Press Release

Treasury Approves Nine Additional State Plans to Support Underserved Entrepreneurs and Small Business Growth Through the State Small Business Credit Initiative

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Arizona, Connecticut, Indiana, Maine, New Hampshire, Pennsylvania, South Carolina, South Dakota, and Vermont are the latest state plans approved, bringing the total amount approved by Treasury for investments in small businesses to more than $1.5 billion across all approved state programs.

WASHINGTON — Today, the U.S. Department of Treasury announced an additional group of nine state plans approved under the State Small Business Credit Initiative (SSBCI). Treasury has approved more than $1.5 billion in funding to promote small business growth through SSBCI. The American Rescue Plan reauthorized and expanded SSBCI, which was originally established in 2010 and was highly successful in increasing access to capital for traditionally underserved small businesses and entrepreneurs. The new SSBCI builds on this successful model by providing nearly $10 billion to states, the District of Columbia, territories, and Tribal governments to increase access to capital and promote entrepreneurship, especially in traditionally underserved communities as they emerge from the pandemic. SSBCI funding is expected to catalyze up to $10 of private investment for every $1 of SSBCI capital funding, amplifying the effects of this funding and providing small business owners with the resources they need to sustainably grow and thrive. State governments submitted plans to Treasury for how they will use their SSBCI allocation to provide funding to small businesses, including through venture capital programs, loan participation programs, loan guarantee programs, collateral support programs, and capital access programs.

"This is an historic investment in entrepreneurship, small business growth, and innovation through the American Rescue Plan that will help reduce barriers to capital access for traditionally underserved communities," said Secretary of the Treasury Janet L. Yellen. "I'm excited to see how SSBCI funds will promote equitable economic growth across the country."

A White House report released in June found that more Americans are starting new businesses than ever before. In 2021, Americans applied to start 5.4 million new businesses – 20% more than any other year on record. It also found that small businesses are creating more jobs than ever before, with businesses with fewer than 50 workers creating 1.9 million jobs in the first three quarters of 2021 – the highest rate of small business job creation ever recorded in a single year. The investments being made through SSBCI are a key part of the Biden Administration's strategy to keep this small business boom going by expanding access to capital and by providing entrepreneurs the resources they need to succeed. The work Treasury has done through the implementation process to ensure SSBCI funds reach traditionally underserved small businesses and entrepreneurs will also be critical to ensuring the small business boom not only continues but also continues to lift up communities disproportionately impacted by the pandemic. Treasury intends to continue approving state plans on a rolling basis.

These recipients under the SSBCI program plan to target key industries and small businesses in need of access to capital. The following descriptions highlight some of the key programs that Treasury has approved for these states.

- **Arizona**, approved for up to $111.0 million, will operate three different programs, including two venture capital programs, to which the state has allocated $87 million, and a loan guarantee program. The venture capital programs will invest in seed and Series A-stage focused venture funds and early-stage technology startups. All three programs will focus on underserved businesses, with a goal of expanding access to capital for underserved businesses.
- **Connecticut**, approved for up to $119.4 million, will operate two different programs and will launch two major new initiatives. (1) The Connecticut Future Fund, supporting entrepreneurs from underserved and diverse backgrounds who lead small businesses in a variety of sectors; and (2) The ClimateTech (CT) Fund, supporting early-stage businesses with a focus on clean energy, environmentally safe manufacturing, and climate resiliency.
- **Indiana**, approved for up to $99.1 million, will operate two different programs, including a venture capital program to which it has allocated over $70 million. The venture capital program will target seed- to early-stage investments in Indiana innovators and startups seeking between $500,000 and $5 million in equity capital financing, with a portion of those funds targeted to investments in companies started by underserved founders. Indiana will also launch a loan fund investment program to catalyze local capital and increase the amount of funding available to underserved entrepreneurs and business owners.
- **Maine**, approved for up to $62.2 million, will operate four different programs, including two venture capital programs to which it has allocated $20 million. The venture capital programs generally target startups with fewer than 10 employees in a state largely underserved by venture capital investors. The programs will leverage other initiatives to generate awareness and access with minority- or women-owned or rural small businesses. In addition, Maine has allocated $22 million to a loan participation program that will launch long-term economic growth focusing on the state's ten-year economic development plan, including such sectors as: forestry and agriculture, blue economy (sustainable use of ocean resources for economic growth), tourism, and diverse technology. Another $20 million will be available through loan guarantees in partnership with various local lending institutions.
- **New Hampshire**, approved for up to $61.5 million, will operate five different programs, including a loan participation program to which it has allocated $40 million. The loan participation program will support loans from community banks that serve rural and other underserved areas of the state, which are less likely to be served by regional and national banks. The state has partnered with the New Hampshire Business Finance Authority to administer the program.
- **Pennsylvania**, approved for up to $267.8 million, will operate three different programs, including an equity capital investments program and venture capital investments program

to which it has allocated a combined $142 million. The programs will provide direct equity investments in seed and early-stage technology companies in Pennsylvania through longstanding partners Ben Franklin Technology Partners and Life Sciences Greenhouses, as well as venture capital investments in new funds under the management of underserved venture capital firms. Pennsylvania's third program, a loan participation program to which it has allocated more than $125 million, will participate in loans of no more than 50% of total financing to small business borrowers through certified economic development organizations (CEDOs) and community development financial institutions (CDFIs).

- **South Carolina**, approved for up to $101.3 million, will operate a loan participation program to which it has allocated $50 million and a venture capital program to which it has allocated $51 million. The loan participation program will expand access to capital for underserved communities by earmarking 20% of the allocation to loan participations through CDFIs operating in South Carolina. The venture capital program will expand access to capital for underserved communities by leveraging relationships with partner organizations to identify small businesses in underserved communities and investing in venture capital funds that target underserved businesses and rural areas of South Carolina.
- **South Dakota**, approved for up to $60.0 million, will operate one loan participation program, to which it has allocated its entire $60 million allocation, to provide companion loans to financing provided by financial institutions such as banks and CDFIs. The program expands access to capital for underserved communities by using data to identify underserved markets and relying on partners to conduct outreach and raise awareness.
- **Vermont**, approved for up to $57.9 million, will operate three different programs, including two venture capital programs to which it has allocated nearly $29 million. The venture capital programs will focus on seed fund investments, investments leveraging accelerator programs to make small investments in rural, pre-seed stage companies, and investments in high-growth, technology innovation companies in the healthcare sector. Vermont's third program will allocate the remaining $29 million to a loan participation program which will leverage private funds to help small businesses grow, create good paying jobs, serve underserved markets and address climate change initiatives.

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