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TIME TO END THE TROUBLED AMERICORPS

On April 27–29, 1997, with Independence Hall as a picturesque backdrop, over 2,800 delegates from across the country, including governors, mayors, private-sector leaders, and representatives from leading foundations, gathered in Philadelphia, Pennsylvania, for the Presidents’ Summit for America’s Future. With President Bill Clinton and former President George Bush as honorary co-chairmen, this gathering was called to examine a topic that hardly could be more important: the future of volunteerism in the United States, and especially how the voluntary sector can aid America’s children.

The great 19th century French observer of American politics, Alexis de Tocqueville, noted that what made America great was the tendency of its people to form voluntary associations to meet community needs. Whereas Europeans looked with docility to government to solve problems, Americans learned self-reliance and the ability to look beyond individual self-interest through cooperation in voluntary organizations. In this century, however, as government programs—particularly human services programs—have usurped much of America’s traditionally voluntary domain, both the country’s civic fabric and the character of its individual citizens have changed for the worse.

The Presidents’ Summit gave Americans a chance to pause and reflect on how community needs could best be met. The increasingly widespread appeal of the conservative message on the need to re-limit government led President Clinton himself to declare that the “era of big government is over.” Now America’s civil society and corporate community have been called in to deal with the problems created by the failure of federal programs. Over the past few months, *Newsweek* has devoted a portion of its “Periscope” page to the many corporations that have agreed to make major contributions of goods or services as part of the effort to meet these needs. LensCrafters, for example, has agreed to provide free eye care for one million needy people, and the National Restaurant Association has agreed to hire 250,000 youngsters in the next five years.¹

But for all the fanfare and national press attention surrounding the Presidents’ Summit—as well as the bipartisan images and goodwill it generated—there is reason to

1. For a list of these and other commitments made by corporations and nonprofit organizations in conjunction with the President’s Summit, see <http://www.philanthropy.com/volunt.dir/13commit.htm>.

believe that it may serve less to foster a vision of a healthy voluntary sector free of unwarranted government intervention than to promote further charitable dependence on federal resources. The Presidents' Summit was largely the brainchild of former Senator Harris Wofford (D-PA), Chief Executive of the Corporation for National and Community Service (CNCS). In congressional testimony, Wofford declared that the CNCS, along with the Points of Light Foundation (another federally funded entity designed to promote volunteerism²), "is working...in initiating and planning the Summit to promote the goals of the National and Community Service Act, the mission of the Corporation, and the vision set forth in the Corporation's Strategic Plan."³

The CNCS helps oversee administration of the AmeriCorps program, President Clinton's "domestic Peace Corps," the largest extension of the federal government in recent years. Ever since its creation in 1993, AmeriCorps has been mired in controversy. Two recent independent audits of the program by the U.S. General Accounting Office (GAO), the semiannual report of the Corporation's own Inspector General, and two audits by the nationally renowned Arthur Andersen accounting firm all have found serious evidence of cost overruns and mismanagement. Despite these problems, however, and despite a continuing inability to correct them, the Corporation has benefited from large amounts of good publicity, thanks in part to what one critic has called the "camera-ready smiles of young 'volunteers'" whose efforts make good news copy.⁴ In an era in which balancing the federal budget has become a national priority, the CNCS has requested \$546,500,000 for fiscal year (FY) 1998—an increase of 36 percent over the \$400 million appropriated in FY 1997.

Not only was the Philadelphia summit choreographed in part by AmeriCorps, but its proceedings offered a rousing endorsement of this very troubled program. Despite the good publicity for AmeriCorps that the Summit may generate, Congress should view the request for increased AmeriCorps funding with considerable skepticism. In this age of re-limiting government, the American public and its elected representatives should reject the very premise upon which AmeriCorps rests: that the federal government has an important activist role to play in guiding the voluntary sector in the United States.

WHAT IS AMERICORPS?

One of Governor Bill Clinton's key platform stands in 1992 was a call to create a federal program that would help individuals meet the high costs associated with acquiring a college education in exchange for community service. As President, Clinton saw his vision implemented through the National and Community Service Trust Act of 1993. The Act created the CNCS, which helps administer the "largest national and community service program since the Civilian Conservation Corps of the 1930s."⁵

Over the past four years, AmeriCorps has grown from a mere pilot program to include more than 25,000 people participating in more than 430 programs across the country.

2. The FY 1997 appropriation for the Points of Light Foundation was \$6,000,000.

3. Harris Wofford, "Testimony Regarding FY 1998 Appropriations for the Corporation for National Service," Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations, U.S. House of Representatives, March 11, 1997.

4. John P. Walters, "Five Questions for AmeriCorps' Board of Directors," *Memorandum to Conservative Reformers*, New Citizenship Project, February 24, 1995. The authors of this report wish to acknowledge their intellectual debt to John Walters's work.

5. U.S. General Accounting Office, *National Service Programs: Role of State Commissions in Implementing the AmeriCorps Program*, February 1997, p. 1.

These programs focus primarily on four areas: education, the environment, public safety, and human services. Since 1993, despite the fact that Washington spends \$1.3 billion annually to promote volunteerism through 23 other federal programs, more than \$800 million has been appropriated to pay for 100,000 participants in CNCS's major program, AmeriCorps*USA.⁶ Full-time AmeriCorps participants work a minimum of 1,700 hours per year, receiving in turn a \$7,460 stipend and an education award of \$4,725 in the form of a college tuition voucher or credit to repay a past student loan.

In his 1995 State of the Union address, President Clinton praised AmeriCorps as "citizenship at its best." In Philadelphia, the President announced his intention to expand the program in two ways:

- First, he wants to create a "citizen army" of one million volunteer literacy tutors to shore up the failed public school system in the United States. Rather than hold public schools accountable for teaching basic skills, his plan would cost taxpayers at least \$2.75 billion and rely heavily on coordination and instruction by 10,000 new AmeriCorps "tutor coordinators."⁷
- Second, the President wants to expand AmeriCorps by 33,000 volunteers over the next five years by teaming with private organizations that would be responsible for paying the paid volunteers' living stipends while taxpayers still pay the cost of their college scholarships.⁸

AMERICORPS' TROUBLED BEGINNING

Early on, the Clinton Administration hailed AmeriCorps as the "paradigm of reinvented government." In truth, under the leadership of CNCS's first CEO—Eli J. Segal, chief of staff for the 1992 Clinton–Gore campaign—AmeriCorps offered a case study of how not to run a federal agency. Although AmeriCorps claimed that its mission was to promote the voluntary sector, at least 2,800 of its first 20,000 "volunteers" were assigned directly to federal agencies and departments, most notably the Departments of Agriculture and Justice, the Environmental Protection Agency, the Legal Services Corporation, and the National Endowment for the Arts.

6. *Ibid.* See also Mark Wilson, "AmeriCorps," in Scott A. Hodge, ed., *Balancing America's Budget: Ending the Era of Big Government* (Washington, D.C.: The Heritage Foundation, 1997), pp. 302–304. Other federal programs designed to promote volunteerism include the Service Corps of Retired Executives Association and the IRS Tax Counseling for the Elderly Program. Several federal programs designed to promote volunteerism that pre-dated the creation of the CNCS were incorporated into its ranks, including the Foster Grandparents program, Literacy Corps, Retired Senior Volunteer Program, and VISTA (Volunteers in Service to America).

7. Office of the Press Secretary, The White House, "Briefing by Bruce Reed, Director of Domestic Policy Council," April 25, 1997; available at <http://docs.whitehouse.gov/white-house-publications/1997/04/1997-04-25-bruce-reed-briefing-on-service-summit.text>.

8. Under the President's plan, no interest would accrue on student loans during the period of service. The White House estimates that the loan deferment program, which it wishes to include in the upcoming reauthorization of the Higher Education Act, would cost approximately \$7 million per year for 12,000 participants. See Office of the Press Secretary, The White House, "Press Briefing by Bruce Reed, Eli Segal and Diane Fortuna," April 27, 1997; available at <http://docs.whitehouse.gov/white-house-publications/1997/04/1997-04-27-reed-and-segal-briefing-at-volunteer-summit.text>. See also Warren P. Strobel, "Clinton Makes a Pitch for Volunteers," *The Washington Times*, April 29, 1997, pp. A1 and A12, and President Bill Clinton, "Remarks at Volunteer Summit," April 28, 1997, available at <http://docs.whitehouse.gov/white-house-publications/1997/04/1997-04-28-remarks-of-presidents-at-volunteer-celebration-event.text>.

Even though AmeriCorps claimed that its mission was nonpartisan, it offered millions of dollars in grants to numerous activist groups, including ACORN (the Association of Community Organizations for Reform Now), the National Council of La Raza, and the Council of Great City Schools, an organization devoted to the “advancement of education in inner-city public schools through public and legislative advocacy.”⁹ Despite Segal’s repeated denials that AmeriCorps grant money helped subsidize ACORN’s political activities, the Corporation was forced to defund ACORN in July 1995 after an Inspector General’s report found incontrovertible evidence that the supposedly independent affiliate awarded a grant by AmeriCorps was, in fact, part and parcel of ACORN’s political operations. Another AmeriCorps grantee in Denver also engaged in political advocacy at taxpayers’ expense and was stripped of its federal funds.¹⁰

But the most devastating news under Segal’s tenure was not the presence of “volunteers” in federal agencies, or the use of federal tax dollars for political purposes: It was the audit of 93 AmeriCorps programs released by the GAO in July 1995. Segal had promised that the “cost [per AmeriCorps volunteer] will be \$17,600.”¹¹ The GAO revealed that the cost to field a participant was \$25,800 for non-federal agency grantees and \$31,000 for federal agency grantees.¹² In other words, although AmeriCorps promised that cost per service hour by volunteers would total \$6.43, the GAO found that the real cost was \$15.85 per hour—and up to \$19.81 per hour when time for non-service AmeriCorps activities was included.¹³ Whereas President Clinton repeatedly had cited AmeriCorps as evidence that the government could work in partnership with the voluntary sector and private enterprise to promote volunteerism,¹⁴ the GAO found that taxpayers were paying 93 percent of the costs—79 percent directly from the federal till.¹⁵

NEW EVIDENCE THAT AMERICORPS DOES NOT WORK

In summer 1995, Segal resigned as AmeriCorps’ CEO, to be replaced by Harris Wofford. Wofford began his tenure by seeking bipartisan support for AmeriCorps. Partly because of the July 1995 GAO audit, Wofford promised to end the policy of “paid volunteers” in federal agencies, to reduce the Washington-based bureaucracy, and to seek a direct private-sector match for each dollar contributed by the federal government.

Wofford’s promises for reform and his affable style, combined with President Clinton’s newfound popularity in the polls, saved the program from almost certain

9. John P. Walters, “AmeriWaste,” *Memorandum to Conservative Reformers*, New Citizenship Project, September 26, 1995.

10. See James F. Hirni, “AmeriCorps: A \$575 Million Boondoggle,” *Heritage Foundation Issue Bulletin* No. 212, September 14, 1995, p. 5.

11. *MacNeil/Lehrer NewsHour*, March 27, 1995.

12. Cornelia M. Blanchette, Associate Director, Education and Employment Issues, U.S. General Accounting Office, “National Service Programs—AmeriCorps*USA—First-Year Experience and Recent Program Initiatives,” testimony before Committee on Labor and Human Resources, U.S. Senate, May 21, 1996, p. 3.

13. John P. Walters, “A Devastating Audit of AmeriCorps: The \$23 Per Hour ‘Paid’ Volunteer,” *Memorandum to Conservative Reformers*, New Citizenship Project, July 12, 1995.

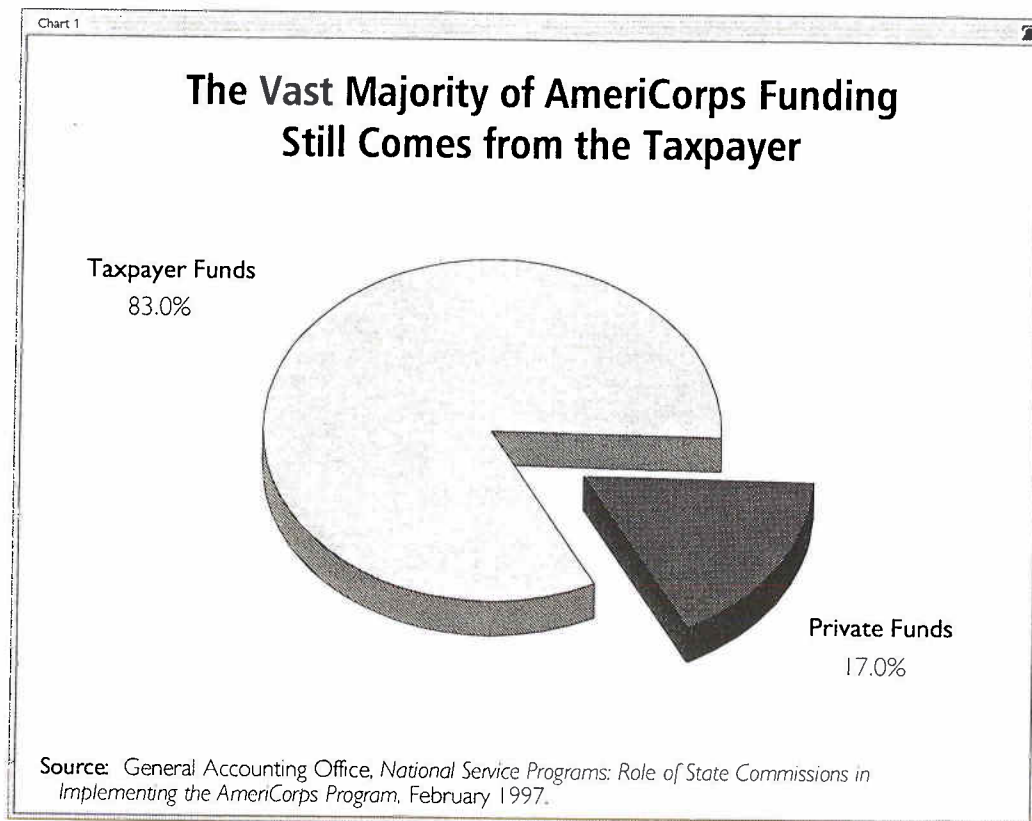
14. President Bill Clinton, “Remarks on Responsible Citizenship and the American Community,” July 6, 1995; available at <http://docs.whitehouse.gov/white-house-publications/1995/07/1995-07-06-presidents-george-town-speech-on-responsibility.text>.

15. U.S. General Accounting Office, *National Service Programs—AmeriCorps*USA—Early Program Resource and Benefit Information*, GAO/HEHS-95-222, August 29, 1995, pp. 30-31; cited in Wilson, “AmeriCorps,” p. 452.

extinction. Yet one and a half years into Wofford's tenure, AmeriCorps still seems to be plagued by many of the same problems that Segal faced. A new GAO report reveals that AmeriCorps costs too much, has difficulty retaining program participants, and is not attracting the significant private-sector involvement that program supporters had sought.¹⁶

The GAO sampled 24 AmeriCorps programs and uncovered some disturbing trends:

- AmeriCorps fails to retain participants in its programs. The dropout rate for paid volunteers is 39 percent, nearly twice what the CNCS had predicted in November 1994.¹⁷
- AmeriCorps is failing to gain significant private-sector resources for its programs. Officials at the Corporation for National Service have boasted repeatedly that the presence of government funding would help "leverage" private contributions. Yet median private-sector support for AmeriCorps programs that were sampled was only 17 percent; 83 percent of the funding comes directly from the taxpayers. This is not surprising when one considers that at least 180 of the Corporation's 430 projects in FY 1996 provided funding to government programs.¹⁸



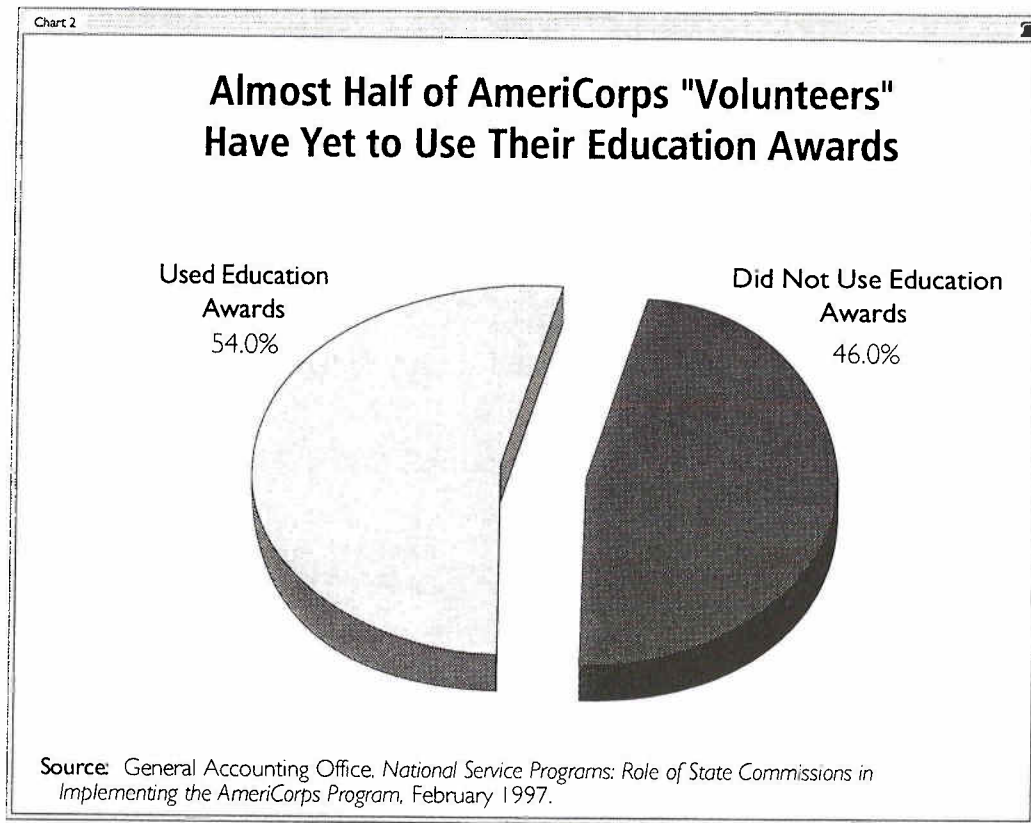
- Despite the CNCS's claim that 90 percent of participants would use their educational awards, only 54 percent of those eligible for these awards actually have used

16. GAO, *National Service Programs: Role of State Commissions in Implementing the AmeriCorps Program*.

17. Letter from Representative Pete Hoekstra and Senators Christopher Bond and Charles Grassley to the Honorable Harris Wofford, March 13, 1997, p. 1.

18. Corporation for National Service, *AmeriCorps Program Directory*, available at <http://www.cns.gov/pro-dir.html>.

them. The low percentage of educational awards used suggests that many AmeriCorps members either are not planning to attend college or are not recent college graduates saddled with loans to pay. The *Des Moines Register*, for example, reports that “nearly one in five AmeriCorps workers in Des Moines already has a college degree, and more than half in the program are 26 or older.”¹⁹ The presence of so many non-student age AmeriCorps members led one observer to conclude that the “program that was sold as the domestic equivalent of the Peace Corps has already turned out to more closely resemble the abysmal failure of the Comprehensive Education and Training Act.”²⁰ AmeriCorps was sold to Congress as a program to help young people pay for college, not as another federal jobs program in addition to the over 160 that already exist.



- One AmeriCorps program, the Casa Verde Builders Program, cost the taxpayers \$2,448,053. Only 23 of the 64 individuals enrolled as Casa Verde AmeriCorps members completed the program; the cost to taxpayers: over \$100,000 per participant. Moreover, only four participants have used their educational awards; the cost to taxpayers: more than \$600,000 per award.
- Another AmeriCorps program examined by the GAO, the Educational Conservation Corps, cost taxpayers \$1,732,000. Of the 97 participants, 58 earned an educational award. So far, only 20 have used their awards; the cost to taxpayers: \$86,600 per award in administrative costs plus \$4,725 per award.

19. Mary Hill, “Too many insiders getting AmeriCorps jobs?” *Des Moines Register*, February 2, 1996, p. 1.

20. Jason Lewis, “For the Good of Taxpayers, Unload Pricey AmeriCorps ‘Volunteers,’” *Minneapolis Star-Tribune*, August 7, 1996, p. A11.

- The Appalachian Service Through Action and Resources program cost taxpayers \$632,240. Twenty-two participants completed the program and earned educational awards. The cost to taxpayers (assuming that 90 percent of Appalachian Service members use their awards): \$31,612 plus \$4,725 per award.

Local AmeriCorps programs are not the only problem. The management techniques at CNCS headquarters are the focus of continuing congressional scrutiny. An October 1995 audit of CNCS books by Arthur Andersen indicated serious accounting weaknesses, leading the firm to declare that the books were “unauditable.” A follow-up study by Andersen concluded that the Corporation’s “internal controls were not adequate for an independent auditor to perform an effective and efficient financial statement audit in accordance with generally accepted auditing standards for fiscal years 1994 and 1995.”²¹ The same study concluded that these shortcomings “potentially preclude an audit” of FY 1996 books. Most shockingly, as of December 1996, the CNCS could not account for \$38 million in AmeriCorps funding. Despite repeated requests by Representative Peter Hoeskstra (R-MI), Chairman of the Oversight and Investigations Subcommittee of the House Committee on Education and the Workforce, and Senator Christopher Bond (R-MO), Chairman of the VA, HUD, and Independent Agencies Subcommittee of the Senate Appropriations Committee, AmeriCorps has yet to provide conclusive evidence that the Corporation’s financial statements for FY 1997 can be audited. What is particularly disturbing about the financial fiasco at AmeriCorps is that the program was created and administered entirely during the “reinventing government” era.

WHY AMERICORPS IS UNNECESSARY

Wholly aside from the numerous failures that have occurred in the administration of AmeriCorps, there was no objective reason to create the program in the first place. As one of its supporters concedes, even “AmeriCorps’ friends aren’t sure exactly what it does.”²² For several reasons, any role for the federal government in the voluntary sector is both unwise and counterproductive:

- The voluntary sector in the United States is fundamentally healthy. According to Independent Sector, 89.2 million Americans offered unpaid voluntary service in 1993. Since 1981, the number of hours that Americans volunteer has risen dramatically from 12.7 billion to 19.5 billion.
- AmeriCorps’ paid volunteerism has discouraged—and will continue to discourage—real charitable involvement. Only programs that cannot generate sufficient community support need to look to Washington for funding. AmeriCorps already has turned many of the major charitable nonprofits in the United States—Habitat for Humanity, the Red Cross, and the YMCA—away from the task of raising funds in the private sector toward lobbying Congress for more AmeriCorps funding.
- Healthy charities with strong community support look to their neighbors, not the federal government, for financial support and volunteers. When genuine needs must be met, Americans band together with their neighbors to achieve common goals. AmeriCorps distorts the principle of local accountability for charitable groups. The great strength of America’s philanthropic sector is its flexibility in responding to the

21. Corporation for National Service, Office of the Inspector General, *Report No. 97-09*, December 9, 1996.

22. William Raspberry, “Invisible Volunteers,” *The Washington Post*, January 17, 1997, p. A21.

country's social needs. This flexibility arises from a network of community-based voluntary organizations, not from a federally sponsored make-work administration. A far better way to help these organizations to succeed would be to allow taxpayers themselves to take tax credits for contributions to the charities of their choice.²³

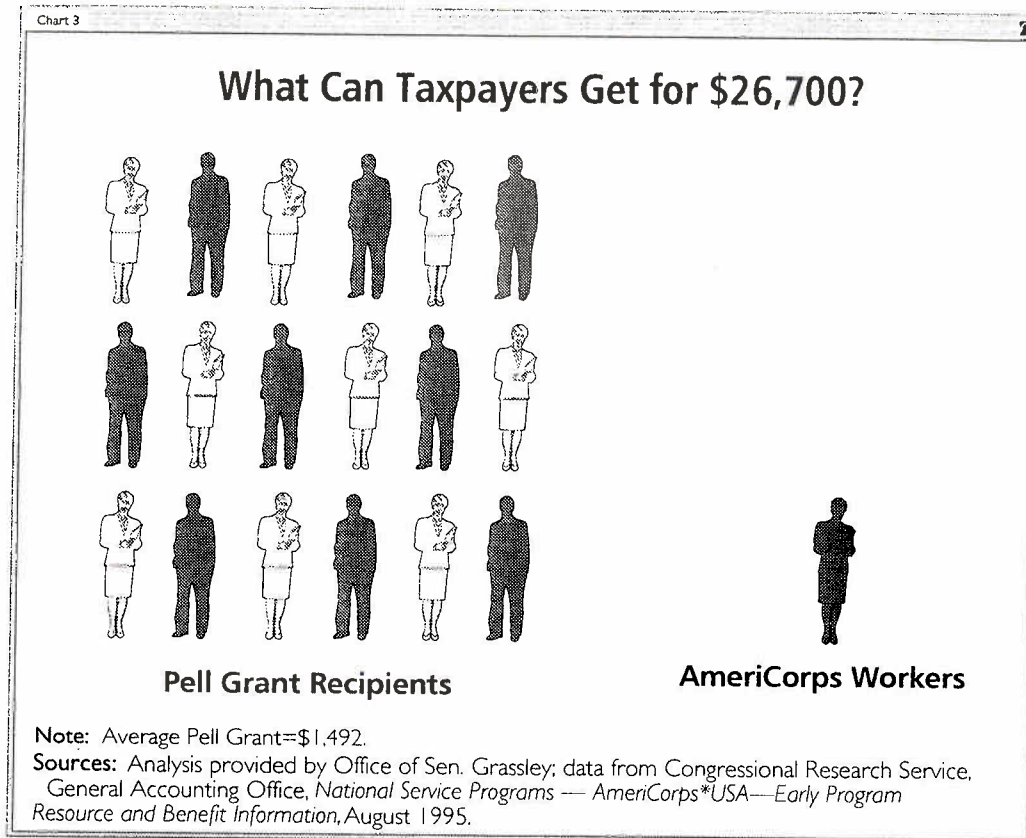
- Like all government programs, AmeriCorps costs too much. Considering its stipends and tuition awards, members receive approximately \$7.13 per hour, exclusive of the medical benefits and child care available to certain eligible participants. But the real cost per participant hour is far higher, depending on the particular grantee program. The total federal, state, and local costs of this program amount to an average of \$18.26 per hour—the equivalent of almost \$38,000 per year.
- AmeriCorps' record of achievement has come under question. A 1997 Working Paper on AmeriCorps written for Independent Sector, itself sympathetic to the program, notes that, for 70 percent of the AmeriCorps programs it studied, the presence of AmeriCorps members did not produce quantitative results "over and above what the agencies were mandated and ostensibly funded to provide." Among the "reasons for concern and reflection," AmeriCorps' vaunted ability to leverage volunteers from local communities turned out to have been overstated; researchers found only a "modest 3.5 percent increase in hours volunteered by genuine volunteers."²⁴
- AmeriCorps is an extremely costly way to help families pay for college. The \$26,700 cost for a single participant estimated by the 1995 GAO study would pay for Pell Grants for approximately 18 students. Assuming the Casa Verde program's cost of nearly \$100,000 per participant, 67 low-income students could have received Pell Grants.
- President Clinton has declared that AmeriCorps aims to help young people who perform public service pay for college. In his 1996 State of the Union address, the President boasted that "AmeriCorps has already helped 70,000 young people to work their way through college as they serve America."²⁵ In fact, if only 54 percent of AmeriCorps' "graduates" are using their educational awards, the program should have helped approximately 37,800 with college tuition payments. By the time of the Philadelphia summit, the President had corrected his figure downward from 70,000 to 50,000.²⁶
- AmeriCorps seeks to create a cadre of devoted liberal activists. One of the reasons for creating national service, according to the program's intellectual godfather, Professor Charles Moskos of Northwestern University, was to revitalize the Democratic Party. In its first few years, AmeriCorps has offered grants to dozens of organizations like ASPIRA of New York, the New Jersey Public Interest Research Foundation, the North Carolina Low Income Housing Coalition, the Legal Services Corporation, the National Council of La Raza, and the Northern Virginia Urban League. Congressional investigators also are examining why one high-ranking political appointee at

23. On the charitable tax credits in the Talent-Watts-Flake Community Renewal Act, see Christine Olson, "The American Community Renewal Act of 1997," Heritage Foundation *Issue Bulletin* No. 229, March 19, 1997.

24. John Messer, "Disparities Between National Service Outcome Measures and Goals: Core Susquehanna AmeriCorps: A Case Study," 1997 *Independent Sector Spring Research Forum*, Alexandria, Va., 1997.

25. President Bill Clinton, State of the Union speech, February 4, 1997; see also speech by President Clinton to the American Council on Education, February 24, 1997.

26. Clinton, "Remarks at Volunteer Summit." April 28, 1997.



the Corporation for National Service—former Los Angeles City Council Member Michael Woo—used Corporation stationery and resources to set up a meeting between Democratic Party fundraiser John Huang and Asian-American business owners in Los Angeles.²⁷

- When given the choice between cutting funding for AmeriCorps or other programs such as veterans' benefits, even the President's closest congressional allies—House Minority Whip David Bonior (D-MI), Representative David Obey (D-WI), and Representative Charles Rangel (D-NY)—had no choice but to cut \$206 million from AmeriCorps' funding for FY 1996.²⁸
- The President's plan to expand AmeriCorps by 33,000 volunteers over the next five years by teaming with private organizations that would be responsible for paying the AmeriCorps living stipend while taxpayers covered the cost of the college scholarship will increase federal involvement in the philanthropic sector unnecessarily. Growing numbers of charitable institutions will become dependent on the federal government, designing programs to receive taxpayer-funded subsidies through AmeriCorps.
- The President's planned literacy initiative will do little to improve our failing public schools. An additional \$2.75 billion on top of the nearly \$302 billion the federal government alone spends on education will not teach American students the basic skills

27. James Rowley, "AmeriCorps Questioned on Jobs," Associated Press, April 28, 1997. Mr. Woo received a salary of approximately \$95,000 per year as Director of AmeriCorps' Western Regional Cluster.

28. John P. Walters, "Pull the Plug Already," *Memorandum to Conservative Reformers*, New Citizenship Project, October 20, 1995.

they are not learning now.²⁹ Pumping more money into a failed system or drawing on the efforts of tens of thousands of well-intentioned volunteers will not compensate for the inadequacy of the country's schools.³⁰

CONCLUSION

The Presidents' Summit in Philadelphia has drawn further attention to one of the oldest traditions in the United States: voluntary community service. Nearly 90 million Americans volunteer annually, offering 19.7 billion hours of service. These efforts are essential to rebuilding American civil society now that the "era of big government is over."

The end of the era of big government, however, should not be seen as an excuse to boost President Clinton's controversial AmeriCorps program. A recent General Accounting Office study revealed that AmeriCorps continues to be plagued by high dropout rates and high costs. In short, the federal government has no business paying people to volunteer.

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29. Amy Call, ed., *Budget Bulletin* No. 6, Majority Staff, Committee on the Budget, U.S. Senate, 105th Cong., 1st Sess., March 3, 1997; cited in Nina H. Shokraii and Dorothy B. Hanks, "School Choice Programs: What's Happening in the States," *Heritage Foundation F.Y.I.* No. 138, April 21, 1997, p. 1.
30. See Robert W. Sweet, Jr., "Don't Read, Don't Tell: Clinton's Phony War on Illiteracy," *Policy Review: The Journal of American Citizenship*, No. 83 (May-June 1997), pp. 38-42.