



April 6, 2026

MEMORANDUM

TO: Wala Blegay, Esq., Chair
 Planning, Housing, and Economic Development (PHED) Committee

THRU: Sylvia King *CK*
 Senior Legislative Budget Officer

FROM: Shalene Miller-Whye *SM*
 Budget & Policy Analyst

RE: Financial Services Corporation (FSC FIRST)
 Fiscal Year 2027 Budget Review (Non-Departmental Grants & Transfer Payments)

Budget Overview

- The FY 2027 Proposed Budget for the Financial Services Corporation (FSC FIRST) is \$2,523,400, an increase of \$120,000, or 5%, over the FY 2026 Approved Budget.

This net change is attributed mainly to decreased operating costs for auditing services, legal fees, equipment leasing, and loan loss reserves to align with projected costs. This is offset by increases in compensation costs due to mandated salary requirements and operating costs for interest expenses, office expenses, board members, marketing supplies, insurance premiums, portfolio services, and staff development expenses, to align with projected costs.

- FSC First is partially funded through an annual County grant in the Non-departmental section of the budget.
- FSC First's proposed FY 2027 budget reflects County grant funding of \$1,062,300, a decrease of \$55,900, or -5%, under the FY 2026 County grant.

Budget Comparison - Consolidated Budget

Revenue						
Fund	FY 2025 Actual	FY 2026 Approved	FY 2026 Estimated	FY 2027 Proposed	\$ Change	% Change
County Grant	\$ 1,177,100	\$ 1,118,200	\$ 1,118,200	\$ 1,062,300	\$ (55,900)	-5.0%
Other Sources	2,708,970	\$ 1,285,200	\$ 1,457,400	\$ 1,461,100	\$ 175,900	13.7%
Total	\$ 3,886,070	\$ 2,403,400	\$ 2,575,600	\$ 2,523,400	\$ 120,000	5.0%

Staffing Changes and Compensation

- FY 2027 compensation is proposed at \$1,390,600, an increase of \$67,700, or 5.1%, above the FY 2026 Approved Budget. The increase is due to COLA and modest merit increases for 11 full-time positions.

Authorized Staffing Count

	FY 2026 Approved	FY 2027 Proposed	Change Amount	Percentage Change
Full-Time (Funded)	11	11	0	0.0%
Full-Time (Unfunded)	0	0	0	0.0%
Total	11	11	0	0.0%

Fringe Benefits

- Fringe benefit expenditures are proposed at \$467,300 in FY 2027, an increase of \$22,800 or 5.1%, over the FY 2026 Approved Budget.

Revenues

- For FY 2027, the County’s grant is proposed at \$1,062,300.
- Net loan program income is projected at \$152,700, a decrease of \$43,700 or -22.3% below the FY 2026 Approved Budget. This reflects the focus of SBA lending programs and limited growth.
- Management/Servicing Fees are projected at \$1,001,900, a \$162,500, or 19.4%, increase above the FY 2026 Approved Budget, which reflects modest growth of the non-SBA portfolio, including revenue from the Maryland Video Lottery Terminal (VLT), Bowie Loan Program, and the EDI Fund Loan Program and University of Maryland Medical System Loan Program.
- Net Grant Revenue is projected at \$150,000, with no change from the FY 2026 Approved Budget. This reflects prospective grants.
- Other Income is projected at \$156,500, an increase of \$57,100 or 57.4%, above the FY 2026 Approved Budget. This includes any one-time sponsorship or grant administration revenue.

Operating Expenditures

- For FY 2027, operating expenditures are proposed at \$665,500, an increase of \$29,500, or 4.6%, above the FY 2026 Approved Budget. Operating expenditures for the Financial Services Corporation are comprised of the following significant items:
 - Contractual Costs: \$165,000, which are expected to decrease by \$500, or -0.%, under the FY 2026 Approved Budget.
 - Indirect Costs: \$500,500, which are expected to increase by \$30,000, or 6.4%, over the FY 2026 Approved Budget.

(See Table on the following page)

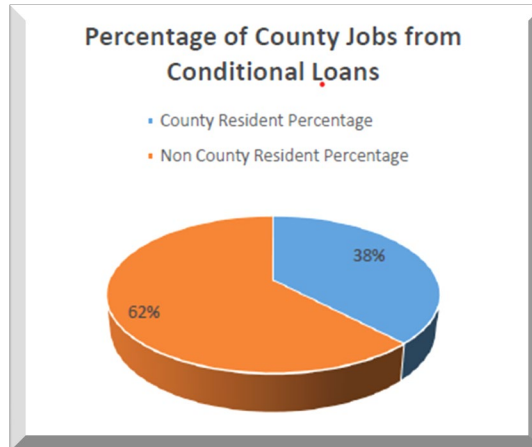
Category	FY 2025 Actual	FY 2026 Approved	FY 2026 Estimated	FY 2027 Proposed	\$ Change	% Change
REVENUES						
Prince George's County Grant	1,177,100	1,118,200	1,118,200	1,062,300	-55,900	-5.0%
Net Grant Revenue	306,828	150,000	100,000	150,000	0	0.0%
Management/Serviceing Fees	1,208,778	839,400	997,200	1,001,900	162,500	19.4%
Bank & Investment Interest (Other)	99,267	24,400	120,000	80,000	55,600	227.9%
Small Business Administration (SBA) Portfolio related interest income	229,603	196,400	155,200	152,700	-43,700	-22.3%
American Rescue Plan Act Grant	782,800	0	0	0	0	-
Other Income	81,694	75,000	85,000	76,500	1,500	2.0%
Total	3,886,070	2,403,400	2,575,600	2,523,400	120,000	5.0%
OPERATING						
Personnel Costs						
Compensation	1,873,715	1,322,900	1,350,100	1,390,600	67,700	5.1%
Fringe Benefits	492,744	444,500	424,200	467,300	22,800	5.1%
Contractual						
IT Maintenance & Service	62,238	68,000	84,454	75,000	7,000	10.3%
Accounting, Compliance & Auditing Services	32,400	47,500	47,500	40,000	-7,500	-15.8%
Payroll & Administrative Costs	35,360	20,000	23,581	20,000	0	0.0%
Marketing & Communications Support	0	30,000	30,000	30,000	0	0.0%
Indirect Costs/General						
Administrative Costs						
Interest Expenses	102,156	80,000	89,176	85,000	5,000	6.3%
Legal Fees	6,353	11,000	15,525	6,500	-4,500	-40.9%
Travel (Mileage, Hotel Airfare, Meals)	13,948	8,500	13,120	8,500	0	0.0%
Office Supplies & Expenses	47,839	14,000	18,000	15,500	1,500	10.7%
Office Equipment Lease	8,713	15,000	7,723	8,500	-6,500	-43.3%
Marketing, Supplies & Public Relations	358,564	37,500	110,000	50,000	12,500	33.3%
Depreciation	10,600	11,000	10,920	11,000	0	0.0%
Insurance Premium / Renewal	40,838	24,000	39,229	40,000	16,000	66.7%
Portfolio Services	81,919	23,000	28,000	33,000	10,000	43.5%
Software Licenses & Maintenance Fees	49,500	47,000	65,426	47,000	0	0.0%
Copying / Printing	5,249	4,000	5,000	4,000	0	0.0%
Telephone & Teleconferences	11,014	10,000	15,000	10,000	0	0.0%
Board & Committee Meeting Exp	11,992	5,000	12,000	7,500	2,500	50.0%
Loan Loss Reserves	-	50,000	-	37,000	(13,000)	-26.0%
Staff Development/Training Conferences	86,777	25,000	25,000	30,000	5,000	20.0%
Subscriptions, Dues, & Misc.	44,013	45,000	41,100	45,000	-	0.0%
Special Program Expenses	462,014	57,500	117,546	57,500	-	0.0%
Miscellaneous / Other Expenses	7,885	3,000	3,000	4,500	1,500	50.0%
Sub-Total	\$ 3,845,831	\$ 2,403,400	\$ 2,575,600	\$ 2,523,400	\$ 120,000	5.0%

Economic Development Incentive (EDI) Fund

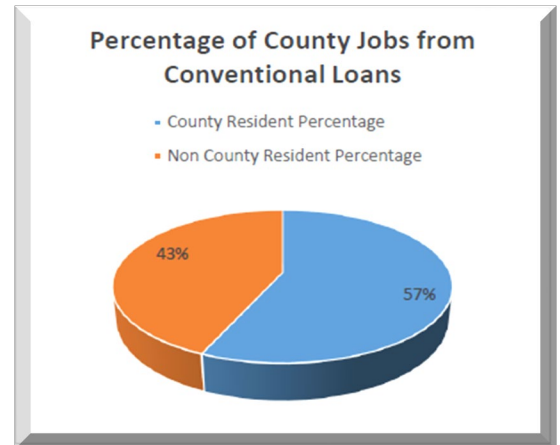
- Prince George's County has dedicated \$50 million to provide for the retention, expansion, and attraction of businesses that will broaden the County's commercial tax base, retain and attract jobs, support small and local enterprises, promote development and development opportunities, transit-oriented development, and the growth of key industry sectors. The Economic Development Incentive (EDI) Fund is administered by FSC First and the Prince George's County Economic Development Corporation (EDC). The project must demonstrate that "but for" the County offering public incentives, the project would not proceed, and that this investment is leveraged with additional private and public dollars.

- Since its inception, and as of June 30, 2025, the EDI Fund has closed 75 loans, representing 46 conditional loans, 29 conventional loans, three (3) grants, and \$1 million designated for the Contractors' Advantage Program (CAP), totaling \$53,633,500 in financing assistance.
- The EDI Fund has leveraged \$1.3 billion in new business investments through public-private partnerships. As of June 30, 2025, seven borrowers had defaulted on their loans.

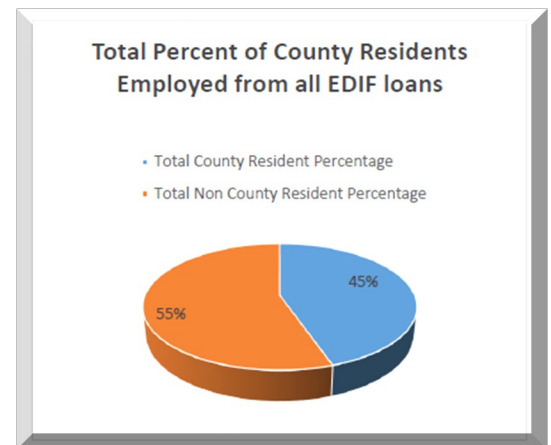
- 38% of the jobs created and retained by the conditional EDI Fund loan recipients were for Prince George's County residents.



- 57% of the jobs created and retained by the conventional EDI Fund loan recipients were for Prince George's County residents.



- Collectively, 45% of all verified jobs created and retained by EDI Fund loan recipients were Prince George's County residents.
- Since the Fund's inception, there have been Four (4) clawbacks, and the total received from clawbacks is \$1,150,249.37. One (1) was a conventional loan.



EDI Fund Activity

- The EDI Fund has committed to the following projects for FY 2026. The \$50 million starting balance is based upon the initial assigned amount. Each year, \$9 million is estimated to be appropriated for the EDI Fund. Below is the calculation for the FSC First's EDI Fund balance.

FY 2026 Commitments @2/18/2026	
Starting Balance	\$50,000,000
Loans Committed	\$53,783,500
Nash Finch	\$200,000
Euro Restaurants	\$455,000
Amara Realty	\$750,000
Aquilent	\$250,000

FY 2026 Commitments @2/18/2026	
A.M Briggs	\$85,000
Beltsville Land	\$200,000
Kane Company	\$150,000
UPS	\$100,000
Safeway	\$500,000
Kolytic, Inc.	\$200,000
Giant Food	\$250,000
Capital Lighting & Supply LLC	\$250,000
Genesis Engineering Solutions, Inc.	\$350,000
First Priority Group, LLC	\$150,000
BlueTeam, LLC dba Blue Voyant	\$100,000
Hospitality Development Company II, LLC	\$1,750,000
Blink Charging Co.	\$120,000
Sub-Total – Adjusted Total Commitments	\$47,923,500
Sub-Total to Spend (\$50MM – Adj. Total Commitments)	\$2,076,500
Plus Principal Repayments	\$15,782,072
Minus EDIF COVID-19 Relief Contribution	\$2,500,000
Projected Total to Spend in Loan Fund @ 2/18/2026	\$15,358,572

FY 2026 EDI Fund Expenditures

FY 2026 Expenditures	
Speigner Holdings, LLC	\$150,000
RIZE Zone Rental Assistance	\$150,000
V&B Ventures Inc.	\$480,000
Coz Pav LP (\$1,000,000 Conventional/\$2,000,000 Conditional)	\$3,000,000
FY 2026 Total Estimated Expenditures	\$3,780,000

FY 2026 Estimated Additional Expenditures by 6/30/2026	
Graceful Lifestyles at Camp Springs LLC	\$150,000
Total Additional Expenditures	\$150,000
FY 2026 Pipeline @ 02/18/26	\$625,000
FY 2026 Total Estimated Expenditures	\$4,555,000
Ending EDI Fund Balance	\$14,583,572

- Refer to the EDI Fund Report for additional details on specific projects *Attachment 2a - Q#3_ FSC First EDIF quarterly and annual reports for FY 2025 of the FY 2027 First Round Responses.*

Other Loan Programs

- The Video Lottery Terminal Flex Fund: 14 loans totaling \$1,294,000 were closed/funded in FY 2026. One (1) loan totaling \$100,000 is in the closing and pending but approved process as of February 28, 2025. Five (5) loans totaling \$770,200 are in the pipeline.
- SBA 504: One (1) loan totaling \$614,000 was closed/funded in FY 2026. Two (2) loans totaling \$874,000 are in the closing and pending but approved process. Seven (7) loans totaling \$6,706,000 are in the pipeline.
- CABEF: Two (2) loans totaling \$440,000 were closed/funded in FY 2026. One (1) loan totaling \$70,000 is in the closing and pending but approved process. Four (4) loans totaling \$805,000 are in the pipeline.
- UMMS: Two (2) loans, totaling \$225,000, were closed/funded in FY 2026. One (1) loan, totaling \$100,000, is in the closing and pending but approved process.
- Micro-MD DHCD/Cap One: Three (3) loans totaling \$172,000 were closed/funded in FY 2026. Nine (9) loans totaling \$515,000 are in the pipeline.
- Small Business Capital & Growth Stimulus Loan: One (1) loan totaling \$75,000 was closed/funded in FY 2026.

Status	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Estimate	FY 2027 Projected
Loans Closed	23	24	28	38	43
Jobs Created/Supported	607	840	493	519	497
Total Approved Loan Amounts (Millions)	\$3.8	\$7.5	\$7.3	\$8.5	\$8.5

- ✚ The loan balance for the entire portfolio is \$36,770,687.
- ✚ The amount of loans approved but unfunded is \$1,294,000.
- ✚ The amount of loans in the pipeline is \$21,941,200.

FY 2026 Key Accomplishments

In FY 2026, FSC has:

- 2,346 Prince George’s County businesses supported through the Level Up Program since its inception.

- 800 businesses supported through Small Business Stimulus accelerator programs.
- \$2.82M in loans were closed and funded in FY 2026, with \$1.2M in processing and pending approval in FY 2026 YTD.
- \$10 million increase in the lending pipeline.
- \$444,000 in total grant funding supporting technical assistance programs.

Strategic Focus and Initiatives for FY 2027

- Lend \$11 million in new loans to local businesses through federal, State, and local programs.
- Achieve funding targets for \$11 million in new Small Business Administration (SBA) 504 Commercial Real Estate Program, Small Business Thrive Fund (SBA Community Advantage), Economic Development Incentive (EDI) Fund, Video Lottery Terminal Flexibility (VLT FLEX) Fund, Strive for 35 Fund, Commercial Property Assessed Clean Energy (C-PACE), University of Maryland Medical Systems (UMMS) Healthcare Capital Fund, Small Business Capital and Growth Stimulus Fund (SBCGSF), Capital Area Business Expansion Fund, and State Small Business Credit Initiative (SSBCI).

Challenges for FY 2027

- Difficulty managing compliance efforts across all loan programs, creating a critical need, affecting the operations of programming due to the inability to fund an additional position.
- Rising interest levels lead to hesitancy for small business owners to engage in debt financing, further limiting the growth of FSC First's loan portfolio. In this regard, FSC First has relied on the Level Program to provide technical assistance and other programming.
- The tremendous decrease in the number of programs FSC First can offer due to the loss of the American Rescue Plan Act (ARPA) grant, which funded Level Up Programming and any other technical assistance programming. FSC First cannot reach the desired results related to small businesses' success, but some can be done through volunteers.
- Heightened federal scrutiny and oversight have required FSC First to dedicate more resources to compliance, risk management, and administrative functions, reducing capacity for direct lending and program delivery.
- Recent Small Business Administration (SBA) regulatory changes, including stricter eligibility criteria, enhanced underwriting standards, and more complex loan processing requirements for programs such as 7(a) and 504 have made SBA-backed lending more administratively burdensome and less flexible. This disproportionately impacts mission-oriented lenders like FSC First, which serve smaller, higher-risk borrowers.
- Enhanced documentation and underwriting requirements have increased operational expenses and extended loan processing timelines, limiting FSC First's ability to deploy capital quickly and efficiently to small businesses.

- Changes to the Community Development Financial Institution (CDFI) Certification Application have introduced more rigorous, data-driven requirements for defining and documenting target markets. Previously approved target markets are no longer automatically accepted, requiring substantial staff time and resources to reassess and revalidate eligibility.
- Increased difficulty in obtaining or maintaining CDFI certification threatens access to key federal funding streams, including grants and subsidized capital. This may raise FSC First's cost of capital and reduce the availability of financing for underserved communities.
- Ongoing uncertainty around federal funding, particularly for programs such as Level Up which creates challenges in long-term planning and sustaining technical assistance and small business support services.

Questions for Committee Consideration:

1. How have compliance struggles affected FSC First program output? How can this be rectified?
2. How can FSC First continue to support small businesses at the highest level despite the threat to multiple funding sources, including SBA?
3. Please describe the current need for technical assistance and the ways it can be strengthened to support the business climate.
4. How can the overall functions of FSC First be leveraged in the current economic climate?