



December 4, 2023

Elizabeth Appel
Associate General Counsel
AmeriCorps
250 E Street
Washington DC 20525
Email: eappel@cns.gov

RE: Proposed Rule with Request for Comments RIN 3045-AA84

Dear Ms. Appel:

The Local Initiatives Support Corporation (LISC) thanks the Corporation for National and Community Service (AmeriCorps) for the opportunity to provide comments in response to [Regulation Identifier Number \(RIN\) 3045-AA84: "AmeriCorps State and National Updates"](#) (published in the Federal Register 88 FR 69604) and the proposed rule that would: (1) limit AmeriCorps State and National (ASN) grantees' required share of program costs to a scale (known as "match" or "cost share"); (2) simplify the criteria that allow AmeriCorps to waive match for ASN Grantees; (3) allow AmeriCorps to grant waivers of education hour limitations and permit ASN members to spend an increased number of hours on education and training activities; and (4) remove the four-term limit on service.

Background on LISC

LISC is a nonprofit housing and community organization and certified Community Development Financial Institution (CDFI) with offices in 38 cities throughout the country and a rural network encompassing 45 different states and Puerto Rico. LISC's work supports a wide range of activities, including affordable housing, digital inclusion, economic development, building family wealth and incomes, education, community safety, and community health. LISC mobilizes corporate, government and philanthropic support to provide local community development and business development organizations with loans, grants, equity investments, capacity building, and technical assistance.

LISC is a long-time recipient of AmeriCorps State and National funding as a national direct grantee and understands the AmeriCorps program to be a unique asset to the community and economic development field. As a CDFI, AmeriCorps programming expands our ability to meet our mission of creating inclusive communities of opportunity across the nation in partnership with our community-based partners. We have leveraged the AmeriCorps program to expand the capacity of grassroots organizations to undertake their work of improving communities and creating safe, decent affordable housing while simultaneously investing in members' professional experience to take on leadership roles in the future.

Since 1994, the LISC AmeriCorps interventions have led to significant outcomes. More than 3,000 members have helped to develop 13,566 affordable housing units, provided housing counseling to 52,263 people, secured jobs for 9,554 people, and recruited or managed 196,959 community volunteers. We also support other CDFIs with AmeriCorps members through the Economic Mobility Corps – a joint initiative between Treasury's CDFI Fund and AmeriCorps. Just two years in, 62 members have provided 4,823 individuals with financial literacy services and

3,969 individuals have reported improved financial knowledge. 195 volunteers have been recruited or managed; and 287 individuals have been provided housing counseling services resulting in 141 clients moved into safe, decent, affordable housing.

Specific Comments

LISC greatly appreciates AmeriCorps' ongoing efforts to advance equity and increase opportunities for national service within historically underserved communities. We offer these comments informed by our direct experience leading two AmeriCorps Programs and our partnership with smaller community-based nonprofit organizations driving financial stability, developing affordable housing, and fostering healthy communities in urban, suburban, and rural areas. We commend and appreciate the agency on the intention in the proposed rule changes. Our comments are intended to provide recommendations that would improve upon the suggested changes and further reduce the undue administrative burden, while at the same time making all programs more equitable, improving the benefits and value proposition for participants, and ensuring that all organizations can access and maximize government resources efficiently and responsibly.

In general, we are concerned that the proposed AmeriCorps State and National Updates, while well intentioned, are not sufficient. They lean heavily on the use of waivers, failing to address longstanding deficiencies in the existing regulations. In some instances, the proposed rule adds additional layers of administrative burden and does little to ensure that all AmeriCorps grantees have more time and resources to devote to delivering on community identified outcomes. The proposed rule offers limited relief, adds to the complexity of an already bureaucratic framework, and creates more administrative burden and risk. Below are our specific recommendations to improve the proposed rule.

A. Waiver of the Current 20 Percent Limit on Education and Training Activities—§2520.50

LISC is in favor of providing participants with the opportunity for professional development, training, and other related skills development during participation in service. With our program, most members do not exceed the 20 percent of time spent in training because we are diligent with our monitoring. It is a rare instance that a member would potentially exceed the hours cap. Having a waiver process would mean additional monitoring and create a new burden on our program to request the waiver, document, and monitor. We recommend the elimination of the 20 percent aggregate training cap or "80/20" rule" to ensure all members – regardless of type of program or length of service term – have the opportunity to complete sufficient hours to both prepare for service and enrich their personal and professional development. Such a change should be available to all grantees, so that they can offer members more for their service experience, remain equally competitive in the labor market, and respond to workforce development priorities. In fact, removing this cap entirely would support the AmeriCorps agency's desire to support member development and provide a renewed focus on providing a better experience for participants.

Requirements have been in place for nearly 15 years to ensure that federal resources are used to meet service goals. Requirements for grantees to establish and meet performance measures and outcomes and conduct independent evaluations allows AmeriCorps to use the grant application review process, grantee performance measures, and service member descriptions to assess program design, quality, and effectiveness – all better measures than the 20 percent cap on training and education hours.

While we appreciate the intention of this rule, as proposed it has the potential to cause more problems than it solves. By offering a limited exemption, the agency is creating unnecessary red tape for the eligible programs and could put the ineligible program models at a competitive disadvantage. Everyone will be better served by the removal of the 20 percent limit on education and training activities.

B. Revising Match Requirements— §2521.60

LISC encourages the agency to eliminate the progressive match scale and return to the original congressional intent and vision of the National and Community Service Trust Act of 1993 that established that the federal share of an AmeriCorps State and National grant should not exceed 75 percent —regardless of the number of years that a grantee has been funded.

This proposed rule perpetuates an extremely detrimental regulation that was established in 2005 for the stated purpose of steadily decreasing government investment in the program, mandating that grantees assume more of the program costs by reducing their federal cost per AmeriCorps participant and decreasing reliance on AmeriCorps funds over time. The 16-year-old progressive match scale (that ranges from 24% to 50% of total expenses) runs counter to Biden Administration priorities. It is excessively burdensome, does not support outcomes in communities, and will remain a deterrent for any prospective grantee.

The proposed rule only changes the frequency that the scale increases – from every 1 year to every 3-years in a grant period and reaching 50% match in year 16, rather than year 10. This change provides minor, temporary relief for new grantees, and fails to recognize the challenges and risks that the current scale presents to all grantees, new and old. Simply revising the graduated AmeriCorps State and National match scale so the increases are more incremental, does nothing to reduce the burden on grantees of raising, tracking, and reporting match.

In addition, match funding is subject to all the same Uniform Guidance regulations as federal funding, a point of continual confusion and audit risk for all grantees. Errors in match reporting represent one of the most common audit findings and sources of Inspector General investigations according to AmeriCorps agency staff (ASN Symposium, “Do’s and Don’ts of Program Expenses”, November 2023). Such errors are costly and can result in repayment of funds and subsequent program destabilization. The match scale increases fundraising burden and it amplifies audit risk for dollars that programs raise independently. For LISC, we consistently under-report match due to the burdens of documenting in-kind match.

The public-private partnership is the hallmark of the AmeriCorps program and should remain so. Grantees are raising considerable funds to run programs, often exceeding the match requirement. If we return to the original statutory requirement that limits the federal share to 75%, programs will continue to raise outside funds to support their high-quality programs and they will document 25% of those non-AmeriCorps matching funds, demonstrating good stewardship of federal funds (e.g., robust internal controls, policies and procedures, and self-monitoring practices). However, continuing to require grantees to do the same accounting for another 25% of the non-AmeriCorps funds simply creates a burden without adding value. The end result is unnecessary red tape that wastes taxpayer resources without improving program outcomes.

The Biden Administration has prioritized raising the member living allowance and the maximum cost per Member Service Year (MSY) – investments that are critical to recruiting and retaining a geographically and demographically diverse corps and adequately supporting programs on the front lines of our country’s most pressing needs. President Biden has urged Congress to make further investments in AmeriCorps, with the goal of increasing the living allowance to \$15/hour by 2025. However, the cost-share matching structure also works against the accomplishments in this area.

As the agency adjusts the cost per MSY annually to keep pace with inflation and meet the Biden Administration goals, the amount of match funding that programs must raise from non-AmeriCorps sources increases proportionately. The current cost per MSY does not come close to covering the costs to administer an AmeriCorps grant. Grantees are expected to raise more funds year after year. Some grantees will simply be unable to accept the annual cost per MSY and maximize available AmeriCorps dollars to cover allowable program expenses. This

means their organizations are shut off from critically needed federal resources that – ironically -- are designed to help grantees meet rising program costs (such as the living allowance and benefits). Others may have to return unexpended funds when fundraising aspirations detailed in a grant application – written six or more months before the start of their program year – are not realized. This is not only a challenge for newer and smaller programs lacking local philanthropic resources but a challenge for long-term grantees. It takes years to cultivate a donor base and donor retention does not typically occur in perpetuity. Private and public donation levels may not increase with inflation and new donor sources require greater investment.

C. Criteria for Waiving Match Requirements—§2521.70

In general, LISC supports aligning the AmeriCorps State and National's match waiver criteria with AmeriCorps Seniors' match waiver criteria, but a centralized waiver process and streamlined requirements are not a solution to the problematic progressive match scale.

Additionally, a waiver process creates uncertainty for applicants, who will not know if their waiver will be approved, how to plan a budget, or how much their match percentage will be reduced. If the intention is for waiver requests to occur post-award, then applicants are being put in a position to implement a system workaround or misrepresent their capacity to meet match requirements during the application process. Waiver criteria may be subject to audit review that disallows the approval basis and again, requires supporting documentation subject to disallowance. Further, a waiver-based system of addressing match relief depends on the favor of the current Administration and approval rates could be much more limited under different leadership.

D. Limit on Number of Terms an Individual May Serve in AmeriCorps State and National—§2522.235

LISC supports removing the four-term limit, an artificial barrier on an individuals' ability to serve. We do believe that there should be some limits on terms, and we see members serving more than two full-time terms to be the exception, not the norm. Indeed, when members do want to serve more than two full-time terms, our program takes steps to understand that AmeriCorps is meant to call people in to service and recognize them for their abilities or life stage.

Conclusion

LISC appreciates the opportunity to provide these comments to AmeriCorps and looks forward to continued engagement. Please contact Stacey Grant (sgrant@lisc.org), Senior Program Director for LISC AmeriCorps If you have any questions or would like additional information pertaining to these comments.

Thank you very much for your consideration.

Sincerely,



Matt Josephs

Senior Vice President for Policy