



# Northern Border Regional Commission



## NBRC Fiscal Year 2023 Budget Request

As submitted to the House and Senate Appropriations Committees March 28, 2022

# Fiscal Year 2023 Budget Request

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## About the NBRC

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*Our Vision: The Northern Border region is known for its vital regional economies and thriving communities that provide for the well-being of the region's residents and support the stewardship of the region's natural and cultural assets.*

*Our Mission: The mission of the Northern Border Regional Commission is to catalyze regional, collaborative, and transformative community economic development approaches that alleviate economic distress and position the region for economic growth.*

Authorized by Congress in 2008 (USC 40, Subtitle V) and first appropriated by Congress in 2010, the Northern Border Regional Commission ("NBRC") is modeled after the Appalachian Regional Commission federal-state partnership. The NBRC was created to provide infrastructure and economic development assistance to projects in counties that have varying degrees of economic and demographic distress.

Authority and oversight functions of the NBRC are shared by five Members: The Federal Government represented by the Federal Co-Chair, and the States of Maine, New Hampshire, New York and Vermont, represented by the Governors of those States. NBRC investments and policies are approved by the vote of the Federal Co-Chair and the collective vote of the majority of State Governors.

As a Federal-State partnership, the NBRC enjoys a strong network of State economic development leaders who provide guidance and support for NBRC programs. Such support also helps NBRC staff maintain knowledge of local conditions throughout its extensive service area.

The NBRC partnership is also aided by a select number of certified Local Development Districts that assist in grant technical assistance, provide information on complementary grants for projects, and administration of the NBRC grant funds.

The NBRC Members have a shared staff that is accountable and responsible to the Members as a whole. The staff provides impartial information and counsel as to NBRC programs and direction.

The largest of the NBRC's grant programs is the State Economic & Infrastructure Development Investment Program. The SEID Program's economic development funding guideless are described in statute, and informed by the goals and objectives found within the NBRC's Five Year Strategic Plan.

Since 2018, the NBRC has also offered the smaller Regional Forest Economy Partnership (RFEP) grant program, which is focused on multi-jurisdictional efforts to bring about economic development in communities impacted by changes in the forest-products industry.

In FY 2021, additional funding was appropriated to the NBRC in support of broadband initiatives, as well as a new partnership with the Health Resources & Services Administration (HRSA) in support of rural healthcare initiatives.

## NBRC Members

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Policy and oversight decisions of the Commission are made by the Federal Co-Chair and a majority of governors from Maine, New Hampshire, New York, and Vermont.



### **Representing the Federal Government**

Member: Harold B. Parker, Federal Co-Chair



### **Representing the State of Maine**

Member: The Honorable Janet Mills, Governor

Governor's Alternate:

Commissioner Heather Johnson, Department of Economic & Community Development

NBRC State Program Manager:

Charlotte Mace, Department of Economic & Community Development



### **Representing the State of New Hampshire**

Member: The Honorable Chris Sununu, Governor & State Co-Chair

Governor's Alternate:

Commissioner Taylor Caswell, Department of Business & Economic Affairs

NBRC State Program Manager:

Beno Lamontagne & Janel Lawton, Department of Business & Economic Affairs



### **Representing the State of New York**

Member: The Honorable Kathy Hochul, Governor

Governor's Alternate:

Deputy Secretary of State for Local Government, Mark Pattison, NY Dept. of State

NBRC State Program Manager:

Kyle Wilber, Local Government Services, NY Dept. of State



### **Representing the State of Vermont**

Member: The Honorable Phil Scott, Governor

Governor's Alternate:

Deputy Secretary Tayt Brooks, Agency of Commerce & Community Development

NBRC State Program Manager:

Kristie Farnham & Natalie Elvidge, Agency of Commerce & Community Development

## The NBRC Service Area

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Recognizing similar economic and demographic challenges facing Maine, New Hampshire, New York and Vermont, Congress delineated the NBRC's service area by statute and only projects within the service area are eligible to receive funding. As of FY 2022, the following counties are included in the NBRC's service area:

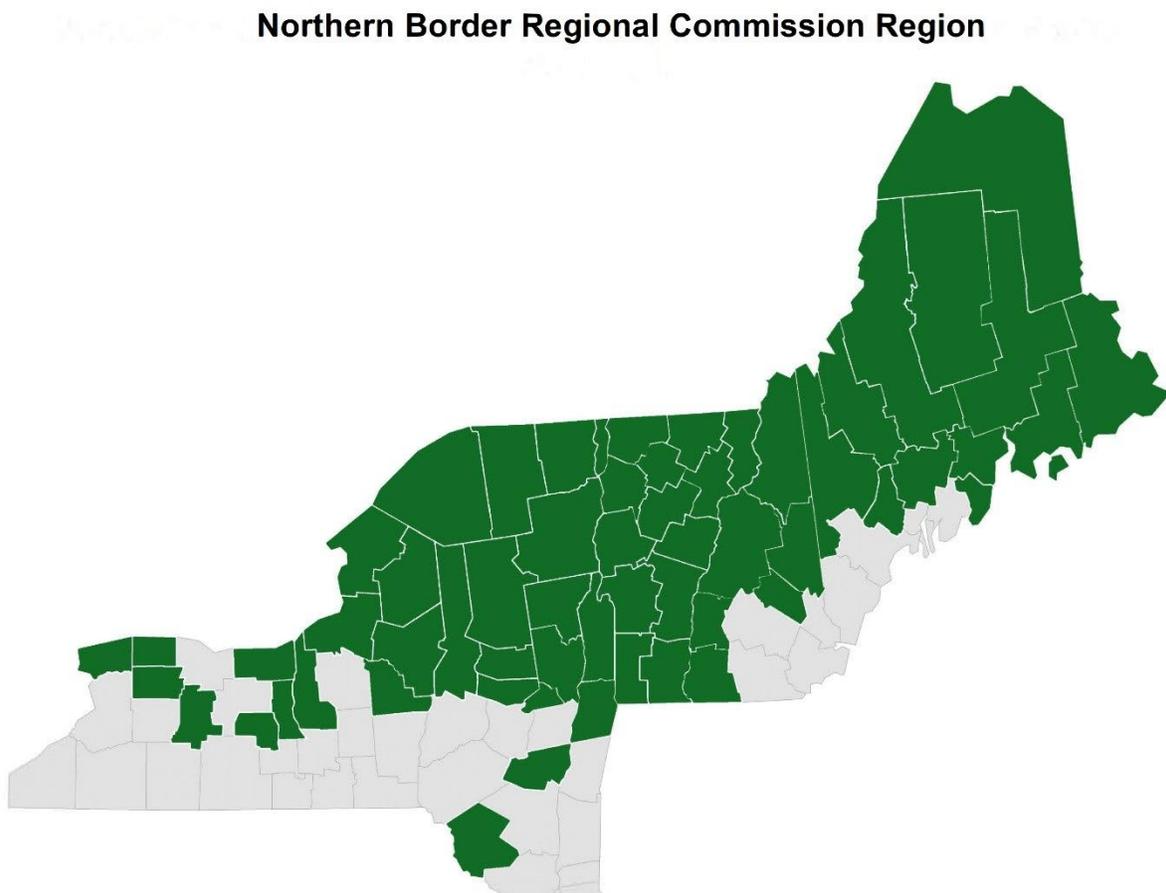
**Maine:** Androscoggin, Aroostook, Franklin, Hancock, Kennebec, Knox, Oxford, Penobscot, Piscataquis, Somerset, Waldo, and Washington counties.

**New Hampshire:** Belknap, Carroll, Cheshire, Coös, Grafton, and Sullivan counties

**New York:** Cayuga, Clinton, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Montgomery, Niagara, Oneida, Orleans, Oswego, Rensselaer, St. Lawrence, Saratoga, Schenectady, Seneca, Sullivan, Warren, Washington, Wayne and Yates counties.

**Vermont:** all counties within the State

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## Distressed and Transitional Counties

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By statute, the NBRC is required to annually assess the level of economic and demographic distress within its region. The reasons for this annual exercise include:

- To have reliable and timely data that can inform NBRC leadership as they create new (and improve existing) economic and infrastructure funding programs,
- To create a benchmark in which annual compilations of economic and demographic data can be compared to the NBRC's Five Year Plan goals,
- To identify whether the NBRC can provide grants to projects within a county,
- To determine the amount of match required<sup>1</sup> by grant applicants for projects,
- To assist States as they develop their own economic and community development programs, and
- To provide publicly available information so local decision makers can prioritize their economic and community development strategies.

### Classification Criteria

The ultimate result of this work is to separate counties and municipalities within the NBRC service area into three classifications: Distressed Counties, Transitional Counties, and Attainment Counties. County data (and the Isolated Areas of Distress referenced below) are updated annually in time to provide guidance to potential grantees.

The NBRC uses the variables in both categories below to determine the classification of each county:

#### Primary Distress Categories

(required by statute for consideration):

- Percent of Population below Poverty Level,
- Unemployment Rate, and
- Percent Change in Population

#### Secondary Distress Categories:

- Percent of Population with a bachelor's degree or higher,
- Median Household Income, and
- Percent of Secondary and Seasonal Homes

### Distressed Counties

Counties classified as "Distressed" are the most severely and persistently economically distressed and underdeveloped of the NBRC's service area and have high rates of poverty, unemployment, or outmigration. Distressed counties display at least three of the criteria stated above (and at least one in each category). The maximum percent of qualified project costs funded by the NBRC in distressed counties is 80%. Federal law requires the NBRC to provide 50% of appropriations to projects in counties categorized as distressed.

### Transitional Counties

Counties classified as "Transitional" are economically distressed and underdeveloped or have recently suffered high rates of poverty, unemployment, or outmigration. Transitional counties have at least one of the criteria stated above (in either category). The maximum percent of qualified project costs funded by the NBRC in transitional counties is 50%.

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<sup>1</sup> In FY 2021, Congress instructed the NBRC to waive matching funds requirements dating back to FY 2020, and in FY 2021 and future years, due to the impacts of the COVID-19 pandemic.

### **Attainment Counties and Isolated Areas of Distress**

Finally, “Attainment” counties are those that are neither “distressed” nor “transitional.” The NBRC is not allowed to fund projects within an attainment county unless the project is within an “Isolated Area of Distress,” or has been granted a waiver. Isolated areas of distress are “areas [municipalities] that have high rates of poverty, unemployment, or outmigration.”

### **Listing of Counties by Distress**

Please refer to the NBRC’s website (nbrc.gov) for the most recent 2022 Distress Criteria.

## **Areas of Investment**

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The NBRC may invest in the following economic development categories, as described in **40 U.S.C., Subtitle V, §15501**:

1. To develop the transportation infrastructure of its region;
2. To develop the basic public infrastructure of its region;
3. To develop the telecommunications infrastructure of its region;
4. To assist its region in obtaining job skills training, skills development, and employment-related education, entrepreneurship, technology, and business development;
5. To provide assistance to severely economically distressed and underdeveloped areas of its region that lack financial resources for improving basic health care and other public services;
6. To promote resource conservation, tourism, recreation, and preservation of open space in a manner consistent with economic development goals;
7. To promote the development of renewable and alternative energy sources.

Federal law (**40 U.S.C., Subtitle V, §15501**) mandates that 40% of NBRC grants be utilized for infrastructure projects (numbers 1, 2, and 3 above) while 50% of NBRC appropriations shall be dedicated for distressed counties.

### **Strategic Investment**

Considering the wide-ranging nature of these categories and limited funding for grants - and with respect to the NBRC’s enabling legislation that requires a five-year investment plan - the NBRC has created a Strategic Plan that will give the NBRC focus and priorities from 2017-2022<sup>2</sup>. Below are the areas of investment supported in the Strategic Plan:

- Revitalize and modernize essential infrastructure in Northern Border region communities.
- Increase access, affordability, and use of high-speed telecommunications by Northern Border residents and businesses.
- Stabilize and reduce electric and thermal energy costs.
- Retain, expand and diversify business enterprise that capitalizes on the region’s natural, cultural, and economic assets.
- Position the Northern Border region as an attractive and supportive place for creative and entrepreneurial people.
- Support and expand a highly productive workforce with skills suited to existing and future business needs.
- Foster entrepreneurial leadership and capacity for community economic development.

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<sup>2</sup> Per Commission vote on January 12, 2021, the NBRC extended its 5-year strategic plan through FY2022. The NBRC is working to revise its strategic plan in FY 2023.

- Inform and align local, state, and regional economic development decision making with regional data and perspectives.

The NBRC's Five Year Strategic Plan is available for download from the NBRC's website:  
<http://www.nbrc.gov/content/strategic-plan>

## Grant Programs and FY 2021 Grant Awards

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The NBRC has seven funds. The State Economic & Infrastructure Development (SEID) Investment Program, the Regional Forest Economy Partnership (RFEP), the State Capacity Building Grant Program (SCG), and a special set aside focused on broadband projects (deployed in partnership with each NBRC State) are funded by annual appropriations provided to NBRC. In addition, funds provided to NBRC by the Economic Development Administration (EDA), the United States Department of Agriculture (USDA), and the Health Resources & Services Administration (HRSA), which is new in FY 2021, complement annual appropriations and allow these Federal agencies to utilize NBRC's expertise in the region and economic development.

The **State Economic & Infrastructure Development (SEID)** Program is the NBRC's flagship grant program, and funds economic and community development projects and programs within the NBRC's four State region. Projects are scored and prioritized by the NBRC's state-based partners to ensure that projects align with local and statewide economic development plans and objectives. After scoring, the Commission collaboratively approves awards. Awards range in size with a maximum of \$1 million for transportation, basic public, telecommunication, and alternative energy infrastructure, and a maximum of \$350,000 for non-infrastructure projects supporting rural healthcare, workforce, and outdoor recreation and tourism initiatives. The 2023 Budget requests \$29 million for SEID.

In addition to funds provided by annual appropriations, NBRC applies funds provided by EDA and USDA to SEID applicants whose projects align with the strategic objectives and requirements of both the NBRC and each partner agency.

The **Regional Forest Economy Partnership (RFEP) Program** is focused specifically on supporting the growth and diversification of the forest products industry in the NBRC's region. RFEP incentivizes collaboration among entities within the four NBRC states. Awards are up to \$1 million and in the past have supported a range of initiatives, to include research on new uses for wood products, workforce development initiatives focused on the industry, and technical assistance in support of wood products and forestry-focused businesses. The 2023 Budget requests \$4 million for RFEP.

The **State Capacity Grant (SCG)** program debuted in FY2020, in recognition of the increasing complexity of NBRC project development, and the increased amount of effort required by the states to fulfill NBRC-related responsibilities. The funds must be used to build capacity within each state for economic development activities that lead to NBRC and other Federal project proposals. Each state must develop an annual scope of work that is reviewed and approved by the NBRC. To remain eligible, states must be current with regard to the payment of administrative dues. In FY 2021, each NBRC state was eligible for \$250,000. The 2023 Budget requests \$1 million for SCG.

The partnership with HRSA was new in FY 2021. These funds were deployed in partnership with HRSA across two existing HRSA initiatives: *Rural Health Outreach* and *Rural Communities Opioids Response*. Funded projects are ongoing as of the time of writing.

The parameters of the NBRC's investments are directed by the NBRC's enabling legislation, standard Federal grant requirements, the NBRC's Five-Year Strategic Plan, and State and/or regional economic development plans.

Below is a summary of the grants awarded during the FY 2021 SEID round (which includes EDA & USDA awards), and the FY 2021 RFEP round. More detailed information on the grants was released in the NBRC's 2021 Annual Report, which is available via the *Impact & Reporting* tab on the NBRC's website: [nbrc.gov](http://nbrc.gov)

<b>Awards: SEID Grants, 2021 (including via EDA &amp; USDA funds)</b>	
Number of Awards:	<b>54</b>
Total Amount of Awards (NBRC Annual Appropriation):	<b>\$18,622,725</b>
Total Amount of Awards (USDA):	<b>\$1,350,000</b>
Total Amount of Awards (EDA):	<b>\$3,000,000</b>
Total Amount Requested:	<b>\$81,298,452.09</b>
<b>Awards: Broadband Initiatives, 2021</b>	
Number of Awards:	<b>3</b>
Total Amount of Awards:	<b>\$3,750,000</b>
<b>Awards: RFEP Grants, 2021</b>	
Number of Awards:	<b>1</b>
Total Amount of Awards:	<b>\$1,000,000</b>
Total Amount Requested:	<b>\$6,226,313.50</b>
<b>Awards: HRSA Partnership, 2021</b>	
Total Amount of Awards via <i>Rural Health Outreach</i>	<b>\$1,000,000</b>
Total Amount of Awards via <i>Rural Communities Opioids Response</i>	<b>\$1,500,000</b>
<b>Awards: USDA (non-SEID), 2020</b>	
Outdoor Recreation Economy Capacity Building:	<b>\$1,566,664 (\$391,666 / State)</b>
<b>Awards: State Capacity Grant</b>	<b>\$1,000,000 (\$250,000 / State)</b>

## Bipartisan Infrastructure Law (BIL)

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On November 15, 2021, the President signed the Bipartisan Infrastructure Law (BIL) into law. This legislation appropriated \$150 million in emergency discretionary funding to the NBRC for deployment of funding in support of infrastructure projects across the NBRC's four-state region consistent with the NBRC's authorizing legislation, **40 U.S.C., Subtitle V, §15501**:

- Transportation infrastructure
- Basic public infrastructure
- Telecommunications infrastructure
- Development of renewable and alternative energy infrastructure

Funding provided to the NBRC through the BIL will build upon the base of programmatic efforts funded by annual appropriations. As of this writing, the NBRC is working to develop guidance for potential grantees across the region to apply for and receive funds consistent with the objectives identified in the BIL and expects to release guidance publicly during FY 2023. Additionally, the NBRC is working to hire additional staff to ensure that project administration adheres to the same high standards the NBRC applies to all grantees.

The NBRC anticipates obligations of \$2 million in BIL funds in FY 2022, \$25 million in FY 2023, and that BIL funds will be fully deployed by the end of FY 2028.

## FY 2023 Areas of Focus

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The NBRC's activities in FY 2023 will maintain our focus on grantmaking within the NBRC region, while ensuring that resources are invested strategically and in line with guidance from the Administration. The NBRC is well positioned programmatically to align strategic investments with this guidance. Highlights include:

- **Climate Change:**
  - The NBRC is authorized (**40 U.S.C., Subtitle V, §15501**) "...to promote the development of renewable and alternative energy sources." This authorization has been, and will remain, an optional funding pathway for eligible grantees in all of the NBRC's grant programs.
  - The NBRC continually works with state and local governments to leverage private sector (and other public sector) funding for large-scale infrastructure projects.
- **Integrating Resilience into Infrastructure Investments:** Complementing the Climate Change work noted above, the NBRC will continue to work towards requiring evidence of resiliency planning among applicants for infrastructure projects.
- **Underserved Communities:** The NBRC has been, and will remain, focused on investments in traditionally underserved communities, defined in Statute (**40 U.S.C., Subtitle V, §15702**) as "distressed" through a suite of metrics updated annually. The NBRC is Statutorily required to invest 50% of grant funds in communities designated as "distressed." The NBRC is currently working with the Northeastern States Research Cooperative on a project to develop a suite of resilience indicators in order to understand the needs of underserved communities more deeply.
- **Diversity, Equity, Inclusion, and Accessibility:** The NBRC has developed an internal committee to focus on the implementation of Executive Orders 13985 and 14035. Included in the "Administrative Priorities" line item in the budget below are funds dedicated to further engagement herein, to include consulting and training, and engagement with outside experts to guide our work in this area.

- **Deliverables and Evaluation:** The NBRC is planning to hire *Research & Evaluation* capacity in FY 2023 to guide data collection for the purpose of evidence-based decision making regarding future investments.
- **Cybersecurity:** The NBRC only contracts with U.S. Government-approved contractors procured through our partnership with GSA's procurement division. These contractors must meet a minimum set of cybersecurity standards and comply with all relevant updates to systems. Further, the NBRC has contracted with an external technology firm to continually monitor all of the NBRC's hardware and software applications.
- **Pay Adjustment:** Line item "Personnel Compensation" below reflects the planning assumption of a 4.6% increase in pay for civilian NBRC employees in FY 2023.

## FY 2023 Proposed Budget

The proposed Commission Budget Request for FY 2023 is **\$36,000,000** in order to carry out the FY 2023 Areas of Focus described in the previous chapter.

<b>FY 2023 Budget Request</b>	<b>FY 2021 Actual</b>	<b>FY 2022 Annualized CR</b>	<b>FY 2023 President's Budget</b>
State Economic & Infrastructure Development Grants***	\$23,766,406	\$23,219,381	\$29,169,381
Regional Forest Economy Partnership	\$4,000,000	\$4,000,000	\$3,800,000
State Capacity Grant Program	\$1,000,000	\$1,000,000	\$1,000,000
Implementation of Administration Initiatives**	-	-	\$250,000
Administrative			
Administrative Federal	\$164,859	\$240,991	\$240,991
50/50 (State Share* / Federal Match)	\$238,944	\$356,725	\$356,725
Office of Federal Co-Chair	\$258,638	\$375,518	\$375,518
Programmatic	\$571,153	\$807,385	\$807,385
<b>Total</b>	<b>\$30,000,000</b>	<b>\$30,000,000</b>	<b>\$36,000,000</b>

\*The 50/50 line includes States' share  
\*\* This line includes costs associated with the FY 2023 Areas of Focus on pp. 9-10.  
\*\*\*The FY 2021 Actual column includes \$5MM broadband initiatives appropriated for FY 2021

**Note:** Administrative expenses cannot exceed 10% of appropriation, per **40 U.S.C., Subtitle V**

<b>Administration – Salaries &amp; Expenses Expenses by Category of Administrative Expense</b>	<b>FY2021 Actual</b>	<b>FY 2022 Annualized CR</b>	<b>FY 2023 President's Budget</b>
Personnel Compensation ( <i>FY 2022 includes 4.6% civilian comp inc.</i> )	\$636,262	\$859,687	\$859,687
Personnel Benefits	\$164,970	\$211,808	\$211,808
Travel	\$3,433	\$53,000	\$53,000
Rent & Communications	\$53,571	\$51,936	\$51,936
Other Services	\$358,909	\$547,968	\$547,968
Supplies & Materials	\$3,533	\$6,500	\$6,500
Equipment	\$12,916	\$49,720	\$49,720
Implementation of Administration Initiatives*	-	-	\$250,000
<b>Total</b>	<b>\$1,233,594</b>	<b>\$1,780,619</b>	<b>\$2,030,619</b>

\* This line includes costs associated with the FY 2023 Areas of Focus on pp. 9-10.

**Note:** Administrative expenses cannot exceed 10% of core appropriation, per 40 U.S.C., Subtitle V