



U.S. Department of the Treasury **Office of Public Affairs**

Press Release: April 28, 2022
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Treasury Announces Plans to Deploy \$300 Million in Technical Assistance to Underserved Entrepreneurs and Very Small Businesses through the State Small Business Credit Initiative

The \$300 million includes a \$100 million transfer to the U.S. Department of Commerce's Minority Business Development Agency to provide technical assistance to underserved entrepreneurs seeking greater access to capital, including venture capital financing.

WASHINGTON — Today, the U.S. Department of Treasury (Treasury) announced plans to deploy \$300 million of State Small Business Credit Initiative (SSBCI) Technical Assistance funding to support small businesses across the country. \$200 million of these funds will be provided to states, the District of Columbia, territories, and Tribal governments that are participating in the SSBCI capital program to provide technical assistance to qualifying underserved entrepreneurs and very small businesses with fewer than ten employees. Another \$100 million of funds will be transferred to the Minority Business Development Agency (MBDA) at the Department of Commerce, which will focus its technical assistance on helping underserved entrepreneurs seeking direct capital investment, such as venture capital financing.

“Underserved entrepreneurs and very small business owners face multiple barriers to pursuing their ideas, including limited access to capital and the lack of a network of technical support. That is why the SSBCI program was specifically designed to provide technical support funding to these entrepreneurs to help their businesses grow and thrive as part of the American Rescue Plan Act,” said Deputy Secretary of the Treasury Wally Adeyemo. “This historic investment in traditionally underserved communities will help mitigate some of the barriers that prevent underserved small businesses or very small business owners from getting their ideas off the ground, building successful businesses, and creating jobs.”

Through the American Rescue Plan Act (ARP) of 2021, the SSBCI program will provide \$10 billion to states, the District of Columbia, territories, and Tribal governments for small business

programs, including \$500 million for technical assistance programs. Of the \$500 million allocated in the ARP for technical assistance programs, the announcement today includes plans for the first \$300 million.

Technical assistance funding will provide a range of assistance—legal, accounting, and financial services—to businesses owned and controlled by socially and economically disadvantaged individuals (SEDI-owned businesses) and very small businesses applying to the SSBCI program or other jurisdiction or federal programs that support small businesses. These funds will help businesses grow and thrive while strengthening networks of technical assistance providers across the country that have experience in providing high-quality technical assistance to small businesses in underserved communities, likely led by founders that have faced barriers to capital access, or that have ten or fewer employees.

Treasury also released the Technical Assistance Grant Program Guidelines for the \$200 million in technical assistance funds for states, the District of Columbia, territories, and Tribal governments. The allocations are weighted based on prior allocations that were released as part of the SSBCI capital program, which are linked to populations living in high-poverty areas and unemployment statistics in each jurisdiction. The Guidelines are designed to ensure that high-quality technical assistance funding effectively reaches both SEDI-owned businesses and very small businesses. These guidelines enable technical assistance to be used for qualifying small businesses in a range of industries, including small manufacturing enterprises, clean energy businesses, and other small businesses seeking SSBCI funding or funding from another jurisdiction or federal small business program. In addition, Treasury will require eligible jurisdictions to provide a plan that prioritizes contracts with SEDI-owned technical assistance providers.

Treasury and Commerce are also jointly announcing a historic transfer of \$100 million to the MBDA, which has a mission to promote the growth and competitiveness of minority-owned businesses.

“Underserved entrepreneurs have traditionally lacked access to capital and often experience even greater disparities in access to venture capital financing. This significant funding being transferred to the MBDA will help ensure that more SEDI-owned businesses have the tools they need to succeed at home and abroad,” said Deputy Secretary of Commerce Don Graves. “Moreover, MBDA, which focuses on the long-term health and success of SEDI businesses, is uniquely situated to provide technical assistance and help SEDI-owned businesses be successful in applying to SSBCI capital programs and other State or Federal Programs that support small businesses. With this transfer, the Biden-Harris Administration reaffirms its commitment to supporting SEDI businesses especially when it comes to building a better America.”

MBDA will tap into its extensive national network of partners to drive and recruit new program partners and SEDI participation while utilizing MBDA’s decades long expertise in overcoming historical distrust of governmental programs by SEDIs. MBDA plans to facilitate a range of technical assistance to small business, with a particular focus on providing support to entrepreneurs seeking venture capital financing and other forms of equity financing.

Additionally, the agency will facilitate a suite of additional supportive services, such as intellectual property education and resources.

SSBCI will provide recipient jurisdictions capital funding for venture capital programs, loan participation programs, loan guarantee programs, collateral support programs, and capital access programs. 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. Treasury's guidance published today will help ensure that technical assistance available under SSBCI is available to small businesses for whom private capital is particularly scarce, including for small businesses in underserved areas.

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