

U.S. DEPARTMENT OF THE TREASURY

Treasury Issues State Small Business Credit Initiative Program Implementation Guidance

November 10, 2021

The State Small Business Credit Initiative provides \$10 billion to expand access to capital for small businesses emerging from the pandemic, build opportunity, and create high-quality jobs across America.

WASHINGTON — Today, the U.S. Department of the Treasury issued capital program implementation guidance for the State Small Business Credit Initiative (SSBCI) Program. The American Rescue Plan Act reauthorized and expanded the Small Business Jobs Act of 2010, which established the original SSBCI program. The new version of the program will provide a combined \$10 billion to states, the District of Columbia, territories, and Tribal governments to empower small businesses to access capital needed to invest in job-creating opportunities as the country emerges from the pandemic. The funds will also support recipient jurisdictions in promoting American entrepreneurship and democratizing access to startup capital across the country, including in underserved communities.

SSBCI will provide recipient jurisdictions funding for venture capital programs, loan participation programs, loan guarantee programs, collateral support programs, and capital access programs. Treasury's guidance will help ensure that programs available under SSBCI promote capital access for those whom private capital is particularly scarce, including for small businesses in underserved areas. SSBCI funding is expected to catalyze up to \$10 of private investment for every \$1 of SSBCI funding, amplifying the effects of this funding and providing small business owners with the resources they need to sustainably grow and thrive.

“America’s economic competitiveness is built on our innovation and on the entrepreneurs who have been able to turn their ideas into successful businesses,” said Deputy Secretary of the Treasury Wally Adeyemo. “For too long, those in underserved communities have not had equal access to capital and the opportunity to pursue their visions. The pandemic only deepened that divide, hitting small businesses owned by people of color especially hard. The SSBCI program seeks to change that by providing capital for investments in small businesses across the

country, creating jobs and giving small business owners in all communities a chance to compete and thrive.”

Treasury’s implementation of the SSBCI program will focus on several key features to expand access to capital, promote economic resiliency, and create new jobs and economic opportunity. This program builds on Treasury’s longstanding work to build credit ecosystems that support entrepreneurs and small businesses in all communities, including through the Community Development Financial Institutions (CDFI) Fund and Small Business Loan Fund.

The new version of this program has several important features, including:

PROMOTING EQUITY:

- Treasury is implementing this program with opportunities to promote equity at the forefront, with \$2.5 billion in allocations for jurisdictions to reach businesses owned by socially and economically disadvantaged individuals and for rewarding jurisdictions that succeed in reaching those businesses.
 - \$1.5 billion of this allocation targets (1) small businesses owned by individuals that have faced barriers to access to the capital, markets, and networks they need to grow their businesses because of certain statuses or membership in certain groups, including membership in a group that has been subjected to racial or ethnic prejudice or cultural bias within American society; and (2) small businesses in CDFI Investment Areas, which are generally low-income, high-poverty geographies that receive insufficient support for the needs of small businesses, including minority-owned businesses.
 - Treasury will allocate \$1 billion in incentive funds to jurisdictions that effectively deliver robust support to these groups, helping to promote lending and venture capital investment in businesses run by diverse founders or that operate in geographic regions that have traditionally lacked access to capital.
- The program will provide over \$600 million in allocated funds to Tribes, which have been consulted during the process of policy design.
- SSBCI will give states, the District of Columbia, territories, and Tribal governments the tools to support small business lending and startup equity investments, especially in building an entrepreneurial ecosystem that reaches marginalized communities.

CATALYZING PRIVATE INVESTMENT:

- SSBCI is designed to catalyze \$10 of small business lending and investment for every \$1 of SSBCI capital program funding, magnifying the effects of the federal funds allocated through the program.
- Treasury encourages programs to reach marginalized small businesses and entrepreneurs who would otherwise lack opportunities to access for growth-supporting capital.
- The program mobilizes local sources of capital, such as community banks, CDFIs, Minority Depository Institutions, and investors, to support local small businesses and rewards investments outside of traditional high-access areas and to start-ups that have struggled to receive such investments.

FUELING ECONOMIC GROWTH AND GOOD JOBS:

- SSBCI will build on the Administration's work to support small businesses and combat longstanding structural inequities in access to credit and unequal opportunities for growth revealed and exacerbated by the pandemic.
- In their SSBCI applications, states, the District of Columbia territories, and Tribal governments must explain the economic benefits of their programs, such as how they will create sustainable, well-paying jobs and promote economic growth.
- The scale of investment, over 6.5 times greater than the initial SSBCI program, can be transformative for main street companies, for rural and urban marginalized communities, and for communities facing economic distress from de-industrialization and energy transitions. These funds can also be transformative in supporting manufacturing, supply chain resiliency, and other opportunities that advance American economic and national security interests.
- The previous iteration of the SSBCI program supported nearly \$10.7 billion in new capital in small business loans and investments by the end of 2016, Together, these features that build on the 2010 SSBCI program will help empower small businesses across the country, strengthen entrepreneurial ecosystems and opportunities for new businesses and job creation, and create new pathways to opportunity in underserved areas and communities of color as we build back better from the pandemic.

[View the SSBCI implementation guidance here.](#)

###