

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

EXPEDITED SMALL BUSINESS INNOVATION RESEARCH AND SMALL BILL 23-23: BUSINESS TECHNOLOGY TRANSFER MATCHING GRANT PROGRAM - AMENDMENT

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Expedited Bill 23-23 will have a minimal impact on racial equity and social justice (RESJ) in the County, as it does not appear to have differing effects on constituents by race and ethnicity nor impact racial and social inequities. However, by maintaining the status quo, the County's SBIR/STTR Matching Grant Program will likely continue to reinforce racial disparities in the local biotech industry by investing in businesses that are disproportionately White- and Asian-owned.

PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of RESJ impact statements (RESJIS) is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs, leadership, and power of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.¹ Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.²

PURPOSE OF EXPEDITED BILL 23-23

Coordinated by the U.S. Small Business Administration (SBA), the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs are competitive federal awards programs that encourage domestic small businesses to engage in Federal Research/Research and Development (R/R&D) with the potential for commercialization. The SBIR/STTR programs are structured in three phases with awards generally ranging from \$50,000 to \$750,000 depending on the phase.³

In fiscal year 2019, the County established the local SBIR/STTR Matching Grant Program as an entitlement program for small businesses. The program provides grants to County businesses that receive a federal SBIR/STTR Phase I or Phase II grant to conduct research in medicine, biotechnology, or life sciences.⁴ Since its start, the program has disbursed 38 awards totaling \$1,650,000 to 25 companies, matching \$34,357,086 in federal awards.⁵

The purpose of Bill 23-23 is to allow applications to the County's SBIR/STTR Matching Grant Program on a fiscal year basis rather than a calendar year basis. This change will allow prospective applicants receiving federal awards in calendar year 2022 to be eligible for the matching grant program, as applications were temporarily paused while the program was undergoing legislative changes in 2022.⁶

RESJ Impact Statement

Expedited Bill 23-23

Bill 23-23 was introduced along with Executive Regulation 2-23, which, if approved by the Council, would establish new protocols for administering the matching grant program. Expedited Bill 23-23, Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program – Amendment, was introduced by the Council President on behalf of the County Executive on May 2, 2023.

In November 2022, OLO published a RESJIS for Expedited Bill 31-22, Finance – Economic Development Fund – Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program.⁷ Please refer to this RESJIS for background on the biotech industry and racial equity.

ANTICIPATED RESJ IMPACTS

OLO anticipates Expedited Bill 23-23 will have a minimal impact on RESJ in the County, as it does not appear to have differing effects on constituents by race and ethnicity nor impact racial and social inequities. By maintaining the status quo, the County's SBIR/STTR Matching Grant Program will likely continue to reinforce racial disparities in the local biotech industry by investing in businesses that are disproportionately White- and Asian-owned, as described in the RESJIS for Bill 31-22.⁸

RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.⁹ OLO anticipates Expedited Bill 23-23 will have a minimal impact on RESJ in the County. As such, OLO does not offer recommended amendments.

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

OLO staffer Janmarie Peña, Performance Management and Data Analyst, drafted this RESJ impact statement.

¹ Definition of racial equity and social justice adopted from "Applying a Racial Equity Lens into Federal Nutrition Programs" by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools. <https://www.racialequitytools.org/glossary>

² Ibid

³ "About," SBIR-STTR America's Seed Fund, U.S. Small Business Administration, Accessed November 7, 2022.

<https://www.sbir.gov/about>

RESJ Impact Statement

Expedited Bill 23-23

⁴ “Continuation of SBIR/STTR Matching Grant Program Review,” Memorandum from Gene Smith, Legislative Analyst, to Planning, Housing, and Economic Development (PHED) Committee, Montgomery County Council, October 12, 2022.

https://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2022/20221017/20221017_PHED1.pdf

⁵ “Continuation of SBIR/STTR Matching Grant Program Review,” Memorandum from Yaakov “Jake” Weissmann, Assistant Chief Administrative Officer to PHED Committee Chair

⁶ Introduction Staff Report for Bill 23-23, Montgomery County Council, Introduced May 2, 2023.

https://www.montgomerycountymd.gov/council/Resources/Files/agenda/col/2023/20230502/20230502_7A.pdf

⁷ RESJIS for Expedited Bill 31-22, Montgomery County Office of Legislative Oversight, November 18, 2022.

<https://www.montgomerycountymd.gov/OLO/Resources/Files/resjis/2022/BillE31-22.pdf>

⁸ Ibid

⁹ Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council