

Written Testimony of Barbara Stewart
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Before the Committee on Education and the Workforce

Chairwoman Foxx, Ranking Member Scott, and Members of the Committee,

Thank you for the invitation to testify today. With only two months in this role, I appreciate the opportunity to meet with the Committee and share my commitment to accountability and good stewardship of taxpayer dollars – a top priority I share with the dedicated professionals of the Corporation for National and Community Service (CNCS).

Introduction

I am grateful to President Trump for affording me the opportunity to lead this agency, and I am humbled by the trust he and the Senate have placed in me through the confirmation process. It is my hope, that with time and action, I will earn this Committee’s trust as well.

Before I share my vision for the agency, I would like to share a little about me, my leadership style, and my approach for addressing the critical issues facing CNCS and the national service community.

Over the course of my more than 30-year career, I have served in the private, public, and nonprofit sectors, bringing with me strong management skills, operations experience, and a passion for service that I hope will lead CNCS to higher levels of accountability, effectiveness, and impact. Through each role, I have endeavored to manage budgets with fiscal responsibility, build strong teams, and deliver results.

I have spent many years helping nonprofits strengthen their governance, operations, and sustainability so they can better pursue their mission and achieve greater community impact. I also have firsthand experience as a grant-maker, having co-founded and led a family foundation that supports organizations to expand economic opportunity through education, training, and work experience.

My management expertise and passion for service will steer my actions as the CEO of CNCS, and I hope to earn the trust of this Committee and all Americans with a laser-like focus on accountability, efficiency, effectiveness, and impact.

During my brief tenure, I have met some of the 300,000 AmeriCorps members and Senior Corps volunteers serving in more than 50,000 locations to tackle some of the country’s most-pressing and persistent challenges. They are helping disaster survivors by removing debris and cleaning up communities devastated by floods and hurricanes. They are serving in schools, helping improve educational outcomes and changing young lives through mentoring and tutoring. They are helping seniors to live independent and meaningful lives. They are serving in communities

affected by the opioid crisis connecting people to treatment options. And they are assisting veterans transition to civilian life, post-military service.

While there is no question as to the noble mission of the agency, I also understand the management challenges the agency has had over the years. While some may be isolated incidents, I understand – and share – the Committee’s concerns that each occurrence may be a symptom of larger management problems that impede our ability to make an impact in communities.

Taking the lessons learned from prior incidents, I am committed to making meaningful changes to address them. Our responsibility is too great and our mission is too important not to make the improvements necessary to produce the lasting change we all desire.

During this testimony, I will share with the Committee my firm commitment to address the agency’s challenges, course correct when necessary, and make agency-wide reforms where needed. I will also highlight some recent progress that has been made and share my vision to continue to strengthen the effectiveness and quality of service our grantees, programs, members, and volunteers provide.

Improving Agency Effectiveness, Efficiency, and Compliance

My experience in the private sector has taught me that every organization can and must look for opportunities for improvement. CNCS is no exception.

I have focused my first two months in the job on evaluating what works and identifying what needs to be improved. My leadership team and I are guided by several core principles: ensure efficient and effective use of tax payer funds; strengthen accountability; streamline systems to improve the grantee, member, and volunteer experience; and create an environment of innovation and creativity.

I have identified a number of operational and management challenges that require immediate attention and renewed leadership. I understand this Committee and the agency’s Office of the Inspector General (OIG) have identified many of these same issues over the years. I am pleased that the agency has made some improvements and I am committed to accelerating that work.

Since I have arrived, I have learned that CNCS is managing information technology infrastructure that are woefully outdated. I will oversee the management of this critical system to allow us to streamline our work, strengthen our grants management and oversight ability, and improve the services we provide to our grantees.

The continued delays of the agency’s IT modernization efforts, particularly related to the Grants and Member Management (GMM) system are a point of frustration across the agency, as our grantees count on these systems to be reliable. Quite frankly, the project has experienced significant delays and the agency has struggled to meet several milestones.

A project of this magnitude requires strong leadership. That's why I am pleased to share that after a rigorous selection process, I've hired a highly qualified Chief Information Officer who will bring more than 20 years of public and private sector experience to the role. He started work yesterday and his first and most-urgent task will be to immediately assess the agency's IT systems and identify the necessary changes to successfully develop the GMM system and other critical improvements.

Like information technology, strong financial management systems are foundational to the day-to-day operations of any organization. In response to last year's audit—which identified several significant process, documentation, and procedural problems—I directed the Chief Financial Officer to work with the OIG, Office of Management and Budget (OMB), the U.S Department of the Treasury, and any necessary external experts to put the agency on stronger footing for a clean audit opinion in the future.

I have also made several significant changes to the leadership within the Office of the Chief Financial Officer, including the hiring of new directors of Procurement, Budget, and Accounting. These departments are the backbone of the agency and these changes will support strengthened financial operations and management going forward. I am committed to working closely with these new leaders to make formidable progress on this top priority area.

Our core function is grant-making and strong monitoring and oversight throughout the grant lifecycle are essential activities. The agency has made improvements to enhance this work in recent years, and I am committed to accelerating that progress.

Specifically, CNCS is committed to detecting compliance issues and holding noncompliant grantees accountable. That means reclaiming unallowable costs when necessary, and ensuring timely resolution of all compliance issues, audits, and investigations. Since January 2017, CNCS has closed more than 115 audits, investigations, and other unresolved issues.

CNCS is also improving its debt collection policy, practice, and oversight to ensure more accurate and timely collections. In FY 2016 and 2017, CNCS issued a combined total of \$5.18 million in debt collections, returning these funds to the U.S. Treasury. It is important to note that the majority of the hundreds of millions of dollars we award each year to thousands of grantees are spent as governed by law. However, the agency uses the full range of enforcement options if an individual or organization violates the rules and our monitoring identifies those issues.

A key part of the national service grant management infrastructure are the Governor-appointed State Service Commissions. The State Service Commissions are responsible for the oversight and monitoring of the AmeriCorps programs in their portfolios, more than two-thirds of all AmeriCorps State and National programs across the country. They, too, are required to identify and enforce subgrantee activities that are not in compliance with the law.

However, like all grantees, if a State Service Commission fails to conduct the necessary oversight, the agency has and will continue to hold them accountable. Last year, CNCS made the decision, at the recommendation of our OIG, to discontinue funding to new competitive

applicants of one State Service Commission that demonstrated insufficient oversight and monitoring practices.

Two areas related to compliance that are of utmost importance to me are ensuring programs and grantees fully comply with the statutory requirements related to the National Service Criminal History Check (NSCHC) and member-prohibited activities. In both of these areas, the agency has made progress but there is still more work to do to ensure member and community safety and meet our statutory responsibilities.

Given the vulnerable populations with which our programs, members, and volunteers often serve with, CNCS and our grantees have a responsibility to ensure that all who participate in national service programs meet the requirements of the three-part National Service Criminal History Check that Congress outlined in the Serve America Act. These requirements include checking the National Public Sex Offender Website (NSOPW), a state-based repository, and/or an FBI fingerprint-based system. These NSCHC checks must be completed correctly and on time, and if any portion includes an error or is late, by even one day, the check is considered noncompliant.

As previously shared with the Committee, CNCS implemented a strategy to enable our grantees to directly obtain fingerprint-based checks from a private vendor known as an “FBI Channeler.” Since engaging in this solution in January 2016, the FBI Channeler has helped reduce bureaucratic barriers and instances of delays. In fact, for the more than 700 grantees who have used the FBI Channeler, most checks are returned in less than 48 hours later, with 99% receiving a “cleared” recommendation. Only a small fraction required additional review by grantees to determine eligibility.

The agency instituted use of an online platform in December 2016 to track when all grantees complete required course modules, including modules on the legal requirements of criminal history checks which were added to the platform in 2018. The responsible party at a CNCS-funded organization is required to take the course and pass a test about its content. These actions and others are supporting our grantees to meet their administrative requirements.

While there is no silver bullet that guarantees grantees will meet the complex NSCHC requirements, we expect the organizations we fund to fully comply with them. When grantees fail to do so, we hold them accountable. During the last two and half years, CNCS has disallowed \$3.17 million in costs due to lack of full and timely NSCHC compliance.

The agency has also:

- i. strengthened efforts to educate grantees and members about prohibited activities,
- ii. incorporated prohibited activities risk mitigation into the grant application review process, and
- iii. initiated other efforts to prevent and detect possible violations.

In September 2017, the Director of AmeriCorps State and National issued additional guidance to that program’s grantees related to specific prohibited activities, and this was done with strong support from our Inspector General. Meanwhile, during their last two grant competitions, AmeriCorps State and National successfully incorporated a three-part review procedure in order

to assess a grantee's risk of engaging in prohibited activities based on the type of grantee and the nature of member activities.

An additional area where the agency must continue to improve is related to improper payments. Like every federal agency, in accordance with the Improper Payments Improvement Act (IPIA), as amended, CNCS is required to assess payments that were made in an incorrect amount or to an ineligible recipient. The agency has struggled to calculate and report improper payment rates. In short, the process was flawed, and didn't capture the information needed to provide confidence in the data the agency reported.

Last fiscal year, the agency implemented a new statistically valid sampling methodology that was approved by OMB, establishing a new improper payment baseline. I am pleased to see improvement in how we are testing and managing our program. We are on track to achieve the targets of our testing strategy that were presented to OMB in 2017. But let me be clear—while I believe this progress indicates that we are getting on the right track, we have significantly more work to do.

The CNCS FY17 improper payment root cause analysis indicated that more than 90% of the agency's improper payments are a result of grantees' difficulty in completing a National Service Criminal History Check. As the agency improves its NSCHC compliance – which I am fully committed to achieving – we expect to see improved improper payment results.

In addition to the business process improvements and compliance efforts that we are taking, the individual programs are working to reduce administrative burdens, more efficiently use program funding and resources, and improve the experience of grantees and members.

After a strategic review, the agency proposed amendments to the Senior Corps regulations that remove unduly burdensome and obsolete administrative requirements. The proposed changes maintain program integrity while reducing regulatory hurdles and removing duplicative, conflicting, and outdated program guidance. We believe that the amendments will promote efficiencies, incentivize innovation, and allow programs to be more nimble and responsive to local needs. These regulations are currently on the Federal Register and will likely be put into practice in late 2018.

The AmeriCorps VISTA program developed and piloted a virtual pre-service training program for the full-time members who enroll each year. At the conclusion of the pilot in 2017 an assessment was made that a virtual training experience could be implemented for all full-time members in 2019, eliminating the need for more costly in-person training. This will result in substantial savings in 2019.

AmeriCorps NCCC, our residential AmeriCorps program, recently consolidated campus operations to improve efficiency and reduce operational costs. As a result, the program will be able to enroll the same number of AmeriCorps members, and complete as many community projects across the nation, while reducing overhead costs.

AmeriCorps State and National has streamlined its grant award process to be more efficient. Grantees determined to be in good programmatic and financial standing will receive full funding for three-year grants. Prior to streamlining, grantees were required to submit duplicative application and budget documents for both the second and third year of the grant. Those second and third year documents provided no new programmatic or performance information to the agency. AmeriCorps State and National retains the ability to terminate grants at any time during the three-year period if there are programmatic or financial issues, maintaining the agency's ability to safeguard public funds.

My leadership team and I recognize the need to accelerate progress and, in some cases, make significant course corrections. I intend to leverage the agency's enterprise risk management framework to make evidence-informed decisions that enable us to meet our oversight responsibilities; prevent waste, fraud, and abuse; improve compliance; and strengthen our impact in the communities we serve.

Looking to the Future

I am fully committed to improving the effectiveness and efficiency of this agency. It is paramount that we make the necessary changes to address the core agency operations once and for all.

As we realize these gains, we will also look to expand on that success to strengthen, streamline, and improve our program operations, ultimately enhancing the services we provide to those we fund. It is essential that we strengthen the use of evidence in our programs, improve the experience of our grantees and service members, create a strong talent pipeline for our agency staff, and ensure that we continue to use the American taxpayers' dollar responsibly. With guidance from OMB and input from Congress, we are pursuing additional actions that address inefficiencies and redundancies.

Closing

During my brief time at CNCS, I have learned much about the people who come to work at this agency every day and the commitment they make to serve the American people. Like me, they are committed to strengthening the impact of this agency, its programs, and grantee performance. It is my honor to serve alongside them.

National service taps our nation's greatest resource—the American people—to get things done. It provides opportunity for those who serve by helping them gain skills, pursue higher education, and find employment. It bolsters the nonprofit, civic, and faith-based organizations that are important to communities across the country

I have seen this reflected in the Senior Corps volunteers I met helping older Americans maintain their independence and dignity, AmeriCorps members connecting neighbors to recovery resources to tackle their opioid addiction, Senior Corps Foster Grandparents mentoring young

people in juvenile detention centers, and AmeriCorps Disaster Response Team members helping repair the home of a family uprooted by a natural disaster.

I hope my testimony clarifies my commitment to a strong, accountable, and efficient CNCS. I don't take the privilege to serve the American people lightly; it is a responsibility I take seriously and accept humbly.

I look forward to working with the Committee to further strengthen the impact of national service on the challenges facing our communities and the nation.

Thank you.