

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?

Laser Focused, Data Driven, Customer Centric, Regionally Targeted, 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 investment. Eligible uses of program benefits include workforce training, youth development, physical 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):
 - International Trade and Investment Offices
 - Community Development Block Grants

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

Community Development Projects

	FY2018 Actual	FY2019		FY2020		FY2021 Projected	FY2022 Projected	FY2023 Projected
		Projected	Actual	Projected	Actual			
Number of Projects Authorized	140	N/A	128	139	69	14	139	139
Amount of Incentives Authorized	\$23.7M	N/A	\$21.9M	\$23.7M	\$13.6M	\$2M	\$23.7M	\$23.7M
Number of Tax Credit Certificates Issued*	4,410	N/A	3,768	4,405	2,986	2,109	4,405	4,405
Amount of Incentives Issued	\$19.9M	N/A	\$16.7M	\$20M	\$14M	\$14.7M	\$20M	\$20M

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

Note 2: Due to budget concerns, DED has not authorized tax credits for those programs. Instead, DED has utilized CARES Act funding for COVID-related expenses for non-profits.

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

Redevelopment Projects

	FY2018	FY2019		FY2020		FY2021	FY2022	FY2023
	Actual	Projected	Actual	Projected	Actual	Projected	Projected	Projected
Number of Projects Authorized	341	N/A	311	317	369	317	317	317
Amount of Incentives Authorized	\$170M	N/A	\$157.8M	\$177.8M	\$151M	\$177.8M	\$177.8M	\$177.8M
Number of Tax Credit Certificates Issued*	218	N/A	357	277	281	277	277	277
Amount of Incentives Issued	\$64.6M	N/A	\$116M	\$91.2M	\$128.4M	\$91.2M	\$91.2M	\$91.2M

Business Development Projects

	FY2018	FY2019		FY2020		FY2021	FY2022	FY2023
	Actual	Projected	Actual	Projected	Actual	Projected	Projected	Projected
Number of Projects Authorized	158	149	101	143	116	150	150	150
Amount of Incentives Authorized	\$195M	\$182M	\$105M	\$180M	\$153.8M	\$189.7M	\$189.3M	\$189M
Number of Tax Credit Certificates Issued*	167	192	154	165	103	155	187	183
Amount of Incentives Issued	\$134M	\$162M	\$152M	\$152.8M	\$190M	\$212.5M	\$210M	\$220M

Note 1: Redevelopment Projects represent 3 programs, the largest of which are Historic Preservation and Neighborhood Preservation.

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

Note 3: These are new measures; therefore, projected data for FY2018 is not available. Projected data for FY2019 was not broken out by Community Development and Redevelopment.

Note 4: Community Development and Redevelopment projections are based on FY2018-FY2020 averages. 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.

	FY2018	FY2019	FY2020		FY2021	FY2022	FY2023
	Actual	Actual	Projected	Actual	Projected	Projected	Projected
Customer Service Experience	N/A	88%	90%	86%	92%	94%	95%

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

Note 2: FY2020 results based on September 2020 survey that included 156 respondents.

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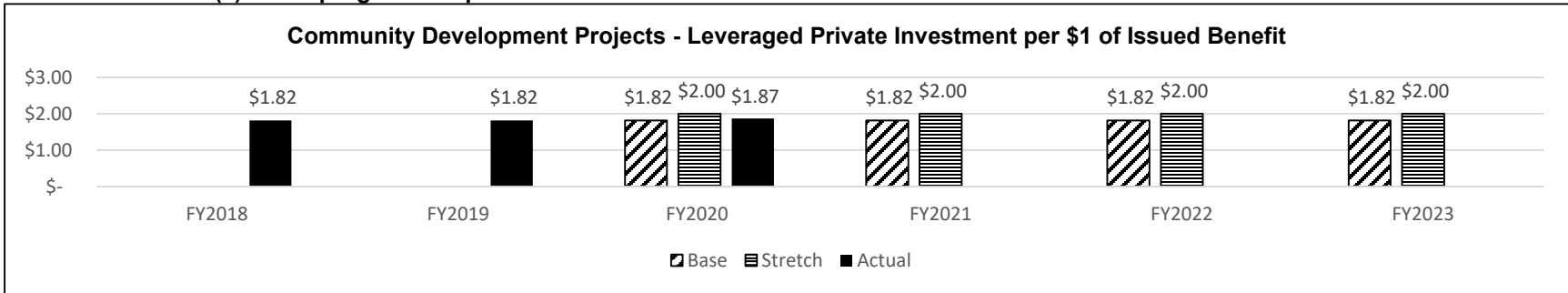
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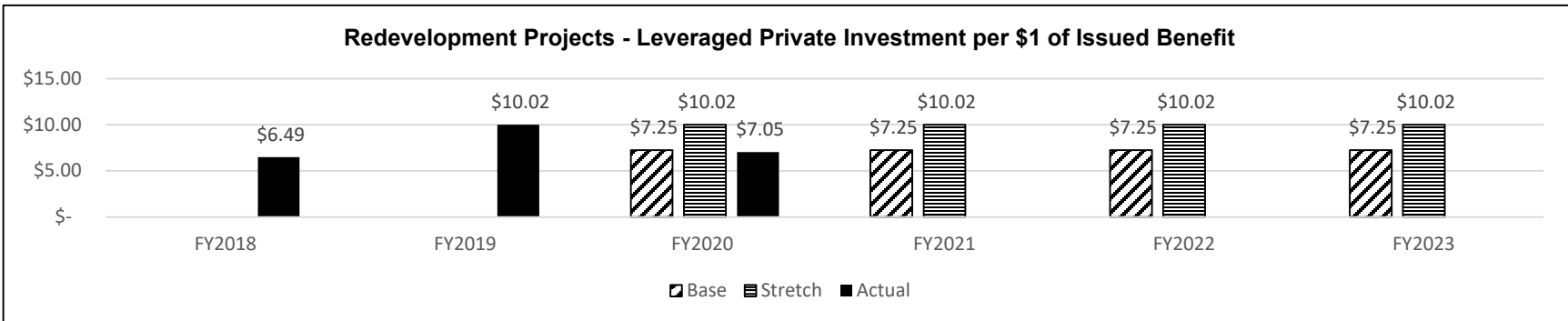
2c. Provide a measure(s) of the program's impact.



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

Note 2: For FY2021, the Base target is calculated on a FY2018-FY2020 average and the Stretch is a 10% increase.

Note 3: This measure has been refined; therefore, projected data for FY2018-FY2019 is not available.



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

Note 2: For FY2021, the Base target is calculated on the FY2018-FY2020 average.

Note 3: This measure has been refined; therefore, projected data for FY2018-FY2019 is not available.

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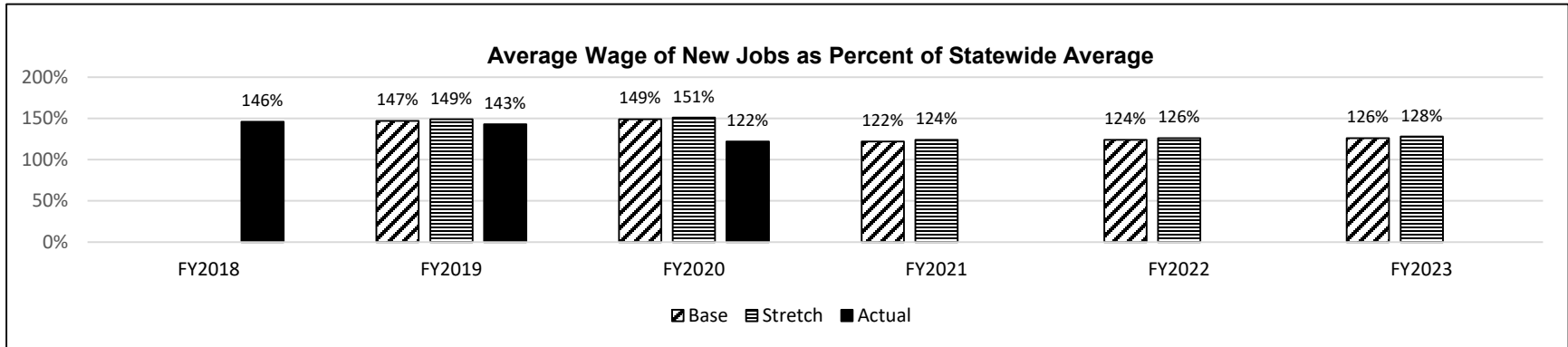
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2c. Provide a measure(s) of the program's impact. (continued)

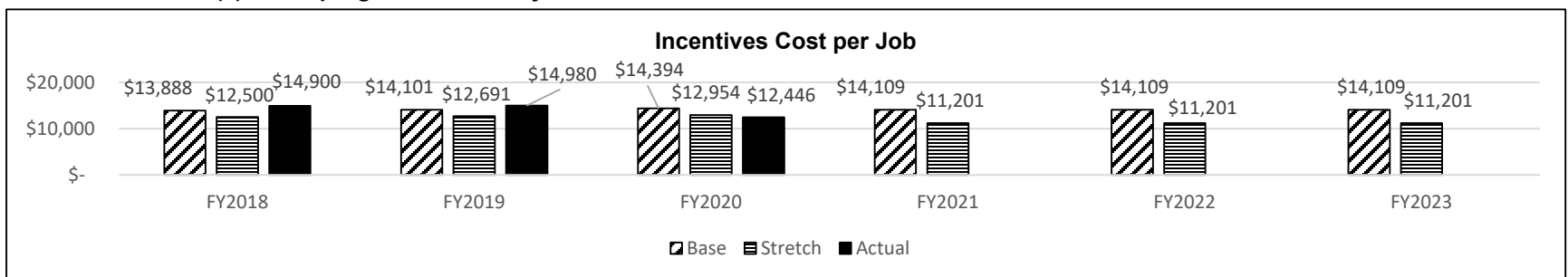


Note 1: Average wages paid to actual new jobs for which we have average wage data as a percent of the statewide average wage for Business Development programs.

Note 2: The Base target is calculated as the lowest of the 3 years of data, then increasing by 2% each year, and the Stretch target is calculated as the base plus 2% each year.

Note 3: This is a new measure; therefore, data for FY2018 Projected is not available.

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 FY2021-FY2023 are based on the averages of FY2018-FY2020 actuals. Stretch targets assume a 10% decrease in the state's incentive per job.

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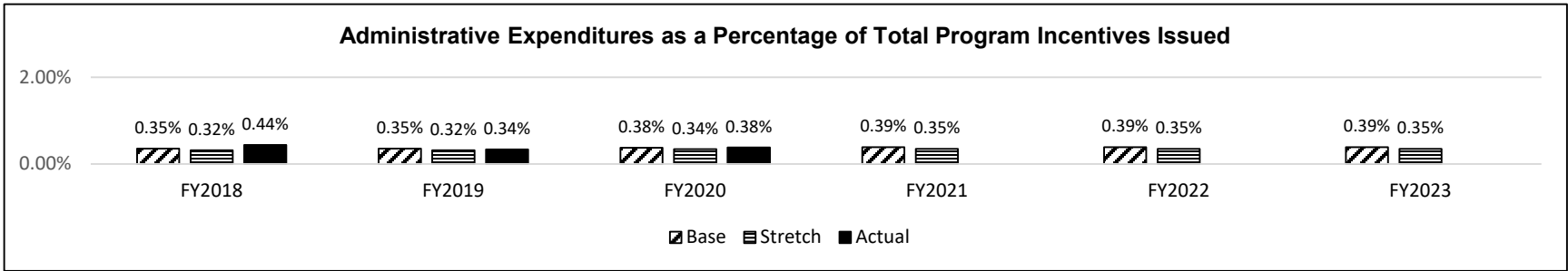
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2d. Provide a measure(s) of the program's efficiency. (continued)



Note1: 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 FY2021-FY2023 are based on the averages of FY2018-FY2020 actuals. .378% 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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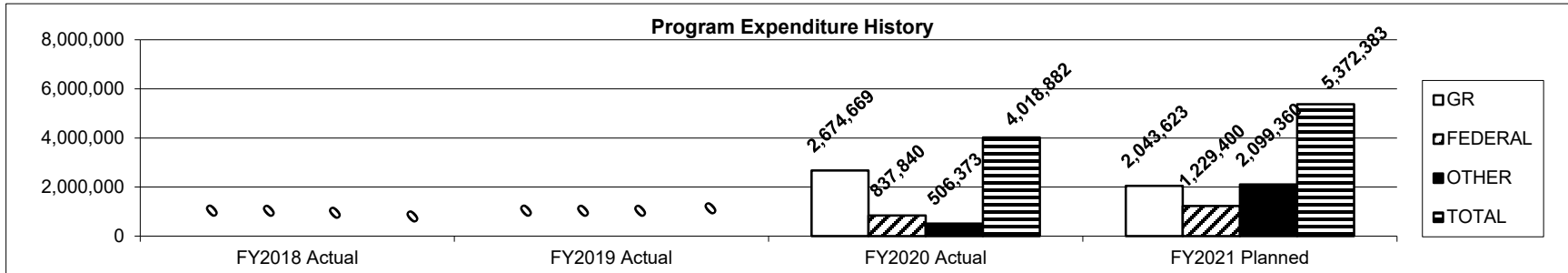
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3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe benefit costs.)



Planned expenditures for GR reflects Restrictions and 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