

Economic Development Fund

MISSION STATEMENT

The mission of the Economic Development Fund is to assist private employers who are located, or plan to locate, or substantially expand operations in the County. The Fund is administered by the Department of Finance, and programs utilizing the Fund are administered by the respective departments as noted below.

BUDGET OVERVIEW

The total recommended FY11 Operating Budget for the Economic Development Fund is \$852,440, which is the same as the total for the FY10 Approved Budget. Personnel Costs comprise 14 percent of the budget for one workyear for a position in the Department of Economic Development. Operating Expenses account for the remaining 86 percent of the FY11 budget.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ *Healthy and Sustainable Neighborhoods*
- ❖ *Strong and Vibrant Economy*

PROGRAM CONTACTS

Contact Peter Bang of the Economic Development Fund at 240.777.2008 or Alison Dollar of the Office of Management and Budget at 240.777.2781 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Demolition Loan Program

The Demolition Loan Program was established in FY99. The program helps owners of obsolete, underutilized commercial buildings demolish buildings and clear the land. This program is administered by the Department of Housing and Community Affairs.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	0	0.0
FY11 CE Recommended	0	0.0

Economic Development Grant and Loan Program

The Economic Development Grant and Loan Program was established in FY96 to provide assistance to private employers who will retain jobs already in the County or create jobs in the County through the expansion of current businesses or location of new businesses in the County. As part of its Marketing and Business Development Program, the Department of Economic Development (DED) identifies and develops prospects which meet the criteria for grants or loans from the Economic Development Fund. DED works to develop offers of assistance, frequently in close cooperation and coordination with the State of Maryland. By March 15, the County Executive submits an annual report on the status and use of the Fund, as required by Chapter 20-76 (b) of the Montgomery County Code. This program is administered by the Department of Economic Development.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	720,710	1.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	34,960	0.0
FY11 CE Recommended	755,670	1.0

Notes: Reflects adjustments of funds to maintain the program.

Technology Growth Program

The Technology Growth Program was created in FY99 as a program within the Economic Development Fund to facilitate the growth of technology-based companies located or desiring to locate in the County. Financial assistance under the program is based on the evaluation of the technology and the innovation proposed, along with potential impact for the County. The program is aimed at leveraging private-sector financing and State Challenge and Equity Investment funds and is administered by the Department of Economic Development.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	0	0.0
FY11 CE Recommended	0	0.0

Small Business Revolving Loan Program

The Small Business Revolving Loan Program was established in FY00. The program augments a grant from the Maryland Economic Development Assistance Authority and Fund (MEDAAF) Act under Senate Bill 446 to finance economic development projects that do not receive priority consideration from traditional private and public sources because they are in non-priority industry sectors and/or non-priority transaction sites. The program offers secured loans typically in the range of \$25,000 to \$100,000 and is administered by the Department of Economic Development.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	131,730	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-34,960	0.0
FY11 CE Recommended	96,770	0.0

Notes: Expenditures have been adjusted to reflect FY11 estimated revenues for this program.

BUDGET SUMMARY

	Actual FY09	Budget FY10	Estimated FY10	Recommended FY11	% Chg Bud/Rec
ECONOMIC DEVELOPMENT FUND					
EXPENDITURES					
Salaries and Wages	90,903	101,470	101,470	90,630	-10.7%
Employee Benefits	28,289	31,870	31,870	32,180	1.0%
Economic Development Fund Personnel Costs	119,192	133,340	133,340	122,810	-7.9%
Operating Expenses	555,000	719,100	1,899,150	729,630	1.5%
Capital Outlay	0	0	0	0	—
Economic Development Fund Expenditures	674,192	852,440	2,032,490	852,440	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	1.0	1.0	1.0	1.0	—
REVENUES					
Investment Income - Pooled	21,184	20,000	4,550	19,520	-2.4%
Loan Repayment Small Business Revolving Loan	227,036	131,730	89,200	96,770	-26.5%
Loan Repayments Grant & Loan Program	157,989	20,430	56,700	49,540	142.5%
Micro-Enterprise Loan Program	9,492	13,810	13,800	13,800	-0.1%
Technology Growth Program Loan Repayments	32,837	31,800	21,550	21,550	-32.2%
Loan Repayments Community Legacy Program	25,529	24,080	27,090	31,740	31.8%
Economic Development Fund Revenues	474,067	241,850	212,890	232,920	-3.7%

FY11 RECOMMENDED CHANGES

	Expenditures	WYs
ECONOMIC DEVELOPMENT FUND		
FY10 ORIGINAL APPROPRIATION	852,440	1.0
FY11 RECOMMENDED:	852,440	1.0

PROGRAM SUMMARY

Program Name	FY10 Approved		FY11 Recommended	
	Expenditures	WYs	Expenditures	WYs
Demolition Loan Program	0	0.0	0	0.0
Economic Development Grant and Loan Program	720,710	1.0	755,670	1.0
Technology Growth Program	0	0.0	0	0.0
Small Business Revolving Loan Program	131,730	0.0	96,770	0.0
Total	852,440	1.0	852,440	1.0

FUTURE FISCAL IMPACTS

Title	CE REC.					
	FY11	FY12	FY13	FY14	FY15	FY16
(\$000's)						
This table is intended to present significant future fiscal impacts of the department's programs.						
ECONOMIC DEVELOPMENT FUND						
Expenditures						
FY11 Recommended	852	852	852	852	852	852
No inflation or compensation change is included in outyear projections.						
Subtotal Expenditures	852	852	852	852	852	852