



# READOUT: U.S. Department of the Treasury Hosts Event on Scaling Community Finance with the State Small Business Credit Initiative

October 9, 2024

WASHINGTON – On Monday, October 7, 2024, the U.S. Department of the Treasury hosted an event with community development financial institutions (CDFIs), state government representatives, nonprofit groups, and stakeholders to discuss how credit support from the State Small Business Credit Initiative (SSBCI) can enable secondary markets for CDFI loans and increase CDFI lending throughout the country.

At the event, participants discussed public-private partnership models to deploy SSBCI funding through CDFIs, best practices on how to facilitate CDFI participation in the SSBCI program, and ways to scale CDFI microlending to meet the credit needs of underserved small business owners.

Treasury officials led discussions on ways to support CDFI lenders. These financial institutions play a critical role in reaching the most underserved communities and entrepreneurs, providing responsible and affordable alternatives to a myriad of predatory products in the market, while facing their own balance sheet constraints.

Panelists discussed how the pandemic-era recovery funding generated opportunities to innovate public-private partnership models in community finance and small business lending, leading to the development of solutions to support the sustainability of federal investments. Panelists also stressed the importance of supporting small dollar lending for businesses owned by people of color. Lastly, the participants discussed ways that these models can be leveraged by jurisdictions and CDFIs with federal opportunities beyond SSBCI.

[Treasury in September 2024 released a report showing that entrepreneurship and small business growth have surged in recent years](#), with new business applications averaging 430,000 per month in 2024 or 50% more than in 2019. Recent data shows that accessing the necessary financing to grow their businesses remains a significant challenge for many small

business owners. Evidence suggests CDFIs played a key role in supporting small businesses during the pandemic. However, limited sources of capital are one of the key challenges faced by the CDFI industry. Despite growth in the number of CDFIs and growth in assets, CDFIs still make up a relatively small share of the overall lending market. The Treasury Department will continue engaging with stakeholders on ways to improve capital access to underserved business owners while supporting the mission-driven lenders who serve them.

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