

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 approved FY12 Operating Budget for the Economic Development Fund is \$4,922,280, which is a 477% increase over the FY11 Approved Budget. Personnel Costs comprise 2 percent of the budget for one workyear for a position in the Department of Economic Development. Operating Expenses account for the remaining 98 percent of the FY12 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.

<i>FY12 Recommended Changes</i>	Expenditures	WYs
FY11 Approved	0	0.0
FY12 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.

<i>FY12 Recommended Changes</i>	Expenditures	WYs
FY11 Approved	755,670	1.0
Increase Cost: FY12 Economic Development Grants	4,075,000	0.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-133,180	0.0
FY12 CE Recommended	4,697,490	1.0

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.

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	0	0.0
FY12 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.

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	96,770	0.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	128,020	0.0
FY12 CE Recommended	224,790	0.0

BUDGET SUMMARY

	Actual FY10	Budget FY11	Estimated FY11	Recommended FY12	% Chg Bud/Rec
ECONOMIC DEVELOPMENT FUND					
EXPENDITURES					
Salaries and Wages	94,305	92,470	92,470	94,300	2.0%
Employee Benefits	29,404	32,180	32,180	26,240	-18.5%
Economic Development Fund Personnel Costs	123,709	124,650	124,650	120,540	-3.3%
Operating Expenses	1,354,500	727,790	1,404,120	4,801,740	559.8%
Capital Outlay	0	0	0	0	—
Economic Development Fund Expenditures	1,478,209	852,440	1,528,770	4,922,280	477.4%
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	2,373	19,520	0	0	—
Loan Repayment Small Business Revolving Loan	60,511	96,770	57,410	131,730	36.1%
State Grants	250,000	0	0	0	—
Loan Repayments Grant & Loan Program	186,617	49,540	50,370	38,350	-22.6%
Micro-Enterprise Loan Program	11,677	13,800	0	0	—
Technology Growth Program Loan Repayments	98,237	21,550	21,270	11,830	-45.1%
Loan Repayments Community Legacy Program	25,324	31,740	54,070	13,380	-57.8%
Economic Development Fund Revenues	634,739	232,920	183,120	195,290	-16.2%

FY12 RECOMMENDED CHANGES

	Expenditures	WYs
ECONOMIC DEVELOPMENT FUND		
FY11 ORIGINAL APPROPRIATION	852,440	1.0
Other Adjustments (with no service impacts)		
Increase Cost: FY12 Economic Development Grants [Economic Development Grant and Loan Program]	4,075,000	0.0
Increase Cost: Annualization of FY11 Personnel Costs	1,190	0.0
Decrease Cost: Miscellaneous Operating Expenses	-1,050	0.0
Decrease Cost: Retirement Adjustment	-1,890	0.0
Decrease Cost: Group Insurance Adjustment	-3,410	0.0
FY12 RECOMMENDED:	4,922,280	1.0

PROGRAM SUMMARY

Program Name	FY11 Approved		FY12 Recommended	
	Expenditures	WYs	Expenditures	WYs
Demolition Loan Program	0	0.0	0	0.0
Economic Development Grant and Loan Program	755,670	1.0	4,697,490	1.0
Technology Growth Program	0	0.0	0	0.0
Small Business Revolving Loan Program	96,770	0.0	224,790	0.0
Total	852,440	1.0	4,922,280	1.0

FUTURE FISCAL IMPACTS

Title	CE REC. FY12	FY13	FY14	(\$000's) FY15	FY16	FY17
This table is intended to present significant future fiscal impacts of the department's programs.						
ECONOMIC DEVELOPMENT FUND						
Expenditures						
FY12 Recommended No inflation or compensation change is included in outyear projections.	4,922	4,922	4,922	4,922	4,922	4,922
Elimination of One-Time Items Recommended in FY12 Items recommended for one-time funding in FY12 will be eliminated from the base in the outyears.	0	-4,075	-4,075	-4,075	-4,075	-4,075
Economic Development Fund (EDF) This amount represents EDF transactions for FY13 and beyond.	0	2,000	0	0	0	0
Subtotal Expenditures	4,922	2,847	847	847	847	847