



# Economic Development Fund

## Mission Statement

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

## County Government Reorganization

In Spring 2015, the County Executive announced restructuring the Department of Economic Development (DED) which includes transitioning staff management and administrative responsibilities of the Economic Development Fund to the Fiscal Management Division of the Department of Finance.

## Budget Overview

The total approved FY17 Operating Budget for the Economic Development Fund is \$2,577,780, an increase of \$724,189 or 39.07 percent from the FY16 Approved Budget of \$1,853,591. Personnel Costs comprise 4.43 percent of the budget for no full-time position(s) and no part-time position(s), and a total of 1.00 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 95.57 percent of the FY17 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**

## Initiatives

- ★ Add funds to expand the MOVE Program to reduce the County's commercial office space vacancies. Since the announcement of the expanded criteria in January 2015 to increase financial assistance from \$4 to \$8 per square foot for any industry sector except retail and restaurant, the County has attracted 23 new businesses and 132 new jobs to Montgomery County.
- ★ Add funds to disburse grant payment for the National Oceanic and Atmospheric Administration retention project.
- ★ Add funds to disburse grant payment for the Bytegrid data center retention project.

## Accomplishments

- ☑ Provided grants through the Biotechnology Supplement Program for 95 investments, totaling more than \$13.5 million in 12 Montgomery County biotech companies in 2015.
- ☑ Facilitated the attraction of Rapid Financial Services to create 87 new jobs to the Montgomery County. The company will generate more than 120 additional jobs within the next four years.
- ☑ Facilitated the retention and expansion of Sucampo Pharmaceuticals, a biotech business which is expected to create 100 new jobs in the next five years.
- ☑ Facilitated the retention and expansion of VariQ Corporation, a rapidly growing IT business expected to create nearly 160 new jobs in the next three years.

## Program Contacts

Contact Peter Bang of the Department of Finance at 240.777.2008 or Pofen Salem of the Office of Management and Budget at 240.777.2773 for more information regarding this department's operating budget.

## Program Descriptions

### Economic Development Grant and Loan Program

The Economic Development Grant and Loan Program was established in FY96 to assist private employers who will either retain jobs already in the County or create additional jobs in the County through the expansion of current operations or relocation of new operations in the County. This program is administered by the Department of Finance through its Fiscal Management Division. Finance identifies and develops prospects that meet the criteria for a grant or loan from the EDF and then develops an assistance package. Frequently, Finance works in close cooperation and coordination with the State of Maryland. The County Executive submits an annual report by March 15 on the status and use of the EDF as required by Chapter 20-76 (b) of the Montgomery County Code.

FY17 Approved Changes	Expenditures	FTEs
<b>FY16 Approved</b>	<b>1,853,591</b>	<b>1.00</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	724,189	0.00
<b>FY17 Approved</b>	<b>2,577,780</b>	<b>1.00</b>

### Technology Growth Program

The Technology Growth Program was created in FY99 to facilitate the growth of technology-based companies located or desiring to relocate in the County. Financial assistance 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. The Biotech Tax Credit Supplement Program, established in FY10, provides additional incentive for investors who invest in Montgomery County biotech companies and works in conjunction with the State of Maryland Biotechnology Investment Tax Credit Program. Investors who qualify under the State's Program receive an additional supplement for their investment in a Montgomery County biotech company. The Green Investor Incentive Program, established in FY14, provides financial incentives to investors of qualified green companies in Montgomery County, encouraging the development of innovative green technologies.

FY17 Approved Changes	Expenditures	FTEs
<b>FY16 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY17 Approved</b>	<b>0</b>	<b>0.00</b>

### 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 Act under Senate Bill 446 to finance economic development projects that do not receive priority consideration from institutional lenders or other public sources because they are in a non-priority industry sector, a non-priority transaction site, and/or cannot fully satisfy the credit requirements of a conventional loan. The program offers secured loans typically in the range of \$25,000 to \$100,000.

FY17 Approved Changes	Expenditures	FTEs
<b>FY16 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY17 Approved</b>	<b>0</b>	<b>0.00</b>

## Budget Summary

	Actual FY15	Budget FY16	Estimate FY16	Approved FY17	%Chg Bud/App
<b>ECONOMIC DEVELOPMENT FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	100,322	101,987	102,683	90,866	-10.9 %
Employee Benefits	25,986	27,013	26,309	23,312	-13.7 %
<b>Economic Development Fund Personnel Costs</b>	<b>126,308</b>	<b>129,000</b>	<b>128,992</b>	<b>114,178</b>	<b>-11.5 %</b>
Operating Expenses	1,958,262	1,724,591	4,395,611	2,463,602	42.9 %
<b>Economic Development Fund Expenditures</b>	<b>2,084,570</b>	<b>1,853,591</b>	<b>4,524,603</b>	<b>2,577,780</b>	<b>39.1 %</b>
<b>PERSONNEL</b>					
Full-Time	0	0	0	0	---
Part-Time	0	0	0	0	---
FTEs	1.00	1.00	1.00	1.00	---
<b>REVENUES</b>					
Investment Income	28,438	55,970	33,253	33,253	-40.6 %
Loan Payments	107,932	94,970	94,970	94,970	---
Miscellaneous Revenues	85,210	0	0	0	---
<b>Economic Development Fund Revenues</b>	<b>221,580</b>	<b>150,940</b>	<b>128,223</b>	<b>128,223</b>	<b>-15.1 %</b>

## FY17 Approved Changes

	Expenditures	FTEs
<b>ECONOMIC DEVELOPMENT FUND</b>		
<b>FY16 ORIGINAL APPROPRIATION</b>	<b>1,853,591</b>	<b>1.00</b>
<b><u>Changes (with service impacts)</u></b>		
Enhance: MOVE Program	500,000	0.00
Add: ByteGrid Project	120,238	0.00
Add: National Oceanic and Atmospheric Administration (NOAA) Retention Project	114,773	0.00
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: FY17 Compensation Adjustment	4,374	0.00
Shift: Budget for CoStar Licenses from Department of Economic Development	4,000	0.00
Increase Cost: Group Insurance Adjustment	625	0.00
Decrease Cost: Retirement Adjustment	(1,103)	0.00
Decrease Cost: Annualization of FY16 Personnel Costs	(18,718)	0.00
<b>FY17 APPROVED</b>	<b>2,577,780</b>	<b>1.00</b>

## Program Summary

Program Name	FY16 APPR		FY17 APPR	
	Expenditures	FTEs	Expenditures	FTEs
Economic Development Grant and Loan Program	1,853,591	1.00	2,577,780	1.00
Technology Growth Program	0	0.00	0	0.00
Small Business Revolving Loan Program	0	0.00	0	0.00
<b>Total</b>	<b>1,853,591</b>	<b>1.00</b>	<b>2,577,780</b>	<b>1.00</b>

## Future Fiscal Impacts

Title	CC APPROVED (\$000s)					
	FY17	FY18	FY19	FY20	FY21	FY22
<b>ECONOMIC DEVELOPMENT FUND</b>						

Title	CC APPROVED (\$000s)					
	FY17	FY18	FY19	FY20	FY21	FY22
<b>EXPENDITURES</b>						
<b>FY17 Approved</b>	<b>2,578</b>	<b>2,578</b>	<b>2,578</b>	<b>2,578</b>	<b>2,578</b>	<b>2,578</b>
No inflation or compensation change is included in outyear projections.						
<b>Labor Contracts</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
<b>Subtotal Expenditures</b>	<b>2,578</b>	<b>2,580</b>	<b>2,580</b>	<b>2,580</b>	<b>2,580</b>	<b>2,580</b>