



October 20, 2022

Submitted via Regulations.gov

Office of Recovery Programs
State Small Business Credit Initiative Program
United States Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20020

RE: TREAS-DO-2022-0017-0001 - Request for Information; State Small Business Credit Initiative Technical Assistance

To whom it may concern:

The Council of Development Finance Agencies (CDFA) and its SSBCI Coalition write to provide comments in response to the U.S. Department of the Treasury's (Treasury) Request for Information; State Small Business Credit Initiative Technical Assistance (RFI). CDFA is a national membership association dedicated to the advancement of development finance concerns and interests. More than 100 CDFA member organizations participate in the SSBCI Coalition, including leading public, private, and non-profit practitioners with deep expertise serving small businesses and the State Small Business Credit Initiative (SSBCI) program.

In summary, states, U.S. territories, the District of Columbia, and Tribal Governments (collectively "Jurisdictions") are best positioned to deploy SSBCI program Technical Assistance (TA) grants. The response below reflects this position and includes additional recommendations for deploying the balance of TA Grant Program funding.

CDFA and the SSBCI Coalition appreciate the opportunity to provide the following recommendations, as well as the work of Treasury staff in considering this input. Please contact Toby Rittner, Katie Kramer, Rachel Reilly, and Mitchell Smith for more information.

Toby Rittner
President and CEO, Council of Development Finance Agencies
trittner@cdfa.net

Katie Kramer
Vice President, Council of Development Finance Agencies
kkramer@cdfa.net



Rachel Reilly
Senior Advisor, Council of Development Finance Agencies
rreilly@cdfa.net

Mitchell Smith
Director of Government Affairs, Council of Development Finance Agencies
msmith@cdfa.net



In June 2021, CDFA and the SSBCI Coalition commented on the topic of TA as part of a response to Treasury’s *Notice and Request for Information. State Small Business Credit Initiative*. That response urged Treasury to defer to Jurisdictions that elect to carry out a TA plan, and stated the following:

Eligible Governments interested in and well-positioned to carry out a technical assistance plan should receive the resources necessary to adequately do so. Eligible Governments need the flexibility to tailor TA to run alongside SSBCI and other small business support programs. Local TA ecosystems are already established throughout the nation.

Eligible Governments will be able to use the TA allocation to support programs and providers with an existing finance network, demonstrated success connecting small businesses to capital, deep expertise in multiple stages of business formation, knowledge of debt and equity financing solutions, and expertise in the industries and geographies where targeted recipients are concentrated.

CDFA and the SSBCI Coalition maintain this position, and recommend that any unallocated TA Grant Program funding be deployed to Jurisdictions.

Additional recommendations cover the following topics:

- Allocation Methodology
- Unallocated Funds
- Program Flexibility
- Funding Disbursement

Allocation Methodology

CDFA and the SSBCI Coalition urge Treasury to revise its methodology for allocating TA Grant Program awards to Jurisdictions. In its June 2021 response, CDFA and the SSBCI Coalition stated the following in regard to allocating TA Grant Program funding:

We encourage Treasury to use a formula allocation when apportioning TA funds to Eligible Governments. Similar to the preliminary allocations for SSBCI 2.0, we believe it makes sense to establish a minimum amount. Less populous states may have a greater per capita need for TA funding given that they may lack TA infrastructure, and SSBCI funding can be used to fortify and strengthen those structures.

Allocation amounts for each Jurisdiction should continue to be based on SEDI and VSB capital allocations. However, Treasury should adopt a minimum, similar to the methodology used for Capital Program allocations. Jurisdictions with a relatively small amount of currently available TA Grant Program funds have indicated the award is not sufficient to adequately meet the needs of SEDI and VSBs and cover the high fixed-cost of administering the grant. These Jurisdictions may have a greater per capita need for TA funding given that they may lack TA infrastructure.



Unallocated Funds

TA Grant Program funds that are unclaimed by the October 14, 2022 and December 1, 2022 deadlines should be pooled and made available to other Jurisdictions.

Program Flexibility

CDFA and the SSBCI Coalition urge Treasury to continue to broaden the scope of eligible service providers and activities as requested by Jurisdictions.

The June 2021 response also encouraged Treasury to interpret “legal, accounting, and financial advisory firms” to include all small business TA providers that provide these services, and stated the following:

Eligible Governments should have the flexibility to contract with established small business TA providers that provide legal, accounting, and financial services, amongst other critical supports. The following TA needs have been identified, and Eligible Governments should be empowered to work within local ecosystems to deliver these services.

- *Financial literacy*
- *Financial management and capital restructuring*
- *Business planning services*
- *Access to business data sets and market research*
- *Grant writing and document preparation services*
- *Customer acquisition and engagement strategies*
- *Product development, commercialization, and technology transfer*
- *Talent acquisition and human resources*
- *Long-term advisory and mentoring services*
- *Long-term financial planning and strategies for accessing additional capital*
- *Connections to alternative sources of capital*
- *Networking opportunities and peer knowledge sharing*
- *Services traditionally offered through incubator or accelerator programs*

We encourage Treasury to consider whether TA funds can be used to acquire back-office, servicing, business planning tools or data sets for participating small businesses.

Increased flexibility will further empower Jurisdictions to work within established local ecosystems to deliver the services and resources that are most-needed by small businesses.

Funding Disbursement

Lastly, CDFA and the SSBCI Coalition urge Treasury to revise its process for disbursing TA Grant Program funding to Jurisdictions. We recommend Treasury disburse the full award (as opposed to tranche disbursements), similar to how traditional grant programs operate.



In its June 2021 response, CDFA and the SSBCI Coalition stated the following:

We encourage Treasury to disburse TA allocations as soon as possible in order to allow small businesses to begin benefiting from these services. Doing so may also serve the dual purpose of supporting the development of financing pipelines for SSBCI programs.

Additionally, Treasury's current process for disbursing awards in excess of \$250,000 in three tranches will require Jurisdictions to spend down a threshold amount prior to accessing. This process inserts uncertainty and potential gaps in funding availability, both of which may discourage participation from TA providers and disruptions in the provision of TA services.
