

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Obama Administration Approves Funds for California to Spur \$1.7 Billion in New Small Business Lending, Help Create Jobs

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***State Small Business Credit Initiative (SSBCI) Critical Component of Small Business Jobs Act President Obama Signed into Law in September***

**WASHINGTON** – Today, the U.S. Department of the Treasury announced that it has approved California's plan for using its full State Small Business Credit Initiative (SSBCI) funding allocation, which will help create jobs and spur at least \$1.7 billion in additional small businesses lending in that state. The SSBCI program, which supports state-level small business lending programs, is a critical component of the Small Business Jobs Act that President Obama signed into law last September.

"These funds will help break down barriers to credit for small businesses so that Main Street entrepreneurs can continue hiring and investing in their local communities," said Treasurer of the United States Rosie Rios. "Public-private lending partnerships, such as the State Small Business Credit Initiative, have a proven track record of success, and I am pleased that this funding is on its way to support economic growth and job creation in California."

"Small businesses are the backbone of our economy," said California State Treasurer Bill Lockyer. "By leveraging these funds, we will vastly expand the state's current lending ability, help small business owners flourish, and add needed jobs to the economy. We look forward to receiving the funds and have already begun working to put them to use."

Under the Small Business Jobs Act, the California SSBCI funding allocation is \$168.6 million. California expects to generate a minimum "bang for the buck" of at least \$10 in new private lending for every \$1 in federal funding. As such, this \$168.6 million allocation for California is expected to support at least \$1.7 billion in new private lending in that state.

California's approved plan dedicates half of the state's SSBCI funding (\$84.3 million) to the California Capital Access Program (CalCAP). Operated out of the California State Treasurer's Office, CalCAP provides a reserve fund that backs a portfolio of new small business loans made by a lender. Loans can be used to finance the acquisition of land, construction or renovation of buildings, the purchase of equipment, other capital projects and working capital. The other half of the state's funding (\$84.3 million) will support the California Small Business Loan Guarantee Program (SBLGP), offered through 11 Financial Development Corporations, which helps enable a small business to obtain a term loan or a line of credit. The SBLGP is administered by the California's Business, Transportation and Housing Agency.

"Small businesses are a key component of our state's economic recovery and the main drivers of private job creation in every community across the state," said Merrill Stevenson, manager of California's Small Business Loan Guarantee Program. "We look forward to leveraging these program funds to help small business owners meet their business needs and allow them continued access to capital, which is a great tool in keeping business in California."

Under the State Small Business Credit Initiative, states are offered the opportunity to apply for federal funds for programs that partner with private lenders to extend greater credit to small businesses. States must demonstrate a reasonable expectation that a minimum of \$10 in new private lending will result from every \$1 in federal funding. Accordingly, the \$1.5 billion funding commitment that the federal government will make for this program is expected to result in at least \$15 billion in additional private lending.

For more information about the SSBCI, please visit [link](#).

