

Maximizing the State Small Business Credit Initiative in the Appalachian Region

Education · Advocacy · Research · Resources · Networking

Hosted by:

Appalachian Regional Commission

Council of Development Finance Agencies



January 6, 2022

Agenda

- ▶ ARC resources that can support your SSBCI strategy.
- ▶ SSBCI updates and resources
- ▶ Update from the U.S. Department of Treasury.
- ▶ Open Conversation: *Stakeholder Outreach and the RFP Process*
- ▶ Multi-state and regional collaboration
- ▶ Open Conversation: *New and Emerging Strategies*



Speakers

Ronald
Kelly

U.S. Department
of the Treasury

Jennifer
Simon

Appalachian
Regional
Commission

Michele
O'Connor

West Virginia Jobs
Investment Trust

 **SSBCI** | State Small Business
Credit Initiative



Speakers

Katie
Kramer

Council of
Development
Finance Agencies

Rachel
Reilly

Council of
Development
Finance Agencies

 **SSBCI** | State Small Business
Credit Initiative



An aerial photograph of a city in the Appalachian region, showing a mix of urban buildings, a highway interchange, a river with a bridge, and surrounding green hills under a blue sky with white clouds. The city is densely packed with buildings, and the surrounding landscape is hilly and forested. A large blue semi-circular graphic is overlaid on the bottom right of the image, containing the title and speaker information.

ARC's Support for State SSBCI Plans

Appalachian Regional Commission
Jen Simon

January 6, 2022

Appalachian Region

- 13 states
- 423 counties
- 205,000 square miles
- 26 million people
- 74 local development districts
- Spine of Appalachian mountains



ARC Vision and Mission

Vision: Appalachia is a region of great opportunity that will achieve socioeconomic parity with the nation.

Mission: Innovate, partner, and invest to build community capacity and strengthen economic growth in Appalachia.

ARC Roles

- Grantmaker and funder
 - \$200 million from Bipartisan Infrastructure Bill
 - \$180 million in regular appropriations
- Convener
 - Federal partners
 - Industry experts

ARC Building Businesses Projects

\$89.3 M
Entrepreneurship
Ecosystem

\$31.4 M
Access to
Capital

Access to Capital Funding Sample Projects

- Capitalizing Revolving Loan Funds
- Investing in Equity Funds
- Technical Assistance to Capital Funds
- Technical Assistance to Entrepreneurs
- Entrepreneurial Ecosystem Building

State Program Managers

- Every state has a **state program manager**
- State-level contact for ARC
- Facilitate ARC investments with ARC staff
- Typically advocate within their state for the region
- Contacts: <https://www.arc.gov/state-partner-role/state-program-manager/>

Updates and Resources

- ▶ Upcoming Deadlines
 - ▶ February 11, 2022: Deadline to finalize Capital Programs applications
 - ▶ March 31, 2022: Deadline to submit Technical Assistance applications
- ▶ FAQ document published December 15, 2021.
- ▶ Upcoming SSBCI opportunities:
 - ▶ One-on-One Sessions with CDFA
 - ▶ January 10, 2022
 - ▶ January 24, 2022
 - ▶ January 31, 2022
 - ▶ February 7, 2022
 - ▶ Webinar
 - ▶ February 3 from 10:30 - 11:30 am ET

U.S. Department of the Treasury



Open Conversation

Stakeholder Outreach and the RFP Process

- ▶ What is your process for identifying and engaging financing and community partners?
 - ▶ During the application process?
 - ▶ During early implementation?
- ▶ How are you handling the contracting process?
 - ▶ Have you (or do you plan to) issued RFPs?
 - ▶ What is your timeline?
 - ▶ How are you ensuring that the requirement to promote a fair, competitive, and open selection and contracting process will be achieved?

Open Conversation

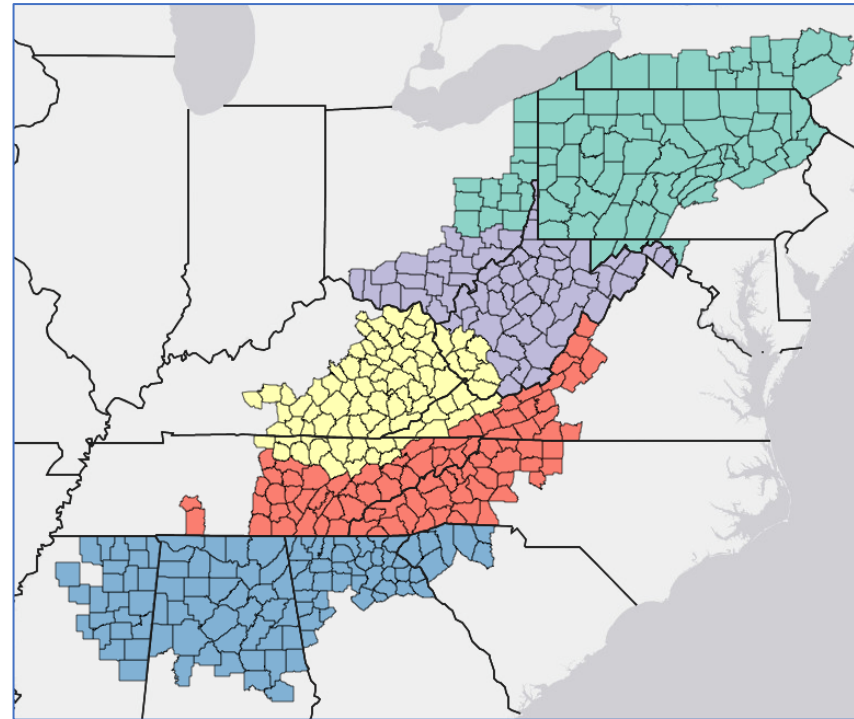
New and Emerging Strategies

- ▶ Are you considering new financial products or retooling existing programs to meet current capital needs? (examples)
 - ▶ Venture debt
 - ▶ Revenue-based financing
- ▶ Are you structuring programs that are designed to reach niche markets and achieve unique policy outcomes? (examples)
 - ▶ Employee ownership conversions
 - ▶ Housing development
 - ▶ Climate resilience and infrastructure-related activities

Multi-State and Regional Collaboration

► Strategies for consideration

- Align program terms to appeal to regional or national lenders/investors.
- Establish programs focused on industry sectors that cross state boundaries.
- Work with the same TA provider and ecosystem stakeholders across multiple states.



Multi-State and Regional Collaboration

- ▶ Align program terms to appeal to regional or national lenders/investors.
 - ▶ Standardize SSBCI program characteristics to increase uniformity across states.
 - ▶ Use similar enrollment forms for financial institutions and fund managers.
 - ▶ Use similar enrollment forms and due diligence standards.
 - ▶ Set the same rules for permissible borrowers and eligible business activity.
 - ▶ Standardize the 1) amount of borrower and lender payments to the CAP reserve fund, 2) participation terms for LPP, etc.
 - ▶ Establish a uniform reporting form and align reporting periods.
 - ▶ Use similar forms to document the recovery of any loan losses from the CAP reserve fund, and document write offs for OCSPs.

Multi-State and Regional Collaboration

- ▶ Establish programs focused on industry sectors that cross state boundaries.
 - ▶ Build Back Better Regional Challenge Initiatives (examples)
 - ▶ AgriTech – Kentucky
 - ▶ Renewable Energy and Manufacturing – West Virginia
 - ▶ Digital Healthcare – Kentucky
 - ▶ Advanced Manufacturing – Ohio
 - ▶ Cybersecurity – Maryland
 - ▶ Advanced Manufacturing – North Carolina
 - ▶ Robotics and Artificial Intelligence – North Carolina
 - ▶ Electric Vehicles – Alabama
 - ▶ Transportation and Logistics – Virginia
 - ▶ Defense and National Security – West Virginia

Multi-State and Regional Collaboration

- ▶ Work with the same TA providers and ecosystem stakeholders across multiple states.
 - ▶ Multiple states could sub-contract with the same TA provider.
 - ▶ Create a regional collaborative of Small Business Development Centers or other TA providers with sub-contracts to deliver assistance.
 - ▶ Work with community intermediaries and business membership associations that have a multi-state footprint and can support marketing, outreach, and pipeline development regionally.
 - ▶ Chambers of Commerce
 - ▶ CDFIs
 - ▶ Trade organizations

Reminder: Ecosystem Development

- ▶ Are you engaging the ecosystem?
 - ▶ Universities
 - ▶ SBIR and STTR programs
 - ▶ Small business membership associations
 - ▶ Main Street associations
 - ▶ Trade organizations
 - ▶ Franchise and ESOP stakeholders
 - ▶ Faith-based institutions
 - ▶ Local government and advisory councils
 - ▶ Community intermediaries
 - ▶ Incubators and accelerators
 - ▶ Emerging fund managers

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