

**HB 567 Written Testimony - FSC First 02182022.pdf**

Uploaded by: Shelly Gross-Wade

Position: FAV

**PRINCE GEORGE'S FINANCIAL SERVICES CORPORATION (FSC FIRST)**

**BILL:** House Bill 567 – Prince George's Financial Services Corporation (FSC First) – Funding

**SPONSOR:** Delegate Darryl Barnes

**HEARING DATE:** Tuesday, February 22, 2022 – 1PM

**COMMITTEE:** Appropriations

**CONTACT:** Intergovernmental Affairs Office, 301-780-8411

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**POSITION:** SUPPORT

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For the record, I am Shelly Gross-Wade, President & CEO of FSC First. The Prince George's Financial Services Corporation (FSC First) Board of Directors **SUPPORTS House Bill 567**, which authorizes the Maryland Department of Commerce to fund an operating grant of \$420,000 to FSC First for internal capacity building purposes in Fiscal Year 2024.

The Prince George's Financial Services Corporation (FSC First) is the premier non-traditional financing organization in Prince George's County. Its mission is to provide innovative and creative financing solutions to small, minority, women and veteran-owned businesses primarily in Prince George's County and throughout the State of Maryland. FSC First has served the local business, with distinction, for more than 43 years.

FSC First is a 501c (3) non-profit organization, designated by the U.S. Small Business Administration to serve as a **certified development company (CDC) in the administration of the SBA 504/Long-term Fixed Asset Financing Program**. This program encourages eligible business owners to transition from occupying leased properties, machinery and equipment to acquire long-term fixed assets and owner-occupied commercial real estate. These capital investments support wealth creation while also supporting the commercial tax base in Prince George's County and the State of Maryland.

Also, FSC First is designated by the U.S. Treasury to serve as a Community Development Financial Institution (**CDFI**). As such, FSC First serves as a SBA Community Advantage (7A) Guaranteed Lender, which allows the direct loans made from our \$5.5 Million revolving loan fund to qualify for up to a 75-85% SBA Guarantee throughout the life of the loan. This **public private partnership** between FSC First, Prince George's County and 12-15 FDIC-insured financial institutions allows FSC First to directly finance disadvantaged businesses that cannot qualify otherwise for traditional bank financing.

## PRINCE GEORGE'S FINANCIAL SERVICES CORPORATION (FSC FIRST)

Furthermore, FSC First is designated the Prince George's County **Green Bank, the Economic Development Incentive (EDI Fund) Manager** and as the Commercial Property Assessment for Clean Energy (**C-PACE**) Administrator – encouraging clean energy investments; while also serving as one of eight Fund Managers to the State's video lottery terminal-funded Small, Women and Minority Owned Business Assistance Fund (**SWMOBA**). FSC First serves as an intermediary **Microlender** for the Maryland DHCD Micro-Enterprise Loan Fund; and as a **Fund Manager** for the City of Bowie Revolving Loan Fund and the City of Mount Rainier Incentive Fund. By consolidating all these funding programs in one organization, it allows the resident businesses to have a one-stop shop for access to capital to start and expand their businesses.

Historically, FSC First has been (and continues to be) **subsidized with an annual operating grant by Prince George's County government**. However, due to the significant impact that is being realized by FSC First's direct lending and grant activities, there has been an increased demand for FSC First to offer wrap around services to support an expanded market. We have established a collaborate partnership to support these essential deliverables. *Please see the attached Statement of Need for further information.*

While these **expanded wrap around services**; however, do not yield an immediate breakeven cost-benefit to FSC First, first and foremost these services are essential to the long-term and continued success of the thousands of businesses that we currently assist in our grants and loan portfolios. These expanded services will support FSC First's goal to diversify its revenue streams and maintain level funding from the County grant subsidy. COVID-19 revealed the many fissures in our businesses operational structure; therefore, it is prudent and reasonable that FSC First will need non- County funding to address those critical needs, as proposed in House Bill 567 and the companion bill Senate Bill 657 to support the organization's internal capacity.

There are currently 92 active loans in the portfolio totaling \$40.8 Million in principal balance outstanding. There are 842 grants totaling \$21.5MM under management. Collectively (loans and grants), the portfolio totals \$62.3MM and 934 loans or grants under management. On average, FSC First counsels more than 2,000 small and minority-owned business owners and entrepreneurs annually. In Fiscal Year 2021, ended 6/30/2021, **FSC First attracted \$172 Million** in public- private financing to further support its direct loans to pre-bankable business owners. Historically, however, we have leveraged more than **\$1.3 Billion** in public private investments to our county-based commercial development projects.

We would like to express our gratitude to Delegate Darryl Barnes for his sponsorship of this bill, as well as the members of the Prince George's County Delegation and the House Appropriations Committee for your consideration.

For the reasons stated above, the Board of Directors **SUPPORTS House Bill 567, WITH AMENDMENTS / AS AMENDED**, and asks for a **FAVORABLE** report.

# **Legislative Support for Capacity Building Collabor**

Uploaded by: Shelly Gross-Wade

Position: FAV

## Outline -- Legislative Support for Capacity Building, Collaborative Marketing and Public Relations

### Problem Statement:

FSC First has identified an on-going need to provide holistic, wrap-around services to businesses and entrepreneurs seeking access to capital.

FSC First has a significant need for increased marketing dollars to directly interact with and support the small business owner population in Prince George's County. The main priority for these businesses is to help them in the following areas:

1. Providing them access to capital,
2. Assisting them in a way that they are available and ready to gain access to capital; and
3. Giving them availability to be competitive in their marketplace.

### Solution:

FSC First is proposing a collaborative strategy that includes providing more information and exposure with an ecosystem that supports small businesses in the following ways listed below:

1. Access to capital
2. Loan packaging assistance
3. Marketing and technical assistance
4. Credit knowledge
5. Financial management

### Strategic Approach:

The funding request will augment current limited resources available to support marketing effort.

We will be using many mediums to promote these efforts. Below is an idea of what can be accomplished if appropriately funded:

1. Radio
  - a. Serve as Guests/Hosts of segments,
  - b. Strategic ad placements and interviews that discuss our diverse toolbox, history and highlight success stories in the County and the State.
2. TV
  - a. Live interviews with television channels that are doing stories on small business assistance or more
  - b. Buying ad time on local TV stations
  - c. Guest/Host on Prince George's Community Television (C-TV)
3. Social Media Marketing

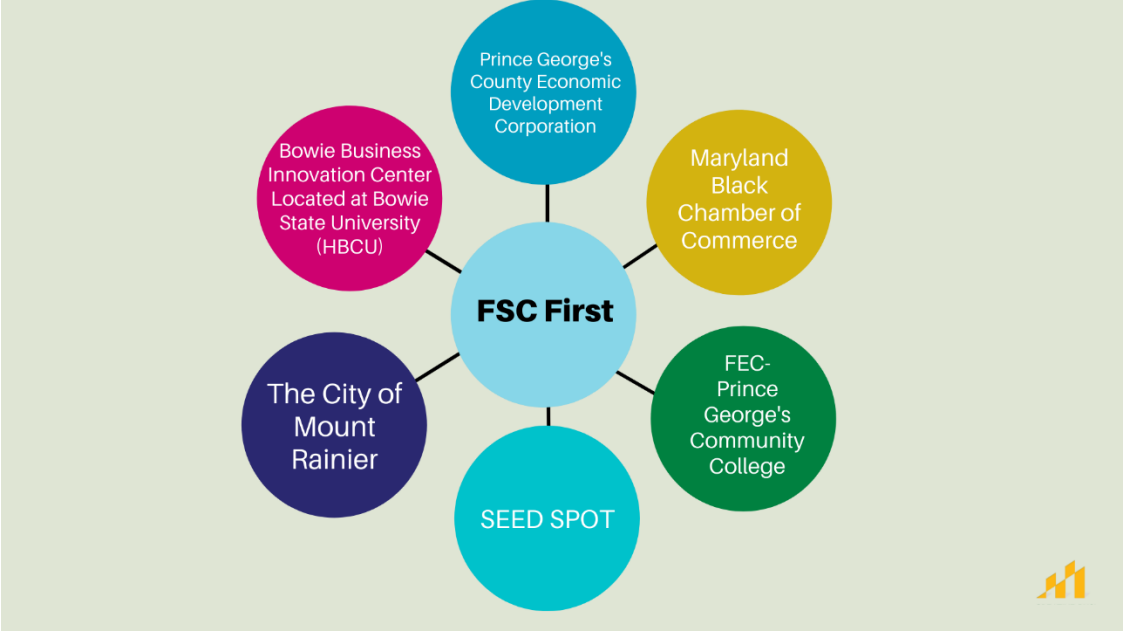
- a. Utilizing all our social media channels to promote events and outreach efforts for small business who may need assistance
  - b. Running specific ads across social media channels based on location and radius
- 4. Digital Events
  - a. Hosting virtual events/webinars or pre-recorded videos that touch on critical and necessary topics
- 5. In-person events
  - a. Small business mixers, development meetings, “Meet the Lender” events, etc.
- 6. Print
  - a. Running ads in business-oriented directories and publications, journals and newsletters; creative website banners and creating press releases for necessary events and webinars
  - b. Banners/Stickers on public transportation or public locations (e.g. malls, town centers, bus stops, academic institutions, etc.)
- 7. PR Agency
  - a. Would be responsible, on a contractual basis, for project planning, creating, and implementing strategy, and supporting the marketing efforts.

**The Ask:**

We are asking for \$420,000 in funding.

The requested funding will support a streamlined and collaborative approach to increase awareness of the diverse and vast amount of resources available to assist start-up, emerging and rapid growth companies in Prince George’s County that are strategically positioned to create and support jobs for local residents, provide niche products and services in industries that align with the economic development strategy, while supporting the local commercial tax base.

The preliminary ecosystem of organizations that will be involved are pictured below:



Submitted By,

Shelly M. Gross-Wade  
President & CEO -  
FSC First

February 18, 2022

# **HB 567 Prince George's Financial Services Corp-Fun**

Uploaded by: Barbara Wilkins

Position: INFO





# Maryland

DEPARTMENT OF BUDGET  
AND MANAGEMENT

LARRY HOGAN  
*Governor*

BOYD K. RUTHERFORD  
*Lieutenant Governor*

DAVID R. BRINKLEY  
*Secretary*

MARC L. NICOLE  
*Deputy Secretary*

## **HOUSE BILL 567 Prince George's Financial Services Corporation - Funding (D. Barnes)**

### **STATEMENT OF INFORMATION**

**DATE: February 22, 2022**

**COMMITTEE: House Appropriations**

**SUMMARY OF BILL:** HB 567 mandates a \$420,000 appropriation in FY 2024 to the Department of Commerce to be used as an operating grant to the Prince George's Financial Services Corporation. Funds may only be used to support the small business owner population in Prince George's County.

**EXPLANATION:** The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the \$420,000 mandated appropriation provision that impacts the FY 2024 budget.

DBM has the responsibility of submitting a balanced budget to the General Assembly annually, which will require spending allocations for FY 2024 to be within the official revenues estimates approved by the Board of Revenue Estimates in December 2022.

Changes to the Maryland Constitution in 2020 provide the General Assembly with additional budgetary authority, beginning in the 2023 Session, to realign total spending by increasing and adding items to appropriations in the budget submitted by the Governor. The legislature's new budgetary power diminishes, if not negates, the need for mandated appropriation bills.

Fully funding the implementation of the Blueprint for Maryland's Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses. Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor's tax relief proposals.

Economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist, thereby impacting the Maryland economy. While current budget forecasts project structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary vulnerability. The Department continues to urge the General Assembly to focus on maintaining the structural budget surplus.

**For additional information, contact Barbara Wilkins at (410) 260-6371  
or [barbara.wilkins1@maryland.gov](mailto:barbara.wilkins1@maryland.gov)**

**HB 0567.pdf**

Uploaded by: Lori Valentine

Position: INFO

**BILL:** House Bill 0567

**SPONSOR:** Delegate Darryl Barnes

**HEARING DATE:** February 22, 2022

The Prince George's County Economic Development Corporation (EDC) sees **House Bill 0567**, legislation that calls for an appropriation of \$420,000 to the Department of Commerce to be used to provide an operating grant to the Prince George's Financial Services Corporation (FSC First), as addressing a critical need in the small and minority business community.

EDC works closely with FSC First to support small and minority businesses in Prince George's County. While this County's small and minority business community is one of the strongest in the Washington Metropolitan Region, it still faces significant challenges in the marketplace. Access to capital continues to be a factor in the long-term survival of minority and women owned businesses, especially start-ups, as they face historic business loan denial rates much greater than non-minority owned firms.

A challenge shared by FSC First and many other economic development organizations in the State is need for additional marketing dollars to both communicate the existing resources that are available for small and minority businesses, and to provide enhanced programming and services to allow those businesses to grow and prosper. The Covid-Recession caused terrible damage to the economy of the nation, State, and all Counties in Maryland. In Prince George's County, we saw this firsthand, and EDC partnered with FSC First to administer a number of Covid business support grant programs that we know saved many small and minority businesses from bankruptcy and permanent closure. However, many such businesses did not survive the Recession, and we see today than many are currently on the verge of closure as Covid business funding has expired.

HB 567 would provide FSC First with critically needed resources to continue its efforts to support this vital business community. FSC First's integrated marketing strategy would accompany the implementation of its programming to increase access to information by leveraging media-based promotions, outreach events, technical assistance services, and similar business services.

For the reasons stated above, the Prince George's County Economic Development Corporation believes that **House Bill 0567** addresses an important need.

Sincerely,



President/CEO  
Prince George's County Economic Development Corporation