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United States Senate

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November 20, 2002

The Honorable J. Russell George
 Inspector General
 Corporation for National and Community Service
 1201 New York Avenue, NW
 Washington, D.C. 20525

Dear Mr. George:

By this letter, I request you to investigate and audit immediately the Corporation for National and Community Service's (CNCS) management and oversight of the National Service Trust. By statute, the Corporation is required to ensure that the Trust maintains sufficient funds to pay for education awards earned by participants who complete a term of service in the AmeriCorps program. The Trust consists of appropriated funds from the VA-HUD and Independent Agencies Appropriations Subcommittee, interest earned, and proceeds from the sale or redemption of Trust investments.

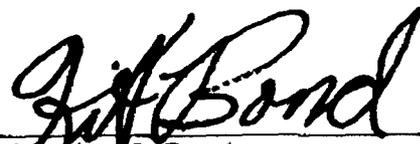
The Corporation recently informed my staff that the Trust lacks adequate funds to meet its liabilities due to an over-enrollment of AmeriCorps members into the program. The Corporation estimates that in program year 2001, it exceeded its target enrollment level of 50,000 by around 8,000 members. In addition, it expects to exceed its target level for program year 2002 by similar numbers. Due to these estimated over-enrollments, the Corporation faces a shortfall of some \$50 million in the Trust to meet its outstanding liabilities. This shortfall may represent a violation of the Anti-Deficiency Act, since it appears that the Corporation created more liabilities than it budgeted for.

Due to these findings, I request the Office of Inspector General determine the causes for the over-enrollment and provide recommendations to prevent this problem from recurring. I am especially interested in the adequacy of the Corporation's financial management and grants management systems. Furthermore, please identify the staff and managers who are responsible for managing, administering, and monitoring its AmeriCorps program enrollment and budgeting.

Due to the seriousness of this matter, I have also made a separate request to the General Accounting Office (GAO) to review the National Service Trust. I would appreciate your cooperation and coordination with the GAO.

Thank you for your response to this request. If you have any questions or concerns, please have your staff contact Chch Kim of the VA-HUD Appropriations Subcommittee staff at 202-224-7858.

Sincerely,

A handwritten signature in black ink that reads "Chris Bond". The signature is written in a cursive, slightly slanted style.

Christopher S. Bond
Ranking Member
VA, HUD & Independent Agencies
Appropriations Subcommittee