

## **BUDGET MESSAGE**

NEOEDD's budget for 2025-2026 is based on historic costs with adjustments for known and potential changes in expected revenues and expenses.

The total fund balance for the District for June 2024 to June 2025 was budgeted to decrease about \$94,800. We're now expecting to see an increase of about \$410,600 as of June 30, 2025. NEOEDD's cash balances have increased about \$551,260. The cash balances include \$1,075,500 of deferred revenue in the Business Oregon Loan Loss Reserve (shown in Fund 13). A portion of the increase in cash is related to paid off loans which are now cash and not loans receivable (approximately \$60,800). We received \$399,000 to work on housing-related support activities. We also received \$100,000 from Meyer Memorial Trust to support general operations. As a result, we have more cash in the bank than projected. We have spent down some fund balances as anticipated in last year's budget.

The proposed June 2025 to June 2026 budget projects a decrease of nearly \$89,000 in total fund balances. This projected fund balance primarily reflects decreased cash on hand in the Housing fund with additional decreases in Entrepreneurial Development and Regional Main Street funds as we utilize cash balances.

### **Revenues**

We have identified specific funding sources for the revenue streams identified in the proposed budget. The sources are identified below.

In the NOBD fund, we are under contract with Northeast Oregon Business Development to reimburse us for our costs of delivering services associated with the Intermediary Relending Program.

In the remaining Revolving Loan Funds, we expect to collect on current loans and hope to make new loans to increase the amount of interest received on loans. We may also change banks as we assess the amount of bank fees assessed on our loan accounts.

The budget includes the USDOE CEDS Implementation fund. NEOEDD has been awarded a \$15 million grant from USDOE with a work plan that includes supporting residents of low-income census tracts and selecting subrecipients in Union and Baker counties to implement projects related to the region's Comprehensive Economic Development Strategy. The budget includes revenue of \$232,424 and expenses for staff, overhead costs and contractual services. Grant funding will not be available until the Boardman to Hemingway transmission line is under construction in our region. We anticipate that most of the first year of activity will be directed at community outreach, forming an advisory committee and setting up the subgrant fund structure and decision-making processes.

We will be wrapping up Mass Timber activities in the next few months. We are using this fund to support ADU awareness and adoption in our region.

In the Contract Services fund, we are wrapping up a contract with Maxville Heritage Interpretive Center to provide a variety of services. We are also under contract with the cities of Richland and Wallowa to perform grant administration and certified payroll services for a water system improvement project. The Richland project should be concluded by the end of December. The Wallowa project will extend into next year.

We have some retained funds in the Equity fund which we will continue to expend to advance diversity, equity and inclusion. Our activities will be based on demand from nonprofit organizations in the region and opportunities for staff to participate in equity training or activities. Activities may include nonprofit roundtables where we bring in trainers or trainings, or workshops that staff deliver, such as Grant Ready or Journey to Equity.

The Entrepreneurial Development fund includes previously earned revenue to support entrepreneur training, networking and ecosystem building services. As part of our ongoing relationship with the High Desert Partnership, we will apply for additional funds from Business Oregon to support entrepreneurs. Funding from Business Oregon will likely be spent primarily in Union and Wallowa counties as Launch Pad Baker has been receiving funding through Business Oregon to serve Baker County entrepreneurs. We have requested funding from Oregon Community Foundation and US Bank to support entrepreneurs in the next year. We also hope that a city or county will be willing to apply to Business Oregon for a Community Development Block Grant to support classes for entrepreneurs. We also expect to use about \$17,025 of the Meyer Memorial Trust funding (shown as a transfer in) to support this activity.

The Regional Main Street fund was created to support the Wallowa County Regional Rural Main Street program. This year, the fund includes a pass-through grant from Oregon Parks and Recreation Department for a building rehabilitation project in Enterprise (awarded in 2023). This project is expected to be completed in 2026. The fund is also used to account for income and costs associated with staff assistance provided to the Wallowa County Chamber of Commerce as the new lead organization for the WCRRMS program.

In December, we responded to the Economic Development Administration's invitation to apply for a three-year Planning Grant. The grant application is currently in limbo waiting for approval from the Washington D.C. office. We have been told that it will be awarded, but there is some uncertainty about it. We have budgeted about twice as many expenses in this fund as the anticipated federal award because a significant amount of staff time is spent on planning-related activities supporting cities, nonprofit organizations, and regional efforts to improve economic conditions. We expect to use about \$67,900 of the Meyer Memorial Trust funding (shown as a transfer in) to support this activity.

In 2024-2025 NEOEDD received \$399,000 from Oregon Economic Development Districts to support housing development in the region. Grant-writing and other housing development support services are eligible uses of the funds. We spent about \$60,000 last year and are planning expenditures of about \$106,000 in 2025-2026.

We were selected by The Ford Family Foundation to enhance their Rural Community Building activities in the region. In 2023, they provided a \$50,000 grant and in 2024, a \$69,700 grant. In 2025, we are expecting a grant of \$20,000. This funding allows us to spend time to engage with communities and nonprofits to understand their vision and needs and find out if there are ways we can offer support. We also expect to use about \$15,075 of the Meyer Memorial Trust funding (shown as a transfer in) to support this activity.

In the IDA fund, we expect to receive a contract that will provide funding based on the number of new individuals who are enrolled in the program. We do not know how many new people we will be able to enroll. We have budgeted \$6,000 of Foundation/Corporate grant revenue which is expected from banking institutions based on past donations for the IDA program. We also anticipate using some of the fund balance to support staff activity in this fund.

## **Expenses**

NEOEDD has a staff of two full-time employees, one 90% full-time equivalent (FTE) employee and one 75% FTE employee. The budget includes the addition of one full-time FTE employee with family benefits. The additional staff person is shown to be working full-time within the USDOE CEDS Implementation budget. If this grant is not funded, it's unlikely that we will have the revenue needed to support additional staff. The budget also includes a 6% raise for all staff.

Health insurance costs are budgeted based on estimated increases provided by CIS and the number of family members anticipated to be covered by insurance.

Travel costs are similar to travel costs in 2022-2023 and the amount of travel expense budgeted in 2024-2025.

Contractual Services expenses are budgeted significantly lower than budgeted last year, but significantly higher than the current year's expenditures. Contractual Services include the cost of contracting with our contracted loan officer as shown in the loan funds. There is a large expense associated with the USDOE CEDS Implementation fund which would be used to contract with local partners such as Community Connection of NE Oregon, REV Center and/or Northeast Oregon Network to assist with outreach and participate on the advisory team and with CASA of Oregon to provide Individual Development Accounts to eligible participants. There is also a cost budgeted for contractual services included in the Housing Fund which could be used for

contracted grant writing for infrastructure projects. The Entrepreneurial Development fund includes contractual services costs for Reinventing Rural to provide CO.STARTERS CORE curriculum and marketing materials for classes in the region.

We've budgeted Internet/Website costs associated with technology subscriptions, website hosting, and IT services. The costs are budgeted at a lower level than budgeted last year, but higher than costs this year.

Legal costs are budgeted higher than last year and much higher than actual costs. The amount budgeted in Indirect would be used if we need review of organizational documents and contracts. We've also budgeted legal costs for the USDOE CEDS Implementation fund in anticipation of legal review of federal requirements and compliance with those requirements in our subrecipient negotiations and documents.

Phone costs are expected to be higher than current year costs if we add a new employee.

Rent costs are similar to previous years with additional rent budgeted in the Entrepreneurial Development fund for venue rent.

We have budgeted for Special Projects within USDOE CEDS Implementation, Entrepreneurial Development and Housing funds to cover costs that may be incurred. In the case of USDOE CEDS Implementation and Housing, we haven't identified any specific activities that may be classified as Special Projects. For the Entrepreneurial Development fund, we organized Small Business Success Days in February 2025 which we would like to repeat that special project in 2026.

Supplies may include office supplies, electronic equipment and entrepreneurial development training curriculum.

Capital Expenditures are budgeted to purchase office equipment or furniture for the District if costs exceed \$5000 per item. At this time, no specific purchases are anticipated.

## **Fund Explanations**

The General Fund of the District is not the same type of fund as the general fund of governments that receive tax dollars to support operations. Our general fund is primarily used to account for fixed assets, miscellaneous income, and for contract revenues earned in excess of costs when we close out funds. The General Fund is also the “bank” of the District which can be used as a source of funds to transfer to other accounts/activities such as the Planning Grant or for loans to other funds when earned income has not yet been received. District operating costs are generally not charged to the General Fund. We have accounted for the Meyer Memorial Trust grant within the General Fund and will transfer funds out of the General Fund to utilize the Meyer Memorial Trust grant.

The Planning Grant fund is used to provide planning and general economic development assistance to counties and communities, as well as project development and management assistance to projects that are eligible to apply for or have been awarded funds from the Economic Development Administration. The planning grant provides the revenue to support our overall mission and goals and to implement the Comprehensive Economic Development Strategy. The grant must be matched on a 1:1 basis with other funds.

## **Changes in Funds Included in the Budget**

There are no new funds in the budget this year. The proposed budget eliminates the following funds: Business Oregon Entrepreneurial Technical Assistance, 2023-2025 Rural Opportunity Investment, and Economic Equity Investment Program. These were all Business Oregon-funded activities, and the programs or current contracts end June 30, 2025. For the 2025-2026 budget, entrepreneurial support funding from Business Oregon is budgeted in the Entrepreneurial Development Fund.

If you have any questions about the budget, please contact Lisa Dawson, Budget Officer, at 541-426-3598 x1 or [lisadawson@neoedd.org](mailto:lisadawson@neoedd.org).