OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

November 19, 2025

TO: Kate Stewart, President
Montgomery County Council

FROM: Marc Elrich, County Executive

SUBJECT: Quarterly Progress Report – J.O.B.S. Initiative (October 2025)

Enclosed is a Progress Report on the status of the J.O.B.S. initiative within the Economic Development Fund. The J.O.B.S. initiative, which consists of the $10 million Job Creation Fund, $7 million Technology Innovation Fund, and $3 million Founders Fund, is a vital 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.

As of October 31, 2025, Finance has disbursed $400,000 to awardees of the Founders Fund and $3,345,500 to awardees of the Technology Innovation Fund. Finance continues to implement a revision to the Job Creation Fund's hiring timelines and anticipates initial payments to occur by December 2025. The attached progress report provides additional information 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.

Enclosures: Job Creation Fund, Progress Report, dated October 31, 2025
Resolution 20-491, adopted May 7, 2024

cc: Cecily Thorne, Chief of Staff to the Council President, Montgomery County Council
Craig Howard, Executive Director, Montgomery County Council
Richard S. Madaleno, Chief Administrative Officer
Ken Hartman Espada, Assistant Chief Administrative Officer
Tricia Swanson, Director of Strategic Partnership
Michael Coveyou, Director, Department of Finance
Dennis Hetman, Fiscal Manager, Department of Finance

JOB CREATION FUND

Progress Report

10/31/2025

Background

On May 7, 2024, the Montgomery County Council approved a $20 million appropriation to the Fiscal Year 2024 Operating Budget for the Economic Development Fund to support job creation and investment in growth-stage technology companies. The newly created J.O.B.S. initiative, formalized through the adoption of Resolution 20-491, created three complementary funds: a $10 million Job Creation Fund, a $7 million Innovation Fund, and a $3 million Founders Fund.

The Department of Finance (Finance), MCEDC, and CEX are continuing to collaborate on the implementation of these programs, including refining program criteria, administering an application and review process, developing and managing grant agreements, disbursing awards, ensuring compliance with post-award requirements, and marketing and communications.

Below are the relevant milestones and status updates on the three funds through October 31, 2025.

JOB CREATION FUND

Milestones and Program Updates:

- CEX and MCEDC continue to promote the Job Creation Fund to retain and attract prospects within the County's targeted industries. Finance has received 31 applications to date.
- Finance continues to monitor the current applicant pipeline to ensure that intended job growth is occurring under the parameters of the program.
- In response to feedback from businesses engaged in federal contracting that have experienced changes in hiring capacity and timelines due to major federal policy shifts, Finance has refined the timeframe to allow applicants to hire their first 5 eligible jobs within 1 year of application rather than in 6 months as initially planned. Additionally, Finance will allow companies to complete all eligible hiring within two years of application, rather than one year. This shift will enhance the Job Creation Fund's utility as a tool for business attraction by aligning with the Maryland Job Creation Tax Credit which similarly incentivizes job growth over a two-year period through state income tax credits.
- Finance has conducted outreach to the majority of applicants regarding the new hiring timelines and has requested that the applicants update their hiring projections accordingly. Finance has received updated hiring timelines from about 25% of applicants.
- Finance will continue to engage with the remainder of the applicants to obtain updated hiring timelines, as well as updated employment reporting to verify that the proposed job growth has actually occurred prior to disbursing awards.

- The initial awards representing payment for the first 5 qualified jobs hired by eligible applicants is estimated to occur by December 2025.

Job Creation Fund Stats as of 10/31/25:

- Number of applications received: 31
  - Information Technology - 10; Biotechnology – 7; Corporate Headquarters-2; Other - 12
- Total number of proposed eligible jobs to be created: 339
- Total disbursement if all anticipated eligible jobs are created, held for minimum period, and verified: $3,538,000
- Marketing Analytics – MCEDC Job Creation Fund webpage
  - 31,330 total traffic
  - 235 clicks on FAQs
  - 421 clicks on Apply Now
  - 49 email clicks on Fin.EconomicDevelopmentFund@montgomerycountymd.gov

<u>TECHNOLOGY INNOVATION FUND & FOUNDERS FUND</u>

Milestones and Program Updates:

- MCEDC hired a third-party expert utilizing the unspent balance in its FY25 contract. Through close collaboration between the Office of the County Executive, MCEDC, Finance, and the third-party expert, the County reviewed almost 150 applications and awarded $6,906,000 in funding to 58 applicants across the Founders and Technology Innovation Fund.
- Finance drafted 58 customized offer letters and agreements for approved applicants. Finance worked individually with applicants to answer questions related to the offer and obtain and review verification documentation related to each application. This included lease documentation, good standing review with the Maryland Department of Assessments and Taxation, and verification and review of coaching sessions with the third-party expert. Additionally, Finance worked to verify registration in the County's vendor payment system for electronic payment, reviewed projects budgets for compliance purposes, and obtained updated financial statements and employment reporting.
- On July 1, 2025, Finance disbursed $400,000 to 8 awardees for the Founders Fund. The disbursement represented an initial payment of 50% of the total amount awarded.
- As of October 31, 2025, Finance has disbursed $3,345,500 to 47 awardees for the Technology Innovation Fund, with one payment of $25,000 pending. The disbursement represented an initial payment of 50% of the total amount awarded.
- Finance will work with the third-party expert to monitor progress on projects across both Funds for the next 12-18 months and ensure required conditions are met before processing a second and final disbursement upon project completion.

Technology Innovation and Founders Fund Stats as of 10/31/25:

- Application Statistics
  - Number of applications received across both programs: 148
    (Technology Innovation Fund – 104; Founders Fund - 44)

- Number of patents issued to date among applicants across both programs: 51 (Technology Innovation Fund - 49; Founders Fund - 2)
- Number of applicants claiming proprietary technology across both programs: 85 (Technology Innovation Fund – 78; Founders Fund – 7)

- Approval Statistics
  - Number of approved applications: 58
    (Technology Innovation Fund – 50; Founders Fund – 8)
  - Number of declined applications: 90
    (Technology Innovation Fund - 54; Founders Fund - 36)
    - The most common reasons that applications were declined were being outside of the funding minimums and maximums required by the program, not being in good standing with the State of Maryland, not being within the industries targeted by each program, or not having full-time employees.
- Disbursement to date:
  - Founders Fund: $400,000 to 8 awardees
  - Technology Innovation Fund: $3,345,000 to 47 awardees
- Marketing Analytics – Third party expert
  - Social media impressions: 6,358; Site Views: 4,902; Info session registrations: 284; Info session attendance: 196; Questions from information session: 192
  - Note that the Technology Innovation Fund and Founders Funds are not being actively promoted at this time as the application cycles for these programs have closed.

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

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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:

Personnel Services	Operating Expenses	Total	Source of Funds
$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 $100,0000 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:

Personnel Services	Operating Expenses	Total	Source of Funds
$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