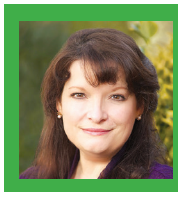
30 cents away from having a quarter?



MY TURN
Lisa Markovitz

It's budget time. We are hearing concerns about tax increases, inefficiencies and new worries about losing our AAA bond rating, which we cannot afford.

About two-thirds of the County budget goes to the Howard County Public School System (HCPSS), which has to cut expenses not being able to be fully funded due to ever-increasing student enrollment. The recent redistricting has partly addressed capacity, opening some areas to development, but also increasing transportation costs.

How do we meet all these needs?

Some say to increase taxes. Some say to restrict development, which is too costly. Others believe development is profitable.

Which is true?

The County commissioned a report to analyze the effects of the recent changes in the Adequate Public Facilities Ordinance (APFO) on future revenues. Urban Analytics (UA) was hired and their report predicts dire revenue losses. The Spending Affordability Advisory Committee (SAAC), which is created annually by the County Executive and reviews County revenue expectations, has been analyzing the report.

The UA report concludes that APFO will cause "foregone revenue" of $63 million over six years.

Two major concerns about this report have arisen. First, data inputs are inaccurate. Second, the model itself is not validated by benchmarking data to prove it can accurately predict the future.

In a SAAC meeting, Jeff Bronow, with the Department of Planning and Zoning (DPZ), said, "The foregone revenue doesn't mean we're going to lose $63 million. It ... compares the General Plan scenario of growth ...to estimated potential financial impacts of APFO."

The General Plan is a County resource that states a goal for growth. Mr. Bronow's statement refers to the report's usage of a "goal", not actual data, to measure revenue. The report assumes that if it were not for APFO, the goal revenue would have been attained. However, there is no evidence for this conclusion.

Instead of using actual development plans, even from before the APFO changes, they are using the goal figures.

Bronow also said, "We will have revenue increases. It just compares to the General Plan. We call it foregone revenue."

Seems the only thing "foregone" in that scenario is the report's conclusion.

The report also predicts continued foregone revenues over 20 years at over $100 million. APFO waits are temporary and currently limited to 3-4 years. The regular DPZ development process, irrespective of APFO, takes 3 years. This is a known, predictable fact that has existed for decades. Much of this schedule is concurrent with the APFO wait.

Thus, the APFO wait is far from a moratorium. It is actually short and temporary, so there is no relevant data to support the $100 million prediction.

Other report concerns include, stating one-time housing fees as annual revenues (recordation fees), not implementing shortened school waits from redistricting nor including in expenses the County costs of the Ellicott City flood remediation, nor increases in builder fees recently implemented.

Hiruy Hadgu, a nuclear engineer and SAAC member, stated that benchmarking is a fundamental requirement of statistical modeling. Urban Analytics purports to forecast, but has not demonstrated it can reproduce, current fiscal conditions by using historical data as an input. "The model fails this simple test," Hadgu said.

When asked to address input concerns, Dean Bellas, of Urban Analytics, said the RFP from the County, (procurement directive) did not include doing that analysis.

Other revenue analyses include County budget staff referring to a slowdown in income tax growth due to demographic changes, with aging residents downsizing and lowering income and property tax revenue.

Then, we also hear from County staff that higher income tax revenue and property taxes means development pays for itself.

With contradictory analysis, it is no wonder people are fearing budget problems and bond rating changes.

We certainly hope that the concerns about the fiscal studies and conflicting advice can be corrected and end up based on sound economic theory.

Lisa Markovitz is president of the Maryland civic/political group, The People's Voice.

YOUR TURN

Share your views on this month's My Turn. Submissions must be signed, include a phone number and email address. Please keep your comment to 250 words or less and send them to info@bizmonthly.com

Where to find funds for business growth

BBB ADVICE
by Angie Barnett

In the market for additional funding to grow your business? You're not alone.

Maintaining enough working capital is essential to every company. Business owners require resources to cover daily expenses and have adequate funds to invest for expansion and innovation.

Fortunately, there are plenty of legitimate and reputable funding options for business owners.

However, whenever money is involved, you can expect to find plenty of dishonest players who will try to take advantage of the situation. BBB reminds business owners to take the time to evaluate the legitimacy of any financial offer.

"A growing number of business owners fall for dishonest individuals and companies who steal money and personal information by posing as legitimate lending sources," said Angie Barnett, president and CEO of BBB Serving Greater Maryland. "That's why it's important to make sure you are well informed before applying for a business loan."

If your organization needs extra capital to take your business to the next level, the following are a few considerations to keep in mind as you research funding options:

Consider speaking with Small Business Administration (SBA) or its free counseling partners.

Studies show that talking to a counselor or lender relations specialist can help increase your chances of getting a small business loan.

The SBA has lender relations specialists who work at field offices in every state. The SBA's partners can also help. They include about 900 Small Business Development Centers at colleges and universities, about 100 Women's Business Centers and a network of about 10,000 retired executives (called SCORE) who mentor entrepreneurs and small business owners. Generally, all these counseling and training services are free.

Be proactive.

It's always better to apply for a loan when it is part of your company's strategic plan rather than having to do so as a response to an emergency.

Plan to pay it back.

A business plan is a useful tool when applying for a loan. Financial institutions want to know that you have a solid plan for paying back the loan and can also provide enough collateral to cover the loan if the business fails.

Go to more than one institution.

Try to obtain at least two loan offers before accepting one.

When business owners have difficulty obtaining the loans they need, they may be tempted to borrow from other sources. BBB also advises businesses to be on the lookout for the following red flags that can tip you off to a loan scam:

A lender who isn't interested in your credit history

A lender who requires advance fees

A lender who pressures you to act immediately

A lender who isn't registered in your state

A lender who asks you to wire money

A lender who is not able to provide you with a physical address

A lender whose offer sounds too good to be true

Verify any companies with BBB. Remember, scammers work hard to make their scams look professional and legitimate. So, be skeptical about any personal loan offer you receive, regardless of where you hear about it or how convincing the promotion looks.

Legitimate, well-established financial institutions usually do not ask for expenses to be paid up front but deduct these fees from the total amount of the loan granted.

For additional resources on how to build a better business and to find out how to network with other businesses, go to bbb.org.

Angie Barnett is president and CEO of the Better Business Bureau of Greater Maryland.