



September 28, 2018

MEMORANDUM TO: Deborah Cox-Roush, Director  
Senior Corps

Erin McGrath, Deputy Director  
Senior Corps

FROM: Carol Bates, Acting AIGA /s/  
Office of Inspector General

SUBJECT: Management Alert: Senior Corps Proposed Regulatory Changes  
Likely to Reduce Service to Communities and Requires Further Analysis

In April 2018, the Corporation for National and Community Service, Office of Inspector General (CNCS-OIG) submitted two different documents concerning the proposed regulatory changes to Senior Corps: the Management Alert dated April 12, 2018, outlining potential negative impacts of the proposed changes, and *Federal Register* comments dated April 13, 2018, as part of the notice and comment phase of rulemaking. The Corporation for National and Community Service (CNCS) has declined to respond to the Management Alert pending the conclusion of the *Federal Register* notice and comment process. CNCS-OIG has waited five months without substantive engagement from CNCS. We look forward to a response that is not limited to the *Federal Register*, just as the Management Alert was not limited to the *Federal Register*.

In a memorandum dated August 30, 2018, the General Counsel suggests that “a Management Alert is not the proper means to discuss policy concerns,” citing language from CNCS-OIG’s website. Section 4(a) of the Inspector General Act of 1978, as amended, charges the Inspector General with reviewing proposed regulations and making recommendations regarding their impact. Nothing in the statute precludes the use of a Management Alert to convey such recommendations to the agency.

Management Alerts are intended to be flexible tools for communicating concerns to agency leaders. Like many Offices of Inspector General, CNCS-OIG uses them for multiple purposes, including (1) to report preliminary findings that require immediate action, pending completion of a full audit or evaluation; and (2) to advise CNCS's leadership of an unattended risk.<sup>1</sup> We have

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<sup>1</sup> CNCS-OIG has outlined these uses in prior communications with CNCS leadership. See Memorandum dated January 13, 2017, from Deborah J. Jeffrey to Kim Mansaray, included in [https://www.cncsoig.gov/sites/default/files/management\\_alert\\_teleworkfull.pdf](https://www.cncsoig.gov/sites/default/files/management_alert_teleworkfull.pdf) (explaining use of Management Alerts for, among other purposes, informing leadership of unattended risks).

modified the description of Management Alerts on our website, but do not rule out using them in other appropriate circumstances within our professional discretion.

CC:

Barbara Stewart, Chief Executive Officer  
Desiree Tucker-Sorini, Chief of Staff  
Timothy Noelker, General Counsel  
Robert McCarty, Chief Financial Officer  
Joseph Liciardello, Acting Chief Grants Officer  
Tom Bryant, Associate General Counsel  
Andrea Grill, Associate General Counsel  
Robert McCarty, Chief Financial Officer  
Lora Pollari-Welbes, Audits and Investigations Program Manager

## MANAGEMENT ALERT: SENIOR CORPS PROPOSED REGULATORY CHANGES LIKELY TO REDUCE SERVICE TO COMMUNITIES AND REQUIRE FURTHER ANALYSIS

### BACKGROUND

The Senior Corps Program has proposed certain changes to its regulations for the Foster Grandparent and the Senior Companion Programs (FGP and SCP). Two related proposed changes are:

- Reducing the minimum number of volunteer service hours per week from 15 to five (revising 45 C.F.R. 2551.51 and 2552.51);
- Eliminating the Direct Benefit Ratio (the “80/20 rule”), which requires that at least 80 percent of the Federal share of the grant be expended for benefits provided directly to volunteers, such as stipend payments, transportation reimbursements, meals and recognition (removing 45 C.F.R. 2551.92(e) and 2552.92(e)).

### STATED PURPOSE OF PROPOSED REGULATORY CHANGES

Senior Corps proposed these changes in response to longstanding feedback from the grantee community, confirmed through focus groups. The stated purposes of these changes are to:

- Reduce administrative burdens and relieve budgetary pressures associated with rising administrative costs, without increasing the funding for direct volunteer costs, such as stipends;
- Offer the grantees greater flexibility in service schedules for volunteers (particularly important for reduced-time summer education-based programs); and
- Increase opportunities for project innovation while maintaining a level of service recognized as beneficial to volunteer health outcomes.

### CONSTRAINTS

1. The Senior Corps program does not plan to increase the total amount of these grant awards to offset grantees’ increased costs of administering the program.
2. Reducing the minimum required hours contemplates that more individuals will serve fewer hours each. However, the requirements for FGP and SCP impose certain costs per volunteer:
  - National Service Criminal History Check;
  - Insurance (CIMA, Accident, Liability, plus Excess Auto);
  - Minimum training requirements: 20 hours at outset and 4 hours per month;
  - Transportation costs, and
  - Recognition

## QUESTIONS

1. What, if any, effect will these changes have on the overall cost of providing volunteer services to the community?
2. What, if any, impact will these changes have on the number of hours delivered in community service?

## ANALYSIS

Our analysis shows that:

- Eliminating the Direct Benefit Ratio will authorize grantees to spend a smaller share of their grants on volunteer personnel costs. Redirecting those funds to program administration **will reduce the service hours devoted to the community.**
- Removing entirely the limit on administrative spending will reduce Senior Corps' ability to hold accountable a grantee who incurs excessive administrative costs, relative to the services that it provides.
- Reducing the minimum required hours could **triple certain per-volunteer personnel costs** and **reduce the service hours delivered to communities by 19 percent.**<sup>1</sup>

REQUIREMENTS	ONE NEW VOLUNTEER AT 15 HOURS	THREE NEW VOLUNTEERS AT FIVE HOURS EACH
HOURS/YEAR	780	780
STIPEND COSTS/YEAR	\$2,067	\$2,067
ORIENTATION TRAINING <sup>2</sup>	20 HOURS	60 HOURS
IN-SERVICE HOURS/MONTH	4 HOURS <sup>3</sup>	12 HOURS
IN-SERVICE HOURS/YEAR	48 HOURS	144 HOURS
DIRECT SERVICE HOURS DELIVERED TO COMMUNITY /YEAR	712 HOURS	576 HOURS <sup>4</sup>
CRIMINAL HISTORY CHECK	\$60-\$75 <sup>5</sup>	\$180 - \$225
RECOGNITION	\$25.36 <sup>6</sup>	\$76.08

<sup>1</sup> This percentage may vary depending on individual grantee policies for sick leave and annual leave.

<sup>2</sup> Each new volunteer must undergo 20 hours of mandatory orientation training. Current Foster Grandparents are encouraged to and do participate in these pre-service orientations as mentors, so the effect on service hours may not be limited to a volunteer's first year.

<sup>3</sup> The four-hour/month in-service training requirement is described on the CNCS website:

<https://www.nationalservice.gov/.../senior.../senior-companion-training-requirements>

<https://www.nationalservice.gov/.../planning-annual-foster-grandparent-service-training-requirements>

<sup>4</sup> This represents a 19 percent reduction in actual hours delivered directly to the community beneficiaries.

<sup>5</sup> Per discussion with CNCS Chief Risk Officer

<sup>6</sup> Based upon review of budget narratives under the FGP and SCP grant applications

Senior Corps has proposed these changes without a pilot program or testing to inform projections about their impact or to identify and address potential unintended consequences. By relying on anecdotal evidence and focus groups, the program has limited evidence that these critical changes are necessary, that they will achieve desired ends or that the benefits outweigh the potential costs and impacts on communities. Neither a cost-benefit analysis nor a risk assessment and mitigation plan have been prepared.

Changes to Senior Corps regulations deserve particular scrutiny because the geographic entitlements built into the program limit grantee turnover and competition. Thus, if the Direct Benefit Ratio is eliminated (rather than adjusted), Senior Corps may have limited recourse against a grantee whose administrative spending becomes excessive, to the detriment of the community.

## CONCLUSION AND RECOMMENDATION

Reducing the minimum number of hours per week required for each volunteer and simultaneously eliminating the Direct Benefit Ratio have the potential to increase certain per-volunteer costs, while decreasing the number of service hours delivered to program beneficiaries in the community. We recommend further study before taking these measures.


- Specifically, we recommend that CNCS:
  1. Analyze the cost-effectiveness of the proposed changes (singly and in combination), including a cost-benefit analysis that considers the potential impact on the levels of community service delivered;
  2. Conduct research to determine the extent to which the existing requirement of 15 service hours/week prevents grantees from filling volunteer slots or retaining volunteers; and
  3. Initiate a pilot program
    - a. To determine how the proposed changes will impact direct service to the community and the total administrative costs associated with the program; and
    - b. To test alternative approaches, such as modifying, rather than eliminating the Direct Benefit Ratio or permitting calendar-based variation in minimum-hour requirements, allowing volunteer commitments to fluctuate with the school year.

# Corporation for National and Community Service

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TO: Stuart Axenfeld  
Assistant Inspector General for Audit

FROM:  Deborah Cox-Roush  
Director, Senior Corps

DATE: May 3, 2018

SUBJECT: OIG's Comments and Recommendations Regarding Senior Corps' Proposed Rulemaking

This responds to your April 12, 2018 Management Alert in which you made comments and recommendations regarding Senior Corps' proposed rulemaking. On April 13, 2018, through the rulemaking notice and comment process, you also submitted substantially similar comments and recommendations. Previously, on February 14, 2018, CNCS published a proposed rulemaking in the *Federal Register*. As part of this publication, CNCS established a process for submitting comments to the proposed rulemaking.

Your April 12, 2018 Management Alert and subsequent April 13, 2018 comments and recommendations identified the following two areas of concern for our consideration in promulgating the final rule: reduction in minimum hours; and elimination of the Direct Benefit Ratio.

Additionally, your office made the following four recommendations:

1. Analyze the cost-effectiveness of the proposed changes (singly and in combination), including a cost-benefit analysis that considers the potential impact on the levels of community service delivered;
2. Conduct research to determine the extent to which the existing requirement of 15 service hours/week prevents grantees from filling volunteer slots or retaining volunteers;
3. Initiate a pilot program to determine how the proposed changes will impact direct service to the community and the total administrative costs associated with the program; and
4. Initiate a pilot program to test alternative approaches, such as modifying, rather than eliminating the Direct Benefit Ratio or permitting calendar-based variation in minimum-hour requirements, allowing volunteer commitments to fluctuate with the school year.

As part of the notice and comment process, CNCS considers all comments relevant to the proposed rulemaking. Accordingly, in preparing and promulgating the final rule, we will include and give full consideration to your comments and recommendations. Thank you for providing us your comments and recommendations.

# Corporation for National and Community Service

NationalService.gov



August 30, 2018

## MEMORANDUM

FROM: Timothy F. Noelker, General Counsel & White House Liaison

TO: Deborah Jeffrey, Inspector General

SUBJECT: Response to Proposed OIG Management Alert Regarding Senior Corps Proposed Regulatory Changes

Thank you for discussing with us the proposed Management Alert regarding Senior Corps' proposed regulatory changes. As we discussed, Senior Corps is in the process of reviewing all comments we received following our publication of the Senior Corps proposed rulemaking. We received 131 comments, including several comments from the Office of Inspector General.

In particular, we appreciate your office's comments, which focus on two areas of concern in the Foster Grandparent (FGP) and Senior Companion (SCP) programs. They are: 1) reducing the minimum number of volunteer service hours per week from 15 hours to 5 hours; and 2) eliminating the Direct Benefit Ratio ("80/20 rule"), which requires that a sum equal to at least 80 percent of the federal share of an FGP or SCP grant be expended for benefits provided directly to volunteers. Benefits that are provided directly to volunteers include: stipend payments, transportation reimbursements, meals, and recognition-related expenses.

While we appreciate the OIG's desire to receive a substantive response to its two areas of concern, we believe that doing so prior to the publication of the final rulemaking -- which will contain our responses to all comments, including yours -- may jeopardize the integrity of the rulemaking process. It is important for CNCS to evaluate all comments holistically and in their totality. By its nature, the comment evaluation process is interdependent, such that, for example, one comment submitted from one party may depend upon or affect our evaluation of a comment submitted from another party.

In addition, if we were to respond to your comments in *ex parte* fashion, or prior to the publication of the final rulemaking, we risk the appearance that the notice and comment process lacked uniformity and impartiality, or that greater weight was afforded some comments over others. Also, if we respond to your comments, we run the risk of committing to a position prior to the completion of the rulemaking process that we may not ultimately be able to adhere to. In addition, committing to a position prematurely could compromise the integrity of the rulemaking process.

Finally, we are concerned that a Management Alert is not the proper means to discuss policy concerns. The CNCS OIG website, in fact, limits the use of Management Alerts to alerting CNCS of “conditions which pose an immediate or serious threat of waste, fraud and abuse in agency programs or operations.”

Again, thank you for your input. A copy of this memorandum will be placed in the rulemaking docket. Please know that we will be responding to your office’s comments substantively upon publication of the final rule.

cc: CEO Barbara Stewart