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**Richard Griffin, AICP, CEcD**  
*Director of Economic Development*

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**Field Hearing Testimony – Richard Griffin, AICP, CEcD – Director of Economic Development  
The Senate Committee on Small Business and Entrepreneurship  
“Federal and Local Government Serving Frederick’s Diverse Small Businesses”**

August 8, 2019

The Honorable Senator Benjamin Cardin  
Ranking Member - US Senate Committee on Small Business and Entrepreneurship  
Washington, DC 20510

Dear Senator Cardin and Committee Members;

On behalf of The City of Frederick Department of Economic Development (DED) I am pleased to testify to the Senate Committee on Small Business and Entrepreneurship regarding “Federal and Local Government Serving Frederick’s Diverse Small Businesses.”

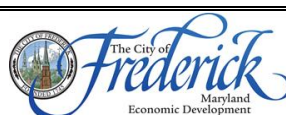
Frederick (city and county) is working hard to coordinate services and programs to assist minorities, women and veterans to start and successfully operate businesses. We are beginning to achieve positive results partially due to the many programs and services offered coupled with incredible intellect, passion, and perseverance of our diverse residents.

**DEMOGRAPHICS AND STATS**

First, a little background on Frederick. From our historic downtown, unique and creative residents, world cultures, award-winning food and music scene, and creative businesses, Frederick has become known as a highly diverse and welcoming community. Frederick is listed as one of the top most livable cities in America by Livability.com.

Today, the City of Frederick is the second largest municipality in the State of Maryland after Baltimore. The City is approaching 73,000 residents of which 44% identify themselves as Black or African Americans (20%), Asian (7%), and/or Hispanic or Latino (18%) (ESRI, 2019). Recently the City of Frederick was named one of the Most Diverse Cities in America (#8, WalletHub, 2016). Frederick has the fastest growing Asian and Hispanic population in Maryland, By 2020, Maryland is predicted to be majority minority.

Out of the nearly 3,500 businesses in the City of Frederick – approximately 26.2% are reported by census as minority owned (2010 Census) showing an 18% gap between resident demographics and business ownership rates. While that rate continues to increase each year, the road to running a successful business is far from simple. Research shows that these entrepreneurial challenges are significantly heightened for women and minority business owners. Access to capital, language barriers, and



discrimination are all examples of barriers to entry that can prevent hopeful entrepreneurs from launching their business ventures. 51,345 people are employed by Frederick based businesses.

### **OVERVIEW OF PROGRAMS AND SERVICES**

Increasing the participation rate of Frederick minorities, women, and veterans in business startups requires a systematic approach starting in the schools with internships and STEM programs, higher education exposure to entrepreneur curriculums, mentoring programs, one-on-one start up counseling, business plan assistance, incubator/accelerator programs, tech transfer initiatives, workforce development, government contracting opportunities, access to capital and more.

Frederick offers these programs and as a result, minority, women, and veteran owned businesses are beginning to flourish. The programs are not housed solely in local government, but across a variety of local, state, federal, and non-profit platforms. Here are few notable ones which are beginning to pay dividends for the community:

#### LYNX

LYNX stands for Linking Youth to New Experiences and is a program of the Frederick County Public Schools located at Frederick High School - a highly diverse student population. The program centers on creating highly individualized plans for student success, maximum student choice, and flexibility in setting and meeting academic and career goals. The program matches students to selective employers for unique learning experiences based on student interest. LYNX partner organizations are directly influencing and fostering future workforce and entrepreneurs.

#### City Business Start Up Tool Kit Flyers

Communication with the target populations is a challenge since there is not a direct database available to government and non-profit partners to identify prospects interested in starting a business. Much of the work requires these individuals to self-identify and reach out for assistance.

One low tech but successful way that the City DED has communicated to prospective individuals is through City Water Bills. Since these bills are sent to every household in the City, DED includes a flyer specifically soliciting interested individuals to contact the office for one-on-one business startup counseling by one of our staff. This results in a dozen or more contacts annually with business prospects of which 95% are minorities or women. In addition to in house services, we provide referrals to support services.

Additionally we provide the flyers to the non-profits to distribute to their clients, which results in additional business start-up meetings.

#### Ready Set Grow –

Annual event hosted by the City DED with the Governor's Office of Small Minority and Women Business Affairs with 80+ attendees in 2019. This is a Procurement Connections Workshop where we connect small, minority & women businesses with various state agencies and resource partners surrounding procurement opportunities. This State-sponsored office is committed to connecting the small business community to greater economic opportunities in both the public and private sectors. The office offers subject matter experts in a variety of areas including the Small Business Reserve (SBR) program and the Minority Business Enterprise (MBE) program.

Frederick County Minority Vision Program - The Minority Vision Business program provides a supportive environment for small businesses and opens doors to government, public, and private resources. The program features regular networking & informational events, and has introduced a year-long Leadership Development Training initiative. The Frederick County Minority Business Vision (MBV) was established in 2015 with the assistance of an initiative advisory committee made of minority business owners and advocates.

City of Frederick Procurement – Depending on the year, the City of Frederick can have between \$20 to 30 million in “controllable” spending in its budget. The resulting contracting opportunities extend beyond just construction, and include many professional services — such as engineering, consultants, graphic design — as well as general services — such as HVAC, cleaning, maintenance, and painting. The City has recently appointed an Minority Business Enterprise (MBE) Advisory Panel to help ensure that city policies are inclusive and that a pool of qualified MBE’s are routinely included in solicitations and are bidding on such work/products.

Business Mentorship and Business Plan Services – Frederick DED partners with several organization to provide business mentorship and business plan development services including:

Small Business Development Center (SBDC) – Counseling is available for no cost:

- Business Plan Development and Business Structuring
- Market Planning and Research; and Marketing Strategies
- Financial Projections; Debt and Equity Financing, Cashflow Management
- Management Techniques
- Government Procurement
- Contact information for starting a small business
- Licensing Information for Home-Based Businesses

Maryland Womens Business Center

Frederick’s branch of the Women’s Business Center works with women to start, sustain, and grow their businesses. Their services include workshops & seminars, online training, and business counseling.

Woman to Woman Mentoring

Woman to Woman works to cultivate mentoring relationships between women to provide “guidance, support, and community connections.” The organization hosts events and connects mentees with mentors to promote confidence, new skills, and new relationships.

Technology Incubation/Acceleration – Helping tech entrepreneurs is a critical strategy for Frederick. Business incubators drastically reduce the risk of small business failures by providing entrepreneurs with the tools necessary to create a solid business foundation. A high proportion of tech startups are minority and women owned – many by the scientist with intellectual property.

Frederick DED and OED are founding members of and partners in the Frederick Innovative Technology Center, Inc. (FITCI) – a high tech business incubator/accelerator. You will hear from Kathie Brady, CEO of FITCI later on this panel regarding the incredible support provided to tech startups. FITCI has graduated a number of minority and women owned businesses since its inception.

TechTransfer - DefTech is an initiative of the Maryland Department of Commerce, funded by the Department of Defense Office of Economic Adjustment and the US Department of Commerce Economic Development Administration through its Regional Innovation Strategies Program and includes twelve

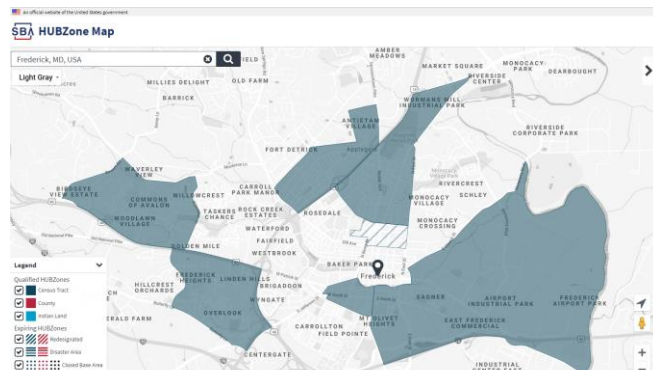
partner organizations across the state. Frederick DED and OED are partners. This program seeks to license technology from Federal Labs at places like Fort Detrick and the Frederick National Laboratory for Cancer Research to tech companies for commercialization. Many of these technology transfers occur with minority and women owned businesses.

Non-Profit Assistance – DED refers clients and accepts clients from groups like

- CENTRO HISPANO DE FREDERICK - Centro Hispano de Frederick’s mission is “to inform, refer, and educate the limited English proficient residents of Frederick County in order to promote full participation in the community.” The non-profit organization offers English classes, citizen preparation classes, basic computer courses, legal assistance, translation services, and more.
- SPANISH SPEAKING COMMUNITY OF MARYLAND - The Spanish Speaking Community of Maryland is an international community services agency. The organization is committed to empowering low-income families and immigrants from diverse backgrounds by promoting self-sufficiency, greater social change, education, and legal rights.
- ASIAN AMERICAN CENTER - The Asian American Center is dedicated to providing essential tools to the immigrant community members. The Center focuses on citizen integration, health & human services, English as a Second Language courses, and interpreter/translation opportunities.
- MARYLAND HISPANIC CHAMBER OF COMMERCE - The Maryland Hispanic Chamber of Commerce aims to “promote the establishment, growth, prosperity and retention of Hispanic businesses” in Maryland.
- MARYLAND BLACK CHAMBER OF COMMERCE - The mission of the MBCC is to “educate, connect, and advocate for black businesses across Maryland.” The MBCC offers training and education, programs promoting business growth, and events encouraging networking and creating business partnerships.
- MD WASHINGTON MINORITY COMPANIES ASSOCIATION - The MWMCA offers networking events, training, and advocacy for minority- and women-owned business across Maryland. It also strives to connect small businesses with larger businesses to create opportunities for Disadvantaged Business Enterprises.
- MD VIDEO LOTTERY TERMINAL FUND (VLT) - Created with the small business owner in mind, the state’s Video Lottery Terminal (VLT) fund uses proceeds from video lottery terminals to assist small, minority, and women owned businesses across Maryland through capital financing. The Maryland Department of Commerce administer the program.

Federal HUB Zones and 8A (Veteran) Programs

Frederick is a participant in the US Small Business Administration HUB Zones and 8A Veteran Programs. There are six HUB Zone areas currently designated in the City of Frederick



Presently Frederick County has nine (9) certified HUB Zone Companies (six are in the City of Frederick; and ten (10) certified 8A Veteran owned companies (two in the City of Frederick). Over the years the biggest challenge for HUB Zone certification in Frederick is finding 35% of the workforce from the HUB Zones. Recent additions of HUB Zones on Frederick west side has added significant residential neighborhoods to the prospective pool of workforce for HUB Zone Companies. One thought is to designate the full municipal limits of all cities as HUB zones to encourage investment in these areas.

<b>MARYLAND HUB ZONE AND 8A CERTIFIED COMPANIES</b>				
By County (as of 8.8.2019)				
<b>County</b>	<b>HUB Cert</b>	<b>HUB %</b>	<b>8A</b>	<b>8A %</b>
Baltimore City	105	27.6%	43	7.2%
Prince Georges Co	86	22.6%	192	32.3%
Montgomery Co	52	13.6%	161	27.1%
Baltimore Co	38	10.0%	40	6.7%
Dorchester Co	13	3.4%	1	0.2%
Anne Arundel	12	3.1%	28	4.7%
Garrett Co	12	3.1%	0	0.0%
Worcester Co	11	2.9%	2	0.3%
Howard Co	10	2.6%	70	11.8%
Frederick Co	9	2.4%	10	1.7%
Charles Co	9	2.4%	16	2.7%
Washington Co	6	1.6%	0	0.0%
Harford Co	4	1.0%	11	1.9%
Allegany Co	3	0.8%	0	0.0%
Saint Marys Co	2	0.5%	5	0.8%
Somerset Co	2	0.5%	1	0.2%
Wicomico Co	2	0.5%	1	0.2%
Carroll Co	1	0.3%	5	0.8%
Cecil Co	1	0.3%	1	0.2%
Kent Co	1	0.3%	0	0.0%
Queen Annes Co	1	0.3%	0	0.0%
Talbot Co	1	0.3%	0	0.0%
Calvert Co	0	0.0%	7	1.2%
Caroline Co	0	0.0%	0	0.0%
<b>Maryland Total</b>	<b>381</b>	<b>100.0%</b>	<b>594</b>	<b>100.0%</b>
The City of Frederick	6	1.57%	2	0.3%
Data Research by City of Frederick DED				
Data obtained From SBA Dynamic Small Business Search (DSBS)				

Another key issue for HUB Zone certified and 8A companies to consider is how to transition contracting from these programs to traditional contracts. This transition must start early and be planned – otherwise the business risks failure after the program certifications run out.

In closing, here in Frederick and across America, small businesses are at the heart of our communities. Our local entrepreneurs including minority, women, and veteran owned businesses are part of what make Frederick a hub of innovation and economic growth, as well as one of the most livable cities in America.

Frederick stands ready to continue our deep partnerships with Frederick County, the State of Maryland, and the US Government as well as non-profit providers to support growth of minority, women, and veteran owned businesses.

Sincerely,



Richard G. Griffin, AICP, CEcD  
Director of Economic Development