



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

February 5, 2025

TO: Kate Stewart, President
Montgomery County Council

FROM: Marc Elrich,
County Executive

SUBJECT: Quarterly Progress Report – Job Creation Fund

Enclosed is a Progress Report on the status of the J.O.B.S. initiative within the Economic Development Fund portfolio. The J.O.B.S. initiative, which consists of the \$20 million Job Creation Fund, \$10 million Technology Innovation Fund, and \$7 million Founder's Fund, is a new tool to support the County's business attraction and retention efforts. The legislation that created the J.O.B.S initiative requires that a progress report be submitted to Council every quarter regarding the progress and disbursement of the relevant funds.

Since the Job Creation Fund launched in October 2024, five companies have submitted applications for consideration. At this time, no disbursements have been made as applicants are required to hold eligible jobs for at least six months and submit verifying documentation prior to disbursement. The application period for the Technology Innovation and Founder's funds closed on January 31, 2025. At this time, no awards have been made as applications are currently under review. An update on awards and disbursements for the funds will be provided in subsequent progress reports as that information becomes available.

The attached progress report provides details on the current status of the funds and the work that has been undertaken to date to ensure the programs' success. Please direct any questions about the report to Dennis Hetman, Fiscal Manager in the Department of Finance at 7-2008.

Attachment



J.O.B.S. Initiative

Progress Report

1/28/2025

Background

On May 7, 2024, the Montgomery County Council approved a \$20 million appropriation for the County's Economic Development Fund to strengthen economic development through job creation and investment in growth-stage technology businesses. The newly created J.O.B.S. initiative, formalized through the adoption of Resolution 20-491, created three separate but complementary economic development funds: a \$10 million Job Creation Fund, a \$7 million Innovation Fund, and a \$3 million Founder's Fund.

The Job Creation Fund was designed to incentivize the creation and filling of high-paying jobs in Montgomery County by offering an award of \$10,000 - \$12,000 per new job that pays \$100,000 or more within specified industries. Employers are required to create a minimum of five jobs paying \$100,000 or more to be eligible for an award with a limit of \$500,000 per company. The Job Creation Fund targets industries in the County's economic development strategic plan, along with corporate headquarters and national non-profit organizations.

The Department of Finance (Finance) is implementing the Job Creation Fund, including developing specific program criteria, administering an application and review process, and disbursing awards through the Economic Development Fund in accordance with program criteria.

Below are relevant milestones and status updates on the Job Creation Fund, Innovation Fund and Founder's Fund.

Job Creation Fund

Milestones and Program Updates

- May 7, 2024 – Adoption of Resolution 20-491 approving the creation of the Job Creation Fund
- May – June 2024 – Finance developed specific program requirements related to eligibility and performance, as well as procedures related to administration, budgeting, evaluation, approvals, and disbursement. Additionally, Finance drafted an online application form in consultation with CEX, MCEDC, and the Business Center team.
- June 2024 – Finance worked with OMB to effectuate transfer of \$20,000,000 from the General Funds Undesignated Reserves to the Economic Development Fund
- July - Sept 2024 – Finance collaborated with TEBS to develop an online application system that included:
 - A public-facing system that would allow companies to apply online, receive a unique date/time stamp and application ID number, submit attachments, submit subsequent

- verification documentation after jobs have been held, and have all submissions be timely collected, organized, and securely stored.
 - Methods of communication with applicants through notification systems via the online platforms and a new shared email drive
 - Testing of all components of the application and communication systems
 - Receiving feedback from CEX and MCEDC and updating all coding / protocols
- Oct 2024 - Finance and TEBS worked to embed the application system onto the County website (<https://montgomerycountymd.seamlessdocs.com/f/JOBSFund>) and incorporate additional feedback from CEX into the application and IT systems; Finance worked with CEX and PIO to finalize a County press release and review MCEDC's FAQs on website; MCEDC marketing push
- October 23, 2024 – Launch Date for the Job Creation Fund - ongoing application cycle

Job Creation Fund Stats as of 1/28/25

- Number of Applications Submitted: 5
 - IT company (10 jobs – \$120,000)- expansion
 - Biotech company (5 jobs - \$60,000)- expansion
 - IT Technical Services company (10 jobs - \$100,000)- expansion
 - Dental Care Company (denied - not in a target industry)
 - Immunology company – (5 jobs - \$60,000) - expansion
- Anticipated Additional Applications
 - Real Estate HQ – Q2 2025- (attraction - 40 jobs - \$400,000)
 - Biotech company - Q1 2025 (expansion)
 - IT company – Q1 2025 (expansion)
- Number of Direct Inquiries to Finance: 9 inquiries
- Feedback
 - For an attraction prospect looking to relocate a headquarters and 40 high paying jobs to the county, the broker shared that the Job Creation Fund would be a “game changer” for a company’s decision process
 - Real estate headquarters company asked MCEDC if the incentive would need to go in front of council – if so, it is less helpful; looking to expand 10-15 people at headquarters

Technology Innovation & Founder’s Equity Fund

Milestones & Program Updates

- May 7, 2024 – Adoption of Resolution 20-491 approving the creation of the Technology Innovation Fund and Founder’s Fund
- May – September 2024 – a working group at MCEDC was established to develop program requirements related to eligibility and performance. Consideration was given to resource support for the application and evaluation process including where to locate the application system for security reasons. A decision was made between the County and MCEDC in September to use third party experts in evaluating technologies for commercial potential and to assist with promotion, application development, evaluation, and entrepreneur coaching. MCEDC contracted with FedTech, a company specializing in supporting commercialization funds for early-stage technology companies. The J.O.B.S initiative did not provide additional funding or allow costs to be charged to the EDF. MCEDC contract funds were identified to hire FedTech through June 30, 2025. A supplementary appropriation will be necessary to maintain the program past June 30, 2025. FedTech has been working with CEX and MCEDC to provide development of the

application and evaluation processes and promotion of the grants. The initial application deadline for these funds is January 31, 2025. Fedtech will provide services related to evaluation, coaching, secure collection of application materials, and assistance with due diligence regarding eligibility requirements, scoring, and evaluation of commercialization potential to effectuate awards. Notice of Funding Opportunities, a website, and sample social media posts were developed to communicate about the program: <https://www.fedtech.io/accelerators/mcg#Overview>

- December 10 - January 31, 2025 – Open Application Period.

Technology Innovation & Founder's Fund Stats as of 1/28/25

- Additional updates on the number of applications received will be provided after the current application period closes.

Resolution No.: 20-491
Introduced: March 12, 2024
Adopted: May 7, 2024

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: Council President Friedson
Co-Sponsors: Council Vice-President Stewart, Councilmembers Luedtke, Balcombe, Albornoz,
Katz, Mink, Jawando, and Sayles

SUBJECT: Special Appropriation to the Fiscal Year 2024 Operating Budget
Montgomery County Government Department of Finance
Economic Development Fund New JOBS (Jobs, Opportunities &
Business Support) Initiative \$20,000,000 (Source of Funds: General
Fund Undesignated Reserve)

Background

1. Section 308 of the County Charter provides that a special appropriation is an appropriation which states that it is necessary to meet an unforeseen disaster or other emergency, or to act without delay in the public interest. Each special appropriation shall be approved by not less than seven Councilmembers. The Council may approve a special appropriation at any time after public notice by news release. Each special appropriation shall specify the source of funds to finance it.
2. Montgomery County's efforts to spur economic development and grow jobs in the County are lagging the region. The 2023 Maryland State of the Economy report states that Montgomery County's per capita income growth is among the slowest of its 30 peer counties, ranking 28th. The county also had the lowest number of new business applications of any county in Maryland between 2019 and 2022. While total employment in the County has grown by 9,429 jobs since 2019, the County's total labor force is nearly 25,000 jobs below September 2019.
3. It is imperative that Montgomery County enhance economic development efforts by proactively creating jobs, supporting entrepreneurship, and enticing companies and their workers to move or expand to Montgomery County. It is also critically important to ensure any economic development initiative is equitable so all residents and businesses can thrive and prosper.

4. To enhance economic development, the County Council is creating three separate complementary initiatives: a Job Creation Fund, an Innovation Fund, and an Equity Fund. For each new initiative, the Montgomery County Economic Development Corporation (MCEDC) will administer applications and qualify employers into the program, while the Department of Finance will administer the disbursement of funds through the Economic Development Fund.
5. The County Council has determined the following FY24 appropriation to the Economic Development Fund is necessary to implement these initiatives:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$20,000,000	\$20,000,000	General Fund Undesignated Reserve

6. This special appropriation allocates \$10,000,000 to create a Job Creation Fund that will incentivize creating and filling high-paying jobs in Montgomery County by offering a financial incentive for the creation of jobs paying \$100,000 or more in specific industries. This initiative will provide employers \$10,000 per job created, or \$12,000 per job created if the job is located by the Montgomery County Community Equity Index. Eligible employers would be required to create a minimum of five jobs paying \$100,000 or more with a limit of up to \$500,000 per company. The Job Creation Fund is intended to target industries in the economic strategic plan, along with headquarters and national nonprofit organizations. MCEDC, working with the Montgomery County Business Center, Department of Finance, and Office of the County Executive, will develop specific program criteria for the Job Creation Fund, develop and administer the application and review process, and qualify employers for the program. The Department of Finance will administer the disbursement of funds through the Economic Development Fund in accordance with the program criteria.
7. This special appropriation allocates \$7,000,000 to create an Innovation Fund that will promote innovative technology by supporting prototype development and pilot projects that help advance Montgomery County entrepreneurs towards commercialization. Qualifying companies will be eligible to receive an award up to \$200,000 by meeting criteria such as showing a demonstrated market opportunity, clearly articulated growth milestones, a realistic timeline, and a transparent budget. MCEDC, working with the Montgomery County Business Center, Department of Finance, and Office of the County Executive will develop specific program criteria for the Innovation Fund, develop and administer the application and review process, and qualify employers for the program. The Department of Finance will administer the disbursement of funds through the Economic Development Fund in accordance with the program criteria.

8. This special appropriation allocates \$3,000,000 to create a Founders Equity Fund that will assist early and growth stage, smaller businesses which are majority owned by entrepreneurs from underserved communities and/or located by the Montgomery County Community Equity Index to achieve commercialization and business success. The Founders Equity Fund will provide capital and technical support needed to achieve key milestones toward commercialization and growth. Eligible companies can receive an award up to \$100,000. MCEDC, working with the Montgomery County Business Center, Department of Finance, and Office of the County Executive will develop specific program criteria for the Founders Equity Fund, develop and administer the application and review process, and qualify employers for the program. The Department of Finance will administer the disbursement of funds through the Economic Development Fund in accordance with the program criteria.
9. Notice of public hearing was given and a public hearing was held.

Action

The County Council for Montgomery County, Maryland, approves the following actions:

1. A special appropriation to the FY24 Operating Budget of the Economic Development Fund as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$20,000,000	\$20,000,000	General Fund Undesignated Reserve

2. The appropriation will be used to develop a Job Creation Fund (\$10,000,000), an Innovation Fund (\$7,000,000), and a Founders Equity Fund (\$3,000,000). For each fund, the Montgomery County Economic Development Corporation (MCEDC), working with the Montgomery County Business Center, Department of Finance, and Office of the County Executive, will develop specific program criteria, develop and administer the application and review process, and qualify employers for the program. The Department of Finance will administer the disbursement of funds through the Economic Development Fund in accordance with the program criteria.
3. The Montgomery County Economic Development Corporation (MCEDC) will provide to the County Council quarterly reports of the progress and disbursements of each fund until all funds are expended.
4. The County Council declares that this action is necessary to act without delay in the public interest, and that this appropriation is needed to catalyze economic development in the County.

This is a correct copy of Council action.



Sara R. Tenenbaum
Clerk of the Council