

# THE HERITAGE LECTURES

505

AmeriCorps:  
Working Families  
Will Pay the Price

*By Senator Chuck Grassley*



The Heritage Foundation was established in 1973 as a non-partisan, tax-exempt policy research institute dedicated to the principles of free competitive enterprise, limited government, individual liberty, and a strong national defense. The Foundation's research and study programs are designed to make the voices of responsible conservatism heard in Washington, D.C., throughout the United States, and in the capitals of the world.

Heritage publishes its research in a variety of formats for the benefit of policy makers; the communications media; the academic, business, and financial communities; and the public at large. Over the past five years alone The Heritage Foundation has published some 1,500 books, monographs, and studies, ranging in size from the 927-page government blueprint, *Mandate for Leadership III: Policy Strategies for the 1990s*, to the more frequent "Critical Issues" monographs and the topical "Backgrounders," "Issue Bulletins," and "Talking Points" papers. Heritage's other regular publications include the *Business/Education Insider*, *Mexico Watch*, and *Policy Review*, a quarterly journal of analysis and opinion.

In addition to the printed word, Heritage regularly brings together national and international opinion leaders and policy makers to discuss issues and ideas in a continuing series of seminars, lectures, debates, briefings, and conferences.

Heritage is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1954, and is recognized as a publicly supported organization described in Section 509(a)(1) and 170(b)(1)(A)(vi) of the Code. Individuals, corporations, companies, associations, and foundations are eligible to support the work of The Heritage Foundation through tax-deductible gifts.

*Note: Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.*

**The Heritage Foundation**  
214 Massachusetts Avenue, N.E.  
Washington, D.C. 20002-4999  
U.S.A.  
202/546-4400

# AmeriCorps: Working Families Will Pay the Price

By Senator Chuck Grassley

During the Clinton presidential campaign Americans were promised a new way of doing things. We heard slogans such as “New Covenant,” “New Democrat,” and “Reinventing Government.” Now that we are nearly two years into this Administration, we can look at not just what they say, but what they’ve done.

It appears to me that, unfortunately, while this Administration has slogans for the nineties, it is acting like it is still the sixties. The Administration seems to follow the same failed tax and spend policies of the sixties. And just like in the sixties, this Administration’s answer to every issue is to throw more money at the problem.

The Administration’s premier national service program, “AmeriCorps,” today stands in danger of joining a long list of costly Great Society programs.

What’s more, AmeriCorps likely will squander money that could be used to provide students of working families an opportunity to attend college. This is not good news for those of us in Congress who want to see this concept succeed.

AmeriCorps was sold to Congress as a program to help pay the costs of college and to encourage young people to perform community service. However, early indicators reveal its approach is impractical for many students and costly for taxpayers.

In 1992, AmeriCorps demonstration projects showed a drop-out rate of 20 percent, and a bottom line cost of \$30,400 for a single participant to complete his or her term of service. Roughly half the \$30,000 goes for salary and benefits for the participants, the rest is for overhead and administration. That’s enough money to cover four years of tuition and fees for three full-time students attending the University of Iowa.

Despite the exorbitant cost, the White House sought an eyebrow-raising 67 percent increase in funding for AmeriCorps for fiscal year 1995. During the next year, 20,000 AmeriCorps participants will be given a salary and an educational award which equal approximately \$7.27 per hour, plus medical benefits and free child care.

That equates to a full-time job that pays a rate of over \$15,000 annually. That is more than what 39.3 million Americans live on, according to the U.S. Census Bureau.

Meanwhile, countless working parents struggle and sacrifice for years to help put their children through college with little or no assistance from the federal government.

And, while the costly AmeriCorps program is revving up, another more efficient education program is strapped for cash. The Library of Congress reports that, in real dollars, the value of the maximum Pell Grant had decreased 25 percent since 1980. This is unfortunate because, as Senator Robert Byrd stated during the Senate consideration of AmeriCorps, five college students could qualify for Pell Grants for the cost of just one AmeriCorps participant.

---

Senator Grassley, a Republican, represents Iowa in the United States Senate.

He spoke at The Heritage Foundation on October 6, 1994.

ISSN 0272-1155 © 1994 by The Heritage Foundation.

Let me remind you that AmeriCorps does not exclude by income level. Therefore, under this program, children from poor and middle-class families may be excluded to make room for the children of millionaires or political cronies.

In fact, AmeriCorps is the perfect set up if an unscrupulous few wanted to play the political patronage game with this program.

The concern of politics undermining the integrity of programs such as AmeriCorps is already becoming reality. The *Los Angeles Times* reported on September 11 that a "Summer of Safety" program in San Francisco "organized 40 other groups for a rally against the crime bill's 'three strikes and you're out' provision...." Summer of Safety is part of the AmeriCorps program.

If this news story is accurate, it is unconscionable that taxpayers' money, which is supposed to help communities, is instead spent on partisan politics.

As for promoting community service, AmeriCorps is questionable, at best. It creates a new government bureaucracy and pays 20,000 young people to do what 2.9 million others their age already do free-of-charge and without reward, save the gratification inherent in voluntarism.

And what are some examples of the work these 20,000 young people will do? The *Rolling Stone*, on September 22, 1994, reported the following: "In a little more than four hours, 10 corps members and a supervisor have measured one window, installed another and put one lock on a door."

So now, based on this data, when someone asks you how many AmeriCorps volunteers it takes to screw in a lock, the unfortunate answer is: 10, plus 1 supervisor. Since the mid-1980s, I have led the fight against waste at the Defense Department. My investigations highlighted that the taxpayers were paying for a \$7,600 coffee pot and a \$500 hammer. It appears now, that AmeriCorps has given us the \$100 lock.

And this is not the only boondoggle: AmeriCorps paid the public relations firm of Ogilvy, Adams and Rinehart \$1.7 million this year to publicize the creation of AmeriCorps. This is almost double what the Administration requested for the Office of the Inspector General which oversees AmeriCorps. Is it possible that the priority of those administering this program is public relations first, and managing the taxpayers' money a distant second?

As for Mr. Clinton, the program fundamentally contradicts the pledge he made two years ago, when he said he was a "New Democrat" who would not repeat the failed designs of the Great Society.

One year later, Vice President Al Gore advanced a high-profile and praiseworthy symbol of the President's commitment to change when he unveiled the National Performance Review to "reinvent government."

With AmeriCorps, the White House had a good chance to show that "reinventing government" was not just another slogan. However, this program violates the first law of reinvention, namely, that governmental functions should be returned to the citizenry whenever possible. Under AmeriCorps, this Administration seeks to federally bureaucratize voluntarism, thereby standing the concept on its head.

My colleague Senator Kerrey from Nebraska spoke eloquently on this paradox during Senate consideration of AmeriCorps. He stated:

Although the Federal Government's intent is to duplicate successful local ventures, its presence can often have a negative impact on the effectiveness of the program. Local ownership of the program may be

surrendered due to its reliance on Federal dollars. Federal supervision and mandates can damage a well-functioning program.

Republicans have promoted community service by honoring volunteers through programs such as "Points of Light." The New Democrats see this voluntarism and believe the answer is to establish a bureaucracy which pays young people to serve their community.

We saw this New Democrat mindset at work in the crime bill. President Bush applauded the grassroots communities that had created the "midnight basketball leagues." In doing so, President Bush honored private citizens serving the public. He regarded the creation of midnight basketball by the grassroots—not by the government—as an example for others to emulate.

But New Democrats chose government funding over grassroots example. Just like the Democrats of old, the New Democrats think the answer is to spend the tax money of working families.

Let me explain what these different approaches mean in practical terms. Midnight basketball at the community level could be run by a handful of people on a shoestring. All you need is a church social hall, a basketball and net, and some devoted volunteers.

Now, with the New Democrats and federal bureaucrats involved, you need a federal bureaucrat to write the grant announcement, a federal bureaucrat to oversee and review the grant applications, another federal bureaucrat to issue the grant, then you need a state bureaucrat to write the grant, a state bureaucrat to establish a "dialogue" with the local communities, and you will need several staff at the local level to make sure that they are complying with all the guidelines and red tape required by the federal government.

Perhaps we can look forward to seeing federal bureaucrats issuing regulations defining what is meant by the word "midnight" in midnight basketball, and detailing when a zone defense is legal or illegal.

To turn back to AmeriCorps, in sum, the program suffers from three serious flaws: first, it is an inefficient and costly way of assisting working families in paying for college; second, the Administration's efforts to federally bureaucratize voluntarism go against the principles of "reinventing government"; and finally, it undermines efforts to promote volunteers providing community service.

Highlighting these three points: a recent *Omaha World-Herald* editorial reported that the State of Nebraska had received a grant of \$457,622 to recruit 23 AmeriCorps members. This works out to \$19,987 in bureaucratic overhead for signing up each AmeriCorps member.

Despite AmeriCorps' taxpayer-paid public relations machine, the Senate is not blindly agreeing to continued funding for AmeriCorps. Senator Mikulski and I agreed in a colloquy on the Senate floor to have the General Accounting Office (GAO) conduct a complete cost review of AmeriCorps. I commend Senator Mikulski for her support of this review and her strong commitment that the taxpayer's money be spent wisely and efficiently.

The GAO review will tell the American people exactly how much it costs for each volunteer and how much is spent in overhead, and it will suggest cost-saving alternatives. I'm pleased that we will have this information for AmeriCorps, but it is unfortunate that we do not have this data for every program for which the taxpayers pay.

What are possible alternatives to AmeriCorps? We could quintuple the number of families helped with education needs by increasing funding for Pell Grants, as suggested by Senator Byrd and others. Some have suggested that the states could be provided funding on a formula basis. The states would then establish a board which would award scholarships to needy students nomi-

nated by churches and other local groups in recognition of the student's past work as a volunteer performing community service. The board would serve without pay.

Such a proposal would recognize those who have served while at the same time eliminating layers of costly bureaucracy. It would also have the benefit of addressing Senator Kerrey's concerns that there be local ownership of the programs. Programs would not be created to cater to the whims of federal and state bureaucrats. Lastly, since only a few young people would receive the scholarships, the program would teach them the intrinsic value of volunteering to serve their community, instead of the lesson of AmeriCorps—that you should only help your community if you get a paycheck.

There are many paths the Administration could have chosen that would have benefitted more young people or encouraged people to volunteer instead of expecting a paycheck.

One can only conclude, therefore, that the Administration is content to allow Mr. Gore to decry the costs of government ashtrays while looking to the 1960s and 1970s for its real model: more money, more bureaucracy. In this case, the "New Democrats" look a lot like the old one. Unfortunately, with AmeriCorps, it is working families and struggling students who will pay the price.

