SSBCI Coalition Members and Affiliates
Submitted by
Council of Development Finance Agencies
Fiscal Year 2017 Appropriations Testimony
Subcommittee on Financial Services and General Government
State Small Business Credit Initiative
Department of the Treasury

On behalf of the undersigned SSBCI coalition members and affiliates and submitted by the Council of Development Finance Agencies (CDFA)[1], we respectfully recommend a new tranche of $1.5 billion in funding for the State Small Business Credit Initiative (SSBCI) at the Department of the Treasury. In order for the U.S. Treasury Department to most effectively oversee and monitor the funding, any new legislation should also extend the program's current sunset date in 2017.

This very popular and highly efficient program marries federal support with local decision making to deliver highly efficient and low-cost capital to small business and manufacturer-based job creators throughout the country. Most recently, Congress expressed its commitment to the SSBCI program by introducing a new $1.5 billion in appropriated funding under the Small Business Access to Capital Act of 2015 (S.1901).

Under SSBCI, participating states receive federal funds for programs that leverage private lending to help creditworthy small businesses and manufacturers access much needed capital to expand operations and create jobs. SSBCI allows states to build on successful models for state small business programs, including collateral support programs, capital access programs, loan participation programs, and venture capital programs. Existing and new state programs are also eligible for support under SSBCI.

SSBCI empowers states to develop financing programs that respond to local needs and reach some of the smallest and youngest businesses across the nation. Today, more than 12,000 businesses receiving support from these programs have created or retained over 140,000 jobs and leveraged $7 of private investment for every $1 in federal funding.[2] And nearly 90% of the loans and investments have gone to businesses with 50 or fewer employees.

By the end of FY 2015, states reported expending, obligating, or transferring over $1.24 billion in SSBCI funds. As of September 30, 2015, Treasury had disbursed over $1.36 billion, or 94 percent, of allocations to states. SSBCI estimates disbursing cumulative totals of approximately $1.44 billion by the end of FY 2016, as states request disbursement of their approved allocations under the program.

An additional round of funding is greatly needed by small businesses. Many states—including Alabama, Idaho, Illinois, Kansas, South Carolina, Arkansas, West Virginia, and South Dakota—have deployed more than 90% of their funds, but small businesses in these states continue

---

[1]CDFA is a national trade association representing more than 400 economic development agencies and 25,000 development finance professionals across the country.
[2] The Department of the Treasury (2015). State Small Business Credit Initiative: A Summary of States' 2014 Annual Reports. US Treasury. DC.

to face credit challenges. According to the 2014 Joint Small Business Credit Survey Report, small businesses have held back on expansion plans due to tight credit markets. Without additional funding for capital access programs, more small businesses will be forced to wait out the market, further weakening the country's economic growth prospects.

The most expedient way to distribute new gap funding is a fourth disbursement under the current program rules. The Small Business Jobs Act of 2010 allocated funds to the states based on statutory criteria and required Treasury to transfer funds to states in three disbursements. Once a state deploys 80 percent of their disbursement, it qualifies for a subsequent disbursement. Many states have reached, or are close to reaching, the end of their third disbursement. Funding one additional program-wide disbursement would allow state programs to continue their lending activities with minimal disruption.

The Small Business Access to Capital Act of 2015 preserves and extends the success of SSBCI. We strongly encourage the Subcommittee to consider another $1.5 billion tranche and corresponding sunset extension so that this successful and efficient program can continue a track record of low-cost financing for job creators. We, along with thousands of other development finance industry stakeholders, strongly support the SSBCI program, and we thank you for your continued leadership.

Thank you in advance for your support.

Sincerely,

Toby Rittner

Toby Rittner
President & CEO
Council of Development Finance Agencies

On behalf of:

American Samoa Government Department of Commerce
Butte Local Development Corporation (Montana)
Cavalier County Job Development Authority (North Dakota)
Center for Innovative Technology (Virginia)
Elevate Ventures, Inc. (Indiana)
i2E, Inc. (Oklahoma)
Idaho Housing and Finance Association
Kentucky Cabinet for Economic Development
Louisiana Economic Development
Michigan Economic Development Corporation
Minnesota Department of Employment and Economic Development
Missouri Technology Corporation
Montana Department of Commerce
Montana West Economic Development & Flathead Co. Economic Development Authority
North Carolina Rural Economic Development Center

Oregon Business Development Department
Rhode Island Commerce Corporation
Rugby Job Development Authority (North Dakota)
South Carolina Jobs Economic Development Authority
State Science & Technology Institute (Ohio)
Tennessee Department of Economic and Community Development
Vermont Economic Development Authority
Virginia Small Business Financing Authority
West Virginia Secretary of Commerce