

PROGRAM DESCRIPTION

Department: Economic Development

HB Section(s): 7.015

Program Name: Business and Community Solutions

Program is found in the following core budget(s): Business and Community Solutions

1a. What strategic priority does this program address?

Data Driven, Customer Centric, One Team

1b. What does this program do?

- The Division administers the State's core economic development programs designed to address business and community economic development opportunities and challenges.
- Community Development programs enable nonprofit entities to create public/private partnerships to address the needs of underserved Missouri citizens. Program benefits largely consist of tax credits used to leverage private donations. Eligible uses of program benefits include workforce training, youth development, neighborhood revitalization, crime prevention, and academic support for underserved communities and populations across the State.
- Redevelopment programs incentivize private investment to revitalize underutilized sites and buildings, resulting in stronger communities. Program benefits largely consist of tax credits used to leverage private investment. Program benefits may be available for the cleanup and revitalization of a community facility/infrastructure or redevelopment of historic buildings.
- Business Development programs incentivize business expansion, recruitment, and retention within the State. Program benefits largely consist of retained withholding taxes or tax credits for jobs created or retained. Program benefits may be available for businesses that create new jobs with average wages of at least 80% of the applicable county average wage and, in some cases, make substantial new capital investment within the State.
- The Division also provides the administration for the following programs (full descriptions may be found on the Program Description Forms):
 - Community Development Block Grants (CDBG)
 - Missouri Technology Corporation (MTC)
 - Missouri Community Service Commission (MCSC)

2a. Provide an activity measure(s) for the program.

Community Development Projects

	FY2020 Actual	FY2021		FY2022		FY2023 Projected	FY2024 Projected	FY2025 Projected
		Projected	Actual	Projected	Actual			
Number of Projects Authorized	69	14*	140	139	117	129	129	129
Amount of Incentives Authorized	\$13.6M	\$2.0M	\$18.9M	\$23.7M	\$19.8M	\$19.8M	\$19.8M	\$19.8M
Number of Tax Credit Certificates Issued*	2,986	2,109	2,020	4,405	2,365	2,365	2,365	2,365
Amount of Incentives Issued	\$14.0M	\$14.7M	\$11.2M	\$20.0M	\$15.8M	\$15.8M	\$15.8M	\$15.8M

Note 1: Community Development projects represent 6 programs, the largest of which are Neighborhood Assistance and Youth Opportunities.

Note 2: *Due to COVID-19, CARES Act funding was used in lieu of this program.

Note 3: Community Development projections are based on the greater of the previous fiscal year actual or the average of the previous three year actuals. FY2020 was eliminated from average consideration, due to the Youth Opportunities Program (YOP) being paused in response to the pandemic.

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2a. Provide an activity measure(s) for the program. (continued)

Redevelopment Projects

	FY2020 Actual	FY2021 Projected	FY2021 Actual	FY2022 Projected	FY2022 Actual	FY2023 Projected	FY2024 Projected	FY2025 Projected
Number of Projects Authorized	369	317	356	317	295	340	340	340
Amount of Incentives Authorized	\$151.0M	\$177.8M	\$117.8M	\$177.8M	\$135.9M	\$135.9M	\$135.9M	\$135.9M
Number of Tax Credit Certificates Issued*	281	277	325	277	273	293	293	293
Amount of Incentives Issued	\$128.4M	\$91.2M	\$130.2M	\$91.2M	\$125.1M	\$127.9M	\$127.9M	\$127.9M

Business Development Projects

	FY2020 Actual	FY2021 Projected	FY2021 Actual	FY2022 Projected	FY2022 Actual	FY2023 Projected	FY2024 Projected	FY2025 Projected
Number of Projects Authorized	116	150	109	150	83	150	150	150
Amount of Incentives Authorized	\$153.8M	\$189.7M	\$229.6M	\$189.3M	\$82.9M	\$189M	\$189M	\$189M
Number of Tax Credit Certificates Issued*	103	155	123	187	63	183	183	183
Amount of Incentives Issued	\$190.0M	\$212.5M	\$175.2M	\$210.0M	\$144.2M	\$220M	\$220M	\$220M

Note 1: Redevelopment Projects represent 3 programs: Historic Preservation Tax Credit, Neighborhood Preservation, and Brownfield.

Note 2: Business Development projects represent 5 programs, the largest of which is Missouri Works.

Note 3: Redevelopment projections are based on the greater of the previous fiscal year actual or the average of the previous three year actuals. FY2020-FY2022 actuals were utilized for FY2025 projections. Business Development projections are based on known information and history. There is a cap on most programs and numbers will fluctuate based on the type of projects that apply.

*This number includes every certificate issued, which could mean the same company or organization is issued multiple certificates in a given year.

2b. Provide a measure(s) of the program's quality.

	FY2020 Actual	FY2021 Projected	FY2021 Actual	FY2022 Projected	FY2022 Actual	FY2023 Projected	FY2024 Projected	FY2025 Projected
Customer Service Experience	86%	92%	88%	94%	82%	95%	95%	95%

Note 1: Percentage of customers who rated their experience as "very" or "somewhat" positive.

Note 2: FY2022 results based on August 2022 survey that included 146 respondents.

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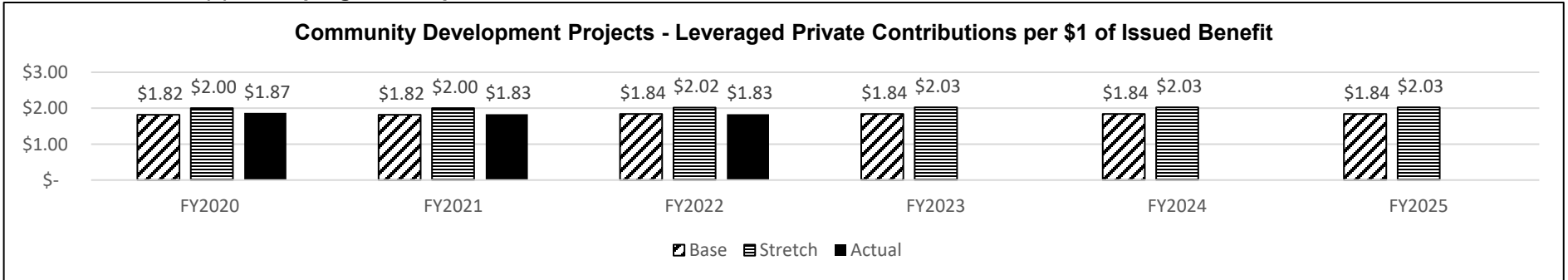
Department: Economic Development

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Program Name: Business and Community Solutions

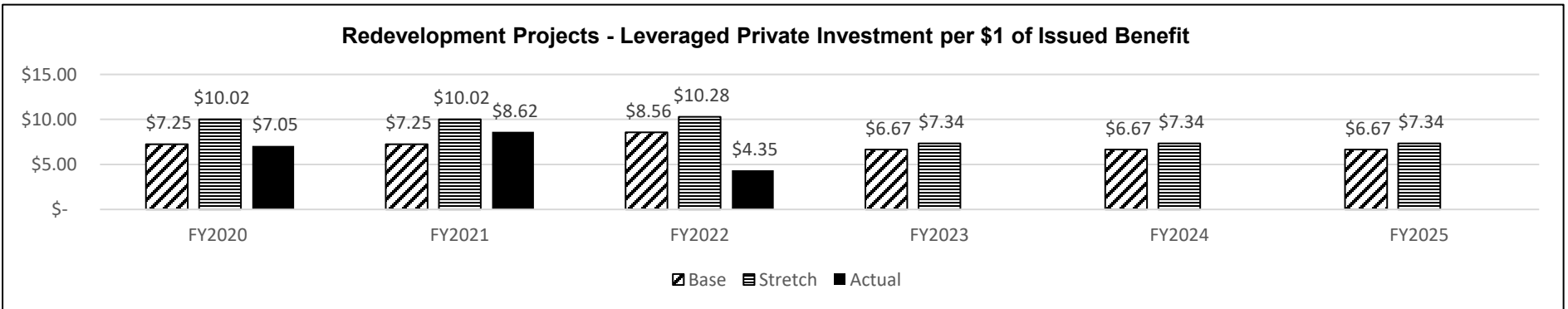
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2c. Provide a measure(s) of the program's impact.



Note 1: Amount of Actual Private Investment compared to \$1 of benefits issued for Community Development projects.

Note 2: The base projections are based on the greater of the previous fiscal year actual or the average of the previous three year actuals. The stretch target is calculated as 10% increase of the base target.



Note 1: Amount of Actual Private Investment compared to \$1 of benefits issued for all Redevelopment projects.

Note 2: The base projections are based on the greater of the previous fiscal year actual or the average of the previous three year actuals. The stretch target is calculated as 10% increase of the base target.

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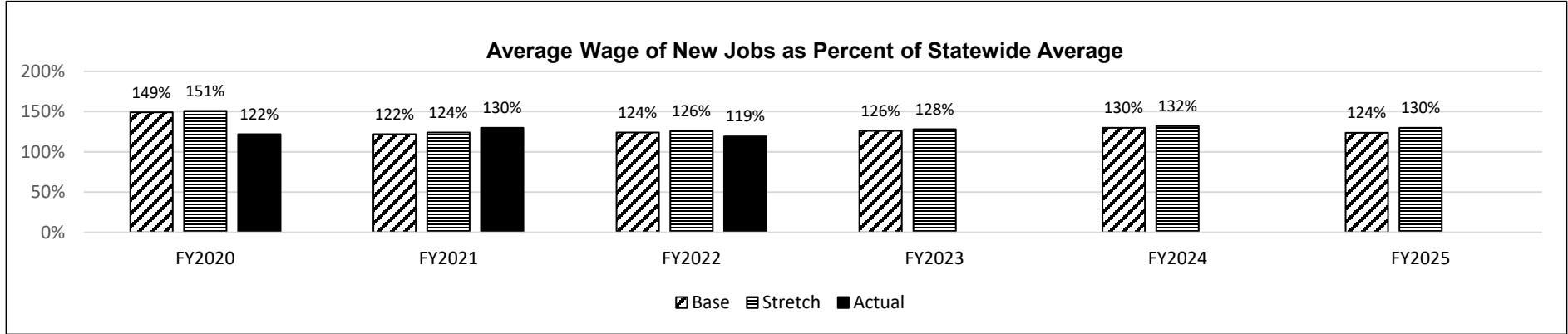
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2c. Provide a measure(s) of the program's impact. (continued)

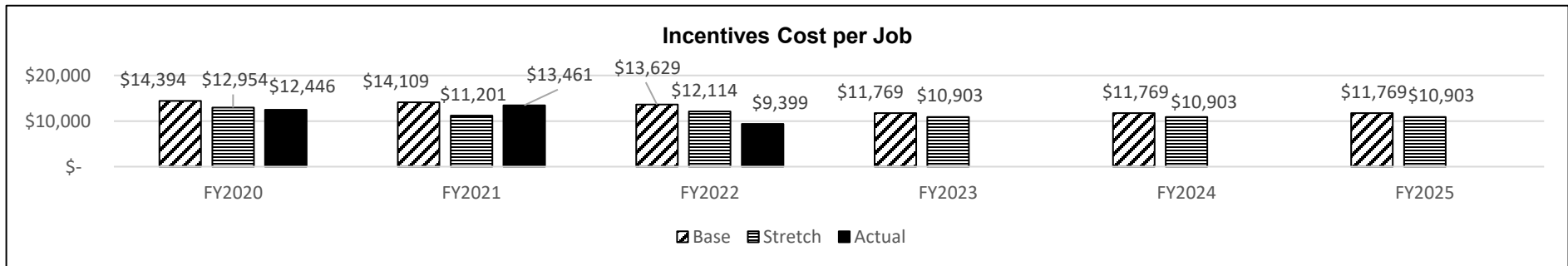


Note 1: Average wages paid to actual new jobs for which we have average wage data as a percent of the statewide average wage for Business Development programs.

Note 2: For FY2023-FY2025, the Base target is calculated as the FY2020-FY2022 actual average. Stretch target is calculated as base plus 5%.

Note 3: Statewide Average Wage for FY2020= \$49,586, FY2021= \$51,154, FY2022= \$57,329

2d. Provide a measure(s) of the program's efficiency.



Note 1: This is a shared measure with Regional Engagement team. Measure is calculated by dividing proposed economic incentives by the committed number of jobs to be created or retained.

Note 2: Base targets for FY2023-FY2025 are based on the averages of FY2020-FY2022 actuals. Stretch targets assume a 10% decrease in the state's incentives cost per job over the previous year then stays consistent after FY2024.

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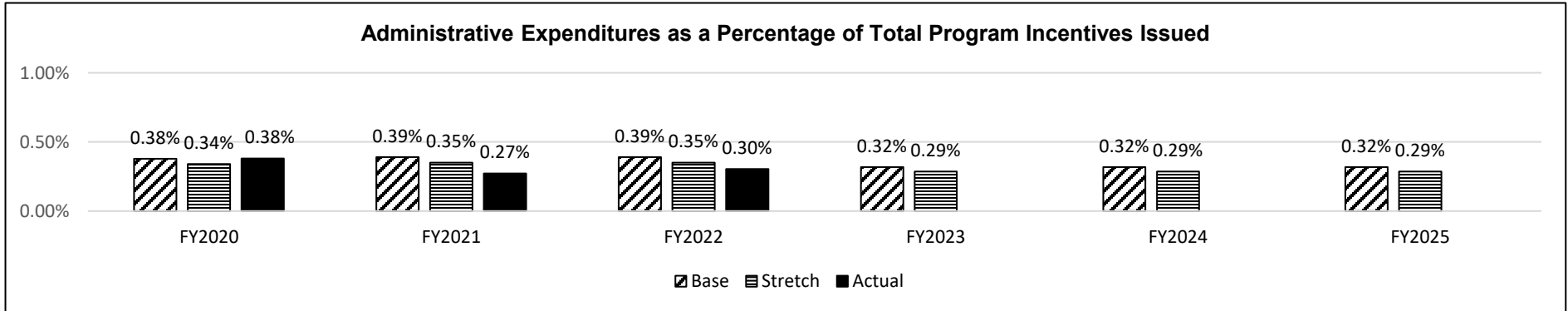
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2d. Provide a measure(s) of the program's efficiency. (continued)



Note 1: Administrative costs as compared to Total Incentives Issued in Finance Programs. This number does not include any costs for services provided by other DED divisions that contribute resources to the team.

Note 2: Base targets for FY2023-FY2025 are based on the averages of FY2020-FY2022 actuals. 0.32% is a very low cost to issued ratio; therefore, it was assumed that the base would remain the same. The Stretch goal was decreased by 10%.

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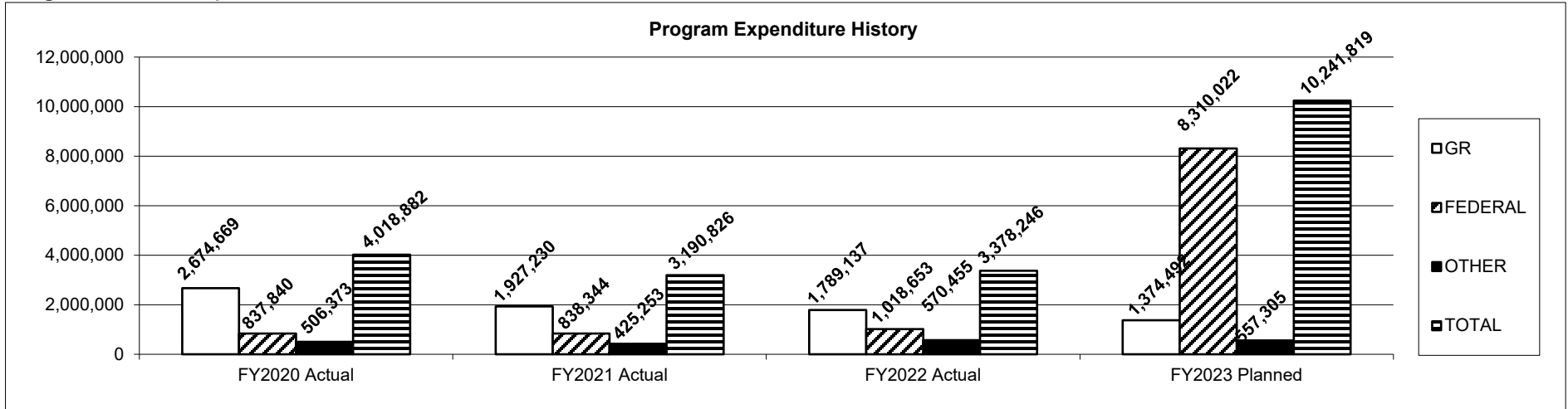
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3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe benefit costs.)



Planned expenditures for GR reflects 3% Governor's Reserve.

4. What are the sources of the "Other " funds?

Administrative Revolving Fund (0547), International Promotions Revolving Fund (0567), State Supplemental Downtown Development Fund (0766), and Economic Development Advancement Fund (0783)

5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)

Section 620.010, RSMo. establishes the Department of Economic Development and its divisions.

6. Are there federal matching requirements? If yes, please explain.

No

7. Is this a federally mandated program? If yes, please explain.

No