California Approved to Receive Federal Funding Through the State Small Business Credit Initiative

WASHINGTON — Today, the U.S. Department of the Treasury announced the approval of California’s application for funding under the State Small Business Credit Initiative (SSBCI) for up to $1.1 billion, the largest funding amount that has been approved in the SSBCI program.

The American Rescue Plan reauthorized and expanded SSBCI, which was originally established in 2010 and was highly successful in increasing access to capital for 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 in California and across the country.”

“This historic investment demonstrates why the American Rescue Plan is one of the most transformative pieces of legislation in the 21st Century,” Senator Alex Padilla said. “The $1.1 billion invested in California’s small businesses will help unlock the potential of entrepreneurs
in underserved communities across the state who may have never had the support needed to build their businesses and achieve the American Dream. When small businesses succeed, they create good-paying jobs that revitalize our neighborhoods and strengthen our economy.”

“By investing in small businesses, we boost our economy, create jobs, and strengthen the building blocks of communities,” said Representative Katie Porter. As a champion for oversight, I am proud to work in partnership with the Biden Administration to legislate support for our nation’s small businesses and then to verify that entrepreneurs are getting the help they need.”

“Small businesses are the backbone of our economy and I am proud the American Rescue Plan is delivering historic investments to help entrepreneurs thrive, particularly in underserved areas,” said Representative Mike Levin. “My office has heard from local business owners who need more resources and extra help to get off the ground, which is why these SSBCI funds are so important. I look forward to seeing this investment pay off for local small businesses soon.”

With its SSBCI funds, California will operate six programs expected to create jobs, drive key investments in underserved entrepreneurs, and increase small business lending over the long term.

- California has allocated over $118 million to a capital access program that will help cover potential losses on small business loans to enhance small business lending.
- California has allocated over $390 million to a small business loan guarantee program that is expected to expand access to capital for underserved communities, including by building on existing relationships with lenders that have strong established presences in those communities.
- California has allocated over $472 million to a program that will help to provide collateral for small business loans, which is expected to generate over $5 billion in private financing over the next decade.
- California has allocated $200 million to implement several venture capital strategies intended to provide key investments to small businesses, including through first-time and under-represented fund managers and those with track records of investing in underserved businesses. These venture capital programs are projected to create or retain over 28,000 jobs and generate several billion dollars of private financing over the next decade.

The California Infrastructure and Economic Development Bank (IBank), an agency of the Governor’s Office of Business and Economic Development, will administer the state’s SSBCI
loan guarantee program and venture capital programs, and the California Pollution Control Financing Authority, an authority of the State Treasurer’s Office, will administer the capital access program and the collateral support program.

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 continues to lift up communities disproportionately impacted by the pandemic. Treasury intends to continue approving state plans on a rolling basis.

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