

expansion grants, through the national direct competition. National nonprofits, Federal agencies, professional corps programs, and multi-state programs are eligible to apply directly to the Corporation for these funds. This allows the Corporation to fund multi-state and multi-site programs that are national in scope and build on existing networks of youth and service programs. Eligible applicants may apply for operating funds to establish AmeriCorps*USA programs, or for education awards only.

II. AmeriCorps*USA State and National Direct Grant Applications Guidelines

1. 1995 Issue Area Priorities

The Corporation received a number of comments suggesting changes to the 1995 priorities. Specifically, several comments expressed concern that an "urban bias" existed in the environment priority. Because that was not the Corporation's intent, we have revised the priority to read as follows:

"Community/Neighborhood Environment—Initiate innovative programs in low-income areas that promote sustainable communities by reducing environmental risks and conserving natural resources." By changing the phrase "low-income neighborhoods" to "low-income areas" and by adding the word "community," the priority has been broadened to encompass rural environments and communities.

Other comments suggested that the Corporation include homelessness, health care, and/or adult literacy as a priority. The Corporation declined to add these as priorities because these issues were adequately addressed by 1994 programs, with many of these programs expected to be funded in 1995 as renewal programs. In addition, homelessness is an AmeriCorps*VISTA priority for 1995, approximately 15% of AmeriCorps*VISTA are doing health care projects, and approximately 25% of AmeriCorps*VISTA are doing adult literacy projects. A number of comments opposed the establishment of new priorities for the 1995 grant cycle and requested that the Corporation retain the 1994 priorities or allow programs to apply under either the 1994 or the 1995 priorities. The Corporation considered these comments but declined to make changes. The 1995 priorities were chosen because they address issues and needs that the Corporation believes were underrepresented in the 1994 grant competition. Programs funded in 1994 may continue to address areas covered by the 1994 priorities and need not change their focus to meet new

priorities. However, new programs will be required to apply using the new 1995 priorities.

2. Grant Timeline

The Corporation received a number of comments suggesting that the application deadlines were too short, and that such short time lines would adversely affect the quality of the proposals submitted to the Corporation. Accordingly, the Corporation has extended the application due dates as far as possible and published the new dates in the January 23, 1995 **Federal Register**. For purposes of the AmeriCorps*USA State grant competition, May 1, 1995 is the new due date for the renewals and new applications. For purposes of the AmeriCorps*USA National Direct grant competition, new applications are due on May 9, 1995, and renewal and expansion applications are due on April 18, 1995.

3. Program Expansion

The Corporation initially proposed that an AmeriCorps*USA State program requesting expansion exceeding 25% of the year-one budget or expansion to base the program in two different cities would be considered a new program and would not receive a priority. In response to public comments, the Corporation has amended its language on this policy to clarify that if a program wants to expand beyond 25% of their year-one budget, only that portion that exceeds 25% must be submitted as a new application, following new application instructions. The Corporation's desire to moderate expansion remains for three reasons: (1) to stress quality before quantity, (2) to create a solid base for future replication, and (3) to ensure, because of the limited funds available to the Corporation, that funds remain to support programs that meet 1995 priorities.

The rule for AmeriCorps*USA Direct is similar to rule for AmeriCorps*USA State with one exception. Programs may expand up to 25% of their year-one budget or \$500,000, whichever is greater. Only that portion that exceeds 25% or \$500,000 must be submitted as a new application, following new application instructions.

4. Conversion of Planning Grants to Operating Grants

Several comments requested clarification of the Corporation's policy on converting planning grants to operating grants. The Corporation, in the October 27, 1994 **Federal Register**, had proposed the following language: "The Corporation is recommending that

State Commissions give priority to converting formula-funded planning grants to operational programs over new applications, if the proposals meet quality standards." In order to give greater clarity, the Corporation has amended the language to read as follows:

The Corporation recommends that State Commissions give a priority for funding to converting planning grants to operating programs. As in all other cases, this preference should apply only if the programs meet quality standards. The Corporation will consider these as new applications, and they will be evaluated by peer review panels. If they meet quality standards, they will receive preference over other new applications. Because they were approved under 1994 priorities, those planning grants that the state submits in the competitive pool may choose to meet 1994 or 1995 priorities. However, the Corporation strongly urges that both formula and competitive proposals meet 1995 priorities.

The changes allow flexibility for planning grants to apply under either the 1994 or the 1995 priorities and gives them preference over new applications.

5. Concentration

A number of comments recommended that the Corporation revise its policy on concentration, stating that the language initially proposed in the **Federal Register** discriminated against rural areas and was overly prescriptive. The preference for concentration is designed to achieve significant impacts from direct service activities, to create a strong sense of national identity with AmeriCorps, and to be cost-effective; it was never intended to be discriminatory or overly prescriptive. Accordingly, the language has been clarified as follows:

"The Corporation is seeking applications that focus activities within a limited number of priorities and have a more narrow geographic focus or placement strategy. * * * This preference is not intended to discourage comprehensive approaches to community problem-solving or to discourage programs in rural areas. * * * In addition, programs can bring AmeriCorps Members together for training and service and can define program size to be consistent with the community." In other words, the Corporation has left it up to the applicant to define "community." For example, if the community is a rural one, then "concentration of Members" can be defined in proportion to the rural area. In addition, while the Corporation does not object to individual placement per se, it funded a disproportionate