

NEIGHBORHOOD INVESTMENT PROGRAM





**WEST VIRGINIA
NEIGHBORHOOD INVESTMENT PROGRAM
FISCAL YEAR 2013
ANNUAL REPORT**

West Virginia Development Office

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Executive Director



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2013 ANNUAL REPORT

Introduction

In 1996, the West Virginia State Legislature enacted the Neighborhood Investment Program (NIP). It was the intent of the legislature that this act *"encourage private sector businesses and individuals to contribute capital to community-based organizations which establish projects to assist neighborhoods and local communities,"* thus increasing the capacity of such organizations to serve low-income persons and highly-distressed neighborhoods. In the sixteen years it has been operating, the NIP has accomplished the goals of the original legislation.

On March 12, 2011, the West Virginia Legislature reauthorized the NIP for another five years (2016) through the passage of S.B. 243. This legislation also increased the amount of credit available to applicants from \$2.5 million to \$3 million annually.

The NIP has continued to surpass expectations in growth and has become a significant incentive for donors to contribute to local non-profit organizations. The growth of the program has been such that, even with the increased allocation, 2013 applicant organizations requested an average of \$47,465 in tax credit per project. However, due to the vast number of quality applications and qualifying programs, NIP staff and the Advisory Board could only support 204 projects at an average award of \$14,706. This represents a significant difference from the requested amount.

In Fiscal Year 2013, 214 organizations seeking approximately \$10.2 million in West Virginia tax credit assistance applied for participation. A total of \$3,000,000 in state tax credit was allocated for FY 2013 in a single application round. Organizations then issued \$2,909,406.48 to eligible donors. This report will address the progress of the NIP in the following areas: NIP Advisory Board Summary, technical assistance, program statistics, Legislative issues, and suggestions for improvement.

NIP Advisory Board Summary

First Congressional District (Term Ending)	Second Congressional District (Term Ending)	Third Congressional District (Term Ending)
Judy Sjostedt <i>Democrat, Wood County Non-profit (June 30, 2016)</i>	Betty Rivard <i>Democrat, Clay County Low-income Citizen (June 30, 2015)</i>	Douglas Hylton <i>Democrat Private Sector (June 30, 2015)</i>
Della Lyons <i>Democrat, Wood County Non-profit (June 30, 2014)</i>	Jeff Wiblen <i>Republican, Jackson County Non-profit (June 30, 2016)</i>	Dorothy Lilly <i>Democrat, Raleigh County Low-income Citizen (June 30, 2014)</i>
Vacant	Rebecca Conrad <i>Democrat Low-income Citizen (June 30, 2015)</i>	Vacant
Randy Brooks <i>Republican, Wood County Private Sector (June 30, 2015)</i>	Marlo Long <i>Independent, Kanawha County (June 30, 2016)</i>	Vacant

NIP Procedural Rule §145-7-4 specifies membership and term requirements for the NIP Advisory Board as follows:

- The Board shall consist of 13 members: the Director of the Development Office plus 12 members appointed by the Director.
- The Director shall serve as chair but shall not vote unless it is necessary to break a tie.
- Four members will be officers or members of boards of directors of unrelated corporations that are currently licensed to do business in West Virginia.
- Four members will be executive directors, officers, or members of boards of directors of unrelated not-for-profit organizations which currently hold charitable organization status under section 501(c)3 of the Internal Revenue Code and which are currently licensed to do business in West Virginia.

NIP Advisory Board Summary—continued

- Four board members will be economically disadvantaged citizens of the State, with an annual gross income of not more than 125 percent of the Federal Poverty Level (FPL).
- No more than four of the 12 appointed members may be from the same Congressional District.
- No more than seven of the appointed members may be from the same political party.
- Members are eligible for re-appointment, but no member may serve more than three consecutive terms.
- Board members shall be appointed for three years. Board appointments shall begin the 1st day of July in the year of appointment and end the 30th day of June of the third calendar year in which the appointment took effect. Appointments to fill unexpired terms shall be for the duration of the term.

Two vacancies were filled with the addition of Doug Hylton and Rebecca Conrad and staff at the West Virginia Development Office continue to work toward filling remaining board vacancies.

The Advisory Board met on September 6th 2012 , to review project applications for FY 2013. A total of 214 applications were received requesting a total of \$10,157,595.50 in tax credit. A total of 204 applications were approved by the Board for a total allocation of \$3,000,000 for FY 2013, with \$2,909,406.48 issued by organizations to eligible donors.

The Advisory Board met for a second time on April 5, 2013, to address the issue of reallocation. The process of recapturing credit from projects and reallocating it to other organizations is outlined in NIP Procedural Rule §145-7-4.8.b as follows: "If the amount awarded by the Board is less than the full amount sought by the project transferee, the Board may also approve a supplemental amount of credits to become available on or after March 30 of the state fiscal year if sufficient credits remain unallocated as of that date or if credits have been returned from previously approved projects: Provided, that the project transferee receiving supplemental credit approval shall, on or before March 15 of the state fiscal year, have issued (or have sufficient documentation to show the clear intent of a donor to contribute) *ninety percent or more* of the credits they were initially awarded." The NIP

NIP Advisory Board Summary—continued

Procedural Rule continues (regarding reallocation) in §145-7-4.8.d, stating, "Project transferees may return credits to the Development Office that they do not anticipate using in the fiscal year in which they were awarded. Project transferees that have issued *less than seventy percent* of their authorized credits prior to March 15 of that state fiscal year in which they were awarded, and *do not have sufficient written documentation to show the clear intent of a donor to contribute*, may be directed by the director of the Development Office to return a percentage of credits previously authorized by the Board. Organizations issuing *between forty-five and sixty-nine percent* of their authorized credits prior to March 15 of the state fiscal year may be directed to *return up to twenty-five percent* of the credits previously awarded by the Board. Organizations issuing *between one and forty-four percent* of their authorized credits prior to March 15 of the state fiscal year may be directed to *return up to fifty percent* of the credits previously awarded by the Board. Organizations *issuing zero percent* of their authorized credits prior to March 15 of the state fiscal year may be directed to *return up to one hundred percent* of the credits previously awarded by the Board."

At the April meeting, the Board approved the recapture/return of \$270,755 from projects that had issued less than 70 percent of their awarded credit by March 15, 2012. The Board then reviewed applications for supplemental credit. A total of 59% of the projects were eligible for supplemental credit, and requests totaled \$1,696,483.50. The Board approved supplemental credit awards for the entire amount that was available for redistribution (\$270,755). All Board actions were effective April 1, 2012.

Returned/Recaptured Credit Statistics

Fiscal Year	Unallocated Credit	Returned Credit	Recaptured Credit	Available for Redistribution
2000	\$0	\$29,625	\$251,625	\$281,250
2001	\$165,000	\$32,500	\$230,500	\$428,000
2002	\$0	\$0	\$228,250	\$228,250
2003	\$0	\$17,520	\$210,475	\$227,995
2004	\$0	\$8,091	\$178,824	\$186,915
2005	\$0	\$43,569	\$144,508	\$188,077
2006	\$0	\$635	\$132,400	\$133,035
2007	\$0	\$112,114	\$81,652	\$193,766
2008	\$0	\$36,245	\$181,673	\$217,918
2009	\$0	\$69,285	\$277,021	\$346,306
2010	\$0	\$47,078	\$253,835	\$300,913
2011	\$0	\$27,298	\$216,460	\$243,758
2012	\$0	\$102,464	\$251,155	\$353,619
2013	0	29,150	\$241,605	\$270,755

Supplemental Credit Statistics

Fiscal Year	Supplemental Credit Requested	Supplemental Credit Awarded	Projects Receiving Supplemental Credit	Total Supplemental Credit Issued	Percentage Issued
2000	\$281,250	\$281,250	6	\$80,552	29%
2001	\$852,900	\$428,000	10	\$211,247	49%
2002	\$538,725	\$228,250	17	\$211,718	93%
2003	\$585,563	\$227,995	35	\$219,023	96%
2004	\$1,626,581	\$186,915	43	\$116,149	62%
2005	\$1,195,033	\$188,077	25	\$175,716	93%
2006	\$1,411,087	\$133,035	20	\$119,677	90%
2007	\$963,094	\$193,766	20	\$189,890	98%
2008	\$1,025,473	\$217,918	20	\$204,020	94%
2009	\$1,086,565	\$346,306	32	\$317,697	92%
2010	\$1,223,611	\$300,913	20	\$279,110	93%
2011	\$1,259,619	\$243,758	25	\$243,758	100%
2012	\$1,291,342	\$353,619	19	\$353,619	100%
2013	\$1,696,483.50	\$270,755	22	\$257,358	95%

FY 2013 was the Fourteenth year that the reallocation process was used. More projects are becoming eligible for supplemental credit awards each year. In FY 2013, a total of 120 projects (59%) were eligible for supplemental credit awards, however, there were only enough funds to award just 22 projects (18%) with additional tax credits. Despite efforts to alleviate this issue through modification to the process, ongoing growth of the program has led to a continued supply vs. demand issue relative to the reallocation process.

Technical Assistance

Increasing the awareness and understanding of the NIP continued to be a priority in 2013. NIP staff held a total of three workshops to educate applicants and participants about the program.

- An informational workshop was held May 30th 2012 to prepare organizations for the FY 2013 application process.
- Mandatory workshops for approved FY 2013 applicants took place September 25th & 26th, 2012. These workshops were designed to provide guidance to organizations regarding the rules of the program.
- An informational workshop took place in Bridgeport on June 5th, 2013 to prepare organizations for the FY 2014 application process.

NIP staff, in conjunction with the West Virginia Bureau of Commerce's Communications Department, marketed the workshops statewide in an effort to facilitate public awareness.

Providing NIP information and technical assistance—to participants, donors, the media, and other interested parties—was an integral part of the program in FY 2013. Staff continued to provide specific technical assistance through both one-on-one communication and via the WVDO website during the changeover in leadership in both the Local Capacity Development unit and the Neighborhood Investment Program. Staff also sent out and collected reports from NIP participants on a quarterly basis and kept the NIP Advisory Board updated regarding project (and program) progress throughout the year. NIP staff also verified and processed required paperwork and fees for 3,393 NIP eligible donations, an increase of 379 new donors.

FY 2013 NIP Direct Program Expenses

Category	Expense
Personnel	\$54,552.91
Fringe Benefits	\$20,923.84
Current Expenses	\$15,616.37
TOTAL	\$91,093.12

The West Virginia Development Office also provides a great deal of indirect support for the program. In particular, the following divisions of the WVDO and the Commerce Communications office provide services in support of the NIP:

- **Executive Director's Office:** The Executive Director, or their designee, chairs the NIP Advisory Board. This office also provides legal advice and assistance, as well as managing legislative issues.
- **Administration:** This division provides general accounting services and manages the NIP certification fee account, travel related expenses (for both NIP staff and Advisory Board members), and workshop expenses.
- **Local Capacity Development:** NIP staff members are housed in this unit, which offers office space, clerical support, and additional staff support as necessary to administer the program efficiently.
- **Commerce Communications:** This agency provides design services for NIP brochures and mailing materials, as well as issuing all press releases and announcements regarding the program.

Administration of the Neighborhood Investment Program is truly a team effort. The ongoing support of the aforementioned WVDO/Commerce organizational units are integral to the continued success of the program.

According to West Virginia Code, NIP certification fees are collected to offset the administrative costs of the program. Program revenues for FY-2013 were \$174,721.63 while direct program expenses were \$91,093.12. This amount is over \$29,000 lower than FY-2012 reflecting vacancies in NIP staff positions during FY-2013.

NIP Credit Statistics

Statistics that are currently tracked for the Neighborhood Investment Program (NIP) include the number of applications submitted for review, cumulative amount of credit requested, counties represented, number of applications approved, amount of credit awarded, amount of donations leveraged, amount of credit issued to donors, and the amount of certification fees collected.

The following three pages contain the aforementioned statistics for each year since the program's inception. The information is broken out as follows:

- Table 1 - Application Statistics
- Table 2 - Approval Statistics
- Table 3 - Credit Distribution

Application Statistics—Table 1

Program Year	Number of Applications	Number of Counties Represented	Total Amount of Credit Requested	Average Amount of Credit Requested
1997	97	23	\$7,369,600	\$75,975
1998	92	28	\$6,384,080	\$69,932
1999	103	34	\$8,145,690	\$79,084
2000	74	26	\$3,526,044	\$47,649
2001	76	25	\$5,193,221	\$68,332
2002	84	31	\$5,038,025	\$59,976
2003	102	42	\$4,953,955	\$48,568
2004	128	55	\$7,985,241	\$62,385
2005	128	55	\$6,544,070	\$51,125
2006	137	55	\$7,283,960	\$53,558
2007	145	55	\$5,628,703	\$38,818
2008	162	55	\$6,235,056	\$38,488
2009	164	55	\$7,649,339	\$46,642
2010	197	55	\$9,364,182	\$47,533
2011	181	55	\$7,919,127	\$43,646
2012	182	55	\$8,732,821	\$47,802
2013	214	55	\$10,157,595	\$47,465

Approval Statistics - Table 2

Program Year	Number of Approved Applications	Number of Counties Represented	Amount of Credit Awarded	Average Amount of Credit Awarded
1997	69	23	\$1,999,377	\$28,976
1998	73	25	\$2,000,000	\$27,397
1999	77	25	\$1,999,878	\$25,972
2000	61	25	\$2,000,000	\$32,787
2001	73	25	\$2,000,000	\$26,316
2002	81	31	\$2,000,000	\$24,691
2003	102	42	\$2,000,000	\$19,607
2004	116	55	\$2,000,000	\$17,241
2005	119	55	\$2,000,000	\$16,806
2006	128	55	\$2,000,000	\$15,625
2007	140	55	\$2,000,000	\$14,285
2008	158	55	\$2,000,000	\$12,658
2009	161	55	\$2,500,000	\$15,527
2010	180	55	\$2,500,000	\$13,888
2011	177	55	\$2,500,000	\$14,124
2012	179	55	\$3,000,000	\$16,759
2013	204	55	\$3,000,000	\$14,706

Credit Distribution Statistics- Table 3

Program Year	Amount of Donations Received	Amount of Credit Issued to Donors	Percentage of Credit Issued to Donors	Certification Fees Collected
1997	\$408,507	\$204,253	10%	\$12,112
1998	\$1,148,194	\$573,986	29%	\$34,445
1999	\$1,603,798	\$801,899	40%	\$48,113
2000	\$2,144,097	\$1,072,048	54%	\$64,322
2001	\$2,466,005	\$1,233,002	62%	\$73,980
2002	\$3,097,307	\$1,518,056	76%	\$92,484
2003	\$3,308,327	\$1,625,990	81%	\$98,238
2004	\$3,369,305	\$1,657,617	83%	\$100,478
2005	\$4,112,131	\$1,843,528	92%	\$111,135
2006	\$4,195,365	\$1,919,585	96%	\$115,748
2007	\$4,345,145	\$1,939,193	97%	\$118,841
2008	\$4,148,178	\$1,932,485	97%	\$116,397
2009	\$5,870,091	\$2,428,528	97%	\$145,774
2010	\$6,067,098	\$2,417,649	97%	\$144,728
2011	\$4,934,920	\$2,368,811	94%	\$143,194
2012	\$5,720,020	\$2,828,735	94%	\$172,012
2013	6,149,680	\$2,909,406	97%	\$174,721

Legislative Issues

The NIP was up for reauthorization during the 2011 legislative session. On March 12, 2011, the Legislature reauthorized the NIP for an additional five years through the passage of S. B. 243. The Neighborhood Investment Program is now set to expire on July 1, 2016. In response to the tremendous growth of the program, S. B. 243 also increased the allocation of NIP tax credit from \$2.5 million to \$3 million annually.

NIP Participant Feedback

As we are in frequent contact with participating organizations throughout the year, they often offer comments and suggestions for improvements to the NIP. We consider all suggestions offered and when a suggestion comes in that is reasonable from an administrative standpoint, and is in compliance with the legislation, we attempt to be as accommodating as possible. A sampling of participant comments and recommendations is as follows:

- “As a program participant in an area contiguous to Ohio, we are always hearing from our neighboring donors how they wish Ohio had a program like this. The NIP is something to be proud of and toot our horn about! “
- “...communication between our office and staff has been prompt and courteous. New staff seem bright and dedicated.
- “The program is a great way to encourage West Virginians to give back to their communities.”
- “We have had a 100% positive experience. It is a great way to get the needed funding for our program and be able to give something back to those generous people who help us “
- “Past utilization of credits should weigh heavily in the consideration process for awards.”
- “The West Virginia Development Office does a wonderful job in supplying us with the needed materials, such as brochures and press releases, to let potential donors know about the available credits that we have.”
- “We have been able to grow and cultivate our supporter base in part due to the Neighborhood Investment Program tax credits. This program enables us to deliver our programs and services that undoubtedly create bright futures for West Virginia teens, youth, men, women and families. “
- “As more and more organizations compete for awards each year, there is the potential for receiving fewer tax credits each year- thus a continued effort for a higher appropriation of money for NIP tax credits from legislation is very important. This allows organizations like ours, who are growing our donor base each year, to continue a progressive fundraising (plan).”
- it would be nice to have more of a statewide awareness campaign so that more donors would be familiar with the program. We still talk with a lot of potential donors that have no idea what the NIP tax credits are.

Project Impacts

A wide variety of projects participated in the Neighborhood Investment Program during FY 2013. These project types included, but were not limited to:

- Affordable housing initiatives
- Counseling and housing assistance for victims of rape, domestic violence, and elder abuse
- Leadership and education programs for at-risk youth
- Transportation assistance through providing vehicles to low-income individuals
- Free medical clinics for low-income persons
- College scholarship programs for low-income students
- Drug/alcohol prevention and recovery programs
- Homeless shelters and related services
- Non-medical caregiving services for the elderly and disabled
- Hospice services for low-income patients
- Arts education programs for low-income children
- Community Foundations serving non-profits in rural West Virginia

Funds raised through the NIP incentive help participant organizations provide these needed services. The list above is just a small sampling of the types of programs that participate in the NIP. There is no simple way to describe the extent of the work these organizations do to help the less fortunate from the distressed areas of West Virginia. The services they provide are essential in maintaining a strong social infrastructure in West Virginia - creating stronger, healthier, more informed citizens that are capable of self-sufficiency and contributing to their communities. The following is just a small glimpse of the impact the NIP had on projects during FY 2013.

Project Impacts— continued

- 1591 uninsured patients were provided with medical visits and 39,692 prescriptions were filled by a medical outreach program serving Cabell, Lincoln, Mason, and Wayne Counties.
- 10 emergency child shelters throughout the state received physical improvements.
- 98 low-income students in 12 central West Virginia counties were provided scholarships by a state university.
- 60 families benefited from assistance with home repairs and renovations in Fayette County.
- 31 indigent babies born in 8 southern West Virginia counties were provided with free baby beds.
- 1957 victims of domestic violence throughout the state, received legal assistance.
- 12,767 individuals were provided free housing and meals by a Marion County organization.
- 15 children participated in “Camp Hope”, a two day program designed to help mend the hearts of children who are suffering from the loss of a loved one.
- Over \$457,000 in free services and materials such as transportation to dialysis and medical appointments, lawn and garden services, and small home repairs were provided to low income senior citizens by an organization operating in Berkeley and Jefferson counties .
- 25 children benefited from afterschool programs which provided meals and homework assistance and 6 adults obtain their GED with assistance provided by a Mingo County organization.
- 136 homeless West Virginian’s found shelter at an organization operating in the northern panhandle. The organization also assists runaway youths and youths aging out of foster care with transitional living assistance.



Conclusion

The Neighborhood Investment Program has proven in its 17 years of existence to be a significant force in encouraging businesses and individuals to contribute to their local non-profit organizations. The NIP encourages community development by providing the incentive many businesses and individuals need to get involved in their local organizations which are providing services primarily to low income individuals and distressed areas. By working to build these relationships, the NIP helps to increase the capacity of our communities to support community development projects that serve our most needy citizens.