



**PRINCE GEORGE'S COUNTY GOVERNMENT**  
**OFFICE OF MANAGEMENT AND BUDGET**



Aisha N. Braveboy  
County Executive

**MEMORANDUM**

**DATE:** March 23, 2026

**TO:** Sylvia Singleton  
Senior Legislative Budget Officer

**THRU:** Angela Fair Baker, Acting Director *AFB*  
Office of Management and Budget

**FROM:** Dawn R. Medley, President & CEO  
Financial Services Corporation

**RE:** First Round FY 2027 Proposed Budget Responses

*We are submitting a request for budgetary information to facilitate an efficient and effective budget review and reporting process. Please respond to the questions and complete the following tables with the appropriate information. In some cases, we have populated the tables with available known data. In instances where the tables need to be re-sized or modified to accommodate additional information, please feel free to do so.*

**DOCUMENTS REQUESTED**

1. Please provide a copy of the most recent Annual Report.

**Attachment 1 – Q#1\_FSC First Annual Report FY 2025**

2. Please provide a copy of the most recent audited financial statements, including any management letters that were issued.

**Attachment 2 - Q#2\_ FSC First Audited Financial Statements FY 2025**

3. Please provide a copy of the EDIF (Economic Development Incentive Fund) quarterly and annual reports for FY 2025 and FY 2026 YTD.

**Attachment 2a - Q#3\_ FSC First EDIF quarterly and annual reports for FY 2025.**

## **STATUS OF FY 2026 - 2027 BUDGET AND OPERATIONS**

4. Please provide, by line-item detail, the Corporation's revenues and expenditures for the following periods: FY 2025 Actuals\*, Approved FY 2026 budget\*, Estimated FY 2026\*, FY 2026 YTD (as of the most recent reporting period), and Proposed FY 2027\*.

### **Attachment 3 - Q#4 & Q#5 & Q#21 FSC First Revenues and Expenditures**

5. Please identify and provide an explanation for any expenditure category where estimated overall expenditures are expected to significantly exceed originally budgeted levels.

### **Attachment 3 - Q#4 & Q#5 & Q#21 FSC First Revenues and Expenditures**

6. Are the originally estimated FY 2026 revenues, including any grants, being realized? Please identify and discuss any significant changes from the originally estimated FY 2026 revenues.

**The originally estimated revenues are being realized with no significant changes projected.**

7. To what extent, at all, have FSC First employees received or are expected to receive salary increases or other adjustments in FY 2026? Please discuss any increases or other adjustments that have been or will be made.

**Employees received COLA and modest merit increases based upon performance. No other adjustments are expected.**

8. Please identify any staffing or position changes that have occurred in FY 2026 that were not part of the Corporation's submission to the County Council in response to FY 2026 budget questions.

**For the past few years, FSC First has funded through special grant funding three positions (technical assistance/program, loan servicing, and marketing positions) not covered by the County Operating Grant. Since that funding is no longer available, FSC First reduced the headcount of staff not funded by the County grant.**

## **WORKLOAD AND PROGRAM IMPACT**

9. Please identify and quantify any known or anticipated operational or fiscal impacts that the proposed Maryland State budget or other actions taken or being considered by the Maryland General Assembly may have on the Corporation's programs and operations.

**HB798 - Small Business Increased Access to Capital Act (related to the Small, Minority, and Women-Owned Business Account, commonly known as the Video Lottery Terminal (VLT) loan program). The bill provides an important technical**

**clarification to the administrative structure of Maryland's small business lending programs. Administering public loan capital requires professional underwriting, compliance oversight, servicing, and technical assistance. House Bill 798 allows a modest management fee which is subject to Department caps in addition to interest income, aligning the program with standard fund management practices. This change does not increase costs to borrowers. The management fee is not passed on to small businesses, and no new General Fund appropriation is required. Instead, the bill strengthens program sustainability, improves risk mitigation, and ensures these funds remain a stable, revolving resource for Maryland entrepreneurs. FSC is in favor of this bill as it will support operational costs of the VLT Flex loan program.**

10. Please identify and quantify any known or anticipated operational or fiscal impacts or other actions taken or being considered by the Federal Government that may have on the Department's programs and operations.

**The recent federal environment has shifted toward *greater regulatory scrutiny and tighter fiscal oversight*, causing CDCs and CDFIs, like FSC, to allocate more resources to *administrative compliance, risk management, and contingency planning* for our core lending programs while navigating uncertainty about federal support. For example, with the Small Business Administration (SBA) regulatory changes, tightened eligibility criteria, and loan processing requirements for some core programs (e.g., 7(a) guarantees, underwriting standards, 504, and 7(a) eligibility), with the effect that SBA-backed lending has become *technically more restrictive and administratively heavier* for participating lenders like FSC. These changes can increase compliance burdens on mission-oriented lenders like CDCs that often serve smaller or higher-risk borrowers and typically rely on SBA guarantees to make more deals flow. Enhanced documentation and tougher underwriting also translate into operational cost increases and slower loan turnaround times.**

**For Community development Financial Institutions (CDFIs), the revised *CDFI Certification Application* significantly changed how an institution must define and demonstrate its *target market* — the core populations and places it serves as a CDFI. Previously approved target markets were not automatically accepted under the new standards. Because certification is a gatekeeper for many federal funding opportunities, the CDFI Fund increased difficulty in recertifying can jeopardize access to subsidized capital and grants, raising the cost of capital and reducing available funding streams. CDFI recertification changes related to *target markets* have shifted the process toward more detailed, data-driven, and rigorous standards, requiring CDFIs and CDCs to revisit how they define, document, and report service to underserved communities. The overall effect is increased operational workload and tighter fiscal stakes, as certification eligibility affects access to critical federal funding and capital programs.**

**It is hoped that the promised congressional appropriations for core programs, like Level Up, will help preserve a baseline of technical assistance funding, though we continue to adapt operations and lending strategies in response to evolving SBA and CDFI program rules.**

11. Does the corporation have any federal, State, or County legal requirements that must be funded? If so, please identify each requirement and the total dollar amount.

**None.**

12. Please provide any major updates or successes of each program. Please identify any factors, conditions, and trends that have either enhanced or limited the Corporation's ability to achieve expected and desired results. Please also discuss how the Corporation has responded to these factors, conditions, and trends, and provide an assessment of the effectiveness of these actions.

**Attachment 4 – Q12 Major updates or successes.**

13. Please identify any contracts (including consultant contracts) and leases that have been executed in FY 2026 that were not part of the Corporation's submission to the County Council in response to FY 2026 budget questions.

**None.**

14. Please provide the dollar amount of outstanding loan balances for the Corporation, the dollar amount of approved but unfunded loans, and the aggregate amount of all loans in the pipeline.

**Outstanding Loan Balances as of 2/28/2026: \$36,770,687 (Total 141 Loans in Portfolio)**

**Loans Approved but unfunded as of 2/28/2026: \$1,294,000**

**Aggregate Amount of all loans in the Pipeline as of 02/28/2026: \$21,941,200**

15. Please provide the number of companies that have defaulted on loans in the past year. Please include details by loan program and amount for these borrowers, including the status of each.

Loan Program	Outstanding Principal Balance	Status
VLT	\$43,421.54	This borrower had been a consistent payer prior to going into default. She indicated that she lost her lease and was in the process of a divorce. She ultimately filed for Chapter 13. <b>On June 13, 2025, the loan was sent to FSC's attorney for processing. A hearing is set for 04/17/2026.</b>
EDIF	\$35,280.89	The borrower closed his business in January 2025 but agreed to continue making payments. He was two months past due for March and April 2025 and did not respond to calls or emails regarding the delinquency. <b>On May 06, 2025, the loan was sent to the County's attorney for a demand letter.</b>
COB	\$12,328.65	The borrower closed his business in January 2025 but agreed to continue making payments. He was three months past due for as of June 2025 and did not respond to calls or emails regarding the delinquency. <b>On June 24, 2025, the loan was sent to FSC's attorney for processing.</b>
	<b>\$91,031.08</b>	

16. Please complete the table below pertaining to the number of jobs retained versus jobs created for FY 2024 - FY 2026 (YTD).

Year	Jobs Created	Jobs Retained
FY 2022	323	171
FY 2023	260	265
FY 2024	<b>424</b>	<b>416</b>
FY 2025	<b>310</b>	<b>183</b>
FY 2026 (YTD as of 2/28/2026)	<b>56</b>	<b>80</b>

17. Please provide the current amount of funding in your loan loss reserves by loan program.

<b>FSC First</b>		
<b>Allocation of Loan Loss Reserves</b>		
<b>As of January 31, 2026</b>		
On Balance Sheet	Amount	Percent
BEF	12,500	5%
Bowie	18,700	8%
Cap One	41,000	17%
UMMS	57,000	24%
Strv	16,500	7%
PNC	92,200	39%
Allocated Loan Loss Reserves	237,900	100%
Unallocated (Supports Growth and Risk - Off Balance Sheet Loans)	291,790	
<b>Total Loan Loss Reserve Available</b>	<b>529,690</b>	

18. Please provide the total amount of funds in your bank pool, how much is allocated to each FSC First program, and the outstanding year-to-date balance.

**N/A. The bank pool was closed in FY 2024.**

19. Please provide a listing of events hosted/attended by FSC First during FY 2026, as well as the number of attendees.

**Attachment 5 – Q#19\_ FSC First Events Hosted & Attended.**

20. With respect to the **EDI fund**, please provide the following information:

- a. For each amount identified in the categories (i.e., closed/funded in FY 2026, current outstanding loan balance, in closing process/pending approval, pipeline, and withdrawn) outlined in the table with respect to each, please provide a detailed schedule of borrowers with their current or potential loan amounts that comprise the total. Also, identify whether the loans are conditional vs. unconditional.

**Attachment 6 - Q #20a\_ FSC First\_ EDIF Transaction Summary.**

- b. A **cumulative amount** (dollar and number of loans) of closed/funded to date loan proceeds, broken out by current borrower, conditional, and unconditional. For each conditional loan, identify **by the borrower the total amount of the (1) eliminated loan balance and/or (2) potential loan forgiveness amount**, along with how close (%) is this potential amount to being a realization. If loan balances are close to or have been forgiven, please identify the conditions that may have met or were met to trigger the forgiven balances.

**Attachment 7 - Q #20b\_EDIF Conditional Loans & Transaction Summary.**

- c. Of the above loan amounts identified in (b), please provide the amount (dollar and number) of loan funds by the borrower that has been paid back by borrowers partially and/or entirely to date and thus has replenished the revolving EDI loan pool.

**Attachment 8 - Q #20c&d\_EDIF Fund Balance @ 021826 AND ESTIMATED FY 26 EXPENDITURES.**

- d. What is the projected FY 2026 ending uncommitted balance for the EDI fund? Please provide a detailed schedule showing how this projected balance was constructed.

**Attachment 8 - Q#20c&d\_EDIF Fund Balance @ 021826 AND ESTIMATED FY 26 EXPENDITURES.**

- e. Please provide details about any dollars FSC received through the “claw-back provision” due to recipients not meeting their jobs or LSMBE goals per the contract (if any). Has this provision ever been implemented? If so, please provide details.

**Attachment 9A - Q20e\_EDIF Clawbacks Workouts.**

- f. Please list any recipients out of compliance for not meeting jobs and/or LSMBE goals per the contract, and if so, please describe the corrective actions taken or that will be taken.

**Attachment 10A Q20f\_EDIF Fund LSMBE Utilization Report.**

**FY 2027 PROPOSED BUDGET AND OPERATIONS**

21. Please provide, by line-item detail, the Corporation's revenues and expenditures included in the proposed FY 2027 budget. **(Please ensure that the numbers you present agree with what was included in the County's FY 2027 Proposed Operating Budget)**

a. Please provide a breakdown of the Proposed FY 2027, Estimated FY 2026, and Approved FY 2026 compensation and fringe benefit totals, including position titles.

**See attachment 3 - Q#4 & Q#5 & Q#21 FSC First Revenues and Expenditures.**

b. Please identify and explain categories of expenditures that are expected to either increase or decrease from projected FY 2026 expenditure levels.

**See attachment 3 - Q#4 & Q#5 & Q#21 FSC First Revenues and Expenditures**

c. Please also identify and explain the rationale for any new expenditure categories proposed for FY 2027.

N/A

d. Please identify and discuss changes in expected FY 2027 revenue sources and levels from those in FY 2025.

**Attachment 3- Q#4 & Q#5 & Q#21 FSC First Revenues and Expenditures**

22. Provide both an organizational chart and a schedule of employees/positions proposed for FY 2027. For each of the Corporation's organizational units, please include a list of incumbents and vacant positions, including respective position titles. Please identify and provide an explanation for any proposed new positions or for any position that will be materially changed in any manner.

**Attachment 11 - Q#22\_FSC First Org Chart**

23. Does the Corporation plan to extend any salary increases or other adjustments in FY 2027? If so, please provide details.

**It is expected that employees may receive modest merit increases based upon performance and a modest COLA to support FSC First's ability to remain competitive and retain talent. No other adjustments are planned.**

24. Does the Corporation anticipate any staffing changes in FY 2027? How will this affect the Corporation in achieving its goals?

**Based on current, known funding, FSC First will be unable to make staffing changes to address loan program compliance and operational support needs, as well as to address the need for increased technical assistance through the Level Up program. This will impact FSC First's ability to most effectively maintain compliance and support the needs of the County's small business community.**

25. Please provide a schedule that reflects all equipment, property, and other leases included in the Corporation's proposed FY 2027 budget. Please include the name of each lessor, the budgeted lease amount, and the purpose of each lease.

**Attachment 12 - Q#25\_FSC First Schedule for Equipment & Property.**

26. Please provide a schedule of all contracts of any kind, including consultant contracts, included in the Corporation's proposed FY 2027 budget. Please include the name of each contractor, the budgeted contract amount, and a description of the proposed contractual services. Please also identify the Minority Business Enterprise (MBE) status for each contract.

**Attachment 13 - Q#26\_Operating Contracts.**

27. Please review and complete the chart below. If applicable, please add new or unidentified program names that are not currently captured in the table. The table should represent all of FSC FIRST lending programs (core and sub-core), whether they are currently being offered, as long as there is an outstanding loan balance. Also, highlight the programs that are still being offered to borrowers.

Status of Loan Requests Approved in FY 2026									
Program	FUNDED				UNFUNDED				ELIMINATED
	Closed/Funded in FY 2026*	# of	Current Outstanding Loan Balance *	# of	In Closing Process/Pending but Approved*	# of	Aggregate Amt of Loans in Pipeline*	# of	Withdrawn in FY 2026*
<b>Core</b>									
SBA 504	\$ 614,000	1	\$ 10,349,503	14	\$ 874,000	2	\$ 6,706,000	7	\$ 915,400
Small Business Thrive Fund	\$ -		\$ -		\$ -		\$ 5,845,000	29	\$ -
Small Business Growth Fund	\$ -		\$ 605,266	10	\$ -		\$ -		\$ -
<b>Sub-Core</b>									
VLT Flex Fund	\$ 1,294,000	14	\$ 9,705,258	52	\$ 100,000	1	\$ 770,200	5	\$ -
Micro-MD DHCD/Cap One	\$ 172,000	3	\$ 194,169	5	\$ -		\$ 515,000	9	\$ -
Strive for 35	\$ -		\$ 154,916	3	\$ -		\$ -		\$ -
UMMS	\$ 225,000	2	\$ 576,754	9	\$ 100,000	1	\$ 100,000	1	\$ -
Green Energy	\$ -		\$ -		\$ -		\$ 6,000,000	1	\$ -
City of Bowie Loan Fund	\$ -		\$ 10,386	1	\$ -		\$ -		\$ -
C-PACE	\$ -		\$ 693,266	2	\$ -		\$ -		\$ -
Business Expansion Fund	\$ -		\$ 253,676	1	\$ -		\$ -		\$ -
City of Mount Rainer	\$ -		\$ 201,378	8	\$ -		\$ -		\$ -
EDI Fund	\$ -		\$ 13,568,768	30	\$ 150,000	1	\$ -		\$ 120,000
CABEF	\$ 440,000	2	\$ -		\$ 70,000	1	\$ 805,000	4	\$ -
Small Business Capital & Growth Stimulus Loan	\$ 75,000	1	\$ 457,350	6	\$ -		\$ -		\$ -
SSBCI	\$ -		\$ -		\$ -		\$ 1,200,000	1	\$ -
<b>Total</b>	<b>\$ 2,820,000</b>	<b>23</b>	<b>\$ 36,770,687</b>	<b>141</b>	<b>\$ 1,294,000</b>	<b>6</b>	<b>\$ 21,941,200</b>	<b>57</b>	<b>\$ 1,035,400</b>

**Category Definitions**

**Closed/Funded**- the loan was approved, closed with the loan documented and executed, and funds disbursed.

**Current Outstanding Loan Balance**- current amount due, including principal and/or interest.

**In Closing Process/Pending but Approved**- the loan is approved but not closed, and no funds have been disbursed. Still needs Council approval.

**Aggregate Amount of Loans in Pipeline**- applications/loan packages in varying stages of the intake/pre-qualification/underwriting/approval process.

**Withdrawn**- the loan will not close as a result of the applicant's request or non-compliance with the terms of the commitment letter.