

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Obama Administration Announces Funds for Connecticut, Missouri, and Vermont to Spur at Least \$534 Million in New Small Businesses Lending, Help Create Jobs

3/22/2011

**WASHINGTON** – Today, the U.S. Department of the Treasury announced the approval of State Small Business Credit Initiative (SSBCI) applications from Connecticut, Missouri, and Vermont. The planned use of SSBCI funds by these states will help create new jobs and is expected to spur more than \$534 million in additional small business lending. The SSBCI program, which supports state-level small business lending programs, is an important component of the Small Business Jobs Act that President Obama signed into law last fall.

"These critical funds will help small businesses access the capital they need to expand their operations, create new jobs, and continue supporting our nation's economic recovery," said Treasury Secretary Tim Geithner. "Public-private lending partnerships, such as the State Small Business Credit Initiative, have a proven track record of success, and I'm pleased that this funding is on its way to support economic growth in these states."

Under the SSBCI, all states are offered the opportunity to apply for federal funds for state-run programs that partner with private lenders to increase the amount of credit available 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 federal funding commitment for this program overall is expected to result in at least \$15 billion in additional private lending nationwide.

Details on the applications approved today, which the states expect will generate a cumulative total of at least \$534 million in new small business lending in Connecticut (\$133 million), Missouri (\$269 million), and Vermont (\$132 million), are included below.

Treasury Secretary Tim Geithner announced the approval of this latest wave of SSBCI applications during a conference today at the Treasury Department entitled, "Access to Capital: Fostering Growth and Innovation for Small Companies." The conference brings together policymakers, entrepreneurs, investors, academics, and other market participants to explore how both the public and private sectors can help promote access to capital at each stage of growth for a small business – from seed capital, to growth equity, to accessing the public markets.

Treasury has previously approved funding for SSBCI programs in California, Michigan, and North Carolina. Additional applications are expected to be approved in the coming weeks. For more information about the SSBCI, please visit [link](#).

### **Connecticut (At Least \$133 Million in New Small Business Lending)**

With SSBCI approval of Connecticut's application, can access up to \$13.3 million in SSBCI funding, which Connecticut expects to generate more than \$133 million in new small business lending in the state.

"Connecticut's economic recovery is driven by small businesses and their strong plans for growth. We need to ensure they have the capital necessary for hiring, purchasing of machinery and equipment and expansion of facilities in our state," said Connecticut Governor Dannel P. Malloy. "In partnership with the banks and the Connecticut Development Authority, Connecticut's small business owners will now have more resources for that growth."

Connecticut's approved plan dedicates its \$13.3 million in SSBCI funding to support its Capital Access Program (CAP), which provides loan portfolio insurance to encourage private financial institutions to lend to creditworthy small businesses. Connecticut has administered its CAP for more than 19 years. During this period, it has provided portfolio insurance for about 630 enrolled loans, totaling over \$53.4 million, resulting in the creation of or saving of 6,120 jobs.

### **Missouri (At Least \$269 Million in New Small Business Lending)**

With SSBCI approval of Missouri's application, Missouri can access up to \$26.9 million in SSBCI funding, which it expects to generate more than \$269 million in new small business lending in the state.

"Along Main Streets in every corner of Missouri, small businesses are a critical force for creating jobs and growing our economy," Missouri Gov. Jay Nixon said. "These new resources will help Missouri entrepreneurs grow their operations and turn their dreams into bricks and mortar. We appreciate the leadership shown by President Obama and Secretary Geithner in providing these resources for our state, and we will invest these tools wisely and strategically in businesses that will transform Missouri's economy for the 21st Century."

Missouri's approved plan dedicates \$16.9 million of the state's SSBCI funding to establish the hi-tech Missouri IDEA Seed and Venture Capital Funds (IDEA Funds). IDEA stands for Innovation, Development and Entrepreneurial Advancement.

The Missouri IDEA Funds promote the formation and growth of businesses that engage in the transfer of science and technology into job creation. The funds provide financing to eligible businesses through four components that correspond to the four stages of venture growth: (1) pre-seed capital stage financing; (2) seed capital stage financing; (3) venture capital stage financing; and (4) expansion stage debt.

Collectively, these four components will provide financing opportunities throughout the process entrepreneurs call the "continuum of capital." In this way, the funds will support new venture formation and growth all the way from research and development to commercialization.

Missouri's approved plan also dedicates \$10 million of SSBCI funding to the Grow Missouri Loan Participation Fund. That program supports the formation and growth of businesses in the industrial, commercial, agricultural, and recreational sectors. It provides loans of up to \$3 million to businesses with under 500 employees to help attract new enterprises and expand existing companies.

### **Vermont (At Least \$132 Million in New Small Business Lending)**

With SSBCI approval of Vermont's application, Vermont can access up to \$13.2 million in SSBCI funding, which it expects to generate more than \$132 million in new small business lending in the state.

"This \$13.2 million in federal small business funding is terrific news for Vermont," said Vermont Governor Peter Shumlin, "and it would not have been possible without the strong advocacy efforts of our Congressional delegation. We thank Senator Patrick Leahy, Senator Bernie Sanders, and Congressman Peter Welch for their efforts, and also thank the U.S. Department of the Treasury for this well-timed award. With the help of Vermont's private sector leverage, these federal funds will go far, giving our small businesses the critical boost they need to create jobs for Vermonters."

Vermont's approved plan dedicates \$1 million of the state's SSBCI funding to support its Financial Access Program (FAP), which provides loan portfolio insurance to encourage private financial institutions to lend to creditworthy small businesses. The remaining \$12.2 million is allocated to three additional programs:

- Vermont has allocated a total of \$5.9 million to its Commercial Loan Participation Program, which provides financing for the purchase of land; construction and renovation of facilities; and purchase and installation of equipment for eligible projects.
- Vermont has allocated \$3.0 million to its Technology Loan Participation Program. This initiative supports loans to early stage firms primarily in the information technology and bioscience sectors.
- Vermont has also allocated \$3.3 million to its Small Business Loan Program, which finances smaller commercial businesses' fixed asset and working capital needs.