

MEMORANDUM

January 20, 2017

TO: County Council

FROM: Josh Hamlin, Legislative Attorney 

SUBJECT: **Public Hearing:** Bill 49-16, Economic Development – Workforce Development –
Microlending Program

Bill 49-16, Economic Development – Workforce Development – Microlending Program, sponsored by Lead Sponsors Council President Berliner and Councilmembers Navarro and Hucker, and Co-Sponsors Councilmembers Floreen and Rice, was introduced on December 13. A Planning, Housing and Economic Development Committee worksession is tentatively scheduled for January 30 at 2:00 p.m.

Bill 49-16 would:

- provide that the County's Workforce Development Corporation must administer a microlending program to provide financial and technical assistance to County entrepreneurs;
- establish certain criteria for the operation of the microlending program;
- require the Corporation's annual report to include certain information on the microlending program; and
- generally amend County law related to workforce development.

A memorandum from the Bill's lead sponsors is at ©6.

Background

Under County Code Chapter 30B, Economic Development, the County is empowered to designate a nonprofit corporation as the County's Workforce Development Corporation to implement the County's workforce development policies. Worksource Montgomery, Inc., has been so designated, and has as its mission: (1) to meet the talent attraction, development, and retention needs of strategic industries; (2) to meet the needs of the underemployed and unemployed; and (3) to develop career pathways that lead to sustainable wage jobs and support a thriving mission.¹ Bill 49-16 would add the administration of a microlending program to the responsibilities of the Workforce Development Corporation.

Under the microlending program required under Bill 49-16, County residents with businesses headquartered in the County would be eligible for loans of up to \$15,000

¹ This mission is consistent with the Policy Objectives of the County Workforce Development Corporation set forth in §30B-8.

("microloans"). Loan recipients would be required to participate in educational and technical assistance that would be part of the program. The program could use non-County funds for capital and program administration, and materials and assistance would have to be provided in multiple languages. Worksource Montgomery would have to report on the status of the microlending program each year as part of its annual report to the Executive and Council.

This packet contains:	<u>Circle #</u>
Bill 49-16	1
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Bill No. 49-16
Concerning: Economic Development –
Workforce Development –
Microlending Program
Revised: 11/30/2016 Draft No. 1
Introduced: December 13, 2016
Expires: June 13, 2018
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Council President Berliner and Councilmembers Navarro and Hucker
Co-Sponsors: Councilmembers Floreen and Rice

AN ACT to:

- (1) provide that the County's Workforce Development Corporation must administer a microlending program to provide financial and technical assistance to County entrepreneurs;
- (2) establish certain criteria for the operation of the microlending program;
- (3) require the Corporation's annual report to include certain information on the microlending program; and
- (4) generally amend County law related to workforce development.

By amending

Montgomery County Code
Chapter 30B, Economic Development
Article II, Workforce Development
Sections 30B-8, 30B-12 and 30B-14

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Sections 30B-8, 30B-12 and 30B-14 are amended as follows:**

2 **ARTICLE II. WORKFORCE DEVELOPMENT.**

3 **30B-8. Policy objectives.**

4 (a) The success of Montgomery County’s economic development goals is
5 dependent upon a comprehensive and demand-driven system of
6 workforce development that:

7 (1) meets the talent attraction, development, and retention needs of
8 strategic industries;

9 (2) meets the needs of the underemployed and unemployed; [and]

10 (3) develops career pathways that lead to sustainable wage jobs to
11 support a thriving economy; and

12 (4) provides financial and technical assistance through micro loans to
13 County entrepreneurs to develop or expand small businesses in the
14 County.

15 (b) To achieve these goals, the County Government may designate a
16 nonprofit corporation as the County’s Workforce Development
17 Corporation to implement the County’s workforce development policies
18 established by the Workforce Development Board.

19 * * *

20 **Sec. 30B-12. Workforce development program.**

21 (a) The Workforce Development Corporation’s Board of Directors must
22 recommend workforce development programs and associated
23 performance measures to the Executive, Council, and Workforce
24 Development Board each year to advance the policy objectives listed in
25 Section 30B-8.

- 26 (b) The Workforce Development Corporation’s workforce development
 27 programs may include a plan for sponsorship of private investment,
 28 marketing, and advocacy initiatives.
- 29 (c) The Workforce Development Corporation must administer a culturally
 30 proficient microlending program under which:
- 31 (1) loans must not exceed \$15,000;
 32 (2) loans must only be issued to Montgomery County residents:
 33 (A) who have resided in Montgomery County for at least 180
 34 days before the loan application is made; and
 35 (B) whose business is headquartered in Montgomery County;
 36 (3) loan recipients must participate in educational and technical
 37 assistance provided by the program;
 38 (4) non-County funds may be used as a source for capital and program
 39 administration; and
 40 (5) materials and assistance are provided in multiple languages
 41 reflective of the County’s population.
- 42 (d) The Workforce Development Corporation’s Board and staff must meet
 43 with the Executive, the Council, and the Workforce Development Board
 44 at least annually regarding the Workforce Development Corporation’s
 45 activities and finances.

46 * * *

47 **30B-14. Report.**

48 The Workforce Development Corporation’s Board of Directors must report
 49 annually on the activities and finances of the Corporation and provide an audited
 50 financial statement of the Corporation to the Executive, the Council, and the
 51 Workforce Development Board by November 1 of each year. The report must also
 52 include:

- 53 (a) the Corporation’s plan to solicit and receive additional public and private
- 54 funding for its operations; and
- 55 (b) information on the microlending program including:
- 56 (1) the number of microloans issued during the prior fiscal year by
- 57 dollar value of the loan;
- 58 (2) a description of the how each loan was used;
- 59 (3) loan repayments received;
- 60 (4) the rate of repayment; and
- 61 (5) non-County funds leveraged to support the program.

62 *Approved:*

63

Roger Berliner, President, County Council Date

64 *Approved:*

65

Isiah Leggett, County Executive Date

66 *This is a correct copy of Council action.*

67

Linda M. Lauer, Clerk of the Council Date

LEGISLATIVE REQUEST REPORT

Bill 49-16

Economic Development – Workforce Development - Microlending

DESCRIPTION:	Bill 49-16 would provide that the County's Workforce Development Corporation must administer a microlending program to provide financial and technical assistance to County entrepreneurs.
PROBLEM:	Entrepreneurs often lack adequate access to capital even in the small amounts necessary to start a small business
GOALS AND OBJECTIVES:	To increase the ability of County residents to start and expand small businesses by providing small loans and technical assistance in a culturally proficient manner to small business owners.
COORDINATION:	WorkSource Montgomery
FISCAL IMPACT:	To be requested.
ECONOMIC IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	To be researched.
SOURCE OF INFORMATION:	Josh Hamlin, Legislative Attorney
APPLICATION WITHIN MUNICIPALITIES:	To be researched.
PENALTIES:	None



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

ROGER BERLINER
COUNCILMEMBER
DISTRICT 1

CHAIRMAN
TRANSPORTATION, INFRASTRUCTURE
ENERGY & ENVIRONMENT COMMITTEE

MEMORANDUM

December 8, 2016

TO: Council Colleagues

FROM: Council President Roger Berliner
Councilmember Nancy Navarro, Chair, GO Committee
Councilmember Tom Hucker

SUBJECT: Empowering Entrepreneurship and Economic Well-Being through Microlending

At our November 29th Council session, we were briefed on the extraordinary progress that WorkSource Montgomery is making to transform workforce development in Montgomery County into a system that is focused not just on job placement for a job seeker but on talent development, career pathways, and job creation. Nationally and locally, micro and small local businesses are a driver of a vibrant economy. These businesses improve the economic wellbeing and self-sufficiency of our residents, particularly for our immigrant population who often find themselves in low wage jobs, but have the creativity and desire to own and operate a wide variety of businesses. This is why we are proposing the establishment of a County microlending program.

Last March, we convened a meeting with the leadership of the principal organizations in our county and region that are currently working the most in this arena. Those organizations included *Impact Silver Spring, the Latino Economic Development Center, Life Asset, Blessed Coffee, Crossroad Community Food Network, Asian-American Homeownership Counseling, the Consumer Health Foundation, the Chinese Culture and Community Service Center, and the Greater Washington Hispanic Chamber of Commerce*. During our meeting, those leaders all expressed the belief that our immigrant entrepreneurs would greatly benefit from a multi-pronged assistance program – one that provides both the necessary technical assistance and access to microloans that can help aspiring entrepreneurs turn their dreams into a reality. On its website, *Impact Silver Spring* says the following:

- Jobs are simply not enough for people to achieve an adequate level of self-sufficiency and quality of life.
- The challenges and barriers that people in our Network encounter in starting their own businesses are significant. These barriers include the lack of availability of legal and business development support that is both reliable and geographically and linguistically accessible, and the lack of access to capital for people with limited income, credit history, and experience with the formal banking system (emphasis added).

To that end, we are introducing legislation establishing a microlending program as a program of the County's Workforce Development Corporation (WorkSource Montgomery). The legislation:

- Limits loans to no more than \$15,000, although loans limits could be lower for the first years of the program. We expect most loans will be in the \$500 to \$5,000 range.
- Limits loans to Montgomery County residents that headquarter their business in Montgomery County.
- Requires recipients to participate in appropriate educational and technical assistance. We heard loudly and clearly at our March meeting that this is critical to the recipient's success. Non-profits such as *Life Asset* and the *Latino Economic Development Center* lend to people with poor credit histories, people who are currently homeless, and people with a dream and a product or service but limited business experience, and still have extraordinarily high repayment rates.
- Encourages the program to leverage non-County funds to provide additional capital and operating resources. Some organizations use crowd funding, foundations, and partnerships with financial organizations as a source of capital and we hope that County funds can be used to creatively leverage other resources.

We expect this program will benefit a wide range of energetic entrepreneurs but will be of particular importance to our budding immigrant entrepreneurs. As you appreciate, many immigrants come to our county with both the skills and the desire to start small business enterprises or expand the businesses they have begun. Yet the roadmap to get from where they are to where they need to get to is complicated and completely unfamiliar to them. Access to the small amount of capital that they may need for things such as a computer, kitchen equipment, shelving or office furniture is formidable, if not totally beyond their reach. We believe our County can and should play a more direct and aggressive role in bridging those gaps in order to ensure they have every opportunity to succeed and prosper. We hope you will support us in this effort.