

**Subject: Arlington Innovation Fund**  
**Related Department: AED**

**FY 2027 Proposed Budget**  
**Budget Work Session Follow-up**

**4/10/2026**

The following information is provided in response to a request made by Ms. Cunningham at the work session on March 26,2026, regarding the following question:

*If we were to do less of the AIF or BizLaunch work, what would be the outcome? For BizLaunch and BIG/AIF programming, how would ROI change if each were reduced by \$500k, for one-year? As ongoing?*

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AED's Business Investment Group (BIG) division manages the Arlington Innovation Fund (AIF), and the BizLaunch small business support division leads several signature programs including Open Rewards and SOAR/ReLaunch Technical Assistance. All of these specific programs have been funded through one-time funding over the last three years as shown in the table below.

The proposed budget for FY 2027 does not include any one-time funding for AED; therefore, these programs are proposed to be significantly impacted and reduced this year. Reductions to the AIF program will slow tech/innovation sector attraction and reduce AED's ability to support the growing startup community. Reductions to small business programming and technical assistance will result in fewer businesses receiving professional support. Reductions to the buy local Open Rewards program will also reduce customer traffic to participating local businesses.

<b>AED One-Time Funding</b>				
<b>Economic Development Tools</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Business Investment Group - Arlington Innovation Fund (AIF)	\$1,000,000	\$250,000	\$425,000	\$0
BizLaunch Small Business Programs and Technical Assistance	\$250,000	\$250,000	\$200,000	\$0

To mitigate these cutbacks, AED will leverage FY 2026 AIF investments and partnership opportunities associated with the National Innovation Quarter to support continued growth of the tech ecosystem in Arlington. For small businesses seeking technical assistance, BizLaunch will make more referrals to other local providers and relevant programming. For the Open Rewards buy local program, AED will seek to continue some level of funding in FY 2027 by reallocating general fund dollars from across the department.

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An additional \$500,000 reduction to AED's ongoing budget can be achieved with staff reductions equivalent to four (4) FTEs within these two divisions. These divisions are directly responsible for activities that drive job growth, office tenancy, and business activity, all of which generate commercial and business-related tax revenues. A further reduction of FTEs at this scale would significantly impact AED's ability to deliver on these metrics, thereby reducing any positive fiscal benefits during an extremely tenuous economic period.

To continue the Arlington Innovation Fund (AIF) efforts, AED recommends one-time or ongoing funding in FY 2027 as follows:

- **AIF Catalyst Grants.** In FY 2024, the County's investment in AIF resulted in grant awards to nine early-stage tech companies and generated publicity about Arlington as a tech hub. As of December 2025, these nine companies have generated the following economic outcomes:
  - 74 full-time and 28 part-time jobs
  - \$93 million in follow-on capital raised
  - Pryze leased 7,400 square feet in Clarendon

For FY 2027, a recommended investment of \$325,000 could provide grant funding to six early-stage tech companies. The return on investment (ROI) on this investment would likely be similar to the metrics noted above.

- **AIF Ecosystem Support Fund.** To continue the AIF program in FY 2027 a recommended investment of \$300,000 would enable BIG to sustain its ecosystem building efforts, which focus on sponsoring events and initiatives that support early-stage tech companies. Outcomes include attracting new business accelerators, connecting startups with investors, supporting underrepresented communities in tech, and bringing DC Startup & Tech Week programming to Arlington. With the launch of National Innovation Quarter, a portion of these funds may be used to amplify the work of the nonprofit leading the innovation district through targeted support of events and initiatives.