



NEIGHBORHOOD INVESTMENT PROGRAM

West Virginia Neighborhood Investment Program Fiscal Year 2016 Annual Report

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Executive Director





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NEIGHBORHOOD INVESTMENT PROGRAM

2016 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 twenty years it has been operating, the NIP has successfully attained the goals of the enabling legislation.

In 2011, the West Virginia Legislature reauthorized the NIP through 2016. This legislation also increased the amount of credit available to applicants from \$2.5 million to \$3 million annually. The legislation was reauthorized in 2016 for an additional 5 years .

The NIP has continued to surpass expectations and remains a significant incentive for donors to contribute to local non-profit organizations. The growth of the program has been such that the demand for the credits outpaced the supply of credits by 242% in FY-2016. During FY-2016, 227 applicant organizations requested an average of \$32,037 in tax credit per project for a total requested amount of \$7,272,475. The NIP Advisory Board voted to approve 200 projects at an average award of \$14,917.

A total of \$3,000,000 in NIP tax credit was allocated for FY 2016 with organizations utilizing a record \$2,973,386 in tax credits issued to eligible donors over the course of the fiscal year. These credits leveraged \$6,350,612 in donations and helped to serve over 600,000 low-income West Virginia citizens.

NIP Advisory Board Summary

First Congressional District	Second Congressional District	Third Congressional District
Susie Nelson Independent Non-profit (June 30, 2018)	Vacant Low-income Citizen	Douglas Hylton Democrat Private Sector (June 30, 2018)
Lauren Borho Republican Low-income Citizen (June 30, 2017)	Jeff Wiblen Republican Non-profit (June 30, 2019)	Angie Swearingen Democrat Non-Profit (June 30, 2017)
Wendy Scatterday Democrat Non-profit (June 30, 2017)	Rebecca Conrad Democrat Low-income Citizen (June 30, 2018)	Sandy Dunn Republican Private Sector (June 30, 2017)
John Nicholson Republican Private Sector (June 30, 2018)	Matt Coleman Republican Private Sector (June 30, 2019)	Vacant Low-income Citizen

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.

At the end of FY-2016, after having served the Advisory Board faithfully for 9 years, board terms expired for Judy Sjostedt and Marlo Long. Staff at the West Virginia Development Office continue to work diligently toward filling the (2) current board vacancies.

The Advisory Board met on August 28, 2015, to review project applications for FY 2016. A total of 227 applications were received requesting a total of \$7,272,475 in tax credit. A total of 200 applications were approved by the Board totaling \$2,983,550 with \$16,450 remaining unallocated. Of the total \$3,000,000 credit allocation, \$2,973,386 was issued during the year by organizations to eligible donors representing the largest amount of credit ever issued.

The Advisory Board met again on April 4, 2016 addressing 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

NIP Advisory Board Summary—continued

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 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 \$46,800 from 12 projects that had issued less than 70 percent of their awarded credit by March 15, 2016. The Board then reviewed applications for supplemental credit. A record total of 101 projects applied for supplemental credit with an additional 31 organizations ineligible due to having already received the full amount of their request. The Board was only able to approve supplemental credit awards to 3 organizations for the entire amount that was available for redistribution (\$63,250) including the \$16,450 withheld at the initial allocation. Charts on the following two pages provide statistical data for the reallocation process for the past 15 years.

Returned/Recaptured Credit Statistics

Fiscal Year	Unallocated Credit	Returned Credit	Recaptured Credit	Available for Redistribution
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
2014	0	\$42,700	\$63,695	\$106,395
2015	\$5,100	\$0	\$61,525	\$66,625
2016	\$16,450	\$3,500	\$43,300	\$63,250

Supplemental Credit Statistics

Fiscal Year	Supplemental Credit Requested	Supplemental Credit Awarded	Projects Receiving Supplemental Credit	Total Supplemental Credit Issued	Percentage Issued
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%
2014	\$1,418,739	\$106,395	6	\$102,214	96%
2015	\$1,206,000	\$66,625	3	\$66,625	100%
2016	\$2,887,051	\$63,250	3	\$63,250	100%

More projects are becoming eligible for supplemental credit awards each year while the amount available for reallocation continues to decline significantly. This is due to an increased awareness of the tax credits by the public and more efficient use of the credits by the participating organizations. FY-2016 represents the best usage rate by participants in the history of the program.

Technical Assistance

Increasing the awareness and understanding of the NIP continued to be a priority in 2016 along with a focus on increasing usage rates by participant organizations. NIP staff held a total of three workshops to educate applicants and participants about the program. These mandatory workshops for FY 2016 applicants took place June 2, 3, & 4, 2015. The workshops were designed to provide guidance to organizations regarding the rules of the program and to better prepare organizations for writing their NIP application. 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 2016. Staff continued to provide specific technical assistance through both one-on-one communication and via the WVDO website. Staff also collected reports from NIP participants on a quarterly basis and kept the NIP Advisory Board updated regarding progress of approved projects throughout the year. NIP staff also verified and processed required paperwork and fees for 3,584 NIP eligible donations.

FY 2015 NIP Direct Program Expenses

Category	Expense
Personnel	\$58,418.96
Fringe Benefits	\$21,561.04
Current Expenses	\$29,063.12
TOTAL	\$109,039.12

The West Virginia Development Office provides a great deal of indirect support for the program as well. 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, along with maintaining the NIP website.

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-2016 were \$177,101.05 while direct program expenses were \$109,039.12.

NIP Credit Statistics

Statistics that are currently tracked for the Neighborhood Investment Program (NIP) include the number of applications submitted for review, 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
2014	217	55	\$8,464,264	\$39,005
2015	227	55	\$7,506,900	\$33,070
2016	227	55	\$7,272,475	\$32,037

Approval Statistics - Table 2

Program Year	Number of Approved Applications	Number of Counties Represented	Amount of Credit Available	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
2014	201	55	\$3,000,000	\$14,925
2015	203	55	\$3,000,000	\$14,778
2016	200	55	\$3,000,000	\$14,917

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
2014	\$6,095,092	\$2,927,006	98%	\$177,279
2015	\$6,488,731	\$2,967,575	99%	\$183,074
2016	\$6,350,612	\$2,973,386	99%	\$177,101



Legislative Issues

The NIP was reauthorized during the 2016 legislative session for an additional five years through the passage of S. B. 293. Funding levels for the program remained unchanged at \$3 million annually. The Neighborhood Investment Program expires on July 1, 2021. Therefore, it will be up for reauthorization during the 2021 legislative session.

Project Impacts

A wide variety of projects participated in the Neighborhood Investment Program during FY 2016. 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 much 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 distressed areas in West Virginia. The services they provide are essential in maintaining a strong social and economic infrastructure in West Virginia - creating stronger, healthier, more informed citizens that are capable of self-sufficiency and contributing to their communities. The following is a small glimpse of the impact the NIP had on projects during FY 2016.

Project Impacts— continued

- **25 youth in the Wheeling area received drug & alcohol intervention services.**

A 17 year old placed with us due to truancy was failing all of his classes, failed drug tests, and felt he had no control of his life. During his time at The Children's Home of Wheeling he studied many life skills including: communication skills, study skills, interviewing skills, budgeting and saving money, banking skills, resume writing, and more. He has now graduated high school and is working on his welding certificate, has a 3.0 GPA and purchased his first car, he has money in the bank and has also enrolled in college! He thanked us for turning his life around and he said he developed the characteristics needed to succeed in part by going through our life skills program which is sponsored in-part by NIP credits.

- The Children's Home of Wheeling

- **120 families in Nicholas & Fayette Counties received help with food and gifts at Christmas.**

A family of 6 attended the Summersville Christmas store. The father was a laid off coal miner who has searched for work for nearly 13 months and was soon planning to go work in another state, leaving his family behind. they were able to get 2 gifts each for the 4 children from the Christmas store. The mother wept as she picked out the gifts for her children, these would be the only gifts her children received this year. This family said they have never received any type of assistance before but were so thankful that it was available to them during their difficult time. While providing Christmas gifts to families in need may not seem significant, to that family it will make a lasting impression for many years to come.

- Nicholas County Community Foundation

- **125 individuals in Raleigh County received assistance from the "Families in Crisis" project.**

A seven year old girl was sexually abused by a neighbor. The girl told a teacher at school who reported the incident to the state child abuse hotline. The sheriff's office contacted Just For Kids and brought the girl in for a forensic interview. The girl was able to tell her story and the interview was recorded and used as evidence to charge the neighbor with child sexual abuse. The girl received counseling through our Center and is re-adjusting to school and her community in a way that is supportive and reduces trauma for her. Her life is forever changed, and the support that Just For Kids offers made a dramatic difference for this girl and hundreds of the girls and boys we work with throughout the year.

- Just for Kids



Conclusion

The Neighborhood Investment Program has proven in its 20 years of existence to be a significant force when it comes to 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 or distressed neighborhoods. By working to build these relationships, the NIP helps to increase the capacity of our communities to support projects which serve our most economically distressed citizens and neighborhoods.