OMB Director Micah Vincent & State Budget Director Jason Dudich,

Since our creation in 2005, the IEDC has been committed to making Indiana A State That Works for business. In coordination with strong leadership in the General Assembly and previous administrations, we balanced our budgets, cut costs and taxes, and reduced burdensome regulations, catapulting Indiana to its place as best in the Midwest and fifth in the nation for doing business and, more importantly, allowing job creators to focus on what matters most – their businesses and their employees.

Under the leadership of Governor Eric J. Holcomb, we’re taking Indiana’s economy to the Next Level. 2017 was another record-breaking year for the IEDC, securing 293 commitments from companies to locate or grow in Indiana, together planning to invest more than $7.04 billion in the state and create up to 30,158 new Hoosier jobs in the coming years with average wages topping $56,000 annually – another record!

But we’re not stopping there. Governor Holcomb challenged us to set a new bar – 35,000 new job commitments! And let me tell you: We’re firing on all cylinders around the state and traveling across the globe to further our mission.

- We’re strengthening international partnerships and building new relationships to position Indiana as a leader in a global economy;
- We’re creating new opportunities and increasing connectivity, securing the state’s first-ever nonstop transatlantic flight, increasing connections to strategic domestic markets from South Bend, and seeking new opportunities for Fort Wayne and Evansville;
- We’re building momentum with quality of place initiatives, encouraging communities to collaborate and work together to improve their regions and their futures;
- We’re fostering an entrepreneurial and innovative ecosystem by investing in industry-driven public-private partnerships, providing expertise and resources to entrepreneurs and small business owners, and inspiring students to develop new solutions;
- We’re sharing our fiscally-predictable, pro-growth business climate with the world, targeting jobs in key, high-wage sectors and telling businesses to choose Indiana;
- And, most importantly, through this comprehensive approach, we’re creating more jobs for Indiana and ensuring all Hoosiers have the opportunity to prosper.

As we push forward, Governor Holcomb has made his directive to the IEDC clear – cultivate a strong, diverse, and 21st Century economy. As a result, this submission contains the IEDC’s request to further funding of initiatives and programs to make Indiana more cost competitive, advance regional economic development planning and quality of place investments, propel innovation and entrepreneurship, and take Indiana to the world and the world to Indiana.
Thanks to the Governor’s vision, your leadership, and our team here at the IEDC, I’m confident we will be able to take Indiana to the Next Level.

Sincerely,

James A. Schellinger
Indiana Secretary of Commerce
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Programs & Functions

Agency Organization & Functions

The Indiana Economic Development Corporation (IEDC) is the State of Indiana’s primary economic development agency.

In order to respond quickly to the needs of businesses, the IEDC was established in February 2005 to operate like a business. The IEDC is organized as a public-private partnership governed by a 15-member board. The IEDC Board of Directors is chaired by Governor Eric Holcomb and reflects the geographic and economic diversity of Indiana.

The IEDC exists to improve the quality of life for the citizens of Indiana by encouraging the: (1) diversification of Indiana’s economy and the orderly economic development and growth of Indiana; (2) creation of new jobs; (3) retention of existing jobs; (4) growth and modernization of existing industry; and (5) promotion of Indiana. See Indiana Code § 5-28-1-1.

The IEDC drives these outcomes by providing performance-based tax incentives and workforce training grants designed to secure quality jobs in strategic sectors through the expansion of existing businesses and the attraction of new businesses and investments to Indiana. The IEDC also maintains the Regional Cities Initiative, which is designed to help attract and retain talent by improving the quality of life in our communities. Additionally, the IEDC is focused on innovation and entrepreneurship initiatives, including the Indiana Small Business Development Center and the Indiana Procurement Technical Assistance Center, which are designed to strengthen and accelerate Hoosier innovation, ensuring that Indiana plays a leading role in solving 21st century challenges while supporting long-term economic growth, job creation, and talent attraction.

The IEDC consists of ten departments:

- Account Management
- Business Development
- Communications
- Finance
- Human Resources
- Innovation & Entrepreneurship
- International Engagement
- Legal
- Marketing
- Policy & Regulatory Affairs

1 The IEDC is a non-major discretely presented component unit of government and a body corporate and politic, not a state agency, but an independent instrumentality exercising essential public functions.
Account Management

The IEDC manages and monitors all incentive contracts, ensuring accountability, and public transparency. The IEDC works collaboratively with companies to make sure they are meeting their contractual goals and certifies incentives based on the actual number of new jobs reported, number of employees trained and capital investment made. If a company is not meeting its contractual requirements the IEDC works to recapture incentives that were previously certified when appropriate.

Business Development

The Business Development Department assists companies considering expansion in or relocation to Indiana. Project managers within this department serve as a company’s primary point of contact for the purposes of identifying project sites, workforce availability, and pursuing performance-based economic development incentives. The department works collaboratively with businesses, community leaders, and state, local, and regional economic organizations to ensure efficient coordination to help create high-wage Hoosier jobs.

Communications

The Communications Department is responsible for developing and implementing both internal and external communications strategies to promote Indiana’s pro-growth business climate and to bolster the State’s economic development efforts, successes, policies, small business resources, and key initiatives. This includes media relations, corporate communications, internal communications, public affairs, events, and social media functions.

Finance

The Finance Department is responsible for overseeing all financial management functions within the IEDC and the Indiana Economic Development Foundation. This includes budgeting, accounting, financial reporting, procurement, and administration of internal controls.

Human Resources

The Human Resources Department oversees the attraction and retention of the IEDC’s talented workforce, manages the IEDC’s performance management processes, trains employees, resolves employees concerns, and helps ensure compliance with IEDC HR policies.
Innovation & Entrepreneurship

The Innovation and Entrepreneurship Department is led by the IEDC’s Chief Innovation Officer and encompasses small business and entrepreneurship functions, including the Indiana Small Business Development Center and Indiana Procurement Technical Assistance Center, as well as the IEDC’s innovation functions: public-private partnerships, administration of the Venture Capital Investment Tax Credit, 21st Century Fund investments, the IEDC’s relationship with Elevate Ventures, and the continued development of Indiana’s key industry sectors.

International Engagement

The International Engagement Department encompasses both international affairs and international business development team members, including IEDC employees and contractors located in Europe, Japan, China, and Israel. This team is instrumental in helping to elevate Indiana’s leadership position in a global economy by engaging with elected and economic development officials, business executives, and industry leaders in strategic international markets.

Legal

The Legal Department provides counsel on all legal matters for the Corporation, including board governance, ethics, public records, and open door law issues and negotiates and helps manage the IEDC’s professional services contracts, grant agreements, and other types of contracts. The Legal Department coordinates closely with the Account Management Department when compliance matters reach the point of needing additional legal assistance, as in the case of settlements, collection, bankruptcy, or other more complex matters.

Marketing

The Marketing Department functions as an in-house ad agency to deliver successful campaigns, both nationally and internationally. The department also develops collateral materials containing information on Indiana and IEDC programs and manages outreach events in coordination with the Business Development Department.

Policy & Regulatory Affairs

The Policy & Regulatory Affairs Department is responsible for managing internal research efforts, developing and implementing legislative reforms, and leading the IEDC’s talent attraction and retention efforts through the Regional Cities Initiative and several other development programs. This group is also instrumental in identifying and leading efforts to increase nonstop flights from the state’s airports. The Policy & Regulatory Affairs Department helps existing and potential Indiana businesses navigate partner government agencies, ensuring open and transparent access to regulatory services.
Program Listing

Economic Development for a Growing Economy Tax Credit

EDGE for Job Creation
The EDGE tax credit program, which is Indiana’s primary job creation incentive, is a highly effective tool available to encourage high-wage job creation, business expansion, and capital investment in the state. The amount offered to recipients is based on the number of new jobs planned and the wages associated with those jobs.

EDGE tax credits are conditional and are certified annually for a period of up to 10 years based on the recipient’s performance for the prior calendar year. The certification may be reduced pro-rata if a company’s job creation goal was not fully reached for the year, and unearned amounts are lost following the 10-year period.

EDGE for Retention
The EDGE-R job retention tax credit program is used in rare circumstances to encourage a company to remain in Indiana rather than relocate, thereby keeping existing jobs in the state. EDGE-R tax credits, which may be used in combination with job creation incentives, are also conditional, requiring the company to remain in Indiana and maintain a certain contractually-agreed upon level of employment in order to claim and keep the incentives.

Hoosier Business Investment Tax Credit

The HBI tax credit program (Indiana Code § 6-3.1-26) is generally used to incentivize job creation and to encourage recipients to make significant new capital investments in Indiana. The HBI tax credit also requires an increase in employment or payroll levels. The credit amount may be up to a maximum of 10 percent of the company’s eligible capital investment, which must be approved in advance by the IEDC. Earned tax credits may be carried forward for a period of up to nine years.

The Accelerated HBI tax credit provision allowed the IEDC to accelerate tax credit awards in excess of a taxpayer’s state income tax liability, which could otherwise be carried forward, to the current taxable year. The excess amount of the credit that is accelerated shall be valued at a discounted rate, as determined by a written agreement between the taxpayer and the IEDC. In order to receive a credit award under this provision, a company had to commit to investing at least $500 million in Indiana over a five-year period. Eligibility for this program ended on December 31, 2016.
Venture Capital Investment Tax Credit

The VCI tax credit program (Indiana Code § 6-3.1-24) helps innovators in high-growth industries attract capital more quickly and efficiently by giving investors an additional incentive to invest in fast-growing, early-stage firms. After a proposed business is approved as a Qualified Indiana Business (QIB), investors are eligible for a tax credit up to 20 percent of their investment.

21st Century Research and Technology Fund

The 21 Fund program (Indiana Code § 5-28-16) provides grants or loans to recipients engaged in the commercialization of innovative new technologies. In addition to programs within the 21 Fund managed by Elevate Ventures—including SBIR/STTR state matching grants, the Elevate Purdue Foundry Fund, the Indiana Angel Network Fund, Indiana Seed Fund Holdings, 21 Fund direct investments, and the Indiana High Growth Fund—the 21 Fund has been used to financially support industry-driven, public-private partnerships such as the Central Indiana Corporate Partnership, Indiana Biosciences Research Institute, and the Battery Innovation Center.

Industrial Development Grant Fund

The IDGF program (Indiana Code § 5-28-25) provides assistance to communities making infrastructure investments in support of economic development opportunities. Eligible infrastructure includes airport facilities, sanitary or storm sewers, water lines, streets, rail spurs, information and high technology infrastructure, or other real or personal property.

Skills Enhancement Fund

The SEF program (Indiana Code § 5-28-7), which is frequently used as a job creation tool and to support efforts to skill up Indiana’s labor pool, provides reimbursement—usually at a dollar-to-dollar match—for a company’s eligible costs to train its Hoosier employees. A SEF award is generally dispersed over a two-to-three-year period and is based on the total number of employees that the company anticipates hiring and training during that period. SEF funding is frequently used to support training programs directed toward workforce deficiencies, particularly in high-growth industries.

Economic Development Fund

The EDF program (Indiana Code § 5-28-8-8) provides grants to communities or nonprofits to support various economic development initiatives, including public works projects, technical assistance and studies, economic adjustment assistance, and industry-focused initiatives.

Regional Cities Development Fund
The Regional Cities Development Fund supports economic development and quality of place initiatives by providing grants and loans to Regional Development Authorities. In 2015, three Regional Development Authorities were selected as recipients of Regional Cities grants based on comprehensive development plans reviewed by the Strategic Review Committee and approved by the IEDC Board of Directors. Monies from this fund serve as an additional economic development tool for RDAs with their purpose designed to foster additional regional collaboration, leverage local and private investment, enhance quality of place to retain and attract top talent, and provide additional economic benefit to the State of Indiana.

Business Promotion and Innovation Fund

The Business Promotion and Innovation Fund was established to promote business investment and encourage entrepreneurship and innovation. The funding may be used to encourage regional development initiatives; incentivize direct flights both internationally and domestically to and from airports across Indiana; advance innovation and entrepreneurship education, programming, and resources through strategic partnerships; promote the State of Indiana and its competitive business climate to national and international audiences; and support activities that encourage international growth and trade.
Accomplishments & Challenges

The IEDC uses an aggressive and strategic approach to attract and encourage new business investment and job creation in Indiana, targeting companies in Indiana’s traditional and growing sectors, such as advanced manufacturing, aerospace and defense, agbiosciences, life sciences, logistics, information technology, cybersecurity, energy, and sports merchandising and manufacturing. In 2017 and 2018, the IEDC focused on reaching C-level executives, site selectors, and industry stakeholders through a mix of traditional and geo-targeted advertising and sponsorship of and participation in industry-driven events.

While the IEDC remains committed to pursuing new economic development opportunities, we take the Governor’s promise of delivering great government service to heart. Our business development team utilizes a cost benefit analysis for each project, ensuring that state resources are being used as judiciously as possible, and our account management team remains committed to protecting taxpayer dollars through its compliance efforts by holding businesses accountable for their investment and job creation plans.

Today, the business climate in Indiana looks much different than the landscape during the IEDC’s establishment in 2005. Since 2009 alone, the state’s unemployment rate has dropped from more than 10 percentage points to 3.4 percent, while Indiana’s labor force growth has outpaced the nation during that same period. These accomplishments have brought on new challenges, and the IEDC continues to evolve to meet changing economic development needs.

**Talent Retention and Attraction.** As we continue to attract new business and jobs to the state, the biggest threat to Indiana’s future economic growth is our population. The Indiana Regional Cities Initiative (RCI) is working to grow the state’s communities into nationally-recognized destinations to live, work, and play in order to retain and attract top talent to the state. Quality of place projects in North Central, Northeast, and Southwest Indiana continue to forge ahead with $1.2 billion of state, local, and private funding already allocated to 56 projects (seven of which are already complete) to improve the livability and vitality of our communities.

Stakeholders in Central, Northwest, West Central, East Central, and Southeast Indiana are also working together on regional planning efforts, as the state looks to combine the best elements of the RCI and Stellar Communities program to encourage quality of place efforts and regionalism.
**A 21st Century Economy and Skilled Workforce.** The Governor has said time and again that if we aren’t leading, we’re falling behind. The IEDC has spent the last two years building up our innovation and entrepreneurship team that is actively working to propel Indiana into a leadership position, fostering an environment that allows new ideas and new companies to flourish. While we’re seeing tremendous progress across a number of sectors and communities in Indiana, we must ensure that start-up and scale-up businesses have the capital, resources, and skilled workforce needed to grow, that the state’s policies are aligned with 21st Century initiatives, and that Indiana is inspiring and preparing students to be tomorrow’s leaders.

**A Place in the Global Economy.** With recent and continued advancements in technology, the world is more connected than ever before. Businesses are no longer defined by a physical location as it is easier than ever before to employ talent in multiple time zones, serve customers in different continents, and identify new opportunities with the click of a finger.

The IEDC is actively working to increase nonstop flights to and from Indiana’s airports because businesses and top talent alike want to locate in connected communities with quick access to other parts of the country and the world. Further, we’re refining our marketing strategies, finding new and increased ways to reach decision makers and skilled talent, and generating opportunities in untapped markets. And we’re meeting those decision makers on their home turf, pitching Indiana as the best place in the world for business in order to bring global investments and jobs back here for Hoosiers.
Objectives for FY 2020 and FY 2021

The IEDC’s core purpose is to create the opportunity for all Hoosiers to earn a good living and prosper in a diverse economic environment that encourages growth, creates and retains the jobs of today, and attracts and invests in the jobs of tomorrow.

In FY 2020 and FY 2021, the IEDC seeks to build significantly upon Indiana’s success to date, and implement strategies to deliver on the Governor’s vision of taking Indiana to the Next Level. The IEDC will continue to provide performance-based economic development incentives to companies growing here in Indiana and, with appropriate continued investment, will seek to accomplish the goals of the Governor’s agenda through national and international marketing strategies, innovation and entrepreneurship initiatives, and quality of place programs.
Agency & Program Metrics

Agency Metrics:

- Total IEDC Deals
- Average Hourly Wage (weighted) from IEDC Deals
- Average Payback in Years
- Total Job Realization Rate
- Total Private Sector Employment

Major Program Metrics:

- Business & Promotion Fund: Impressions and Click-through Rate
- International Trade: New Investment Projections (for International projects)
- Economic Development Fund (EDF): Grant Activity
- Industrial Development Grant Fund (IDGF): Incentive Cost per Job (for projects including IDGF)
- 21st Century Fund: Leverage Ratio
- Skills Enhancement Fund (SEF): Average Payback Period in Years (for projects including SEF)
- Indiana Economic Development Corporation Fund: Outcomes of Key Performance Indicators serve as a measurement of staff efficiency