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Towns

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The Lancaster, Pennsylvania, Community First Fund recently received \$5 million from investment giant Goldman Sachs, to be used for small business loans. The organization's president, Dan Betancourt, said his institution's ability to receive that funding has broken the mold.

The New York-based investment banking firm's initiative, called 10,000 Small Businesses, historically has provided money to urban areas to stimulate economic growth in existing small businesses.

On Wednesday, however, that changed when Philadelphia Mayor Michael Nutter announced at a City Hall press conference here that Goldman Sachs was providing \$20 million to not just the City of Philadelphia but the entire southeastern region of Pennsylvania.

"They typically don't loan money to smaller towns," Betancourt said. But when Community First learned of the program, Betancourt invited Goldman Sachs officials to tour the 13-county region his community development investment firm serves to witness first-hand the business growth potential in the region.

When the tour was completed, Betancourt said, "They got it."

So Community First received \$5 million of the \$20 million pie.

The 10,000 Small Businesses program is a three-year-old initiative that creates

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Of the \$20 million provided to southeastern Pennsylvania, \$10 million will be used for loans to stimulate small businesses in Philadelphia. An additional \$5 million will be used to provide free classroom education to business owners through the Community College of Philadelphia.

The remaining \$5 million will go to the Community First Fund.

To qualify for the program and receive loans and free training, Goldman Sachs stipulates: The applicant must be an owner or co-owner of a business; the business must be at least two years old; business revenue must be between \$150,000 and \$4 million in its latest fiscal year; and the business must have at least four employees, including the owner.

At the press conference, Goldman Sachs executive vice president and chairman of the Goldman Sachs Foundation John F.W. Rogers explained the initiative is targeting existing business and not startups because, "We want to move them to the next level of development. They already have succeeded and they know what they want to achieve. This is all about moving them to the next stage."

Betancourt concurred.

"This is really about small business development," he explained, noting that, historically, Community First averaged loans of \$80,000 to \$100,000 for small business startups.

After those initial loans are made and the business is up and running, "business owners have had difficulty gaining access to capital to help their firms grow. This will allow us to do loans in the \$200,000 to \$400,000 range."

The \$5 million earmarked for education will be given to the Community College of Philadelphia to provide classes that business owners who are accepted into the

program can take, free of charge, at the college.

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entrepreneurs, in affordable housing with the Housing Development Corporation and the Spanish American Civic Association. They saw that we had a comprehensive strategy.”

Betancourt said the past year has been exciting for Community First Fund. In the first 20 years of its existence, Community First raised \$20 million. But the Goldman Sachs money, combined with commitments made to the fund in December by National Penn Bank (for \$1 million) and Sovereign Bank (for \$1.5 million) means “We’ve received \$7.5 million in the last three months alone.”

Loan applications can be accessed through the Community First Fund website, www.commfirstfund.org, or by calling the local offices listed on the website.

Applications for the education component of the program are being accepted immediately and can be downloaded from the Community College of Philadelphia website at ccp.edu/10KSB.

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