Treasury Department Announces Approval of Up to $62 Million to Support Small Businesses in Washington, D.C. as Part of President Biden’s Investing in America Agenda

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Plans for more than $8.3 billion in State Small Business Credit Initiative funding have been approved to support small business and entrepreneurship in communities across the nation.

WASHINGTON — Today, the U.S. Department of the Treasury announced the approval of Washington, D.C.’s plan for up to $62 million in funding under the American Rescue Plan’s State Small Business Credit Initiative (SSBCI), part of President Biden’s Investing in America agenda. The Treasury Department has now announced the approval of state, territory, D.C., and Tribal government plans corresponding to over $8.3 billion in SSBCI capital and technical assistance funding to support small business and entrepreneurship and expand access to capital.

“Support to continue the small business boom and ensure access to capital is a key component of President Biden’s Investing in America agenda,” said Deputy Secretary of the Treasury Wally Adeyemo. “The State Small Business Credit Initiative is helping to unlock the potential of entrepreneurs in underserved communities in the District of Columbia and across the nation who may have otherwise never had the support needed to pursue their business ideas and ambitions.”

“Small businesses are so important for the vibrancy of our city. Not only do our small businesses represent the dreams and creativity of Washingtonians, they also create jobs for DC residents and support thriving commercial corridors in neighborhoods across the city,” said Mayor Muriel Bowser. “Whether it is through these investments in small business or other investments in infrastructure or resiliency, President Biden’s Investing in America Agenda is building stronger communities and giving more people a fair shot.”

President Biden’s American Rescue Plan reauthorized and expanded SSBCI, which was established in 2010 and 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.

Treasury Department Announces Approval of Up to $62 Million to Support Small Businesses in Washington, D.C. as Part of the Small Business Community Investment (SSBCI) Program

The Treasury Department has announced the approval of up to $62 million to support small businesses in Washington, D.C. through the Small Business Community Investment (SSBCI) Program. This funding is aimed at helping small businesses in underserved communities as they emerge from the pandemic. This includes $2.5 billion in funding and incentives to support underserved businesses and jurisdictions that successfully reach those 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.

The District of Columbia, approved for up to $62 million, will operate two programs: a collateral support program (CSP) and a loan participation program (LPP). The CSP, allocated over $29 million, will provide cash collateral to eligible lenders to enhance the collateral coverage of small business borrowers and will target several community development financial institutions (CDFIs) that focus on lending to underserved businesses and have the necessary expertise to source a pipeline of target companies. The LPP, allocated $33 million, will provide direct lending/companion loans or purchased participations, including a focus on working capital, inventory, expansion, and renovation costs. These programs are administered through the DC Business Capital Access Program (DC BizCAP) at the D.C. Department of Insurance, Securities and Banking (DISB), one of the agencies charged with supporting small business growth in the District. The Office of the Deputy Mayor for Planning and Economic Development (DMPED) will use available funds to develop a DC Venture Capital (VC) Program. The VC Program will aim to provide equity seed capital for early-stage DC based businesses, with a focus on underserved founders of technology and “tech-enabled” companies.

“We are confident that the SSBCI funding will continue to be a driving force for small businesses that need loans and investments and fulfill the Bowser Administration’s goals for broad-based economic development,” said DISB Commissioner Karima Woods. “This partnership with the Treasury Department has been a rewarding one, allowing District small businesses to move to new facilities, hire and retain employees, and purchase the equipment they need to start or expand.”

In January, the Census Bureau released data which show that Americans have applied to start 10.5 million new businesses over the last two years, making 2021 and 2022 the strongest two years on record for new business applications. Last month, the Treasury Department released a new report card detailing how the Department’s implementation of federal investments in entrepreneurs and small businesses are supporting the record growth in small business creation seen since the start of this Administration by expanding access to capital and customers, and by providing entrepreneurs the resources they need to succeed. Alongside this report card, the Department released an interim report on the progress the Department
has made in implementing the SSBCI, which illustrates how the funding has successfully reached traditionally underserved entrepreneurs and small businesses in order to ensure the small business boom grows the economy in communities that were disproportionately harmed by the pandemic.

To date, the Treasury Department has announced awards for more than $8 billion in SSBCI capital funding for states, territories, and the District of Columbia. In addition, the Department has announced more than $57 million in technical assistance grants for 12 states, which will be used to provide legal, accounting, and financial advisory services to eligible small businesses applying for the SSBCI capital program and other government small business programs. The Department has also transferred $125 million to the Minority Business Development Agency (MBDA) Capital Readiness Program (CRP), a program funded by Treasury’s SSBCI which enables small businesses to access critical technical assistance; and recently announced a new $75 million competitive grant program, the SSBCI Investing in America Small Business Opportunity Program, to support technical assistance for very small and underserved businesses.

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