



Economic Development Fund

RECOMMENDED FY22 BUDGET

\$4,490,677

FULL TIME EQUIVALENTS

1.00

 MICHAEL COVEYOU, DIRECTOR

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. EDF staff work in conjunction with the Montgomery County Economic Development Corporation (MCEDC), a nonprofit economic development organization created by the County in 2015, to identify prospects for many of these programs.

BUDGET OVERVIEW


The total recommended FY22 Operating Budget for the Economic Development Fund is \$4,490,677, a decrease of \$668,741 or 12.96 percent from the FY21 Approved Budget of \$5,159,418. Personnel Costs comprise 3.61 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 96.39 percent of the FY22 budget.

COUNTY PRIORITY OUTCOMES


While this program area supports all seven of the County Executive's Priority Outcomes, the following is emphasized:

A Growing Economy

INITIATIVES

-  Continue funding support to all economic development programs provided through the Economic Development Fund for financial and/or technical assistance to eligible businesses.

INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

-  Through the Economic Development Grant & Loan (EDGL) Program, the Economic Development Fund continues to provide support for biotechnology growth, a key strategic economic sector in the County. In FY20, a \$350,000 conditional grant was approved to facilitate establishment of the U.S. Headquarters of Aurinia Pharma and to attract over 200 new jobs to

the County. In FY21, the County will provide a \$1 million conditional grant to Novavax, Inc. to support \$80 million in capital investment and create 400 new jobs for COVID-19 vaccine development.

✦ In FY20, the Public Health Emergency Grant (PHEG) Program was created to provide assistance to small businesses and nonprofits showing a revenue loss due to the COVID-19 pandemic. In total, 2,344 grant recipients received \$20.9 million, with an average grant award of \$8,923 per business.

✦ In FY21, the Reopen Montgomery Grant Program was established to reimburse businesses for expenses incurred to comply with COVID-19-related health & safety requirements for reopening their businesses. A total of 2,491 businesses were awarded \$7.94 million, with an average grant award of \$3,187 per business.

PROGRAM CONTACTS

Contact Jedediah Millard of the Department of Finance at 240.777.8855 or Pofen Salem of the Office of Management and Budget at 240.777.2773 for more information regarding this fund.

PROGRAM DESCRIPTIONS

✦ Economic Development Fund

The Economic Development Fund consolidates all economic development programs into one program providing effective management and support. The consolidated programs are: Economic Development Grant and Loan Program, Biotech Credit Supplement, MOVE Program, Small Business Assistance Program, CyberSecurity Credit Supplemental Grant, Microloan Program, the Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program, and the Impact Assistance Fund.

- 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. Montgomery County Economic Development Corporation (MCEDC) identifies and develops prospects that meet the criteria for a grant or loan from the Economic Development Fund (EDF) and works with Finance to develop an assistance package. Frequently, MCEDC and Finance work 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.
- The Biotech Credit Supplement authorizes the County to provide a local supplement to the State of Maryland's Biotechnology Investment Tax Credit Program. Applicants that have received final tax credits under the State program and have invested in a company that has located its headquarters and base operations in Montgomery County are eligible for a 'piggyback' grant payment from the County of up to 50 percent of the State tax credit, with the final amount dependent and subject to the annual appropriations by the County Council.
- The MOVE Program is designed to accelerate business attraction, thereby reducing vacant office spaces in the County. It also provides an additional benefit for leasing vacant office space and renovating aging commercial buildings in targeted areas of the County. The program is limited to businesses that are new to the County, including craft breweries, cideries, wineries, and distillers that occupy class A and B office space.

- The Small Business Assistance Program (SBAP) assists certain small businesses located in the County who are adversely impacted by a County-funded redevelopment project or a redevelopment project located on County-owned property, as required by Bill 6-12 adopted by the Montgomery County Council in 2012. Currently, affected small businesses located near Parking Lot 13 in Wheaton are eligible under this program.
- The CyberSecurity Supplement awards local supplemental grants to qualified investors who receive a final tax credit certificate from the State of Maryland's CyberSecurity Investment Incentive Tax Credit Program.
- The Microloan Program provides loans ranging from \$500 to \$15,000 for County residents needing additional help to start and grow small businesses.
- The Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Matching Grant Program allows Montgomery County companies that have been awarded a SBIR or STTR Phase I or Phase II grant from the National Institutes of Health (NIH) and that conduct at least 51 percent of their research & development operations in Montgomery County to apply for a local Montgomery County match.
- The Impact Assistance Fund (IAF) is a program that provides financial assistance and/or technical assistance to financially healthy small businesses in designated areas of the County that are adversely impacted by a redevelopment project initiated by the County, on County-owned property, or of a County facility. Currently, there are designated geographic areas in Silver Spring, Bethesda, and Clarksburg.

BUDGET SUMMARY

	Actual FY20	Budget FY21	Estimate FY21	Recommended FY22	%Chg Bud/Rec
ECONOMIC DEVELOPMENT FUND					
EXPENDITURES					
Salaries and Wages	147,672	124,937	115,614	128,546	2.9 %
Employee Benefits	34,309	34,463	32,504	33,413	-3.1 %
Economic Development Fund Personnel Costs	181,981	159,400	148,118	161,959	1.6 %
Operating Expenses	7,951,981	5,000,018	4,872,278	4,328,718	-13.4 %
Economic Development Fund Expenditures	8,133,962	5,159,418	5,020,396	4,490,677	-13.0 %
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	1.00	1.00	1.00	1.00	—
REVENUES					
Investment Income	73,737	96,300	55,000	55,000	-42.9 %
Loan Payments	235,428	134,438	375,000	375,000	178.9 %
Economic Development Fund Revenues	309,165	230,738	430,000	430,000	86.4 %
GRANT FUND - MCG					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—

BUDGET SUMMARY

	Actual FY20	Budget FY21	Estimate FY21	Recommended FY22	%Chg Bud/Rec
Grant Fund - MCG Personnel Costs	0	0	0	0	—
Operating Expenses	18,484,035	0	0	0	—
Grant Fund - MCG Expenditures	18,484,035	0	0	0	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
Federal Grants	27,685,227	0	0	0	—
Grant Fund - MCG Revenues	27,685,227	0	0	0	—
DEPARTMENT TOTALS					
Total Expenditures	26,617,997	5,159,418	5,020,396	4,490,677	-13.0 %
Total Full-Time Positions	0	0	0	0	—
Total Part-Time Positions	0	0	0	0	—
Total FTEs	1.00	1.00	1.00	1.00	—
Total Revenues	27,994,392	230,738	430,000	430,000	86.4 %

FY22 RECOMMENDED CHANGES

	Expenditures	FTEs
ECONOMIC DEVELOPMENT FUND		
	FY21 ORIGINAL APPROPRIATION	5,159,418 1.00
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: FY21 Compensation Adjustment	2,197	0.00
Increase Cost: FY22 Compensation Adjustment	362	0.00
Decrease Cost: Operating Expenses to Reflect Adjusted Investment Income [Economic Development Fund]	(41,300)	0.00
Decrease Cost: Incremental Cost Adjustment for Aurinia Pharma [Economic Development Fund]	(80,000)	0.00
Decrease Cost: One-time Cost for REGENXBIO, Inc [Economic Development Fund]	(100,000)	0.00
Decrease Cost: One-time Cost for Autolus Limited [Economic Development Fund]	(200,000)	0.00
Decrease Cost: One-time Cost for ViaSat Project [Economic Development Fund]	(250,000)	0.00
	FY22 RECOMMENDED	4,490,677 1.00

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY22	FY23	FY24	FY25	FY26	FY27
ECONOMIC DEVELOPMENT FUND						

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY22	FY23	FY24	FY25	FY26	FY27
EXPENDITURES						
FY22 Recommended	4,491	4,491	4,491	4,491	4,491	4,491
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	2	2	2	2	2
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	4,491	4,493	4,493	4,493	4,493	4,493

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