



Corporation for National and Community Service

FY 2020 Congressional
Budget Justification

Budget Office

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AGENCY OVERVIEW

The Corporation for National and Community Service (CNCS) was established by the National and Community Service Trust Act of 1993. Its mission is to engage Americans of all ages and backgrounds in community-based service that improves lives, strengthens communities, and fosters civic engagement.

CNCS's AmeriCorps State and National program is run through a combination of efforts by CNCS and State Service Commissions. The State Service Commissions (located in 49 states, the District of Columbia, Guam, and Puerto Rico) administer CNCS's AmeriCorps State grant funds, which are awarded on both a competitive and formula basis. CNCS awards AmeriCorps National and Tribal grants on a competitive basis. The Senior Corps RSVP program is also awarded on a competitive basis. The Senior Corps Foster Grandparent and Senior Companion program grants are renewed annually. Lastly, the agency directly administers the AmeriCorps Volunteers in Service to America (VISTA) and AmeriCorps National Civilian Community Corps (NCCC) programs.

The following sections include CNCS's budget request for fiscal year (FY) 2020 and related supplemental information.

FY 2020 FUNDING REQUEST

Budget Summary (\$ in thousands)

Account	FY 2018 Enacted	FY 2019 Enacted	FY 2020 President's Budget	\$ Delta (FY 2019-FY 2020)	% Delta (FY 2019-FY 2020)
Total, Operating Expenses	\$767,629	\$786,629	\$30,105	(\$756,524.00)	-96.17%
AmeriCorps	\$536,374	\$549,374	\$29,772	(\$519,602.00)	-94.58%
AmeriCorps State and National	\$412,010	\$425,010	\$2,224	(\$422,786.00)	-99.48%
AmeriCorps VISTA	\$92,364	\$92,364	\$4,665	(\$87,699.00)	-94.95%
AmeriCorps NCCC	\$32,000	\$32,000	\$22,883	(\$9,117.00)	-28.49%
State Service Commissions	\$17,538	\$17,538	\$0	(\$17,538.00)	-100.00%
Senior Corps	\$202,117	\$208,117	\$333	(\$207,784.00)	-99.84%
RSVP	\$48,903	\$50,355	\$111	(\$50,244.00)	-99.78%
FGP	\$107,702	\$110,899	\$111	(\$110,788.00)	-99.90%
SCP	\$45,512	\$46,863	\$111	(\$46,752.00)	-99.76%
Evaluation	\$4,000	\$4,000	\$0	(\$4,000.00)	-100.00%
VGF	\$5,400	\$5,400	\$0	(\$5,400.00)	-100.00%
Innovation	\$2,200	\$2,200	\$0	(\$2,200.00)	-100.00%
Trust	\$206,842	\$206,842	\$0	(\$206,842.00)	-100.00%
Salaries and Expenses	\$83,737	\$83,737	\$59,300	(\$24,437.00)	-29.18%
OIG ¹	\$5,750	\$5,750	\$4,258	(\$1,492.00)	-25.95%
Total, Agency	\$1,063,958	\$1,082,958	\$93,663	(\$989,295.00)	-91.35%

FY 2020 AGENCY BUDGET REQUEST

The FY 2020 Budget proposes to eliminate CNCS, returning responsibility to fund national service and volunteerism to the private and nonprofit sectors.

The FY 2020 Budget request of \$93.663 million will support the orderly shutdown of CNCS operations. The request includes \$59.3 million for salaries and expenses. The salaries and expenses funding will provide \$44.6 million for staff salaries during the year and the costs associated with staff buyouts, early retirements, and reductions in force; \$9 million for agency operations; and \$5.7 million for facility operations until the agency closure is complete.

The Budget request includes \$22.9 million for the final year of AmeriCorps NCCC operations and \$7.2 million for managing existing programs during their final year.

The Budget request provides \$4.3 million for the orderly shutdown of the Office of Inspector General, as part of the proposal to eliminate CNCS. This amount includes \$10,500 for training and \$12,000 to support the Council of the Inspectors General on Integrity and Efficiency.

The IG has provided a special message, included at the end of this document.

Below and on the following page are brief descriptions of each major CNCS program funded by the agency's budget.

AmeriCorps State and National

AmeriCorps State and National provides funding to States, Territories, Tribes, and community-based organizations, which leverage members who serve full or part-time on projects that align with certain priority areas including disaster services, economic opportunity, and education.

AmeriCorps VISTA

AmeriCorps VISTA was created to support efforts to reduce poverty and build economic opportunity throughout the country. It accomplishes this goal primarily by providing full-time members to community organizations and public agencies working to solve local challenges.

AmeriCorps NCCC

AmeriCorps NCCC is a 10-month residential national service program for people ages 18–24. AmeriCorps NCCC members are deployed to address community needs, which include responding to natural disasters, building homes for low-income families, and helping to keep at risk youth engaged in school.

State Service Commission Support Grants

Congress created CNCS in 1993 as a shared federal-state partnership with a central role for governors in designing and implementing national service through governor-supported State Service Commissions. More than 1,000 private citizens serve as governor-appointed commissioners, leading and guiding national service efforts in their states by identifying local needs, directing federal and state resources, ensuring oversight and accountability, tracking performance and community impact, and leading citizen service efforts in their states and territories.

National Service Trust

The National Service Trust provides Education Awards for eligible AmeriCorps members who successfully complete their terms of service in an AmeriCorps program.

Senior Corps RSVP

RSVP engages the skills, talents, and experience of volunteers age 55 and older to meet a wide range of community needs. RSVP volunteers help seniors live independently in their homes, tutor and mentor at-risk youth, help communities recover from disasters, and expand economic opportunities for veterans and their families.

Senior Corps Foster Grandparent Program

The Foster Grandparent Program is an intergenerational program first established in 1965 that connects volunteers age 55 and over with opportunities to provide one-on-one mentoring,

nurturing, and support to children with special or exceptional needs, or who are at an academic, social, or financial disadvantage.

Senior Corps Senior Companion Program

The Senior Companion Program engages volunteers, age 55 and over, in providing in-home support and friendship to adults who have difficulty with daily living tasks such as shopping or paying bills.

Volunteer Generation Fund

The Volunteer Generation Fund supports CNCS's mission to improve lives and strengthen communities by strengthening volunteer management practices across the country. This includes helping nonprofit and voluntary organizations broaden their volunteer base, more effectively recruit and retain volunteers, expand opportunity for those who serve, and increase their impact on community challenges.

Innovation, Demonstration, and Other Activities

Through its Call to Service initiatives, CNCS aims to engage more Americans in service to meet pressing community needs including the Martin Luther King, Jr. National Day of Service, and the September 11th National Day of Service and Remembrance.

Evaluation

CNCS's Office of Research and Evaluation coordinates the agency's learning agenda, which includes building its evidence base, and facilitating the use of evaluation to inform important decisions. To this end, the office conducts research and evaluation on CNCS service programs; helps build the capacity of agency-funded partners to conduct and understand evaluations; and facilitates evidence-based and evidence-informed grantmaking.

Office of Inspector General

The Office of Inspector General provides an independent assessment of agency operations, primarily through audits, inspections, and investigations, with a goal of detecting and preventing fraud, waste, and abuse.

FY 2020 BUDGET BILL LANGUAGE AND ANALYSIS

Operating Expenses

For necessary expenses for the Corporation for National and Community Service (referred to in this title as "CNCS") to carry out the Domestic Volunteer Service Act of 1973 (referred to in this title as "1973 Act") and the National and Community Service Act of 1990 (referred to in this title as "1990 Act"), [\$786,629,000] \$30,105,000 [notwithstanding sections 198B(b)(3), 198S(g), 501(a)(4)(C), and 501(a)(4)(F) of the 1990 Act]: Provided, that, [of the amounts provided under this heading: (1) up to 1 percent of program grant funds may be used to defray the costs of conducting grant application reviews, including the use of outside peer reviewers and electronic management of the grants cycle; (2) \$17,538,000 shall be available to provide assistance to State Commissions on national and community service, under section 126(a) of the 1990 Act and notwithstanding section 501(a)(5)(B) of the 1990 Act; (3) \$32,000,000 shall be available to carry out subtitle E of the 1990 Act; and (4) \$5,400,000 shall be available for expenses authorized under section 501(a)(4)(F) of the 1990 Act, which, notwithstanding the provisions of section 198P shall be awarded by CNCS on a competitive basis: Provided further, that for the purposes of carrying out the 1990 Act, satisfying the requirements in section 122(c)(1)(D) may include a determination of need by the local community.] *Notwithstanding any other provision of law—*
(1) CNCS may not incur obligations under subtitle B, subtitle C (except as needed to fulfill the requirements of sections 141(d) and (e)), subtitles F and H, section 193A(g)(3) of subtitle G, or subtitles H and J of the 1990 Act;
(2) CNCS may not approve any national service positions under section 123 of the 1990 Act;
(3) \$22,883,000 shall be available to carry out subtitle E of the 1990 Act;
(4) CNCS may not assign volunteers under Title I of the 1973 Act; and
(5) CNCS may not incur obligations under Title II of the 1973 Act.
(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.)

Salaries and Expenses

For necessary expenses of administration as provided under section 501(a)(5) of the 1990 Act and under section 504(a) of the 1973 Act, including payment of salaries, authorized travel, hire of passenger motor vehicles, the rental of conference rooms in the District of Columbia, the employment of experts and consultants authorized under 5 U.S.C. 3109, and not to exceed \$2,500 for official reception and representation expenses, [\$83,737,000] \$59,300,000.
(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.)

National Service Trust Fund

[For payment to the National Service Trust established under subtitle D of title I of the 1990 Act, \$206,842,000, to remain available until expended: Provided, That CNCS may transfer additional funds from the amount provided within "Operating Expenses" allocated to grants under subtitle C of title I of the 1990 Act to the National Service Trust upon determination that such transfer is necessary to support the activities of national service participants and after notice is transmitted to the Committees on Appropriations of the House of Representatives and the Senate: Provided further, That amounts appropriated for or transferred to the National Service Trust may be invested under section 145(b) of the 1990 Act without regard to the requirement to apportion funds under 31 U.S.C. 1513(b).] (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.)

Office of Inspector General

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, [\$5,750,000] \$4,258,000. (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.)

Administrative Provisions

(INCLUDING TRANSFER AUTHORITY AND CANCELLATION)

SEC. 401. AmeriCorps programs receiving grants under the National Service Trust program shall meet an overall minimum share requirement of 24 percent for the first 3 years that they receive AmeriCorps funding, and thereafter shall meet the overall minimum share requirement as provided in section 2521.60 of title 45, Code of Federal Regulations, without regard to the operating costs match requirement in section 121(e) or the member support Federal share limitations in section 140 of the 1990 Act, and subject to partial waiver consistent with section 2521.70 of title 45, Code of Federal Regulations.

SEC. 402. In addition to the requirements in section 146(a) of the 1990 Act, use of an educational award for the purpose described in section 148(a)(4) shall be limited to individuals who are veterans as defined under section 101 of the Act.

SEC. 403. For the purpose of carrying out section 189D of the 1990 Act—

- (a) entities described in paragraph (a) of such section shall be considered "qualified entities" under section 3 of the National Child Protection Act of 1993 ("NCPA");
- (b) individuals described in such section shall be considered "volunteers" under section 3 of NCPA; and
- (c) consistent with Public Law 92–544, State Commissions on National and Community Service established pursuant to section 178 of the 1990 Act are authorized to receive criminal history record information.

(TRANSFER AUTHORITY)

SEC. 404. Only for purposes of effectuating a transfer of appropriated funds from any account under the heading "Corporation for Community Service" to any executive agency under 31 U.S.C. 1531, the term "executive agency" as used in section 1531 shall apply to the Corporation for National and Community Service.

(CANCELLATION)

SEC. 405. Of the unobligated balances available in the National Service Trust Fund, identified by the Treasury Appropriation Fund Symbol 95X8267, [\$139,000,000] \$40,000,000 are hereby permanently cancelled.

Bill Language and Analysis

Language Provision/Change	Explanation
Operating Expenses	The agency is proposed for elimination in FY 2020. Funding is included only for the purposes of orderly shutdown for AmeriCorps State and National, NCCC, and VISTA terms of service, and Senior Corps.
National Service Trust	The agency is proposed for elimination in FY 2020, National Service Trust balances remain available for future payment of outstanding obligations. Therefore, no new funding is needed for the National Service Trust.
Salaries and Expenses	The agency is proposed for elimination in FY 2020. Funding is provided for the orderly shutdown of agency operations in FY 2020.
Office of Inspector General	The agency is proposed for elimination in FY 2020. Funding is provided for the orderly shutdown of OIG operations in FY 2020.
Administrative Provisions	
<p>New Sec. 404 added: Only for purposes of effectuating a transfer of appropriated funds from any account under the heading "Corporation for Community Service" to any executive agency under 31 U.S.C. 1531, the term "executive agency" as used in section 1531 shall apply to the Corporation for National and Community Service.</p>	<p>The agency is proposed for elimination in FY 2020. This language facilitates the orderly winding down of CNCS operations in FY 2020 by making the funding transfer authorities under 31 U.S.C. 1531 applicable to CNCS appropriations.</p>
<p>New Sec. 405 added: Of the unobligated balances available in the National Service Trust Fund, identified by the Treasury Appropriation Fund Symbol 95X8267, \$40,000,000 are hereby permanently cancelled.</p>	<p>The agency is proposed for elimination in FY 2020. The National Service Trust provides Education Awards for eligible AmeriCorps members who successfully complete their terms of service in an AmeriCorps program. This language rescinds \$40 million in excess reserve balances not required for liquidating Trust obligations.</p>

Salaries and Expenses

Budget Item	FY 2018 Enacted	FY 2019 Enacted	FY 2020	\$ Delta (FY 2019-FY 2020)	% Delta (FY 2019-FY 2020)
			President's Budget		
Salaries	\$42,471	\$42,471	\$37,561	(\$4,910)	-12%
Other personnel compensation	\$755	\$755	\$558	(\$197)	-26%
Civilian personnel benefits	\$11,979	\$11,979	\$6,500	(\$5,479)	-46%
Total personnel compensation	\$55,205	\$55,205	\$44,619	(\$10,586)	-19%
Travel and transportation of persons	\$1,650	\$1,650	\$1,000	(\$650)	-39%
Rental payments to GSA	\$5,900	\$5,900	\$5,662	(\$238)	-4%
Communication, utilities, and miscellaneous services	\$856	\$856	\$1,180	\$324	38%
Other services	\$17,930	\$19,930	\$6,707	(\$13,223)	-66%
Supplies and materials	\$196	\$196	\$132	(\$64)	-33%
Total	\$81,737	\$83,737	\$59,300	(\$24,437)	-29%
Full Time Equivalents	451	451	230	-221	-49%

MISSION PRIORITY: OPTIMIZE OPERATIONS

In FY 2018, CNCS announced a six-part plan to improve agency operations, consistent with principles set forth in the [President's Management Agenda](#)² and responsive to concerns raised over many years by Congress, the GAO and CNCS's Inspector General³. The plan benefits from extensive input received from stakeholders prior to and following announcement of the plan and incorporates risk management strategies. Below are the six management objectives, with progress to date:

- Strengthen core business
- Strengthen grants management and monitoring
- Prioritize evidence-based interventions
- Simplify and streamline the application process
- Simplify and strengthen the CNCS brand
- Align workplaces and the workforce

Strengthen core business

- Creating new tools and policies to support grantees' and sponsors' compliance with Criminal History Check requirements.
- Developed and implementing Corrective Action Plans with milestones to strengthen CNCS's financial management and information technology practices, including hiring critical senior staff in its financial divisions and within the Office of Information Technology.
- Continued development of a grant award, project and member management system prototype that will be used to modernize our grants system.
- Engaged Department of Treasury's Bureau of Fiscal Service to evaluate potential use of shared services for procurement, travel, human resources and accounting functions.

Strengthen grants management and monitoring

- Announced new 'Grant and Project Portfolio Manager' positions that are responsible for both the programmatic and financial aspects of a grant or project. CNCS managers will be charged with having a comprehensive view of each grant, intended to increase accountability and strengthen oversight capabilities. Under CNCS's current operating model, programs and functions are siloed, and grantees interact with multiple points of contact for a single grant, often resulting in inconsistent information and duplication of work.
 - To support a successful transition, CNCS is developing training and improved business process resources to be implemented when the new positions are in place.

² <https://www.whitehouse.gov/wp-content/uploads/2018/03/Presidents-Management-Agenda.pdf>

³ The CNCS Office of Inspector General's "FY17 Management Challenges" report identified five broad categories of challenges that it recommends CNCS address in the coming year, each of which is addressed by the agency's six-part plan. The report emphasizes the urgency: "In a constrained budget environment, government agencies face considerable pressure to maximize the efficiency of their internal operations as they strive to 'do more with less.' The need is particularly acute at CNCS, where historic underinvestment in personnel and infrastructure, coupled with increasing demands and rising standards, requires rapid improvement across the agency."

- Announced a new centralized Office of Monitoring to be stood up by FY 2020 that is intended to strengthen and create clear accountability and responsibility for CNCS’s monitoring of grants and projects. Under CNCS’s current operating model, accountability and responsibility for the agency’s monitoring strategy and monitoring tools is diffuse, with each department responsible for their own monitoring plan. The new model will address longstanding feedback to create a separation of duties between program management and compliance testing⁴.
- In FY 2019 CNCS will continue to implement a grant monitoring agenda modeled on established practices as well as evolved approaches that expand the menu of monitoring activities and responses.

Prioritize evidence-based interventions

- Increase the number of CNCS’s grants that adopt evidence-based interventions, and assess and evaluate those interventions rigorously.

Simplify and streamline the application process

- Streamlined the number of performance metric choices in FY19 applications, reducing burden on grant applicants. As CNCS modernizes its underlying grant management technology, it will evaluate the potential for additional efficiencies and simplification of the application process.

Simplify and strengthen the CNCS brand

- Began analysis of CNCS brands, including relative levels of public awareness and brand association. Today, CNCS has more than a dozen brands and visual identities, which creates confusion among the public and contributes to low levels of awareness and brand association.

Align workplaces and the workforce

- Announced a new eight region structure.
- CNCS is implementing strategies to retain staff and institutional knowledge as the agency transitions to this new structure.
 - This regional structure will provide for more consistent and equitable service delivery. Today, CNCS program officers in some states manage an average of eight projects, while those in other states manage 22 projects. The more-balanced and manageable workloads made possible with a regional structure will lead to more consistent and higher levels of service for grantees, sponsors, and communities – and ensure that national service investments go to where they are needed rather than only where we have staff capacity.
 - Additionally, with increasing costs to maintain 46 offices – 74% of which have three or fewer people – the regional structure enables CNCS to keep more resources in the field to support grantees, sponsors, members and communities.

⁴ The CNCS Office of Inspector General “FY17 Management Challenges” report identifies “Having the risks assessed by the same program officers and grant officers who assist a grantee also introduces a strong potential for bias.”

SUPPLEMENTAL A – GRANT AWARD DATA (FY 2017...FY 2019)

CNCS awards grants to, and enters into agreements with, organizations that engage AmeriCorps members in the project categories listed below.⁵

Member Award Level by Slot Type

Program	Actual 2017		Actual 2018		Projected 2019	
	Awards	Pct	Awards	Pct	Awards	Pct
Education Award Program	11,720	15.7%	11,746	15.5%	0	0.0%
National Direct						
Competitive Grants (new for 2010)	34,664	46.5%	35,503	46.8%	43,566	57.4%
State Formula Only (new for 2010)	17,007	22.8%	17,920	23.6%	20,659	27.2%
Territories	204	0.3%	270	0.4%	407	0.5%
Tribes	213	0.3%	233	0.3%	282	0.4%
Other State and National (no cost)	920	1.2%	988	1.3%	0	0.0%
VISTA Ed Awards	6,852	9.2%	5,923	7.8%	5,923	7.8%
VISTA Stipends	1,697	2.3%	2,080	2.7%	2,080	2.7%
NCCC	1,200	1.6%	1,200	1.6%	1,360	1.8%
Total	74,477		75,863		74,277	

Member Award Level by Term Type

Program	Actual 2017		Actual 2018		Projected 2019	
	Awards	Pct	Awards	Pct	Awards	Pct
Full-time	39,403	52.9%	37,804	49.8%	38,136	51.3%
<i>Full-time S/N</i>	32,059	43.0%	31,077	41.0%	31,249	42.1%
Three-quarter-time			1,943	2.6%	1,943	2.6%
Affiliates			99	0.1%	99	0.1%
Part-time	12,009	16.1%	11,533	15.2%	11,471	15.4%
Reduced Part-time	2,300	3.1%	2,743	3.6%	2,696	3.6%
Quarter-Time	9,081	12.2%	9,725	12.8%	9,002	12.1%
Minimum-Time	11,684	15.7%	12,016	15.8%	10,930	14.7%
Total	74,477		75,863		74,277	

⁵ Based on administrative award data collected in CNCS's electronic grants management system. CNCS is not proposing new awards for FY 2020. CNCS will make prior year award data available on its website: <https://www.nationalservice.gov/about/budget>

Comments of the Honorable Deborah J. Jeffrey Inspector General, Corporation for National and Community Service Regarding FY 2020 Funding Level for CNCS-OIG

An Inspector General may submit a separate message to Congress when “the Inspector General concludes that the budget submitted by the President would substantially inhibit the Inspector General from performing the duties of the office.” Inspector General Act of 1978, as amended, Section 6(f)(3)(E). The President’s Fiscal Year (FY) 2020 Budget contemplates eliminating the Corporation for National and Community Service (CNCS). It therefore does not address the operational needs of the Office of Inspector General (CNCS-OIG) if CNCS continues to operate. This message outlines the resources necessary to sustain effective oversight of CNCS as a going concern.

For FY 2020, CNCS-OIG requests an operating budget of \$7.0 million. This \$1.25 million increase over FY 2019 levels would restore CNCS-OIG to slightly above the level of support that this Office enjoyed in FY 2009.¹ Funding at the current \$5.75 million level would substantially inhibit our oversight.

The additional resources are necessary to protect the taxpayers’ billion-dollar investment in national service at a critical juncture. ***CNCS has begun a restructuring that will change dramatically the way in which it manages grants. That restructuring carries risks that will require a significant increase in our oversight for the foreseeable future. At the same time, close oversight will be needed to ensure that CNCS corrects legacy challenges in the infrastructure necessary to support effective grant management.***

¹ CNCS-OIG’s enacted appropriation history is as follows:

Fiscal Year	Enacted Budget (in millions)
2009	\$6.5 million
2010	\$7.7 million
2011	\$7.68 million
2012	\$3.99 million
2013	\$3.78 million
2014	\$5.0 million
2015	\$5.25 million
2016	\$5.25 million
2017	\$5.75 million
2018	\$5.75 million

In FY 2012, CNCS-OIG experienced a devastating (and unexplained) 49 percent funding cut, which forced the Office to lay off most of our auditors and investigators. The Office continues gradually to rebuild the capabilities lost as a result.

Mission and Recent Accomplishments

CNCS-OIG promotes efficiency and effectiveness in CNCS programs and holds CNCS officials and grantees accountable for misconduct. We strengthen CNCS by conducting audits and reviews to identify wasteful spending and mismanagement, investigating fraud and wrongdoing, recommending appropriate policies and best practices, and taking other steps to prevent and detect fraud, waste, and inefficiencies in CNCS programs and operations. Our recent work has been instrumental in:

- Identifying systemic failures by grantees to complete the criminal history checks required by law to exclude convicted murderers and sex offenders from national service positions, and persuading CNCS to outsource this critical process to qualified vendors;²
- Finding \$100 million of excess funds in the National Service Trust, due to flaws in financial management and financial reporting, correction of which reduced the Trust's liabilities and obligations and makes those funds available to pay future national service education awards;
- Establishing ongoing partnerships with grant fraud prosecutors in multiple United States Attorney's Offices to pursue vigorous civil fraud recoveries and penalties for misspent funds;
- Discovering weaknesses in the National Civilian Community Corps' multi-million-dollar member recruitment contract that jeopardized the success of the program, causing NCCC to end the contract and perform an improved procurement; and
- Finding grantee fraud and other malfeasance and mismanagement that led CNCS to terminate grants and redirect the funding to other, more responsible grantees.

We appreciate the support that CNCS-OIG has received from the Corporation's leadership and from the Congress for this important oversight work, including in multiple oversight hearings in the past three years.³

² CNCS-OIG has served as a resource to other Federal agencies that face similar issues. In FY 2020, we will conduct a targeted review of those grantees that have chosen not to use the vendors to conduct their criminal history checks and will consider whether to examine the effectiveness of the vendors.

³ Committee on Education and the Workforce, Subcommittee on Education and Workforce Training, United States House of Representatives. "[Demanding Accountability at the Corporation for National and Community Service](#)" on May 24, 2016, "[Examining the Corporation for National and Community Service and Its Failed Oversight of Taxpayer Dollars](#)" on March 28, 2017 and "[Fraud, Mismanagement, Non-Compliance, and Safety: The History of Failures of the Corporation for National and Community Service](#)" on April 17, 2018.

The high risks associated with the Transformation and Sustainability Plan require additional oversight.

CNCS's leaders have begun an ambitious Transformation and Sustainability Plan that will reorganize the Corporation and alter many of its core business practices, including grantmaking and grant management. Aspects of this plan present heightened risks of fraud, waste and mismanagement that warrant particularly close oversight. The restructuring of grant management will involve:

1. Consolidation of 46 field offices and certain centralized operations for grant management and program management into eight regional hubs. This will likely lead to substantial turnover in staff and career leaders and consequent loss of institutional knowledge about CNCS program operations, risks, requirements, and grantees;
2. Dramatic expansion in the responsibilities of field staff, who will for the first time be responsible for assisting grantees with both programmatic and financial operations across all CNCS grant programs with differing purposes and legal requirements, with training as yet undeveloped;
3. Monitoring of more than 3,300 active grants to be performed by a new Compliance Monitoring office based at headquarters, whose responsibilities, staffing and strategies have not yet been determined;
4. Grant monitoring based on a grant risk model that is not yet complete or validated and which does not have individual monitoring activities aligned to specific risks;
5. Reduction in onsite and related grant monitoring in FY 2019;
6. Extended periods of full-time telework for field staff during the transition;
7. Planned simplification of the grant application substance and process, with content not yet determined; and
8. Pressure to implement these changes by the end of FY 2020, limiting planning, issue spotting and risk mitigation.

This reorganization will foreseeably disrupt grant monitoring and will leave CNCS especially vulnerable to fraud and waste. The changes will also make it more difficult for CNCS itself to prevent, mitigate or promptly detect and correct internal and external abuses. Moreover, due

to existing limitations in internal controls, grant risk management and information technology support, CNCS lacks a reliable infrastructure to support the transition or compensate for the additional risks.

In this heightened risk environment, greater independent oversight is necessary to protect the integrity of CNCS's programs and the communities that they serve. This must include not only more audits and investigations but innovative oversight activities that produce quick results and allow CNCS to make improvements during the restructuring.

CNCS's leaders have stated that the future of national service depends on the effectiveness of the transformation plan, including the restructuring of grant management and the operation of the new regional hubs. The compressed timetable to implement these fundamental changes lends special urgency to the need for robust oversight.

Legacy issues that impair CNCS's current and future operations require ongoing oversight.

CNCS also continues to grapple with many unresolved legacy issues that may impede or threaten the effectiveness of its restructuring.⁴ I mention only a few of them.

The Corporation's information technology (IT) infrastructure for grant management is outdated and unable to meet current grant management business needs.⁵ An infusion of \$30 million since FY 2014 to develop a modern, risk-based IT system capable of data analytics and automated monitoring procedures did not produce the promised results, and CNCS ended that contract. Consequently, CNCS currently lacks the analytical tools required for cost-effective monitoring of its grant portfolio. The Corporation has now committed another \$3.9 million, hired a different contractor to create a "minimum viable product" and returned to the drawing board; it will not have an operable grant management system at the end of this contract in October 2019. Taken together, the cost of these efforts and the track record to date demonstrate the need for close oversight of this mission-critical project.

Despite investment and effort, ***CNCS's cybersecurity and privacy protections remain ineffective.*** The Corporation has made little progress and does not have a comprehensive strategy to achieve effective IT security. The lack of cybersecurity places at risk not only CNCS's operations but also the personally identifiable information of more than 1 million AmeriCorps alumni. In the FY 2018 evaluation of information security and privacy, CNCS-OIG offered 25 recommendations to help the Corporation move forward on each cybersecurity element.

CNCS's financial management and financial reporting have so deteriorated that, ***for the past two years, CNCS has not produced auditable financial statements.*** Independent auditors in FY 2018

⁴ Some of them are included as objectives of the transformation plan.

⁵ This was the conclusion reached in 2014 of a study conducted by MITRE Corporation. See also [CNCS-OIG FY 2017 Management Challenges](#).

found ten material weaknesses and two significant deficiencies.⁶ Without our independent oversight, CNCS, the Congress and the public would remain unaware of these substantial problems. The Corporation has historically relied on outside auditors, rather than its own staff and internal controls, to prevent and detect basic flaws in its financial management and to suggest how they should be remedied. CNCS's lack of progress to date on these issues establishes the need for careful and expert monitoring of corrective actions. As of this writing, CNCS has yet to submit a corrective action plan for these critical problems.

CNCS has not yet completed and tested a grant risk model that can inform its core business, from grant-making, to grant monitoring, to grant closeout. Both our Office and the Government Accountability Office have found severe inadequacies in CNCS's grant risk assessments, leading to misdirection of monitoring resources and failure to detect problems in a timely fashion.⁷ CNCS has worked intermittently on this project since 2014, but that work has been interrupted by other priorities. Even with recent progress, we do not have a target date for CNCS to finalize, test and validate its risk model and incorporate it into grantmaking and management. CNCS-OIG has worked closely with the Chief Risk Officer on this mission-critical priority, and we anticipate that close oversight will assist in moving this project forward.

Similarly, ***CNCS does not have a menu of monitoring activities that correspond to specific risks.*** An accurate grant risk model and risk-aligned monitoring are essential to make prudent and efficient use of the taxpayers' money, to identify problems before they become crises and to intervene early when a grantee veers off-course.⁸ In order to be effective, CNCS's grant management IT structure must likewise incorporate a valid risk model and risk-aligned monitoring activities. CNCS's adoption of a new grant monitoring structure, new personnel and division of responsibilities, and as yet undetermined monitoring methods counsels in favor of particularly close oversight of this key function.

Additional oversight activities to be undertaken with requested funding

With the additional \$1.25 million above our FY 2018 appropriation, CNCS-OIG will develop an Inspection and Evaluation (I&E) capability to assess in real time the implementation of CNCS's restructuring, other aspects of the Transformation Plan and their effects on the core business, grant management and monitoring. This will enable the Corporation to act quickly during the transition to adjust course as needed. And, to deter fraud during and after this transition period,

⁶ [CNCS-OIG Report No. 19-01, Audit of the Corporation for National and Community Service's \(CNCS\) Fiscal Year 2018 Consolidated Financial Statements](#). Four of the material weaknesses recurred from the prior year, and many related to the largest and most consequential lines in the Financial Statements. The auditors were forced to disclaim an opinion, the worst possible outcome of a financial statement audit.

⁷ [CNCS-OIG FY 2017 Management Challenges](#) and [GAO Report No. GAO-17-90, Grants Management: Monitoring Efforts by Corporation for National and Community Service Could Be Improved](#).

⁸ [CNCS-OIG FY 2017 Management Challenges](#) and [CNCS-OIG Special Review: Prohibited Activities: Missed Opportunities, Red Flags Ignored and Next Steps to Improve Grants Management at CNCS](#).

we will develop new relationships with the United States Attorney's Offices in each new region to refer fraud cases to Federal civil and criminal prosecutors, as well as using available administrative remedies to protect Federal funds from fraud.

To meet this increased scope, CNCS-OIG will engage the necessary evaluators, as well as an additional auditor, investigator and data analyst. We will also increase travel funds necessary to provide more direct oversight of CNCS grantees and subgrantees throughout the country. These measures will assist us in identifying risk, addressing it proactively and being especially nimble to meet the expected and unanticipated challenges posed by the restructuring.

At the same time, CNCS-OIG will continue to protect our national service programs by:

- Auditing and reviewing high-risk CNCS activities and selected high-risk grantees, to identify problematic practices, recommend improvements and determine costs that should be recovered;
- Pursuing an active caseload of civil, criminal and administrative matters to hold individuals and organizations accountable and to recover misspent funds;
- Maintaining a robust hotline operation to receive and process allegations of fraud, waste and mismanagement by CNCS, grantees or contractors;
- Performing the mandatory audits and evaluations of CNCS's financial statements, cybersecurity, improper payments and compliance with the DATA Act, each of which has recently uncovered serious flaws or fundamental noncompliance;
- Maintaining a Whistleblower Coordinator to educate staff about prohibitions on retaliation and the rights and remedies of staff who have been subjected to retaliation, and to conduct retaliation investigations of allegations concerning grantee and contractor staff;
- Increasing outreach to regional staff, grantees and subgrantees concerning whistleblower protection so that those with first-hand knowledge of fraud, waste and abuse involving CNCS funds can easily and effectively report those allegations to our Office.
- Recommending revisions to CNCS policies, procedures, regulations and conducting training, focusing on strengthening internal controls to prevent and detect waste, fraud and abuse; and

- Recommending suspensions and debarments to protect the integrity of CNCS programs.

Thank you for considering these comments and for your consistent and strong support for the important mission of CNCS-OIG. Investing in our oversight curbs waste, promotes better and more efficient government and protects the integrity of national service. We therefore respectfully ask that Congress fund CNCS-OIG at a level of \$7.0 million in FY 2020.