

THE WHITE HOUSE
WASHINGTON

March 4, 2003

Dear Mr. Speaker:

I ask the Congress to consider the enclosed request for the Corporation for National and Community Service (CNCS). The request is needed to liquidate legitimate prior-year obligations for eligible participants in the AmeriCorps program, to complete the implementation of a comprehensive corrective action plan developed by CNCS to strengthen financial management, and to provide flexibility to support more than 50,000 AmeriCorps members in FY 2003. This request will not increase my FY 2004 request.

The details of this request are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Dennis Hastert", written over a faint rectangular stamp.

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515

Enclosure



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 4, 2003

The President

The White House

Submitted for your consideration is a request for the Corporation for National and Community Service (CNCS). In total, this proposal would not affect FY 2003 budget authority or your FY 2004 request.

This request for CNCS would provide an additional \$64 million to liquidate obligations incurred in previous years; authority for the Chief Executive Officer (CEO) of CNCS to transfer up to \$50 million to the National Service Trust; and the flexibility to support more than 50,000 new members in FY 2003. The \$64 million requested is necessary to liquidate legitimate prior-year obligations for eligible participants in the AmeriCorps program and to address this longstanding problem.

I have carefully reviewed this proposal and am satisfied that it is necessary at this time. Therefore, I join the CEO of CNCS in recommending that you transmit the proposal to the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "M E Daniels Jr".

Mitchell E. Daniels, Jr.

Enclosure

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

National and Community Service Programs Operating Expenses

To liquidate obligations previously incurred, \$64,000,000 is provided to the National Service Trust: Provided, That in addition to amounts otherwise transferred to the National Service Trust under this heading, the Chief Executive Officer may transfer up to \$50,000,000, to remain available until expended, to the Trust from funds provided under this heading, upon his determination that such a transfer is necessary to support the current or prior year activities of national service participants and after notice is transmitted to Congress: Provided further, That the first proviso under this heading in Public Law 108-7 is repealed.

This request would provide \$64 million to liquidate obligations incurred in previous years. In addition, the request would provide the Corporation for National and Community Service (CNCS) the authority to transfer to the National Service Trust Fund up to \$50 million, upon a determination by the Chief Executive Officer (CEO), that such funds are necessary to support the activities of national service participants. The proposed transfer authority includes a requirement that the CEO transmit notification to the Congress prior to executing any such transfer.

This request would ensure that adequate resources are available for education awards in the CNCS National Service Trust Fund to liquidate legitimate prior-year obligations for eligible participants in the AmeriCorps program, and the flexibility to support more than 50,000 new members in FY 2003. The request is necessary to complete the implementation of a comprehensive corrective action plan developed by CNCS to strengthen financial management of the Trust, change reporting procedures, and restore Fund balances. Resources to cover these obligations were depleted as a consequence of rescissions enacted in FYs 2000 and 2001, totaling \$111 million. These rescissions were adopted based on reports resulting from inaccurate procedures for determining Federal obligations. These procedures are now being rectified.