proposals Recommended by the Panel	116
Additional Administrative Legislative Proposals	117
Follow-Up Work by Academy Staff.....	118
Additional Areas for CNCS Review.....	120
Member Relations and Member Management.....	120
Training.....	120
Knowledge Management	120
Grants Management	122
Procurement Office.....	122
Conclusions and Recommendations	123

APPENDICES

Appendix A: Acronyms127
Appendix B: AmeriCorps and National Service Trust Antideficiency Act Violation129
Appendix C: Panel and Staff133
Appendix D: Individuals and Organizations Contacted137
Appendix E: CNCS Funds Flow Charts157
Appendix F: Description of Systems Not within the Corporation’s Integrated Systems
Framework161
Appendix G: Stakeholder Participation in CNCS’ Strategic Planning Process163
Appendix H: List of Recommendations171

FIGURES AND TABLES

Figure 1: Condensed Chronology and Legislative History of the Corporation2
Table 1: CNCS Chronology of Board Members12
Figure 2: CNCS Organization Chart21
Figure 3: Field Structure Map24
Figure 4: NCCC Field Structure Map27
Figure 5: Current AmeriCorps*VISTA Training/Member Support Office49
Table 2: National Service Trust56
Figure 6: CNCS’ Financial and Non-Financial Integrated Systems64
Table 3: Comparison of APS and GS Personnel Systems as of 200480
Table 4: Appointments by Category—200590
Figure 7: Workforce Planning Model Framework92
Table 5: CNCS Planning-Related Activities100
Figure 8: Proposed Strategic Planning Network at CNCS112

EXECUTIVE SUMMARY

Many changes are taking place at the Corporation for National and Community Service (the Corporation/CNCS) that are improving the management and operations of this small organization. The National Academy of Public Administration (the Academy) has been pleased to be a part of the effort to facilitate and accelerate these changes.

CNCS was established by the National and Community Service Trust Act of 1993. This legislation created a new national service program—AmeriCorps—and a framework under which other national service programs—some existing since 1964—would operate in a business-like manner. Unfortunately, Congress did not create an organic act for the Corporation, which would have integrated the new and old programs. This has hampered the Corporation’s ability to operate.

The Corporation has been the focus of several studies, including 7 Government Accountability Office audits, over 20 Office of Inspector General reports, and 2 studies by the Academy, and has been the subject of substantial controversy in Congress.

The first Academy study of the Corporation, issued in 1998, was congressionally mandated, and focused on improving the Corporation’s structure, functions, and grant-making operations. That study pointed out that the Corporation’s older and newer programs never really melded, in part because of legislative restrictions. The Panel for this study notes that, to this day, the Corporation still has at least two separate cultures and methods of operation.

This study, also mandated by Congress, was inspired by a breakdown in how the Corporation handled the funds that provide education awards for its volunteer members, which resulted in an Antideficiency Act violation. Congressional action and new procedures adopted by the Corporation’s current leadership cured the specific problem, but Congress decided that a comprehensive review of CNCS was again in order. The study has shown that the Corporation, despite progress in many areas, still has a long list of challenges it must overcome if it is to become a top-performing organization.

In organizing a staff for this effort, the Academy was able to acquire the services of two members of the 1998 study team. During the course of this study, they have seen essentially the same organization that they reviewed in 1998, but with the notable difference of a leadership today that is more intent on achieving positive change.

CNCS’ current leadership has welcomed this latest review by the Academy as an opportunity for an independent, outside analysis of its operations. It has been in that spirit that the Academy Panel and study team have worked with the Corporation, and it is in that spirit that the Panel has developed recommendations for the Corporation’s consideration. In doing so, the Panel is aware that some of its recommendations will take a number of years to implement fully. Some require legislation.

THE BOARD OF DIRECTORS

This unusual agency has an unusual Board of Directors. Generally, boards found elsewhere in any sector—private, nonprofit, or public—are either advisory or governing. The Corporation's Board fits neither category. The CNCS Board has attributes of both, but cannot be either due to statutory restrictions and the expectations of members of Congress. As a result, ambiguity surrounds the Board's current role and what it should be.

Many in Congress believe that CNCS' Board should be a governing board. But the Board does not possess the levers of power to assume that role—it cannot hire or fire the chief executive officer (CEO), does not approve the Corporation's budget, and cannot set the Corporation's agenda. These powers are reserved for the President and/or Congress.

The Panel believes CNCS' Board of Directors should evolve to become more like a governing board—involved in setting the strategic direction for the Corporation. To become an effective player in the governance of the Corporation, however, the Board's powers must be strengthened by legislation that (1) requires the Board to submit to the President annually a review of the CEO's performance, with its recommendation to retain or remove the CEO, and (2) requires the Board to review CNCS' budget request in advance of submission to the Office of Management and Budget and Congress. Should Congress not wish to enact such legislation, it should then consider other options, such as designating the Board as an advisory board or eliminating it altogether. The Panel also recommends that, once Congress determines the type of board CNCS should have, the Board, together with interested stakeholders, develop a realistic set of guidelines that define its roles and responsibilities as well as its relationship to CNCS management.

LEADERSHIP AND THE ORGANIZATION OF CNCS

The current CNCS leadership has been moving forward briskly to tackle the challenges confronting it. Among the issues it has addressed is the need to improve the Corporation's credibility with Congress and with the Corporation's stakeholders and staff. The CEO and the chairman of the Board of Directors also have been actively involved in an effort to improve the management of the Corporation. Their efforts have been noteworthy despite, the fact that the CEO has been operating at a serious disadvantage—he did not have the assistance of a chief operating officer (COO) for 17 months. The COO position is responsible for all of the Corporation's programmatic operations. The absence of a COO put a severe strain on the organization, forcing the CEO to spread himself too thinly, and causing the organization to operate without all the management direction it required.

The Panel is gratified to see that the Corporation filled the COO position in July 2005, and offers several recommendations it believes will help the new COO improve the management of the Corporation's programs. Among these, the Panel believes that the COO needs to review the nature of the program office director positions to determine appropriate delegations of authority for these high-level positions. The COO needs to examine how new program coordination mechanisms might enhance the organization's operations, and develop methods of holding program office directors accountable for managing accordingly. In this connection, the COO

needs to examine whether a comprehensive CNCS field structure that incorporates all of the Corporation's programs might enable CNCS to manage its programs better. The COO also needs to assess the managerial resources within her organization, including the managers' roles, responsibilities, and relationships, and ensure that they are being used optimally to manage the Corporation's programs and achieve its mission.

The Panel believes that the CEO also has been at a severe disadvantage by not having a "go to" office—a unit he can call upon to do the organizational analyses he needs and to keep track of all the change management initiatives that the organization is pursuing. To perform these critical tasks, the Panel recommends that the Corporation establish a small Office of Business Management Systems. In addition to management analysis and oversight of CNCS' improvement efforts, the new office also should be responsible for establishing common business practices across program lines, which the Panel believes will help thin the walls of the stovepipes that separate program offices and hinder effective program management.

GRANTS FUNCTIONS

Awarding grants and other forms of financial assistance is the Corporation's primary means of carrying out its mission. As the workload has increased, CNCS has taken several actions to simplify and reform its grants operations. Nevertheless, the Corporation continues to struggle in its efforts to manage its grants workload. The Panel offers several recommendations for actions CNCS should take to improve its grants functions further, including the consolidation of offices responsible for grants management functions, and a review of CNCS' grant application requirements, which place burdens on both applicants and CNCS staff. However, the Panel believes that these improvements, while necessary, can assist only at the margin. What is needed to enable the Corporation to manage its grants management workload over the long term is a radical new approach—one that will reduce the workload burden on the Corporation while still maintaining service levels.

The Panel recommends that the Corporation submit two legislative proposals. The first would replace the multiple grantee match requirements now required for the AmeriCorps program with a single matching requirement. This change would significantly reduce the workload for grantees and CNCS' grants management staff. The second legislative proposal is aimed at reducing the volume of applications that CNCS receives by devolving more responsibility to the states for making AmeriCorps awards. The proposal would not change the basic formula for distributing funds. The current statute requires that one-third of AmeriCorps funds be distributed to states on a population-based formula and about another 40 percent is based on a competitive application process. This latter process is highly staff intensive for CNCS. It is also redundant because the states already have subjected these applications to their own extensive review processes. The Panel's proposal would split the competitive "pot" into two equal pieces. CNCS would distribute one-half of the "pot" to states using a formula based on state performance and the states' response to national priorities. The balance of the former competitive "pot" would continue to be allocated on a competitive basis by CNCS, but for a limited number of focused purposes consistent with the Corporation's strategic goals. These legislative changes would

simplify the grant-award process for the states and the Corporation, and substantially ease the Corporation's workload burden while maintaining the same level of service projects.

FINANCIAL MANAGEMENT

The Corporation has made great strides to put its financial house in order. It has taken steps to ensure that an Antideficiency Act violation, the cause of so many problems for the Corporation and its stakeholders, will never occur. The Panel is making a few additional recommendations that will further assist the Corporation in its financial management improvement efforts, including a recommendation to make CNCS' program and office directors full participants in the management of their administrative funds, and a recommendation to integrate AmeriCorps*National Civilian Community Corps' financial activities with the rest of the Corporation's. Critical to improving CNCS' financial operations is a rationalization of the underlying financial information systems. The Panel recommends that the CEO delegate to the chief information officer authority and oversight for the Corporation's information technology resources commensurate with his responsibilities as outlined in the Clinger-Cohen Act.

HUMAN RESOURCES

In the past couple of years, the Corporation has made significant strides to improve its human capital (HC) management practices. It has made major shifts in its treatment of employees under its Alternative Personnel System (APS), which Congress authorized in 1993. That system has not worked well in the past, in part, because of conflicts between the Corporation's philosophy that all employees would be short-term, and a practice that treated all staff as long-term employees. These inconsistencies have now been reconciled, and the associated APS policies/practices are now being updated. However, a larger task looms before CNCS because it must grapple with the perception held by many staff that they lack career progression opportunities, and the need to develop guidance so staff know what is expected of them to progress within the organization. The Panel makes several suggestions to the Corporation on how to deal with these issues.

Even if the Corporation resolves inconsistencies in APS and addresses the issues related to career progression, it will not succeed in its attempts to rationalize its human resources policies until it corrects the basic weakness that APS has never been funded properly. CNCS has never requested adequate funding for the pay for performance feature of APS or the bonuses, which are an integral part of the system. As a result, APS employees have not received increases in pay to the same extent they would have if they had remained in the General Schedule system. At the Academy's urging, CNCS has changed a number of internal budgeting practices that led to this problem. But the Panel believes APS also needs an infusion of money, estimated at about \$1,000,000, to provide pay adjustments in fiscal year 2006. This figure is based on other effectively functioning pay banding systems.

Early into its review of CNCS' HC operations, the Academy study team realized that, rather than additional study, the Corporation's Office of Human Capital needed help to perform some basic

HC operations. Thus, the team redirected its efforts to conduct three operational studies in the areas of position management and compensation equity. The results of those studies have been provided directly to CNCS management.

STRATEGIC MANAGEMENT

CNCS management and staff have devoted substantial time and effort to make the Corporation more strategy-centered and results-oriented. They have responded to Government Performance and Results Act (GPRA) and other government-wide requirements. They also have decided to use planning and planning-related tools to focus more of the Corporation's resources on strategically significant social issues; increase the amount of cooperative effort between the Corporation's diverse programs; and develop effective performance measurement and management processes. The challenges they face are significant because the Corporation continually acquires new key stakeholders; the Corporation's programs are very diverse; and the services CNCS hopes to deliver are provided by entities that the Corporation supports and influences but cannot control.

Although the Panel's general focus was on ways to help the Corporation become even more strategically-centered and results-oriented in the future, members of the Academy study team provided direct support of immediate benefit to the Corporation in the areas of metrics development and stakeholder participation in the strategic planning process. The recommendations presented in this report recognize that establishing an effective and ongoing strategic and metrics-based management process is a multiyear process.

Now that the Board of Directors has approved a new strategic plan, CNCS must put it to use in a variety of venues. It needs to unify future strategic planning and related activities by involving all the necessary players in the process, and turn its planning into the basis for managing the Corporation. The Panel recommends that the CEO establish a position in his office for this purpose.

LEGISLATION

The Panel considered recommending a comprehensive revision of the Corporation's underlying legislation to create an organic act that would rationalize the Corporation's structure, and provide the CEO with the authorities needed to operate in a business-like fashion. However, based upon discussions with congressional staff, the Panel decided that it would be fruitless to proceed with such a proposal at this time. Instead, the Panel is proposing that the Corporation submit legislative proposals to implement the Panel's recommendations, and also is including recommendations for several additional legislative changes to improve the Corporation's operations. These include proposals to eliminate obsolete positions specified in law, allow training funds to be used across program lines for better program coordination, and codify some provisions included annually in appropriations. A critical provision would authorize limited use of program funds for evaluation activities. This would give the Corporation the necessary resources to comply with GPRA, as well as provide the data necessary for OMB Program

Assessment Rating Tool reviews. It also would provide the means for the Corporation to respond to congressional inquiries on program performance and accomplishment.

The Panel suggests that the Corporation submit the legislative proposal to Congress as part of its fiscal year 2007 budget submission that goes to Congress in February 2006. With the possible exception of the change to the AmeriCorps*State competitive grant formula, the legislative proposals should consist of non-controversial items that Congress can treat as an administrative clean-up matter. As such, the Panel believes that the proposal should be kept separate from proposals to reauthorize or otherwise change the nature of the programs.

THE FUTURE

As the Panel completes its work, it leaves CNCS with a substantial amount of work for the future. The Panel recognizes that it may take several years to bring to fruition some of the Panel's recommendations. CNCS has requested that Academy staff remain available for a period of time after this report is issued to help with implementation activities, and the Panel is happy to make that possible. One of the major areas where the staff will provide assistance is the development of a management action plan to enable CNCS to manage its many change management initiatives.

The Panel has enjoyed its year-long relationship with CNCS, and wishes the Corporation well as it moves forward in a program of continuous improvement.

CHAPTER 1

INTRODUCTION

The Corporation for National and Community Service (CNCS or the Corporation) is a relatively small organization of about 630 positions that administers an assortment of national and community service programs with widely varying histories. The legislation that established the Corporation—the National and Community Service Trust Act (NCSA) of 1993—created a flagship service program for the new organization, AmeriCorps*State/National, and incorporated existing programs for service learning¹ and the National Civilian Community Corps (NCCC),² which was modeled after the older Civilian Conservation Corps of the Depression era. The legislation also transferred to CNCS a number of existing national service programs previously authorized under the Domestic Volunteer Service Act (DVSA) of 1973 that were administered by the old ACTION agency. These include the Volunteers in Service to America (VISTA) program, Foster Grandparent Program (FGP), Senior Companion Program (SCP), and the Retired and Senior Volunteer Program (RSVP). A chronology of the legislation illustrating the migration of the programs is shown in Figure 1 on the following page.

The consolidation of these programs into the Corporation did not change the nature or the appropriations structure of the programs. Most DVSA programs have antipoverty-related eligibility criteria. The NCSA programs do not. Until the fiscal year (FY) 2006 appropriations, when a reorganization of the appropriations subcommittee structure occurred, the House and Senate Labor-HHS appropriations subcommittees funded all the DVSA programs, and the VA-HUD appropriations subcommittees funded all the NCSA programs. Beginning in FY 2006, however, all appropriations for CNCS have been consolidated under the jurisdiction of the Labor-HHS appropriations subcommittees. The effect of this change on CNCS structure and operations is yet to be determined.

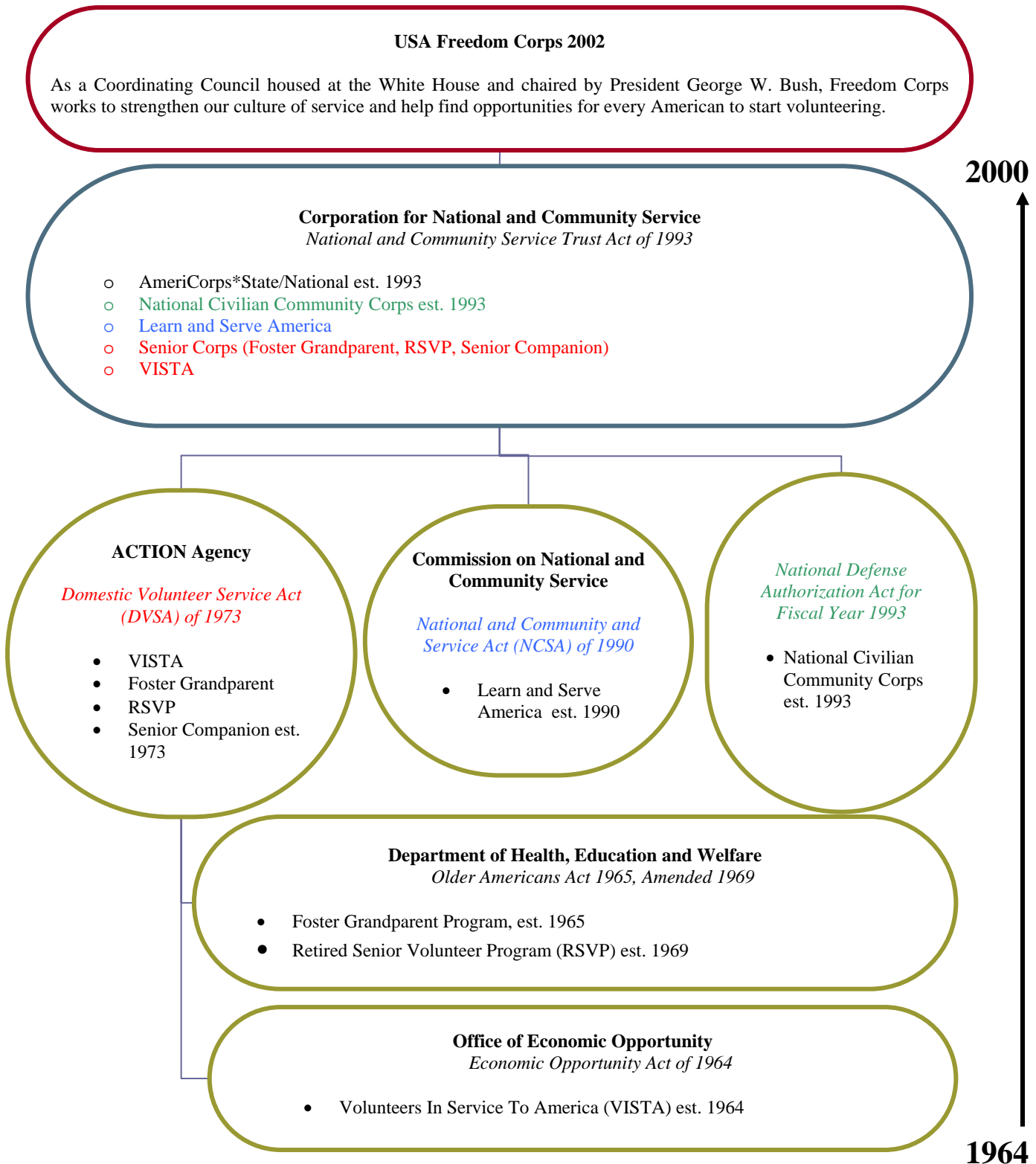
In a 1998 Academy study of the Corporation,³ the Panel overseeing the study noted that Congress did not create an organic act for the Corporation to bring together into a unified framework the organization's programs. Instead, the 1993 Act resulted in a patchwork of funding streams, organizational structures, and service delivery systems. This patchwork nature of CNCS' structure and management continues to exist. Although the Corporation's basic design is not the subject of this study, many of the problems identified clearly emanate from flaws in the Corporation's authorizing legislation. This report discusses several basic design issues, however, the Panel recognizes that many of these issues cannot be changed easily for political reasons. Accordingly, the report concentrates primarily on changes that are feasible within the Corporation's current construct. However, it includes a few recommendations for legislative action that are needed to implement other Panel recommendations and improve CNCS' operations.

¹ Initially authorized in the National and Community Service Act of 1990.

² Initially authorized in the National Defense Authorization Act for Fiscal Year 1993.

³ National Academy of Public Administration. *Corporation for National Service: Strengthening Organizational Effectiveness and Service Delivery*, (Washington, D.C.: National Academy of Public Administration, 1998).

Figure 1
CONDENSED CHRONOLOGY AND LEGISLATIVE HISTORY OF THE CORPORATION



CORPORATE STATUS

Although designated a corporation in the 1993 legislation, CNCS is fully dependent on its annual appropriations, has no significant receipts, and has few characteristics of a government corporation other than a chief executive officer (CEO) who technically reports to a Board of Directors. A Board of Directors, however, is not required for a corporation under the Government Corporation Control Act.

In the previous study of the Corporation, the Academy Panel identified the basic criteria for a government corporation: (1) it should be an entity engaged in business-like practices, and (2) it should be able to obtain a significant part of its operating funds through revenue-producing activities. The study noted, however, that:

When the Corporation legislation was introduced, proponents appeared to be very interested in portraying the new organization as a business-like entity, on the cutting edge of the movement to reinvent government. They devoted considerable attention to providing the new entity with a flexible personnel system. Their goal was to have a system where employees could be held accountable, like a private corporation. Proponents also wanted the new organization to promote competition among applicants for program funding in order to effect high-quality programs. These factors, together with the business background of the first CEO who also helped draft the legislation, combined to produce a piece of legislation that granted corporate status to the new entity, even though it has few of the attributes of a government corporation.⁴

THE CORPORATION'S PROGRAMS

The Corporation's programs differ in size and purpose. They have different funding streams, grant cycles, regulations, and procedures. They also are managed by a wide range of federal and state entities.

Domestic Volunteer Service Act Programs

AmeriCorps*Volunteers in Service to America

AmeriCorps*VISTA (or VISTA) provides full-time volunteer slots to nonprofit and public agencies with the objective of alleviating poverty, empowering communities, and building capacity within local organizations. Organizations receiving the volunteer slots recruit the VISTA members, but the members are employed directly by the federal government.⁵ Members serve for one year, live at the same subsistence level as the low-income communities they serve, and generally work individually rather than in teams. At the completion of their service, VISTA members are eligible to receive an education award.

⁴ Ibid., 12.

⁵ In some limited instances, CNCS has awarded VISTA grants where the members are employed by the grantee.

Senior Corps

Senior Corps is an umbrella term for a network of programs that tap the experiences, skills, and talents of older citizens to meet community challenges. There are three programs—Foster Grandparent Program (FGP), Senior Companion Program (SCP), and RSVP.⁶ FGP volunteers provide one-on-one assistance to youth with exceptional needs in schools, hospitals, correctional facilities, and Head Start centers. SCP volunteers assist homebound senior citizens with daily tasks and provide them with companionship. Senior companions spend an average of 20 hours a week helping an average of two to four adult clients live independently in their own homes. Senior companions provide relief to caregivers and alert doctors and family members to potential problems. RSVP volunteers engage in a wide variety of community-based activities, depending on the needs of the community. Some of these include organizing Neighborhood Watch programs, renovating homes, teaching English to immigrants, and assisting victims of natural disasters.

National and Community Service Trust Act Programs

AmeriCorps*State/National

AmeriCorps*State/National provides grants to non-government and government agencies that sponsor national service programs in education, public safety, health, and the environment. The AmeriCorps*State/National program office distributes grants based on a formula established by the 1993 Act. The program awards one-third of its funds using a population-based formula to governor-appointed state commissions that, in turn, sub-grant those funds to local nonprofit and public organizations (AmeriCorps*State formula grants). Tribal entities and U.S. territories each receive one percent of available grant funds. Roughly 25 percent goes to national nonprofit organizations operating in at least two states (AmeriCorps*National grants). The remainder of the funds, approximately 40 percent, is awarded to state commissions on a competitive basis (AmeriCorps*State competitive grants). AmeriCorps*State/National grantees are responsible for recruiting, selecting, and supervising AmeriCorps volunteer members. Upon completion of their service terms, members are eligible to receive education awards.

Although AmeriCorps is primarily youth oriented, subprograms exist for adults in an Experience Corps and a Professional Corps.

Education Awards Program

The AmeriCorps Education Awards Program was created in 1996 to increase the number of individuals doing community service, and to lower the average cost to the federal government of placing AmeriCorps members. Organizations partnering with CNCS in the program do not receive grant funds other than for administrative expenses, but their volunteers are eligible for education awards upon completion of their service. The program offers streamlined program administration and reporting requirements for participating organizations. The Education Awards Program has been an especially good fit for college-based service programs, which have

⁶ CNCS no longer uses the original program name, Retired and Senior Volunteer Program, only the acronym, RSVP.

used reduced part-time positions to provide direct service as well as to perform volunteer coordinator roles.

Learn and Serve America

The Learn and Serve program provides financial grants to schools, community-based organizations, and institutions of higher learning to support teachers and community members who provide young people with opportunities to learn and develop their own capabilities through service learning. Service learning is a teaching and learning method that involves students in thoughtfully organized service activities addressing community needs and complementing students' academic studies. Learn and Serve America has two components—school- and community-based programs for elementary through high school (K-12); and higher education programs. Learn and Serve also manages the National Service Learning Clearinghouse and Presidential Freedom Scholarship programs.

AmeriCorps*National Civilian Community Corps

NCCC is a 10-month, full-time, team-based residential program for men and women between the ages of 18 and 24. The program offers NCCC members the opportunity to participate in a wide range of service projects, but gives priority to activities in the areas of public safety, public health, and disaster relief. NCCC members are housed in one of five campuses located in Charleston, South Carolina; Denver, Colorado; San Diego, California; Perry Point, Maryland; and Washington, D.C., but are sent to work on 8 to 10-week projects in other states when needed. Members also are on 24-hour call to the Federal Emergency Management Agency (FEMA), the American Red Cross, the U.S. Forest Service, and the National Park Service to support disaster operations.

Other NCSA Programs

The Corporation also manages several other grant programs and special initiatives.

- Next Generation Grants provide seed money to help startup organizations that have not previously received funds from the Corporation to plan and implement new service programs that have the potential to become national in scope.
- Challenge Grants is a matching grant program designed to help nonprofit organizations secure previously untapped sources of private funds in order to build sustainable service and volunteer programs.
- King Day of Service Grants support community organizations in their efforts to engage local citizens in service on the Martin Luther King, Jr. federal holiday.
- Presidential Freedom Scholarships allow each high school in the country to select up to two students—juniors or seniors—to receive a scholarship for specified service.
- The President's Council on Service and Civic Participation presents the President's Volunteer Service Award to citizens of all ages and backgrounds who have demonstrated a sustained commitment to service.
- Partnership Grants provide funding to support two organizations:

- the Points of Light Foundation, whose mission is to engage more people more effectively through volunteer centers, to help solve serious local problems
- America’s Promise, whose mission is to build the character and competence of the nation’s youth by fulfilling five promises: ongoing relationships with caring adults, safe places with structured activities, a healthy start, marketable skills, and opportunities to give back

ORIGINS OF THE STUDY

The Academy’s 1998 study of the Corporation was mandated by the Balanced Budget Down Payment Act of 1996, which stated that the study should focus on the “...structure, organization, and management of the Corporation...” The Corporation requested that, in addition, the Academy conduct an interim assessment of its unique (at that time) Alternative Personnel System (APS).

While the 1998 report had little initial impact on CNCS operations, new leadership in CNCS decided it was time to review all recommendations for improvement that the Corporation had received. At the same time, congressional interest in CNCS’ operations was heightened by an untoward event in the handling of the Corporation’s funds—an Antideficiency Act (ADA) violation involving the National Service Trust (the Trust). The Trust, established in the 1993 Act, funds education awards for participants in the AmeriCorps program. Although the bulk of the funding is used for the AmeriCorps*State/National members, education awards also are available for AmeriCorps*VISTA and AmeriCorps*NCCC members. In addition, the Trust is used to fund Presidential Freedom Scholarships.

Every participant in the AmeriCorps program who provides 1,700 hours of community service is eligible for an education award of \$4,725, which can be used at any time up to 7 years after completion of service. CNCS developed a system to estimate funding requirements for the Trust. However, there was a disconnect between the financial staff who determined the number of education awards and program office staff who determined the allowable number of volunteers. This disconnect was not recognized until November 2002, when CNCS executives determined that education awards for enrolled members would exceed Trust assets by about \$64 million.

The ADA violation triggered a series of events, including a suspension of enrollments in the AmeriCorps program;⁷ investigations by the CNCS Office of Inspector General (OIG) and the Government Accountability Office (GAO); a supplemental appropriation by Congress to offset the deficiency and allow enrollments in the program to resume; and a new piece of legislation—the Strengthen AmeriCorps Program Act (P.L. 108-45), which provided statutory guidance for the Trust and prescribed rules for estimating the Trust’s liabilities. A more complete description of the ADA violation and events surrounding it is included in Appendix B.

Following these actions, language in the 2004 report of the Senate Appropriations Committee on VA-HUD appropriations bill, which financed a portion of CNCS, directed CNCS to contract

⁷ CNCS referred to this suspension as the “pause.”

with the Academy “to conduct a comprehensive review of the leadership, operations and management of the Corporation.” The report provided further guidance by stating that the committee was “particularly interested in the areas of financial management, field and headquarters organization structure, business processes, grant program structure and operations, human resources management, and interactions with involved State and local entities and other stakeholders.” The Academy’s study began with an authorization to proceed from CNCS on August 5, 2004.

CNCS IMPROVEMENT INITIATIVES

Even before Congress authorized this study, the Corporation had taken steps to make a number of basic improvements in its operations. At the CNCS Board’s request, CNCS established a grants management task force, which issued a report to the Board in May 2003 recommending a number of improvements in the Corporation’s grant-making practices. In October 2003, CNCS established a management improvement team (MIT) to analyze areas for improvements and propose recommendations to the Corporation’s executive management team. The MIT concentrated on grants management, including the report of the grants management task force; operations of the National Service Trust, based on the GAO and OIG reviews; and a review of a consultant report on the APS. The team also was charged with working on other initiatives related to financial management, human resources, and program reviews. The MIT identified problem areas and strategies for addressing the problems, after which it was disbanded and the responsible program offices were charged with necessary follow up. This was accompanied by a decision to contract with Deloitte Consulting for a high-level business process review (BPR) on an expedited timeline. The review covered grant awards and monitoring, the Trust, workforce planning, payroll, procurement, and communications.

The BPR identified four major “enterprise-wide” themes that occur across business and functional areas throughout the Corporation. These were described as strategic initiatives that CNCS could undertake in the long term to effect significant improvements in the way it does business.

- **Knowledge Management**—developing a central, enterprise-wide repository for all operational, management, and reporting data, and allowing information to be easily captured, shared, and accessed by employees and appropriate stakeholders
- **Customer Relationship Management**—developing a CNCS-wide customer service strategy and providing customers a web-based, on demand, self-service capability
- **National Service Trust Automation**—introducing a higher level of automation to the administration of Trust operations in the form of a web-based workflow processing capability
- **Integrated Grants Processes**—standardizing risk management methodologies, processes and procedures across the organization; reducing the number of non-value-added steps in grants-related processes; and introducing automated workflow processing to grants review, selection, oversight, and management

The BPR also identified 17 “immediate opportunities” to ease operational pressures within specific process steps.

At the direction of the Panel, Academy staff did not study areas covered in the BPR. However, CNCS leadership did ask Academy staff to review periodically the BPR recommendations and implementation progress.

In addition to the BPR initiatives, CNCS also had several other self-generated initiatives underway covering a wide variety of areas, including workforce planning; creation of a data warehouse; updating business systems; development of metrics for both the Board and CNCS management; and some office restructuring and functional realignments.

STUDY METHODOLOGY

The Academy convened an expert Panel to review the organization, guide the project research, and make recommendations for changes in both organization and process. It also assembled a study team experienced in public management and organization, human resources management, and financial management to support the Panel. Biographical sketches of the Panel members and study team are in Appendix C.

The Panel, study team, and CNCS management established an open, interactive relationship. Study team members were frequently invited to participate in internal management meetings, and the Corporation’s Board chair and CEO were invited to all Panel meetings. Regular briefings of the CEO kept him and other top staff informed of both the Panel’s and study team’s current thinking, and gave him the opportunity to implement ideas without the need for formal Panel recommendations. Members of the study team also were invited to make presentations at Board meetings that took place during the study. CNCS management encouraged interaction of the Academy staff with Board members, and this was done to the extent possible.

The primary means of data collection were interviews with CNCS staff in headquarters and the field; staff and members of state commissions; state education agencies, recipients of CNCS grants and assistance and their volunteer members; and other stakeholders, including congressional and Office of Management and Budget (OMB) staff. Members of the study team reviewed applicable documents, including GAO reports, OIG reports, Office of Personnel Management (OPM) studies, budget materials, and applicable literature, including prior Academy reports and other documents related to the structure and management of boards of directors. In addition, the study team conducted benchmarking interviews with other agencies in order to draw comparisons with CNCS’ grant-making procedures and human resource activities. A list of persons interviewed or contacted throughout this study is in Appendix D.

During the course of the study, it became clear that there had already been more than sufficient studies of the Corporation’s human capital operations and the APS. With the concurrence of the Panel, Academy staff changed the focus from study to hands-on assistance, and conducted three unpublished studies on position management and compensation equity as a way of assisting the Corporation. These studies are further described in Chapter 6.

Also during this study, CNCS leadership and the Board of Directors were involved in updating the Corporation's strategic plan to meet external requirements and internal needs. Upon learning of the planning expertise of study team members, CNCS requested direct assistance to ensure that internal and external stakeholders were appropriately engaged and involved in the process. The nature of the assistance provided by the study team is described in Chapter 7.

The Panel met four times during the course of the study to review progress, provide direction to the study team, and review the final report. Both the CNCS CEO and chairman of the Board attended most of the Panel meetings to exchange views with the Panel on issues under discussion.

ORGANIZATION OF THE REPORT

The remainder of the report is organized as follows: Chapter 2 describes the evolving role of the Board of Directors. Chapter 3 discusses the impact vacancies in the Corporation's senior leadership positions have had on the organization, and the management and implementation of CNCS' programs, with special emphasis on the Corporation's field structure and the role of the chief operating officer. Chapter 4 discusses opportunities to restructure CNCS headquarters for better management. Chapter 5 addresses CNCS' financial management and grants operations. Chapter 6 focuses on human resource management in CNCS, and provides information from the unpublished human capital studies conducted by Academy staff. Chapter 7 discusses the processes and results of CNCS' efforts to create a strategic planning and management process and appropriate program measures. Chapter 8 sets forth a possible legislative agenda, and identifies additional actions that CNCS needs to take to further improve its organizational effectiveness.

CHAPTER 2

CLARIFYING THE ROLE OF THE BOARD OF DIRECTORS

Government corporations are not required to have boards of directors. The Saint Lawrence Seaway Development Corporation, the Federal Housing Administration, and the Government National Mortgage Association are examples of government corporations without boards. However, in keeping with congressional interest to portray CNCS as a business-like entity, the Corporation's legislation directs that CNCS have a 15-member, bi-partisan Board of Directors, with members appointed by the President and confirmed by the Senate for 5-year staggered terms. The Board must meet at least three times a year, which is its current practice. In addition, the Board's three committees—Strategy, Management, and Governance; Communications; and Program—meet regularly between Board meetings.

Because of its bipartisan make-up, the Board has been an important vehicle for explaining and advocating the Corporation's mission to persons having different service philosophies. It also has been called upon to assist periodically with management issues when Congress, the inspector general, and others have raised concerns over program costs, financial system failures, weak internal controls, and other matters related to management effectiveness.

During the Academy's 1998 review of the Corporation,⁸ the Panel examined the role of CNCS' Board of Directors, and recommended that the Corporation propose legislation to enhance the Board's role in policymaking and discontinue its operational role in the grant approval process for AmeriCorps*State/National and Learn and Serve grants. The Board's role has continued to evolve these last seven years, but its scope and focus are not clearly documented or understood by Corporation staff, Board members, or Corporation stakeholders. Disparities between the Board's current role and what people believe its role should be add to the ambiguity surrounding CNCS' Board of Directors. This chapter discusses the evolution of CNCS' Board of Directors, and identifies changes needed for it to oversee more effectively the work of the Corporation.

BOARD MEMBERSHIP

The Corporation's Board membership has always fluctuated. Since the Corporation's creation in 1993, it has never had the full complement of 15 members.⁹ The average number of Board members has been about 10, but during any given year, membership has often been less. Filling Board vacancies has always been a problem because presidential nominations are generally slow in coming.

Table 1 shows the number of Board members as of October 1 for every year since the Corporation's inception.

⁸ National Academy of Public Administration, *op. cit.*

⁹ During the course of this study, Academy staff examined the question of optimal board size, but found no clear answer. Academy staff found boards that appeared to function well with sizes that ranged from 3 to 24.

Table 1
CNCS Chronology of Board Members

As of October 1 Each Year

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Members	2	10	13	10	10	7	12	13	11	10	7
Vacancies	13	5	2	5	5	8	3	2	4	5	8

Of the seven Board members as of October 2004, five were recess appointments that extended the appointments of members already serving on the Board. In November 2004, the Senate confirmed the appointment of nine members—3 new members, the 5 recess appointments, and 1 other individual who had previously served on the Board—raising the number of Board members to 11 and reducing the number of vacancies to 4.

TYPES OF BOARDS

There are two common genres of boards—governance boards, which are ubiquitous in the private and nonprofit sectors, and advisory boards, which are found in the public and private sectors. One of the principal differences between these two types of boards is the locus of power and the resulting assignment of authority and responsibility for the organization’s performance. The typical governance board in the private sector is powerful because it represents the equity holders (that is, the owners), and has the authority to hire and fire key executives; establish levels of management compensation; approve budget and major financial transactions; and determine the organization’s focus and strategic functions. The balance of power is reversed in the case of advisory boards in the federal government because they typically serve at the pleasure of the President or the head of the agency that establishes them.

Governance Boards

Governance boards have a wide range of responsibilities. Observers with a legal bent typically mention board functions that include representing the interests of stakeholders; selecting and replacing the CEO; and ensuring that the corporation does not break the law. Observers with a management bent tend to emphasize the responsibility of the board to provide strategic advice to top management and promote the reputation of the firm externally.

Boards of nonprofit organizations (NPOs) are typically more limited than corporation boards in their range of decisionmaking because the mission of the nonprofit is often historically defined, as is true of the Boy Scouts and the Red Cross, for example.¹⁰ In contrast, for-profit corporations must transform themselves to accommodate changing markets and technology. Also, the NPO board is responsible to the members of the organization rather than stakeholders. Nevertheless, like corporation boards, NPO boards usually select the CEO and establish strategic policies for the organization. And the primary activities of NPO boards are typically carried out by

¹⁰ NPOs, however, have been known to redefine their missions, e.g., the March of Dimes.

subcommittees, just as they are in corporate boards. For example, a personnel subcommittee sets the compensation level for the organization's top executives. In contrast to corporate board members, however, NPO board members do not have access to stock, and many serve without compensation.

Advisory Boards

Advisory boards are frequently used in the private sector for wholly-owned subsidiaries. The typical advisory board shares two important characteristics with CNCS: (1) the board does not select the CEO and (2) the board does not dictate the primary business of the subsidiary.

Advisory boards and board-like entities (commissions, committees, etc.) also are widely used throughout the federal government to accomplish a variety of ad hoc and ongoing activities. Many of these entities are specifically designed to provide advice to the organization's decisionmakers. For example, the Defense Science Board advises the secretary of defense and other senior department officials on scientific, technical, manufacturing, acquisition, and other matters of special interest. The National Institutes of Health have numerous advisory boards. The National Cancer Institute alone has several committees and panels in addition to three entities that are specifically called advisory boards—the Board of Science Advisors, the National Cancer Advisory Board, and the Board of Science Counselors. There also is an advisory board that provides counsel to the leadership of the Pension Benefits Guarantee Corporation.

EVOLUTION OF CNCS' BOARD OF DIRECTORS

CNCS' Board of Directors fits neither the governance nor advisory board model. The Corporation's legislation established the Board of Directors with a mix of advisory, policy, oversight, and operational responsibilities.

Although the term "governing" does not appear in the legislation, the CNCS Board has two key attributes of a governing board—it is responsible for reviewing and approving the CEO's proposals regarding regulations and other standards, policies, procedures, programs, and initiatives for carrying out the national service laws; and it reviews and approves the Corporation's strategic plan. Since November 2004, the newly-constituted Board has been examining its policy-making function, and it has been actively involved in revising the Corporation's strategic plan, which CNCS leadership and the Board want to use to drive the annual budget formulation process.¹¹

On the other hand, there are three key attributes of a governing board that the CNCS Board does not possess. First, the Board does not approve the Corporation's budget. Rather, it approves the notices of funds availability (NOFAs) and the operating plan, which are how CNCS executes its budget. Second, the Board cannot shape the organization's focus and scope of endeavor. These attributes are dictated by legislative mandate. Finally, the Board cannot hire or remove the CEO, as these activities are the prerogatives of the President. However, the current CEO has created a

¹¹ The Corporation's strategic planning efforts are the subject of Chapter 7.

performance management plan, and the Board will evaluate the CEO annually against the plan and submit the evaluation to the White House.

The Corporation's legislation also includes responsibilities for the Board that are more advisory or operational in nature. For example, the Board is authorized to:

- review and advise the CEO on actions affecting Corporation personnel and such standards, policies, procedures, programs and initiatives necessary to carry out the national service laws
- review and approve the CEO's plan for evaluating the Corporation's programs, and ensure effective dissemination of information about Corporation programs and initiatives
- review and approve the CEO's proposal for the issuance of grants and allotments, contracts and other financial assistance, and the designation of national service positions needed to carry out the national service laws

In his paper (circa 1999), *Politicizing the AmeriCorps Program*, former CNCS Board member Christopher Gallagher describes the CNCS Board of Directors as a "work in progress." As the CEO, Board membership, and issues have changed over the years, so too has the role of the Board. The first CEO, Eli Segal, sought the Board's "experience and special knowledge," but only on an as-needed basis. During the tenure of the second CEO, Harris Wofford, the Board became more involved in CNCS' day-to-day operations and stepped in to help address management issues, such as the lack of internal controls. According to Gallagher, "...the activity behind the scenes around these management issues had engaged the Board's direct attention and involvement throughout the Corporation." These management problems and their perceived threat to the very existence of the Corporation helped shape the Board as a unit, engaged the Board as a partner with the CEO, and elevated the Board's utility within the Corporation's overall management scheme. In 2002, under the third CEO, Les Lenkowsky, when the Corporation was in violation of the Antideficiency Act in the National Service Trust,¹² the Board once again stepped in to help the Corporation resolve its problems and serve as a buffer between the Corporation and some in Congress who saw this as an opportunity once again to challenge the existence of the Corporation.

Disparate Views of the Board's Role

The Panel found significant disparities between the (1) Board's current role, (2) the role people believe the Board should be performing to help govern the Corporation, and (3) the Board's ability to assume additional responsibilities.

Congressional doubts about CNCS' ability to manage itself have existed since the Corporation was created, and Congress has monitored CNCS' activities especially closely. Congress appears to expect that CNCS' Board will perform as a governing board; exercising management oversight of the Corporation's activities.¹³ However, without the key attributes of a governing

¹² See Appendix B for a discussion of this incident.

¹³ For example, in the Senate hearings on the Corporation's 2004 appropriations, while discussing the Antideficiency Act violation, the Board was taken to task for not exercising sufficient oversight, and was accused of exercising "no stewardship, no responsibility, no accountability."

board, the Board faces significant obstacles in meeting these expectations. Although the Board does approve the Corporation's strategic plan and has some policy-making responsibilities, without the ability to manage the CEO who runs the business, CNCS' Board is, according to an expert on boards, only "a paper tiger." It does not have the authority needed to be a governing board.

Board members interviewed are aware of the Board's limited authority and potential impact, and see their role as primarily advisory. Everyone interviewed was in favor of giving the Board more of a policy-making role and involving it in strategy development, and Board members appear to be interested in moving in this direction. For example, at its September 2005 meeting, the Board eliminated its detailed review of NOFAs and will now perform only a policy review.

Individuals interviewed also generally agreed that the Board should reduce its involvement in operational decisionmaking, and the Board has taken steps to do that. Prior to 2004, the Board received for its concurrence all documentation for NCSA grant applications that Corporation staff recommended for approval. The revised procedure implemented in 2004 calls for the Board to develop yearly guidelines for awards that establish areas of emphasis for national service. The CEO then submits a list of the applications he recommends for funding with only a brief description of each grant, and certifies to the Board that these applications meet the Board's guidelines. This new procedure delegates to the CEO greater authority and reduces the Board's hands-on involvement in the Corporation's grant-making activities. It is supported by everyone Academy staff interviewed. However, Board members interviewed believe that they should retain the ability to rescind this delegation of authority and step back into an operational role if they believe such action is warranted.

The Need for Role Clarity

The Panel found that observations made by board experts during the Academy's study of the National Science Board (NSB)¹⁴ are relevant to the discussion of the Corporation's Board. The experts unanimously believe that one of the most common causes of problems and tensions that reduce board effectiveness is the lack of clarity about the board's roles and responsibilities vis-à-vis other components of the organization. The experts agree that when roles and responsibilities of the board and CEO are not clear, a tension develops beyond the normal creative tension that enhances a board's performance. One expert defines creative tension or constructive interaction as "... a culture and a relationship of mutual trust and respect between two individuals who understand that there are two separate and distinct roles to play." According to another expert, "Trust problems virtually always stem from a Board not being clear about what it wants and does not want." To solve this problem, organizations must clearly document the roles and responsibilities of the board, management, directors, and committees in governance guidelines that are regularly reviewed and updated and made publicly available.

The CNCS Board of Directors does not have governance guidelines that define its roles and its relationship to CNCS management. The Panel believes that the lack of such guidelines is the

¹⁴ National Academy of Public Administration, *National Science Foundation: Governance and Management for the Future*, (Washington, DC.: National Academy of Public Administration, 2004).

main reason why, when asked, the majority of people interviewed said they did not have a clear understanding of what the CNCS Board of Directors does.

SUPPORTING THE BOARD AND MEETING ITS INFORMATION NEEDS

A question that surfaced during the study is whether or not the Board needs additional support and information to perform its functions. The answer to that question depends largely on the Board's role. Typically, an advisory board has little need for staff support other than routine logistical support and information preparation to facilitate discussion at the board's meetings. A governing board, however, may have additional resource needs. "Timely, valid, comprehensive information is essential to the effective functioning of boards, and this information frequently comes from management. Experts on corporate and non-profit boards also agree that boards should have the ability to get information from other sources when necessary."¹⁵

Academy staff found that other public and nonprofit organizations with boards have approached this subject in different fashions. The Legal Services Corporation's Board of Directors has a budget in order to retain independent experts or consultants. For example, when the Board conducted a presidential search, it hired a consulting firm to help with that effort. The Red Cross' Board has a budget and three or four staff to conduct research on governance issues and to plan meetings. Its president/CEO has primary responsibility for providing the information that the Board needs in order to operate, but the Board can hire consultants.

The NSB relies on the director and staff of the National Science Foundation for information. However, the NSB also has its own staff to gather data and analyze issues. The Academy's 2004 study of the NSB found that a downside to the Board having a staff was that the staff were tempted to interject themselves between the Board and the CEO. With time on their hands, the Board's staff tended to get overly involved in the day-to-day management of the organization.

The nearly universal practice in the private sector is that boards receive the information and support they need from the corporation's management. An expert on boards consulted during this study supported this practice when he commented, "If the board had its own staff, you would have a company run with two heads—an untenable situation." If the requested support is not provided, the board corrects the matter by working through the CEO who is under its direction and control.

CONCLUSIONS AND RECOMMENDATIONS

When the Corporation's legislation was introduced, proponents were very interested in portraying the new organization as a business-like entity, on the cutting edge of the movement to reinvent government. These desires likely gave rise to designating the organization as a corporation and establishing the Board of Directors. However, the CNCS Board's role lacks clarity, and defining what its role should be is a complex issue.

¹⁵ Ibid.,22.

Many in Congress expect CNCS' Board to act as a governing board. But given its limited authority, this expectation seems unrealistic. The Board has none of the critical levers of power available to effect change: the power to hire and remove the CEO, set levels of compensation, and substantively change the programmatic focus of the organization. These powers are reserved for Congress and/or the President. A governing board and the CEO must work together in a collaborative fashion. Without the authority to hire and remove the CEO, the ability of the CNCS Board and CEO to work together depends largely on personalities and the interests of the CEO. The Corporation is fortunate because its current CEO and Board enjoy a collegial relationship, and are working together closely to bring about positive change throughout CNCS. But this has not always been the case during the Corporation's brief history, and the current working relationship between the CEO and the Board may not be predictive of the future.

The CNCS Board has matured and coalesced as a decision-making body, and it has demonstrated its ability to help set policy and corporate direction and oversee the Corporation's activities when necessary. It plays a critical role in the Corporation's interactions with Congress, and members have served as advocates for the Corporation, its mission, and programs. All Board members interviewed have confidence in the Board's ability to perform these functions effectively. They also believe that the Board should not be involved in operational decisions.

The Panel concurs that the Board should be more involved in setting the strategic direction for the Corporation and developing corporate policies. The strategic plan, which the Board approves, should determine the Corporation's budget priorities. The Panel also believes there are opportunities for the Board to strengthen its fiduciary oversight of the Corporation and to be a source of generative thinking that shapes CNCS' policies and advances its mission. Yet, there remains a question of whether the Board can effectively carry out these functions if it does not have some role in developing the organization's budget or the power to hire and remove the CEO, who is charged with implementing the Board's policies.

The Panel believes that action is needed to enhance the Board's ability to operate more like a governing board. The Board needs some form of leverage over the CEO if it is to play an effective role in policymaking. The Board's review of the CEO's performance management plan is a step in that direction. But the review is not mandatory, and the Panel does not believe it is sufficient. Legislative action is needed to formalize a meaningful role for the Board in the selection and retention of the CEO. The Panel also believes that formalizing the Board's role in the budget formulation process would strengthen its fiduciary oversight of the Corporation. The Board should set its expectations for CNCS' budget prior to its formulation, and review the budget submission to OMB and Congress. Operational detail, however, as in the execution of the budget, should not normally go before the Board.

The Panel recommends that CNCS submit a legislative proposal that (1) requires the Board to review the CEO's performance annually and to forward to the President its recommendation to retain or remove the CEO, and (2) requires the Board to review CNCS' budget in advance of submission to OMB and Congress.

Unless the CNCS Board is given this authority, it cannot be an effective player in the governance of the Corporation. The Panel believes that if Congress opts not to grant this authority, it should

consider re-designating the Board as advisory. Alternatively, Congress should consider whether or not the Corporation needs a board, in light of the fact that a government corporation is not required to have one.

If Congress believes that CNCS should retain its Board of Directors, the Panel believes that CNCS needs to follow the advice of board management experts who have analyzed successful board operations, and clearly define and document the Board's roles and responsibilities and its relationship to CNCS management. The nature of the Board's roles and responsibilities will depend on Congress' determination regarding the type of board the Corporation should have. In any case, the Panel believes that the process to define the Board's specific roles and responsibilities would benefit from having CNCS stakeholder involvement.

The Panel recommends that (1) the Board of Directors, in conjunction with interested stakeholders, develop a realistic set of governance guidelines that define its roles and responsibilities and its relationship to CNCS management and (2) the Board review and update the guidelines regularly.

Appointments to the CNCS Board of Directors have not kept pace with the vacancies. And while it may not be necessary for the Board to have the full complement of 15 members, when membership drops to less than half, as it did in 2004, the Board's ability to function is weakened. The Panel believes that the Board of Directors would be more effective if Board members were permitted to serve in the absence of an appointed successor. Such a policy would be consistent with the basic laws governing other boards that the Academy staff examined.

The Panel recommends that the Corporation propose legislation allowing Board members to serve until the Senate confirms their successors.

A board's primary source of information should be the organization's management team. Internal and external audits provide checks and balances to the information supplied by management and enable a board to perform its monitoring responsibilities. If a board has its own staff, the organization is at risk of being directed by two heads, which is untenable.

A board's information needs are apt to change over time. Depending on the issues facing an organization, a board may need expertise in strategic planning, effective communications, recruitment, metrics, etc., in order to inform its decision-making process. Academy staff found numerous references to boards' use of experts to meet specific board needs at various times. This allows a board to have the expertise it needs when it needs it. Within CNCS, the CEO should provide these resources when required to inform the Board's decisionmaking. However, the Panel does not believe the CNCS Board should require additional resources on an ongoing basis to execute its responsibilities. Therefore, a permanent staff for the Board is not needed, and any resource requirements should not require a separate line item in the Corporation's budget.

CHAPTER 3

STABILIZING SENIOR LEADERSHIP AND IMPROVING THE MANAGEMENT AND IMPLEMENTATION OF THE CORPORATION'S PROGRAMS

The senior leadership of any organization must effectively balance both external and internal managerial demands. In many federal agencies, the top executive assumes responsibility for personally handling those aspects of the business dealing with Congress, the Administration, and the agency's other key stakeholders, and the next in line has primary responsibility for managing the agency's internal operations. In CNCS, the CEO is at the organization's helm. There is no deputy to the CEO. Managing internal operations is the responsibility of the chief operating officer (COO) and the chief financial officer (CFO).

The current CEO, David Eisner, has devoted a great deal of his time and attention focusing on the Corporation's external stakeholders, and congressional staff have praised him for his efforts to actively engage them. However, during most of his tenure at the Corporation, the CFO and COO positions have not had permanent leaders in place. Since August 2004, the deputy CFO for planning and program management has assumed the financial management duties of the CFO. And for over a year, the COO position remained vacant, with CEO Eisner performing the role of the COO. While an arrangement such as this can function temporarily, it is not sustainable for a long period of time, as it is not possible for any one individual to navigate the entire ship effectively and, at the same time, run the engine room. This chapter examines the need for strong, stable leadership in the Corporation's senior management positions.

CNCS' headquarters offices are responsible for setting policy and direction for the Corporation's programs. However, selecting, overseeing, and monitoring the service providers who ultimately receive CNCS grant funds to run programs within communities is, for the most part, the task of a large network of CNCS state offices and state agencies located in every state. The two pieces of legislation that govern the Corporation—the Domestic Volunteer Service Act (DVSA) of 1973 and the National Community Service Trust Act (NCSA) of 1993, as amended—dictate CNCS' field structure and the roles and responsibilities of its staff, the state agencies, and other entities that oversee the implementation of CNCS' programs. The Corporation's five major programs differ significantly in how their programs are managed, due, in large part, to basic design flaws in the 1993 legislation, as discussed in Chapter 1.

Since Mr. Eisner assumed the CEO position, he has spearheaded numerous change management initiatives throughout the Corporation. CNCS is looking at how to improve everything from its recruitment and grant-making practices to its automated systems and customer service mechanisms. But, despite some efforts, there have been few changes resulting from a strategic examination of how the programs are managed and implemented, and whether opportunities exist for change that would help CNCS more effectively support the local communities it is trying to serve. This chapter also examines how CNCS manages and implements its programs; the roles and responsibilities of its staff; and how the Corporation oversees and integrates the vast network of field organizations responsible for managing its programs.

CNCS' HEADQUARTERS STRUCTURE

The Corporation's authorizing legislation states that it shall have a CEO as the agency head reporting to a Board of Directors, two managing directors, and a CFO, all of whom are to be appointed by the President with the advice and consent of the Senate. Over the years, the composition of this senior leadership team has evolved. Currently reporting to the CEO are two major organizational units—the CFO's office and the COO's office. The COO position is a CEO appointment rather than a presidential appointment. Also reporting to the CEO are the chief information officer (CIO),¹⁶ the chief human capital officer, and several other small staff offices. In addition, the inspector general (IG), who is appointed by the President, is under the general supervision of the CEO. Figure 2 on the next page shows the CNCS organization chart for its headquarters operations.

The COO position is a 5-year term appointment. The COO supervises the five major program offices (AmeriCorps*State/National, AmeriCorps*VISTA, AmeriCorps*NCCC, Senior Corps, and Learn and Serve); the Office of Field Liaison, which is responsible for the Corporation's state offices; the Office of Leadership Development and Training; the Office of Grants Policy and Operations; and the Director of Award Oversight and Monitoring. The directors of the five program offices are discretionary appointments.¹⁷ A new director of VISTA reported to CNCS in August 2005.¹⁸ The other four program office directors have been with CNCS for several years.

The CFO's organization is comprised of two offices. The deputy CFO for financial management is responsible for accounting and financial reporting, procurement, administrative services, and five service centers that are located in the field. The deputy CFO for planning and program management is responsible for the budget functions and grants management. That position is a discretionary appointment.¹⁹

The CEO, COO, CFO, and heads of the major offices comprise the Corporation's executive team. They meet regularly to share information, discuss issues facing the organization, and participate in the corporate decision-making process.

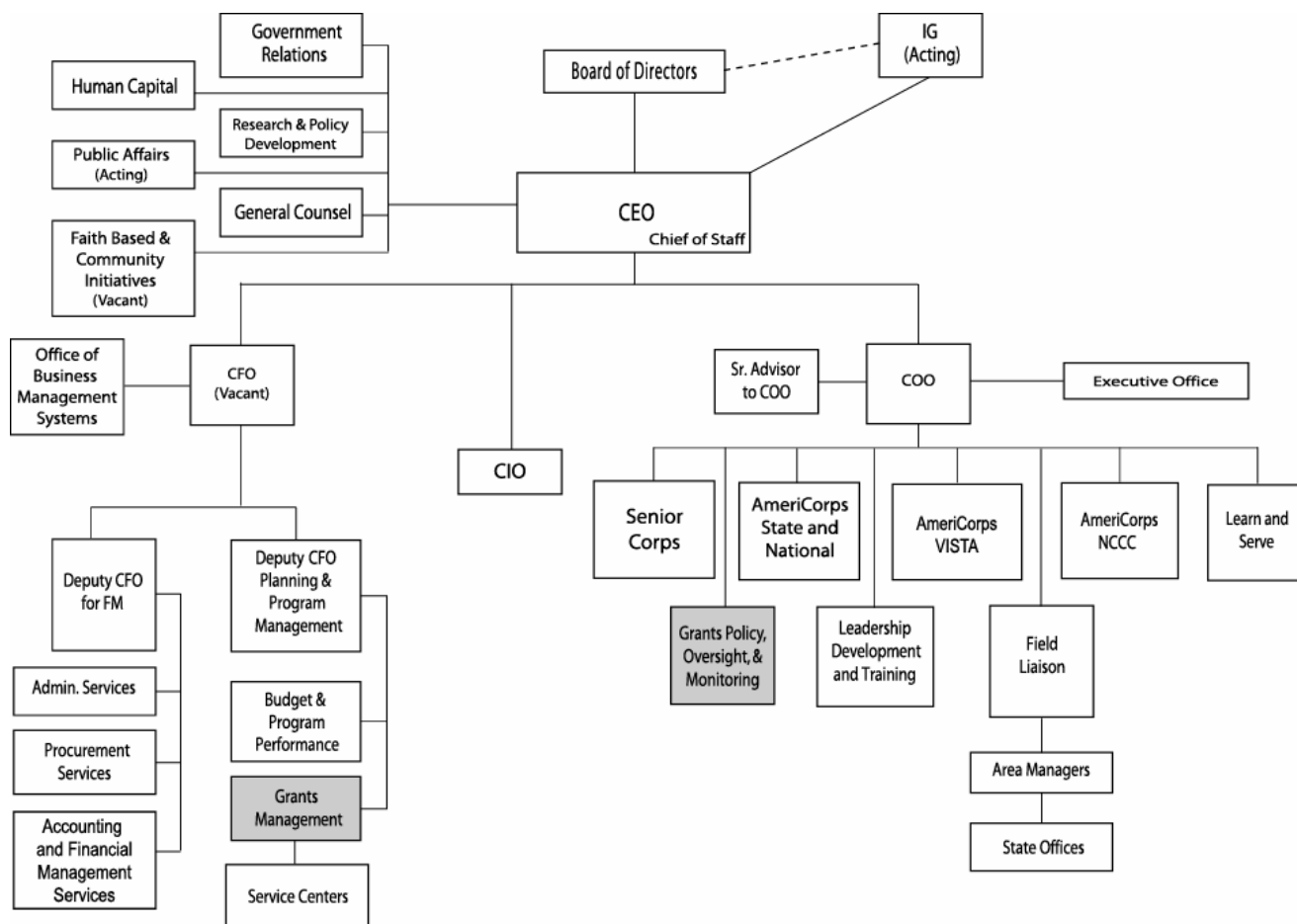
¹⁶ This is a new reporting relationship. Until August 2005, the CIO reported to the CFO.

¹⁷ According to CNCS' Alternative Personnel Handbook, discretionary appointments are "...appointments made to positions which involve significant policy making responsibilities and/or a confidential relationship with the Chief Executive Officer, another Presidential appointee, or another Discretionary appointee. (They would be considered Schedule C appointments in the General Schedule.) Although Discretionary appointments do not have a specific end date, they can be terminated at any time, with one day's notice."

¹⁸ The VISTA director position was filled by two acting directors from July 2002 until August 2005.

¹⁹ In the absence of a CFO, the CEO has delegated major financial management duties to the deputy CFO for planning and program management.

**Figure 2
CNCS ORGANIZATION CHART²⁰**



**TURNOVER AND EXTENDED VACANCIES IN SENIOR POSITIONS
HAVE WEAKENED CNCS’ MANAGEMENT CAPABILITY**

Like many federal organizations, CNCS has experienced a high incidence of turnover in its top management positions. The average tenure of its four CEOs has been about two-and-a half years. For its three CFOs, the average tenure was less than two years, and for the two COOs it was about two-and-a half years.²¹ Although the time needed to fill the CEO position has been relatively short—10 months or less—and it took only 6 months to replace CNCS’ first COO, it took 17 months to hire the current COO who reported to CNCS in July 2005. Likewise, the time needed to fill the CFO position has often been lengthy. After the first CFO departed, it was 16

²⁰ Shaded boxes represent offices responsible for grants management fiscal and programmatic policymaking, discussed later in this chapter.

²¹ CNCS created the COO position in February 1997. Previously, the Corporation had a presidentially-appointed managing director position that was the Corporation’s number two leadership position. There were two COOs from June 1998 until February 2004.

months before the next CFO arrived at the Corporation. When he departed, it took a year and eight months before the last CFO reported for work.

For the past year-and-a half, the Corporation's top leadership has been particularly shorthanded. When the prior COO departed in February 2004, the then CFO, who arrived at CNCS in September 2002, was appointed as the acting COO. But she left CNCS in August 2004. Since then, the CEO has delegated to the deputy CFO for planning and program management the authority to perform major financial management functions.²² However, for the next 11 months, the CEO made no such delegation for the COO position, and the CEO and other members of his immediate staff performed the COO's duties. This has had some negative managerial consequences. With no one in the COO position, everything generated by the COO's organization went to the CEO for final approval. Before reaching the CEO, grants packages, memos, guidance letters to grantees, etc. were generally circulated for review among various members of the executive team and the CEO's personal staff. This process placed an additional managerial burden on the CEO and those involved in these reviews. In addition, these reviews were generally performed consecutively, which lengthened the timeframe for getting things completed.

Perhaps even more important, without a leader at its helm, the COO program and office directors have not been functioning as a management team to address issues and priorities that affect the COO's organization. The CEO has worked with offices individually to address issues within program areas. But there is little evidence that the senior managers in the COO's office have collectively focused their attention on the overall operations and management of the office.

On the business side of the house, the Antideficiency Act violation²³ has dominated the Corporation's agenda for the past couple of years. The last CFO and the CEO directed considerable energy and resources toward improving the management of the National Service Trust, the Corporation's overall budget and financial operations, and its grant-making activities. Although the acting CFO is moving forward with improvement efforts, the financial management work of the CFO's office continues to command much of the CEO's time and attention. Academy staff have observed a need for greater focus and leadership for the other administrative functions within the CFO's office that provide critical support to the primary business of the organization.

Filling these two critical management positions has been a lengthy process. The CEO did not advertise to replace the COO until almost one year after the vacancy occurred. As noted above, the new COO reported in July 2005. For the CFO position, CNCS has had to work through the political appointment process. The White House personnel office has offered names of possible candidates to the CEO, but the individuals either accepted appointments in other agencies or did not have the experience the CEO believed was needed to handle the financial management challenges facing the agency. The White House has provided CNCS with the names of additional candidates, and the CEO hopes to fill this position in the near future.

²² Throughout the report, the term "acting CFO" is used. This references the fact that, at the time the discussions took place, the deputy CFO for planning and program management had that title.

²³ See discussion in Chapter 1 and Appendix B.

ORGANIZATIONAL RESPONSIBILITIES FOR MANAGING CNCS PROGRAMS

For the most part, CNCS fulfills its mission by awarding grants²⁴ and providing training and technical assistance (T/TA) to organizations that oversee or directly run national and community service programs. The resulting organizational structure includes a myriad of organizations at the federal and state levels located across the country that award, manage, and oversee these grants. All of the CNCS program offices and state offices that make grant awards or provide other assistance to grantees and program sponsors report to the COO.

Senior Corps and AmeriCorps*VISTA Programs

The older DVSA programs—Senior Corps and AmeriCorps*VISTA—are managed through a distributed system of CNCS state offices. Both programs have headquarters offices that are responsible for policymaking and overall program management. But CNCS' state offices are responsible for awarding Senior Corps grants and allocating VISTA service years (VSYs) to grant and project applicants, and the state offices monitor the performance of the service providers.

The 1993 legislation required CNCS to designate one employee for each state or group of states to serve as the Corporation's representative for that state or group of states. The field structure must include a CNCS office for each state that is located in or in reasonable proximity to each state. The result has been the creation of 48 state offices (including offices for Puerto Rico and the District of Columbia), each headed by a state office director. Seven states are part of combined offices (Vermont, New Hampshire, and Maine; North Dakota and South Dakota; Maryland and Delaware).²⁵ If the state offices were fully staffed to their 163 staff allocation, office size would range from 1 (District of Columbia, Nebraska, Alaska, Hawaii, Wyoming) to 10 (California), with an average of three employees. CNCS has divided the states into five clusters and appointed area managers for each cluster to provide management and direction at a regional level. In FY 2005, CNCS has 170 of its 636 permanent positions (over 25 percent) allocated to the state offices.

The 1998 Academy Panel recommended that the Corporation eliminate its state office structure and create regional offices in order to strengthen the Corporation's field presence and improve its ability to plan and use its workforce effectively. As a step in that direction, the Corporation tried to consolidate some of its state offices, but was prevented from doing so by congressional action, reflecting member concerns that certain states would not receive appropriate levels of service.

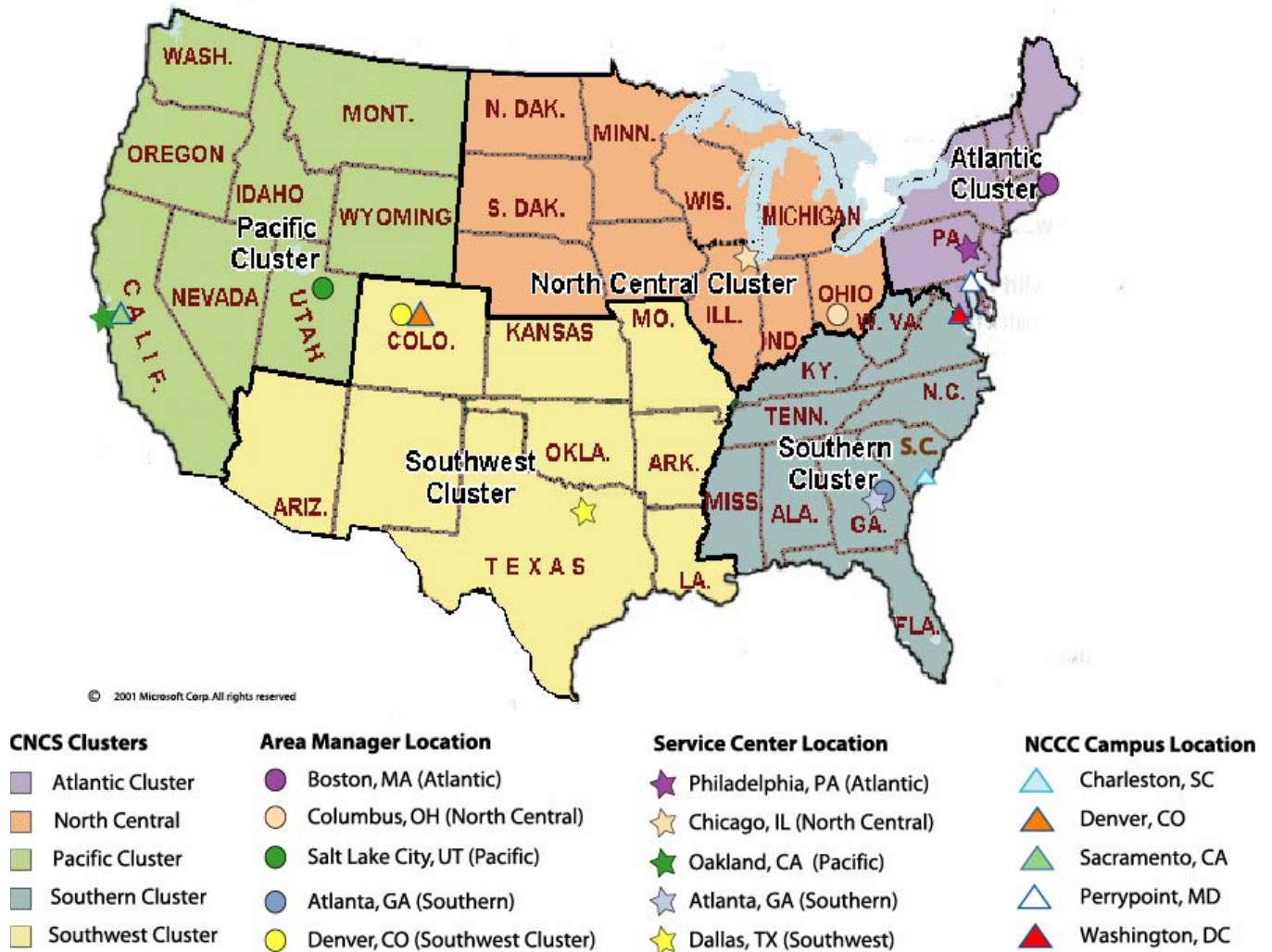
Within the CFO's organization, the Corporation has five service centers that provide the clusters with grant award and management services for VISTA and Senior Corps programs. In addition to grant management activities, the service centers also provide to the state offices administrative support, e.g., processing timesheets, travel vouchers, and procurement requests. For some of these activities, such as processing timesheets, the centers perform a pass-through function, i.e.,

²⁴ The two exceptions are VISTA, which primarily provides assistance by awarding projects VISTA service years, and NCCC, where staff directly develop and oversee volunteer service projects.

²⁵ The Washington and Alaska state offices are colocated in Seattle, but are not a combined office.

they collect and forward timesheets to headquarters. Figure 3 is a map of CNCS' field operations.

Figure 3
FIELD STRUCTURE MAP



AmeriCorps*State/National Programs

Unlike the DVSA programs, which have policy offices in headquarters and use CNCS state offices for program implementation, the locus of CNCS program management and oversight for the AmeriCorps*State/National programs is in CNCS headquarters. Staff in the AmeriCorps Direct unit of the AmeriCorps program office award AmeriCorps*National grants directly to service providers, and AmeriCorps program officers are responsible for monitoring and providing technical assistance to those grantees.

Under the 1993 Act, states are required to establish independent, nonpartisan commissions or alternative administrative entities (AAEs) to receive and distribute AmeriCorps*State grants from CNCS. In effect, the commissions/AAEs act as agents for the federal government in approving and monitoring AmeriCorps*State projects. The Corporation approves the designation of a state commission or AAE participating in the AmeriCorps*State program.

The commissions are to include from 15 to 25 bipartisan members who are appointed by the state's chief executive officer for 3-year staggered terms, plus each state's school superintendent, which is not a staggered term. A CNCS state representative—usually the state office director—also serves in an ex officio capacity. The legislation provides criteria and identifies sources for commission members, such as expertise in youth education, training, and development; and experience in promoting older adult involvement in service and volunteerism. In addition to commissioners, state commissions are staffed with an executive director and additional staff as determined by each state. In some states, the governor appoints the executive director. In others, the commissioners select that individual. Commission staff may be political appointees or civil service employees, depending on the state. The authorizing statute gives the Corporation no voice in the composition of the commissions or in the selection of the commissioners or the commissions' staffs.

AmeriCorps program officers in the AmeriCorps State unit are responsible for monitoring the commissions' performance by conducting administrative standards reviews.²⁶ In recent years, the AmeriCorps program office has increasingly called upon state office staff to participate in the administrative standards reviews. The state offices also help monitor AmeriCorps Education Awards Program grants and sites of AmeriCorps*National grants, and have performed work for other NCSA grants, including the assumption of program officer responsibility for half of the Corporation's Next Generation Grants, and reviewing applications and answering applicants' questions for Disability Outreach Grants.

Learn and Serve

State education agencies (SEAs) administer the formula-based K-12 funds of the Learn and Serve program. They apply for school-based K-12 grant funds on behalf of local education agencies and other grant recipients. The Learn and Serve program office competitively awards funds for community-based K-12 programs to state commissions, national nonprofit organizations, and other grant-making entities, which then manage those funds for CNCS. The Learn and Serve program officers monitor the SEAs, state commissions and other recipients of its school-and community-based K-12 funds. The headquarters office also awards Learn and Serve higher education program grants through a national competition. Higher education funds go directly to individual colleges and universities or consortia of colleges and universities. The Learn and Serve program office manages these grants. CNCS state offices are not involved with managing or overseeing Learn and Serve grants.

²⁶ Until this year, AmeriCorps was supposed to conduct administrative standards reviews once every three years. CNCS has now adopted a risk-based monitoring protocol. Risk-based monitoring allows staff to use established criteria to assess the risk a program presents and to develop a monitoring plan whereby high-risk programs receive more intense monitoring by CNCS staff and low-risk programs receive less.

AmeriCorps*National Civilian Community Corps

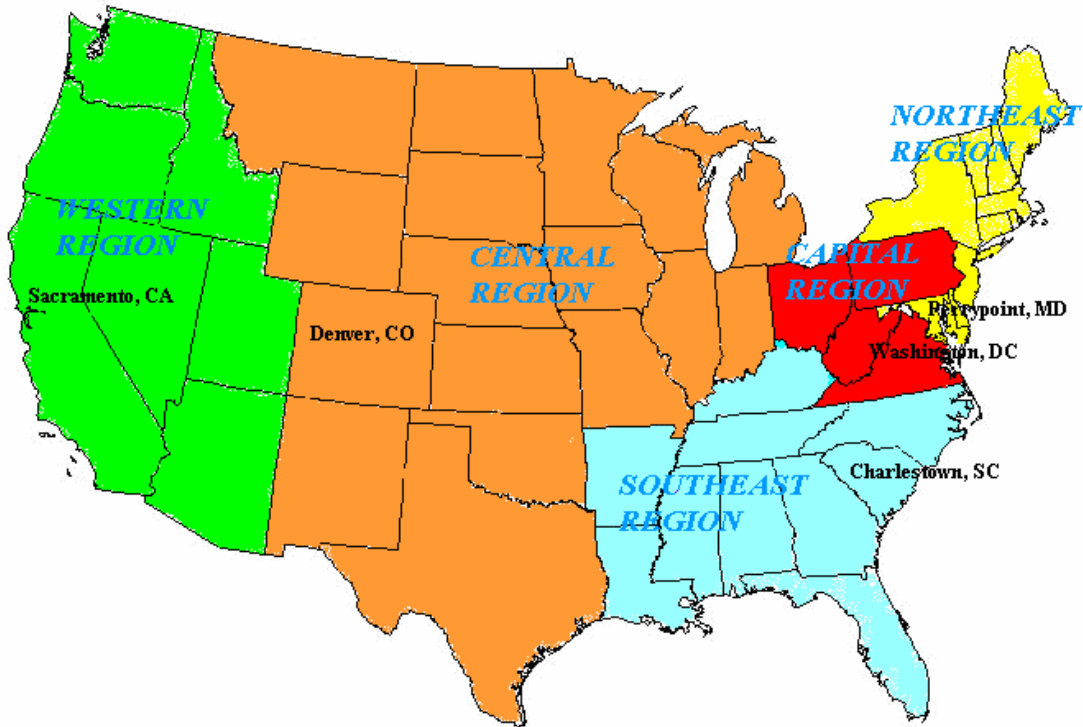
NCCC was established as a demonstration program to determine, among other things, whether residential service programs administered by the federal government can significantly increase the support for national and community service, and expand opportunities for young men and women to perform meaningful acts of community service that enhance their own skills while contributing to their understanding of civic responsibility. The NCCC authorizing legislation requires the Corporation to conduct an analysis of NCCC's effectiveness as a service model. To date, CNCS has not performed the required analysis.

Unlike CNCS' other programs where CNCS provides resources to grantees to recruit and supervise volunteers and manage volunteer programs, NCCC staff at its five residential campuses actually run service projects. They recruit volunteers to live and train at the campuses; work with communities to develop service projects; and serve as team leaders to supervise and work with the members on projects. Each campus is responsible for developing and managing projects within certain geographic areas, but the areas do not correspond with the geographic boundaries of the clusters, which manage the DVSA programs. Figure 4 shows the NCCC regions.

NCCC funds less than 2 percent of the Corporation's total volunteer programs but is allocated 103 positions out of a total of 642, representing 16 percent of the Corporation's staffing.²⁷ With its provision of housing, food, clothing, subsistence, etc., in addition to an educational award for its members, NCCC has the highest cost per member of all CNCS programs.

²⁷ Source, 2006 CNCS budget

Figure 4
NCCC FIELD STRUCTURE MAP



COORDINATING EFFORTS TO PROMOTE NATIONAL AND COMMUNITY SERVICE

CNCS' strategic plan has as its first strategic goal "meeting critical needs in local communities." The Corporation's multiple program delivery mechanisms provide many avenues for its funds to enter a community. Within any given community, particularly in larger metropolitan areas, it is possible to find numerous CNCS grant recipients, some of whom are pursuing similar programmatic goals using different CNCS funding streams. During this study, Academy staff found that grantees have different levels of understanding of the Corporation's programs, and many levels of interaction and working relationships exist between the Corporation's grantees. Likewise, the degree of collaboration and the working relationships among the Corporation's program offices, and their interactions with the numerous organizations charged with managing the Corporation's programs are equally diverse.

Cross-Program Interaction and Coordination in the Field

Some grantees interviewed said they were having no difficulty accessing CNCS' multiple funding streams and working with the various CNCS offices. They saw no need for greater coordination between CNCS' programs. Other grantees who received resources from a single CNCS program indicated that they were aware of CNCS' other programs but were not interested in obtaining funding from them. They did not believe CNCS' other streams of service met their needs, or they just wanted to focus on what had been successful. Likewise, some grantees believed that they had adequate coordination with and knowledge of other program in their geographic areas.

Grantees cited joint training events as the activities most likely to bring CNCS grantees together. When CNCS programs provide annual grantee training, they try to open such events to grantees from all CNCS programs. In order for states to obtain Senior Corps training dollars, they must provide cross-stream training. However, statutory restrictions on using funds appropriated for one program to train grantees of another program have limited such joint activities. Many grantees and CNCS staff have commented that this is a problem. Currently, CNCS has only one small fund under Subtitle H of the 1993 Act that can be used for cross-program training. Most training dollars come from program funds. Because of the statutory restriction, T/TA providers for an event that is funded by more than one program must account by each funding source for their deliverables and who they trained. One CNCS official commented that this has created an "accounting nightmare" for the trainers, and that the administrative money in the T/TA grants is not adequate for that level of administrative effort.

Many state commissions and CNCS state offices co-sponsor joint training sessions and conferences for all grantees, sponsors, and other participants in service and volunteerism activities. For example:

- In Virginia, the state commission, CNCS state office, and SEA work together to host an annual conference that brings together all streams of service.
- In FY 2004, the Iowa State Office and the Iowa Commission on Volunteer Service sponsored its first super conference for all program streams.
- The Oregon State Office and Oregon Commission for Voluntary Action and Service annually conduct or coordinate many joint opportunities for members, including the NW Service Symposium, NW Leader Corps, and civic engagement training. They also conduct joint training for AmeriCorps, AmeriCorp*VISTA, and Senior Corps project directors—Network NW—that includes participants from four states and CNCS headquarters staff.
- Each year, the New Hampshire State Office, which serves the states of Maine, NH, and Vermont, works with the commissions of those states to plan a Tri-State National Service Conference. Over 160 people attend the conference each year from all CNCS programs.
- In Missouri, the CNCS state office has partnered with the state commission and SEA to sponsor a one-day, pre-application workshop to educate potential grantees about the Corporation and its programs and to encourage joint venturing. The state office sent information about the workshop to anyone it could identify to stimulate

attendance. The goals of the workshop are to promote higher quality projects and, therefore, better project outcomes, by encouraging organizations to work together.

Until recently, current information on CNCS-funded activities has not been easily accessible. Each entity responsible for awarding CNCS grants—the state commissions, SEAs and the CNCS offices—had information on its programs, but there was no one place to obtain information on other CNCS-funded programs. However, the Office of Public Affairs obtained FY 2004 year-end funding to redesign the Corporation’s six websites, link them, and make them more user-friendly. As part of the redesign, Public Affairs updated on the website the state profiles for 2004-2005.²⁸ The profiles provide an overview of CNCS activities in each state, including the total number of projects, participants, and program funding for each CNCS program type. For the AmeriCorps*State/National, AmeriCorps*VISTA, Senior Corps, and Learn and Serve programs, the profiles also include a list of the name, sponsor organization, primary city, and number of participants/members for each grant award. In addition, the website provides contact information for each of the Corporation’s programs.

At least some level of collaboration between the CNCS state offices and state commissions was evident in the states the Academy staff visited. The degree to which state offices interact with SEAs, however, is noticeably less. Academy staff also found examples elsewhere of collaboration in the field among CNCS’ streams of service. For example:

- Many of the states Academy staff visited indicated that the state commission and state office collaborate for their states’ Martin Luther King (MLK) Day activities. In Oregon in FY 2004, MLK Day mini-grants were awarded for local projects demonstrating collaboration between at least two streams of service.
- In Oregon, the state commission includes AmeriCorps*VISTA and Senior Corps projects on its website.
- Several states, including Iowa, Oregon, and Ohio have joint staff retreats. In Iowa, the SEA also participates in the retreat.
- In Montana, the state office helped the commission obtain \$30,000 to expand civic engagement and volunteerism activities throughout the state, and over \$50,000 in matching resources that allowed all Senior Corps directors and VISTA supervisors to attend training events without charge.
- When the New Hampshire commission was struggling to develop its Citizen Corps Council because of insufficient funding and staffing, the CNCS state office offered VISTA support. State office staff worked with the local chapter of the American Red Cross to develop a regional VISTA project that included one member assigned to the Citizen Corps Council. That collaboration provided the necessary resources to jumpstart the commission’s efforts, and today, the commission has established over 30 local Citizen Corps Councils. In the summer of 2004, when FEMA asked Citizen Corps to provide volunteers to help with hurricane disasters, the State of New Hampshire was able to recruit more than 50 percent of the nation’s FEMA disaster volunteers, all of whom were screened and recruited by the VISTA member and state commission.

²⁸ The prior state profile information was for the program year 2000-2001.

Of the states the Academy staff visited, Ohio's field service delivery system provides the most notable example of close collaboration and coordination between the state office and state commission. The offices are colocated in the same space, and the staffs interact daily with one another. They hold monthly joint staff meetings and have three committees—administrative, program, and communications. Every staff person is on a committee. The staffs work together to plan joint retreats, volunteer programs to support the activities of both organizations, and an annual statewide conference; examine issues such as joint monitoring and information sharing related to potential grantees; and identify opportunities to improve communications. Their efforts are continually focused on pulling together as many program sponsors as possible in the events they host. The staffs report having a good understanding of each others' programs and close working relationships.

Coordination between CNCS Program Offices and with State Offices

With respect to program management, Academy staff found that, historically, interaction among CNCS offices has been relatively minimal. There has been little coordination between NCCC and other CNCS programs. One CNCS official reported that in the early years, program coordination was actively discouraged due to concerns about mixing program funds. One NCCC official commented that NCCC is a catalyst. It is "the flint to get things started in a community." But NCCC is often an afterthought, and not perceived as a resource by the rest of the organization.

In the past couple of years, NCCC leadership reports that it has encouraged more cooperation and coordination with other programs. NCCC has increased its efforts to coordinate with the state offices. It sends its campus directors to cluster meetings of the state office directors and to training offered by state offices. The North Central area manager directed his state offices to make more effective use of NCCC teams. In FY 2004, each state in the cluster had at least one NCCC project deployed via a state office initiative.

The Corporation's Learn and Serve activities are not well integrated with the rest of the Corporation's programs. Academy staff found instances where service learning programs are being funded by AmeriCorps*State grants. But there is no mechanism to share that information with the Learn and Serve office or to inform the grantees of each other's programs. At one time, CNCS had a service learning working group that included members from various CNCS offices who met to coordinate service learning programs, but it no longer meets. This lack of coordination results in missed opportunities for programs to network with one another, share best practices, and leverage their resources at the grassroots level.

Until recently, there has been relatively limited cross fertilization between state office staff and AmeriCorps and Learn and Serve program officers with respect to program management. Some state office employees interviewed commented that the state office staff do not routinely hear about what happens in non-DVSA programs. They also report that staff from those headquarters offices have sometimes visited their states and not informed the state office.

Until recently, AmeriCorps*State/National, Learn and Serve, and AmeriCorps*NCCC rarely participated in the area managers' monthly cluster conference calls. Without such interaction, it

has been difficult for them to understand each other's programs and identify ways in which the various streams of service can be better coordinated. Some program officers with whom Academy staff spoke believe they have a good understanding of CNCS' programs and are comfortable with the idea of assisting grantees in designing a program that might include more than one CNCS program, but most are not.

In the last few months, there has been a noticeable increase in the interaction between state office and AmeriCorps staffs. NCCC campus employees and AmeriCorps staff participate more regularly on the cluster conference calls.

The Need for Better Program Coordination and Potential Barriers

Despite the examples of successful program coordination in the field, cited above, Academy staff also found evidence that grantees were not satisfied with the level of coordination between CNCS programs. One CNCS official noted that at a recent meeting of AmeriCorps*State and AmeriCorps*National grantees, participants discussed how much they could gain from collaborating with one another. During their field visits, Academy staff heard similar comments from grantees who wanted to know more about other service programs in their areas.

Many grantees interviewed said that would like to have more interaction with other CNCS grantees. They also expressed a desire to learn more about other CNCS programs and how these programs might enhance the grantee's efforts. For example, a Senior Corps grantee running a service learning program was not aware of the SEA's work with the Corporation's Learn and Serve programs. One grantee suggested that perhaps CNCS needed to have an information session on its streams of service. During their interviews, Academy staff often found themselves providing grantees with information about CNCS' programs, how other grantees were using multiple streams of service in their programs, and who to contact for more information. Still other grantees, who were aware of or used multiple CNCS funding streams, found the different application processes, timetables, and program requirements to be cumbersome and restrictive. One grantee with an AmeriCorps*State and AmeriCorps*VISTA grant noted that having to report to two different entities—the state commission and CNCS state office—sometimes makes it complicated to run the dual service streams.

Academy staff also learned that, although much improved since the Academy's 1998 study, problems still exist in the working relationships between some CNCS state offices and state commissions. A senior CNCS official informed Academy staff that in one state where the two entities are located in the same building, there is not much collaboration. The official attributed this partly to the personalities of the individuals involved. Several CNCS staff commented that the ability of some state offices and state commissions to build strong working relationships also is affected by the high turnover among commission staff who often serve at the pleasure of the governor.

CNCS staff interviewed generally agreed that the Corporation has not coordinated well across its streams of service, and they were unanimous in supporting the need for better coordination among CNCS' programs—for both the organizations responsible for managing CNCS' programs and CNCS' grantees. However, Academy staff identified barriers to effective program

coordination. One barrier stems from the lack of a uniform philosophy on how to conduct business. Several CNCS staff believe that the Corporation sends a mixed message as to whether coordination and collaboration are the desired way of doing business. Others believe there is still staff resistance to breaking down the program stovepipes. Several state office staff commented that it appears that people in headquarters “don’t even know what the person down the hall is doing,” let alone have an understanding of what is taking place in the field. Other barriers stem from programmatic differences in policies and procedures. One state office that did some joint monitoring with the state commission found that it was not very successful because the monitoring protocols for AmeriCorps and DVSA programs are different. In trying to do joint programming with AmeriCorps*State and AmeriCorps*VISTA, they found it difficult to integrate the grant cycles of the two programs.

NEW EFFORTS AND OPPORTUNITIES TO INCREASE PROGRAM INTERACTIONS

In the past year, CNCS has made changes in its operations that present opportunities to improve interactions between its programs.

New Protocol for AmeriCorps and the State Offices

There have been recent efforts to increase interactions between the AmeriCorps program office and the state offices. At the CEO’s urging, the director of AmeriCorps and director of the Office of Field Liaison are developing new protocols for AmeriCorps program officers and state office staff to work together more closely and to strengthen the connections between their offices. For example:

- The AmeriCorps programs officers are to notify the state office prior to visiting a state, and are being encouraged to visit the CNCS state office during those visits.
- State office staff coming to headquarters are expected to contact their states’ AmeriCorps program officer in advance to arrange a meeting.
- The AmeriCorps*State program officers are to call each of their state offices on a biweekly basis to share information of mutual interest.
- The director of AmeriCorps, or one of her two deputy directors, will participate during the weekly area manager conference calls.

The offices have formed a task force of AmeriCorps and state office staff to further develop and refine the protocols.

New Organizational Model for AmeriCorps Program Officers

The AmeriCorps*State/National program was created as a headquarters-managed program. Unlike the DVSA programs (Senior Corps and VISTA), which have policy offices in headquarters and use CNCS’ state offices for program implementation, AmeriCorps staff in headquarters are responsible for policy development and program implementation.

With the dissolution of its Recruitment Office in October 2004,²⁹ CNCS reassigned to the AmeriCorps program office five of the recruitment officers who were located in service centers (two in Chicago, one in Atlanta, and two in Dallas). These individuals have remained in the field but are now AmeriCorps program officers. Four of the out-stationed program officers carry a portfolio of state commissions. The fifth program officer works with national direct grants. In addition, CNCS approved a request by an AmeriCorps*State program officer working in headquarters to relocate in California. She is now located in the service center in Oakland.

The out-stationing of AmeriCorps program officers to the field presents additional opportunities to increase the DVSA and NCSA staffs' understanding of the other's programs, and to establish new working relationships to meet states' needs. Another of the new protocols between the AmeriCorps office and the Office of Field Liaison provides that the state offices can/should invite the out-stationed AmeriCorps program officers to join in DVSA compliance review visits and to participate in monthly cluster conference calls.

Having AmeriCorps staff located in the field will make them more accessible to the state commissions and closer to the work on the ground. But some state commissions have expressed concern about not having their program officers located in headquarters. They see the locus of power for the AmeriCorps program being in Washington, DC, and are concerned that their interests will not be as well represented if their program officers do not have what they perceive to be ready access to the decisionmakers. AmeriCorps senior managers must become proficient in managing a virtual office in order to address these concerns. Technology allows organizations to have effective supervisory relationships from a distance. But having a virtual office requires both supervisors and staff to change how they operate to ensure that the office runs as a single entity, and that all staff are informed and engaged in the office's operations.

State Service Plans

The 1993 Act appears to recognize the value of collaboration among service providers in its requirement that every three years, each state commission submit a service plan for its state and update it annually. The commissions are to develop plans using "an open and public process" and providing "for maximum participation and input from national service programs within the state and other interested members of the public."

Starting in 1998, the Corporation required each state to develop a unified state plan (USP) that links all Corporation programs and provides avenues for collaboration among all service streams. Unfortunately, CNCS' momentum for the 2002-2005 USP process waned. All state commissions submitted plans, but CNCS did not follow through to review them and provide feedback to the commissions. It was not until May 2004 that CNCS started to send letters to the state commissions regarding the plans submitted in 2002. One state commission executive director commented that CNCS appears to have shifted its focus away from coordination among the streams of service.

²⁹ CNCS leadership decided to reorganize its membership recruitment function by abolishing its Recruitment Office and reassigning those functions to the Office of Public Affairs.

The Corporation is taking steps to refocus on the states' need to coordinate their service programs. It now requires that state commissions develop a state service plan, and has formed a task force to develop new guidance to the state commissions for submitting those plans. The plans, which are to be submitted as part of each state commission's administrative application for FY 2006, are to provide information regarding ongoing efforts or special initiatives that involve collaboration with key stakeholders, including the Corporation's state office, the SEA, and other service partners. Unlike its predecessor, the USP, the state service plan is not intended to be a comprehensive strategic plan or an in-depth implementation document.

The state service plan must address three areas:

1. the specific programmatic areas the state is focusing on
2. the ongoing efforts or special initiatives that involve collaboration with the Corporation state office, SEA, state networks of volunteer centers, Campus Compacts, national grantees and/or other service organization in planning for and implementing the state service plan
3. technical assistance needed from the Corporation to help implement the plan

To address the issue of timeliness, CNCS has established a timeline for reviewing the plans. Upon receipt, the plans will be forwarded to the area manager who oversees the Corporation's activities in the state. The area manager is responsible for assembling a team to review the plan and providing feedback to the state. The team is to consist of a state program director or state program specialist from the cluster, but not from the state that submitted the plan, the AmeriCorps program officer responsible for the state, and a representative from Learn and Serve (at the discretion of that office). The team will evaluate the plan against established criteria and draft a response to the commission. After an internal review process, the area manager is to send to the commission the final letter on behalf of the Corporation within 8 to 10 weeks of receiving the plan.

THE ROLE OF THE AREA MANAGERS

At the time of the 1998 Academy study, state office directors rotated through the area manager positions for two-year terms. Since that time, these positions have been established as continuing positions into which incumbents have been recruited. When CNCS decided to make the area manager positions permanent assignments, the city where the state office directors chosen for those positions were located became the site for the area managers' offices. Staff at the California state commission noted that the commission has very little contact with the area manager for the Pacific Cluster who is located in Utah. They believe that given the size and level of CNCS activity in California, the area manager should be located in California.

None of the area managers are full time. Four area managers, by their choice, also are state office directors. However, they spend little time performing state office director duties. In these blended positions, the area managers rely more heavily on their state program specialists to handle the state office workload, and they sometimes struggle to focus on their combined responsibilities. The fifth area manager is not a state office director, but she has other national

responsibilities as the field liaison for tribal programs. None of the area managers carries project portfolios.

Academy staff found that for the DVSA programs, the area managers act like virtual regional administrators with respect to assigning work, detailing staff across state lines, and reallocating among the states resources, such as VSYs and travel dollars. Although there is some sensitivity in Congress surrounding this subject, area managers have not experienced push back when these decisions are made.

As noted earlier, state office staff are increasingly becoming involved in NCSA programs. But the area managers have had no defined role for CNCS' non-DVSA programs. This has begun to change with the new procedures for developing state service plans, which make the area managers responsible for communicating to the state commissions the Corporation's assessment of their plans. The new protocols between AmeriCorps and the state offices also recognize some of the state offices' NCSA activities, such as state office staff participation on commission administrative standards review teams and assistance with AmeriCorps*National grants monitoring. But these responsibilities are not reflected in any Corporation organizational manual. There also is nothing that documents the state office directors' and area managers' responsibility and accountability for the work their staff perform for NCSA activities.

CONCLUSIONS AND RECOMMENDATIONS

The Corporation's top leadership team has evolved from what the authors of the Corporation's authorizing legislation originally envisioned. The CEO and CFO positions remain, but the two managing director positions have been replaced with a COO. The Panel believes that this top management structure can work effectively for the Corporation. For this to happen, CNCS needs a strong top leadership team composed of individuals with a commitment to the organization's mission and the managerial and technical expertise to effectively manage the work of the offices they supervise. Lengthy delays in filling both the COO and CFO positions have hampered the CEO's ability to effectively manage the organization effectively and to initiate the change management efforts needed to make CNCS a high-performing organization. When vacancies arise, the Corporation must fill these positions more expeditiously.

The Panel believes that the requirement for a presidentially-appointed CFO hinders CNCS' ability to fill this key position in a timely manner. In addition to the expected delays any organization faces when it has to rely on the political appointment process, CNCS is handicapped in the hiring process by its size and stature within the federal bureaucracy. High-quality candidates for presidential appointments are likely to accept positions in larger, more prestigious federal departments and agencies, rather than in a small organization such as CNCS. When this happened recently, it delayed the hiring process for the CFO position. The Panel believes that CNCS needs the ability to recruit nationwide for this key position in order to expand its pool of high-quality candidates.

Having a presidentially-appointed CFO also creates a lopsided balance within the top management team. The two key managers running the organization's internal operations—the

COO and CFO—do not have parallel appointments, which can affect the dynamics of their working relationship. The CFO's office is responsible for providing the administrative support the COO's office needs to perform its job. And the COO's office must cooperate with the CFO's office and provide the information necessary for the latter to do its work. The Panel believes that parity between the leaders of those two organizations is important to creating a good working environment within the management team and throughout the organization.

The Panel recommends that CNCS submit a legislative proposal to eliminate the Corporation's two managing director positions and the requirement that the President appoint the Chief Financial Officer. If CNCS is not able to eliminate the presidential appointment of its CFO, the Panel recommends that it (1) limit the CFO's responsibilities to the financial management functions outlined in the Corporation's legislation, and (2) establish a Chief Administrative Officer position, appointed by the CEO, to manage the Corporation's other administrative functions that currently report to the CFO.

The biggest management challenge the Corporation has had to cope with during the past year and a half has been the lengthy vacancy in the COO position, which provides leadership and oversight to the Corporation's programs. The Panel believes that the absence of this key management official has negatively impacted the management and operational effectiveness of the COO's office, and handicapped the organization and the CEO's efforts to improve CNCS' operations. Although the CEO and other key staff have worked hard to move the organization forward, without strong dedicated leadership in the COO's office, the change management process has been difficult. The Panel is pleased that the Corporation has recently hired a new COO. However, she faces numerous challenges. The Panel believes that a priority for the new COO must be a comprehensive assessment of her organization that examines organizational structures, roles, responsibilities, operating procedures, and staff capabilities.

The organization and management of CNCS' programs and service delivery systems create unique challenges to the Corporation achieving its goals to promote national and community service. The complex network of federal and state offices, each with authority and responsibility for some aspects of program implementation, presents a confusing picture to organizations wishing to participate in the Corporation's programs, and inhibits integrated service delivery. While the Panel recognizes that CNCS' programs are designed for different purposes and try to reach different constituents, there are significant areas where CNCS' programs overlap and complement one another. The Panel found numerous examples in the field of coordination and collaboration among CNCS' various service streams. The Panel believes that the Corporation's organization and management need to support these efforts further if CNCS is to use its available resources most effectively. To do so, the Corporation must address some issues that were identified during the Academy's 1998 study.

CNCS' programs are still managed in stovepipes. Although all CNCS program offices report to the COO and are headquartered in Washington, DC, the Panel found few management mandates to promote program interaction. In the field, the organizational structure and management hierarchy of CNCS' service delivery organizations are not conducive to integrating programs and establishing cohesive management teams.

The organization is still split along the lines of old versus new programs. The management focal points for DVSA programs are the state offices. The area managers provide a regional perspective to those activities, and the cluster structure gives CNCS' small state offices an avenue to collaborate and work with one another as a management team. The clusters also facilitate the sharing of resources, and provide a forum where state office staff can have a voice in the Corporation's policies, explore new ways of doing business, and develop professionally. However, there is no comparable regional structure for the AmeriCorps*State/National and Learn and Serve programs, which are managed by their headquarters offices. The program officers for these programs are not assigned responsibility for states/programs based on location. Therefore, there is no group of AmeriCorps and Learn and Serve program officers that works exclusively within each cluster with whom the area managers can collaborate at a regional level. Although AmeriCorps*NCCC has a regional structure, the geographic boundaries of the NCCC campuses do not conform to the cluster boundaries. As an example, the Denver campus' geographic boundaries overlap three clusters. In addition, the Corporation has not established operational linkages between the NCSA program officers and state office staff, all of whom are integral to making CNCS' programs successful, to help overcome the structural barriers between the programs. For the most part, headquarters program officers and state office staff are not well versed in each other's programs, even though the programs often work side by side in a community and program members perform similar services.

Add to CNCS' structural complexities the statutory authorities of the state commissions and SEAs for CNCS' programs, and the management quandary becomes even more daunting. The state offices are expected to provide assistance and work with the state commissions. But there is no mandate for the commissions to collaborate with the state offices. The quality of state office/state commission working relationships is largely dependent on personalities, a situation which is complicated by the frequent turnover among state commission staff. When asked, most people agreed that the Corporation's service delivery structure is problematic. As one state commission executive director commented, "The overall structure of CNCS is a relic of history....The infrastructure should be built around the delivery of national service programs in the way that makes the most sense."

The Panel agrees with this assessment. While changing the infrastructure for managing CNCS' programs may not be a viable avenue to pursue in the near term, if the organizational complexity is not addressed, CNCS will continue to be hampered in its efforts to manage its programs effectively. The Panel believes that the nature of the Corporation's mission calls for a stronger field presence to promote, develop, and institutionalize national service nationwide. To do so, CNCS needs to set a goal to build a more comprehensive field structure—one that includes all of its programs. Movement towards the creation of a regional structure for NCSA programs would help managers responsible for all of CNCS' programs build relationships and linkages among each other, and strengthen the interactions between the Corporation's programs on the ground.

The Panel believes that having out-stationed AmeriCorps program officers in four cities across the country offers the COO an opportunity to develop a regional style of operations for AmeriCorps. By having staff in closer proximity to the state commissions and CNCS state offices, the Corporation can pilot test new approaches to accomplishing its overall mission. The

Panel also believes that the findings from these pilot projects will have direct applicability to the Learn and Serve program.

The Panel recommends that the COO use the out-stationed AmeriCorps program officers for pilot projects to begin the data gathering, dialogue, analysis, and planning needed to develop a field structure proposal for the AmeriCorps and Learn and Serve programs.

The 1993 Act recognized the need for collaboration among service providers with its requirement that state commissions develop a state service plan in consultation with other service providers and interested parties. The Panel is pleased to see that the Corporation is renewing its efforts to have the states develop state service plans, and believes that CNCS should work towards making these plans key documents that help guide national and community service efforts within each state. The Panel also believes that the Corporation needs to mirror the intent of the service plans in how it manages itself.

The Panel believes that CNCS' program offices remain too focused on their own programs, i.e., they operate from a constituency base and not a Corporation-wide perspective. As a result, CNCS misses opportunities to help states and other grantees implement effective national and community service programs. Particularly in times where budgets do well just to stay flat, the COO needs to explore alternative ways of doing business to ensure that CNCS provides resources and other assistance that best meet the needs of its grantees. Part of each program offices' efforts to improve how they operate should involve looking throughout the organization to see where other programs/resources can add value to their operations.

AmeriCorps and the Office of Field Liaison are taking small steps in that direction. In the past, the geographic separations between DVSA and NCSA staff and their lack of knowledge about each others' programs have been barriers to program coordination. The new AmeriCorps program officers located in the field provide an opportunity to reduce those barriers, giving CNCS a more fertile environment within which to improve operations and better achieve its mission. The Panel believes that these types of exchanges should continue and expand to include all CNCS program offices, and that the new COO needs to set clear expectations and a mandate for better coordination within her organization.

The Panel recommends that the new COO determine how/if new program coordination mechanisms can enhance her organization's operations, and hold program directors accountable for managing accordingly.

The headquarters program office directors have not had authority commensurate with their positions. For almost a year, the program office directors have had little authority to issue even program-related documents. The COO needs to determine appropriate delegations of authority for the program office directors and hold them accountable for their decisions.

The Panel recommends that the Chief Operating Officer examine the nature of program office director positions to determine appropriate delegations of authority.

The role of CNCS' field staff is not properly defined or recognized. CNCS' state offices are no longer exclusively dedicated to managing DVSA programs. Resource constraints and workload demands have caused the NCSA programs to call repeatedly on state office staff to help with NCSA work. As CNCS develops new ways of doing business, such as risk-based monitoring, state office staff may have even more time to devote to NCSA activities. If that occurs, CNCS needs to capitalize on opportunities to utilize available staff resources in a way that enhances the Corporation's ability to meet its overall mission.

The Panel believes CNCS needs to recognize that its state office staff are no longer devoted solely to DVSA activities, and change the official functions of those offices. Refusal to recognize the state offices' growing role in NCSA programs impacts resource decisions, continues to foster the Corporation's stovepipe approach to program management, and obscures opportunities for program integration that can benefit its grantees. Just going through the process of formally recognizing the role of state offices in NCSA programs may help break down the stovepipes that characterize CNCS' program offices. In addition, having a well-defined planning process to assess work on an annual basis would better enable the Office of Field Liaison to develop a workplan for the state offices.

As CNCS formally recognizes the state office staff's role in NCSA programs, it also must address the issues of responsibility and accountability. Staff who work on NCSA activities can and should be evaluated and held responsible and accountable for that work. CNCS also needs to address whether/how the state office directors and area managers should be held responsible and accountable for their staffs' NCSA activities.

The Panel recommends that CNCS formally define and recognize the role state office staff play in NCSA programs, and that it establish an annual process to determine the state office staff resources needed to perform those activities. The Panel also recommends that CNCS define state office director and area manager roles and responsibilities, and mechanisms for holding them accountable for NCSA activities performed by their staffs.

Navigating through CNCS' various streams of service to find programs that best suit their needs can be a challenge for potential grantees, particularly small entities that are unfamiliar with the Corporation. While the Panel recognizes the valuable role the state commissions play within CNCS' service delivery infrastructure, it believes that CNCS needs its own focal point in each state for information on all CNCS programs. The Panel believes CNCS' state offices are the logical choice for that function. With that designation, state office staff may need some training so they are capable of providing the necessary assistance to grantees and potential grantees. As state office staff continue to expand their involvement in NCSA activities per the new protocols being developed by the AmeriCorps program office and the Office of Field Liaison, the state staffs' knowledge of CNCS' programs will grow, increasing their ability to help grantees better understand CNCS' programs and navigate its funding streams. They also will be able to coordinate better with the state commissions, whose role is undiminished by this action. And as CNCS moves more towards risk-based monitoring, the state offices may have within existing resources the capacity to assume this responsibility.

The Panel recommends that CNCS designate the CNCS state offices as the Corporation's focal points for information on all CNCS programs, and provide state office staff with the necessary training, materials, and resources needed to assist the Corporation's grantees and potential grantees.

The area manager positions are an integral component of effective field office management. It is apparent that these positions command essentially the full-time attention of the incumbents. The Panel believes CNCS should make all five positions full time.

The Panel recommends that CNCS make the area manager a full-time position.

Although the Panel cannot point to a specific problem associated with the current physical locations of the area managers, it believes that deciding where to locate these key field managers should be based on some well-thought-out criteria, and not be determined by the home towns of those who successfully compete for the positions.

The Panel recommends that CNCS determine the optimal geographic locations in each cluster for its area managers and, in the future, require the successful candidates to relocate to those locations.

NCCC operates fairly autonomously from the rest of the organization. By all accounts, NCCC projects and its members appear to be valued by the communities they serve. At the same time, the NCCC service delivery model has the highest cost per member of any program. The Corporation needs to comply with its statutory requirement to evaluate the NCCC service model so that it can determine the effectiveness of the model and ensure that the program is appropriately resourced in relationship to CNCS' other programs.

The Panel recommends that CNCS satisfy its statutory obligation to evaluate NCCC as a service delivery model.

The limited funding for cross-stream training activities inhibits the Corporation's ability to bring together grantees of its various programs to engage in activities that help them better address local community needs. In addition to restricting such activities, the need to maintain strict controls by program for the use of training funds has imposed an unusual administrative burden on Corporation staff who attempt to use funds in a coordinated manner. The Panel believes that the Corporation should pursue legislation to allow training funds, regardless of their source, to be used across program lines.

The Panel recommends that CNCS propose legislation that would enable it to use training funds for cross-program training.

CHAPTER 4

RESTRUCTURING HEADQUARTERS FOR BETTER MANAGEMENT

To be successful, agencies that use grants to achieve their missions must have well-functioning grants management operations. Within the past two years, the Corporation's headquarters office structure has changed, in part, to correct weaknesses in CNCS' grants functions. The result is that CNCS has multiple offices sharing responsibility for portions of the Corporation's grants policy and operational activities, which diffuses authority for these functions and impacts staff utilization and workload management.

The ultimate service providers for the Corporation's national and community service projects are the thousands of members who volunteer their time to these endeavors. The Corporation recognizes that its members require support and training during their terms of service, particularly the young adults who are AmeriCorps and AmeriCorps*VISTA volunteers. Currently, the responsibility for member support and training functions is spread among several offices in headquarters and all of the state offices. Opportunities to restructure these activities could improve the effectiveness and efficiency of providing these services.

While grants management and member support and training functions have multiple offices sharing responsibility for pieces of those functions, CNCS has no office responsible for other critical management functions, such as management analysis, policy issuance, and the creation of an organization manual.

This chapter continues the discussion in Chapter 3 on the Corporation's management, and raises organizational structure issues, which also impact on the Corporation's effectiveness.

ORGANIZATIONAL ENTITY NEEDED FOR MANAGEMENT ANALYSIS AND OTHER KEY ACTIVITIES

To be effective, leaders of organizations need the ability to collect data and analyze options as part of the decision-making process. CNCS has no office with the responsibility and capacity to perform these types of analyses. Currently, the CEO must rely on personal staff, consultants, GAO, or the IG for this critical analytical assistance. Recently, the CEO asked the general counsel to compile information on CNCS' programmatic reporting requirements and procedures for developing, clearing, and disseminating policies; tasks typically assigned to a management analysis office.

Academy staff found several areas where CNCS would be a stronger organization if it had an ongoing management analysis capability. One area is the development of workload justifications for the budget process. Academy staff found the support for CNCS' FY 2006 administrative budget to be unconvincing and in need of better analytic support. A management analysis office typically can help develop workload-related data that can be used for budget formulation and

defense purposes. The result is an improved budget justification that helps Congress better legislate.³⁰

The business practices of CNCS' program offices are another area where analysis is needed. Currently, each program office has developed its own way of doing business. For example, each has its own grant applications, timelines, reporting requirements, monitoring protocols, and in some cases, automated systems.³¹ This lack of uniformity stems, in part, from the Corporation's management style and organizational culture, as discussed in the Academy's 1998 report. CNCS' programs tend to be administered in stovepipes, with little consultation or collaboration between them. In addition to wasted effort as each office "reinvents the wheel," grantees and stakeholders doing business with more than one of the Corporation's program offices are forced to deal with these different ways of doing business. Some grantees are able to negotiate through the sometimes bewildering array of CNCS programs. However, other grantees advised Academy staff that the program offices' divergent business practices are a deterrent to accessing CNCS' multiple streams of service. A thorough analysis could help standardize and streamline CNCS' business practices.

As noted in Chapter 1 of this report, CNCS is undertaking numerous organizational improvement initiatives. The change management efforts that are likely to result just from the Deloitte Consulting and Academy studies will require a mechanism to identify, prioritize, plan, and track them. Such a mechanism is essential for ensuring that everyone in the organization has a clear understanding of what top leadership is trying to accomplish. It also is needed to enable management to assess the organization's capacity to address the issues identified and to prioritize the work to be done. At present, there is no one place within CNCS responsible for tracking the status of change management initiatives, the responsible officials, project timetables, and the estimated resources needed for these initiatives. As a result, it is virtually impossible for CNCS' top leadership to have a complete picture of the efforts underway and a systematic way to determine if the Corporation's resources are being optimally used to address the most critical issues. A management analysis office could oversee the Corporation's improvement initiatives and help CNCS bring these efforts to fruition.

A management analysis office also could manage other management activities that do not now have organizational homes. CNCS has no organization manual, and no office is responsible for developing/updating one. In addition, no mechanism exists in CNCS to ensure that all documents presented to the CEO for decision are reviewed, cleared, and/or commented on by all affected Corporation offices. Not all documents require the same level of review and approval. For some documents, concurrent reviews can be as effective as consecutive reviews, provided there are mechanisms in place to ensure that all input is properly assessed and incorporated.

A management analysis office could provide much-needed management oversight to the Corporation's policy-making activities. CNCS has no policy issuance system. Program offices often disseminate policy direction using the Internet. For example, CNCS policy changes to the

³⁰ The CFO Office is now taking some initial steps to address this problem.

³¹ See the discussion in Chapter 5 on financial systems and grant processes.

no refill policy³² for the AmeriCorps*State/National program was transmitted via e-mail to the state commissions with the subject line, “Pilot AmeriCorps Member Refill Policy.” Also transmitted via e-mail were AmeriCorps’ new directions for the use of carryover funds, an issue with potentially large financial implications for the state commissions.

While expedient, communicating policy via e-mail has created problems for CNCS grantees and staff. Often, there is no follow-up from the program offices to ensure that grantees received the new policy directives. The importance of e-mails is sometimes overlooked by the intended recipient. For example, one state commission interviewed does not remember receiving the e-mail on the new refill policy. The commission first heard about the new policy from one of its grantees. Some CNCS staff report that they are not always certain of the latest policy direction in a given area. In order to determine the current policy, they have had to find and read through several e-mails on a topic.

In order to develop comprehensive policy documents for its program, the AmeriCorps program office hired a contractor to go through its e-mails to identify all policy-related issuances. Also, as a result of the Panel’s discussions with CNCS leadership on this subject, the CEO has directed the general counsel’s office to perform a “policy gap analysis” to review CNCS’ published policies, prioritize those that need updating, and identify where additional policy direction is needed. In most federal agencies, this work is typically performed by a management analysis office.

RESPONSIBILITY FOR CNCS’ GRANTS FUNCTION IS SCATTERED

Grants management has two very distinct yet integrated pieces—programmatic and fiscal. The programmatic aspect of grants management deals with the technical content of the grant, i.e., whether the grantee’s program is accomplishing the goals outlined in the grant award. The fiscal aspect of grants management includes the creation of the grant award document and oversight of the financial terms and conditions of the grant award.

When he arrived at CNCS in 2003, CEO David Eisner was faced with problems in the Corporation’s grant-making operations. The pause in AmeriCorps, which occurred before Mr. Eisner’s arrival, had raised doubts among CNCS’ grantees and stakeholders about the Corporation’s ability to manage its programs. While the pause did not affect other programs, it cast a broad shadow over the Corporation’s entire grant-making operations.

Another problem was that programmatic grants policies were not standardized. Unlike the fiscal side of grants management, where the Office of Grants Management is responsible for all fiscal grants policymaking, there was no corporate-wide policy that addressed the programmatic aspects of CNCS’ grants management operations. At the front end of the process, each program office had its own policies and procedures for the grant application process, peer review, and selection. The grant-award process was almost unanimously criticized for taking too long. Post

³² After the Antideficiency Act violation, grantees were not permitted to refill slots vacated by members who departed the program prematurely. All the grantees who raised this issue said that the no refill policy significantly affected their ability to run their programs and wanted the policy changed.

award, the program offices also had their own monitoring and oversight practices, and the breadth and depth of those activities differed widely by office. External reviews criticized CNCS' oversight and monitoring practices, and CNCS' Office of Inspector General listed it as a reportable condition.

Resolving problems in CNCS' grant-making operations has been one of the CEO's top priorities.

Responsibility for Grants Policy

In February 2004, the CEO created the Grants Policy and Operations Office within the COO's organization to normalize across program offices their processes for peer and staff review of grant applications; the process for executive team review of grant applications; and the engagement of the Board of Directors in the grant review process. In addition to developing consistent policies for these programmatic aspects of the grants management function, the office has operational responsibility for managing and overseeing these activities for all grant competitions.³³ Three staff members perform this work.

More recently, the CEO created a new position reporting directly to the COO,³⁴ the Director of Award Oversight and Monitoring, to standardize CNCS' risk assessment and monitoring processes and address other weaknesses in the Corporation's monitoring activities. The director, who reported to CNCS in June 2005, is a one-person office and is working with an Award Oversight and Monitoring Council, whose members represent all COO and CFO offices and the general counsel. It appears that their work will focus on the fiscal and programmatic aspects of CNCS' grant monitoring activities, with the greatest emphasis on the latter.

With the creation of these two new offices, responsibility for portions of CNCS' fiscal and programmatic grants policymaking rests in three different offices with different reporting chains. The shaded boxes in Figure 2 highlight this fragmentation. Some CNCS program staff have raised questions and concerns about the division of responsibility for grant functions among these offices, citing the potential for confusion and the need to respond to three different offices during the lifecycle of a grant.

Responsibility for the Fiscal Aspects of Grant Operations

Responsibility for the fiscal grants management operations is not consolidated in one office. It is divided among two different offices, and the grants officers in those offices report through two different chains of command.

- Grants for DVSA programs are awarded by the service centers, which report to the deputy CFO for financial management.

³³ The office works with senior management to develop the notice of funds availability; helps oversee some of the outreach to new applicants; and manages the application process, which includes getting applications in, conducting technical assistance, managing computer support, getting a recommendation package to senior management, and making sure the package has the proper approvals.

³⁴ Initially, this position reported to the acting CFO. The position was reassigned to the COO in October 2005.

- NCSA grants are awarded by the Office of Grants Management (OGM), which reports to the deputy CFO for planning and program management.
- Learn and Serve formula grants are awarded by the service centers and the rest of their grants are awarded by OGM.

Although the DVSA and Learn and Serve formula grants awarded by the service centers are less complicated than the AmeriCorps and Learn and Serve competitive grants awarded by OGM, all grants involve the same basic work subject to the same federal financial policies and procedures. Service center staff reported that there are biweekly conference calls with OGM to help standardize business practices. Nevertheless, they identified conflicting policies emanating from OGM and the office of the deputy CFO for financial management. Service center staff report that the centers are not always adequately consulted about proposed changes, and some policy changes issued by OGM do not adequately take into consideration how the service centers operate.

Workload and staffing appear to be an issue for both OGM and the service centers. OGM has called upon the service centers to help it close out some of its grants because of a lack of resources. The Learn and Serve formula grants were assigned to the service centers because OGM needed to reduce its workload. However, CNCS field staff have expressed concerns about the capacity of the service centers' grants officers to handle the workload. When grants officers in the service centers have left CNCS, the positions are often left unfilled. There is a general sense among field staff interviewed that the grants officers in the service centers are spread too thin to perform effectively all of the duties required of them.

Roles, Relationships, and Organizational Alignment of CNCS Program and Grants Officers

Agencies use different models to assign programmatic and fiscal grant management responsibilities. CNCS has separated those responsibilities by position and organizational structure. Grants officers working for OGM and the service centers have fiscal grants management responsibilities. Program officers working for the program offices and the state offices have programmatic grants management responsibility. The Grants Policy and Operations Office also has programmatic responsibilities. It is responsible for administering CNCS' special initiative grants, including the Next Generation and Challenge Grants.³⁵

There has been some overlap in responsibilities between the program officers and grants officers. Program officers perform some basic fiscal oversight of grantees and may answer both programmatic and fiscal questions raised by grantees.

Historically, there have been problems in the working relationship between program officers and grants officers.³⁶ Although some CNCS staff believe these issues have diminished, others report

³⁵ In addition to managing the grant award process, staff are developing comprehensive strategies for integrating the special initiative grants with CNCS' major programs and using them to further the Corporation's goals in a more strategic way.

³⁶ The Academy's 1998 study noted problems in the working relationship between program officers and grants officers.

that they continue to exist. Academy staff learned of a recent instance where a grants officer visited a state commission for a week but did not inform the program officer responsible for that state. Given the limited travel funds for face-to-face visits, such operating protocols should be standard, giving program officers the opportunity to have grants officers raise programmatic issues with the grantee. When problems with a grantee arise, the program and grants officers sometimes point to one another as the reason why the problem is not promptly addressed.

Comparison of CNCS' Program and Grants Officers' Roles, Relationships, and Organizational Alignment with Other Agencies

Academy staff met with representatives of several other federal agencies and eight state commissions to learn how they are organized and manage their grant-making operations. Some of those findings are reported below.

- The National Science Foundation is structured similarly to CNCS. The grants officers in the Division of Grants and Agreements handle the fiscal aspects of grant making. The program officers are located almost exclusively in the program offices and do not have fiduciary responsibility.
- The Office of Energy Efficiency and Renewable Energy (EERE) of the Department of Energy has separate offices for program officers and grants officers, but they report within the same chain of command at the Golden Field Office. The Golden office is a dedicated field implementation capability that provides common management services (project, financial, legal, procurement) for EERE programs.³⁷ The Golden office staff work with the headquarters program offices to define project requirements in terms of work required, cost, and timelines. It implements projects by soliciting and evaluating proposals, awarding grants, administering the awards, taking any corrective action required, and reporting status and milestones until project completion.
- In the Department of Education, the program officer is responsible for both the programmatic and the financial aspects of grants management.³⁸ The Finance Office makes the actual grant awards.
- In the Legal Services Corporation, grants and program officer responsibilities are organized similarly to the Corporation. Program counsels, program analysts, and financial specialists handle pre-award and post-award grant activities. The counselors and analysts, who report to the Office of Program Performance, work on the programmatic aspects of the grants—equivalent to CNCS' program officers. The financial specialists, who work for the Office of the Comptroller, handle the financial status reports, budgets, and other financial-related documents from grantees—equivalent to CNCS' grants officers. There does not appear to be a concern about the delineation of programmatic and financial aspects of grant functions because most staff have legal backgrounds.

³⁷ EERE also uses the National Energy Technology Laboratory (NETL) for similar services. NETL is organized similarly to provide these services.

³⁸ This also is the structure in the Department of Housing and Urban Development (HUD). Academy staff did not interview HUD officials. The project director is a former HUD budget officer.

- Of the eight state commissions visited, seven had both program officers and grants officers with responsibility for the programmatic and fiscal aspects of grants management, respectively.

Clearly, there is no one way of structuring the grants management function. Each of the other agencies contacted reported no disadvantages to its way of doing business. Agencies with both program officers and grants officers report that there is ongoing interaction between the two.

Academy staff asked several CNCS staff their thoughts about combining the program and grants officers' functions into one position. Most responded that they had some misgivings. These staff members believe that the nature of the work performed by the two existing positions is very different and requires individuals with different backgrounds and skill sets. Many believed that while the program officers need to have the ability to determine if a grantee is in compliance with financial requirements, they do not have the knowledge to do the technical aspects of grants management (making the awards, doing financial audits, reconciliations, and close-outs).

One senior CNCS official noted a significant disadvantage to CNCS' current structure for program and grants officers. Because the program and grants officers report through separate organizational structures, the "right people" are not always included in decision-making meetings. From an operational perspective, OGM gets involved in the grant award process at the point where the program staff is close to making final funding recommendations to the CEO. Once the program offices have identified the pool of recipients, OGM examines each applicant's proposed budget and identifies for the program offices any budget issues related to compliance. Because their involvement in the grant award process does not occur until the process is well underway, grants management staff are not always included in program office meetings at earlier stages in the process to help feed the discussion from a fiscal perspective.

New Role for AmeriCorps Program Officers

CNCS has announced its intent to have AmeriCorps*State/National program officers be the all-around customer service representatives at the Corporation for AmeriCorps' partners, not just for specific program activities, but for all aspects of their interactions with the Corporation. Some of the state commissions interviewed have questioned whether the new protocol will add a layer of bureaucracy because program officers cannot answer technical grants questions. When this is the case, the program officer will have to go to a grants officer for answers.

The Corporation has not yet clearly defined what this new program officer role entails, or developed a strategy for how the change will occur. Implementation of the new concept was on hold pending the hiring of an associate director of policy for AmeriCorps, who will be responsible for defining, in consultation with the other offices affected, the new roles and responsibilities of the program officers. The position was filled in July 2005.

The new program officer role will undoubtedly affect CNCS customer relations. It also will impact the program officer/grants officer working relationship. However, the extent of that impact cannot be determined until the new roles and responsibilities are clearly defined.

RESTRUCTURING OPPORTUNITIES FOR CNCS' MEMBER TRAINING AND SUPPORT FUNCTIONS

The Academy staff did not examine in depth the Corporation's volunteer member support and non-staff training activities. These activities are decentralized throughout CNCS' program offices and the state offices, and each office handles these functions differently. For training, the Office of Leadership Development and Training (OLDT) is available to work with the program offices to identify their learning needs for members, grantees, state commissions, etc., and to help develop strategies to meet the program offices' objectives. When it was first formed, OLDT worked primarily with the NCSA programs. More recently, its responsibilities have expanded to include all CNCS programs. However, the support OLDT provides to each office depends on the program offices' desires and their internal capabilities to perform those functions themselves.³⁹

The Academy's human resources team's position management studies⁴⁰ revealed opportunities to restructure member support and training activities for AmeriCorps*VISTA, which could improve the efficiency and effectiveness of these activities. In the AmeriCorps*VISTA program office, an 11-member Training/Member Support Office is responsible for VISTA member recruitment, training, and support activities. The current structure and staffing for this unit is shown in Figure 5 on the next page.

The two vacant positions in the Member Support Unit provide VISTA member transactional support (i.e., providing information on VISTA member entitlement issues and helping resolve VISTA members' benefit-related issues). The state office staff perform similar administrative work for VISTA members. Academy staff found that this workload contributes to CNCS concerns about the high administrative workload in the state offices.⁴¹ The Office of Field Liaison and AmeriCorps*VISTA have formed a working group to examine how this work might be performed more efficiently.

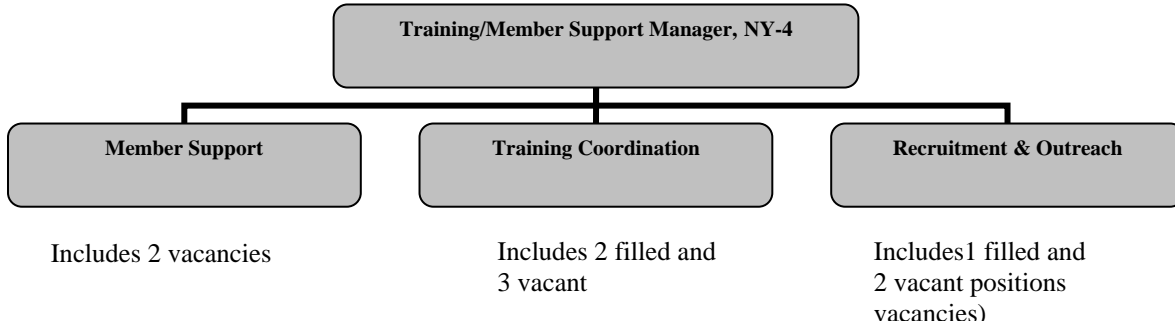
Interviews revealed that the current incumbents of the VISTA Training Coordination unit primarily perform training event coordination functions, and are not involved with curriculum development. Further, as currently designed, these positions do not perform VISTA member/sponsor training needs assessments, which management officials believe are needed. If the unit were fully staffed, the cyclic nature of VISTA member training makes it doubtful that all five positions would be fully employed.

³⁹ AmeriCorps*State/National relies totally on OLDT for training support. Learn and Serve and Senior Corps use OLDT for some activities, but also perform training functions themselves. AmeriCorps*VISTA handles most of its training activities for program sponsors and members.

⁴⁰ These unpublished studies are discussed in Chapter 6.

⁴¹ Administrative workload in the state offices is discussed further in Chapter 6.

Figure 5
CURRENT AMERICORPS*VISTA TRAINING/MEMBER SUPPORT OFFICE



The Academy staff’s examination of the VISTA Training Coordination unit led to a fundamental question of why the VISTA program office has its own training positions when OLDT performs a very similar function for CNCS’ other programs. While it is important to maintain the substantive differences between VISTA and AmeriCorps member training, it appears that reassigning the VISTA positions to OLDT would:

- provide OLDT with additional staff depth by allowing the positions to support other member training needs when the VISTA member training workload is low
- provide more possibilities to enrich the positions and increase developmental opportunities by assigning the positions to an organization that shares common competency requirements

The possible realignment of this work is the subject of current discussions within the Corporation.

CONCLUSIONS AND RECOMMENDATIONS

The Panel believes that an in-house management analysis capability would make the Corporation a stronger, more effective organization. CNCS needs more analytic rigor to support its budget justifications and to inform its management decisionmaking. The CEO and program offices must have the ability to look at management issues within individual offices, and the CEO needs to be able to examine management issues that cut across the Corporation. The Panel believes that enabling CNCS to look across the organization and develop more uniform business practices will help “thin” the walls of the stovepipes that characterize the program offices. These types of activities have the potential for doing more to eliminate the barriers between programs than any restructuring might accomplish.

CNCS also needs an organizational home for other management activities, such as issuing policy; developing and maintaining organizational handbooks; and managing and driving change management initiatives throughout the organization. In addition, it needs an organizational entity responsible for overseeing a process to review/clear Corporation documents to ensure that those affected by decisions are appropriately involved in the decision-making process.

The Panel recommends that CNCS establish an Office of Business Management Systems within the CFO's office to be responsible for management analysis activities and other business management functions, including an executive secretariat function to ensure that documents are reviewed timely by affected parties.

If the Corporation is unsuccessful in its attempt to eliminate the presidential appointment of the CFO, the Panel believes this office should report to a Chief Administrative Officer, as recommended in Chapter 3.

The Grants Policy and Operations Office has created more standardized grant application policies and processes, but needs to continue to identify areas where further improvements are needed. Similar efforts are required in CNCS' oversight and monitoring operations. While the Panel applauds CNCS' efforts to correct weaknesses in the programmatic aspects of its grant-making functions and to standardize policies, it finds CNCS' decision to create new offices/positions to address these issues to be a troublesome trend. Parsing out to two separate offices the responsibility for programmatic grants policy requires program offices, and perhaps grantees, to interact with two different offices. This structure can blur roles and responsibilities, result in conflicting directions, and leave the organization vulnerable to problems of accountability. It also creates artificial structural barriers to developing a seamless grants management operation for the Corporation.

The Panel recommends that CNCS consolidate into one office reporting to the COO the functions of the Office of Grants Policy and Operations and the Director of Award Oversight and Monitoring.

The Panel believes that CNCS' grant operations would be more effective and efficient if all grants officers were organized in one office. Consolidating CNCS' grants officer resources under a single organizational entity could lead to more effective utilization of resources, more consistent operations, improved professional development of staff, and a synergy of creative thought. Both OGM and the service centers appear to be struggling to manage their workloads. The Panel believes that CNCS would be better able to manage its grants workload if all grants officers worked for the same office, where the head of that office can prioritize the Corporation's entire grants workload and has the flexibility to adjust work portfolios among staff as needed. Having all grants officers in the same organizational unit also would provide increased opportunities to cross train the grants officers to handle all of the Corporation's grants. This would allow them to diversify their portfolios, thereby offering opportunities for staff development. Finally, there are intangible benefits associated with having staff that perform common work feel like they are part of the same team, with the same opportunities for input and

advancement. Currently, these benefits are difficult to attain because of the structural barrier created by having the field and headquarters grants officers in different organizational units.

The Panel recommends that CNCS reorganize its service centers to have them report to the Office of Grants Management.

The Panel recognizes that the service centers perform administrative work in addition to their grant-making activities. Under this recommendation, those functions also would report to OGM. However, in the longer term, the Panel believes that additional reorganization is needed.

There are no data demonstrating that CNCS needs five service centers to perform either its grants functions or administrative functions. Most of the state offices have few face-to-face dealings with the service centers to address grants and administrative matters. They rely on automated systems, phone, e-mail, and other forms of communication to perform their work. Thus, the geographic location of the service centers is not a factor in performing either grants work or administrative operations. The Panel believes that the management efficiencies to be gained by having all grants officers report to one organization can be further enhanced if all grants officers are consolidated at one location. Likewise, experience in other federal agencies indicates that consolidating backroom processing operations into one location can improve operations and reduce costs.

The Panel recommends that once CNCS reorganizes its service centers under the Office of Grants Management, it consolidate its grants officer positions at one location. The Panel further recommends that CNCS consolidate in one location the administrative functions performed by its service centers.

The Panel acknowledges that this recommendation cannot be implemented immediately. Any reorganization that involves consolidating offices needs to be carefully planned to minimize disruption to staff and workload. CNCS also will need to develop a budget proposal prior to implementing this recommendation because consolidating offices will cause costs to rise in the short term, even though costs will go down in the longer term.

The Panel believes that its recommendations on the Corporation's structure will improve organizational effectiveness and efficiency. But, even an organization with a problematic structure can be successful given the right leadership. And an organization with a classic textbook structure can fail if its leaders are not up to the management challenges they face. The Corporation's effectiveness depends on how well its various offices work together to award and manage CNCS' numerous grants.

In CNCS, program officers and grants officers need to work together closely, but there is evidence that long-standing problems in those working relationships continue to exist. The Panel believes that these problems can be resolved in CNCS' current organizational structure, as modified by the Panel's recommendations. However, to be successful, the COO and CFO must exercise strong leadership and be held accountable for how well their offices work together.

Given the vacancies in VISTA's Member Support unit and concerns about the high proportion of administrative workload performed by state office staff, CNCS has a unique opportunity to reorganize its VISTA member support functions in a manner that will enable the Corporation to manage this workload more efficiently. This work can be handled from any location, and does not have to be located in headquarters to function effectively. Therefore, the Panel believes CNCS should consider a service center approach for these activities, using the two vacant positions in the VISTA Member Support unit to form the core of such a unit. This unit could be staffed with CNCS employees or outsourced, and could assume responsibility for responding to all VISTA members' requests for technical assistance and performing clerical support now being provided by the administratively-overburdened state offices. The Panel further believes that CNCS should examine whether this consolidated function is a candidate for inclusion in the administrative service center, recommended above.

The Panel recognizes the need to tailor training for the VISTA and AmeriCorps members in order to meet their specific needs. However, the Panel questions the assignment of member training positions to AmeriCorps*VISTA when OLDT currently provides similar member training services to AmeriCorps and other CNCS programs. Having this work performed in two offices creates opportunities for duplication of effort, results in an ineffective use of staff, and limits developmental opportunities for those positions. The Panel believes OLDT should provide to AmeriCorps*VISTA training services similar to those it provides to other CNCS programs, in order to attain greater organizational synergy.

The Panel recommends that CNCS use the vacant positions within the VISTA Member Support unit to form the core of a consolidated unit responsible for all VISTA member administrative support. The Panel also recommends that CNCS reassign to the Office of Leadership Development and Training the VISTA member training functions similar to those already performed by OLDT for the rest of the Corporation.

CHAPTER 5

IMPROVING FINANCIAL AND GRANTS MANAGEMENT

As discussed in Chapter 1 and Appendix B, an Antideficiency Act (ADA) violation set off a series of events that prompted this study. The congressional report language that mandated this study listed “financial management” as one of the key areas that the Academy should review. Because the Corporation functions, primarily, by making grants, the language also asked the Academy to look at CNCS’ grant-making operations.

The Academy formed a team to review selected activities in CNCS’ financial and grants management operations. The team reviewed the management of the National Service Trust (the Trust)—the account involved in the ADA violation—as well as matters pertaining to how the Corporation manages, controls, and reports on the use of its funds; the systems the Corporation uses as part of that process; and the processes involved in making grants. In doing so, the team built upon work already performed by GAO, CNCS’ IG, and Deloitte Consulting.⁴²

During the course of this study, the Corporation has made improvements to its financial and grants management operations. This chapter discusses the current state of those operations and identifies areas where the Panel believes further improvements are needed.

ADMINISTRATION OF THE NATIONAL SERVICE TRUST

The National and Community Service Trust Act of 1993 established the Trust to fund education awards for eligible participants who complete AmeriCorps service. Funding for the Trust comes from appropriations, interest earned, and proceeds from the sale or redemption of Trust investments. The Trust also is authorized to receive gifts or bequests, although it has not received any donations to date.

While the bulk of the funds are used for the AmeriCorps*State/National program, education awards also are available for AmeriCorps*VISTA and AmeriCorps*NCCC members. In addition, the Trust is used to fund Presidential Freedom Scholarships, where each high school in the country may select up to two students—juniors or seniors—to receive scholarships for specified service. Under the Act, funds are available to repay qualified student loans, pay educational expenses at a qualified institution of higher education, pay expenses incurred from participation in an approved school-to-work program, and repay eligible interest expense on student loans.

For several years, Congress, GAO, and others have raised questions about the manner in which the Trust is administered. There have been questions about the accuracy of the Trust database, the model used to estimate funding needs, and the adequacy of reserves maintained for Trust

⁴² As part of a general Business Process Review discussed in Chapter 1, Deloitte made recommendations specific to the Trust and CNCS’ grant processes.

operations. When the Corporation reported the ADA violation, the Trust received more attention than ever.

Since the ADA violation, the Corporation has made several reforms to the Trust's management. The Corporation has adopted procedures to ensure that it cannot allocate more Trust funds than are available in the annual grant cycle. Responsibilities and procedures have been delineated to ensure that funds are obligated in the Trust prior to awarding grants. The Corporation also has adopted a model, developed by PricewaterhouseCoopers in 2001, that provides service award liability estimates, Trust fund balance projections, and estimated funding needs for each program year through 2011. In addition, CNCS has improved the Trust's accounting and reporting systems.

Trust Operations

The Trust Office, a 14-person office reporting to the director of accounting and financial management services, manages the Trust. A costly and time-consuming part of Trust operations is reconciling member information with social security records, and reconciling member data currently maintained in two systems, the Web-Based Reporting System (WBRS) and the Electronic System for Programs, Agreements, and National Service Participants (eSPAN).⁴³

In order for the Trust to pay an education award, it must have the member's correct name and social security number. Grantees and members interviewed noted problems with the accuracy of that data. Member names and social security numbers are initially entered into WBRS, either by the member, the grantee, or the sub-grantee, and then transferred electronically once daily into eSPAN. The Trust Office verifies that information with the Social Security Administration (SSA) on an annual basis. Some grantees do extensive verifications to ensure that member names and social security numbers are recorded accurately. Where verification efforts are less conscientious, the Trust Office gets involved in a reconciliation process, which is often time consuming.

CNCS currently is developing plans to integrate WBRS and eSPAN to eliminate the need to re-enter member information into eSPAN, and to develop an automated link with SSA that will enable the Trust Office to do an on-line verification of member names and social security numbers. This systems upgrade is expected to be completed in calendar year 2005. In the interim, Academy staff have suggested that the Trust Office send periodic reminders for grantees to verify member data, in order to keep the cost of Trust operations to a minimum.

The current process for paying educational awards is labor intensive. Members send hard copy information to CNCS requesting their awards. All incoming documents arriving via surface mail are irradiated, which turns the paper yellow and brittle. A CNCS staff member must carefully unfold the member's correspondence and photocopy it in preparation for data entry into a stand-alone system that is read by eSPAN. CNCS is proceeding to automate the Trust payout process. The CFO's office has awarded a fixed price contract for the effort. A CNCS official estimates that it will take about two years to fully implement the new system.

⁴³ These systems are discussed later in this chapter.

Trust Reporting

CNCS prepares several recurring reports that contain information on the administration of the Trust. The Corporation's annual Performance and Accountability Report (PAR) contains information on the Trust liability.⁴⁴ The Trust's obligation and outlay information also is reported in the PAR and to OMB. In addition, the Corporation submits monthly reports to congressional staff to keep them apprised of the Trust's financial status and operations. The monthly report includes a description of the Trust and accounting principles for managing it. It also shows member slot status, Trust financial statements, obligations, enrollment activity for program years 1994 through 2005, and other factors affecting the Trust, including the size of the Trust reserve.

Trust Reserve

The Trust reserve was established as part of the Strengthen AmeriCorps Program Act of 2003 (P.L. 108-45), to ensure the availability of adequate funds to support the educational awards for approved national service positions for each fiscal year. The law does not specify the amount to be added to the reserve in any year. However, it does state the following two conditions governing the obligation of funds in the reserve:

“The Corporation shall not obligate the funds in the reserve account until the Corporation—

- A. determines that the funds will not be needed for the payment of national service educational awards associated with previously approved national service positions; or
- B. obligates the funds for the payment of such awards for such previously approved national service positions.”

The Trust reserve continues to increase as a result of specified amounts in the annual appropriations acts. Based on the Strengthen AmeriCorps Program Act, CNCS is using more conservative enrollment, earning, and usage rate assumptions to calculate Trust liability and budgetary needs. Table 2 shows the schedule of trust obligations as of June 30, 2005, including the Trust reserve, which is not available for obligation.

⁴⁴ The PAR is required by the Accountability of Tax Dollars Act of 2002, the Reports Consolidation Act of 2000, and the Government Corporation Control Act. (31 U.S.C. 91).

Table 2
NATIONAL SERVICE TRUST
Schedule of Trust Obligations as of June 30, 2005

<i>(in thousands)</i>	
Resources	
Trust Cash and Investments (net of receivables not available for obligation)	\$413,534
Trust Reserve (not available for obligation)	(32,837)
Total Resources	\$380,697
Unliquidated Obligations	
President's Freedom Scholarships	3,500
Education Awards	323,631
Interest Forbearance	13,279
Total Unliquidated Obligations	\$340,410
Funds Available for Obligation	\$ 40,287

ADMINISTRATIVE FUNDS MANAGEMENT

As part of the financial management review, the Panel asked the study team to examine three aspects of funds management:

1. whether the Corporation has an adequate administrative control of funds (ACF) policy, which is required by law to prevent ADA violations
2. whether the Corporation's budgeting and internal funds management procedures are consistent with good management practices
3. whether the Corporation has a cost allocation system that allows it to meet both statutory and administrative requirements for performance budgeting; support its budget activity structure; and enable it to prepare the PAR

Administrative Control of Funds

Law and regulations⁴⁵ require every federal agency to develop an ACF policy to document the means by which the agency manages its appropriations and other funds, and to prescribe policies to ensure that the agency does not violate the ADA. The policy also must contain procedures to

⁴⁵ An ACF procedure is required by Section 1514 of Title 31, United State Code; OMB Circular A-11, Section 150; and OMB Bulletin 80-14.

be followed if the agency violates the ADA. OMB regulations require agencies to submit their ACF policies to it for approval.

When the Academy initiated this study in August 2004, the Corporation did not have an approved ACF policy. The Corporation had submitted a draft policy to OMB in September 2003, several months after the ADA violation, and was waiting for OMB's approval. In the interim, the acting CFO was using the draft policy as the Corporation's control basis.

The Academy team reviewed the draft ACF policy and found the Corporation's internal policy and procedures to be appropriate for fund control purposes. But the team noted two problems. First, the policy lacked a mechanism for making routine reports to the CEO. This is now being corrected. Second, the official procedures are too technical for a non-financial person to understand easily. To assist CNCS staff to understand how funds flow within the Corporation, the study team worked with Corporation staff to produce a series of charts that a lay person could understand. These charts are attached to this report as Appendix E. The staff also suggested to the acting CFO that his office prepare a supplementary document so that the non-financial staff in the Corporation, who actually manage the funds, can have a simple and easy-to-read source of information to use. The acting CFO has agreed that this should be done.

OMB returned CNCS' draft ACF policy with comments in July 2005, and CNCS is in the process of using OMB's comments to revise its draft. After the ACF policy is cleared through senior staff and approved by the CEO, it will be issued as a policy document in the Corporation's official policy-numbered series and placed on the Corporation's Intranet along with its other policies.

Budgeting and Internal Funds Management

Early in the study, the Panel became aware of several problems with how the Corporation budgets for and manages its administrative expense funds.

- Basic budgeting practices tend to understate the cost of the staffing component. This places the Corporation in a perpetually under-funded position, and undermines the administration of the Alternate Personnel System (APS) by providing insufficient funds for performance awards, within-band adjustments, and workforce development.⁴⁶ Academy staff communicated the specifics of this problem to the CFO's office, which is making the appropriate changes to these budgeting practices.
- CNCS' methods to administer the staffing budget have depended on forcing a delay when filling vacant positions. This procedure, called "managed lapse," centralized all management of personnel services funds in the budget office, rather than allocate them to the offices that actually use the money and allow the program and office directors to manage those funds. The Panel has been advised that CNCS has abandoned the "managed lapse" procedure. In addition, the CFO's office has developed a procedure which, when fully implemented, will give program and office directors greater authority to manage their staffing budgets.

⁴⁶ See Chapter 6 for a discussion of this problem.

- CNCS budgets and allocates staff based on the concept of funded positions. This is an obsolete practice, abandoned by most other federal organizations. Rather, the method of choice is to budget and allocate on the basis of either full-time equivalents (FTEs) or staff years,⁴⁷ thereby providing the manager with the ability to determine numbers of positions within an overall FTE (or staff year) allocation. This method is most effective when an agency has some form of work measurement system so that units of work can be converted to staff requirements (and dollars) based on workload, rather than on historical position numbers.
- Because of historical factors, NCCC is the only program office in CNCS that uses a portion of its program funds for administrative expenses. The other program offices have separate appropriations for their program and administrative funds. As a result of this anomaly, the AmeriCorps*NCCC administrative budget is managed separately from the rest of the Corporation's administrative budget. This has caused problems for budget administration in the Corporation because tables on administrative expenses and staffing often omit the NCCC line. It also has caused some inequities in the administration of the APS because NCCC has its own resource pool for APS performance awards and within-band increases, which results in different levels of funding being available for NCCC employees than for the rest of the Corporation.⁴⁸

Some of CNCS' problems associated with handling its administrative funds have been caused by the Corporation's dual appropriations structure, discussed in Chapter 1, whereby two House and Senate appropriations subcommittees pass separate appropriations—the DVSA appropriation account and the NCSA appropriation account—to fund the Corporation's administrative expenses. In the Academy's 1998 study of CNCS, the Panel recommended that Congress unify its oversight of CNCS and have one appropriations bill. A recent change in the House and Senate Appropriations Committees' structure has resulted in one subcommittee for each chamber of Congress—the Labor/HHS subcommittee—having such oversight. Appropriations legislation for FY 2006 is still pending at this time. A House bill reported by the Appropriations Committee continues to separate CNCS' administrative expense funding into two separate appropriation accounts. A Senate version consolidates the two separate administrative accounts into one new account. However, both versions still provide separate funding of NCCC administrative expenses.

Cost Allocation Methods for Budgeting and Accounting

In preparing its budget, CNCS has had to prepare submissions for its two appropriations accounts. Likewise, CNCS has accounted for how it expends funds from its two appropriation accounts. The vast majority of the Corporation's expenses is direct program costs and are easily identifiable for budget and financial reporting purposes.⁴⁹ To budget for and allocate the

⁴⁷ Staff years differ from FTEs due to inclusion of overtime in staff years. Agencies prefer one or the other method, depending on individual circumstances.

⁴⁸ See discussion in Chapter 6.

⁴⁹For financial reporting, CNCS allocates costs to its three major responsibility segments—AmeriCorps, National Senior Service Corps, and Learn and Serve America. Beginning with the 2004 year-end comparative financial statements, CNCS also broke out the major subcomponents for each responsibility segment. For example, Senior Corps expenses included separate information on the Foster Grandparent Program, RSVP, and the Senior Companion Program.

remaining administrative costs, CNCS relies on two different allocation methods. One is the accounting method, which is used for financial reporting purposes, to meet statutory and other requirements for allocating costs by program and to prepare the PAR. The second is a budget allocation method, which is a variation of the accounting method. It is used to footnote budget justifications (beginning with the FY 2006 congressional justification) for each of the five CNCS programs (budget activities), to indicate the full budgeted cost of each activity.⁵⁰

The accounting model uses a variety of factors to allocate administrative costs of the non-program offices to the two appropriations. For example, costs to operate the CEO's office and the Office of General Counsel are allocated based on the percentage of FTE directly assigned to all agency functions. Office of Information Technology (OIT) costs are allocated based on a combination of program support levels, help desk calls, and FTE assigned directly to all agency functions. Accounting office costs are distributed based on direct program spending levels. Evaluation costs are allocated to programs each fiscal year based on the known workload of the Office of Research and Policy Development. Rent is distributed based on square footage of office space assigned to agency locations.

The budget model uses the accounting model to derive percentages for allocating budgeted amounts among the five programs. The budget model makes adjustments to the accounting model percentages when future year budgeted amounts indicate a different or more specific allocation approach. For example, in the case of evaluation funding, both current year operating budgets and future year budget requests include detailed evaluation plans and estimated costs that allow for specific allocations to each program for each fiscal year.

The Corporation reviews its cost allocation methods annually and tries to continuously improve its ability to better link costs to program outcomes. Some refinements to the system are still needed. The Academy team has questioned some of the Corporation's budget request and allocation practices for administrative expenses. For its operating budget, CNCS' budget submissions through FY 2006 request funds for direct administrative expenses from the corresponding DVSA or NCSA appropriation accounts. CNCS budgets for its VISTA headquarters staff payroll and operating expenses under the DVSA Program Administration Account, and AmeriCorps*State/National staff payroll and operating expenses are budgeted for under the NCSA Salaries and Expenses Account. For indirect administrative expenses, CNCS requests funds based on historical practices and its attempts to balance the DVSA and NCSA administrative accounts. For example, CNCS has budgeted 100 percent of all state office expenses out of the DVSA account since CNCS was created, even though state offices have been increasingly involved in NCSA activities in the last few years.

The accounting model charges state office expenses primarily to Senior Corps, with some small amounts charged to Learn and Serve and VISTA based on the volume of grants flowing through the service centers. This distorts the true costs of the state offices, which handle no Learn and Serve activities and have more VISTA work than this formula would indicate. In addition, the

⁵⁰ This is required by OMB Circular A-11, Part 6, Section 220.

state offices' work with AmeriCorps programs is not reflected at all. CNCS has indicated that it will be reviewing and updating the methodology for allocating state office expenses.

SYSTEMS THAT SUPPORT CNCS' FINANCIAL MANAGEMENT ACTIVITIES AND MANAGEMENT REPORTING—CURRENT AND PLANNED

Primary Systems and Applications

CNCS has several systems that provide the financial and non-financial data used for its financial management activities. The primary systems the Corporation uses are:

- Momentum
- eSPAN—Electronic System for Programs, Agreements, and National Service Participants
- eGrants
- WBRS—Web-Based Reporting System

Momentum

Momentum is the Corporation's core financial management system and system of record. It is operated for the Corporation's Office of Financial Management (OFM) by the Department of Interior's National Business Center on a contract basis. It is designed to collect, process, maintain, transmit, and report data about financial events. It has electronic interfaces with the U.S. Department of Agriculture's National Finance Center, the Health and Human Services' (HHS) Payment Management System (PMS), and eSPAN. Collectively, Momentum and eSPAN are considered a single, integrated financial management system as defined by OMB Circular A-127, Financial Management Systems.

eSPAN

eSPAN is a mixed information system that supports both financial and non-financial functions. OIT is responsible for the operation of eSPAN; its maintenance and upgrades. The Corporation's plan is that eSPAN become the umbrella system for all Trust, grants, and member information. Currently, eSPAN includes data for the Trust's operations, including educational awards, and payroll information for VISTA members. It also has a system module—eGrants—that is the single entry point for grant information.

eGrants

eGrants is an on-line electronic grants management system that processes grant applications and tracks them through award. Potential grantees have access to eGrants to file their applications, and they can track the progress of their applications through review to award. CNCS program and grants management staff use the system to process applications, review them, and post the awards.

eGrants is integrated with Momentum through an electronic interface. When the grant award obligation is posted to eGrants, it is simultaneously posted to Momentum and to the HHS PMS, which gives grantees access to funds almost immediately. OIT also is responsible for the system's maintenance and upgrades.

Since the start of this study, there have been at least two major upgrades to eGrants intended to address user criticisms about the system. The newest version of eGrants is web based, and staff and grantees report that the latest version is more user-friendly. A third upgrade is already planned.

WBRS

At present, WBRS is a stand-alone grantee reporting system that maintains information on AmeriCorps projects and slots and available positions for volunteers. The system allows grantees and sub-grantees to:

- create a program profile with operating sites
- create a profile of members, including demographic data
- enroll AmeriCorps members in the National Service Trust database
- track changes in member information
- track on a biweekly basis the member hours served
- provide online certification of member enrollment and completion of service
- track program progress

WBRS is scheduled to be integrated into eSPAN in December 2005. At present, the Office of Leadership and Development Training is responsible for WBRS; and it works with OIT for system maintenance and upgrades.

Other Corporation Systems

The above systems are part of an integrated systems design for CNCS's financial and program management operations. In addition to these agency-wide integrated systems, several offices operate their own systems, including:

- AmeriCorps On-Line Recruitment and Placement System
- Join Senior Service Now
- iBudget (budget office responsibility)
- Salary Management System (budget office responsibility)
- Senior Corps Budget and Grants Tracking Database
- I-Desk (AmeriCorps*VISTA responsibility)
- Learn and Serve System Information Exchange
- Management/Member Information system (AmeriCorps*VISTA responsibility)

A description of these systems is included in Appendix F. A problem with these independent systems is that they are not integrated with the Corporation's primary systems. For example,

data in iBudget must be manually transferred to Momentum. This manual transfer of data increases workload and creates problems with timeliness and data accuracy.

Management Reporting Capabilities

To effectively manage their organizations, senior officials need ready access to the financial and performance data amassed in the Corporation's automated systems and the ability to generate reports that meet their managerial needs. The PAR is the most comprehensive report containing financial and performance information that the Corporation prepares. It contains a wealth of financial, statistical, operational, and performance information for internal as well as external management. The PAR, while being informative and mandated by statute, is now 264 pages. In its current form—and even with the goal of 160 pages for FY 2005—the PAR can hardly be considered a report for the layperson to read and comprehend. And as it is published only annually, it is not useful for day-to-day management of the Corporation.

At the program director level, extensive reports are available on a regular recurring basis. Executive officers, who are the Corporation staff responsible for helping program and office directors with their budget and financial management responsibilities, provide to office heads recurring reports, such as the Status of Funds Reports and Funds Usage Reports that include information for their areas of responsibility. Using report generator tools, staff can retrieve data from Momentum, eSPAN, and other systems, and arrange it in report fashion. The accounting office has developed a series of ad hoc reports that substitute for standard financial reports, including the Quarterly Statement on Budget Execution to OMB and the monthly Trust report to Congress. Program office staff also can use these tools to create financial reports that meet their specific needs. The current financial reporting appears to meet the needs of program directors, office directors, and staff.

The acting CFO⁵¹ currently provides a Quarterly Variance Report to the executive team.⁵² The report shows how the Corporation is performing financially in relation to its financial plan and budget cumulatively by quarter. When the Academy staff first examined this report, it contained extensive detail not appropriate for its intended recipients. Adopting suggestions from the Academy staff, the CFO's office revised the report in consonance with the principles of hierarchical and exception reporting. The executive team is now able to see at a glance summary information on the status of all Corporation funds. Any significant variations are highlighted at summary levels. Supporting details also are available. Academy staff also have suggested to the acting CFO that a simplified, one-page version of this report be provided to the CEO and the Board. The acting CFO has agreed, and the new report format is being developed.

For the Board's financial data needs, the acting CFO provides financial and statistical highlights at each of the three Board meetings held during the year. The acting CFO also meets with the Board's Strategy, Management, and Governance Committee to pre-brief the members prior to the full Board meetings. Topics typically covered in the meetings include grant making,

⁵¹ References to "acting CFO" refer to the deputy CFO for planning and program management who held the title "acting CFO" during most of the study.

⁵² See Chapter 3 for a definition of the executive team.

financial operations, human capital, strategic planning, and an inspector general update. The coverage is extensive. The most recent briefing consisted of a 48-page Power Point presentation.

Work-In-Progress to Improve CNCS' Financial Systems and Reporting

While CNCS has financial management reporting capability, the Corporation has recognized problems in this area. In March 2004, the Corporation provided to Congress a Comprehensive Plan for Reform that detailed corrective actions and future plans for achieving management reforms and increased accountability. The plan stated that:

A pervasive change to all financial management will occur which requires, with CFO oversight, the analysis and reforecasting of all financial information. Financial reporting packages will be developed which include metrics, trend analysis, and variance analysis to fully inform management and the Board in the decision-making process.

The Plan for Reform stressed the importance of developing an executive information system (EIS) to inform decisionmaking, and such a system is currently under development. According to CNCS, it plans to have an EIS that gives managers and executives ready access to selected, recurrent information needed to facilitate decisionmaking without requiring them to wade through a mound of paper. The concept underlying management reporting is that relevant trend and variance information will be on the screens of the executive team every morning when they sign onto the CNCS Intranet.

At the heart of the EIS is a data warehouse. It will include historical data received from Momentum and eSPAN to enable staff to examine past conditions within the data, thereby facilitating trend and variance analyses. Concurrent with the development of the data warehouse is a project to produce a data dictionary that will contain standard definitions across the Corporation for all terms. Some key terms, such as FTE and program year, are understood and used differently within CNCS. The dictionary also will address an OMB concern that grant-making agencies should use the same terminology and have common data definitions for terms used. The data warehouse has been partially populated with data. When CNCS completes its definition of terms, the data warehouse can be completely populated.

The Corporation also is in the process of developing requirements for an executive management dashboard. The dashboard is a set of metrics that will help Corporation staff monitor the operational effectiveness of program and program support offices.⁵³ It will provide a consolidated view of Corporation-wide operational performance indicators to facilitate improvements in customer satisfaction, efficiency, quality, accountability, and employee satisfaction by supporting decisionmaking, influencing behaviors, and demonstrating successes. The data warehouse will be the source of data for the dashboard.

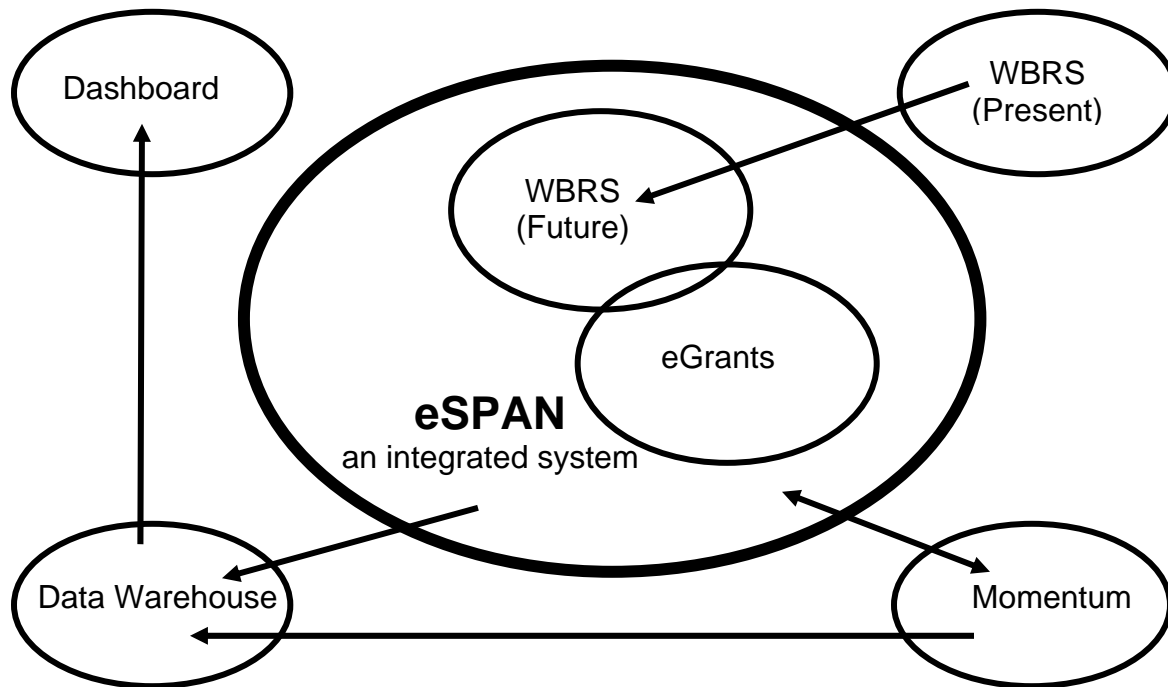
These efforts will take several years to complete. To help meet the CEO and the Board's current need for recurring financial and metrics information while the dashboard is being developed, the acting CFO will provide high level financial, statistical, and performance measurement

⁵³ A discussion on metrics is included in Chapter 7.

information on the CFO web page. The web page also will contain more detailed information, such as a new Service Center Handbook, for those who have a need for such information.

These initiatives will provide the Corporation with improved systems and tools to help ensure the financial integrity of the organization, and give decisionmakers the data needed to more effectively manage the organization. Figure 6 shows CNCS' goal for its automated systems and reporting capabilities.

Figure 6
CNCS' FINANCIAL AND NON-FINANCIAL INTEGRATED SYSTEMS



STRATEGIC MANAGEMENT OF CNCS' INFORMATION TECHNOLOGY RESOURCES

The Corporation has many initiatives underway to improve its systems. The Panel has identified several issues that affect the Corporation's ability to strategically manage its information technology (IT) resources.

Role of the Chief Information Officer

OIT's official responsibilities are to ensure the economic, efficient, and effective analysis, design and operation of information resource management systems in the Corporation. Like other federal IT offices, it is charged with being up to date on enterprise architecture, system documentation, and other technological developments. Such knowledge and expertise is to be

shared with others in the organization to conserve resources, facilitate and improve operations, and avoid “reinventing the wheel.”

Under the Information Technology Management Reform Act of 1995 (Clinger-Cohen), the CIO is responsible for evaluating the performance of information management resources in the agency. The Act specifies that the CIO must be in a position to ensure that those resources are being managed effectively, and to provide advice and assistance to the agency head as to whether to continue, modify, or terminate a program or project. In August 2005, CNCS changed the reporting line for the CIO from the CFO to the CEO.

Information Technology Planning

Currently, OIT does not have a strategic IT plan. OIT officials have been awaiting the completion of the Corporation’s strategic plan before developing an IT strategic plan.⁵⁴ Without a strategic overview for the Corporation’s IT resources, OIT has relied on less formal means to guide its IT policies and practices. When the current CIO arrived at the Corporation in September 2003, he did an assessment to identify what IT areas needed to be addressed and confirmed those with the executive team. Also, based on input from other offices, OIT prepares an annual procurement report indicating major IT acquisitions for the year. While not an official IT strategy, it forms the basis for the IT budget. With the September 2005 Board approval of the Corporation’s strategic plan, OIT can now move forward to finalize an IT strategic plan for the Corporation.

System Ownership and Priority Setting

Of the four primary systems, OIT has primary responsibility for eSPAN and eGrants, and is responsible for system maintenance, updates, and upgrades whether performed in-house or by outside contractors. Until WBRs is integrated into eSPAN, the Office of Leadership Development and Training is responsible for that system. After the integration of WBRs with eSPAN, OIT will assume responsibility for WBRs.

As noted earlier, OFM has the contract with Interior to operate Momentum for CNCS. OFM manages the contract and works through Interior to have upgrades made to Momentum.⁵⁵ OIT is not involved in those efforts, despite its corporate-wide responsibility for automated systems.

For the non-integrated systems, the responsible offices handle development and upgrades. OIT lacks authority to direct changes in how those systems are managed and operated. Upgrades for the non-integrated systems are handled in one of two ways. For contractor developed and operated systems, OIT generally serves as the contracting officer’s technical representative, and is thus afforded the opportunity to review the specifications provided to the contractor. For those systems developed and maintained by CNCS staff, the program/office staff accomplish the upgrades with little or no involvement by OIT.

⁵⁴ See Chapter 7 for a discussion on CNCS’ efforts to develop a strategic plan.

⁵⁵ According to Corporation staff, CNCS is planning to contract directly with the contractor who developed Momentum for future system modifications and upgrades.

Funds to support CNCS' primary systems are provided in the OIT budget. To set priorities for upgrading CNCS' primary systems, OIT has formed a working group that meets periodically to provide input on necessary system changes. There has been considerable criticism from within and outside CNCS with respect to how well this process works. Staff report that, on numerous occasions, offices have successfully appealed to the CEO to give higher priority to system modifications not recommended by the working group. These actions have delayed seemingly higher priority initiatives, such as the integration of WBRS into eSPAN and improvements to eGrants screens that will allow grants staff to see what grantees see. The latter modification would significantly improve the grants staff's ability to respond to grantees' questions.

Funds to support CNCS' local systems are included in the budgets of the offices that have responsibility for those systems. Those offices determine their systems' design and the need and priority for system upgrades.

GRANTS MANAGEMENT PROCESSES IN CNCS

At the heart of CNCS' financial operations is the grants management process. Although CNCS has some non-grant programs,⁵⁶ the overwhelming bulk of CNCS' financial assistance is provided through grants to public and nonprofit organizations across the country. The Corporation has been exploring reforms and streamlining initiatives in an attempt to both reduce the workload on Corporation staff and simplify the process for its grantees.

Life Cycle of Competitive Grants

At the Corporation, as in other federal agencies, there are five stages in the life cycle of competitive grants: (1) announcement (pre-award), (2) application (pre-award); (3) award, (4) post-award, and (5) closeout.

Announcement

For each program, CNCS staff establish program priorities and direction, update application instructions as needed, and publish a notice of funds availability (NOFA). Developing these documents is a major collaborative effort involving the program staff, the Office of Grants Policy and Operations (OGPO), the Office of Grants Management (OGM), the Office of Research and Policy Development (RPD), and the Office of General Counsel (OGC). When policy or program development changes are made, or any form of rulemaking is undertaken, staff identify any issues that need public comment and publish them in the Federal Register.

Until September 2005, NOFAs were subject to Board approval. The Board has now eliminated its detailed NOFA reviews and, instead, will provide policy guidance before NOFAs are written. Program staff believe that this action will reduce staff workload and save four to six weeks in the overall grant-approval process without weakening the Board's policy-setting role.

⁵⁶ Non-grant assistance is provided through the VISTA program, where volunteer service years typically are allocated to nonprofit groups, and through NCCC where service is provided directly by NCCC members.

CNCS has tried other means to reduce its grant-making workload at this stage of the process. From November 2002 to March 2003, CNCS placed a limitation on the number of applications that state commissions could submit for AmeriCorps*State competitive funds. CNCS was finding that some commissions were forwarding all of the applications they received to CNCS, which CNCS then had to have peer reviewed. One commission submitted more than 30 applications. That restriction was dropped later in 2003. A year ago, CNCS considered reinstating the limitation to once again reduce its workload. However, it abandoned the idea because Congress was concerned that applications from national direct grantees newly applying to state commissions for AmeriCorps*State funds would not get included in the commissions' submissions to headquarters.

CNCS also has tried to limit the number of applications received by specifying in the NOFA preferences for certain types of applications. For example, CNCS has made known its preference for the use of intermediaries in some instances. In the latest grant application instructions for Challenge Grants, CNCS encouraged potential applicants to combine their programs into one grant application to be submitted by an intermediary. By statute, Learn and Serve awards to intermediaries all school-based formula grants, community-based grants, and school-based competitive grants (except grants to Native American tribes).⁵⁷ Learn and Serve expects to place more emphasis on consortia (intermediaries) in its higher education program in 2006. However, CNCS is reluctant to place absolute limitations on application submissions because of the Administration's interest in CNCS' programs reaching grassroots organizations in communities.

CNCS also tried using a pre-proposal process to reduce the number of full applications received. In the last grant cycle for Next Generation Grants, the Corporation asked for short concept papers, which were to be used to limit the number of full applications received. However, the number of concept papers received was so large—over 1,000—that it actually increased the staff's workload.

Application

Applications for CNCS grants must be submitted using an OMB-approved document—Standard Form 424, Application for Federal Assistance. Each CNCS program office has its own modified version of this form, and CNCS must seek approval from OMB for each modification. Approvals are good for three years.

The grant applications currently used by CNCS' programs are a workload factor for both applicants and CNCS staff. Grantees reported that, compared to other government grant-making agencies, CNCS' grant applications are cumbersome. One grantee prepared a 30-page application for a \$2,000 grant. Another grantee stated that her organization has received grants, large and small, from several agencies, and none of the applications were as burdensome as the Corporation's. Some grantees also have said that the Corporation's applications are unclear about what is wanted.

⁵⁷ For school-based formula grants and school-based competitive grants, the statute requires the use of certain intermediaries.

In two of the agencies benchmarked, the National Science Foundation and the National Cancer Institute, there are strict rules on the number of pages some sections of the application may contain, with the admonition that applications will be rejected if the maximum number of pages is exceeded. CNCS' programs have different rules for their applications, and each program office determines for itself whether or not it will review its application requirements. Learn and Serve and Senior Corps have attempted to limit application size. Learn and Serve has a 20-page limit for the application narrative. Senior Corps has set maximum page limitations for several sections of its application. For example, the sections dealing with strengthening communities, recruitment and development of volunteers, and program management each have a maximum two-page limit. In contrast, AmeriCorps*State/National has imposed no limitation on application size.⁵⁸ An AmeriCorps official indicated that information requirements in the application might actually increase because of the need for more information on leveraging members.

A sub-category of applications is the continuation request. Under CNCS rules, grants are approved for a three-year period (subject to the availability of funds), but they are awarded one year at a time. Grantees submit a "continuation request" for the second and third year of the grant. Many grantees complained to Academy staff that the requirements for the continuation request were unduly onerous, especially compared to some other agencies that require only a progress report to make continuation awards.⁵⁹

Application Review and Award

In the application review and award stage of the grant cycle, CNCS uses different processes depending on the type of grant. The review process for AmeriCorps and Learn and Serve formula grants is fairly simple. The relevant program office reviews the applications and consults with the state commissions or state education agencies, respectively, on any questions that arise. Once the program office approves the applications, they go to OGM for its review and the release of funds.

For competitive grants, the application review process is more complex. The 1993 Act requires that all AmeriCorps*State/National competitive grant applications in excess of \$250,000 be reviewed by a panel of experts. This is accomplished through a peer review process.⁶⁰ There is no statutory peer review requirement for Learn and Serve or CNCS' other programs.⁶¹

CNCS has chosen to peer review all AmeriCorps and Learn and Serve competitive applications, regardless of dollar amount, although it does not use the same model for every peer review. A planning tool used for each competition helps identify the number and type of peer reviewers

⁵⁸ A de facto limitation occurs in applications submitted through eGrants due to character limits.

⁵⁹ The Department of Education uses a progress report for its continuation application.

⁶⁰ The term "peer review" does not appear in the authorizing legislation, although the term is used in the appropriations act.

⁶¹ Senior Corps has very little money available for competitive grants. When it holds a competition, staff perform a content review of the applications. There is no peer review. VISTA had its last competitive NOFA in September 2003. It was a three-year grant. A senior official indicated that VISTA does not anticipate issuing or having any competitive grants after 2006.

needed, evaluation criteria, etc. AmeriCorps*State/National uses a more extensive peer review process than Learn and Serve. Learn and Serve also does distance reviews, whereas AmeriCorps brings reviewers into Washington, DC.

During and after peer review, the staff perform a random check of the peer review results to identify any anomalies and ensure that the scorings and rankings align. Following the peer review, program staff develop a report that summarizes the peer review panel's results, including the application scores and rankings. The program director calculates the mean, median, mode, and standard deviation of all application scores, then meets with staff from OGPO, OGC and RPD to determine which applications will move forward to the next step in the review process, which is a review by program staff. Staff reviews can be extensive in order to help ensure, among other things, that the guidelines approved by the Board for each competition are followed.

After peer and staff reviews are complete, program staff develop an application packet with the grants they recommend for CEO approval. Other parts of CNCS are involved in this process, including the CFO's office, which certifies funds availability. In making their recommendations, the program offices are not bound by the peer review results.⁶² This compares with what Academy staff found at the non-scientific benchmark agencies. In those agencies, either the results of the peer review were binding, as in the Department of Education and the Legal Services Corporation (LSC), or there is a requirement to provide a written justification when the decisions of the peer reviewers are not followed, which is the procedure used by HHS.⁶³

After CEO approval, there is a statutory requirement that the Board approves AmeriCorps*State/National grants. Until 2004, the Board did a grant-by-grant approval. This approval process also was used for Learn and Serve grants. In 2004, CNCS changed this process to one where the Board provides guidelines in advance for each competition, and the CEO certifies to the Board that the proposed funding package meets the requirements in the Board's guidelines. After this step, CNCS initiates a congressional notification process, followed by notifications to both successful and unsuccessful applicants.

OGM issues the grant award using a Notification of Grant Award (NGA). Before the NGA can be issued, program and grants management staff work jointly to negotiate the details of the award with the successful applicant—a process that can take several months. Once the NGA is issued and the award recorded in both eGrants and Momentum, the applicant may begin drawing down funds.

During interviews with grantees, Academy staff heard repeatedly from grantees that CNCS' grant award process takes too long. As part of its business process review of CNCS, Deloitte Consulting made several recommendations to reduce the number of steps and, therefore, the time required for the application review and award process. CNCS has adopted a number of the

⁶² CNCS staff advises that Congress has asked that peer review results be used "to the extent feasible."

⁶³ The state commissions also perform peer reviews in order to sub-grant the AmeriCorps funds they receive. Academy staff found that one state commission had a policy to weight the results of its staff and peer reviews 60 percent and 40 percent, respectively, in making award decisions.

recommendations and, as a result, has eliminated some of the redundancies in the current process, primarily in the number of people required to sign off on an award package.

Some CNCS officials also raised concerns about the peer review process, particularly about its rising cost. Last year, AmeriCorps spent over \$650,000 on logistical support for peer reviews of its new competitions. For each competition, CNCS hires a contractor to confirm reviewer participation, manage travel, and provide the reviewer honoraria and eGrants support. These contract expenses are charged to program funds, which could otherwise have been used to fund additional grants. Until recently, the Learn and Serve program had not been authorized to use program funds for the application review process. All its peer review expenses came out of the Corporation's administrative expenses budget. An appropriation language change now authorizes the use of program funds for this purpose. The last full peer review for Learn and Serve cost \$86,000.⁶⁴

Some officials interviewed questioned how well the existing peer review process is working. CNCS' peer review process requires that all members of a peer review panel come to a consensus on any given application. This puts some intense pressure on people who do not know each other to work together to reach agreement in a very short period of time. To offset problems that this can clearly cause, CNCS has instituted several types of quality review mechanisms, which add additional time and expense to the process.

The processing and review of AmeriCorps*State competitive applications may well be the single biggest workload category in the Corporation. As part of its proposed reform and reauthorization proposal for CNCS in 2002, the Administration proposed to consolidate the formula and competitive AmeriCorps*State funds into one formula allocation, with a hold harmless provision to prevent the loss of funding to any particular state. This would have dramatically reduced the Corporation's grant review and award workload. During congressional consideration of the legislation—which was not enacted—HR 4854, as reported by the House Committee on Education and the Workforce proposed a different formulation that would have increased the state formula distribution from one third to 45 percent of available funds. These proposals, while different in detail, were consistent with the recommendation in the Academy's 1998 report on the Corporation that proposed that CNCS devolve more responsibility to the states, provided that the Corporation developed criteria to evaluate the adequacy of state commissions' capacity and processes.

Post-award

CNCS' grant monitoring practices have been the focus of considerable attention. During audits of CNCS financial statements, the IG found for three consecutive years that the Corporation's monitoring of grantee activities was seriously lacking. According to an IG report, CNCS did not conduct all programmed site visits within the prescribed time period; CNCS did not always provide site visit reports to grantees as prescribed; and grantees did not always submit to Corporation state offices the required progress reports, which describe program status and milestones achieved. As noted in Chapter 4, the Corporation has created the Office of Award Oversight and Monitoring to address problems with CNCS' monitoring activities.

⁶⁴ Learn and Serve competitions are on a three-year cycle, and the last full review was in 2003.

Grant Closeout

Grantees have 90 days from the end of the project period to submit all required program and financial reports. The Corporation has responsibility for verifying that all closeout actions reported by the grantee have been completed satisfactorily, any excess funds have been returned as appropriate, property disposed of, audit issues resolved, and financial systems balanced. The grants officer who administers the grant while it is active is responsible for completing the closeout process.⁶⁵ Grants closeout has taken a low priority in CNCS as active grants take precedence over close outs. CNCS has some grants that have been open for over a decade.

Other Process Improvements for Grants Management

The prior discussion describes some of the actions CNCS has taken to improve its grant-award processes. These changes have resulted from three major initiatives since 2002 that assessed CNCS' grant-making operations:

1. The Board of Directors established in the summer of 2002 a grants management task force that issued a report on May 12, 2003.
2. In 2004, the CEO established a management improvement team to address the suggestions for improvement made by the grants management task force, as well as others within the Corporation.
3. Early in 2005, CNCS established a continuations working group to examine its processes for awarding continuation grants.

These initiatives have resulted in several other procedural changes and plans for future actions that further streamline CNCS' grants management operations. Some of the more significant changes include:

- elimination of a separate guidelines document for each NOFA
- delegation of approval authority for grant continuations from the CEO to program directors, thereby eliminating the requirement for detailed write-ups for the CEO
- standardization of the SF 424 for all major grant programs is currently underway
- creation of a year-long calendar for grant reviews to set annual timelines for all competitive and continuation applications. Establishing and adhering to the calendar will:
 - accommodate applicants who wish to apply for more than one competition
 - enable OGPO staff to better manage multiple grant application review processes and improve OGM's ability to manage its workload
 - produce a steadier stream of eGrants usage and avoid the spikes in current usage that overload the system and the eGrants help desk
- implementation of new procedures to standardize and streamline peer and staff review of applications

⁶⁵ Because of turnover among grants officers, grants often get reassigned to other grants officers for closeout.

AmeriCorps*State/National Grant Matching Requirements

The AmeriCorps*State/National program—the largest of the Corporation’s programs—has several detailed matching requirements in addition to an overall matching requirement. The matching requirements were originally established by the 1993 Act. Congress believed it was important for the recipients of CNCS funds to share the cost of running national and community service programs. Among the statutory matching requirements are:

- There is a five percent limitation grantees can claim for administrative costs. (Sec. 121(d)).
- Federal assistance for operational costs provided directly to a grantee or sub-grantee may not exceed 75 percent of the grant. (Sec. 121(e)). Grantees must cover at least 25 percent of operational costs. CNCS has increased the grantees’ minimum share to 33 percent.
- Federal assistance shall not exceed 85 percent of the members’ annual living allowance. (Sec 140(a)(2)). The local sponsor must provide at least 15 percent of the members’ living allowance.
- Not more than 85 percent of the cost of health care premiums shall be provided by the Corporation. The remaining cost is to be paid by the grantee. (Sec. 140(d)). This must be a cash match; it cannot be in-kind.
- The local sponsor must cover 15 percent of any taxes imposed upon members’ living allowances.

Once totaled, the statutory matching requirements can be computed as a percentage of the total project costs.

In July 2005, the Corporation finalized a new AmeriCorps rule that further increased grantees’ matching requirements. The rule will incrementally raise the grantees’ share of total program costs to 50 percent⁶⁶ by the 10th year that an organization receives an AmeriCorps*State/National grant for the same program, either as a direct grantee or a sub-grantee. The new rule does not change the statutory requirement that CNCS separately compute and track all the matching requirements in the 1993 Act.

According to CNCS officials, the statutory matching requirements have always been a workload burden both to the applicants who must comply and the state commissions and OGM staff who must ensure that the requirements are met.

Education and Training for Program Officers and Grants Officers

During interviews with Academy staff, several grantees voiced concerns about the high turnover of CNCS’ program and grants officers, the knowledge levels of some of those employees, and problems getting answers to questions. CNCS grants staff also were concerned about the lack of training available for new employees and continuing education for experienced personnel.

⁶⁶ For rural areas, the grantees total match requirement by year 10 of the grant will be only 35 percent of total programs costs.

Workload, especially in the grant closeout activity, is heavy, and little time is available for more experienced staff to train new employees. One professional staff member who performed grant-related work said she was with the Corporation for two years before being provided any training.

In benchmarking grant-making agencies, Academy staff found that other agencies appear to have stricter training requirements for its grants officers. For example, the National Cancer Institute requires a minimum of 20 days of training for new grants staff before they are allowed to work on a grant. LSC also requires staff to be trained before working on a grant. In addition, LSC requires continuing education for grants staff. While CNCS has supported a generic grants management training program, provided by an external vendor, it has devoted limited resources to corporation-specific training needs. In addition, this generic training is directed only at grants management and service center staff. As discussed in Chapter 4, there are many other staff involved in grants work.

CONCLUSIONS AND RECOMMENDATIONS

Financial Management

CNCS continues to improve its financial management operations. The Panel believes that the Corporation has taken the necessary steps to ensure the proper administration of the Trust and offers no recommendations for additional changes. The only caution the Panel offers is a political one, pertaining to the increasing balance in the Trust reserve. Large reserve balances could attract congressional attention, and Congress' search for budget "savings" could result in a rescission of all or part of the reserve. Such a rescission was partly responsible for the 2002 ADA violation.

When the study began, the Panel was concerned that the Corporation did not have an approved ACF policy. A draft policy had been under review at OMB for almost a year. The long wait for the results of OMB's review is now over and CNCS is preparing to issue a formal policy. Communicating the policy throughout the organization should help reduce CNCS' vulnerability to future ADA violations. However, the language in the current document is so financially oriented that it is unlikely that program and office directors—the real users of the funds—will fully understand their duties and responsibilities. The Panel is pleased to note that the acting CFO has agreed to supplement the ACF policy with a simplified, easy-to-read document that can be used by the Corporation's financial laypersons.

The Panel has identified several additional actions that could further improve CNCS' financial operations. The first deals with the management of the staffing budget. Currently, the CFO's office is instituting new procedures to give CNCS managers greater control over their staffing budgets. The new procedures will provide an up-front staffing level to the office directors along with a hiring plan. Office directors may appeal both the staffing level and the hiring plan, but once a decision is made, office directors will be able to make their hiring decisions within the allocation received. For CNCS, this was a major step in decentralizing control over the administration of staffing budgets. The Panel applauds this action and believes that CNCS should move to the next stage and begin now to develop mechanisms to hold office and program

directors accountable for the use of their staffing resources. This would move CNCS from allocating staffing budgets based on funded positions to a system where managers make position determinations based on their use of an overall FTE or staff year allocation. As indicated earlier, this method is most effective when an agency has some form of a work measurement system so that units of work can be converted to staff requirements based on workload rather than historical position numbers.

The Panel recommends that CNCS proceed to the next step in its internal funds management practices and make program and office directors fully accountable for managing their administrative funds.

The Panel recognizes that CNCS will have to develop appropriate workload measurements, and that it may take time to implement this recommendation fully.

The Panel is pleased that Congress will likely adopt one administrative expense budget for the Corporation's DVSA and NCSA programs. Should this occur, CNCS will no longer have to artificially allocate administrative costs between two appropriations, and will, for the first time in its history, have the opportunity to provide Congress with accurate information on the cost of its programs. The Panel believes that amounts reported for budget activity structure should be based on the accounting records. With some fine tuning, CNCS' current cost allocation methodology used for financial reporting can become a basis for a new budget activity structure. However, the appropriations committees' needs should ultimately determine any new budget activity structure.

The Panel recommends that the Corporation develop a budget activity structure for a combined salaries and expenses account that is responsive to the needs of the appropriations committees and based, as closely as possible, on the data reflected in the accounting records.

Even if this change is made, administrative funding for AmeriCorps*NCCC will be separate from the rest of the Corporation's administrative expense budget. Historically, NCCC has paid its administrative expenses from program funds. The Panel believes that the next logical step is to combine NCCC administrative expenses with NCSA and DVSA administrative expenses. This may raise questions on how to divide the NCCC budget between administrative and program expenses. The CFO's office and NCCC will need to negotiate these details.

The Panel recommends that CNCS submit a proposal as part of its FY 2007 budget to amend the appropriation language for administrative expenses to include within the appropriation all sources of administrative expense funds, including funds for NCCC administrative expenses.

The Panel also is pleased to see that CNCS is in the process of addressing its financial reporting needs. The Panel believes that regular, concise reports on the status of fund use against a plan are an organization's first line of defense against ADA violations. In the past, much of the financial information provided to the CEO and the Board was indigestible and, therefore, not helpful to inform their decisionmaking. The acting CFO has agreed with an Academy staff suggestion that a simple, one-page financial report be made available to the CEO and the Board.

To develop this report, the Panel suggests that the acting CFO discuss with the CEO and Board members the types of information that are currently available and what financial reporting improvements are being planned; and ask what they are most interested in seeing on a periodic basis. The acting CFO also should suggest the types of information he believes would be most useful to the CEO and Board.

CNCS has been attempting to integrate its primary financial systems, which is critical for improving its financial management operations. It does not, however, have a corporate-wide strategy for managing the information needs of the Corporation. The Corporation does not have an IT strategic plan or an IT policy that sets the framework for how IT resources are managed throughout the organization. The CIO has only limited authority over CNCS' IT resources and systems. A number of local systems are managed outside the umbrella of the CIO office's responsibility. His office does not even have oversight over Momentum—CNCS' core financial system. The accounting office has that responsibility.

In the absence of a strategic plan and policy for IT, it is difficult to have an effective, systematic means for determining priorities. Program and office staff are left to their own devices to develop, operate, and improve their systems. Without the CIO's oversight of these efforts, the Corporation cannot be assured that resources for system design, operation, and maintenance are used in an optimum manner and best meet the information management needs of all CNCS offices. In this environment, it is unclear to the Panel how the Corporation makes decisions on its total IT budget. It also is unclear to the Panel if the Corporation is in compliance with the requirement in the Information Technology Management Act of 1995 (Clinger-Cohen), which stipulates that all systems be under the purview of the CIO. Likewise, the Panel believes that without more comprehensive oversight over the Corporation's automated systems, the CIO will not be capable of advising the CEO on corporate-wide IT matters, as required by Clinger-Cohen.

Information technology has become one of the most critical resources for many organizations. This is certainly the case for CNCS. Like many organizations, the Corporation does not have the resources needed to meet all of its IT needs in a timely fashion. Ensuring that adequate resources are available for needed IT initiatives, as well as ensuring that IT investments are congruent with the organization's business needs have long been recognized as two critical components of IT planning and management. A third dimension—ensuring that IT plans reflect changing IT capabilities and evolving business needs—adds another challenge. The Panel believes that control over current and future IT resources needs to be vested in a single office, but that this increased centralization should not come at the cost of decreased responsiveness to program needs, management controls, and changing circumstances.

Many federal agencies have established mechanisms for ensuring adequate user input and influence over IT investments. These mechanisms typically include establishing an IT investment board⁶⁷ or similar entity that includes key business unit executives and business support executives, i.e., financial management executives. One responsibility of this board is the development of a longer-term perspective of the organization's strategic IT needs.

⁶⁷ This is the term suggested by GAO see GAO/AIMD – 10.1.23 ITIM Framework

The Panel recommends that (1) the CEO delegate to the chief information officer authority and oversight over the Corporation's IT resources commensurate with the CIO's responsibilities outlined in the Clinger-Cohen Act; (2) the CIO establish an IT investment board to help ensure adequate user influence over IT decisions; and (3) CNCS develop and implement a strategic plan for information technology that sets a framework for the future direction of IT within CNCS, and an information technology policy that outlines roles, responsibilities, and procedures for developing, maintaining, and updating all automated systems.

Grants Processes

CNCS has taken a number of actions to streamline and improve its grants processes. Despite these improvements, the Corporation is still faced with a situation where staff struggle to keep up with the current workload, and may be faced with an increased workload in the future. One area that the Corporation has not fully explored for possible streamlining is application requirements. Although individual program offices have made some attempts to examine their requirements, there has been no rigorous, agency-wide examination of application requirements to determine if they mandate the submission of information that CNCS can do without. The Panel is sympathetic to the natural impulse of program officials to request the maximum amount of data to support their recommendations and help them carry out their fiduciary responsibilities. The Panel believes this natural impulse needs to be weighed against the staff's capability to review and effectively use the information requested, and the increased burden the information requirements place on applicants. The Panel believes that the new Office of Business Management Systems, recommended in Chapter 4, would be the logical office to coordinate such an assessment.

The Panel recommends that the Corporation review all of the application requirements imposed over the last 10 years for all programs to determine what should be retained and what can be eliminated.

The multiple matching requirements in the AmeriCorps legislation make that program one of the most complex grant programs in government to administer. Recordkeeping is a burden for the Corporation, grantees, and sub-grantees, and the detail complicates grant award and closeout processes for those grants. The Panel believes that the Corporation should attempt to simplify the AmeriCorps matching requirements.

The Panel recommends that the Corporation submit legislation proposing a single match for the AmeriCorps*State/National program.

Even with the changes CNCS has already implemented and those proposed by the Panel, the Panel is not optimistic that the Corporation can effectively manage its grants workload for the AmeriCorps program. While the Corporation needs to continue pursuing efforts to streamline its current operations, the Panel believes CNCS must adopt a radical new approach that will reduce the workload burden on the Corporation while maintaining the existing levels of service. To do so, the Panel believes that the Corporation needs to devolve more responsibility to the state commissions for awarding AmeriCorps*State competitive funds, an action proposed in the

Academy's 1998 report. It is this grant awards process that is so highly staff-intensive for CNCS. The process also is somewhat redundant, since the states already have subjected these applications to their own extensive review processes. The Panel believes that strengthening can best be accomplished by allocating a portion of the AmeriCorps*State competitive funds to state commissions using a formula based on the capabilities of state commissions, as determined by the administrative standards reviews, and the states' responsiveness to CNCS' national priorities. The remaining portion could be used for a national competition conducted by CNCS to address national priorities.

The Panel recommends that CNCS submit legislation that would allocate to state commissions a portion of the existing AmeriCorps*State competitive funds based on state capabilities and their response to national priorities, with the remainder used by CNCS for a national competition based on national priorities.

Finally, while CNCS has begun providing all grants staff with training, the Panel found that this training, while providing a good generic foundation, does not provide staff with CNCS-specific skills. In addition, it does not cover all staff involved in grants management activities. The Panel believes it is critical that all grants professional staff throughout the organization receive the training and other resources they need for them to perform their duties and responsibilities in an optimum manner.

The Panel recommends that CNCS develop and implement training policies and plans for all staff doing grants management work to ensure that newly hired staff are adequately trained before they begin work, and that on-board staff receive adequate, ongoing training to retain and enhance their skill levels.

CHAPTER 6

OPTIMIZING CNCS' HUMAN RESOURCES MANAGEMENT PRACTICES

The Corporation's enabling legislation gave the CEO authority to designate positions, make appointments, and determine compensation levels for employees without regard to the provisions of Title 5, which governs appointments, job classifications, and General Schedule (GS) pay rates in the federal competitive service. The Academy's 1998 report on the Corporation noted that when the Corporation's legislation was introduced, proponents appeared to be very interested in portraying the new organization as a business-like entity, on the cutting-edge of the movement to reinvent government. They devoted considerable attention to providing the new entity with a flexible personnel system that could hold employees accountable for performance in the same way that private sector workers are.

When the Corporation was first created, the majority of its staff were in the GS personnel system, having previously worked for the old ACTION agency. These staff members were given the option of retaining their GS status or converting to APS. As a result, CNCS has had to run two personnel systems. Table 3 provides a comparison of the major functions of the APS as of 2005 and the GS personnel system.

Table 3
COMPARISON OF APS AND GS PERSONNEL SYSTEMS AS OF 2004

FUNCTION OR FEATURE	CORPORATION'S PERSONNEL SYSTEM	GENERAL SCHEDULE SYSTEM
Appointing Authorities	Term appointments (variable time periods, max 5 years), renewable at discretion of manager General appointments (no time limit) Discretionary (at will of CEO) Temporary (less than 1 year)	Career/permanent civil service
Pay Structure	Pay Bands (5) defined by Corporation	Grade Levels (1-15) + SES defined by regulation
Pay Determinations	Management has flexibility in setting pay and subsequent increases under Corporation policy	Movement within and between grades determined by time-in-grade, classification and other requirements
Locality and Public Law (comparison to private sector) Pay Adjustments	Locality same as GS system. Public Law increases at discretion of CEO, and to-date has mimicked GS system	Determined by President, statute
Classification Authority	Determination based on banding criteria defined by the Corporation	Determination based on government-wide standards
Promotions	Manager's determination through 3 rd pay band with competition optional; competition required on upper bands	Competition required; traditional merit promotion procedures are followed
Probationary Period	Two years when first hired in most cases + two years for new managers/supervisors	One year when first hired + one year for new managers/supervisors
Reduction in Force	One round of competition in competitive level of excepted service – no "bump and retreat" rights unless decided by CEO	Initial competition in competitive level; employees released from competitive level may displace other employees in the competitive service through "bump and retreat" rights
Status	Considered as status candidates for other agency vacancies in accordance with CNCS Interchange Agreement.	Status employees after 3 years
Retirement, Leave, Benefits, Crediting Federal Service Time	Same under both systems	Same under both systems
Performance Appraisals, Equal Opportunity, Merit System Principles	Same under both systems	Same under both systems
Hiring	Expands applicant pool; selection process is more flexible and manager has greater discretion	Substantially limits applicant pool; selection process is inflexible as defined by regulation
Number of Corporation employees under each system as of January 05	513 (86.4%)	81 (13.6%)

For this project, the initial focus of the Academy's human resources (HR) team was to examine CNCS' human capital (HC) management practices. After a few months of data gathering, however, the HR team determined that it did not need to spend more time assessing CNCS' overall HC management because comprehensive assessments had been performed already by both the Office of Personnel Management (OPM) and Deloitte Consulting (for the Office of the Inspector General) in 2003. Furthermore, the study team found that CNCS' leadership was already engaged in a variety of HC initiatives, and was fully aware of issues that needed to be addressed. At the same time, the Academy staff found that the CNCS Office of Human Capital (OHC) lacked the capacity to handle its day-to-day responsibilities and concurrently address the range of critical issues already identified for improving the APS. Consequently, the Academy's HR team identified the need for, and offered to conduct, several operational studies that were essential if CNCS was to gain needed momentum to perform strategic HC services. The CEO also indicated a personal interest in the Academy examining the Corporation's grants and program management positions. Accordingly, CNCS leadership and the Academy agreed that the Academy should perform three studies to address current operational issues:

1. State Office Position Management Study
2. Grants and Program Management Position Management Study
3. Compensation Equity Study

The Academy Panel did not oversee these studies. The Academy's HR team completed them and provided to CNCS management its suggestions for improvement. However, the HR team presented the studies' key findings to the Panel for its information and possible action.

The first part of this chapter summarizes the results of the HR team's three studies and its suggestions to CNCS. The latter part of this chapter examines other aspects of CNCS' HC management practices and the evolution of the APS, and offers the Panel's recommendations for further optimizing CNCS' HC management practices.

SUMMARY OF THE ACADEMY'S OPERATIONAL HUMAN CAPITAL STUDIES

The three studies produced a wide range of observations and suggestions from the HR team. The following summary includes only those findings that significantly affect APS policy and/or the Corporation's strategic HC objectives.

State Office Position Management Study

The purpose of the state office study was to:

- revise position descriptions (PDs) where needed
- validate CNCS' classification practices (i.e., title, series, and grade/pay band determinations)⁶⁸

⁶⁸ The Corporation's Alternate Personnel System uses 5 bands to classify positions and determine basic rates of pay. Band 1 (NY-1) covers clerical/technical support positions. Band 2 (NY-2) covers entry level administrative/professional and senior technician positions. Band 3 (NY-3) covers full performance level

- verify position-required competencies
- make position management recommendations for CNCS management’s consideration

The Academy’s HR team obtained information for the study primarily through staff interviews using structured interview guides. The team visited the California and Texas State Offices where it conducted in-person interviews with 17 staff members. It also interviewed an additional 77 employees located in 23 other states by telephone. These interviews occurred from March through May, 2005, and included 3 area managers, 21 state program directors (SPDs), 56 state program specialists, 13 state program assistants, and one secretary. The team also did an extensive document review, including an examination of state office staff PDs; work requirements and reports; and APS and GS position classification guidelines.

HR Team Findings and Suggestions

State Program Director Classification

The HR team’s position management review of SPD positions found they all are classified as supervisory positions at the same grade/band level. These positions, however, actually span the following three distinct classifications:

- SPDs in one-person state offices have full program management but no personnel oversight responsibilities (non-supervisory GS-13/NY-3)
- SPDs overseeing small state offices have full program management and limited personnel oversight responsibilities (non-supervisory GS-13/NY-3)
- SPDs overseeing large state offices have full program management and full supervisory responsibility (supervisory GS-14/NY-4)

The HR team developed new PDs for these three positions and suggested that the SPDs be reclassified to reflect their actual responsibilities. This reclassification will require upgrading several SPDs to the GS-14/NY-4 level and will require an estimated net increase in payroll costs of \$18,290 annually.

State Office Administrative Workload

Administrative workload within the state offices exceeds current administrative staffing levels, thereby diluting several state program specialist positions. The study outlines the position and organization design ramifications of this “encroachment” of administrative workload, and suggests several alternatives for addressing the issue, including placing renewed emphasis on reengineering/automating administrative workload, centralizing administrative work in a service center delivery mode so that it can be performed on an across-state basis, and outsourcing some administrative workload. In Chapter 4, the Panel recommended that all the administrative work in the service centers be consolidated into a single administrative service center. CNCS should consider including in this consolidated service center the administrative work now performed by state office staff.

administrative/professional positions. Band 4 has two components (NY-4) expert/supervisor positions and (NX-1) managerial positions. Band 5 (NX-2) covers executive level positions.

Dual-Hatted Area Manager Positions

As noted in Chapter 3, four of the five area manager positions are “dual hatted” positions that also function as SPDs. Position interviews found that these area managers spend about 75-85 percent of their time managing the cluster and the remainder managing their state offices. They have no staff dedicated to supporting their cluster management work and usually rely on their state office staffs to lend assistance. The HR team found that the area managers were substantially stretched to effectively fulfill both roles. Though the area managers all “make it work,” the HR team urged CNCS management to reconsider the efficacy of dual hatting these positions.⁶⁹

Classification Standards

The APS classification standards are not clear regarding the threshold requirements for classifying a position as supervisory. The HR team urged CNCS to assess this issue and clarify its policies and processes, and provided several suggested language modifications.

Grants/Program Management Position Management Study

The Grants/Program Management Study was designed to:

- validate CNCS classification practices (i.e., title, series, and grade/pay band determinations)
- verify position-required competencies
- assess APS policy and practices
- perform a fundamental comparability assessment between CNCS grants/program management positions and similar positions in several federal agencies
- revise PDs where needed
- make position management recommendations for CNCS management’s consideration

The Academy’s HR team obtained the information for the study primarily through document reviews; in-person interviews with headquarter employees; telephonic interviews with employees located outside the Washington, DC area; and telephonic benchmarking interviews with representatives of several federal agencies. The HR team conducted interviews with 88 CNCS program, grants, and training management employees during the months of May through July 2005.

HR Team Findings and Suggestions

Position Titling

The study team interviewed counterpart federal agencies, including Departments of Education, HHS, and Interior; the Environmental Protection Agency, Legal Services Corporation, National Institutes of Health’s National Cancer Institute and the National Science Foundation. These interviews did not find substantial differences between the classification/compensation practices they used and those followed by CNCS. However, the study team’s interviews with employees found CNCS’ current titling practices for its grants and program management positions and the

⁶⁹ In Chapter 3, the Panel recommended that the area manager positions be full-time positions.

actual titling conventions cause an inflated interpretation of the roles assigned to some positions. Specifically, most of the Corporation's grants and program management positions are non-supervisory. Employees are responsible for overseeing the technical and administrative requirements of grants within an assigned program area. Some of these positions are titled "specialists," which appropriately describes their responsibilities. However, many are titled "officers or managers." These titles convey stature that is inconsistent with assigned duties, and conflict with positions of comparable value elsewhere within the organization. The HR team suggested a more descriptive titling convention for these positions.

Career Progression

Currently, CNCS hires a number of NY-2 program/grants specialists whose only substantial distinction from NY-3 specialists is that they perform duties under closer supervision and may have a somewhat narrower assignment scope than their higher level peers. However, these distinctions are seldom long term in nature because, almost consistently, the NY-2 employees' performance rises to the NY-3 level. Thus, the NY-2 employees are de facto trainees who could be hired with potential to the full NY-3 performance level. The HR team suggested that CNCS change its hiring, and potentially its pay-banding, practices to reflect the actual career progression of these positions. Failure to properly identify positions with potential to a higher level contributes to inadequate payroll budgeting because budget projections undervalue the work that is being performed. The HR team also noted that employees frequently complained that they have inadequate career progression opportunities within CNCS. Responses to the 2004 Federal Human Capital Survey showed that only 25 percent of CNCS employees answered positively to the question "How satisfied are you with your opportunity to get a better job in your organization?" as compared to a 35 percent favorable response for the federal government overall. The HR team believes that CNCS' current approach to hiring the grants and program positions have contributed substantially to the employees' lower positive response to this question.

Compensation Consistency Study

The genesis of the Compensation Equity Study was widespread concern expressed by employees that compensation under the APS lacked internal and, to a lesser extent, external equity. Staff perceive a pay inequity because they believe CNCS has not awarded adequate pay band increases to APS employees. There also are perceptions that pay rates are inconsistent, particularly within common occupational groups/career fields; that "new hire" compensation is greater than that of experienced, "on-board" CNCS employees; and that GS employees' compensation is superior to that of APS employees. The purpose of this study was to:

- determine which HC objectives are today being met through APS pay policies and practices
- determine if CNCS compensation practices comply with APS policy
- examine pay policies and practices within counterpart federal agencies to ascertain if their approaches might benefit CNCS
- develop strategy options and supporting rationale for possible evolution of the APS pay policy and design

- develop transition policies and strategies for moving CNCS toward a selected pay policy option

The study methodology included numerous interviews with Corporation HR officials and members of the CNCS Compensation Committee; benchmarking interviews with representatives of the National Institute of Standards and Technology, Naval Research Laboratory, National Science Foundation, and the Government Accountability Office; extensive analysis of compensation-related data; and a review of selected individual employee compensation histories. This study excluded non-discretionary components of pay such as overtime, locality pay, annual comparability adjustments, or pay adjustments that resulted at the time of conversion from GS to APS.

HR Team Findings and Suggestions

Pay for Performance

APS was designed to be a system in which “compensation (would) be determined in part on the basis of job performance.” Yet, the APS employee performance appraisal system used today is a pass/fail system that does not sufficiently differentiate high performers from those that perform at a satisfactory but not exceptional level. As a result, office heads must re-rate employees’ performance based on criteria recommended by the Compensation Committee and approved by the CEO to, in effect, construct a “Pass+” level of performance that warrants a pay band increase. In 2004, CNCS implemented a more effective, five-level appraisal process for the Corporation’s management cadre, and efforts continue to be made to transition the employee appraisal system to a similar system. Until this transition is made, CNCS will be unable to fully implement an effective pay for performance system, which is a key objective of most contemporary alternative personnel systems. As such, the HR team suggested that the Corporation intensify its efforts to implement the revised employee appraisal system.

Pay Comparability

To address the concern that newly hired employees were often compensated at a rate higher than on-board staff who, in the employees’ opinions, were “more experienced and competent,” the HR team examined the pay histories of over 100 employees whose pay rates were significantly higher or lower than counterpart employees within their common organizational assignment and career group. While the pay rates of these employees were indeed different, in essentially all cases they were consistent with the Corporation’s pay-setting policies, and generally resulted from granting an authorized rate of pay that met the applicant’s current rate of pay plus a modest increase. In those few cases where the resulting pay rate appeared questionable, the HR team provided details to OHC for validation and correction, if required.

To address the question of comparability between the GS and APS pay systems, several factors must be considered. When employees go under a pay banding system, they are no longer entitled to longevity-based within-grade increases (WIGIs) when their performance is satisfactory. Their eligibility for permanent pay increases, in effect, becomes “at risk,” i.e., dependent on their performance and management’s decision to move them through the pay band. Agencies that implement pay banding systems can include various components of pay in the “at risk” pay of employees, including the annual general increase, WIGIs, and quality step increases

(QSIs). Agencies that go under pay banding routinely make the monies formerly used for WIGIs and QSIs available for their pay banding system.

The Corporation has not put the annual general increase at risk for its APS employees. APS employees have continued to receive general increases at the same rate as their GS counterparts. However, over the last several years, the amount of money CNCS has made available for within-band increases in APS is less than the amount that would have been available through WIGIs had APS employees remained in the GS system. APS also lacks any comparable funding for QSIs because the Corporation discontinued giving QSIs to its GS employees.

The HR team did an analysis of the on-board APS workforce to determine what their eligibility for WIGIs would have been in 2005 had they remained in the GS system. The HR team concluded that to keep pace with the pay increases they would have received in the GS pay system, CNCS would have needed approximately 2 percent of the APS \$30,127,256 base pay payroll,⁷⁰ or \$602,545, just to fund WIGIs. An additional 10 percent of that amount, or \$60,255, likely would have been needed for QSIs, for an aggregate total of \$662,800.

As noted in Chapter 5, until its recent decision to change its budgeting practices, the Corporation did not budget for such increases for its APS employees. In 2005, CNCS had available for within-band increases approximately \$150,000 for all APS employees other than those working for NCCC, and an additional \$40,000 for NCCC APS employees. The total of \$190,000 is less than one percent of the APS payroll.⁷¹ Thus, the APS employees' perception that their pay increases did not keep pace with their GS counterparts is true, at least in the aggregate.

Since FY 2001, the Corporation's funding levels have resulted in an average of 22 percent of the Corporation's APS employees receiving annual pay band increases each year. This is substantially lower than the experience observed in agencies benchmarked during this study or considered by GAO in its January 2004 report.⁷² The HR team's benchmarking and GAO found that virtually all employees in other agencies with a fully satisfactory performance rating or better received some base pay progression within the band unless the employee was at the top rate of the band.

With regard to cash bonuses, in the last few years the Corporation has made another \$150,000 available for cash bonuses for GS/APS employees, plus another \$40,000 for NCCC employees' bonuses. This combined \$190,000 represents slightly over 0.5 percent of CNCS' aggregate GS/APS payroll of \$35,879,776, and resulted in average bonuses of less than \$1,600 for those receiving awards in FYs 2002 through 2004. During these three years, 26 percent, 19 percent, and 4 percent of employees received cash awards, respectively. GAO notes that the average award given in the Naval Sea Systems (NAVSEA) Command Warfare Centers, Newport Division and the Department of Commerce's pay banding systems in 2002 was \$2,216 and \$1,079 respectively. However, in those organizations, a high percentage of eligible employees did receive awards. GAO further notes that the NAVSEA Newport Division budgeted 1.8

⁷⁰ This is the APS base payroll as of April 2005.

⁷¹ On an annualized basis, this would result in about \$285,000, still less than one percent of the APS payroll.

⁷² Government Accountability Office, *Implementing Pay for Performance at Selected Personnel Demonstration Projects* GAO-04-83. (Washington, D.C.: Government Accountability Office, 2004).

percent and 1.7 percent of payroll costs for cash awards in FYs 2001 and 2002, respectively. Historically, OPM has suggested 1 to 1.5 percent of payroll as the amount needed to fund cash awards.

Some employees said they were told if they converted to APS they would not experience a reduction in pay compared to what they would have earned if they stayed in the GS system, providing they performed satisfactorily or better. The HR team could not find any documentation to that effect. An examination of both the APS policy and the governing labor agreement finds no requirement that employees receive guaranteed continuing comparability with the GS system.

It is apparent that the Corporation's pay philosophy and corresponding HC practices have deviated from their original intent over recent years. In this regard, it is essential to recall that the architects of the APS had at the system's core a philosophy that a continual influx of new term appointment employees would replenish the departing workforce, thereby bringing new ideas into the Corporation. Consistent with that philosophy, the Corporation's HC focus simply was not directed toward building a pay for performance system or being particularly concerned with retaining its on-board human capital. This is reflected in the Corporation directing only a small amount of its resources toward pay band increases and other forms of employee recognition and retention. This compensation practice has continued even though the Corporation never implemented its hiring philosophy but, instead, has regularly extended the term appointments of most of its employees.

In 2005, the Corporation made a dramatic decision to change its hiring philosophy and convert the majority of its employees to permanent employment.⁷³ Changing employees' appointments to permanent also was a prerequisite for them to be eligible for the benefits of the recently approved OPM interchange agreement, discussed below. Inherent in the Corporation's fundamental decision regarding the permanent stature for most of its employees is that, for the first time in APS policy history, the Corporation officially assumed the unstated, but nonetheless, companion responsibility to sufficiently invest in its HC because, henceforward, its permanent workforce would be its mainstay, the source of its competence, and the deliverers of quality performance needed to meet mission objectives.

As noted in Chapter 5, the separate budgeting for NCCC has created an inequity within the Corporation because NCCC's staffing budget is not comparable to the staffing budget for the rest of the Corporation. In 2005, the NCCC budget for pay band increases and cash bonuses was 25 percent higher per employee than the budget for the other offices. The Panel's recommendation in Chapter 5 to consolidate the funding of NCCC's administrative expenses with the rest of the Corporation should eliminate this inequity.

Role of the Compensation Committee

APS policy established a Compensation Committee to make recommendations regarding:

- the overall amount and distribution of pay funds within the Corporation

⁷³ This is discussed later in this chapter.

- the frequency of within-band pay adjustments (annual or otherwise), and whether increases should be geared to individual or group accomplishments, or a mix
- the amount of annual locality payments and comparability ("cost of living") adjustments
- needed adjustments in the ranges of the pay bands

Interviews with Compensation Committee members revealed that the Committee's current, and perhaps historical, role has not evolved to include these responsibilities. Specifically, the Committee has been very engaged in recommending "where to set the bar" or defining the criteria against which employees are assessed in considering them for a pay adjustment. It also has been concerned recently with ensuring a non-skewed demographic distribution of pay adjustments once recipient nominations are received. Although several Committee members indicated that the major flaw in the Corporation's APS system was the limited funding available for pay band adjustments and cash awards, they did not believe that confronting this issue was their responsibility.

The HR team suggested that the Corporation's Compensation Committee receive training regarding its assigned functions so that it can fulfill the role outlined by the existing APS policy. The Committee's oversight and stewardship of an effective compensation system is critical to the success of the APS compensation system.

OPTIMIZING THE ALTERNATIVE PERSONNEL SYSTEM

The Panel for the 1998 Academy study concluded that the "CNCS Alternative Personnel System (APS) is a modern, flexible public service personnel system which can contribute substantially to achieving the Corporation's mission and objectives." But the Panel noted that APS was relatively new and that organizational change such as APS often takes years to fully implement. Since the Academy's 1998 study, the Corporation changed some of its human resources policies and practices. However, these changes did not gain notable momentum until 2004, when the CEO appointed an acting chief human capital officer (CHCO), who came from OPM. Among the key changes that the acting CHCO initiated are:

- the use of permanent appointments instead of term appointments for all APS employees
- a new five-level managerial appraisal system (MAS)
- development of a preliminary Strategic Human Capital Plan
- monthly "all employees" informational meetings (CHCO Chats)
- increases in the Corporation's training budget

The acting CHCO also was actively involved in the selection process for a permanent CHCO, who reported to CNCS in April 2005.

The Corporation has made progress in the area of HC management and, with the results of the Academy's HR team's studies in hand, it is poised to make additional improvements to its HC practices and the APS.

CNCS Employee Status

As originally designed, the APS provided excepted, rather than competitive, service appointments for its employees. This means that individuals hired by CNCS who have had no prior employment in competitive service positions elsewhere in the federal government must compete as external applicants, along with other non-federal employees, for appointments within the federal competitive service. Other than the experience gained, APS employees' years of service with CNCS provided them no competitive advantage if they tried to work for another federal agency. This put them at a competitive disadvantage compared to employees of other "competitive service" federal agencies seeking to find new positions. This situation changed in late July 2005 when, after years of discussion, OPM and CNCS agreed to an interchange agreement that will make most APS employees eligible to apply for competitive service positions in other agencies.

In addition to this original employee status distinction within CNCS, the APS required that employees be hired on a short-term, rather than permanent, basis. The rationale for hiring employees using term appointments was that it would enable the Corporation to continually infuse itself with new employees bringing new ideas and perspectives. The Academy Panel for the 1998 study encouraged and concurred in the continued use of term appointments. At the same time, the Panel recognized that term appointment policy could cause controversy, and urged CNCS to monitor employee departures to determine the impact this policy had on employee attrition.

Although CNCS renewed the vast majority (95 percent) of term appointments over the years, CNCS leadership and staff believed that the term appointment policy had a negative impact on staff morale because employees continually felt vulnerable to losing their jobs when their appointments expired. Recognizing the critical nature of this problem and wanting to enhance the attractiveness of CNCS employment, the CEO revised the Corporation's term appointment policy in December 2004. As a result, the Corporation converted most employees to general appointments without time limitations, and now hires most of its employees on permanent appointments. Employees serving in senior leadership positions continue to serve on discretionary appointments at the pleasure of the CEO. Discretionary appointments are term-like appointments that do not have specific time limitations and maybe terminated by the CEO with as little as one day's notice. The discretionary appointments are similar to schedule C, non-career senior executive service-type appointments in other federal agencies.

Conversion of GS Employees to APS

One of the Corporation's HC goals has been to have all its employees in APS. All new employees have been hired under APS. However, at the time of the 1998 Academy study, over half of the Corporation's employees who were "grandfathered" as GS employees had elected to remain in the GS system. As a result of attrition since 1998, the number of GS employees has been significantly reduced. In January 2005, GS employees represented only 14 percent of the workforce, as shown in Table 4.

While the percentage of GS employees has been substantially reduced, CNCS continues to face the challenges of managing two HR systems. For example, OHC staff must maintain technical competence in the GS personnel system and be aware of OPM-generated changes in GS-based personnel policies and procedures; ensure that GS policies and procedures are appropriately implemented in CNCS; evaluate the effectiveness of GS-based personnel administration in CNCS; and administer different but parallel workforce "sustainment" actions, i.e., WIGIs for GS employees and pay band increases for APS employees. The continued responsibility for operating two systems reduces the OHC staff's ability to singularly focus on APS strategic initiatives.

Table 4
APPOINTMENTS BY CATEGORY— 2005

Appointment	2005	
	No. of Employees	Percent
General Schedule	81	14
Alternative Personnel System—General	394	66
Alternative Personnel System—Term	88*	15
Alternative Personnel System—Discretionary	31	5
Total	594	100

Leadership Development and Succession Planning

As noted in Chapter 3, the Corporation's senior leadership has experienced significant turnover since the initial Academy study. Currently, within the executive team, CNCS has a vacancy in the CFO position, an acting IG, a new VISTA program director, a new CHCO, and a new COO.

Until the recent change from short-term to permanent employment for its staff, the Corporation's employment philosophy assumed a relatively high level of attrition. The Corporation was not actively pursuing individuals for long-term employment. Consequently, CNCS planned for and invested minimal resources toward staff retention, recognition, development, or succession planning. But the Corporation's actual employment practices have not followed its employment philosophy. As noted earlier, CNCS extended the vast majority of its term appointments. The Corporation's HC investment strategy and associated APS policies were never updated to correspond with its actual HR practices. CNCS had implemented very few leadership development and succession planning initiatives, and often did not use the small training budget it had. This inaction, in turn, contributed to a lack of depth within the staff. Key vacancies at the senior management level have exacerbated this situation and resulted in overburdened leadership—for example, the CEO serving as both CEO and COO.

CNCS has taken steps to increase its investment in employee development. According to a CNCS official, the budget for overall staff development doubled in 2003 and again in 2004. In

FY 2004, the budget for individual training for front line employees was \$311,000, and for leadership development it was \$100,000. For FY 2005, CNCS requested about \$550,000 for employee training and \$100,000 for leadership training, to bring its training budget up to parity with the rest of the federal government, which spends about 2 percent of the total budget on training. The official noted that senior leadership is stressing the importance of training to employees and managers.

CNCS has begun some leadership development initiatives, though it does not yet have a formal leadership and staff development program. As part of an initial effort to determine the leadership development activities that should occur within the Corporation, OHC implemented a 360-degree leadership assessment initiative, where over 100 supervisors' and managers' leadership performance and attributes were evaluated to help determine the incumbents' developmental needs. The assessment included input from both subordinates and superiors regarding the incumbents' leadership behaviors. The results enabled the incumbent to better determine their own strengths and weaknesses, and to address weaknesses through individual coaching. The Corporation indicated its intent to increase training efforts and dollars for this initiative, based on the positive reactions to the training already completed.

As noted above, the Corporation also instituted a new five-level MAS in 2004. The MAS now includes as a critical responsibility for each supervisor the development of talent needed to achieve the goals and objectives of the organization and work groups. This element has been included to communicate and underscore to the organization's leaders the importance CNCS now places on staff development.

Workforce Planning and Analysis

In 2004, CNCS also recognized the need for workforce planning and contracted with Deloitte Consulting to develop a workforce planning model framework, shown in Figure 7.

Deloitte met with the CEO and members of the executive team to identify the possible "Future CNCS State," and used the Corporation's grants officer positions in the service centers and the Office of Grants Management to conduct an initial, limited implementation of the model. In an effort to help CNCS better prepare for additional workforce planning, Deloitte also has provided a procedure for establishing priorities and assessing organizational readiness for future efforts. Though Corporation-wide workforce planning is still pending, indications are that the Corporation plans to conduct further in-depth workforce analysis in the near future.

Figure 7
WORKFORCE PLANNING MODEL FRAMEWORK



Finalizing a Human Capital Strategy

Although the Corporation is not required to submit a Strategic Human Capital Plan for OPM/OMB review, OHC, in March 2004, developed a plan consistent with OPM/OMB guidelines for Human Capital Assessment and Accountability. The development of this plan is significant in that, for the first time, the Corporation outlined a direction for HC planning and a vision for moving the HC staff from a purely operational role to one that includes a strategic view. The CNCS preliminary HC plan addresses:

- strategic alignment
- workforce planning
- leadership and knowledge management
- talent
- results-oriented performance culture
- communication and accountability

Now that the Board has approved a new CNCS strategic plan, OHC can link HC goals to it.

CONCLUSIONS AND RECOMMENDATIONS

By any standard, the Title V personnel system is restrictive compared to the flexibilities afforded by CNCS' APS. The Panel believes that optimizing APS is critical to CNCS' ability to accomplish its mission effectively, and should be given a high priority within the Corporation.

CNCS should be commended for the substantial strategic HC progress it has made during the last two years. The Academy Panel endorses CNCS' use of general appointments for APS employees in ongoing positions. This represents the majority of APS employees, including many career-type supervisory positions. The elimination of term appointments for permanent-type positions should allow CNCS to create a results-oriented culture that has an increased strategic focus.

An important issue the Corporation faces is the perception of many employees' that they lack sufficient career progression opportunity. The HR study team's State Office and Grants Management/Program Management studies found numerous instances of NY-2 and NY-3 employees being assigned duties so similar that any grading distinction between them was scant, particularly after the NY-2 employees gained on-the-job experience. In fact, the NY-2 employees performed in a substantially de facto trainee mode, which in turn frustrated these employees and left them confused about what criteria they could meet in order to be promoted. Further, recognizing these jobs at the NY-2 pay band level have understated the true cost of work performed and have likely led to budget inadequacy. The Panel believes that this issue is significant, and that it is critical for CNCS to address it as a priority initiative within its HC strategy.

The Panel recommends that CNCS assess its NY-2 and NY-3 positions, recognize de facto trainee positions as developmental positions, and grant the incumbents promotion potential to the NY-3 level. As an alternative, CNCS should consider redesigning the APS system to include these positions within occupationally-based pay bands that include the full range of positions from entry level, through mid-career, journey level, and senior level positions.

The Corporation has already taken steps to change its budgeting practices so that it will request adequate funding for APS in the future. The Panel is convinced that providing adequate funds for APS should not be delayed until 2007, but should begin as soon as possible. Based on other effectively functioning pay banding systems, the Academy staff estimate that approximately

\$1,000,000 is needed in FY2006 for this purpose. This figure is derived using April 2005 payroll data and is comprised of the following:

- \$602,545 (2 percent of APS payroll (\$602,545), which represents the amount of money that would have been needed for WIGIs had the APS workforce been GS
- an additional 10 percent of that amount (\$60,255), which represents the amount that would have been needed to provide QSIs had the APS employees been GS
- \$358,798, or 1 percent of the GS/APS payroll, which represents the amount of money that would be needed to provide the workforce with cash awards

The \$1,000,000 would serve as the pool from which pay adjustments would be given to APS employees and cash bonuses would be given to APS/GS employees. In future years, the Corporation will need to reassess the percentage of payroll it budgets for pay adjustments and cash bonuses based on the constituency of its workforce (i.e., APS/GS distribution, APS employees' position in the pay range, budget demands, etc.).

The Panel recommends that the Corporation seek sufficient funding, established as a percentage of payroll, to support APS and GS pay and recognition costs in the future. The Panel further recommends CNCS request an immediate add-on of \$1,000,000 to the Corporation's FY 2006 budget submission for this purpose.

Deloitte's proposed workforce planning model for CNCS contains the critical components of a sound workforce planning process, and CNCS needs to continue its efforts to implement it. The workforce planning process should include an in-depth workforce analysis that will result in CNCS being able to identify, recruit, and select the needed number of employees with the types of skills required to accomplish its mission, now and in the future. The workforce planning and analysis effort also should identify leadership positions and develop a pre-planned strategy for filling those positions when they are vacated. In addition, CNCS must invest resources in staff development to ensure that sufficient employees are equipped with the necessary skills and competencies to assume leadership and other skilled positions. By increasing its investment in staff development, CNCS will demonstrate it is an organization committed to investing in its human capital and to the principle that its staff are a critical ingredient for future success. This change to its human capital practices should reduce employee attrition and increase agency stability and program continuity.

CNCS has transitioned to a philosophy that places substantial value on its intellectual capital, which means that sufficiently investing in its workforce in terms of developmental, compensation, and recognition costs has become an imperative equal to accomplishing the mission, because it is only through the contributions of the workforce that the mission of CNCS can be achieved. To that end, the Compensation Committee must be challenged and equipped to perform the role that APS envisioned—a role of being the guardian of CNCS' APS compensation system in terms of advocating its funding, its administration, and its evolution.

The Panel recommends that the CNCS Compensation Committee receive training regarding the role it is to perform, and that it mature to become the agent for

ensuring that APS policies, practices, and associated budget meet its stated objectives.

At present, OHC is consumed with addressing compensation issues, creating a new employee evaluation system, and trying to enhance its own technical capacity. OHC has many challenges before it, and it needs a comprehensive plan to prioritize and manage the many change management initiatives that must be undertaken. The Panel also believes that CNCS' new CHCO needs to conduct an OHC-specific workforce assessment to identify any skills/competency gaps that must be overcome for OHC to fully assume the roles and responsibilities envisioned by the CEO and CHCO.

The Panel recommends that the Chief Human Capital Officer develop a management action plan that prioritizes and sets timelines for accomplishing all essential human resource program improvements and strategic planning activities, including actions to address its workforce planning and leadership and staff development requirements, as well as the program improvement actions that result from the Academy's three operational human resource studies. The plan also should include an assessment of the Office of Human Capital's structure and staff capacity to ensure that staff can effectively deliver quality operational and strategic advisory services to the Corporation.

CHAPTER 7

TOWARD A STRATEGY-CENTERED, RESULTS-ORIENTED CORPORATION

CNCS' management and Board have recognized the importance of addressing both the strategic and operational dimensions of the Corporation. Consequently, they have used planning and planning-related activities to focus employee and stakeholder attention on new directions for renewing the Corporation's productivity and reputation. These activities have included:

- the drafting and iterative refinement of a strategic plan
- efforts to develop management and operating-level metrics (and a data warehouse to provide the requisite data resources)
- active support of CNCS staff as they work to meet federal planning, budgeting and reporting requirements.

Through these planning and planning-related activities, CNCS managers have sought to:

1. refocus and concentrate an increasing portion of the limited CNCS program resources to strategically significant social issues
2. increase cooperation among CNCS programs to produce mutually reinforcing results
3. utilize the federally required planning, budgeting, and related activities to contribute to improved organizational management
4. produce ideas, actions, and documented performance that can take maximum advantage of available opportunities to build stakeholder and political support for the organization's important social programs

This chapter includes both an historic and contemporary, forward-looking perspective on the Corporation's evolving planning and planning-related activities. These perspectives are designed to help CNCS extend the substantial work already completed and realize the greatest possible benefit from planning and related activities.

During the course of this study, members of the Academy study team also have provided hands-on assistance to CNCS' metrics development activities. Academy staff helped identify from a large list of potential candidates those metrics that are best suited to monthly or quarterly review, as well as those that are more appropriately reviewed on an annual or two-year basis. Members of the Academy study team also provided hands-on assistance as the Corporation designed and executed activities to engage stakeholders in the strategic planning process. This assistance included designing data collection instruments, solicitation and feedback memos to stakeholders; and performing content analysis of comments received from stakeholders. This chapter also summarizes the Academy staff's hands-on assistance in the areas of metrics development and strategic planning.

STRATEGIC PLANNING REQUIREMENTS

CNCS, like most federal agencies, has engaged in a variety of planning processes. In recent years, the level of planning activity has increased substantially, due to the passage of the Government Performance and Results Act (GPRA) of 1993. GPRA requires federal agencies to develop long-range strategic plans and annual performance plans (APPs); and the President's Management Agenda (PMA) (initiated in FY 2002) further emphasizes "budget and performance integration" as one of its five highest priorities for agency management improvements. Starting in FY 2005, OMB requires agencies to prepare an annual performance budget in lieu of the APP.

Major federal agencies are now being evaluated every quarter on their ability to achieve improvements in their planning and budget and performance integration activities. The Reports Consolidation Act of 2000 provided for the annual reporting requirements of both GPRA and the CFO Act to be met in a single Performance and Accountability Report (PAR).

OMB issues detailed guidance (OMB Circular A-11) to assist and direct agencies in meeting not only the GPRA strategic planning requirements, but also the annual performance budget, PAR, and other requirements. The current guidance combines some of these requirements.

The GPRA requirements and the OMB guidance tend to stress the sequential progression from strategic planning to measuring the impact of the organization's activities. This is becoming an increasingly dominant characteristic of the current results-oriented management thinking that guides contemporary public sector practice.

STATUS OF PLANNING AT CNCS

CNCS currently is engaged in various forms of planning and planning-related activities. Although each of these activities has been undertaken to meet a specific set of requirements, many of them are formally or informally connected in theory, if not always in practice. For example, the APP is, in theory, based on a broader perspective laid out in the strategic plan. Similarly, the APP is supposed to shape the budget. These and other theoretical relationships are basically the same across the federal government.

Legislative mandates make several other planning-related activities particularly important to CNCS. For example, CNCS' dependence on grantees to deliver service and produce the desired societal impacts makes stakeholder involvement and annual program planning related to grant awards unusually important.

Table 5 arrays CNCS' principal planning and planning-related activities. The table identifies the important characteristics for each of the activities that distinguish one from the others, and in some cases distinguish one from corresponding activities in other agencies. The characteristics contained in the table include the purpose of the activity, the frequency with which it is carried out, and the participants engaged in the activity. The last two characteristics shown in the table—distinguishing characteristics and critical components—provide the best picture of how each of the activities differs from, and relates to, the other activities in the chart. Although three

of the topics—strategic planning, consultation with stakeholders, and development and use of metrics—are addressed in considerable detail in the following sections, all of the activities are relevant to the discussion and recommendations in this chapter.

Table 5
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
PLANNING-RELATED ACTIVITIES

ACTIVITY CHARACTERISTIC	Consultation With Internal And External Stakeholders	Develop Strategic Plan	Develop Annual Performance Plan	Develop Budget	Program Planning for Grant Making	Prepare Performance & Accountability Report	Develop, Report Against and Refine Performance Metrics
Purposes	<ul style="list-style-type: none"> - Obtain information critical to planning - Respond to Board interest - Build external support 	<ul style="list-style-type: none"> - Meet GPRA requirements - Provide broad structure for other activities 	<ul style="list-style-type: none"> - Meet GPRA & PMA requirements - Shape budget priorities 	<ul style="list-style-type: none"> - Meet OMB, congressional & PMA requirements - Compete for resources 	<ul style="list-style-type: none"> - Establish program priorities - Inform and assist grant applications 	<ul style="list-style-type: none"> - Meet GPRA & A-123 requirements - Report CNCS accomplishments to interested publics 	<ul style="list-style-type: none"> - Earn good PART rating (3 year cycle)⁷⁴ - Influence employee behavior
Frequency	Continuous with peaks of activity	3 year updates (5 year span)	Annually	Annually	Annually	Annually	Continuous
Key Participants	<ul style="list-style-type: none"> - Chief executive/operating officer - Internal/external stakeholder groups and individuals 	<ul style="list-style-type: none"> - Board - Top management - Office of Research & Policy Development 	<ul style="list-style-type: none"> - Budget office - Top management - Mid-level program management 	<ul style="list-style-type: none"> - Budget office - Managers at many levels - OMB 	<ul style="list-style-type: none"> - Multiple line and staff offices - Board of Directors - Congress - Grantees 	<ul style="list-style-type: none"> - CEO & CFO - Office of Research & Policy Development - Program, budget & finance offices 	<ul style="list-style-type: none"> - Designated leader - Consultants - Managers at many levels
Distinguishing Feature	<ul style="list-style-type: none"> - Involves effective two-way communications - Feedback to stakeholders and input from them of equal importance 	<ul style="list-style-type: none"> - Involves iterative process - Communicates broad strategic perspective 	<ul style="list-style-type: none"> - Sets short term priorities - Develops actionable initiatives 	<ul style="list-style-type: none"> - Meets OMB specifications - Requires marketing orientation 	<ul style="list-style-type: none"> - Shapes the key operational activity of the Corporation 	<ul style="list-style-type: none"> - Requires sound metrics - Requires marketing orientation 	<ul style="list-style-type: none"> - Is a continuous iterative process - Is resource intensive - Has behavioral consequences
Critical Components	<ul style="list-style-type: none"> - Ensures open/honest communication - Builds on previous interactions 	<ul style="list-style-type: none"> - Articulates mission statement - Presents strategic initiatives 	<ul style="list-style-type: none"> - Provides performance base for budget 	<ul style="list-style-type: none"> - Integrates budget and performance results 	<ul style="list-style-type: none"> - Requires clear and continuous communications - Based on consensus building 	<ul style="list-style-type: none"> - Documents accomplishments and performance - Reports financial integrity results - Meets accountability report requirements 	<ul style="list-style-type: none"> - Based on timely, reliable and verifiable data

⁷⁴ The Program Assessment Rating Tool (PART) is a method of assessing program performance. It is designed to reinforce the outcome-oriented performance measurement framework developed under GPRA. The assessment process involves the assignment of numerical ratings to the management activities of each program. These numerical ratings are subsequently combined and translated into qualitative ratings of effective, moderately effective, adequate, and ineffective. A rating of "Results not Demonstrated" is given to programs with inadequate performance measures, or baseline or performance data.

CNCS' Strategic Plan

CNCS' last approved strategic plan under GPRA covered the years 1997-2002. The Corporation's just-previous CEO and Board of Directors developed an updated strategic plan, but it was laid aside without being approved when the current CEO and Board arrived two years ago. Without a strategic plan, short-term budget decisions have been driving the Corporation and determining its direction during the planning cycle, rather than the initiatives and future directions envisioned by the CEO and Board. The lack of an approved strategic plan also has handicapped the development of long-range human resources and information technology strategies, and has left the program offices rudderless in their efforts to define future directions for their programs. This planning deficiency has provided a strong incentive for the current CEO and Board to complete the current cycle of strategic planning in order to cascade new corporate goals throughout the annual planning and budgeting processes and into program operations—with a realistic expectation that they will have a positive and demonstrable effect on results within the foreseeable future.

In 2004, the CEO and Board began developing a new strategic plan covering 2005-2010. The Board has been actively involved in the process, as the Corporation's legislation requires, establishing a strategic planning committee and discussing the plan at several Board meetings and retreats.

The thrust of the changes considered in the latest reassessment of the strategic plan, though important, were not major departures from the FY 2004 goals and strategies reported in the FY 2004 PAR. They include recognition that:

- restoring trust and credibility is becoming less of an issue, as progress has been made in that direction
- more precise and explicit targeting to certain populations may be desirable—including, perhaps, disadvantaged youth, older populations, distressed and rural communities, and Baby Boomers (who may become the most important new pool of volunteers in the near future)
- supporting community needs for homeland security and for managing domestic emergencies may need more direct attention than in the past
- quantifying five-year performance targets is desirable

As a result of Board comments, efforts were made to clarify and add “punch” to the mission statement and to include some specific areas of emphasis. A new plan was drafted by mid-2005 that included four revised goals and three or four strategies for achieving each one. The Board expressed a strong interest in having the Corporation's stakeholders engaged in the planning process.

Consultation with Stakeholders

In response to the Board's request, the Corporation made a substantial effort to engage internal and external stakeholders in the planning process. The process for collecting stakeholder input was based on the Corporation's recent successful experience in collecting stakeholder comments

on the new AmeriCorps rule⁷⁵ and consultation techniques used by other federal agencies. CNCS used already-scheduled meetings to obtain stakeholder input on the revised mission statement and areas of emphasis, as well as meetings scheduled specifically for that purpose. In addition, the Corporation arranged several conference calls when face-to-face meetings were not feasible. In all, CNCS conducted 29 such meetings and calls. The CEO demonstrated his interest in and commitment to the process by personally participating in 25 of the 29 events. These events provided material that substantively contributed to the strategic plan.

Several key CNCS staff helped design and run the planning process. Members of the Academy study team also provided guidance and direct support to the stakeholder involvement activities. Initially, the team members emphasized the need for expanded stakeholder involvement. Study team members subsequently presented, for CNCS' consideration, several time-tested approaches for acquiring stakeholder input, and advised on data collection methodologies and instruments. Finally, study team members helped analyze the large number of responses from stakeholders. A more detailed description of the process and the results is contained in Appendix G.

At its September 2005 meeting, the Board of Directors approved a new strategic plan for the Corporation.

Planning Issues

In spite of the increased interest and effort, development of CNCS' long-range strategic plan was delayed for the following reasons:

- There is no one person acting as a full-time champion for the process and, as a consequence, other important activities compete for and divert attention away from this effort.
- The increased interest and involvement of several new Board members lengthened the process.
- The initial approach to develop the plan did not take into consideration the size and complexity of the task.

In addition to process issues, there was initial uncertainty about the scope, content and even purpose of the strategic plan. Some key participants saw it as a way to broadly define the Corporation, while others saw it as a way to set specific long-term goals that were to be subsequently addressed with more immediate goals in the annual plan. This led to differences of opinion about the boundaries of the strategic plan versus the annual plan and the budget. Because "planning" is a term used to describe so many different activities, it is not unusual for participants engaged in a planning process to hold widely diverse and often conflicting expectations for the process. Resolving these differences while the process is underway has been portrayed through a number of metaphors, including "trying to assemble a bicycle while riding it." It also has led to the admonition to always plan for planning. The CNCS circumstance provides more than the usual number of opportunities for ambiguity and conflict,

⁷⁵ The AmeriCorps rule is discussed in Chapter 5.

given the imprecisely defined role of the Board and the large number of diverse, interested, and influential stakeholders.

CNCS faces three main planning issues: (1) unifying and speeding up the strategic planning process, (2) linking planning more directly to the Corporation's performance, and (3) enhancing stakeholder consultations.

Steps to Unify the Planning Process

CNCS' planning activities are split three ways. The CEO and Board devise the strategic directions and major initiatives. The budget office prepares the APP and annual budget. And the preparation of the strategic plan and selected sections of the PAR is largely the responsibility of the Office of Research and Policy Development. The relationship among these activities is not completely clear. They are each on somewhat different timetables, sometimes moving ahead without waiting for the others. It is desirable for all three to be in step with the other, but there is no mechanism—other than the CEO—to see that this can occur.

This is not a reorganization issue. The rationale for placing responsibility for these three distinct planning functions with three different offices is sound. These related functions take different talents and different types of resources. The challenge is bringing the three efforts together so that they are in harmony with each other.

Steps to Link Planning More Directly to Results

Now that a new strategic plan is in place, the focus needs to shift to strategy-directed program planning, budgeting, and related activities. A key ingredient of these efforts will be sound program evaluation research that can underpin steadily improving logic diagrams that reliably link spending and activities to real outcome results. Another key ingredient—needed to set annual performance targets—will be improved performance measures that, over time, will be able to calibrate how CNCS can expect results to improve with each increment of spending and activity. Finally, the notice of funds availability issued to invite applications for grants and other awards will need to be coordinated with the strategic goals. These links currently are weak at best.

Steps to Improve Stakeholder Consultations

CNCS had only a limited amount of time available to solicit input from stakeholders on its current strategic planning efforts, and it has not been feasible to involve all stakeholder groups in the process. In the future, a more complete and systematic process would be desirable.

An expanded consultation process could begin by developing a complete list of all the internal and external groups with significant interests in the Corporation, identifying their roles in particular programs or aspects of the Corporation's work, and describing how they currently are interacting with the Corporation. Most of these groups already have regular meetings of their own or meetings with CNCS on a regular basis. Many of these meetings are devoted to operational or training matters, but some also deal with planning and policy issues.

For consultations on the current strategic plan, CNCS used regularly scheduled meetings with stakeholders and simply added an agenda item to discuss the plan. This arrangement was used as a matter of convenience, but it seemed to work well. CNCS gathered the needed input. No one had to go to yet another meeting. And the discussions “felt comfortable” to those who were involved—not artificial or strained, as long-range planning discussions sometimes are. Simply extending this arrangement to more groups appeals to CNCS as a convenient and efficient means of improving the planning process.

Other parts of the planning process—including the APP and its relationship to the Corporation’s budget, and the annual PAR—are of more immediate impact and interest, and could benefit from consultations as well. However, there is no current process to discuss them externally except during congressional hearings.

Adding two-way discussions of the strategic plan, APP, and PAR to the agendas of regular stakeholder meetings could have several advantages. First and foremost, it would reinforce the concept that the planning process—both long-range and short-range—is important and is driving the organization. It would keep the long-range goals constantly out in front as a focal point for discussions, and provide CNCS and its stakeholders opportunities to report progress toward achieving goals and to focus on how to improve performance. This would gradually come to be seen as “the way CNCS does business.” Stakeholders in each program area could begin to see how they are contributing to achieving the larger goals of the Corporation and how they might contribute even more in the future. The stovepipes that separate programs might begin to become more permeable. And CNCS could become increasingly productive.

When it is time for a more full-scale review of programs—because of the three-year strategic plan review cycle, a congressional reauthorization schedule, the issuance of a major new evaluation study, or for some other reason—CNCS could schedule special planning meetings or utilize other consultation processes as the agendas of regular business meetings typically do not provide enough time for such major reviews. At these special times, it is appropriate to mount a higher-energy, higher-profile review process—at a level that cannot ordinarily be sustained over long periods of time. They take too much time and effort to provide the new information and analysis to make them interesting, vital, and productive. In the periodic upswings in the planning process, new concepts and information, major victories and disappointments, possibilities for changes in direction, and transformations in how the organization does business would take center stage. In the continuing consultations between the special events, steady, systematic tracking of progress, mid-course corrections, and incremental improvements in business processes would be addressed. Both parts of the planning cycle are important; neither should be neglected. And widespread, systematic consultations are key to the success of both.

Strategic Planning Opportunities

Planning processes, like program activities, benefit from periodic review and assessments. When the basic concepts of performance measurement and management are applied to an organization’s planning processes, it is necessary to articulate a specific set of goals for the process. For example, a strategic planning process might be designed to help clarify what an

organization is and what it does, but leaves the details of how, when, and where to annual, operational, and other planning mechanisms.

Strategic planning in the private sector is frequently used to establish what an organization is, what it does, and why it does it. In contrast, aspects of the “what” and “why” questions are typically addressed in the legislative mandates that establish public sector entities. However, legislative mandates typically present broad brush guidance that is sometimes contradictory and almost always incomplete. As a result, many strategic dimensions are left to the organization’s managers and stakeholders to sort out. Practitioners point out that if public sector organizations were completely defined by legislative mandates, developing a mission statement and guiding principles would be a simple task—if needed at all. Anyone who has attempted to develop mission statements and guiding principles for a federal agency knows that this is a difficult and challenging undertaking.

Strategic planning offers a myriad of potential benefits beyond simply addressing the “what” and “why” questions. Some of these benefits are likely to be of particular value to CNCS in addressing specific needs in the future. These needs could include:

- integrating, coordinating or harmonizing diverse legislative mandates imposed during different times and representing diverse political perspectives
- reaching a clear and compelling shared vision within the organization to recognize and energize the organization’s values and desired culture
- building or rebuilding an organization’s spirit and employees’ motivation after a crisis—such as a dramatic reduction in resources or a public embarrassment
- identifying and adjusting to a substantial change in the expectations of the organization’s stakeholders
- taking advantage of new technologies that become available to the organization—while avoiding adverse or uneven impacts across the organization
- reducing the amount of uncertainty related to the organization’s policies, goals, objectives, and desired public image

The role of planning and planning-related activities in helping organizations address these and similar needs is well known and documented. As a result, CNCS has a wide variety of choices as it assesses the strengths and weaknesses of its current planning processes and looks forward to future planning systems. Some of the planning activities that have been used to a limited extent by CNCS and by other organizations to achieve common planning objectives include:

- **Scenarios:** No organization can predict with certainty what the future will hold. But a structured process for developing alternative scenarios about the future, trends, and events often can circumscribe what is most likely to happen, and thus avoid disconcerting surprises. The use of scenarios facilitates a probabilistic consideration of the future rather than the sure-to-be-incorrect development of a single vision of the future.
- **Environmental scanning:** Few federal agencies have been assigned an area of responsibility and operation all to themselves. Consequently, it is often valuable to consider significant influences that exist in an expanded realm of operation beyond the organization’s specific activities. For example, CNCS has given some consideration to

the fact that many federal agencies and nonprofit organizations engage volunteers to accomplish their work. This broader perspective is needed if an organization is to intelligently position itself in the “total marketplace.”

- **Critical issue identification and clarification:** The disheartened statement, “We should have seen that coming.” often results from, and signals, an inadequate effort to ferret out critical issues. On the positive side, critical issue identification also can be used to identify and exploit an organization’s opportunities and strengths.
- **Descriptive research:** Organizations often have an incomplete or inaccurate picture of their present situation and their environment. As a result, they develop plans for change based on the wrong starting point.

As CNCS and other organizations have demonstrated, these planning tools, as well as others, are not mutually exclusive. They can be mixed and matched to meet the organization’s particular needs at particular times.

PERFORMANCE MEASUREMENT AND MANAGEMENT

CNCS has undertaken a variety of initiatives to develop metrics. The urgency to develop effective performance measurement and management systems and processes is understandable. CNCS needs good metrics to respond to both OMB and the Congress, and the CEO has been trying to use metrics as a way to bring the Corporation’s diverse programs into a cooperative and mutually reinforcing whole. Internally, this is an effort to help integrate CNCS’ programs, which are perceived to be overly separated or stovepiped.

Metrics Development Activities

Metrics development is not a new concept or practice to CNCS program managers. For years, many of them have been developing metrics to manage their programs, support budget requests, and respond to questions from stakeholders. Their efforts in the past, however, have been focused largely on inputs, activities, and outputs. The focus of their efforts is now turning to the new “gold standard” of metrics—outcomes.

To move to this next step, CNCS staff have devoted a great deal of time and effort to developing logic diagrams⁷⁶ that map the connections between broad conceptual program goals (desired results, such as improvements in individuals’ lives and societal conditions) and the nitty-gritty of budget spending, staff activity, tasks completed, or tangible products produced. Logic diagrams are typically constructed by beginning with a list of the organization’s activities and asking the question, “Why do we do this?” for each activity. Developing supportable responses to this question helps ensure that the resource expenditure associated with each activity is relevant to the organization’s objectives. Similarly, starting with the organization’s objectives and asking, “How are we going to achieve that desired goal?” is likely to identify some new ways of

⁷⁶ Logic diagrams are also known as logic models, chains of reasoning, theory of action and a variety of other titles. The underlying concepts have been in use by program evaluators for at least 20 years. For additional details, see “Logic Models: A Tool for Telling Your Program’s Performance Story”, John A. McLaughlin and Gretchen B. Jordan, *Evaluation and Program Planning* Volume 22, Number 1, February 1999

reaching the goal. Experience has shown that asking and answering these two sets of questions in a productive way requires an intimate understanding of programmatic content and serious analysis over a period of time.

Using logic diagrams to guide the subsequent selection of metrics has been found to be most effective if it follows the development of a strategic plan, and precedes the development of data-handling structures such as a data warehouse. However, this sequence is not always possible. CNCS has already invested significant resources to develop metrics even though a new strategic plan has just been approved. Much of this effort is based on individual program needs and prior strategic plans. At the same time, CNCS also is developing a data warehouse. The simultaneous development of the strategic plan (and strategic goals), metrics, and the data warehouse makes each a more challenging task, and requires additional iterations of design and implementation to bring them into alignment.

The current CNCS initiative to develop metrics and a data warehouse extends to five areas. The initial effort is devoted to “operational” metrics, with program, employee, Trust, and grant finances following in sequence. It focuses on counting and measuring processing times of grant applications—the single most critical business function in the Corporation. The CNCS data warehouse project is large, expensive, and complex, and it will not be completed for several years. However, this is not unusual for an undertaking of this size and scope.

Much of the work to develop metrics for CNCS has been conducted by contractors. Senior management also has recently undertaken an in-house program to develop a limited number of metrics that can be displayed in a management dashboard or scorecard. The interest in metrics also extends to the Board of Directors. Board members have requested metrics to be displayed in a dashboard specially designed to help them stay informed about the Corporation’s activities of interest to them.

For internal management, CNCS has recognized the feasibility and value of developing metrics at the point of service delivery. For example, as the Corporation provides training and technical assistance to its service providers, it also provides assistance in performance measurement. This assistance includes evaluation guides; guides for developing logic models; links to 24 websites covering research, measurement, and evaluation techniques, data sources, national and local statistics and research findings; as well as contact information for requesting direct assistance.

Challenges to Developing Metrics

To be useful, metrics must accurately reflect program activities and desired outcomes. Efforts to develop such metrics bring with them numerous challenges. For example, several CNCS programs enlist adults to “mentor” youths. After searching the practices of other organizations, CNCS determined that no satisfactory metrics exist for this activity. As a consequence, a substantial amount of time and energy has been directed to developing metrics that fit CNCS’ unique needs. To more fully understand the challenges facing CNCS in this regard, it is useful to review the diversity of CNCS programs, which are focused in the following areas:

- education
- the environment
- unmet human needs
- program management (including volunteer management)
- public safety

The CNCS website lists numerous sub-categories for each of these topics. Under just one of these topics, human needs, the website lists 22 items, including:

- caregivers
- children of prisoners
- citizenship
- disability
- homebound
- hunger
- legal assistance
- transportation

For each of these sub-categories, the website presents “effective practices.” Under “citizenship,” for example, there are 45 effective practices, including:

- setting up a Kids Voting Program to increase civic participation
- sending care packages to servicemen and women stationed overseas
- responding to disasters with trained volunteers in a community emergency response team
- identifying community needs with an informal opinion poll

If unlimited resources were available, the impact of each of the effective practices—more accurately classified as activities—could be measured and reported. However, resources are limited. Even if there were no resource limitations, trying to deal with so many activities would result in hundreds, if not thousands, of unique measures that could not be summed to a few common corporate metrics. CNCS’ top managers are caught between the desire to create metrics that can be rolled up into a manageable number of performance measures that CNCS’ external stakeholders can comprehend and appreciate, and the complex reality of the Corporation’s “free market” volunteer environment that has produced a multitude of innovative activities designed to address a wide variety of social needs.

It is both difficult and expensive to demonstrate to external stakeholders that CNCS programs have actually achieved their desired societal impacts. A case in point is the recently completed *Serving Country and Community: A Longitudinal Study of Service in AmeriCorps*, prepared under contract for the Corporation. Among other things, this project was designed to measure one of the hoped-for outcomes of the AmeriCorps program—increased civic engagement among former AmeriCorps participants. The methodology for this study included three rounds of data collection, including a survey done three years after the AmeriCorps participants initially expressed interest in the program. The good news is that the study provided valuable information about the program, including confirmation that some of the desired post-service

behaviors were actually occurring. The bad news is that the study cost about \$1 million each year for 5 years—a very large expenditure relative to CNCS program budgets.

Designing, installing, and successfully operating a performance measurement and management system typically requires several years of dedicated effort. The Academy has been hosting the Balanced Scorecard Interest Group for federal agency measurement officials over the past five years, and has amassed empirically-based insights about these realities from the group's monthly meetings. Although the balanced scorecard approach is more highly structured and defined than many approaches, experience has demonstrated that successful performance metrics applications require two to four years to become fully implemented and useful. This is due, in part, to the need to develop an initial set of theory-based metrics, and then test their usefulness in real-life circumstances. Two, three, or even four iterations are typically required before a realistic and useful set of metrics is developed.

CONCLUSIONS AND RECOMMENDATIONS

The Corporation needs to align its programs and external partners with each other to improve overall performance. The Corporation's programs, by their very nature, rely on a far flung network of public and private service organizations and thousands of volunteers to produce results each year. The best way to get superior results from a distributed network of this type is to have a strong, clear, visionary, and widely-accepted message at its center. This message needs to be communicated effectively, both within and outside the Corporation. The Academy Panel believes that the CNCS strategic plan should become the essential unifying message that serves this vital alignment function.

Deciding what specific changes should be made to an organization's strategic plan is difficult. However, the Board need not shoulder the entire burden for making these decisions. The recent AmeriCorps rulemaking process demonstrated how helpful the consultation process can be to CNCS in revealing new ideas and generating support for sensible solutions. Similar consultations have begun to provide benefits in the strategic planning process, and should be used in the future as the Corporation updates its strategic plan. Although these consultations require enough time to allow stakeholders to respond thoughtfully, they do not carry the same timing constraints as a regulatory process. The Corporation can conduct some consultation activities relatively quickly to get the planning process started, and then continue these activities as plan implementation proceeds and as refinements are made each year.

The process used to develop the long-range strategic plan also need not bear the whole weight of the CNCS' planning efforts. The APP/performance budget required each year by GPRA, combined with the annual PAR, can and should carry much of the weight of integrating budget and appropriations realities with the more visionary long-range plan. The Panel believes that it is essential for the Board to concentrate on the visionary core values embodied in the long-range strategic plan, and that the Corporation should move consideration of specific budget and quantified performance targets for the APP/performance budget and PAR from the Board's strategic planning process to a staff-led APP/performance budget process that involves CNCS' service partners. This division of labor should help expedite the Board's planning process.

In the race to complete this strategic planning cycle, it has not been practical for the Corporation to perfect its planning process this time round. Consultations with internal and external stakeholders have not been as broad and deep as desired; not all alternatives have been given the attention they may have deserved; and metrics-based program evaluations have been less available and influential than desired. CNCS leadership, staff, and Board are to be commended for their perseverance in working to develop a strategic plan that meets their needs and involves the Corporation's stakeholders in the process. The planning process has been adapted as it has progressed, and there is every expectation that the process will continue to be revised and improved as feedback from a variety of internal and external stakeholders is obtained and applied.

The Board's strategic plan now needs to motivate and guide a more unified communications strategy that can help reduce the silo effect among the Corporation's programs and staffs, and between the Corporation and its service partners and other stakeholders. Work already underway at CNCS to improve its communications strategy and to make its website and call centers more customer-friendly also can assist in this effort.

The Panel recommends that the CEO proceed as rapidly as possible, in consultation with the Corporation's stakeholders, to produce an annual performance plan/performance budget based on the Corporation's new strategic plan. The Panel also recommends that the CEO and staff use the strategic plan as the focal point for conversations at Board meetings and in consultation with congressional staff and other stakeholders. In addition, the new strategic plan should be the basis for interactions between the Board and the CEO and executive team.

Expediting this complex process will require the services of a full-time champion and advocate who has the recognized support of top management. The CEO is the harmonizer at present, but the job of facilitating the planning process and simultaneously contributing substantively to the process is too much for a person with so many other responsibilities. The budget and PAR have firmly legislated deadlines that cannot be waived, so they drive the process, while the strategic part of the process—which policymakers see as the most important part—has lagged, and not yet been effective.

Someone needs to oversee the Corporation's entire planning process—all three parts—on behalf of the CEO. That person needs to focus on, and be responsible for, seeing to it that:

- there are periodic challenges to status-quo thinking in the organization
- the CEO and Board are brought together in a timely way on the strategies they want to pursue, and keep the strategic planning process on schedule
- the Corporation's internal stakeholders are engaged in the process and have opportunities to contribute
- the Corporation and its external stakeholders are brought together to provide input to, and support for, the strategic goals and initiatives, including support for legislative and appropriations modifications that the process identifies as needed

- the new strategic directions become the basis for program plans and budgets, so that the proportion of CNCS funds devoted to the new strategies will increase steadily over time until it becomes dominant—in accordance with the “Budget and Performance Integration” initiative of the President’s Management Agenda
- program results are demonstrated on the basis of the new strategic directions using appropriate performance measures

This new aide to the CEO needs to be a planning-savvy communications facilitator and integrator—a multi-talented catalyst.

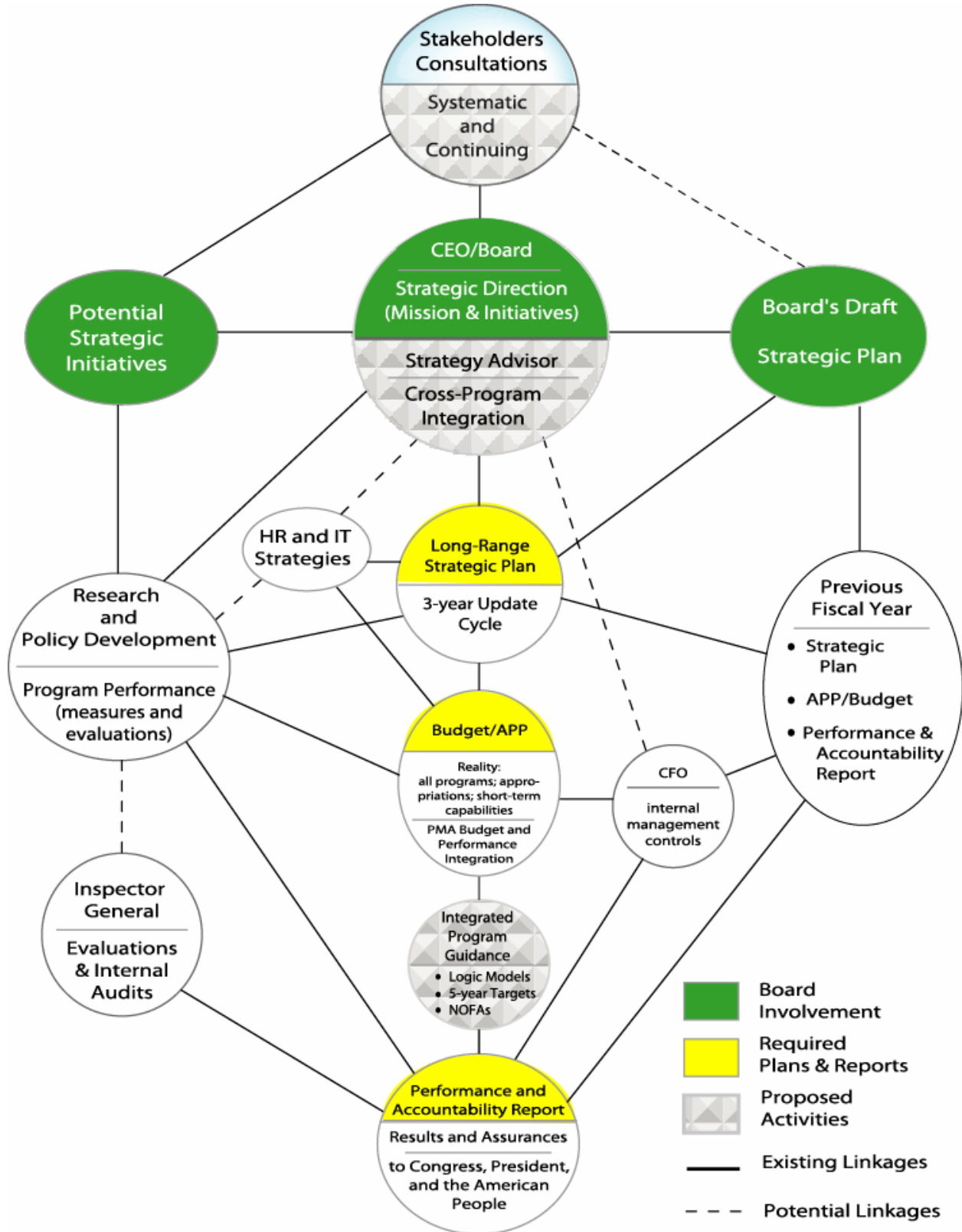
Figure 8 diagrams what this improved, more integrated planning process might look like at CNCS. The interlocked circles at the top of the chart show how the CEO and Board effort to establish new strategic directions interact with stakeholder consultations about potential initiative and draft planning goals. That dialogue draws on the previous fiscal-year goals, plans, budget, and performance—and staff inputs—for support and historical context.

Whichever type of consultation is being pursued, it is important to take care of the process basics. They include maintaining a genuine two-way dialogue, in which CNCS provides immediate feedback to participants to let them know they have been heard, and demonstrations that the consultations have made a difference in the policies, plans, and decisions made.

Then, when this horizontal (green) part of the process across the top of the diagram produces the new strategic plan in the planning cycle, its goals would flow down the vertical path (shown in yellow) into the more fully developed strategic plan, APP/performance budget, program guidance that emanates from annual program plans, and finally the report that documents performance and results. Supporting this process, the budget office supplies the funding information; the research office supplies the key performance measures and program evaluations by which results are gauged; the inspector general supplies evaluations and internal audit results; and the CFO provides the internal management controls and system assurances that the process is operating efficiently, effectively, and accountably, in accordance with all federal laws and regulations. The CFO assurances are the other half of the PAR that complements the program performance portion supplied by the research office.

This chart shows the improved consultation process, a new strategy advisor in the CEO’s office, and the program guidance activities as being proposed, because they are not currently in place at CNCS. In addition, the chart shows the need for strengthened linkages between the CFO and CEO; between the draft strategic plan and stakeholders (who saw only a small portion of the draft during the 2005 round); and between the human resources and information technology strategies and the rest of the process.

Figure 8
PROPOSED STRATEGIC PLANNING NETWORK AT CNCS



The Panel recommends that the CEO establish a strategy advisor in his office to oversee the multipart, multiparty planning process at CNCS, keep it on schedule, and strengthen the links between strategic goals, annual program plans, performance budgets, and results.

CNCS, like other federal agencies, is required to develop a five-year strategic plan and to update it every three years. The required plan is part of the performance measurement and management paradigm currently shaping public administration practice. CNCS has undertaken the activities needed to meet this requirement, and used the strategic planning requirement as an opportunity to engage stakeholders in two-way dialogue. The Panel believes that CNCS can gain additional benefits by expanding its current planning-related activities, but they will not be realized by limiting the consideration of strategic issues to a three-year cycle. The internal and external forces acting on CNCS are changing more frequently than a five-year or even a three-year timeframe. Devoting some time at the beginning of the annual planning/budgeting cycle to an assessment of environmental changes; the development of alternative scenarios such as potential legislative changes; the identification of threats and opportunities; the clarification of the organization's current situation; or any number of other strategic planning techniques will empower the Corporation to have more control over its own destiny rather than if it simply reacts to emerging conditions.

Each iteration of the planning cycle provides an opportunity to improve both the process design and the extent of participation, and CNCS should seize these opportunities to subject its plan to thoughtful review and refinement. Increasing acceptance and participation by line and staff managers is a challenge because these individuals are already very busy with their assigned duties. They are more likely to contribute the needed time and energy to planning if they understand the potential benefits and have contributed to the design of the process. Input from line and staff managers also will provide the information needed to select an appropriate focus for strategic planning. In addition, given the success CNCS has experienced with recent collaborative processes, engaging relevant stakeholders more fully in the planning process would be a next logical step.

The Panel recommends that CNCS conduct an assessment of its latest strategic planning process to identify improvements for the next planning cycle. The assessment should include collecting and analyzing the experiences, perceptions, and expectations of internal and external stakeholders who are likely to be involved in future planning-related activities, and developing lessons learned.

CNCS also is required to develop performance measures that demonstrate the impact of its programs. Beyond this requirement, however, program directors have "gotten the message;" they understand the value of appropriate metrics to manage, obtain, and defend funding for their programs.

The resources available for metrics development are limited. CNCS' focus has been on developing common metrics for its programs that can be rolled up to top management. Yet the program diversity facing the Corporation almost guarantees that there can be very few meaningful common measures. The effort is further complicated because CNCS includes highly

divergent social interventions conducted by service organizations and individuals separated by layers of intermediaries from CNCS' observation and control.

The time seems right for CNCS to step back from its current metrics development efforts to consider how it might refocus its work. The Panel believes that CNCS' pursuit of corporate metrics needs to be balanced with metrics that can assess the real impact of its programs on the ground. CNCS should develop only a small number of corporate measures, and redirect more of its measurement efforts toward developing performance measurement metrics for operations closer to the point of service delivery.

Although some of the barriers to program coordination may be overcome by developing common metrics, additional action will be required to significantly increase the cross-program coordination, cooperation, and synergy among CNCS' program offices. For example, regular discussions of the executive team around topics such as corporate metrics could provide opportunities for senior leadership to exchange experiences, identify issues and solutions, and recognize best practices; and could ensure that CNCS is supporting a robust performance measurement and management infrastructure at the grantee level.

The Panel recommends that CNCS balance its metrics development initiatives between two goals: (1) the identification of a limited number of common “corporate-level” metrics to meet GPRA-related requirements and strategic management needs, and (2) expansion of the performance measurement and management capabilities of program managers and grantees.

CHAPTER 8

LOOKING TO THE FUTURE

Under its current CEO, CNCS has initiated numerous change management efforts to improve how the Corporation functions. The Panel believes that the results of these efforts and the implementation of the Panel's recommendations will increase the effectiveness and efficiency of CNCS' operations in the future.

The CEO has advised the Panel that he agrees with the vast majority of the Panel's recommendations. Several of them will require legislative changes. Implementation of other recommendations could require outside assistance. The CEO has approached the Academy for additional help and follow-up advice.

The Panel has identified other issues that it believes warrant action by CNCS that were not possible to address under the current contract with the Corporation. This chapter outlines the need for legislation, areas where the Academy staff may be involved in follow-up work with the Corporation, and possible additional areas for CNCS to examine in the future.

The CEO believes it will be necessary to implement the Panel's recommendations on a phased basis, rather than all at once. The CEO's tentative plan is to establish a CNCS team to review the Panel's recommendations and make recommendations to CNCS leadership for responding. The team also will be the mechanism for communicating to CNCS staff how the Corporation plans to move forward to implement the Panel's recommendations. The Panel believes this is an appropriate way for CNCS to proceed.

LEGISLATION

Since the 1993 Act was passed, Congress has never reauthorized the Corporation or its programs. While the programs do not expire and the Corporation will continue to exist even if there is no reauthorization, many people, both within and outside the Corporation, believe changes to the original legislation are desirable. However, these individuals have been reluctant to raise basic authorizing legislation questions for fear that much of the controversy surrounding the Corporation when it was established in 1993 would be reignited.⁷⁷ Former CNCS officials informed Academy staff that these concerns kept the Corporation from considering recommendations in the Academy's 1998 study that required legislation.

⁷⁷ A description of the controversies surrounding the authorization of the AmeriCorps program and the creation of the Corporation is included in the first Academy report on CNCS—National Academy of Public Administration. *Corporation for National Service: Strengthening Organizational Effectiveness and Service Delivery*, (Washington, D.C.: National Academy of Public Administration, 1998). Additional information on the controversy can be found in Steven Waldman, *The Bill: How the Adventures of Clinton's National Service Bill Reveal What Is Corrupt, Comic, Cynical – and Noble – About Washington*, (New York: Penguin Group) 1995.

In 2002, the Administration submitted a comprehensive reauthorization proposal. A bill (HR 4854) was reported out of the House Committee on Education and the Workforce, but was not enacted. Officials interviewed told Academy staff that one of the reasons the Administration proposed the reauthorization was because it wanted to have CNCS' programs reaffirmed by Congress other than through the annual appropriations process. They also informed Academy staff that one of the reasons for the bill's failure was because it included several "hot button" issues, such as the role of faith-based organizations in carrying out the Corporation's programs.

The Panel considered a possible comprehensive revision of the Corporation's underlying legislation. In the Panel's view, one of the reasons for the Corporation's organization and resultant management problems has been the lack of a properly integrated organic act. As described in Chapter 1, when the programs created by the Domestic Volunteer Service Act of 1973 were transferred to the newly created Corporation, there was no effort to integrate all the programs into a consistent management framework. Legislation from the older programs was simply added to the legislation that created the newer programs. The legislation also included specific requirements for continuing the organizational structure used to manage the older programs, while it created a totally different service delivery structure for the new programs.

During the study, Academy staff spent a considerable amount of time discussing with congressional staff in both the House and Senate possible legislative changes, including a new organic act. It became very clear that such legislation would stand no chance of enactment at this time. However, some congressional staff believed that a bill with administrative changes only—represented as a "clean up" bill to improve operations—might have a chance of passing. Other staff were pessimistic about any kind of legislation being enacted. In still other cases, Academy staff found it impossible to generate any interest to even discuss the possibility of legislation.

The Panel believes that, when the time is right, CNCS should seek basic reform legislation to develop a new organic act. For the time being, however, the Panel has limited its legislative proposals to those that are necessary to carry out its recommendations and a few "administrative cleanup" items.

Legislative Proposals Recommended by the Panel

In the prior chapters, the Panel has made the following legislative recommendations:

- **Chapter 2 on the Board of Directors** contains two legislative recommendations:
 1. require the Board to review the CEO's performance annually and to forward to the President its recommendation to retain or remove the CEO, and to require the Board to review CNCS' budget prior to its submission to OMB and Congress
 2. allow Board members to serve until the Senate confirms their successors
- **Chapter 3 on Stabilizing Senior Leadership and Improving the Management and Implementation of the Corporation's Programs** contains three legislative recommendations:
 1. eliminate the requirement for the two managing director positions

2. eliminate the requirement for the presidential appointment of the CFO
 3. enable the Corporation to use training funds for cross-program training
- **Chapter 5 on Financial and Grants Management** contains two recommendations to improve the Corporation's grants management operations:⁷⁸
 1. replace the multiple grantee matching requirements in the AmeriCorps*State/National program with one single matching requirement. This recommendation is similar to a 2002 Administration proposal that was included in HR 4854.
 2. allocate to state commissions a portion of the existing AmeriCorps*State competitive funds based on state capabilities and their response to national priorities, with the remainder used by CNCS for a national competition based on national priorities

Additional Administrative Legislative Proposals

In addition to the legislative proposals included in the Panel's recommendations, Academy staff identified several other areas where minor legislative changes would allow the Corporation to operate in a more efficient manner. The Panel suggests that the Corporation pursue these changes.

- **Authorize a Working Capital Fund.** The Corporation currently has no authority to establish a working capital fund (WCF). A WCF would allow the Corporation to operate internally on a more business-like basis. For example, many federal agencies operate their information technology activities using a WCF where services are charged back to the programs being served.
- **Authorize a Set-aside of Program Funds for Evaluation.** Funds available in CNCS for evaluation have been limited. The total amount appropriated for CNCS' research and evaluation activities represents less than one-half of one percent (approximately 0.48 percent) of the Corporation's total funding of \$927,010,000. Yet, the demand for high-quality and rigorous evaluations is increasing. The Corporation must have reliable, meaningful information and analysis and evaluation capabilities to (1) measure the performance of its programs adequately; (2) provide senior managers with the performance data needed to make informed decisions and manage programs efficiently and effectively; and (3) respond to the requirements of the Government Performance and Results Act and OMB's Program Assessment Rating Tool, which is a method of assessing program performance. As noted in Chapter 7, a strengthened evaluation budget also is essential to support the Corporation's planning requirements. Evaluation efforts often require significant resources and may take several years to complete. The Panel believes that two percent of the Corporation's total budget should be set aside for evaluation.
- **Retention of Fees and Charges.** The Corporation must deposit any fees and charges it receives into the Treasury. If it is going to operate as a "corporation," CNCS should be able to retain its receipts.

⁷⁸ Chapter 5 also includes some proposals for changes in appropriation language to further simplify administrative operations in the Corporation.

- **Education Awards.** This program started as a demonstration program but is now consistently funded through appropriation acts. Legislation is needed to codify this program.
- **Use of Education Awards to Repay Student Loans.** The 1993 Act limits the use of education awards to repaying only specified federal student loans. In annual appropriations language, this authority has expanded, first to permit repayment of Alaska State student loans and, for the past several years, to permit repayment of any state student loan. These changes are now an integral part of the program, and legislation should codify what now exists.
- **Codifying Provisions Related to the Points of Light Foundation.** The 1993 Act authorizes the Corporation to award grants to the Points of Light Foundation. However, the CNCS appropriations bill has included specific language allowing these grants to be used for the Foundation's endowment fund. This language should be added to the Corporation's authorizing legislation.
- **Use of NCSA Disability Placement Funds.** The 1993 Act directs the Corporation to reserve funds for disability placement grants. These grants are intended to help grantees provide reasonable accommodations or auxiliary aids and services to persons with disabilities so that they may participate in national service. The statute limits disability placement funds to AmeriCorps*State competitive and AmeriCorps*National grantees. For several years, the appropriations language has extended eligibility to all AmeriCorps grantees. Legislation should codify this provision.
- **Minimum Expenditure on VISTA Recruitment and Public Awareness Activities.** One provision in the legislation requires the Corporation to maintain at least the level of effort on recruitment and public awareness activities that were in effect in FY 1993. Another provision further requires that a minimum of 1.5 percent of VISTA funds be used for such activities. The provisions have lost meaning over time, and tracking them has become unduly complex. The provisions should be deleted.

FOLLOW-UP WORK BY ACADEMY STAFF

The CEO has indicated that he would like assistance from the Academy study team to help implement some of the Panel's recommendations. He already has requested that members of the Academy study team be available after the report is issued to help him implement the recommendation in Chapter 4 to establish an Office of Business Management Systems. To the extent that funds are available, this will be the study team's first priority. The Panel believes that, with the support of the CEO, this office can design and administer a plan to follow up on all of the Corporation's change management initiatives currently underway as well as those that result from this and other improvement efforts.

As discussed in Chapter 7, the study team has been deeply involved in providing hands-on assistance to the Corporation to ensure that the views of both internal and external stakeholders are adequately considered in the strategic planning process. The study team's participation in these efforts may continue in the following areas after the report has been issued:

- **Enhancing Consultation with Stakeholders.** CNCS needs assistance to obtain and maintain productive two-way communications with relevant stakeholders. To enhance its consultations with stakeholders, CNCS needs to develop an inventory of relevant stakeholders, take full advantage of existing opportunities to interact productively with them, and proactively create additional opportunities for substantive interchanges. The study team would help CNCS develop a sustainable level of exchange with its stakeholders about strategic issues, initiatives, and plans; and internal and external factors that impact these areas.
- **Realizing the Potential of the Strategic Plan.** The successful development and utilization of a strategic plan requires a combination of conceptual, behavioral and information-based activities. CNCS may need assistance to address each of these needs in order to ensure that the time and energy devoted to the strategic planning process produce corresponding benefits. The areas of assistance include help with defining the proper scope of the strategic planning function in CNCS and the roles and responsibilities of the strategic advisor position recommended by the Panel in Chapter 7; and help in identifying the resources needed to execute this function.

As discussed in Chapter 6, the study team has been involved in providing direct, hands-on assistance to the Corporation in its human capital area. The Office of Human Capital (OHC) and the Academy's human resources team have identified several areas where the Academy team might provide additional assistance.

- **Succession Management.** CNCS wants to examine its critical mission occupations to determine its key succession management needs and design programs to address those needs.
- **Compensation Study Follow-On Activities.** Based on the Academy HR team's Compensation Equity Study, OHC believes it may need assistance to adjust CNCS' current pay banding and pay administration processes.
- **Redesigning Positions.** CNCS anticipates that implementing some of the Panel's recommendations could influence how the chief operating officer and other staff function in their jobs. OHC may require assistance to redesign some positions.
- **Miscellaneous Position/Organizational Design and Classification Services.** As CNCS continues to change how it operates to improve organizational performance, OHC anticipates a possible need for assistance to conduct the fact-finding, analyses, consensus building, and documentation associated with the resulting position design decisions.

Finally, the deputy CFO for planning and program management has asked the Academy team to provide assistance in developing and relating workload data to further support and enhance the budget justification. Assistance is especially needed to develop a system to relate full-time equivalents to workload

Whether the Academy's current contract with the Corporation can support all of these activities is uncertain. The study team will be discussing with CNCS management the prioritization and resources needed for these activities.

ADDITIONAL AREAS FOR CNCS REVIEW

During the course of this study, several issues came to the study team's attention that it was unable to pursue in any detail. The Panel believes that CNCS would benefit by reviewing these areas in the future.

Member Relations and Member Management

During interviews with members from all three AmeriCorps programs—State/National, VISTA, and NCCC—the study team repeatedly heard comments that the members did not believe that the Corporation adequately supported them. Members reported having difficulty getting CNCS headquarters staff to answer the phone, and being transferred to several people in order to get information. In addition, the information provided often was incorrect. An area that provoked many complaints from members was health insurance, where the “default” response to claims submitted appears to be denial. The study team found that, in some instances, members' complaints stemmed from misunderstandings and inadequate training.

The Corporation has begun to address some of its member management issues. Because of the numerous complaints over member health insurance, the VISTA office is planning to improve its pre-service orientation for new members. It will be looking to ensure that the information provided at these meetings is accurate and that it is presented in a reasonable and digestible manner. The study team is not aware of any similar efforts for AmeriCorps*State/National or NCCC.

At the corporate level, CNCS has initiated a customer relations initiative based on work performed by Deloitte Consulting. Members have been identified as one of the Corporation's major customers, and CNCS plans to address member relationships as part of this initiative. This effort does not appear to have a high priority within CNCS at this time, and it is unclear if it will address the concerns members expressed to Academy staff.

Training

Related to the member support issue are the Corporation's training activities for grantees, members, etc. As noted in Chapter 4, each program handles training differently. The Panel has recommended consolidating VISTA training activities with the Office of Leadership Development and Training. However, there are many other questions with respect to the roles and responsibilities of the offices involved with training, and the budget and resources for these activities. The Panel believes CNCS needs to examine its training assets throughout the Corporation in order to develop a single rational approach for managing its training requirements.

Knowledge Management

The benefits of effective knowledge management are well documented in the literature. Simply put, knowledge management is the means by which an organization ensures that the knowledge of its employees and stakeholders is exchanged and utilized on a systematic basis to maximize

the organization's performance. As noted in Chapter 1, the business process review identified knowledge management as one of the long-term initiatives that could effect significant improvements in the way CNCS does business.

CNCS is expending substantial resources and effort to develop accurate and accessible caches of data. These data resources are needed for day-to-day operations and to demonstrate fiscal responsibility. However, contemporary management practice is based on the premise that data, although an important starting point, is only the first of three levels needed for effective management. The second level, "information," results from the analysis of relevant data that defines meaningful patterns. The fact that CNCS has established, staffed, and supports an Office of Research and Policy Development (RPD) demonstrates that the organization recognizes the value of programmatic data and information. The third level, "knowledge," combines insights from data analysis and the experiences of the organization's employees and stakeholders. Knowledge is frequently defined as information put into productive use and made actionable. It is the basis for strategic planning and policy development as well as for informed, shorter-term decisions.

CNCS management has undertaken a variety of activities that, in the end, are likely to contribute to the organization's development, sharing, and application of information and the creation of knowledge. However, it is currently burdened by barriers that make it prudent to postpone a full-fledged knowledge management initiative at this time.

- Inter-organizational relationships are still being established, and synergistic relationships between various programs are still in their infancy.
- There are limited resources available to accomplish the current backlog of organizational improvement projects already identified. Experienced practitioners in the field recognize that knowledge management is expensive. They also are quick to point out that the costs associated with knowledge management are not simply those for IT improvements. "Knowledge is power," and precipitating the sharing of power requires substantial effort to overcome natural inclinations for information hoarding.
- A knowledge management initiative is discretionary—it is not one of the activities required to satisfy OMB and Administration mandates. Therefore, it is not likely to be successful in competing for scarce time and budget resources.
- CNCS has assigned knowledge management responsibilities to OHC. However, this office already has a long list of important initiatives, including some addressed elsewhere in this report.

Fortunately, a number of the activities currently underway in CNCS are likely to serve as effective precursors to a knowledge management initiative. For example, the process for developing the strategic plan (described in Chapter 7) is increasing the interaction between program managers, as well as increasing interactions between the Corporation and its external stakeholders. As a side benefit, this process will increase cross-program knowledge. The establishment of teams to address specific strategic initiatives is already having this desired affect. In addition, some of the research being done by RPD provides information of interest to several program managers. Finally, the continued activity to identify corporate-wide metrics and

the development of a data warehouse may ultimately provide the foundation for a successful knowledge management initiative.

The Panel believes it would be appropriate for CNCS to revisit the subject of knowledge management in 12 to 18 months to determine if the barriers described above have subsided. When CNCS decides the time is right for a knowledge management initiative, the Panel strongly suggests that it be done using one or more pilot efforts in order to opportunistically exploit areas of likely success, produce positive results more quickly, and increase the probability of organization-wide success.

Grants Management

Based on the Academy staff's limited examination of CNCS' grants management operations, there are indications that a more thorough review of some of the processes and procedures is warranted if the Corporation is to optimize the use of its limited resources.

The Panel was particularly struck by the Corporation's peer review process. CNCS has developed an extensive peer review process that it uses to award all competitive AmeriCorps and Learn and Serve grants, even though the 1993 Act requires that only AmeriCorps grants above \$250,000 undergo such a review. The Corporation appears to go to great lengths and considerable expense to ensure fairness and to validate the results of the reviews. Yet in the end, the decisions of the reviewers are not binding. The Panel shares the opinions expressed by some CNCS staff that the Corporation needs to examine its peer review process to see how it might be done differently to reduce costs, and reassess the use of the peer reviewers' decisions.

CNCS staff also have raised questions about the extent to which Corporation staff need to perform work related to the Corporation's sub-grantees. Academy staff found that CNCS staff currently collect and review a considerable amount of data on the activities of the Corporation's sub-grantees. In light of the roles, responsibilities, and accountability that rest with the Corporation's grantees for the sub-grantees, the Panel questions whether all of the work performed by CNCS staff is necessary. For example, it would seem that the state commissions need the detailed information on how each sub-grantee is meeting its matching requirements, and the Corporation needs only to ensure that the commissions have in place adequate systems to validate and report that information. The Panel believes that the Corporation needs to examine the costs and benefits of the data collection and review work CNCS staff are now performing on the activities of sub-grantees.

Procurement Office

The Corporation's procurement function was not in the scope of work of the Academy's contract with CNCS. Although this area was covered briefly in the business process review, the Panel suggests that the Corporation add to its "to do" list a follow-up review of this function.

CONCLUSIONS AND RECOMMENDATIONS

The Corporation's agenda for organizational improvement is long. The CEO has accepted the challenge to tackle the extensive list of issues that need attention, and is providing the leadership necessary to mobilize the Corporation's staff and resources. What is missing, however, is a way for the organization to prioritize and manage these initiatives. In Chapter 4, the Panel identified the need for a mechanism to assign responsibilities and due dates, and to have regular reporting to top management.

The Panel recommends that CNCS develop a management action planning process to prioritize all change management initiatives being considered by top management, and a management action plan to track the progress of all ongoing change management efforts.

While the Panel understands the reluctance of CNCS officials to submit legislation—and even the reluctance of congressional committees to consider legislation for the Corporation—it believes that the Corporation should seek legislation needed to implement Panel recommendations and improve the overall management of the Corporation. In developing a legislative proposal, the Corporation must resist the temptation to seek sweeping legislative changes. A broad “reauthorization” bill would undoubtedly face all the problems of past legislative proposals that have failed. The Panel believes a small, targeted bill, perhaps attached as an amendment to another bill, might have a chance for successful passage.

The Panel recommends that the Corporation submit a limited legislative proposal, separate from any attempt at a general reauthorization, to make administrative changes and implement the Panel's recommendations.

APPENDICES

- APPENDIX A: Acronyms
- APPENDIX B: Discussion of the Antideficiency Act Violation
- APPENDIX C: Project Panel and Academy Staff
- APPENDIX D: List of Persons Interviewed or Contacted
- APPENDIX E: CNCS Funds Flow Charts
- APPENDIX F: Description of Systems Not within the Corporation's Integrated Systems Framework
- APPENDIX G: Stakeholder Participation in CNCS' Strategic Planning Process
- APPENDIX H: List of Panel Recommendations

ACRONYMS

AAE	Alternative Administrative Entity
ACF	Administrative Control of Funds
AC*RPS	AmeriCorps On-Line Recruitment and Placement System
ADA	Antideficiency Act
APP	Annual Performance Plan
APS	Alternative Personnel System
BPR	Business Process Review
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHCO	Chief Human Capital Officer
CIO	Chief Information Officer
CNCS	Corporation for National and Community Service
COO	Chief Operating Officer
DVSA	Domestic Volunteer Service Act
EERE	Office of Energy Efficiency and Renewable Energy, Department of Energy
EIS	Executive Information System
eSPAN	Electronic System for Programs, Agreements, and National Service Participants
FEMA	Federal Emergency Management Agency
FGP	Foster Grandparent Program
FTE	Full-Time Equivalent
FY	Fiscal Year
GAO	Government Accountability Office
GPRA	Government Performance and Results Act
GS	General Schedule
HC	Human Capital
HHS	Department of Health and Human Services
HR	Human Resources
HUD	Department of Housing and Urban Development
IG	Inspector General
IT	Information Technology
LSC	Legal Services Corporation
MAS	Managerial Appraisal System
MIT	Management Improvement Team
MLK	Martin Luther King
NCCC	National Civilian Community Corps
NCSA	National and Community Service Act

NETL	National Energy Technology Laboratory, Department of Energy
NOFA	Notice of Funds Availability
NGA	Notification of Grant Award
NPO	Nonprofit Organization
NSB	National Science Board (National Science Foundation)
OBMS	Office of Business Management Systems
OFM	Office of Financial Management
OGC	Office of General Counsel
OGM	Office of Grants Management
OGPO	Office of Grants Policy and Operations
OHC	Office of Human Capital
OIG	Office of Inspector General
OIT	Office of Information Technology
OLDT	Office of Leadership Development and Training
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PAR	Performance and Accountability Report
PART	Program Assessment Rating Tool
PD	Position Description
PMA	President's Management Agenda
PMS	HHS Payment Management System
QSI	Quality Step Increase
RPD	Office of Research and Policy Development
RSVP	Retired and Senior Volunteer Program
SAL	Service Award Liability Model
SCP	Senior Companion Program
SEA	State Education Agency
SPD	State Program Director
SSA	Social Security Administration
T/TA	Training and Technical Assistance
USP	Unified State Plan
VISTA	Volunteers in Service to America
VSF	VISTA Service Year
WBRF	Web-Based Reporting System
WCF	Working Capital Fund
WIGI	Within-Grade Increase

AMERICORPS AND NATIONAL SERVICE TRUST ANTIDEFICIENCY ACT VIOLATION

One of the events that led to the Academy's current study of CNCS was a \$64 million violation of the Antideficiency Act in the National Service Trust that provides funds for education awards for AmeriCorps volunteers. This, in turn, resulted in a pause in the Corporation's ability to allow grant recipients to proceed with their programs.

Background

The National and Community Service Trust Act of 1993, which established the Corporation for National and Community Service (CNCS or the Corporation) and the AmeriCorps program, also established the National Service Trust (Trust). The primary purpose of the Trust is to fund education awards for participants in the AmeriCorps program.⁷⁹ The Corporation gives AmeriCorps grants to states and national not-for-profit organizations to enroll young people 18 to 24 years of age in projects requiring 1,700 hours of community service. In exchange for their service, enrollees receive a small stipend and an education award of \$4,725, which can be used at any time up to seven years after completion of their service. Other AmeriCorps programs that require fewer hours of service and for which there is a smaller education award.

For fiscal years 1994 and 1995, the Corporation took the position that all AmeriCorps members would qualify and use their education awards and, therefore, budgeted the Trust at 100 percent. By the end of fiscal year 1995, however, experience showed that not all enrollees completed their term of service or would use the education award. By fiscal year 1996, the Corporation decided that because the controlling legislation did not specify that the Trust be funded at 100 percent, they would use as a basis for funding the Trust an estimate of the number of enrollees that would be expected to complete their term of service and use the award. This resulted in the development of a series of formulas to estimate the number of enrollees who would successfully complete their service, when they would complete their service, and when they would claim their education award. These formulas also were used to estimate future funding requirements for the Trust and became known as the Service Award Liability Model (SAL).

The basic flaw in the process was that obligations were not recorded in the Trust until a disbursement was to be made. This procedure was based on the theory that every obligation had to be made to a specific person or entity. However, as a result, there was no control over the Trust's actual liabilities. Everything depended on estimates of how many members would qualify for awards and how many would use them. In its study published in July 2003, the Government Accountability Office (GAO) stated that the Corporation's procedure for recording obligations in the Trust was in error, and that funds should be obligated at the time of enrollment of a member or group of members. GAO noted that the obligation did not have to specify a

⁷⁹ The Trust also provides funds for education awards for VISTA volunteers and for participants in the National Civilian Community Corps. Calculations for these programs, however, are not as challenging as those for AmeriCorps.

person or entity, but could be based on an estimate that a person or group of persons would complete their terms of service and be eligible for an award.⁸⁰

“As a result of model liability forecasts from 1996 to 1999, coupled with yearly Congressional appropriations and Trust investment earnings, Trust fund surpluses grew at a rapid rate that far exceeded the Trust’s projected liabilities. By 2000, the Trust surplus had grown to such a level that Congress rescinded \$81 million from appropriations previously made available for the Trust. In 2001, Congress rescinded \$30 million of additional funds from amounts previously appropriated for the Trust.”⁸¹

The Violation

The SAL Model showed that the Trust did not need additional funding for fiscal year 2002, therefore, the Corporation did not request an appropriation for the Trust. Funding was requested, however, for continued enrollment of members in the AmeriCorps program. The result was a disconnect between the financial people who were determining the number of education awards and the program office, which determined the allowable number of members (volunteers). There was no reconciliation until November 2002; at which time the Corporation’s executives determined that the education awards for enrolled members would exceed Trust assets. In addition, the state offices were lax in registering members as enrolled AmeriCorps members. Often, members were not registered in the system as enrolled until 30 days after their actual enrollment dates.

The auditor’s report for fiscal year 2002 describes the antideficiency as “Improvement Needed In Grant Approval Policies and Procedures.” The reasons being as follows:

- 1) The Corporation’s assumption for the Trust was that enrollments in AmeriCorps would remain constant at 43,000 for program years 2000 to 2002.
- 2) The actual number of enrollments in the Trust for program years 2000 and 2001 were approximately 53,000 and 59,000, respectively, significantly higher than the number of enrollments that had been estimated for those program years.
- 3) The number of national service positions approved in fiscal year 2002 for program year 2002 was not adjusted to ensure the total number of positions approved did not exceed the estimated number of position that could be supported by the Trust as of September 30, 2002.⁸²

The auditor then stated the reasons for the Corporation’s approval of enrollments in excess of its estimate of what the Trust could reasonably support.

- 1) The Corporation did not have effective internal controls to assess the impact of enrollments on the Trust prior to authorizing new national service positions.

⁸⁰ CNCS staff maintained that OMB had directed the procedure. OMB denied knowledge of this, although it had been routinely approving apportionments and budget presentations made on this basis.

⁸¹ Office of Inspector General Report 03-007, July 24, 2003

⁸² Performance and Accountability Report, Fiscal Year 2002, Auditors Report, p. 113 and following.

- 2) Corporation staff focused exclusively on available appropriations for AmeriCorps grants, and did not adequately consider the impact of education awards when making grant decisions to support new national service positions.
- 3) There was a lack of coordination between the AmeriCorps Program Office, Grants Management Office, Trust Operations Office, and Office of Budget and Program Performance for annual approval of new national service positions to be allocated to programs.⁸³

As a result of the above, the Corporation on November 15, 2002 informed OMB and congressional staff that it had to suspend AmeriCorps enrollments to prevent Trust liabilities from exceeding Trust assets. The Corporation said that an unexpected increase in enrollments had triggered the suspension. On this date, it also informed its grantees that enrollments had to be suspended. As a response, Congress requested on November 20, 2002, that the Corporation's Office of Inspector General investigate the circumstances leading to the suspensions in enrollments; the Trust's funding levels; and a possible violation of the Antideficiency Act.⁸⁴ The suspension in enrollments lasted from November 15, 2002 until March 11, 2003. The Corporation refers to this period as a "pause."

Congressional Action

During the pause, there was much grassroots pressure on the Corporation and Congress to resume enrollments in the program. During this period, the Corporation's Chief Financial Officer determined that the unfunded Trust liability was approximately \$64 million. On April 16, 2003, as part of the Emergency Wartime Supplemental Appropriations Act (PL 108-11), Congress provided up to \$64 million for the Trust. This supplemental appropriation allowed the Corporation to resume enrolling members in AmeriCorps without incurring an Antideficiency Act violation. On July 3, 2003, Congress passed the Strengthen AmeriCorps Program Act (PL 108-45), which provided regulatory guidance for the Trust and allowed the Corporation to use estimates to determine Trust funding. It also required that the model developed for funding the Trust be done in conjunction with the Congressional Budget Office.

CURRENT PRACTICES

Previously, Trust dollars were not considered in the grant approval process; enrollment targets were maintained for AmeriCorps, even when insufficient dollars were appropriated. As of March 2004 that all changed. Currently, enrollment targets are aligned with available funds. Also, the chief financial officer signs off on all grant awards, certifying availability of program and Trust dollars.

Under the Strengthen AmeriCorps Program Act, the Corporation now records Trust obligations at the time of grant award for the estimated value of the education benefit, discounted for the estimated enrollment, earning, and usage rates and the time value of money. The enrollment,

⁸³ Ibid.

⁸⁴ "The National Service Trust: Internal Control Weaknesses Cause an Anti-Deficiency Act Violation at the Corporation for National and Community Service," Office of Inspector General Report 03-007, July 24, 2003.

earning, and usage rates used are more conservative than the rates the Corporation used previously to determine budgetary needs. Also, as directed by the Act, the Corporation established a Trust reserve that will protect the Corporation in the event that the estimates used to calculate obligations differ from actual results.

PANEL AND STAFF

PANEL

William G. Hamm, *Panel Chair**—Managing Director, LECG (formerly Law & Economics Consulting Group). Former Executive Vice President and Chief Operating Officer, Federal Home Loan Bank of San Francisco; Vice President, World Savings and Loan Association; Legislative Analyst, State of California; Deputy Associate Director, U.S. Office of Management and Budget.

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⁸⁵ According to the organization chart, Suzanne Zitomer reports to the COO. In the absence of a COO, she has been reporting to the budget office.

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Fred Frank, State Program Specialist
Carroll Johnson, State Program Assistant

Kansas State Office

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LaVerna Butler, State Program Specialist
Robin Corindo, State Program Specialist
Joanne Miller, Secretary

Kentucky State Office

Betsy Wells, State Program Director
Delois Mitchell, State Program Assistant

Louisiana State Office

Willard Labrie, State Program Director
Charles Fuller, State Program Specialist
Victoria Schenk, State Program Specialist

Maryland State Office

Peter Heinaru, State Program Director
Anita Brownstein, State Program Assistant
Jerome Chmielak, State Program Specialist

Massachusetts State Office

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Marsha Colbert, State Program Specialist
Sherriann McClintock, State Program Specialist
Heather Wiley, State Program Specialist

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Robert Jackson, State Program Director
Sydney Campbell, State Program Specialist
Samuel Schuth, State Program Specialist

Missouri State Office

William Dillon, State Program Director
Susan Cerny, State Program Specialist
Sara Albright-Rhein, State Program Specialist

New Hampshire State Office

Shireen Tilley, State Program Director
Susan Cheesman, State Program Specialist
Lora Grady, State Program Specialist
Janice Lopilato, State Program Specialist

New Mexico State Office

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Michelle Griffith, State Program Specialist
Ted Martinez, State Program Specialist

New York State Office

Donna Smith, State Program Director
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Kathleen Carey, State Program Specialist

Cheryl Hurd, State Program Specialist
Bethany Mancuso, State Program Specialist
Daniel Sargent, State Program Specialist
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Laurel Shoaff, State Program Specialist

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Theresa Long, State Program Director

Oregon State Office

Sara Wittenberg, State Program Director
Teresa O'Halloran, State Program Specialist
Shannon Sky, State Program Specialist

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Katherine Kelly, State Program Specialist

Rhode Island State Office

Vince Marzullo, State Program Director; President, National Association of State Program Directors
Deborah O'Gara, State Program Specialist

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Willie Wilson, State Program Assistant

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Michelle Burkett, Minority Staff Assistant, Subcommittee on VA, HUD and Independent
Agencies, Committee on Appropriations, U.S. House of Representatives
Paul Carliner, Democratic Staff Director, Subcommittee on VA, HUD and Independent
Agencies, Committee on Appropriations, U.S. Senate
Doug Disrud, Professional Staff Member, Subcommittee on VA, HUD and Independent
Agencies, Committee on Appropriations, U.S. House of Representatives
Susan Firth, Professional Staff Member, Committee on Appropriations, U.S. House of
Representatives
Adrienne Hallet, Professional Staff Member, Subcommittee on Labor, Health and Human
Services and Education, Committee on Appropriations, U.S. Senate
Rachel Jones, Professional Staff Member, Subcommittee on Labor, Health and Human Services
and Education, Committee on Appropriations, U.S. Senate
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Jane Oates, Minority Professional Staff, Senate, Health, Education, Labor, and Pensions Committee, U.S. Senate

Moira Lenehan-Razzuri, Legislative Assistant, Congressman Ruben Hinojosa

Candice Rogers, Professional Staff, Subcommittee on Labor, Health and Human Services and Education, Committee on Appropriations, U.S. Senate

Chad Ruppel, Minority Professional Staff (detail), Subcommittee on Labor, Health and Human Services and Education, Committee on Appropriations, U.S. House of Representatives

Cheryl Smith, Minority Professional Staff, Subcommittee on Labor, Health and Human Services and Education, Committee on Appropriations, U.S. House of Representatives

Meg Thompson, Majority Professional Staff, Subcommittee on Labor, Health and Human Services and Education, Committee on Appropriations, U.S. House of Representatives

U.S. Department of Education

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U.S. Department of Energy

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Larry Carpenter, National Energy and Technology Laboratory

Denise Riggs, National Energy and Technology Laboratory

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Christine Phoebe, Golden Field Office

Jerry Zimmer, Golden Field Office

David Winsfield, Golden Field Office

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U.S. Department of the Interior

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Kate Oliver, OS/PAM

Melodee Stith, Associate Director, Acquisition and Financial Assistance

U.S. Environmental Protection Agency

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John P. Nolan, Special Assistant, Office of Grants and Debarment

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Anthony J. DeFrank, Analyst

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Legal Services Corporation

Victor M Fortuno, Vice President for Legal Affairs, General Counsel, and Corporate Secretary,
Office of Legal Affairs

Michael Genz, Director, Office of Program Performance

Reginald Haley, Deputy Director, Office of Program Performance

National Institutes of Health

Leo F. Buscher, Chief Grants Management Officer, National Cancer Institute

Don Courtney, Grants Operations Section Chief, National Cancer Institute

National Science Foundation

Dan Hofherr, Chief of External Systems Branch, Division of Information Systems

Brian J. Mannion, Senior Advisor for Workforce Planning, Operation, and Risk Management,
Division of Grants and Agreements

Gerry Glaser, Director, Division of Grants and Agreements

GRANTEES (Including State Commissions)

California

Bay Area Youth Agency Consortium

Adolfo Rivera, Project Director

Bruin Corps

Candelyn Candelaria, Director, Service Learning Program

Joyce Liou, Program Coordinator Supervisor

Robin Nussbaum, Program Coordinator

California Department of Education

Michael Brugh, Education Programs Consultant, Learning Support and Partnerships Division

Terry Shorey, Education Programs Consultant, Learning Support and Partnerships Division

California Service Corps (CA State Commission)

Edward Aguero, Director of Special Projects

Kaira Esgate, Director of Development

David Muraki, Deputy Director

Beth Stern, Program Officer

Los Angeles Conservation Corps

Bruce Saito, Executive Director

Los Angeles Unified School District

Mark Elinson, Facilitator, Unified School District, Los Angeles American History Institute

Ruben Zepeda, Advisor, Instructional Support Service, Teaching American History Grant

Sacramento County Department of Human Assistance

Margaret Ahern, Project Director, Senior Companion Program

Laureen Anderson, Director, RSVP

Dennis Brodsky, Project Coordinator, Foster Grandparent Program

Karla Crawford, Director, Foster Grandparent Program

Katherine De Young, Program Manager, Volunteer Services and Child Development/Play Care Centers

M. Gail Pryda, Senior Accounting Clerk

United States Veterans Initiative, Inc.

Stephani Hardy, Executive Director

Nancy Wolf, National Program Assistant

Colorado

Community Building Partnership for Youth in Transition

Amy Metzdorf-Hill, Program Coordinator

BIG Literacy Corps, City and County of Denver

Ann Kusie, Grants Manager

Amy Horn-Lott, Director

Boys and Girls Club of Metro Denver

Rich Barrows, Branch Manager

Colorado State Commission

Nancy Brown, Executive Director

Lynette Murphy, Senior Program Officer

Governor's Commission on Community Service

Mary Vigil, Program Coordinator, Colorado Department of Education (Service-Learning)

Garth Schaefer, Program Consultant, Colorado Department of Education (Service-Learning)

Peace Jam

Kate Cumbo, Program Director

Jes Ward, Affiliate Director

Tiffany Smith, AmeriCorps*VISTA Member

Volunteers of America

Carolyn Daly, Project Manager, RSVP

Linda Dee, Director of Volunteer Service

District of Columbia

Center for Urban Progress, Howard University

Rodney Green, Executive Director

Janet Griffin-Graves, Program Director, Center for the Advancement of Service Learning

Latin American Youth Center

Lori Kaplan, Executive Director, Latin American Youth Center

David Friebele, Assistant AmeriCorps Coordinator

Anita Friedman, DC Managing Director

Jeanne Konicki, Community and Leadership Team Leader/AmeriCorps Coordinator

Maria Antonia Navarrete, AmeriCorps Member

Jason E. Moore, AmeriCorps Member

Jeffery E. Williams, AmeriCorps Member

Red Cross⁸⁶

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Cara Simpkins, Program Associate, National Service Unit

Serve DC (DC Commission)

Maryann Miller, Interim Executive Director

Renee Evans, CERT Manager

Deborah Gist, Interim State Education Officer

Cassandra Johnson, Senior Grants Manager

Kevin Lee, Neighborhood Corps Manager

John Savage, National Service Coordinator

Rebecca Stewart, Program Officer, Learn and Serve

Amity Tripp, Training Manager

Christy Venable, Program Officer, National Service

Rebecca Viser, Program Associate, The Early Chapters

Kristin Yochum, Communications Officer

Turning the Page

Jason King, President

University of the District of Columbia

Laurie Blackman, Senior Companion Program

Clavin Fields, Director, Institute of Gerontology

Georgia

Georgia Commission for Service and Volunteerism (GA State Commission)

Ruben Burney, Program Representative

Jim Marshal, Executive Director

John Napolitano, Manager, Grants Compliance

Heather Prill Pritchard, Assistant Director

Debra D. Slaughter, Accounting Manager, Finance Division

Kate Webb, Program Representative

⁸⁶ In addition, Red Cross was interviewed for benchmarking purposes and is included under “Other Contacted Individuals and Organizations.”

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Hands on Atlanta

Peter Armstrong, School Program Director
Malikah Berry, Civic Engagement Director
Tamala Fortson, Associate Director, Human Resources
Terra Gay, Associate Director, School Programs
Gary Turner, Deputy Director

The Atlanta Project

Donna Bulbulia, Director, Senior Corps Program, Neighborhood Collaborative
Kenneth Ekeogu, Manager, Senior Corps Programs
Douglas Greenwell, Director
Veronica Watson, Community Liaison, Sullivan Center, Inc.

United Way

Shaheen Robinson, VISTA member, United Way
John Thompson, IDA Project Manager, United Way of Metropolitan Atlanta

Maryland

Civic Works

Dana Stein, President and Executive Director
Bud Cavanaugh, Director of Finance
Rebecca A. Rienzi, Director, Community Relations
Christina Youngston, Volunteer Coordinator

Experience Corps

Robin Parsell, Experience Corps Project Director, Johns Hopkins Center on Aging and Health
Jenna Darrow, AmeriCorps*VISTA Member
Sylvia McGill, Director, Public Education Programs, Greater Homewood

Living Classrooms

Steve Bountress, Operations Director
Lora A. Stepan, Director of Administration
Chun Zheng, Accounting Manager

Maryland Learn and Serve

Mary Keane, Service Learning Coordinator, Loch Raven Academy
Sean Patterson, Service Learning Coordinator, Baltimore County Public Schools

Maryland RSVP

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Carol Lienhard, Executive Director, Volunteer Connection

Maryland State Commission

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Julie Ayers, Service Learning Specialist
Teresa Garcia, Program Officer
Shameka Littles, Budget and Grants Manager
Deborah McClung, Program Officer

Maryland Volunteer Center

Katie Delezenski, AmeriCorps*VISTA and Volunteer Outreach Coordinator, The Volunteer Center Serving Howard County
Michael-Anne Gomez, Executive Director, The Volunteer Center Serving Howard County
Fay Mauro, Executive Director, Volunteer Center for Anne Arundel County
John Papagni, Special Projects Officer, Division of Neighborhood Revitalization, Maryland Revitalization Center
Christine Poulsen, Special Program Manager, Anne Arundel Department of Social Services

University of Baltimore

Nancy Kaplan, Professor and Director, School of Information Arts and Technologies

Massachusetts

Campus Compact

Karly Ausiello, Associate Director
Karen Chisholm, Assistant Director

City Year

Michael Brown, President and Co-Founder
Alan Khazei, Chief Executive Officer and Co-Founder
Alyson Carpenter, Director, Government Relations

Massachusetts Department of Education

Peter Cirioni, State Coordinator, Office for the Education of Homeless Children and Youths
Kristen McKinnon, Community Service Learning Specialist

MA Service Alliance (MA State Commission)

Kristin McSwain, Executive Director

Ohio

Campus Compact

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Leesha Faria, AmeriCorps*VISTA Supervisor
Molly Gilbride, AmeriCorps*VISTA Member
Jennifer Haren, AmeriCorps*VISTA Member
Beth Niehaus, AmeriCorps*VISTA Member
Clifford Powell, AmeriCorps*VISTA Member

Catholic Social Services

Don Wisler, President
Tara Cox, Program Coordinator
Angela Keener, Division Director

Children's Hunger Alliance

Shannon Brown, Enrichment Manager
Cora Chan, AmeriCorps Member
William Dolan, Chief Executive Officer
Lynne Slawsky, AmeriCorps Member
Jerome V. Willis, IMPACT Coordinator

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Kitty Burcsu, Executive Director
William Hall, Director of Programs
Alan Penn, Council Chair

Ohio Department of Education

Charlotte Jones-Ward, Director of Learn & Serve America

Ohio Department of Mental Retardation and Development Services

Robert Kabbaz, Division of Community Services
Kelley Higginbotham, Office Assistant
Gerald (Cliff) Shuster, Public Information Officer

Pennsylvania

Amachi

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Nancy Lewis, VISTA Supervisor

Pennsylvania Department of Education

La-Verna Fountain, Program Officer
Dorothy Hershey, Student Service Supervisor, Bureau of Community and Student Services

Pennsylvania State Commission

Karen Kaskey, Executive Director

American Red Cross

Deanna Cerwin, Director of Accounting
Pat Ma, Senior Manager, Program and Resources Development
Ellie Moore, Volunteer Resources Coordinator, Southeastern Pennsylvania Chapter
Carey Morgan, Assistant to the Chief Program Officer

Virginia

Habitat for Humanity

Lisa Andrews, Regional VISTA Program Manager, Central Atlantic Region
J. Hudson Heatley, Virginia AmeriCorps Program Director
Janet Hendrix, Office Administrator, AmeriCorps and VISTA Coordinator

National Student Partnerships

Megan Johnson, Site Coordinator/VISTA

Senior Connections, Capital Area Agency on Aging

Francine Blum, Foster Grandparent Program Director
Thelma Bland Watson, Executive Director

Virginia Commission for National and Community Service

Solomon Abah, Acting Executive Director/Director of Appeals and Fair Hearings
Quentin Kidd, Chairperson
Reenie Marshall, Volunteerism Development Consultant
John Moody, Senior Program Officer
Charles Nicholson, Commission Auditor
Steve Whiman, Program Officer

Virginia Department of Education

Cheryl Gray Ball, Educational Specialist, Office of Program and Accountability
Roberta Schlicher, Director of Program Administration and Accountability
Duane Sergent, Reports and Grants Manager, Office of Program Administration and Accountability

OTHER CONTACTED INDIVIDUALS AND ORGANIZATIONS

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Rob Cox, Program Development Specialist, National Student Partnerships
Kelly Daley, Program Development Specialist, National Student Partnerships
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Malcolm Foo, Deloitte Consulting, LLP

Robert Goodwin, President and CEO, Points of Light

Howard Husock, Director Case Program, John F. Kennedy School of Government, Harvard
University

Nolan Jones, National Governor's Association

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Michael L. Kenefick, Consultant, MLKenefick, LLC

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Brian Murrow, Deloitte Consulting, LLP

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Sally Prouty, President, National Association of Service and Conservation Corps

Janelle Rae, Program Manager, National Student Partnerships

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Rachel Swanson, Director of Programs, National Student Partnerships

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Lan Tran, Partner, Focal Point Consulting

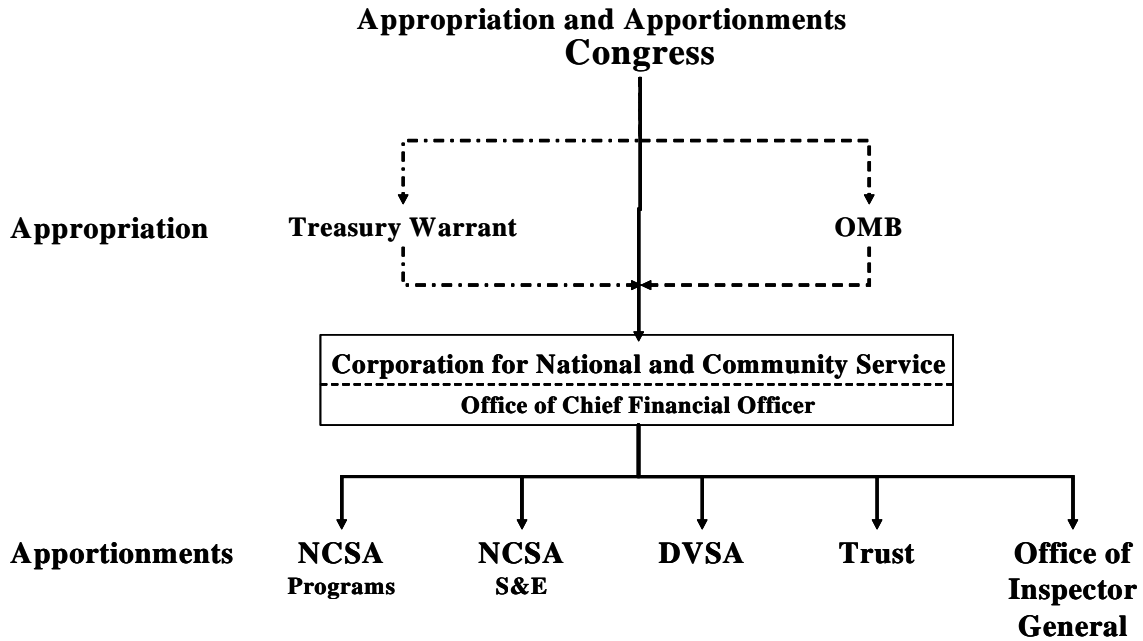
Curt White, Manager, Deloitte Consulting

Leslie Wilkoff, Senior Project Director, National Association of Service and Conservation Corps

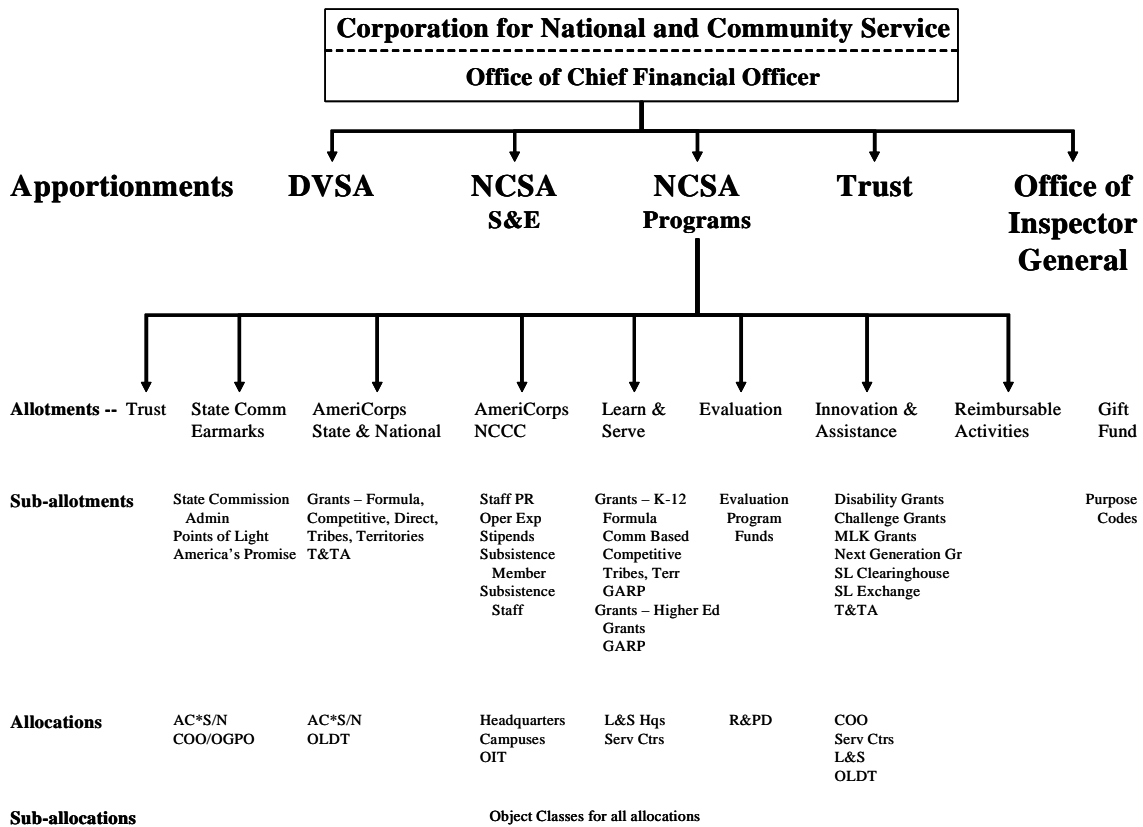
Wendy Zenker, Chief Operating Officer, National Council on the Aging

CNCS FUNDS FLOW CHARTS

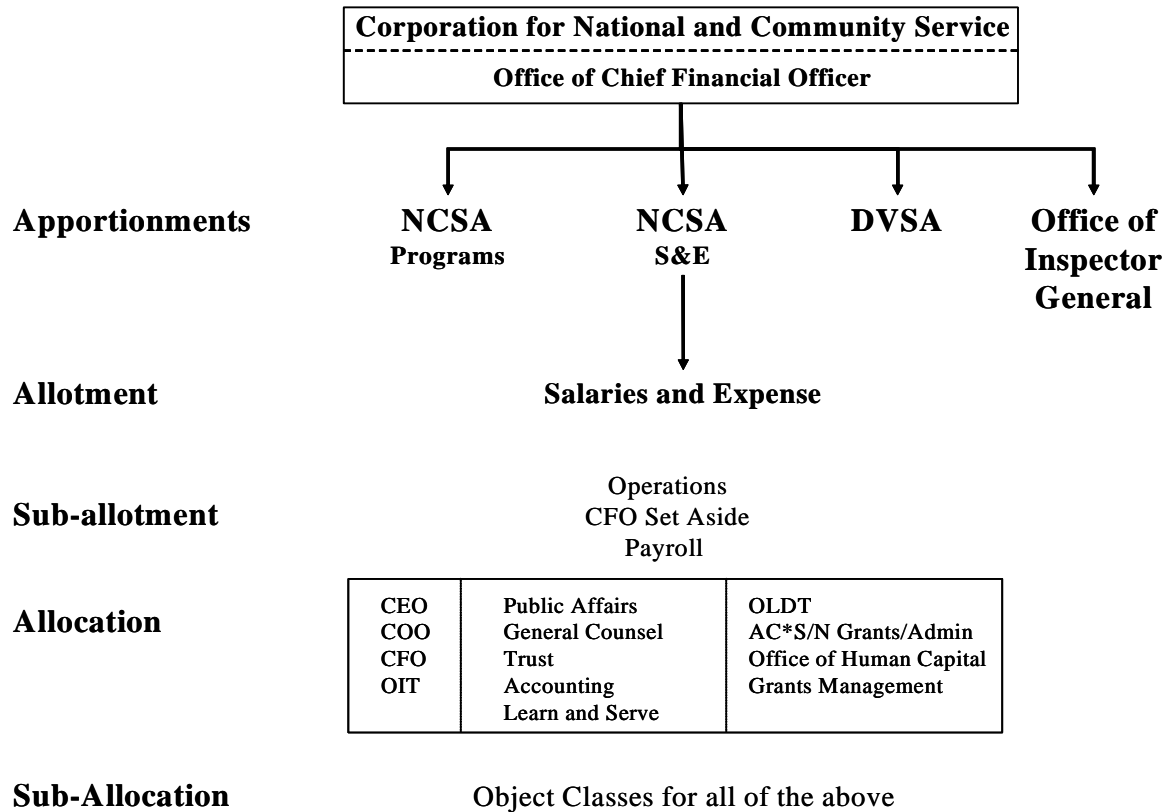
Corporation for National and Community Service



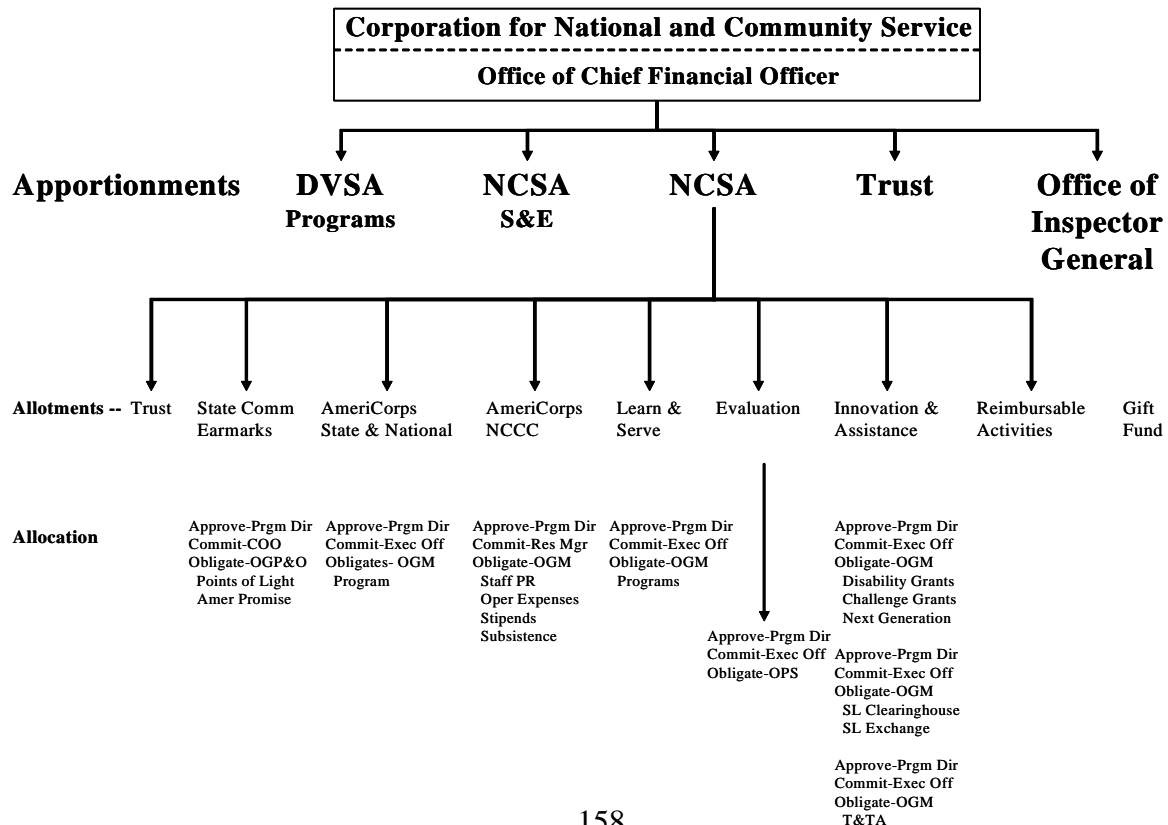
ALLOCATION FOR NCSA PROGRAM FUNDS



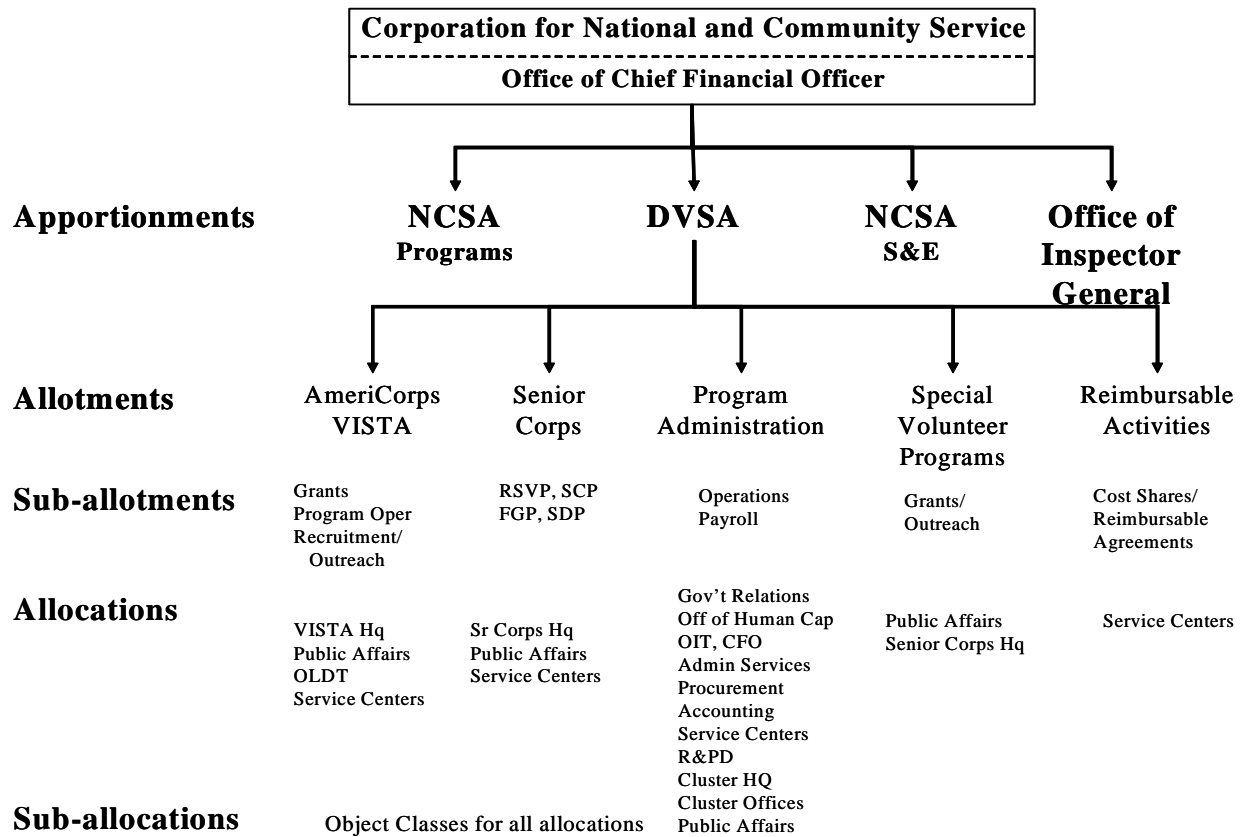
ALLOCATION FOR NCSA S&E FUNDS



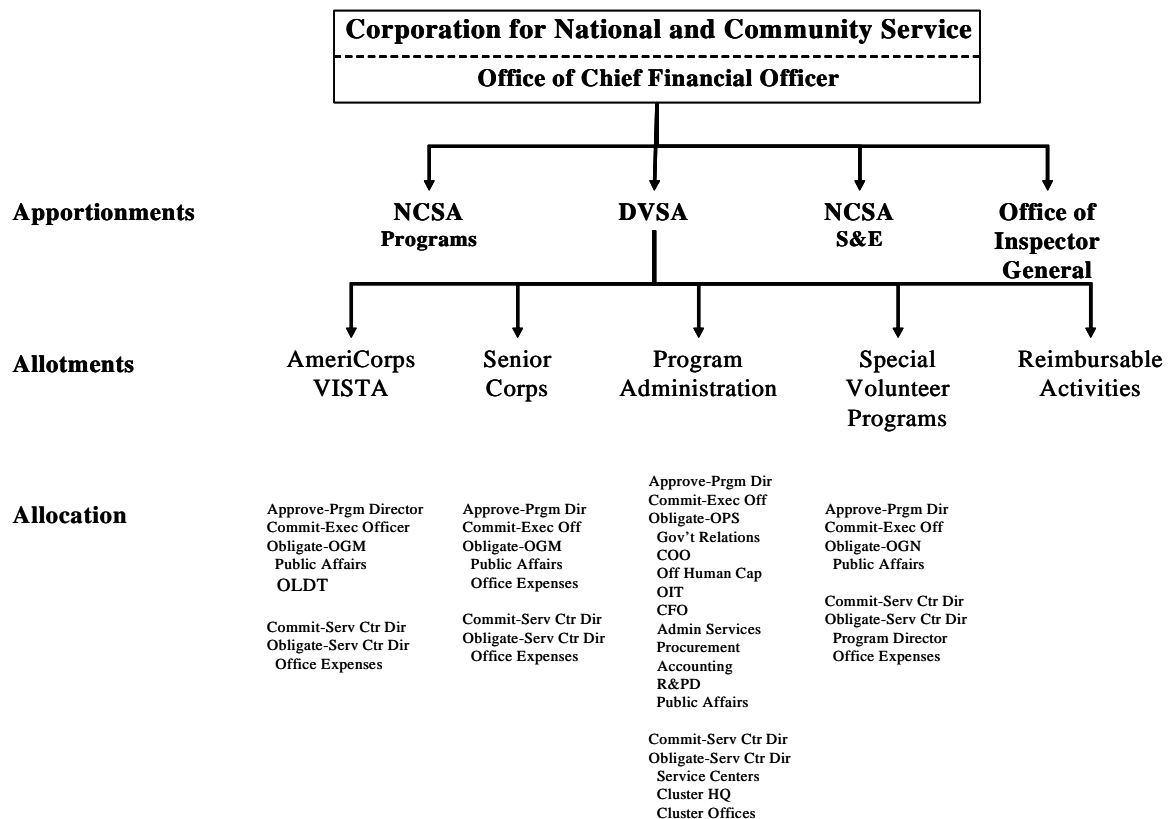
APPROVAL AUTHORITY FOR NCSA PROGRAM FUNDS



ALLOCATION FOR DVSA PROGRAM FUNDS



APPROVAL AUTHORITY FOR DVSA PROGRAM FUNDS



DESCRIPTION OF SYSTEMS NOT WITHIN THE CORPORATION'S INTEGRATED SYSTEMS FRAMEWORK

AmeriCorps On-Line Recruitment and Placement System (AC*RPS)

The draft System/Application Ownership document indicates that the Office of Public Affairs is the official owner of AC*RPS. All AmeriCorps programs can use the system. AmeriCorps*NCCC uses AC*RPS to list their service opportunities. AmeriCorps*VISTA uses the system quite extensively and to the largest degree of the AmeriCorps programs. AC*RPS contains program specific information for each project/program that uses the system. The system also contains applicant information (i.e., information that mirrors the hardcopy AmeriCorps member application) for individuals applying to a specific program(s). It is a tool for grantees to find qualified applicants for their programs, and provides individuals a tool to find and apply to programs that meet their interests. The contractor that maintains AC*RPS also maintains JASON (See discussion below).

Join Senior Service Now

JASON (as the system is called by its owner, Senior Corps) is a contractor-developed, web-based recruitment system. The system is developed by the same contractor and has the same format as AC*RPS; the contractor is the system administrator. The contracting officer's technical representative for JASON is OIT. Senior Corps started using JASON in June 2002, and the system links directly to (feeds) the Senior Corps page on the Corporation's website. Grantees, prospective volunteers, state offices, Senior Corps and its partners use the system. Grantees populate the system with their volunteer opportunities, and prospective volunteers use the website to find opportunities in their area or provide information about themselves that grantees can use to locate them. State office staff approve the postings before they are made by grantees to ensure that inappropriate postings are not made. Senior Corps partners, such as Blue Cross Blue Shield, Nationwide and Big Brothers, also use JASON for their postings, and those are reviewed by Senior Corps headquarters staff. The partners sign a license, developed jointly by Senior Corps and the Office of General Counsel, to help ensure that they will abide by CNCS rules.

iBudget

This system automates information that the Budget Office has been displaying on a series of spreadsheets, and eventually will contain operating budget details for developing the Corporation's internal and external budget. When fully implemented, iBudget will have an interface with Momentum. Once the budget has been developed within iBudget and approved, it will automatically be uploaded into Momentum. Currently, all postings of budget authority in Momentum are done manually.

Salary Management System

The Salary Management System is a staffing and payroll budgeting tool that replaces a spreadsheet-based payroll budgeting and tracking system. The system contains all personnel data that affects the payroll budget, including base pay, locality pay percentages, health benefits, social security, TSP, and other benefits. The system interfaces with the National Finance Center and receives the same payroll information as Momentum; the system does not interface with Momentum.

Budget and Grants Tracking Database

Senior Corps has developed its own in-house systems for basic financial and volunteer slot information used by the service centers and headquarters to plan budget allocations; track grants actions; monitor funds utilization; and accommodate requested budget-data recycling of individual grants or one-time requests. It is linked with data collected from eGrants as well as historical data on each grant from prior-year program data. Service centers use the data in working with state offices and grantees and in managing and tracking funds.

Learn and Service Information Exchange

The Learn and Serve Information Exchange System is a web-based system maintained by Learn and Serve America. It collects and maintains information on performance data on subgrants made by the state education agencies. At present, the system does not interface with any other systems. The system is expected to be incorporated into the data warehouse at a later date.

I-Desk

I-Desk is an AmeriCorps*VISTA system used by the Corporation state offices and training officers to manage VISTA in one information center. It is used to develop letters and labels for members ending service as well as multiple, configured, tailored letters; produce travel documents; produce end-of-service certificates; and track costs. The system is populated automatically with data from eSPAN.

Management/Member Information System

This system goes by either Management or Member Information System. It is a spreadsheet system that has been used for several years by the state offices to track volunteer service years (VSYs) for the VISTA budget. It tracks new member entries during the current fiscal year, early terminations by members, regular end of the year of service for members, re-enrollments for another year in the program, and extensions of service for less than a year. It tracks the number of members who choose the education award. It also tracks the opening and closing of projects. VISTA uses the information, together with eSPAN data to project how many VSYs will be produced to stay within budget. The service center budget analysts use it for budget preparation.

STAKEHOLDER PARTICIPATION IN CNCS' STRATEGIC PLANNING PROCESS

The importance of engaging stakeholders in an organization's planning process has been recognized for a number of years. For example, the "Hollow-Square," a group exercise used in training programs to demonstrate the advantages of a participatory approach to planning, was described in "A Handbook of Structured Experiences for Human Relations Training" first published in 1970.⁸⁷ During the Hollow Square exercise, the responsibility for assembling a 16-piece puzzle is assigned to a 7-member team including 5 "planners" and 2 "workers." This is an obvious imbalance, but designed to make several points. The planners are given 45 minutes to complete the planning task, but only 5 minutes to communicate their plan to the workers. The workers are expected to implement the plan as fast as possible and in competition with other teams assembling the same puzzle. Nearly every time this exercise is conducted, the planners become so engrossed in their work that they exclude the workers totally from the planning process, even though the rules governing the exercise do not specifically prohibit some participation by the workers. Invariably this causes conflict between the planners and the workers—particularly if their team does not win the assembling competition. The insights gained from this exercise are relevant to many planning situations, including:

- Those responsible for executing a plan will be more dedicated and committed to effective execution if they have had a hand in developing the plan.
- An effective planning process requires both conceptual and operational dimensions, and so nearly everyone has something to contribute to a finished plan that can be implemented.
- Individuals that have been involved in the development of a plan are more likely to understand the plan better, are less likely to misinterpret it, and require less time to carry out the plan.

The participatory process used to develop CNCS' 2005–2010 strategic plan was designed to realize the same advantages as those demonstrated during the Hollow-Square exercise. This appendix describes how a variety of stakeholders were actively engaged in the development of the 2005 – 2010 strategic plan, and how that process had beneficial affects. It provides both a conceptual and an experiential basis for designing and conducting future planning activities.

Initially the development of the 2005 – 2010 CNCS strategic plan was viewed as an iterative process involving the CNCS Board of Directors and some corporate managers and staff. As the effort progressed it was suggested that a process involving a broader community of internal and external stakeholders was likely to produce a better finished product. This idea was reinforced by a number of events including:

1. A recently completed rulemaking effort for the AmeriCorps program. The rulemaking addressed a number of topics including sustainability, performance measurement, capacity building, tutor requirements, and other topics, all designed to make the program

⁸⁷ A Handbook of Structured Experiences for Human Relations Training, Volume II (revised) , Edited by J. William Pfeiffer and John E. Jones, University Associates Publishers and Consultants, San Diego 1974

more efficient, effective, and accountable. CNCS invited comment through attendance at public meetings, participation in conference calls, and through the submittal of written comments (regular mail, facsimile, and email). CNCS was greatly gratified at both the quantity and quality of the comments it received. The comments have had a substantial impact on the final regulation which was published in summer 2005.

2. The appointment of several new members to the Board of Directors. These new members brought a variety of new perspectives that suggested that hearing from additional stakeholders would help develop a balanced document and would validate the final product.
3. Academy study team members advised Corporation managers of effective processes that had been used by other organizations to engage stakeholders.⁸⁸

Consequently, the process to develop the 2005 – 2010 strategic plan was expanded to include two rounds of stakeholder input. The first round focused primarily on the content of key components of the plan while the second round focused on refining the communication quotient of the plan.

ROUND 1

Engaging internal and external stakeholders in the planning effort presented a challenging task. It was a new concept with no specific history to reference, and the time to complete key steps in the process was very limited. Both challenges were overcome by the high energy effort of a group of individuals with diverse experiences and skills.

Data Collection

An opportunistic approach was taken to collecting data from a variety of internal and external stakeholders. The schedule of upcoming meetings was scanned for data collection opportunities, additional meetings were scheduled when feasible and, as a last resort, conference calls were organized to engage additional stakeholders. A total of 17 data collection “events” involving several hundred participants were held.

The CEO demonstrated his support for this effort by personally participating in 25 of the 29 events. Each of the events lasted from 3/4 to 1 ½ hours and addressed the mission of the organization, and a number of strategic initiatives being considered for emphasis in the strategic plan. The events typically opened with in-depth discussions of the organization’s mission and potential areas for emphasis. At the conclusion of the discussions, participants were asked to (1) select one of three draft mission statements, (2) suggest how the statement they chose could be improved, (3) select four of the eight potential strategic initiatives for emphasis in the plan, and (4) suggest alternative strategic initiatives for emphasis. Figure 9 shows the document used to guide the discussions and collect the participants’ preferences concerning the mission statement.

⁸⁸ Gerald Barkdoll, Involving Constituents in Agency Priority Setting: A Case Study Evaluation and Program Planning, Vol. 6, 1983.

**Figure 9
MISSION STATEMENT**

The following are mission statements the Corporation is considering adopting. In the space provided, please rank the following mission statement (from 1 to 3) in terms of which one you like the best and which one you like the least and then also identify anything that is missing or wrong with the one you like the best. “I like this one - but it could be better...”

- _____ The Corporation for National and Community Service empowers local organizations to find innovative solutions to community needs and enables them to provide volunteer opportunities for Americans to serve others.

- _____ The Corporation for National and Community Service seeks to strengthen the fabric of our nation by fostering greater civic engagement through service and volunteering.

- _____ The Corporation for National and Community Service improves people’s lives, strengthens communities, and fosters civic engagement by serving as the catalyst for service and volunteering.

The mission statement ranked number 1 above could be improved by:

Figure 10 shows the opening text and 3 of the 8 strategic initiatives included in the document used to guide the discussions and collect participant preferences for strategic initiatives. The form also included space for participants to suggest strategic initiatives beyond the 8 listed.

Figure 10
POTENTIAL STRATEGIC INITIATIVES

We are interested in gathering your feedback on the areas we have identified below as potential strategic initiatives for the Corporation. While we are interested in supporting all of these areas to a certain degree, we want to place particular emphasis on a few of them. Please circle the four areas you feel resonate most with you. We would also like to receive information on why you chose a particular strategic initiative in the space provided.

If you think there is another strategic initiative we should consider, please write it in at the bottom of the second page.

- *Address the needs of disadvantaged youth by providing them with positive opportunities for successful development.* Strategies include engaging disadvantaged youth in service as volunteers as well as service recipients, providing them with comprehensive mentoring opportunities and developing their connections to family and community.

Comments:

- *Increase the number of service-learning programs across the country to achieve greater civic engagement and academic achievement.* Strategies include collaborating with state education agencies, schools, community-based organizations, and institutions of higher education.

Comments:

- *Meet the unique needs of rural communities by developing innovative service solutions for rural development.* Strategies include empowering a larger number of rural communities through national and community service and using volunteers to build the capacity of local organizations.

Comments:

A high percentage of the participants contributed ideas, opinions, recommendations, and other commentary during the discussion. In addition, over 150 of the participants registered their preferences via hard-copy documents, email messages, and facsimile.

Figure 11
BEST MISSION STATEMENT

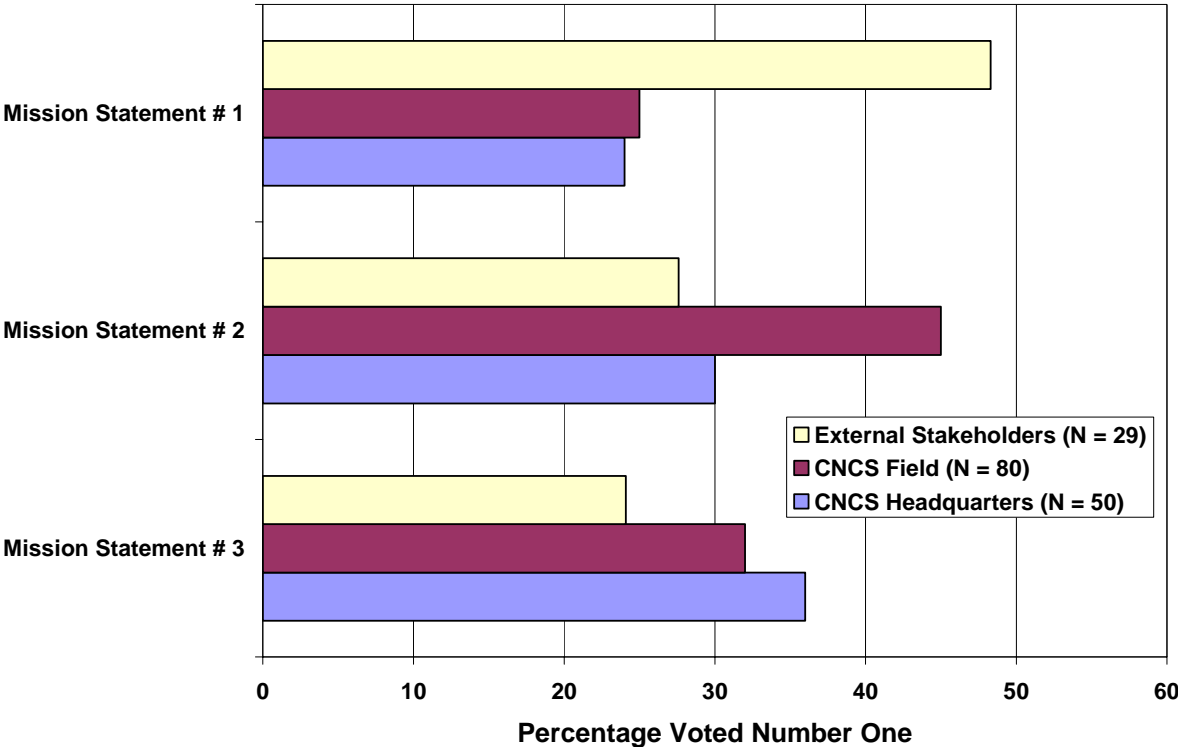


Figure 12
TOP RATED STRATEGIC INITIATIVES

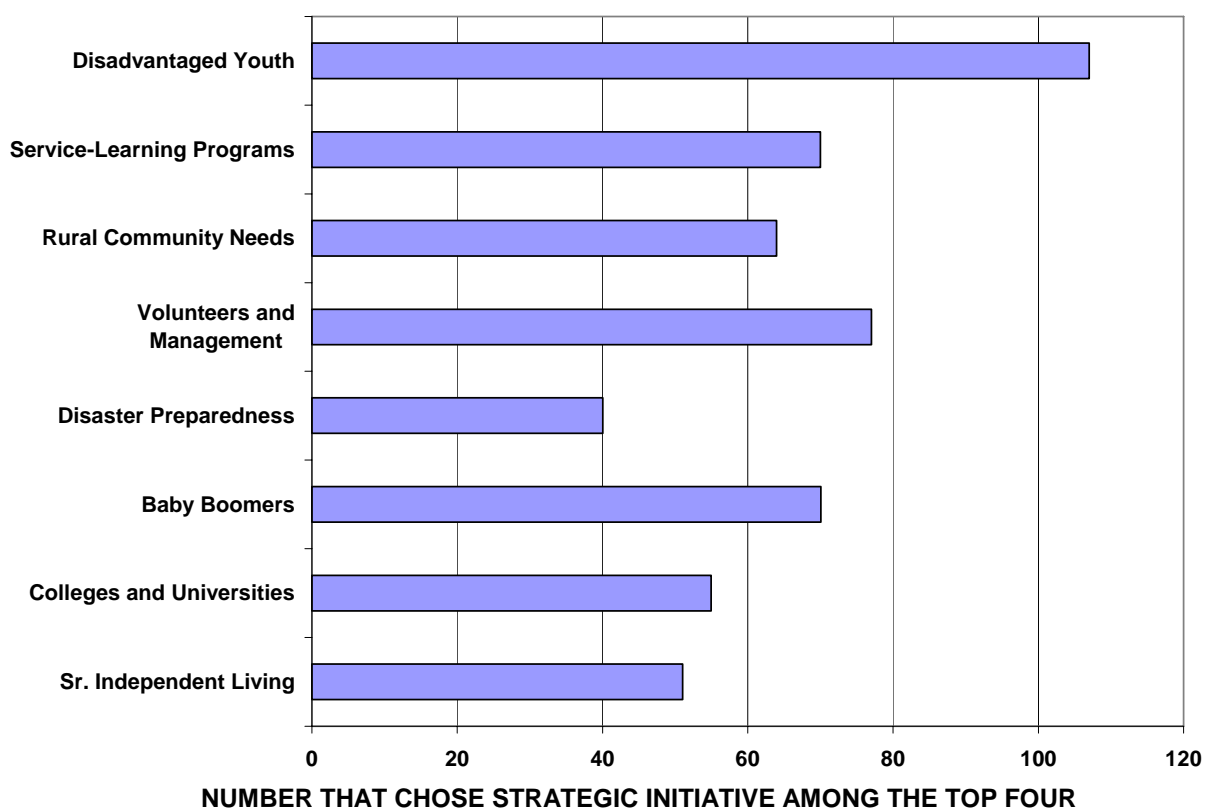


Figure 11 indicates that the three draft mission statements were attractive to roughly identical proportions of the participating stakeholders. Figure 12 indicates that only two of the eight strategic initiatives stand out from the rest, with Disadvantaged Youths receiving substantially more support, and Disaster Preparedness receiving discernable less support.

Over 70 percent of the returned forms contained suggestions, recommendation, and other comments amenable to qualitative analysis. One set of these comments was analyzed and presented to the Board of Directors. These comments involved suggestions for improving the draft mission statements. There was sufficient congruity in the comments concerning two of the draft mission statements to allow CNCS to develop two revised mission statements. The revised statements read:

The mission of the Corporation for National and Community Service is to strengthen our nation by fostering greater civic engagement through service and volunteerism.

The Corporation for National and Community Service improves people's lives, strengthens communities, and fosters civic engagement through service and volunteerism.

After discussion, the Board selected one of these statements (the second of the two appearing above) for inclusion in the draft strategic plan. This immediate use of the stakeholder input was a rewarding result to the CNCS staff that had worked so hard to obtain it. A letter from the CEO was used to thank the stakeholders for their input and to report that it had an immediate impact on the content of the draft strategic plan.

In all, over 400 comments were received. Many of these comments relate to one or more of the strategic initiatives. Insights gained from ongoing analyses of these comments will be used to refine the strategic plan and to provide insights to individual program managers.

ROUND 2

CNCS developed a revised draft strategic plan, taking into consideration stakeholder input, the desires of the Board, and other factors. It was widely distributed to internal and external stakeholders with a request from the CEO for review and comment. Stakeholders were once again thanked for their previous contributions to the content of the strategic plan and were asked to review the draft plan with an eye to its balance, packaging, and communication effectiveness. Stakeholders were reminded that although the plan had to satisfy a diversity of audiences, the substantive material in the plan had to be balanced and attractively “packaged” if it was going to communicate effectively.

Stakeholders were asked to provide their first impressions of the draft strategic plan and to respond by addressing questions in five specific areas:

- To what extent does the draft plan express the spirit and history of service while explaining why selected programs are critical today?
- Are the areas of focus mentioned in the plan appropriate priorities for the next five years?
- Are the strategies and targets identified for the areas of focus sound?
- Will the plan help stakeholders in their future planning?
- Is the new mission statement cited in the plan appropriate and on target?

A special request was made at CNCS’s 2005 National Conference on Volunteering and Service to jump-start the second feedback initiative. Over 2,000 people attended this meeting, and the CEO and other senior staff hosted small group discussions on the draft plan with grantees and partners, offered several large group venues to discuss the plan, and shared draft plans and opportunities to provide written feedback at multiple locations throughout the conference. CNCS is providing a number of additional feedback opportunities. Early indications are that CNCS will receive a substantial number of comments that will be helpful in shaping the final version of the plan. Feedback on both rounds of stakeholder input has been positive, as evidenced by the following comments from stakeholders:

It is gratifying to experience an open-minded leadership willing to take these steps for the best results.

Thank you for the opportunity for input and your consideration of ideas.

Thanks for the call.

With this structured exercise, the Corporation has demonstrated its intent to engage stakeholders in a participatory process and to solicit and use input from internal and external stakeholders. It also has established a base for productive participation in the future.

LIST OF RECOMMENDATIONS

Chapter 2

CNCS should submit a legislative proposal that (1) requires the Board to review the CEO's performance annually and to forward to the President its recommendation to retain or remove the CEO, and (2) requires the Board to review CNCS' budget in advance of submission to OMB and Congress.

The Board of Directors, in conjunction with interested stakeholders, should develop a realistic set of governance guidelines that define its roles and responsibilities and its relationship to CNCS management and the Board should review and update the guidelines regularly.

The Corporation should propose legislation allowing Board members to serve until the Senate confirms their successors.

Chapter 3

CNCS should submit a legislative proposal to eliminate the Corporation's two managing director positions and the requirement that the President appoint the Chief Financial Officer. If CNCS is not able to eliminate the presidential appointment of its CFO, the Panel recommends that it (1) limit the CFO's responsibilities to the financial management functions outlined in the Corporation's legislation, and (2) establish a Chief Administrative Officer position, appointed by the CEO, to manage the Corporation's other administrative functions that currently report to the CFO.

The COO should use the out-stationed AmeriCorps program officers for pilot projects to begin the data gathering, dialogue, analysis, and planning needed to develop a field structure proposal for the AmeriCorps and Learn and Serve programs.

The new COO should determine how/if new program coordination mechanisms can enhance her organization's operations, and hold program directors accountable for managing accordingly.

The Chief Operating Officer should examine the nature of program office director positions to determine appropriate delegations of authority.

CNCS should formally define and recognize the role state office staff play in NCSA programs, and that it establish an annual process to determine the state office staff resources needed to perform those activities. CNCS should also define state office director and area manager roles and responsibilities, and mechanisms for holding them accountable for NCSA activities performed by their staffs.

CNCS should designate the CNCS state offices as the Corporation's focal points for information on all CNCS programs, and provide state office staff with the necessary training, materials, and resources needed to assist the Corporation's grantees and potential grantees.

CNCS should make the area manager a full-time position.

CNCS should determine the optimal geographic locations in each cluster for its area managers and, in the future, require the successful candidates to relocate to those locations.

CNCS should satisfy its statutory obligation to evaluate NCCC as a service delivery model.

CNCS should propose legislation that would enable it to use training funds for cross-program training.

Chapter 4

CNCS should establish an Office of Business Management Systems within the CFO's office to be responsible for management analysis activities and other business management functions, including an executive secretariat function to ensure that documents are reviewed timely by affected parties.

CNCS should consolidate into one office reporting to the COO the functions of the Office of Grants Policy and Operations and the Director of Award Oversight and Monitoring.

CNCS should reorganize its service centers to have them report to the Office of Grants Management.

Once CNCS reorganizes its service centers under the Office of Grants Management, it should consolidate its grants officer positions at one location. Further, CNCS should consolidate in one location the administrative functions performed by its service centers.

CNCS should use the vacant positions within the VISTA Member Support unit to form the core of a consolidated unit responsible for all VISTA member administrative support. The Panel also recommends that CNCS reassign to the Office of Leadership Development and Training the VISTA member training functions similar to those already performed by OLDT for the rest of the Corporation.

Chapter 5

CNCS should proceed to the next step in its internal funds management practices and make program and office directors fully accountable for managing their administrative funds.

The Corporation should develop a budget activity structure for a combined salaries and expenses account that is responsive to the needs of the appropriations committees and based, as closely as possible, on the data reflected in the accounting records.

CNCS should submit a proposal as part of its FY 2007 budget to amend the appropriation language for administrative expenses to include within the appropriation all sources of administrative expense funds, including funds for NCCC administrative expenses.

The CEO should delegate to the chief information officer authority and oversight over the Corporation's IT resources commensurate with the CIO's responsibilities outlined in the Clinger-Cohen Act; the CIO should establish an IT investment board to help ensure adequate user influence over IT decisions; and CNCS should develop and implement a strategic plan for information technology that sets a framework for the future direction of IT within CNCS, and an information technology policy that outlines roles, responsibilities, and procedures for developing, maintaining, and updating all automated systems.

The Corporation should review all of the application requirements imposed over the last 10 years for all programs to determine what should be retained and what can be eliminated.

The Corporation should submit legislation proposing a single match for the AmeriCorps*State/National program.

CNCS should submit legislation that would allocate to state commissions a portion of the existing AmeriCorps*State competitive funds based on state capabilities and their response to national priorities, with the remainder used by CNCS for a national competition based on national priorities.

CNCS should develop and implement training policies and plans for all staff doing grants management work to ensure that newly hired staff are adequately trained before they begin work, and that on-board staff receive adequate, ongoing training to retain and enhance their skill levels.

Chapter 6

CNCS should assess its NY-2 and NY-3 positions, recognize de facto trainee positions as developmental positions, and grant the incumbents promotion potential to the NY-3 level. As an alternative, CNCS should consider redesigning the APS system to include these positions within occupationally-based pay bands that include the full range of positions from entry level, through mid-career, journey level, and senior level positions.

The Corporation should seek sufficient funding, established as a percentage of payroll, to support APS and GS pay and recognition costs in the future. The Panel further recommends CNCS request an immediate add-on of \$1,000,000 to the Corporation's BY 2006 budget submission for this purpose.

The CNCS Compensation Committee should receive training regarding the role it is to perform, and that it mature to become the agent for ensuring that APS policies, practices, and associated budget meet its stated objectives.

The Chief Human Capital Officer should develop a management action plan that prioritizes and sets timelines for accomplishing all essential human resource program improvements and strategic planning activities, including actions to address its workforce planning and leadership and staff development requirements, as well as the program improvement actions that result from the Academy's three operational human resource studies. The plan also should include an

assessment of the Office of Human Capital's structure and staff capacity to ensure that staff can effectively deliver quality operational and strategic advisory services to the Corporation.

Chapter 7

The CEO should proceed as rapidly as possible, in consultation with the Corporation's stakeholders, to produce an annual performance plan/performance budget based on the Corporation's new strategic plan. The Panel also recommends that the CEO and staff use the strategic plan as the focal point for conversations at Board meetings and in consultation with congressional staff and other stakeholders. In addition, the new strategic plan should be the basis for interactions between the Board and the CEO and executive team.

The CEO should establish a strategy advisor in his office to oversee the multipart, multiparty planning process at CNCS, keep it on schedule, and strengthen the links between strategic goals, annual program plans, performance budgets, and results.

When the current process to develop a strategic plan is completed, CNCS should conduct an assessment of the process to identify improvements for the next planning cycle. The assessment should include collecting and analyzing the experiences, perceptions and expectations of internal and external stakeholders who are likely to be involved in future planning-related activities, and developing lessons learned.

CNCS should balance its metrics development initiatives between two goals: (1) the identification of a limited number of common "corporate-level" metrics to meet GPRA-related requirements and strategic management needs, and (2) expansion of the performance measurement and management capabilities of program managers and grantees.

Chapter 8

CNCS should develop a management action planning process to prioritize all change management initiatives being considered by top management, and a management action plan to track the progress of all ongoing change management efforts.

The Corporation should submit a limited legislative proposal, separate from any attempt at a general reauthorization, to make administrative changes and implement the Panel's recommendations.

