

The State Small Business Credit Initiative for Tribal Governments



Council of Development Finance Agencies

Education · Advocacy · Research · Resources · Networking

March 11, 2022

Guest Speakers



Michael Southard
The Choctaw Nation



Stephen Parker
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Agenda

- ▶ SSBCI Updates and Reminders
- ▶ Overview of CDFA's New SSBCI Analysis
- ▶ Insights on Tribal Governments' Engagement with SSBCI
 - ▶ Michael Southard - The Choctaw Nation
 - ▶ Stephen Parker - gener8tor
- ▶ Q&A

Updates and Reminders

- ▶ New Deadline for the Technical Assistance Application
 - ▶ June 30, 2022
- ▶ Updated FAQs Document
- ▶ SEDI Incentive Funding Table
- ▶ Interim Final Rule on Demographics-Related Reporting Requirements
 - ▶ 30-day comment period

Updates and Reminders

- ▶ Treasury has extended application deadlines for Tribal Governments.
 - ▶ Capital Application – May 11, 2022
 - ▶ Technical Assistance – July 11, 2022

- ▶ CDFA Resources
 - ▶ Briefing: Analysis of Updated SSBCI Guidelines
 - ▶ Briefing: A Guide to the SSBCI Application Tables
 - ▶ Analysis: The State Small Business Credit Initiative for Tribal Governments

Analysis: SSBCI for Tribal Governments

This primer is designed to strengthen your knowledge of how Tribal Governments can utilize the SSBCI Capital Program, and how aligned partners can support these efforts.

WHAT YOU NEED TO KNOW:

- Tribal Governments are eligible to receive at least \$500 million in SSBCI funding.¹
- More than 400 Tribal Governments have submitted a Notice of Intent to Apply for the SSBCI program.²
- Tribal Governments have relatively more flexibility in regard to small businesses eligible to receive SSBCI-supported financing.
- Tribal Governments may apply jointly and/or with a third-party.
- There are multiple ways in which Tribal Enterprises can participate in SSBCI Capital Programs.
- Every dollar of SSBCI funding must be matched with one dollar of private financing, with a goal of achieving a “Private Financing Ratio” of 10:1 across all Capital Programs.³

Analysis: SSBCI for Tribal Governments

HOW CAN TRIBAL GOVERNMENTS UTILIZE SSBCI FUNDING?

SSBCI Capital Program rules pertaining to eligible uses of financing, permissible borrowers, allowable administrative expenses, and reporting requirements apply across all Local Jurisdictions. However, certain flexibility has been extended to Tribal Governments.

Tribal Governments must deploy 90 percent of SSBCI funding to:

- Small businesses on Tribal lands;
- Small businesses on land owned by a Tribal government in trust, fee, or restricted fee status;
- Small businesses in states where the Tribe is physically located;
- Small businesses in states where the Tribe exercises jurisdiction;
- Small businesses headquartered in the states in which Tribal members reside;
- Tribal Enterprise-operated small businesses; and/or
- Small businesses owned by Tribal members.

Analysis: SSBCI for Tribal Governments

Submitting a Joint Application

A Tribal Government, or a group of Tribal Governments, can jointly apply for an SSBCI allocation through another Tribal Government or third-party (lead applicant). Each Tribal Government participating in a joint application must provide Treasury with documentation, such as a Tribal resolution or similar declaration, that delegates authority to the lead applicant.⁶

For example, Tribal Governments can work together as a consortium to pool SSBCI capital. In this case, participating Tribal Governments would delegate authority to a third-party or to another Tribal Government to manage a portion or all of its SSBCI allocation.

Analysis: SSBCI for Tribal Governments

Working with Tribal Enterprises

Tribal Enterprises are eligible to engage with the SSBCI Capital Program in multiple ways. A Tribal Enterprise may:

- Implement and administer SSBCI programs as long as it is an authorized agent of, or entity supervised by, the Tribal Government;
- Act as a lender or investor in an approved SSBCI program classified as an Other Credit Support Program⁷; and
- Receive SSBCI-supported financing.⁸

Additionally, Tribal Enterprises can use the SSBCI Capital Program to provide investments, loans, or other credit or equity support to other Tribal Enterprises as long as the transaction is in compliance with SSBCI statute and regulations, and complies with the Tribe's conflict of interest policy (see page 6). Tribal Enterprises that act as a lender or investor should have sufficient lending or investing experience and should have the financial and managerial capacity to serve in this role.

Analysis: SSBCI for Tribal Governments

GUIDANCE FOR TRIBAL GOVERNMENTS REGARDING PERMISSIBLE BUSINESSES

Small businesses that are eligible to receive financing through SSBCI programs are called "Permissible Businesses". [The SSBCI Capital Program Policy Guidelines](#) enumerates eligibility criteria, and provides guidance specific to Tribal Government considerations. Select provisions pertaining to Tribal Governments are included below.

Number of Employees

Businesses with up to 750 employees can receive financing through Capital Access Programs. Businesses with up to 500 employees can receive financing through Other Credit Support Programs. In regard to counting the number of employees employed, businesses owned and controlled by a Tribal Government are not considered affiliates of the Tribal Government and are not considered affiliates of other businesses owned by the Tribal Government because of their common ownership by the Tribal Government or common management.¹¹

Gaming Businesses

Small businesses that derive more than one-third of gross annual revenue from legal gambling activities are not eligible to receive financing through the SSBCI program, unless it is a Tribal business. In this scenario, the Tribal business cannot use SSBCI funds for gaming activities, but can use SSBCI funds for non-gaming activities.¹² Examples of non-gaming activities may include working capital to support operations of a hotel or entertainment center.

Tribal Enterprises Engaged in Lending Activity

In general, small businesses that earn more than half of its annual net revenue from lending activities are not eligible to receive financing through the SSBCI program. However, Tribal Enterprises that engaged in lending activity are eligible to receive SSBCI funds as long as the business is not a depository institution or a bank holding company.

Analysis: SSBCI for Tribal Governments

Additional Guidance

- ▶ Sources of Private Financing
- ▶ Conflicts-of-Interest Standards
- ▶ Capital Program Application

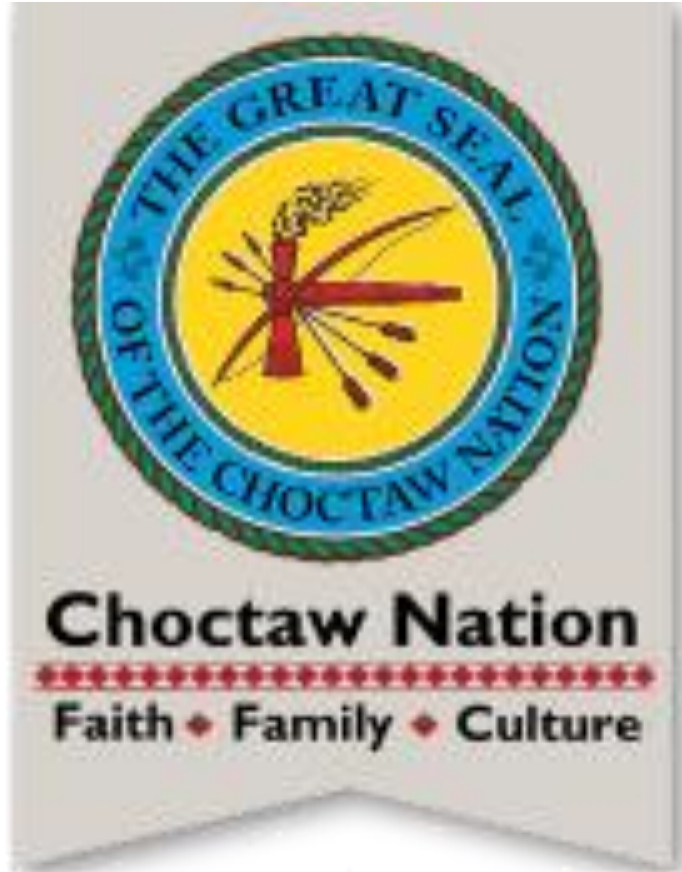
SSBCI Strategy and Program Design

Steps for Designing Your SSBCI Strategy:

1. Identify the geographies and types of small businesses that are eligible for your SSBCI Capital Program.
2. Create a priority list of geographies, economic sectors, and/or business types that are aligned with the needs of Tribal members.
3. Compare the capital needs of small businesses on your priority list with the five approved SSBCI program structures in order to hone in on which programs you want to offer.
4. Identify areas in which your Tribal Government has core competencies (i.e. finding small businesses that need financing) and areas where you may want to partner in order to execute your SSBCI strategy.
5. Conduct outreach to aligned stakeholders in order to find your SSBCI partners (fund managers, financial institutions, technical assistance providers, etc.).

Additional Considerations for Designing an SSBCI Strategy:

- Should you partner with a third-party or another Tribal Government in a joint application?
- Given the overlap of where states and Tribal Governments can deploy SSBCI capital, does it make sense to discuss your preferences or establish referral agreements to avoid redundancies?
- Will you focus on deploying capital on Tribal land, to eligible small businesses located off-reservation, or both?



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Q & A

The logo graphic for SSBCI features a dark blue arch over the letters 'SSBCI'. The letter 'I' is stylized with a four-pointed starburst at its top. A vertical line separates the 'SSBCI' acronym from the full name.

SSBCI | State Small Business
Credit Initiative

CDFA's SSBCI Resource Center

SSBCI Resource Center

The State Small Business Credit Initiative (SSBCI) is a \$10 billion small business program managed by the U.S. Department of the Treasury (Treasury). CDFA's SSBCI Resource Center is the central source for announcements, events, and information related to the SSBCI program.

States, U.S. territories, Washington, D.C., and Tribal Governments (Jurisdictions) are eligible to receive funding through SSBCI to capitalize financing and technical assistance programs for small businesses. Jurisdictions are empowered to structure SSBCI-supported programs that are uniquely designed to expand access to capital for small businesses emerging from the pandemic, build ecosystems of opportunity and entrepreneurship, and create high-quality jobs.

The SSBCI Resource Center includes the following resources to help you better understand the SSBCI program, and stay up-to-date as Treasury issues program guidance and Jurisdictions implement their SSBCI strategies.

- SSBCI Program Overview
- Resources to understand program guidance, including CDFA's **Analysis of the SSBCI Capital Program Policy Guidelines**
- Information about CDFA's SSBCI Coalition
- Details about upcoming events, learning opportunities, SSBCI resources and news

Want regular updates on SSBCI? Subscribe to CDFA's **SSBCI Update** newsletter.

⇒ **Subscribe**



⇒ **SSBCI Fact Sheet & FAQs**

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2022 SSBCI Learning Series

- ▶ March 25, 2022
 - ▶ Implementing Your SSBCI Strategy
- ▶ April 29, 2022
 - ▶ Incorporating New Approaches and Financing Products
- ▶ May 13, 2022
 - ▶ Marketing Your SSBCI Program
- ▶ June 17, 2022
 - ▶ Approaches to Targeting Specific Economic Sectors
- ▶ July 29, 2022
 - ▶ Aligning your SSBCI Strategy with Federal Funding Priorities

2022 SSBCI Coalition

- ▶ March 18, 2022
 - ▶ Representatives from the U.S. Department of Treasury will discuss the new Interim Final Rule on Demographics-Related Reporting Requirements.
- ▶ April 22, 2022
- ▶ May 20, 2022
- ▶ June 24, 2022

Get Engaged

Become part of CDFA and join the community!

Membership is vital to advancing development finance knowledge, networks, and innovation.

Our members can rest easy, knowing they have the most accurate and up-to-date information available.

We assist our members in the great work they are already doing to help their organizations reach their goals.

Membership information: www.cdfa.net/membership



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