

U.S. DEPARTMENT OF THE TREASURY

Treasury Announces Approval of Up to \$339 Million to Support Small Business Success Across Three States and Two U.S. Territories

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These State Small Business Credit Initiative funds are awarded to Arkansas, Guam, Rhode Island, the U.S. Virgin Islands, and Wisconsin to support local small business financing and investment programs

WASHINGTON — Today, the U.S. Department of the Treasury announced the approval of five additional state and territory plans for up to \$339 million in funding under the State Small Business Credit Initiative (SSBCI) in President Biden’s American Rescue Plan: Arkansas, Guam, Rhode Island, the U.S. Virgin Islands, and Wisconsin. Treasury has now announced the approval of state and territory plans corresponding to over \$6.6 billion in SSBCI funding to support small business and entrepreneurship and expand access to capital.

“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. “These SSBCI funds will promote equitable economic growth across the country.”

President Biden’s 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. This includes \$2.5 billion in funding and incentives to support underserved businesses. 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.

In January, the Census Bureau released data which showed that over the last two years Americans have applied to start 10.5 million new businesses, making 2021 and 2022 the

strongest two years on record for new business applications. The investments being made through SSBCI are a key part of the Biden-Harris 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 SSBCI's implementation process to help these funds reach traditionally underserved small businesses and entrepreneurs will continue to be critical to ensuring the small business boom lifts up communities disproportionately impacted by the pandemic.

In addition to catalyzing private investment in states across the country, SSBCI provides historic investments in U.S. territories, with significant impacts for growing access to credit in these markets. Through SSBCI, Treasury has allocated over \$300 million to support small businesses and entrepreneurs in U.S. territories and will continue to review applications for those funds.

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

- Arkansas, approved for up to \$81.6 million, will operate seven SSBCI programs: a capital access program, two loan participation programs, two loan guarantee programs, and two equity/venture capital (VC) programs. Arkansas allocated \$15 million to a loan guarantee program and \$7.5 million to a loan participation program that are each designed to reach underserved businesses. The equity/venture capital programs, allocated a combined \$46 million, will target investments of \$1 million in Arkansas-based high-growth companies raising venture capital and will capitalize seed- and early-stage venture funds focused primarily on investing in Arkansas-based companies
- Guam, approved for up to \$58.6 million, will operate three programs: a loan guarantee, a collateral support, and an equity/venture capital program. The loan guarantee program, allocated over \$36 million, provides lenders with the necessary security, in the form of a partial guarantee, to incentivize lenders to make loans to borrowers. The program expands access to capital for underserved communities by using a multi-pronged marketing and partnership strategy with various organizations and lenders in the jurisdiction. The collateral support program, allocated \$12 million, will provide partner lenders cash collateral in a savings account to support loans to borrowers. The equity/venture capital program, allocated \$10 million, will provide seed, early and growth stage equity investment in Guam-based startups.

- Rhode Island, approved for up to \$61.7 million, will operate three programs: a capital access program, a loan participation program, and an equity/venture capital program. Their loan participation program, allocated nearly \$27 million, will provide small business loans to expand capital access for businesses located in underserved communities and/or led by historically underserved entrepreneurs, including those that do not have existing banking relationships. Rhode Island's equity/venture capital program, allocated \$31.5 million, will target both early-stage and high-growth firms, working with partners that have a proven track record reaching underserved communities. Rhode Island's capital access program, allocated \$3 million, will support a portfolio insurance program by establishing a dedicated reserve account at each lender to cover losses on enrolled loans
- The United States Virgin Islands, approved for up to \$57.5 million, will operate four programs: a collateral support program, a loan participation program, and two loan guarantee programs. The Virgin Islands allocated \$22.9 million to a new loan guarantee program which will typically provide increased guarantees for particularly impactful transactions. The Virgin Islands also allocated \$4.5 million to a new Payment, Surety and Performance Bond Program (PSP Bond) which will provide collateral security for performance bonds for small contractors undertaking both public and private construction projects that require a surety or performance bond.
- Wisconsin, approved for up to \$79.1 million, will operate seven programs: a capital access program, a collateral support program, a debt/equity hybrid program, two loan participation programs, and two equity/venture capital programs. Wisconsin allocated \$50 million, \$25 million each, to two venture capital funds that will commit capital for investments in small businesses and leverage both private sector capital and investment expertise. Wisconsin allocated \$6 million to the WEDC Capital Catalyst Fund, a loan participation program, which provides matching capital to revolving loan funds managed by nonprofits to provide capital to startups and emerging growth companies. Wisconsin also allocated \$15 million for the Wisconsin Housing and Economic Development Authority (WHEDA) for credit support to small businesses that receive financing from Community Development Financial Institutions (CDFIs) to expand access to capital.