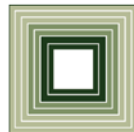


Commerce

Rural Economic Development Division (REDD) & Rural Infrastructure Authority (RIA)

March 4, 2015



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Rural Economic Development Division (REDD)

REDD Evolution to-date:

1. 2013 Original Creation by General Assembly
(includes Rural Infrastructure Authority)
2. 2013 Office of State Budget & Management-
Budget Deviation presented to
Jt Leg Commission on Governmental Operations
3. Internal Reorganization by Department

REDD: 1. General Assembly Creation

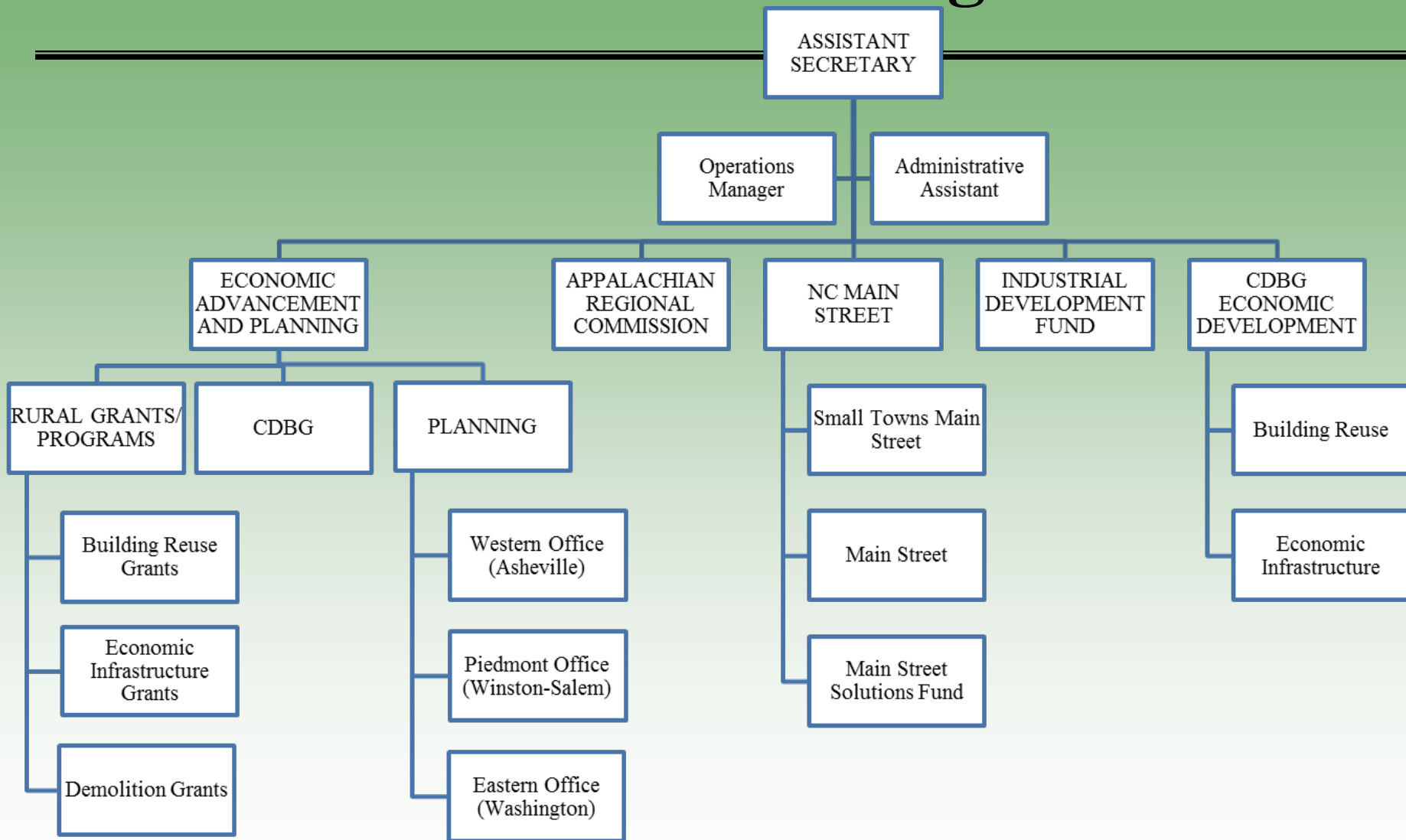
- Created in the 2013 Appropriations Act (Section 15.10, § 143B-472.126), which also created the **Rural Infrastructure Authority** (RIA), a 16 member board, consisting of the Commerce Secretary and appointments by the Governor and the General Assembly upon recommendation by the President Pro Tempore of the Senate and the Speaker of the House of Representatives
- Initial appropriation of \$11.3 million for:
 - ✓ A new Assistant Secretary and professional staff (up to 5%)
 - ✓ Two new grant programs for Economic Infrastructure & Building Reuse
- Upon creation gave RIA award-making authority over two existing programs:
 - ✓ Industrial Development Fund Utility Account, which is financed through statutory deductions from Job Development Investment Grant payments (25% for Tier 3 county projects; 15% for Tier 2)
 - ✓ Federal Community Development Block Grant-Economic Development funds

REDD: 2. OSBM Budget Deviation

During the first half of FY 2013-14, *Rural Economic Development CENTER* leadership determined to return all remaining State funds to Commerce ~ \$100M:

- ✓ \$28.5M reverted to the General Fund; and
- ✓ \$71.8M was allocated to a Commerce special fund for continued administration of ~ 421 active grants, allotted as follows:
 - \$63.3M for grant payments; and
 - \$3.5M for administration. With these admin funds, REDD hired time-limited FTEs from the *Rural Economic Development CENTER*; 2 FTEs became permanent and paid from the REDD's admin allowance (from recurring General Fund appropriations)

REDD: 3. Internal Reorganization



Rural Economic Development Division

- General Fund Economic Infrastructure, Building/Site Reuse, and Health Care Facility Construction/Expansion (including transferred Rural Center funds)
- Underserved & Limited Resource Communities Grant Program
- Federal Community Development Block Grant (CDBG) for Economic Development
- Community Developers, Planners & Main Street Services
- *Industrial Development Fund Utility Account*
- *Main Street Solutions Fund*
- *Federal Appalachian Regional Commission (ARC)*
- Special NR Projects:
 - ✓ Broadband Grants
 - ✓ *Deobligated Federal CDBG Funds*
 - ✓ Broughton Hospital Facilities Study

FY 2014-2015 Certified Budget

Expenditures: \$62.3 Million

Receipts: \$43.4 Million

GF Approp: \$18.8 Million

FTE: 60.5