

RMDP: It's The Economy

The Recycling Market Development Program continues as the little program that could. Staff reviews applications that range from small niche market projects to large expansions. Loans are currently not available, but grants continue to make an impact on Indiana's economy. Often, board members and staff alike are asked what has been the overall impact of the program. So, here's a rundown of our economic development efforts in recycling to this point.

Funding Details

When IDEM began administering the RMDP, the Program had several categories of grants and loans. Goals included creating jobs and increasing the recycling capacity in the state through equipment purchases at industrial operations as well as increasing recycling awareness in communities. As mentioned, during the economic downturn in 2008, the RMDP was suspended. When the Program regrouped, one large grant was created—the Recycling Market Development Grant. Continuing efforts focused on projects that would have the greatest economic impact in manufacturing—either for equipment purchases where machines could better process recyclables as feedstock or machines that could actually make the products.

Since 1991, more than \$23 million has been funded towards projects. Overall results are summarized in Table 1 and Table 2. A complete list of projects is available upon request.

The RMDP has helped create more than 1,000 jobs and has assisted in the development of the state recycling capacity. Most of the RMDP funding, as noted in Table 2 was directed to loans involving equipment purchases, of which more than \$16 million has been repaid. Projects also have experienced problems. Issues such as mechanical failures, lack of working capital, and market conditions took their toll on several companies. Specifically, nine projects defaulted on loans with a loss of \$2,580,381. But with no venture capitalists dedicated to investing solely in recycling, the RMDP continues to prove its worth to the small business community. The success rate was an 85% return on investments for recycling companies; a profession that once was considered high-risk in bank financing.

Challenging Markets

With the Recycling Market Development Program's shift to better understanding the changing economy for recyclers, staff looks at where monies can be used more effectively for businesses and their communities. One challenge for recyclers has been finding materials—the actual raw commodities. Determining if there is a breakdown in collection methods for communities is a focus of House Enrolled Act 1183. Signed into law by the governor in 2014, HEA 1183 seeks to gather state-wide information from recycling brokers, material recovery facilities, solid waste management districts and solid waste disposal

facilities. IDEM can coordinate with industry to review collected data on the inventories and shipments by material type, including glass, metal, paper, and plastic to understand where this material was destined and if better outreach to communities could increase valuable material collection for manufacturers. The goal is to reach a 50% state-wide recycling rate.

Table 1: RMDP Funding (FY1991-2016, as of 05/12/2016)

Funding Type	Funding Program	Description	Number of Projects	Funding Amount (\$)*	Percent of Funding
Grant	Recycling Market Development	A grant up to \$200,000 for Indiana companies to purchase equipment involving the manufacturing of products from recycled materials or the processing of recyclables into finished grade specifications ready for use by manufacturers.	22	\$2,079,374	8.90%
Loan	Recycling Promotion and Assistance	A loan up to \$500,000 for Indiana companies to purchase equipment involving the manufacturing of products from recycled materials or the processing of recyclables into finished grade specifications ready for use by manufacturers.	48	\$13,452,821	57.20%
Loan	Recycling Promotion and Assistance: Attraction	An RPAF loan at a higher funding level (up to \$1 million) to support existing successful companies that are building markets for hard-to-recycle priority materials.	6	\$5,365,712	22.80%
Grant	Business Start-up	A grant up to \$50,000 for new Indiana recycling businesses to purchase equipment and/or conduct feasibility studies for a business plan.	15	\$669,957	2.90%
Grant	Innovations	A grant of up to \$100,000 for companies to research or develop a product or process that reduces waste or increases the use of recyclables.	13	\$877,029	3.70%
Grant	Marketing	A grant of up to \$30,000 for a company to market its recycled-content product manufactured in Indiana.	14	\$377,481	1.60%
Grant	Product Purchasing	A grant of up to \$5,000 for a government entity to purchase recycled-content products as a trial or demonstration.	146	\$548,184	2.30%
Various	Other	Includes 3 R's Assessment Grant, Foundry Sand Grant, and Waste Characterization Study grant.	3	\$130,765	0.60%
Total:			267	\$23,501,323	100.00%

* This is the awarded amount of contract funding unless modified by the actual drawdown for completed projects, whichever is less.

Withdrawn projects are not included.

Table 2: RMDP Funding by Fiscal Year Approved and Source (FY1991-2015, as of 01/20/2015)

Fiscal Year Approved	Number of Projects	RMD Grants	Loans	Business Start-up	Innovations	Market	PPG	Other	Total Funding
2015	3	\$463,286							\$463,286
2014	6	\$483,232							\$483,232
2013	5	\$482,856							\$482,856
2012	5	\$350,000							\$350,000
2011	3	\$300,000							\$300,000
2010	0								\$0
2009	14			\$48,242	\$100,000		\$48,836		\$197,078
2008	23		\$1,000,000	\$112,933	\$15,013	\$59,297	\$67,672	\$5,600	\$1,260,515
2007	38		\$3,265,712	\$508,782		\$30,000	\$73,642	\$120,126	\$3,998,262
2006	11		\$130,130			\$30,000	\$29,311		\$189,441
2005	19		\$1,734,288		\$296,233	\$30,000	\$43,034		\$2,103,555
2004	20		\$1,000,000		\$17,520	\$65,576	\$30,193		\$1,113,289
2003	27		\$845,000		\$44,000		\$80,714		\$969,714
2002	25		\$1,805,110		\$304,263	\$42,608	\$57,088		\$2,209,069
2001	38		\$1,714,017		\$100,000	\$90,000	\$117,694		\$2,021,711
2000	3		\$197,928			\$30,000			\$227,928
1999	2		\$466,400						\$466,400
1998	3		\$631,395					\$5,039	\$636,434
1997	6		\$1,585,850						\$1,585,850
1996	2		\$923,885						\$923,885
1995	6		\$1,716,767						\$1,716,767
1994	2		\$722,625						\$722,625
1993	4		\$629,426						\$629,426
1992	2		\$450,000						\$450,000
1991	0		\$0						\$0
Total Funding		\$2,079,374	\$18,818,533	\$669,957	\$877,029	\$377,481	\$548,184	\$130,765	\$23,501,323
Total Projects	267	22	54	15	13	14	146	3	