



# Northern Border Regional Commission



## NBRC Fiscal Year 2022 Budget Request

As submitted to the House and Senate Appropriations Committees May 2021

# Fiscal Year 2022 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.

## 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 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, Department of Business & Economic Affairs



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

Member: The Honorable Andrew Cuomo, 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, 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 FY2021, the following counties are included in the NBRC's service area:

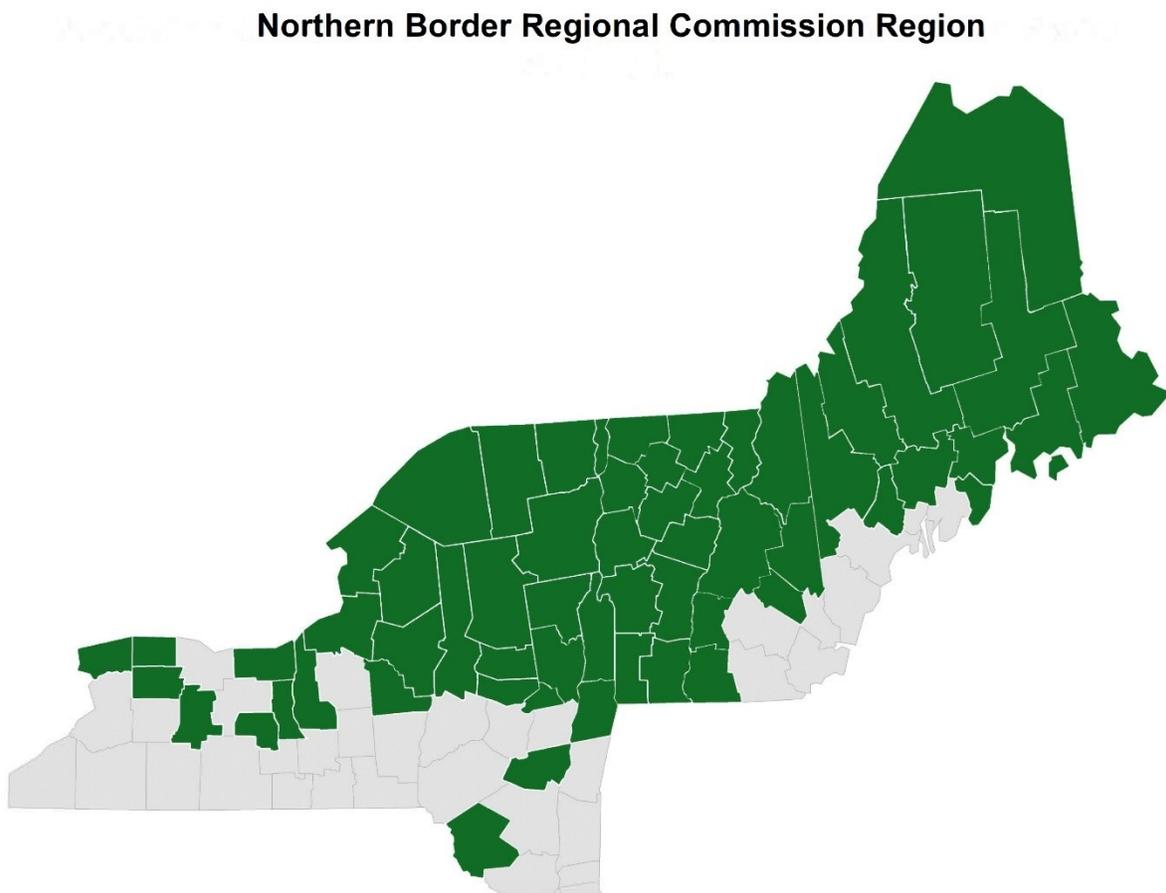
**Maine:** Androscoggin, Aroostook, Franklin, Hancock, Kennebec, Knox, Oxford, Penobscot, Piscataquis, Somerset, Waldo, and Washington counties.

**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,
- Change in Unemployment Rate<sup>2</sup>, 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 FY2021, Congress instructed the NBRC to waive matching funds requirements dating back to FY2020, and in FY2021 and future years, due to the impacts of the COVID-19 pandemic.

<sup>2</sup> For 2021, the NBRC added "change in unemployment rate" to the "Primary" category of distress variables. This variable allowed the Commission to account for changes in unemployment by County due to the economic 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 for the most recent [2021 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 Five-Year Strategic Plan that will give the NBRC focus and priorities from 2017-2021<sup>3</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>3</sup> Per Commission vote on January 12, 2021, the NBRC will continue operating under its current 5-year plan until 2022.

- 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>

## FY 2020 & 2021 Grant Awards

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The NBRC has six funds: The State Economic & Infrastructure Development (SEID) Investment Program, the Regional Forest Economy Partnership (RFEP), the State Capacity Building Grant Program (SCG), and collaborations with the Economic Development Administration (EDA), the United States Department of Agriculture (USDA), and new in 2021, a collaboration with the Health Resources & Services Administration (HRSA).

The SEID Program is the core of the NBRC's function, and it funds economic and community development projects and programs within the NBRC's four State region. In 2020 and 2021, EDA funds were/will be awarded to SEID projects that align with the strategic objectives and requirements of both the NBRC and the EDA. Similarly, a portion of USDA funds in 2020 and 2021 were/will be awarded to SEID projects that align with the strategic objectives and requirements of both the NBRC and the USDA. USDA funds also provide support for Outdoor Recreation Economy capacity-building work in each of the NBRC states.

The SCG program was new in 2020, and provided \$187,500 to each NBRC state for use in capacity building to assist eligible communities and organizations to seek NBRC funding, and by extension, enhance their ability to seek other sources of public funds. In 2021, the SCG program grew to \$1,000,000, further enhancing each state's capacity building efforts.

The partnership with HRSA is new in 2021. These funds are deployed in partnership with HRSA across two existing initiatives: *Rural Health Outreach* and *Rural Communities Opioids Response*. Though specifics are not finalized as of the time of writing, the funds will be deployed within these two program lines by the end of the year.

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 2020 SEID round (which includes EDA & USDA awards), and the 2020 RFEP round. More detailed information on the grants will be compiled in the NBRC's 2021 Annual Report, which is due to Congress on December 30, 2021.

**Awards: SEID Grants, 2020 (including via EDA & USDA funds)**

Number of Awards:	<b>47</b>
Total Amount of Awards:	<b>\$21,821,375.91</b>
Total Amount Requested:	<b>\$67,612,195.35</b>

**Awards: RFEP Grants, 2020**

Number of Awards:	<b>5</b>
Total Amount of Awards:	<b>\$5,000,000</b>
Total Amount Requested:	<b>\$12,600,000</b>

**Awards: USDA (non-SEID), 2020**

Outdoor Recreation Economy Capacity Building:	<b>\$1,566,664 (\$391,666 / State)</b>
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**Awards: State Capacity Grant**

**\$750,000 (\$187,500 / State)**

**Please Note:** 2021 SEID (including via EDA & USDA) and RFEP awards are anticipated in late 2021.

## FY 2022 Areas of Focus

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In accordance with the President’s budgetary recommendation to Congress, the NBRC’s activities in 2022 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.
- **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.” Additionally, the NBRC has taken early action to reach out to Indian Tribes in our region in accordance with the Administration’s January 26, 2021 “Memorandum on Tribal Consultation and Strengthening Nation-to-Nation Relationships.”

The 2022 Passback also identified priorities through Supplemental Passback Guidance, and the NBRC has taken this guidance into account as follows:

- **Pay Adjustment:** Line item “Personnel Compensation” below reflects the planning assumption of a 2.7% increase in pay for civilian NBRC employees in 2022.
- **COVID-Related Funding Needs for Agency Operations:** The NBRC moved to a “maximum telework” posture in March, 2020, and has maintained that status as of the time of this writing. The NBRC also prepared our office and staff with PPE and work-from-home technology, with no disruption in service to grantees, and at minimal cost. We do not anticipate additional COVID-19 related costs in FY2022.

- **Modernization of Public Facing Websites and Digital Services:** The NBRC maintains two public-facing / digital assets:
  - **(1) Website:** The NBRC's website has just undergone a review with our external website provider to assess security and functionality, and the site is in compliance with current Federal standards (and industry best practices). It is an ongoing requirement of future-year contracts with this or any vendor that the aforementioned standards are updated as necessary.
  - **(2) Grant Application / Service Database:** The NBRC, in FY2021, completed an extensive update of the Agency's grant application database to ensure compliance with current Federal accessibility standards (and industry best practices). This database digitized portions of the NBRC's grant application, and for all grantees beginning in FY2021, they will be able to submit reimbursement documentation (the NBRC's primary communication with grantees) directly through the portal, complete with electronic signatures.

## FY 2022 Proposed Budget

The proposed Commission Budget Request for the 2022 fiscal year is **\$30,100,000** in order to carry out the 2022 Areas of Focus described in the previous chapter.

## NBRC

Expense Item	FY2021 Enacted Budget	President's Budget: 2022
Personnel Compensation ( <i>FY'22 includes 2.7% civilian comp inc.</i> )	\$710,685	\$725,100
Personnel Benefits	\$184,250	\$184,250
Travel	\$47,500	\$47,500
Rent & Communications	\$51,250	\$51,250
Other Services	\$524,015	\$508,200
Supplies & Materials	\$18,500	\$18,500
Equipment	\$41,900	\$41,900
State Economic & Infrastructure Development Grants*	\$23,421,900	\$23,523,300
Regional Forest Economy Partnership	\$4,000,000	\$4,000,000
State Capacity Grant Program	\$1,000,000	\$1,000,000
<b>Total</b>	<b>\$30,000,000</b>	<b>\$30,100,000</b>

*\*FY2021 Budget includes \$5MM set-aside for broadband initiatives.*