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

August 19, 2022

*Colorado, Oregon, New York, and Montana are approved for $750 million to support investments in small business*

WASHINGTON — Today, the U.S. Department of Treasury announced an additional group of four state plans approved under the State Small Business Credit Initiative (SSBCI) for up to $750 million in funds to expand access to capital for small businesses. Treasury has announced more than $2.25 billion in funding approvals 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, including support for underserved businesses seeking contracting opportunities, which aligns with the Biden-Harris Administration’s focus on advancing equity through federal procurement in the wake of the passage of the historic Bipartisan Infrastructure Law.

The following descriptions highlight some of the key programs that Treasury has approved for these states:

- **Colorado**, approved for up to $104.7 million, will operate three programs, including a venture capital program, to which it has allocated nearly $60 million. The program expects to invest in two venture capital funds per year for three years to build a diverse seed-stage portfolio of small businesses in need of capital. Colorado has also allocated $35 million to an existing cash collateral support program that enables small businesses and non-profit organizations to secure credit by pledging a cash deposit as collateral. In addition, Colorado has set aside $10 million for a loan program intended to help Main Street businesses recover from the pandemic.

- **Montana**, approved for up to $61.3 million, will operate a loan participation program modeled after a successful program in the previous iteration of SSBCI. This new program is designed to significantly increase the number of eligible CDFI and non-profit local economic development agencies with revolving loan funds (RLFs) that can participate in the program, to obtain a much broader outreach for targeting underserved markets. In addition, this program gives rural and Native American entrepreneurs greater opportunity
Treasury Approves Four Additional State Plans to Support Underserved Entrepreneurs and Small Business Growth Through 2024

To create new businesses and expand existing small businesses — creating jobs and economic opportunities in Montana’s rural counties and Indian Country.

- **New York**, approved for up to $501.5 million, will operate multiple programs, including a capital access program, loan guarantee programs, loan participation programs, and venture capital programs. For example, New York has allocated over $154 million to a program that provide equity support to small businesses by investing through private venture capital funds and accelerator funds. This program will provide capital support to funds with diverse and emerging fund managers and teams. In addition, New York has allocated funds to two programs designed to help small and underserved businesses compete for government contracts, which may include projects funded by the Bipartisan Infrastructure Law. As part of these efforts, New York will expand an existing program that saw a significant majority of its support for potential contractors going to minority- and women-owned businesses.

- **Oregon**, approved for up to $83.5 million, will operate five programs, including two venture capital programs to which the state has allocated $30 million. The venture capital programs are designed to invest in funds in need of additional capital to launch and scale and to make co-investments in companies alongside private investors by matching the lead investor’s structure and terms. Across its programs, Oregon’s plan aims to counter systemic barriers to economic opportunity by providing access to capital in persistently underserved, low- and moderate-income areas and rural communities. Oregon expects these programs to be self-sustaining, providing vital support to small business in Oregon now and over the long term.

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