

North Carolina Rural Economic Development Center, Inc.

ORGANIZATION OVERVIEW AND IMPACT

1. MISSION & PROGRAMS

Mission: To develop, promote and implement sound economic strategies to improve the quality of life of rural North Carolinians with a special focus on individuals with low to moderate incomes and communities with limited resources.

Programs: Rural Center programs invest in building the capacity of rural communities to shape their own futures. Programs direct resources – training, grants and technical assistance – to areas with a history of underinvestment.

Economic Infrastructure Program Grants. These grants fund infrastructure projects such as water and sewer, natural gas and broadband improvements that support new business locations and expansions. The projects must lead directly to new, full-time jobs in the private sector.

Critical Needs Water and Sewer Grants. The center invests in infrastructure that protects public health and the environment in rural communities. Grants may be used to supplement planning or construction projects.

Building Reuse and Restoration Grants. Grants assist the restoration and upfitting of vacant buildings for use by a new or expanding business and for the expansion and renovation of manufacturing and health care facilities. The grants must lead to the creation of private sector jobs.

North Carolina Small Towns Economic Prosperity Program (NC STEP). The program helps hard-pressed small towns (population under 7,500) create new economic opportunities through community coaching, strategic planning, education and project grants.

Agricultural Advancement Consortium. The consortium promotes a strong farm sector and seeks new ways to increase farm profitability. It advances consensus on key issues, advocates for state and national legislation that benefits farm communities and funds research.

Economic Innovation Grants Program. The program invests in the development and demonstration of economic strategies that hold particular promise for rural communities and regions.

Institute for Rural Entrepreneurship. The institute promotes the creation and success of small businesses by providing technical assistance for first-time entrepreneurs and training programs for rural communities.

Community Economic Development Program. Through grants and technical assistance, the center supports the growth of community development corporations in minority communities.

Microenterprise Loan Program. The program serves rural North Carolina's smallest businesses through a combination of loans up to \$25,000 and business planning and technical assistance.

Small Business Finance. The center administers the N.C. Small Business Credit Initiative, a \$46 million loan program made possible by the 2010 federal Small Business Jobs Act. The program partners with traditional lenders to increase business loans in all 100 counties. The initiative includes: the N.C. Capital Access, Loan Participation and Fund of Funds programs.

Rural Economic Development Institute. The center's leadership development program equips established and emerging rural leaders with the skills and knowledge to address the rapidly changing economic and community environment in their communities. It is self-supporting.

2. CUSTOMER/ TARGET POPULATION

The Rural Center serves the 4.7 million people of rural North Carolina, with a focus on individuals with low to moderate incomes. Programs are administered through partnerships with local governments, educational institutions, business and economic organizations and nonprofits.

3. ORGANIZATION INCEPTION

Founded in January 1987, the center has provided services for rural North Carolina 26 years.

4. FOOTPRINT

The Rural Center serves 85 rural counties. In certain cases, the General Assembly or other funding agency requires a more targeted service area or service in all 100 counties.

5. BUDGET

Rural Economic Development Center, Inc.						
Statement of Activities						
Year Ended						
	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	
Revenues:						
State of North Carolina						
Direct appropriation, recurring	20,089,449	21,540,358	20,895,274	21,568,996	23,941,607	
Direct appropriation, non-recurring	5,000,000	4,945,625	500,000	49,140,000	119,500,000	
	25,089,449	26,485,983	21,395,274	70,708,996	143,441,607	
Direct appropriation, e-NC Authority	-	426,564	475,200	1,815,450	4,500,000	
Clean Water Bond	5,840,590	3,579,527	10,695,474	18,972,876	28,096,100	
	30,930,039	30,492,074	32,565,948	91,497,322	176,037,707	
Other state entities	90,789	1,600,215	1,673,426	1,922,761	2,624,077	
Federal government	1,062,968	2,133,187	1,240,669	407,867	673,948	
Other grantors	1,613,694	222,800	301,474	261,363	205,340	
Contract income	3,427,810	589,102	504,241	468,169	344,328	
Investment income	1,199,087	2,098,364	4,183,995	7,663,827	5,348,680	
Indirect cost	384,610	476,671	448,638	237,913	206,277	
Other	174,082	94,714	148,441	522,500	245,028	
	38,883,079	37,707,127	41,066,832	102,981,722	185,685,385	
Expenses:						
Program administration	5,454,547	7,808,437	10,011,425	8,672,456	5,789,406	
Management, general and fundraising	1,776,128	1,751,755	1,881,359	1,812,674	1,668,873	
	7,230,675	9,560,192	11,892,784	10,485,130	7,458,279	
Program grants	54,471,562	68,286,808	54,584,832	43,956,090	43,965,100	
	61,702,237	77,847,000	66,477,616	54,441,220	51,423,379	
Change in net assets	(22,819,158)	(40,139,873)	(25,410,784)	48,540,502	134,262,006	
Net assets, beginning	183,384,554	223,524,427	248,935,211	200,394,709	66,132,703	
Net assets, ending	160,565,396	183,384,554	223,524,427	248,935,211	200,394,709	

6. SALARY COMPLIANCE

Rural Economic Development Center, Inc.					
Employees earning greater than \$120,000:					
Name	Position	Annual Salary	% Charged to State Sources	Amt Charged to State Sources	Amt Charged to Other Sources
Billy Ray Hall	President	214,008	56%	119,844	94,164
Elaine H. Matthews	Senior Vice President	131,459	91%	119,628	11,831
Susan E. Dunn	VP, Finance and Administration	122,066	98%	119,625	2,441
Patrick N. Woodie	VP, Rural Development Programs	122,066	98%	119,625	2,441
The center uses a combination of other funding sources to support personnel cost not allowable under SL 2011-145 including earnings on investments and corporate contributions.					
Employee benefits:					
The center offers employees a benefits package including health and dental insurance programs; vacation and sick leave; short and long term disability insurance; term life insurance; a cafeteria plan; an HSA plan; and a program of matching contributions to a 403(b) retirement plan.					

7. LOBBYING SERVICES

The center has not contracted with any firm for representation in the General Assembly. Four center staff members are registered as lobbyists with the Secretary of State. They are Billy Ray Hall, President; Patrick N. Woodie, Vice President, Rural Development Programs; William M. Guillet III, Director, Agricultural Advancement Consortium; Helen McInnis, Director, Community Development Corporation Grants Program. Of those four, only one is engaged in direct lobbying activities during 2013. The center reported 254 hours of salary cost, totaling \$10,381, for William M. Guillet III on its Principal Expense Form filed with the Secretary of State for 2012.

8. KEY PERFORMANCE INDICATORS

The mission of the Rural Center is to develop, promote, and implement sound economic strategies to improve the quality of life of rural North Carolinians. We use a number of key metrics to measure the economic and community development impact of each program administered by the center. The total impact of center programs funded solely by state dollars from July 1, 2007 through June 30, 2012 is broken down into seven categories as follows:

Clean Water Programs

- 518 projects
- \$144,696,628 in grants
- \$557,388,712 leveraged
- 504,101 customers served

Job-Generating Infrastructure Grants

- 110 projects
- \$37,973,514 in grants

- \$121,580,032 leveraged
- 6,361 jobs created
- 134 businesses created/expanded

Building Reuse and Restoration

- 279 projects
- \$40,830,706 in grants
- \$543,501,402 leveraged
- 5,079 jobs created
- 317 businesses created/expanded

N. C. Small Towns Economic Prosperity Program

- 34 participating towns
- 22 economic development plans completed
- 36 economic development projects under way
- 996 jobs created
- 736 businesses created/expanded
- \$4,654,469 in grants committed

Microenterprise Loan Program*

- 198 business loans
- \$1,622,305 in loans
- 249 jobs created
- 198 businesses created/expanded

*State dollars support the administration of this program but are not part of loan capital

Community Economic Development Programs

- 111 CDC grants
- \$4,757,364 in grants
- \$129,797,213 leveraged; 755 jobs created
- 727 home foreclosures prevented
- 22 grants totaling \$1,490,031 for OICs (Opportunities Industrialization Centers)

Rural Jobs Fund

- 43 projects
- \$9.4 million in grants
- \$105.2 million leveraged
- \$668 million total investment
- 1,888 jobs committed
- 2,773 total jobs projected

All job generating grants – July 1, 2007 - June 30, 2012

Cost per job: \$5,916

Total Impact* – July 1, 2007 - June 30, 2012

- Total grant Projects: 1,355
- Total Grants: \$264,448,174
- Total Leveraged Through Grants: \$1,447,366,988
- Total Business Loans: 610
- Total Loan Amount**: \$117,744,305

- Total Businesses Created/Expanded: 3,481
- Total Jobs Created: 19,911
- Additional Job Placements: 1,161
- Total Water-Sewer Customers Served: 504,101

*Total Impact includes programs funded through state, federal and private investments.

**Amount includes leverage through banks and other lenders

The center now captures the number of training or technical assistance contact hours that are provided to rural communities and citizens, and we have data available covering the period of July 1, 2009 through June 30, 2012. Telephone contact hours are not included in the following numbers.

- Water and sewer (related to environmental/health issues) 4,829 contact hours
- Job Creation Grant Programs 1,368 contact hours
- Capacity Building Grant Programs 31,270 contact hours
- Business Loan Programs 13,683 contact hours

9. SIMILAR ORGANIZATIONS

The N.C. Rural Economic Development Center is unique within North Carolina and serves as the national model for rural development. The Rural Center directs resources to rural communities to support their locally driven strategies for job growth and economic development. In this role, the center does not duplicate the state's incentive programs to attract industry from outside the state, but rather complements them by focusing on homegrown jobs and opportunity.

The Rural Center is a private, nonprofit organization, enabling it to collaborate efficiently and effectively with more than 300 partners from government, business, other nonprofits, educational institutions and individuals to carry out its mission. The center also serves as the go-to organization on serious and timely issues requiring broad public-private cooperation. It has led initiatives on hurricane recovery, drought response, dislocated workers, water and sewer infrastructure, broadband development and small business credit, among others.

10. BUDGETARY IMPACT

Over the past five years, the center has experienced a series of progressive reductions in appropriated funds available to support its operations. The center has responded by enacting reductions in force, by aggressive pursuit of funding from other non-state sources, and use of earnings on investments.

Throughout the center's history, its business model has been founded on leveraging the core operating support it receives from the legislature with funding from federal, foundation and private sources, to provide technical assistance and other resources to rural people and communities. During the five fiscal years ending June 30, 2012, the center raised nearly \$6 million from federal government, foundation and private sources. These funders have been willing to invest their money through the center due to the strength and stability of the center's core operations, and its ability to use state funding to provide matching resources. While a modest amount of private funding received is unrestricted in nature and is used for operating support, the majority of non-state funding available is project or initiative driven and provides very little support for essential core administrative operations. Elimination of funding to support on-going operations would severely limit the center's ability to leverage outside funds and provide support to rural people and communities in the state.