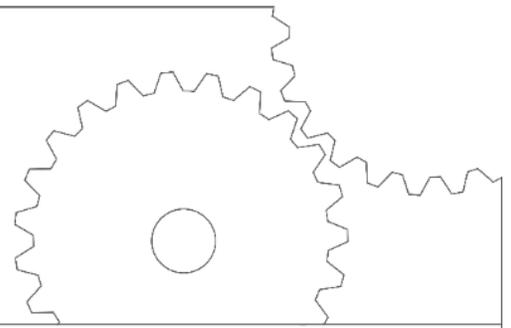


# Indiana Economic Development Corporation Budget Overview

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2022/2023 Fiscal Cycle





OMB Director Cris Johnston & State Budget Director Zachary Jackson,

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.

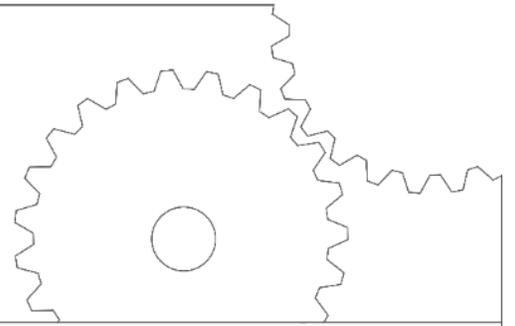
Now, under the leadership of Governor Eric J. Holcomb, we're taking Indiana's economy to the Next Level, cultivating an innovative, diverse, and vibrant ecosystem that attracts high-growth companies and skilled talent from across the world. Since 2017, we've:

- Modernized Indiana's tax code and created new tools to help innovators start, scale, and commercialize quickly and efficiently;
- Increased foreign direct investment commitments by nearly 300 percent;
- Secured the state's first nonstop transatlantic flight;
- Helped launch 1,027 new businesses with the support of the Indiana Small Business Development Center; and
- Secured more than 100,000 new Hoosier job commitments – an all-time record high.

This year has brought unprecedented challenges for us all, and the IEDC adapted quickly to support the state's response to the global COVID-19 pandemic. We partnered with 18 Indiana manufacturers and logistics providers that shifted gears to produce personal protective equipment (PPE) and secured more than 38 million pieces of PPE through donations and direct purchases to combat shortages and get critical supplies to Indiana's hospitals, first responders, long-term care facilities, and health care providers.

We stood up a Critical Industries Hotline to help businesses navigate new challenges during the statewide Stay At Home order and subsequent reopening. We secured federal disaster relief funding to support Indiana small businesses and launched a PPE Marketplace to help businesses reopen and employees get back to work safely. We convened an Economic Relief and Recovery Team in partnership with the Governor's Office and continue to work to get crucial funding and resources to Hoosier businesses through programs like federal small business loans, the Indiana Small Business Restart Grant, and Indiana Black Expo Minority Small Business Series.

As Indiana continues to battle this health crisis, alongside the nation and the world, it is perhaps more pertinent than ever before to continue our strong focus on economic development. It was this focus that put Indiana in a strong and stable position heading into the pandemic with \$2B in cash reserves and an ability to respond effectively, and it is the same focus that will determine our position on the other side of COVID-19 for months, years, and generations to follow.



As we push forward, that remains our sole focus – creating a diverse economic environment that provides all Hoosiers the opportunity to prosper. As a result, this submission contains the IEDC’s request to further funding of incentives, initiatives, and programs that provide flexibility in a quickly-changing environment and drive long-term economic growth by retaining and attracting growing businesses, propelling innovation and entrepreneurship, and investing in our communities and in our people.

Together, we will not only get Indiana Back on Track, we’ll keep moving toward the Next Level.

Sincerely,

James A. Schellinger  
Indiana Secretary of Commerce

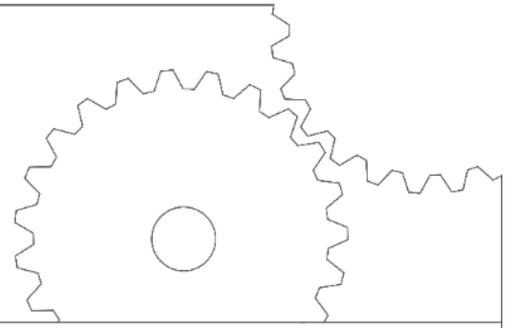


Table of Contents

Contents

**Programs & Functions ..... 5**

**Agency Organization & Functions ..... 5**

**Programs & Incentives ..... 8**

**Accomplishments & Challenges ..... 12**

**Objectives for FY 2022 and FY 2023 ..... 14**

**Agency & Program Metrics ..... 16**

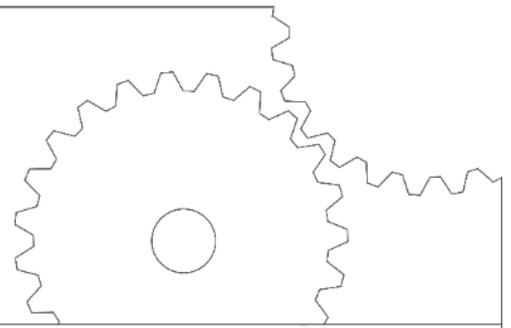
**Agency Metrics ..... 17**

**Budget Proposal ..... 18**

**Funding Request: ..... 18**

**Change Package Request #1: 21st Century & Technology Fund ..... 19**

**Change Package Request #2: Skills Enhancement Fund ..... 20**



## **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.<sup>1</sup> 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 J. 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.

At its core, 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. Moreover, the IEDC is focused on creating a pro-growth, diverse, and attractive environment for business, innovation, and talent through supporting initiatives, including innovation and entrepreneurship resources, defense development, public infrastructure assistance, and talent attraction and retention efforts.

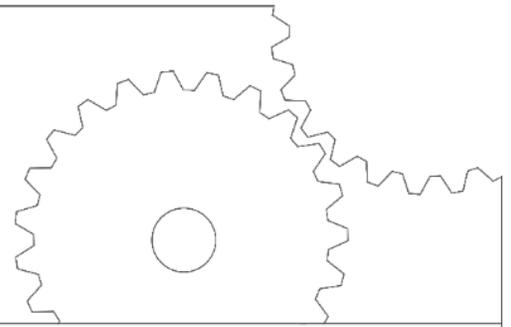
Together, these incentives and programs are strategically designed to ensure long-term economic growth, job creation, and talent attraction, providing all Hoosiers the opportunity to earn a good living and prosper in a diverse economic environment.

The IEDC consists of ten departments:

- Account Management
- Business Development
- Communications & Marketing
- Defense Development
- Finance
- Government & Community Affairs
- Human Resources
- Innovation & Entrepreneurship

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<sup>1</sup> 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.



- International Engagement
- Legal

#### *Account Management*

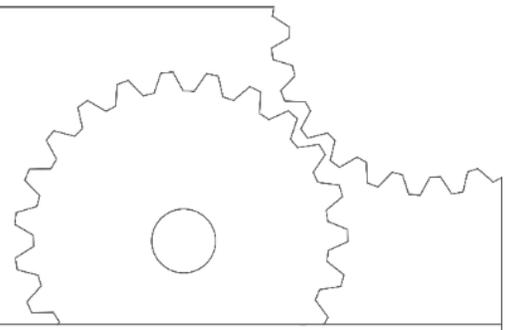
The IEDC manages and monitors all incentive contracts, ensuring accountability and public transparency. The IEDC works collaboratively with companies to make sure they are meeting their contractual goals and certifies incentives based on the actual number of new jobs reported, number of employees trained, 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 & Marketing*

The Communications & Marketing Department is responsible for developing and implementing strategies to promote Indiana's pro-growth business climate, supporting business development and lead generation opportunities, and bolstering the State's economic development efforts, successes, policies, small business resources, and key initiatives. This includes functions such as media relations, external affairs, events, social media, and an in-house ad agency designed to deliver successful campaigns, both nationally and internationally.



### *Defense Development*

In 2019, Gov. Holcomb announced a comprehensive realignment of Indiana's defense development efforts, creating a more collaborative, strategic approach to growing and enhancing the state's defense industry and military assets by aligning the Indiana Office of Defense Development (IODD) as a new business unit of the IEDC. The Defense Development Department is responsible for promoting the state's defense assets, assisting in business development, attracting and supporting defense-related industry partnerships and activities, and helping Hoosier businesses secure government contracts through the Indiana Procurement Technical Assistance Center (PTAC).

### *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.

### *Government & Community Affairs*

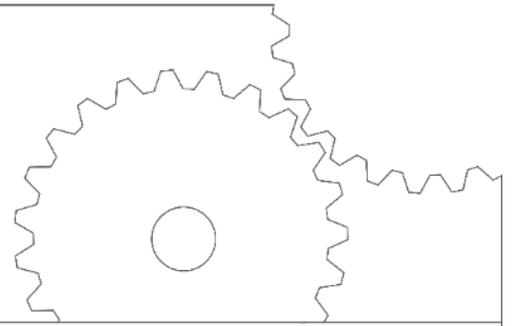
The Government & Community Affairs Department is responsible for legislative and state ombudsman activities, managing internal research efforts, developing and implementing legislative reforms, and helping existing and potential Indiana businesses navigate partner government agencies, ensuring open and transparent access to regulatory services. Additionally, the team leads the IEDC's regional economic development efforts, including the Regional Cities Initiative, Redevelopment Tax Credit, ongoing revitalization programs, and flight service development.

### *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 employee 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 (SBDC), which provides no-cost resources for small businesses as well as the IEDC's innovation functions: public private partnerships, administration of the Venture Capital Investment Tax Credit, 21<sup>st</sup> 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, the U.K., Japan, China, and Israel. This team is instrumental in helping to attract foreign direct investment and 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.

## **Programs & Incentives**

### *Job Creation & Business Investment*

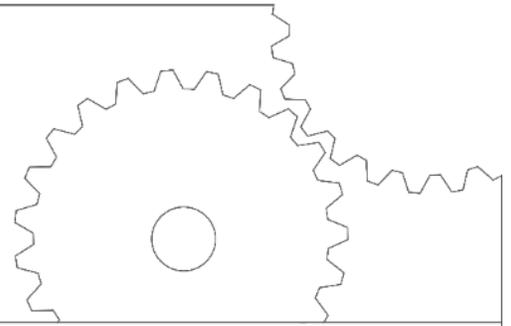
#### **Economic Development for a Growing Economy (EDGE) Tax Credit for Job Creation**

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 to level of employment in order to claim and keep the incentives.



### **EDGE-Non Resident**

The EDGE-Non Resident (EDGE-NR) tax credit provides a non-refundable tax credit to businesses that create new jobs that are filled by residents from another state. That credit certification is phased in annually for up to 10 years based upon the employment ramp up outlined by the business.

### **Hoosier Business Investment Tax Credit**

The Hoosier Business Investment (HBI) Tax Credit provides incentives to businesses to support job creation and capital investment, and to improve the standard of living for Indiana residents. The non-refundable corporate income tax credits are calculated as a percentage of the eligible capital investment to support the project. The credit may be certified annually, based on the phase-in of eligible capital investment, over a period of two full calendar years from the commencement of the project.

### **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.

### **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.

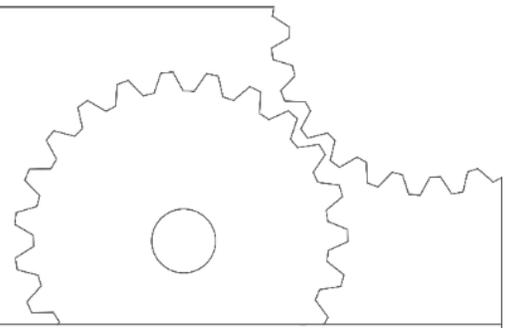
### *Redevelopment & Quality of Place*

### **Community Revitalization Enhancement Tax Credit**

The Community Revitalization Enhancement District (CRED) tax credit provides an incentive for investment in community revitalization enhancement districts. Please note that the CRED tax credit is not the same as the CRED financing tool.

### **Industrial Development Grant Fund**

The Industrial Development Grant Fund (IDGF) provides assistance to municipalities and other eligible entities with off-site infrastructure improvements needed to serve the proposed project site. Upon review and approval of a local recipient's application, project specific milestones are established for completing the improvements. IDGF will reimburse a portion of the actual total cost of the infrastructure improvements. The grant will be paid as each milestone is achieved, with final payment upon completion of the last milestone of the infrastructure project.



### **Redevelopment Tax Credit**

The Redevelopment Tax Credit (RTC) provides an incentive for investment in the redevelopment of vacant land and buildings as well as brownfields. This credit provides companies and developers an assignable income tax credit for investing in the redevelopment of communities, improving quality of place, and building capacity at the local level. The IEDC may not award more than \$50M in credits each state fiscal year. Any credit award over \$7M must include a requirement that a portion of the credit be repaid by the company or developer.

### **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.

### *Innovation & Entrepreneurship*

#### **Data Center Sales Tax Exemption**

The Data Center Gross Retail and Use Tax Exemption provides a sales and use tax exemption on purchases of qualifying data center equipment and energy to operators of a qualified data center for a period not to exceed 25 years for data center investments of less than \$750 million. If the investment exceeds \$750 million, the IEDC may award an exemption for up to 50 years.

#### **Headquarters Relocation Tax Credit**

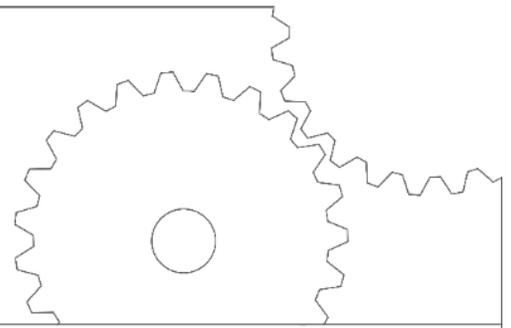
The Headquarters Relocation Tax Credit (HQRTC) provides a non-refundable tax credit to a business that relocates its headquarters to Indiana. The credit is assessed against the corporation's state tax liability.

#### **Small Headquarters Relocation Tax Credit**

The Small Headquarters Relocation Tax Credit (S-HQRTC) provides a refundable tax credit to a small, high-growth business that relocates its headquarters or a number of employees equal to 80% of the company's total payroll to Indiana. The credit is assessed against the corporation's state tax liability.

#### **Venture Capital Investment Tax Credit**

The Venture Capital Investment (VCI) Tax Credit program provides a non-refundable tax credit to individuals or corporate investors who provide qualified debt or equity capital to Indiana companies, improving access to capital for fast-growing Indiana companies. A VCI tax credit certified for an investment made after July 1, 2020 may be assigned to another taxpayer.

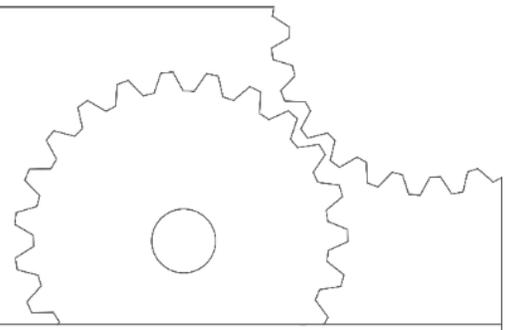


### **21st Century Research and Technology Fund**

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.

### **Skills Enhancement Fund**

The Skills Enhancement Fund (SEF) provides assistance to companies to support training of employees required to support business growth in Indiana. The grant may be provided to reimburse a portion (typically 50%) of eligible training costs over a period of two full calendar years from the commencement of the project. Grants from the Skills Enhancement Fund may only support training that leads to a post-secondary or nationally-recognized industry credential, or is specialized company training. If the training is provided to an existing employee, the company must also provide an increase in wages. Specialized company training should meet the applicable industry standard or be administered by a third party.



## Accomplishments & Challenges

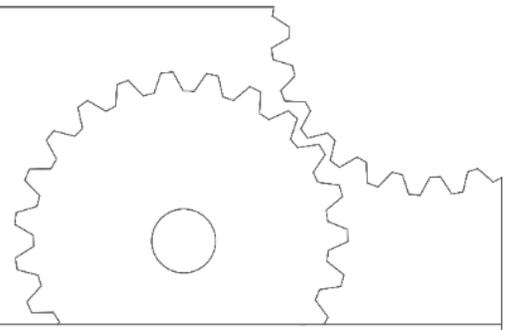
The IEDC uses an aggressive and strategic approach to attract and encourage new business investment and job creation in Indiana, targeting companies in Indiana's high-growth, high-demand sectors, such as advanced manufacturing, aerospace and defense, ag biosciences, life sciences, logistics, information technology, cybersecurity, energy, and sports merchandising and manufacturing.

Through these efforts, the IEDC has achieved three record-breaking years for economic development under Gov. Holcomb's leadership. In fact, earlier this year, we set a new, all-time high with more than 100,000 new jobs committed since 2017, surpassing totals of all previous four-year terms. And in spite of the unprecedented challenges of 2020, we're on pace to set more records this year, having already secured \$2.79B in planned capital investment and 19,373 new job commitments at an average wage of \$27.07/hour – 17.6% higher than the state's average wage.

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, aligning incentives with the potential impact on Hoosier careers, families, communities, and per capita income and ensuring that state resources are being used as judiciously as possible. And, once the project is underway, 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.

Earlier this year, pre-pandemic, the business climate in Indiana looked much different than the landscape during the IEDC's establishment in 2005. Since 2009 alone, the state's unemployment rate had dropped from more than 10 percentage points to hovering around 3 percent, while Indiana's labor force growth has outpaced the nation during that same period. These accomplishments have brought on new challenges, such as workforce shortages or limited capital, and the IEDC continues to evolve to meet changing economic development needs.

**Economic Relief & Recovery.** The current global health crisis has significantly impacted our businesses and our workforce, and while metrics such as unemployment appear to be trending in a positive direction, the near-term trajectories and the long-term impacts on the state's economy remain unclear. The pandemic has created new challenges for economic development, such as layoffs and furloughs and reduced corporate budgets, but it has also highlighted and exacerbated the challenges we were already facing in Indiana.



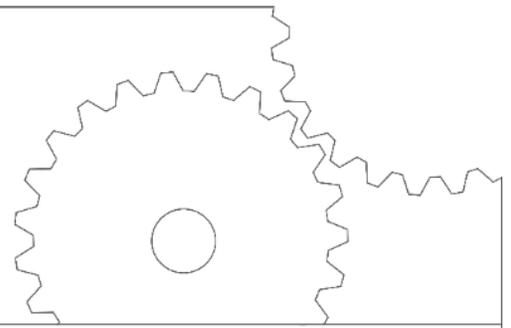
As we move forward, the IEDC will continue to be squarely focused on relief and recovery resources, leveraging federal disaster funding from sources like the CARES Act and U.S. Small Business Administration and ramping up resources and direct support through the Indiana Small Business Development Center. It is equally important, however, that we continue to invest now in initiatives and programs – like advancing technology, increasing quality of place, and skilling up talent – that will position our workforce, our businesses and our communities for long-term economic growth.

**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) spurred the state's focus on transforming our regions into nationally-recognized destinations to live, work, and play in order to retain and attract top talent to the state. To date, North Central, Northeast and Southwest Indiana have invested \$125.3 million in 69 quality of place projects, and the IEDC continues to carry out the vision of the Regional Cities Initiative through redevelopment and revitalization programs focused on improving the livability and vitality of our communities.

These challenges and the opportunities first identified in 2015 by the Regional Cities Initiative are at the forefront now more than ever. Companies across the state and around the world have shifted to remote work due to COVID-19, and many businesses are actively evaluating extending or expanding 'work from anywhere' policies for employees. In a day and age where employees can work anywhere, we must ensure they want to work from Indiana.

**A 21<sup>st</sup> 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 21<sup>st</sup> 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.



We're refining our business development and marketing strategies, finding new and increased ways to reach decision makers and skilled talent, and generating opportunities in promising, international markets. We're meeting those decision makers on their home turf (whether in person or virtually), pitching Indiana as the best place in the world for business in order to bring global investments and jobs back here for Hoosiers. And, despite the current slowdowns in commercial aviation, the IEDC is still 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.

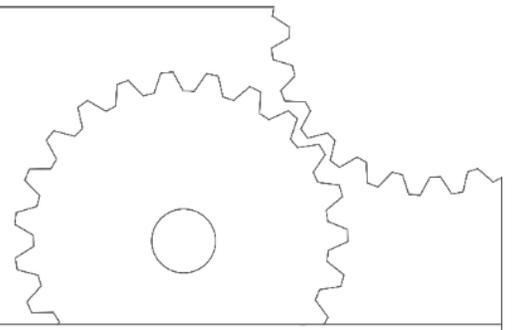
## **Objectives for FY 2022 and FY 2023**

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. And we work day-in and day-out, even in the midst of a global pandemic, to achieve these goals.

This year, our organization has taken on an expanded role, transforming into a PPE-procurement agency, taking an active role in the Governor's Economic Recovery Task Force, and developing and launching numerous new programs and initiatives to support COVID-19 response and recovery efforts. In spite of this and the increased challenges faced by businesses in 2020, the IEDC has continued to operate at the 'speed of business,' achieving significant economic development milestones to support near- and long-term economic growth.

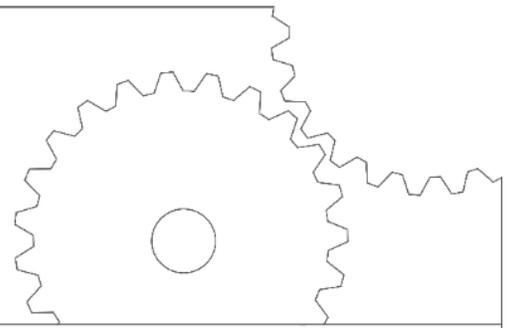
So far this year, the IEDC has:

- Secured 180 commitments from businesses to locate or expand in Indiana. Together, these businesses plan to invest \$2.79B in their Indiana operations and create up 19,373 new jobs at an average wage of \$27.07/hour – 17.6% higher than the state's average wage – in the coming years. And, we're done yet – our team is working to secure commitments for the 9,000+ new jobs in our pipeline.
- Provided 259 entrepreneurs and small businesses through the Indiana Small Business Development Center. Through the ISBDC's 10 regional offices, we have helped foster 179 new business starts, create 1,580 new jobs and infuse \$82 million in capital into Indiana small businesses.
- Helped Indiana companies secure \$297 million in 3,127 government contracts through Indiana Procurement Technical Assistance Center. So far this year, 414 new Hoosier jobs have been created as a result of these contracts.
- Provided startup funding (investments and grants) to 63 Indiana companies through the IEDC's venture development partner, Elevate Ventures, which has been named the No. 1 most active venture capital fund in the Great Lakes Region for three years in a row. Since 2010, the state's total \$107.9 million investment has attracted another \$799.8 million in capital for Indiana startups from other sources – a 7.4 to 1 leverage ratio.



This year, as I'm sure you can attest, has highlighted the importance of being able to adapt, whether in government or in business, in order to be successful. We expect to see new curveballs and new business trends over the coming years as our state, nation, and world continue to fight this pandemic, and our ability to continue retaining and attracting jobs for future generations of Hoosiers relies on our ability to adapt and meet those new demands.

Over the next biennium, we intend 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

### Job Creation & Business Investment

- Job Commitments (Secured with Incentives):
  - Number of attraction and expansion commitments
  - Total capital investment committed
  - Total new jobs committed
  - Average hourly wage (weighted)
  - Total new payroll committed
  - Average incentives per new payroll dollar
  - Average break-even period (in years)
- International Job Commitments:
  - Total foreign direct investment commitments and associated metrics (above)
- Jobs Realization & Compliance (Active Incentive Contracts):
  - Cumulative net new jobs, and average wage, reported
  - Jobs created in excess of break-even point
  - Net benefit (withholdings tax benefit) in excess of break-even point

### Redevelopment & Quality of Place

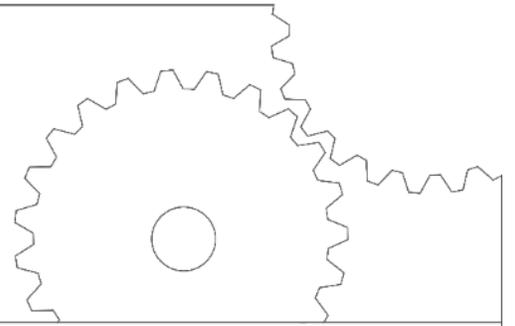
- Regional Cities Initiative: Projects completed, total capital investment in quality of place initiatives, investment leverage ratio (amount of regional, local and private sector funding vs. state investment), population growth and migration patterns
- Redevelopment & Revitalization: Number of projects, total project capital investment, investment leverage ratio
- Flight Service Development: Strategic nonstop flights secured

### Innovation & Entrepreneurship

- Investment activity and investment leverage ratio (for both public-private partnerships and 21 Fund investments)
- Overall statewide venture capital activity, investments in high-potential startups, rate of new business creation
- Indiana SBDC:
  - Small business starts, jobs created and capital infusion generated
  - Number of new clients and total counseling hours
  - Percent of underserved (woman-owned, minority-owned, veteran-owned) clients
  - Net dollar earned/returned in capital infusion to small businesses

### Defense Development

- Federal defense investment in Indiana
- Indiana PTAC:
  - Number and amount of government contracts secured by Indiana businesses
  - Number of new clients and total counseling hours
  - Jobs added as a result of contracts
  - Net dollar amount earned/returned in contract dollars

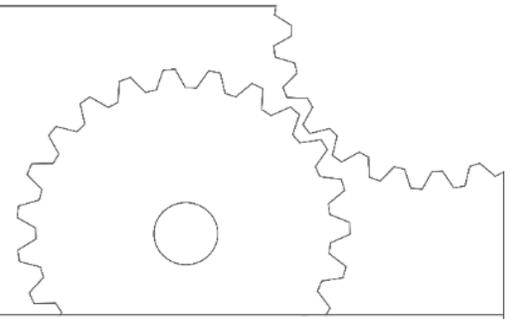


**Skills Training**

- SEF: Average break-even period in years (for projects including SEF)

**Agency Metrics**

- Indiana Economic Development Corporation Fund: Outcomes of Key Performance Indicators serve as a measurement of staff efficiency
- Business Promotion & Marketing: Impressions, click-through rates, business development leads created



## Budget Proposal

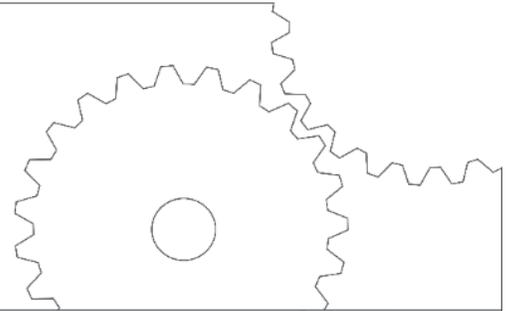
The IEDC strives to operate efficiently and effectively to maximize the impact of state funds on the development of Indiana’s economy. The proposed budget finances the IEDC’s operations and the valuable tools used to promote job creation and investment.

The requested \$145.9M for the FY 2022-2023 biennium will provide the IEDC with the resources necessary to carry out its mission and achieve the goals of its major initiatives.

The budget proposal seeks to restore IEDC funding to previous appropriation levels while also identifying some funds for consolidation to provide the organization with the appropriate flexibility to meet the needs of businesses.

### Funding Request:

Fund Description	FY2021 Appropriation	FY2022 Request	FY2023 Request	Biennial Ask
Administrative Fund	\$7,925,535	\$7,925,535	\$7,925,535	\$15,851,070
Office of Small Business & Entrepreneurship	\$1,183,000	\$1,183,000	\$1,183,000	\$2,366,000
21 <sup>st</sup> Century & Technology Fund	\$29,750,000	\$27,750,000	\$27,750,000	\$55,500,000
Business Promotion & Innovation	\$17,000,000	\$17,000,000	\$17,000,000	\$34,000,000
Skills Enhancement Fund (SEF)	\$12,500,000	\$11,500,000	\$11,500,000	\$23,000,000
Office of Defense Development	\$616,032	\$523,627	\$523,627	\$1,047,254
Economic Development Grant & Loan Program	\$1,114,522	\$947,344	\$947,344	\$1,894,688
Industrial Development Grant Program	\$4,850,000	\$4,850,000	\$4,850,000	\$9,700,000
Orange County Regional Economic Development <b>(Pass Through to Radius)</b>	\$3,000,000	\$1,288,000	\$1,288,000	\$2,576,000
<b>IEDC TOTAL REQUEST</b>	<b>\$77,939,089</b>	<b>\$72,967,506</b>	<b>\$72,967,506</b>	<b>\$145,935,012</b>



## Change Package Request #1: 21<sup>st</sup> Century & Technology Fund

Fund Description	FY2021 Appropriation	FY2022 Request	FY2023 Request	Biennial Request
21st Century & Technology Fund	\$29,750,000	\$27,750,000	\$27,750,000	\$55,500,000

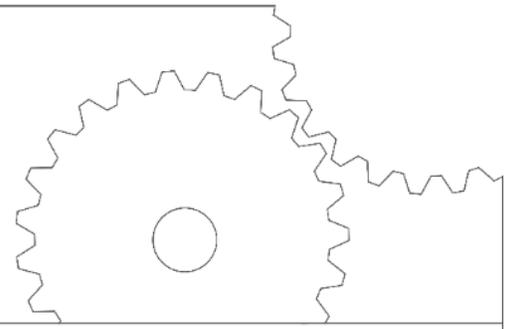
The 21 Fund program (Indiana Code § 5-28-16) provides grants or loans to recipients engaged in the commercialization of innovative new technologies. In addition to programs within the 21 Fund managed by Elevate Ventures—including SBIR/STTR state matching grants, the Elevate Purdue Foundry Fund, the Indiana 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.

Since the IEDC transitioned the focus of the 21 Fund in 2010 to maximize the value of the state's investments in growing Indiana's innovation & entrepreneurial ecosystem, the state has invested \$107.9 million in 376 high-growth potential start-ups across Indiana. These investments have attracted an additional \$799.8 million in capital from other sources – a 7.4 to 1 leverage ratio – and have supported the creation of 3,075 jobs with average annual salaries of over \$73,000.

In FY 20, the IEDC continued to support the development of the state's innovation and entrepreneurial ecosystem across the state by supporting partnerships with Energy Systems Network (ESN) and the Battery Innovation Center (BIC) to pursue a number of projects including the creation of the Indy Autonomous Challenge, a \$1 million global competition to advance autonomous technologies through a race at the Indianapolis Motor Speedway, the Next Level Manufacturing Institute to establish a Smart Manufacturing Lab to provide a platform for the exploration of industry 4.0 technologies and their integration into manufacturing processes, and the establishment of a 5G lab to leverage the state's unique position as one of the few communities in the nation that boasts 5G investment from two of the country's major telecommunications providers. The IEDC also utilized the fund to help Indiana's high-growth potential companies grow by deploying more than \$4.37M in 21 Fund direct investments into 6 early-stage companies across the state.

In an effort to help make Indiana manufacturers more resilient in response to the Covid-19 pandemic, the IEDC dedicated \$4 million to provide Manufacturing Readiness Grants to companies that were adopting new technologies to boost productivity and capacity or who were transitioning production to supply lifesaving PPE for customers around the world. The IEDC also used the 21 Fund to establish a Special Response Fund, dedicated to helping 21 Fund portfolio companies facing challenges due to the pandemic weather the downturn and come out of the downturn stronger and more resilient. Since the fund was established in March of 2020, the IEDC has committed to making a total investment of \$3M in 14 Indiana businesses.

Historically, the 21 Fund has been funded at \$30,000,000 annually. In the FY2019-FY2020 biennium, the 21 Fund appropriation fell to \$29,750,000. This change package appropriates less than previous years but restores enough funding to allow the IEDC to continue to make the strategic investments in Indiana's economy that will speed the economic recovery.



## Change Package Request #2: Skills Enhancement Fund

Fund Description	FY2021 Appropriation	FY2022 Request	FY2023 Request	Biennial Request
Skills Enhancement Fund	\$12,500,000	\$11,500,000	\$11,500,000	\$23,000,000

The Skills Enhancement Fund (SEF) is one of the IEDC's most valuable incentive tools in helping to attract businesses to Indiana and helping existing businesses expand and improve the skills of their workforce. SEF encourages companies to invest in their existing workforce and to train new employees. SEF provides reimbursement for eligible training expenses over a two-year term. IC 5-28-7 specifies the funding and parameters of the program.

Continued development and training of the Hoosier workforce is critical to Indiana's success in the future. In Governor Holcomb's 2018 State of the State address, he eloquently stated "our greatest challenge is that too many Hoosiers lack the education and skills for the jobs that are here today and being created tomorrow—nearly all of which require a postsecondary education."

The direct benefits provided by SEF and resulting increase in human capital is unmatched by other programs, and the additional request for SEF, while not keeping pace with demand, will help fill the skills gap. It is important to remember that this is a reimbursement of up to 50 percent of the training costs. This means that companies are hiring and seeing the critical need for training of their prospective employees. This program supports training that both serves industry needs and improves the skills of the Indiana workforce.