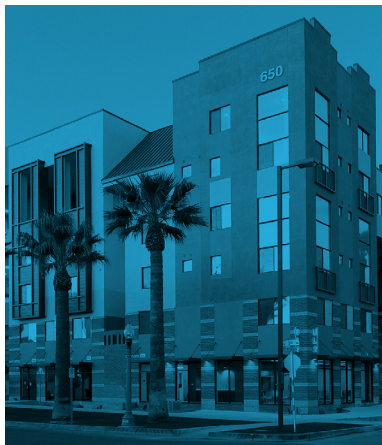




Capacity Building, Leadership, and Innovation

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As important as federal resources are, they are only a part of the solution when it comes to rebuilding distressed communities. We rely as well on the knowledge and hard work of change agents at the local level. The federal government must do more than provide resources to support local organizations' programs and project-level investments. It must also invest directly in these organizations to support their capacity to deliver critical services, and to help them develop innovative approaches that can then be disseminated and replicated in other communities.



Capacity Building and Technical Assistance

The needs of local governments and community-based organizations are as varied as the communities they serve. Although local organizations' long-term capacity for housing and community development is critical for stable and affordable communities, the small size and lean budgets of such nonprofits often mean that they lack the ability to implement some critical components of development strategies. This is true even for well-resourced city government agencies and larger nonprofits, as the structure and financing of development transactions have become increasingly complicated in recent years. We need additional resources for capacity-building and technical-assistance programs to ensure that community-based organizations have the necessary talent and skill sets to support their work.

LISC supports:

Investing in HUD's Section 4 Capacity Building for Community Development and Affordable Housing Program

The U.S. Department of Housing and Urban Development (HUD) [Section 4](#) program strengthens the nation's lower-income urban and rural communities by bolstering nonprofit community developers that build and invest in their neighborhoods. The program provides grants on a competitive basis to national intermediary community development organizations, which provide training, education, financial support, and development assistance to local community development corporations (CDCs). These funds are matched on a three-to-one basis, and then used to leverage additional private capital. Total aggregate leverage has consistently been in the range of \$20 or more for each dollar of Section 4 funding. From 2015 to 2019, Section 4 funds have been deployed by 926 CDCs and other nonprofit developers, resulting in the creation or preservation of more than 40,000 homes and the attraction of over \$8.4 billion in investment to communities.

The Section 4 program is the sole source of funding at HUD that provides financial support and development assistance to CDCs to support their housing and community revitalization efforts. Unfortunately, funding for the program has been relatively flat in recent years, straining its ability to build the capacity of CDCs to respond to local needs. LISC recommends that the program receive robust appropriations to scale CDCs' affordable housing and community development activities.

Enhancing the USDA's Rural Community Development Initiative

Rural low-income areas experience distinct capacity challenges in responding to local affordable housing and community development needs. It's often difficult for these communities to apply for and receive public and private resources due to capacity constraints, which typically include small, under-resourced local governments and fewer community development organizations. The [Rural Community Development Initiative \(RCDI\) program](#) of the U.S. Department of Agriculture (USDA) is an important resource for funding nonprofit housing and community development organizations that invest in housing, community facilities, and community and economic development projects in rural areas.

The RCDI program is the only specific capacity-building resource provided through USDA's Rural Development programs, and it helps scale the ability of nonprofits to further their community development work in rural areas. RCDI grants are competitively awarded and are capped at \$250,000.

LISC supports increased appropriations for the RCDI program to build the capacity of rural communities to respond to local needs.

Increasing HUD's Technical Assistance Resources

Community development projects are often complex undertakings, requiring an understanding of how to layer multiple financing programs while staying in compliance with requirements related to the use of federal resources. HUD supports the technical-assistance needs of HUD funding recipients and local communities through the [Community Compass \(CC\)](#) and [Distressed Cities Technical Assistance \(DTCA\)](#) programs.

The CC program brings all of HUD's technical-assistance resources together in one program so applicants can indicate the particular topics or programs for which they would like to provide HUD-funded technical assistance to local communities. Activities funded under CC can include needs assessments, direct technical assistance, development of resources, and other supports. The DCTA program fills an important niche by providing small local governments facing challenges caused by natural disasters with the assistance they need to recover.

LISC supports sufficient appropriations for the Community Compass and Distressed Cities Technical Assistance programs so HUD grantees and local communities have the support they need to utilize federal funding for their affordable housing and community development priorities.



National Service

National service programs provide a foundation upon which capacity building and innovation often occur. While expanding nonprofits' capacity to address unmet needs across the nation, national service also creates jobs and [provides pathways to success](#) in the workforce. As a cornerstone of national service, the [AmeriCorps program](#) has provided over one million citizens with an opportunity to get things done through innovative service work in their communities. Increased investment in national service programs results in [substantial economic and social benefits](#) and helps create resilient communities of opportunity.

LISC supports strong investment in the AmeriCorps program, including:

Robustly Funding the AmeriCorps State and National Programs

Since 1994, the AmeriCorps program has placed members at nonprofits, schools, public agencies, and community- and faith-based groups across the country. AmeriCorps has long benefited from bipartisan support in line with the American tradition of community service and the continued demonstration of strong economic returns on national service investments. A [recent evaluation](#) found that for each \$1 invested, the return to society, program members, and the government is \$17.30—totaling \$17.5 billion in economic benefit. Aside from the financial returns, AmeriCorps members serve their communities, expand nonprofit capacity, gain transferable skills and work experience, and strengthen local communities.

We support a top-line budget of no less than \$545 million for AmeriCorps State and National programs.

Enacting the Cultivating Opportunity and Response to the Pandemic through Service (CORPS) Act

The Cultivating Opportunity and Response to the Pandemic through Service (CORPS) Act is a bipartisan bill ([S. 1165](#)), sponsored by Senators Chris Coons (D-DE) and Roger Wicker (R-MS), which would equip communities with the resources and tools needed to face challenges brought on by COVID-19 through an expansion of AmeriCorps national service opportunities. The bill would double the number of service positions, increase service members' educational award and living stipend, and prioritize programs in rural and underserved communities. Passage of the CORPS Act is essential to increasing the capacity of organizations on the ground that are providing services to those in need.

Continuing Funding for the Economic Mobility Corps

The Economic Mobility Corps (EMC), funded for the first time in the FY 2020 appropriations bill for the Community Development Financial Institutions Fund (CDFI Fund), supports the development of a new partnership between the CDFI Fund and AmeriCorps, formerly the Corporation for National and Community Service. The partnership expands AmeriCorps national service opportunities by placing service members at certified CDFIs.

CDFIs foster financial inclusion—filling critical gaps in the provision of financial services, products, and wealth-building opportunities for low- and moderate-income consumers, small business owners, and underserved geographic areas. Despite this critical work, these organizations are often under-resourced and strained for human capital as federal funding typically restricts staff operation costs to 15 percent of funds. EMC members will strengthen the capacity of CDFIs to provide communities—often the very communities that have been overlooked by mainstream financial institutions—with the tools and resources they need to enhance neighborhoods and expand economic opportunity.



Fostering Innovation

Federal policies that make investments in innovation should consistently involve partnerships among government agencies, nonprofit groups, and private investors, and must include resources that support equitable access to funding opportunities for community-based organizations and programs. One of the more promising approaches to fostering innovation is the “Pay for Success” model. In this model, private-sector investors that invest in traditionally public-sector activities are promised higher economic returns if key social impacts are achieved and independently verified.

LISC encourages federal investments in Pay for Success, including:

Supporting the Social Impact Partnerships to Pay for Results Act

The Social Impact Partnerships to Pay for Results Act (SIPPPRA) was enacted by the Bipartisan Budget Act of 2018, allocating \$100 million to support the launch of state and local Pay for Success (PFS) initiatives over a 10-year period. The U.S.

Department of the Treasury is entering into funding agreements with state and local governments to support social-impact partnership projects that deliver measurable results for individuals and communities in need. This is achieved through funding and contracting practices that reward providers for producing positive program outcomes, as determined by a rigorous evaluation.

LISC supports the goals of SIPPR and encourages the Treasury to undertake a thorough evaluation of the process for selecting awardees and the extent to which this was predictive of success, with a goal of identifying best practices for future federal funding rounds and/or state-level efforts.

Incorporating Pay for Success Concepts Across Federal Agencies

In order to encourage the federal government to focus on achieving desirable policy and program outcomes, to direct funding toward proven practices, to move toward breaking down silos across agencies, and to incentivize innovation, LISC supports the [Pay for Success platform](#) developed by America Forward. The core principles of this platform include, among others:

- allocating funding based on tiered-evidence frameworks that target resources to programs that have greater evidence of effectiveness;
- resourcing innovation, or research and development (R&D), across government to develop and scale effective interventions;
- investing in updated data systems to support data analysis and data sharing in order to strengthen capacity for conducting evaluations and decrease their cost; and
- resourcing evaluations as a core element of the receipt of discretionary, mandatory, and even entitlement funding.

Specifically, LISC recommends the following:

1. Engage in outcomes-focused federal training and technical assistance.

Federal training and technical assistance (T/TA) contracts vary in value and results. Congress could amend relevant T/TA program authorities to call for T/TA resources to be used to support: A) dissemination of evidence-based practices, including through clearinghouses and other registries; B) assistance to help service providers adopt such practices or develop an evidence base for longstanding programs; C) assistance to service providers to access and use

data to enhance targeting of service delivery, and track outcomes and improve quality of service in real time; and D) assistance for communities, including state and local governments, to explore how to sustain evidence-based practices via models like Pay for Success and similar outcomes-based contracting.

- 2. Revive and expand cross-agency demonstrations.** Congress should continue performance partnership pilots (P3) such as those awarded to sites through the federal Departments of Labor, Health and Human Services, Education, and Justice focusing on disconnected youth. P3 demonstrations allow states or localities to pool certain monies they receive under multiple discretionary federal funding streams and obtain waivers from some program requirements to test innovative outcomes-based interventions. Congress should expand the authority to create these pilots to additional agencies and broaden the focus to include populations of most need in local communities. These pilots would allow communities to develop comprehensive strategies to achieve better results using federal investments through multiple programs.
- 3. Promote the use of agency-wide waivers through administrative guidance and support.** Agency-wide waivers enable federal agencies to demonstrate, replicate, and scale innovative interventions and can incorporate Pay for Success and other outcomes-based contracting approaches.