

STATE SMALL BUSINESS
CREDIT INITIATIVE:

A SUMMARY OF STATES'
QUARTERLY REPORTS
AS OF DECEMBER 31, 2013



Summary

On September 27, 2010, President Obama signed into law the Small Business Jobs Act of 2010 (P.L. 111-240) (the Act), which created programs to encourage small business lending, including the State Small Business Credit Initiative (SSBCI). SSBCI provides \$1.5 billion to support new and existing state programs that provide lending to, and invest in, small businesses and small manufacturers.

SSBCI is expected to help spur up to \$15 billion in additional private sector lending and investing to small businesses and small manufacturers. States do this by using federal funds for programs that leverage private lending and investing to help finance small businesses that are creditworthy, but do not have sufficient access to capital necessary to expand and create jobs. To be eligible for funds, each State had to demonstrate a reasonable expectation that it would be able to leverage each federal \$1 to generate \$10 in new small business lending or investing.

In 2011 and 2012, Treasury approved applications on a rolling basis and signed Allocation Agreements with 47 states, the District of Columbia, five territories and four consortia of municipalities in three states (for simplicity each participating entity will be referred to as a “State”). North Dakota and Wyoming did not apply for SSBCI funding, and Alaska withdrew its application. States could divide their allocation among several types of small business support programs: Loan Participation Programs (LPPs): Venture Capital Programs (VCPs), Loan Guarantee Programs (LGP), Collateral Support Programs (CSPs) and Capital Access Programs (CAPs). States receive SSBCI funding in three equal disbursements which are paid out based on cumulative funds expended, obligated or transferred.¹

- **Disbursements exceeded \$1 billion:** As of December 31, 2013, \$1,004,122,392 out of \$1,457,567,480 or 69 percent of total allocations were disbursed. All 57 States had received their first disbursement; 41 States had received their second disbursement; and 14 States had received their third disbursement.
- **SSBCI funds expended, obligated or transferred by states exceeded \$750 million, or more than half of all program funds:** Through December 31, 2013, States had expended, obligated, or transferred a total of \$750,409,513 or 51 percent of all allocated funds. Of this total, \$744,782,812 was from original SSBCI allocations and \$5,626,701 is from recycled SSBCI funds.² These funds support loans or investments to small businesses, including to intermediaries, and for administrative expenses related to the program.
- **Recycled SSBCI funds exceeded \$5 million:** Through December 31, 2013, six States reported recycling \$5,626,701 of their program dollars back into new SSBCI loans or investments.
- **States more than doubled their cumulative funds expended, obligated or transferred in 2013:** Funds expended, obligated or transferred by States accelerated last year, from 19 percent of total allocated funds by the end of 2012 to 51 percent by the end of 2013.
- **Funds expended, obligated or transferred vary by type of program:** Loan Participation Programs have expended, obligated or transferred the largest portion of their allocation (57 percent). Venture Capital Programs have expended, obligated or transferred the second largest portion of their allocation (55 percent).

1 SSBCI funds “expended” are funds used to support loans or investments or for administrative expenses. SSBCI funds “obligated” are funds legally committed to support loans or investments, including obligations to intermediaries, and for administrative expenses. SSBCI funds “transferred” are funds transferred to a contracting entity as reimbursement of expenses incurred or to fund a loan or investment.

2 “Recycled Funds” refers to the funds that came to the State in the form of program income, interest earned or principal repayments and were expended, obligated or transferred in another round of transactions.

SSBCI at Work: Featured Success Stories

IOWA: Allowing New Industries to Take Root



Millions of healthcare providers are at risk of exposure to hazardous drugs each year, resulting in adverse events such as cancers, reproductive toxicity and genetic mutations. Corvida Medical is an emerging medical device company that is developing a product which enables the safe handling of hazardous drugs used in the preparation and administration of chemotherapy. Corvida's product has attracted support from the National Cancer Institute and the State of Iowa, as well as private investors.

In May 2012, the Iowa Economic Development Authority (IEDA) loaned \$500,000 to Corvida Medical through the Iowa Innovation Acceleration Fund, which the company used to leverage private investment. The investment filled a critical need for early stage financing for Corvida. The company was able to hire key staff and pursue regulatory clearance for their device. Two years later, the company has raised millions of additional funding and is ready to take its product to market.

“Iowa’s small businesses play an integral role in the state’s economy. Companies such as Corvida Medical are vital not only in terms of exploring innovative technologies, but also in enhancing Iowa’s entrepreneurial climate and spurring job growth,” said Debi Durham, director of the Iowa Economic Development Authority.

ARIZONA: Giving Start-Ups the Tools to Exceed Expectations



Pride Group is an Arizona-based events management company providing services for special events, construction services and disaster relief assistance. Based on his many years of industry experience, founder Robb M. Corwin identified an opportunity to start his own business in 2012.

The company grew quickly, but it needed additional capital to purchase equipment and hire quality talent. Despite the founder’s long track record, the Pride Group was too young to qualify for conventional bank financing until Arizona’s public-private economic development organization, the Arizona Commerce

Authority (ACA), partnered with community bank Commerce Bank of Arizona. As the agency administering Arizona’s State Small Business Credit Initiative funds, ACA provided a \$1.75 million subordinate loan with flexible terms that enabled the bank to lend an additional \$2.25 million. The ACA expects to recycle the funds committed to this transaction to other borrowers during the SSBCI program period.

“The loan process was clear, concise, fair and as promised, extremely quick,” said Corwin. With the help of SSBCI, Pride Group has expanded its operations and hired an additional 79 full-time employees and 495 part-time employees.

WYOMING: Helping High-Tech Businesses Break New Ground



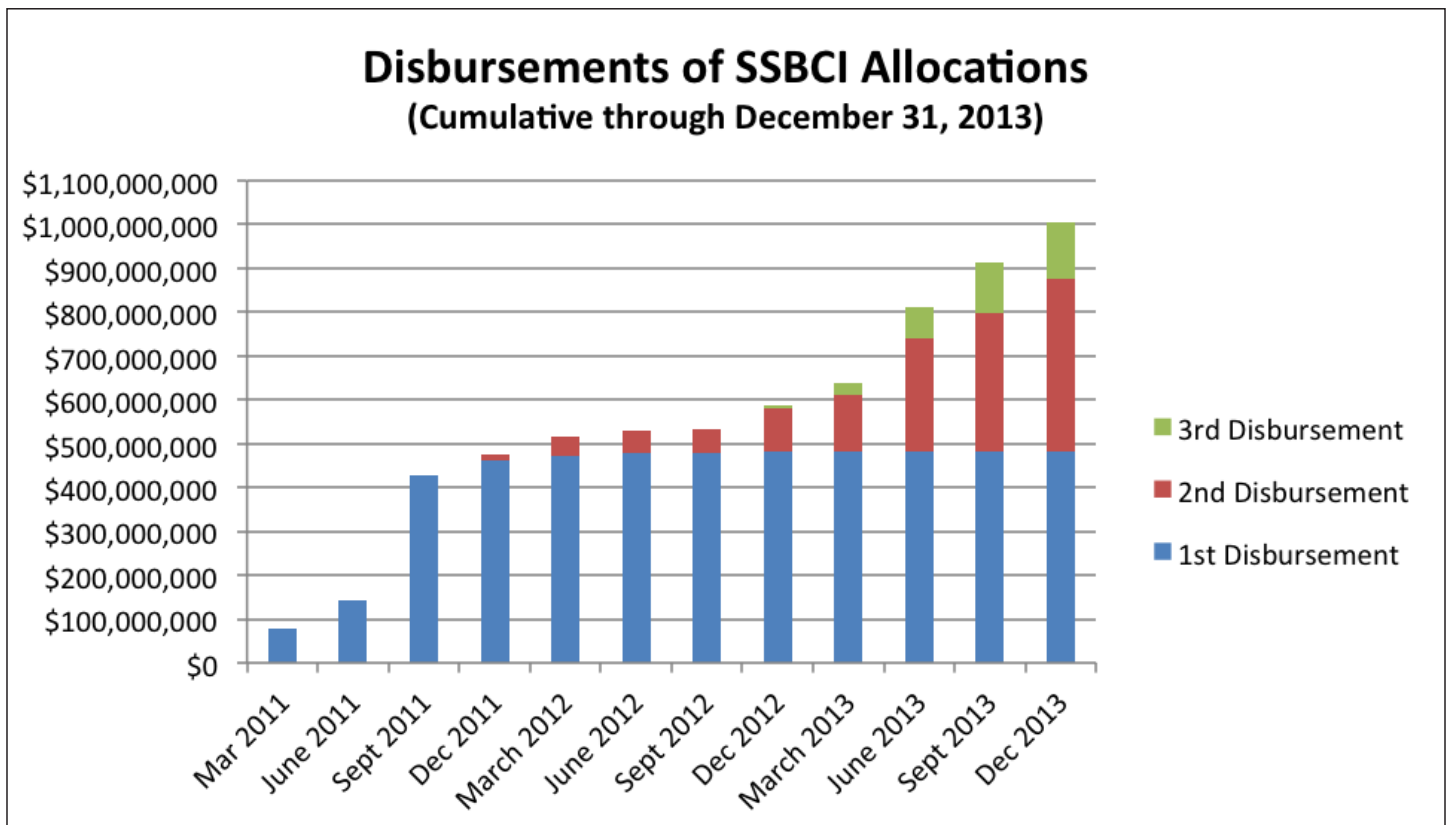
Shawn Mills, president of cloud computing center Green House Data (GHD), was ready to expand when his small company’s initial facility in Cheyenne, Wyoming³ reached 97 percent capacity. With customer demand growing, Mills approached Capital West Bank to develop a funding package to support an expansion into a new 35,000 square-foot facility.

The initial phase of the project proved challenging. GHD needed to provide enough collateral coverage during the construction phase when the bank would be advancing up to 90 percent of the expansion funding. Capital West contacted Wyoming Smart Capital Network, backed by SSBCI, could provide a solution by

bringing additional collateral to the table through a Collateral Support Program. A plan was put in place for the construction phase of the project to include a short-term (one-year) deployment of \$1 million in SSBCI collateral support. The federal, state and private sector collaboration bridged a critical and hard-to-fill gap in the financing package. By expanding, GHD was able to create an additional 19 jobs for Cheyenne.

“Green House Data is important to Cheyenne because it helps to diversify our employment base by offering more professional and higher paying jobs,” said Diane Wolverton of the Wyoming Smart Capital Network.

Figure 1: SSBCI by the Numbers



3 A consortium of municipalities led by Laramie, Wyoming, was awarded an allocation of SSBCI funds in 2012.

Figure 2.

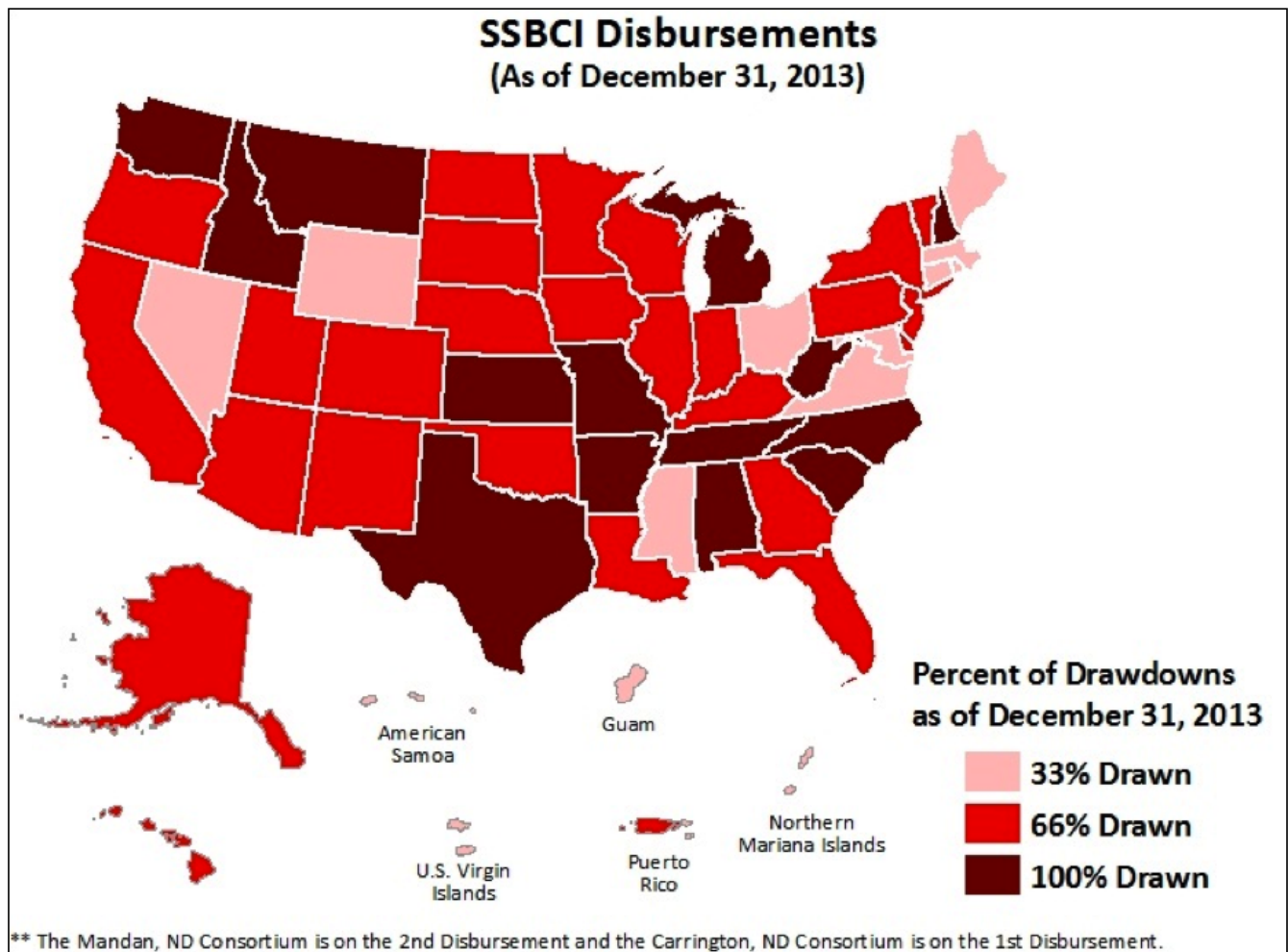


Figure 3.

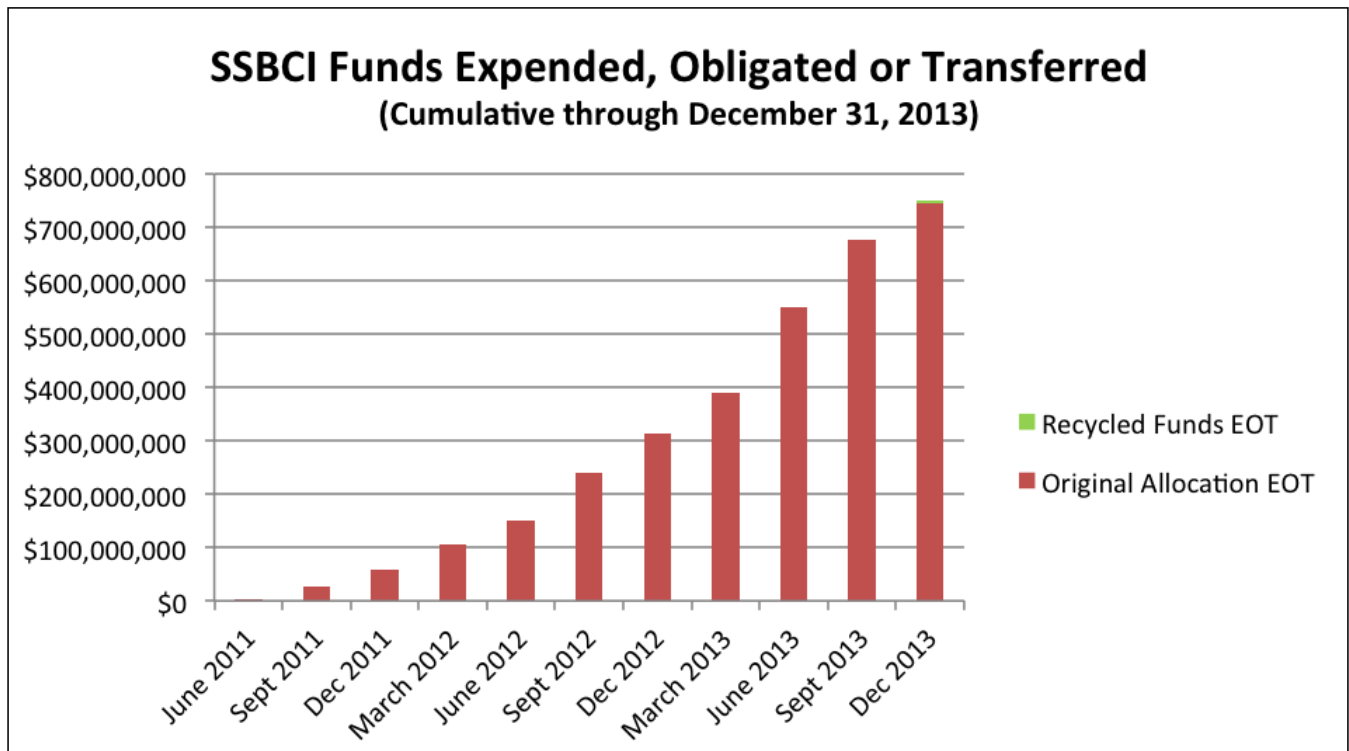


Figure 4.

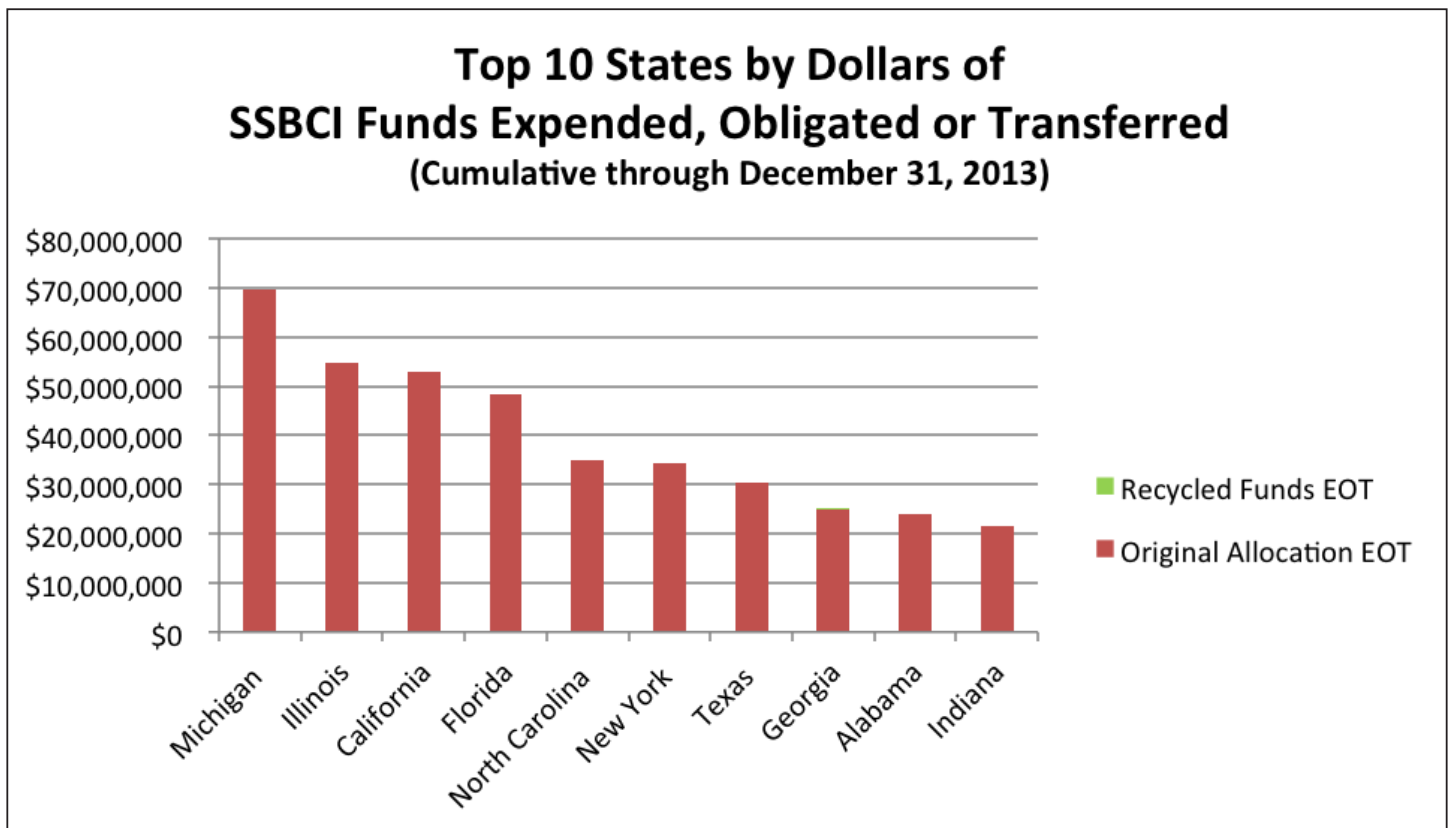


Figure 5.

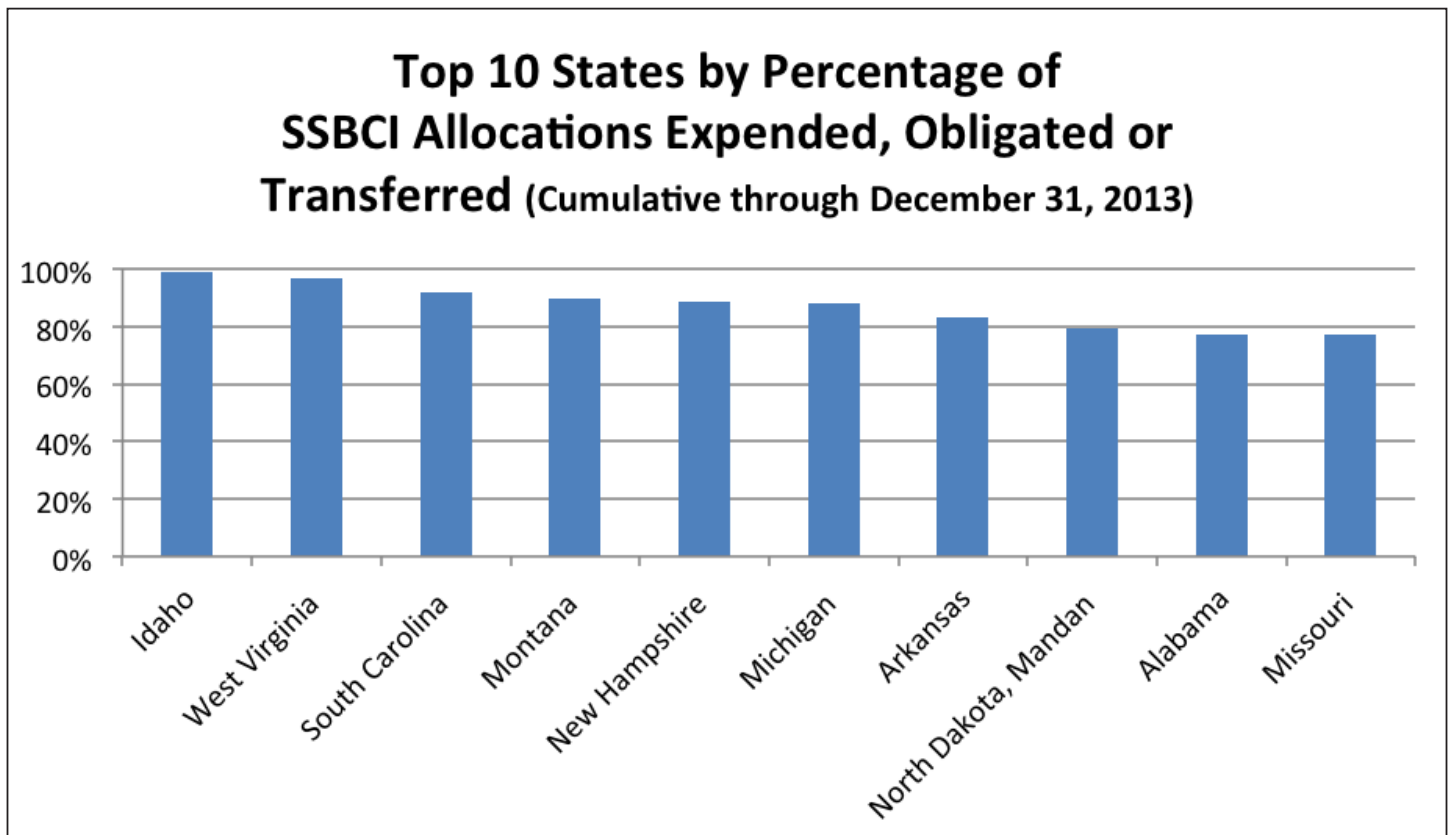


Figure 6.

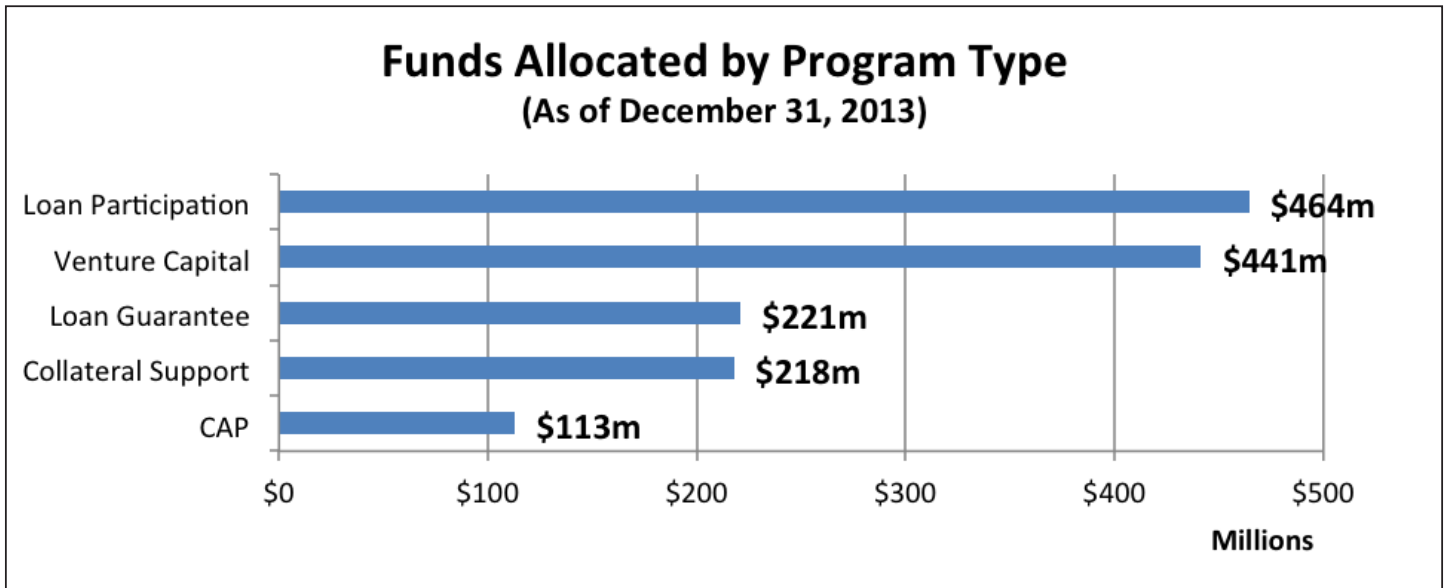


Figure 7.

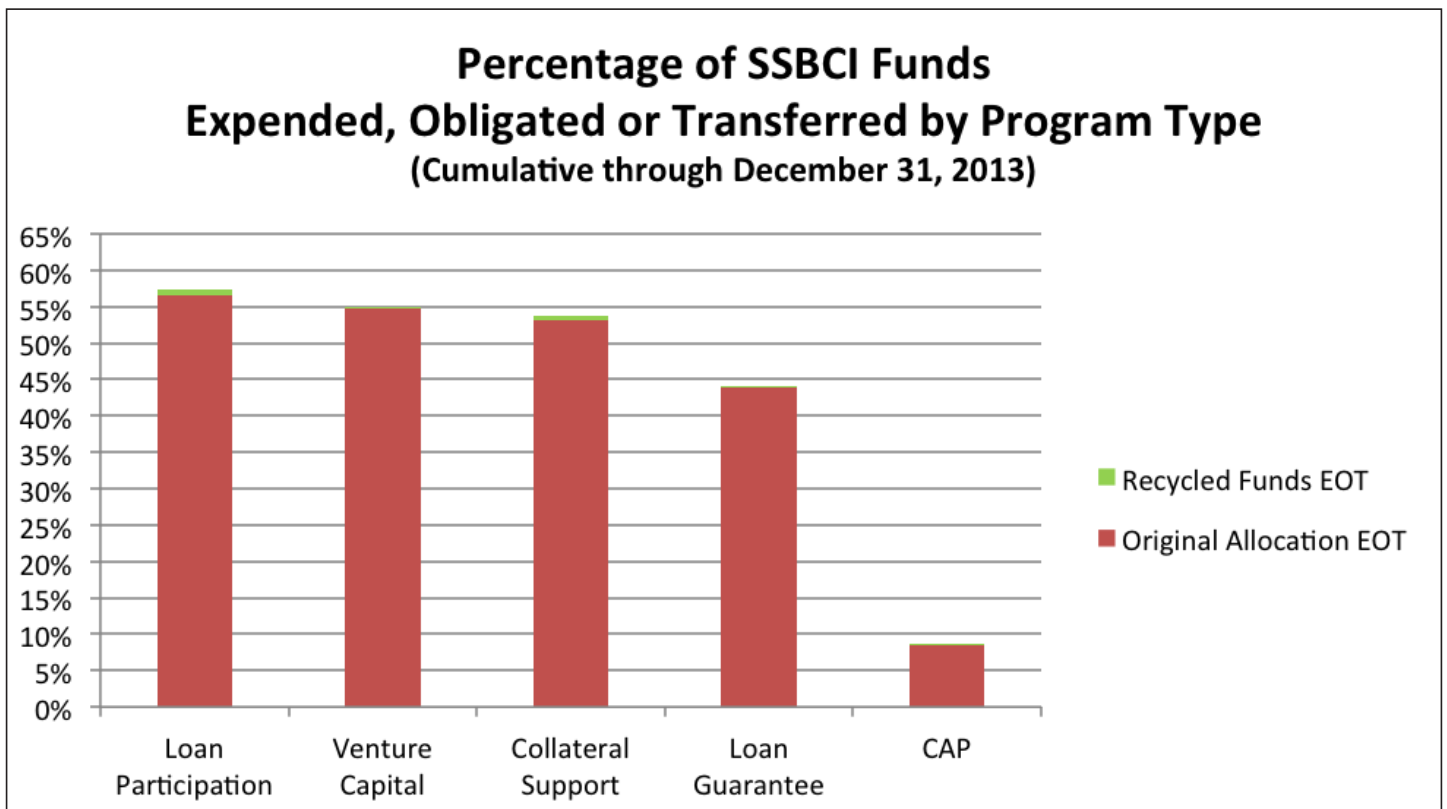


Figure 8.

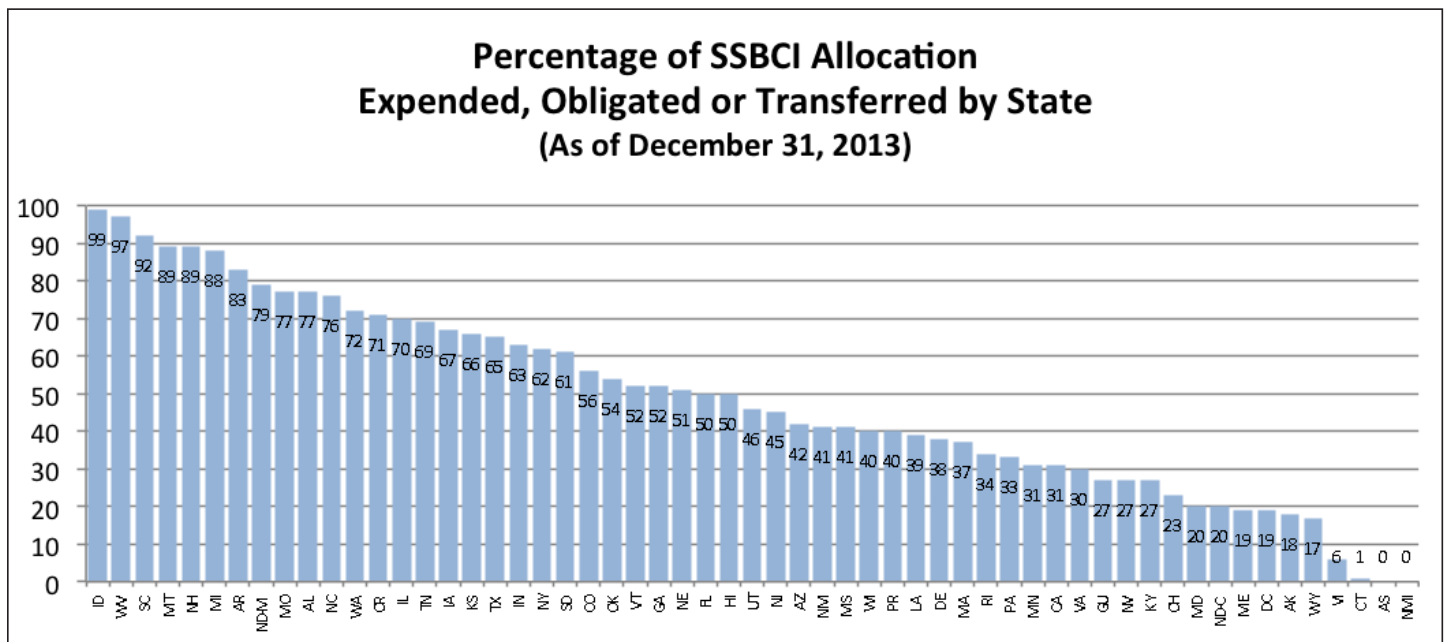
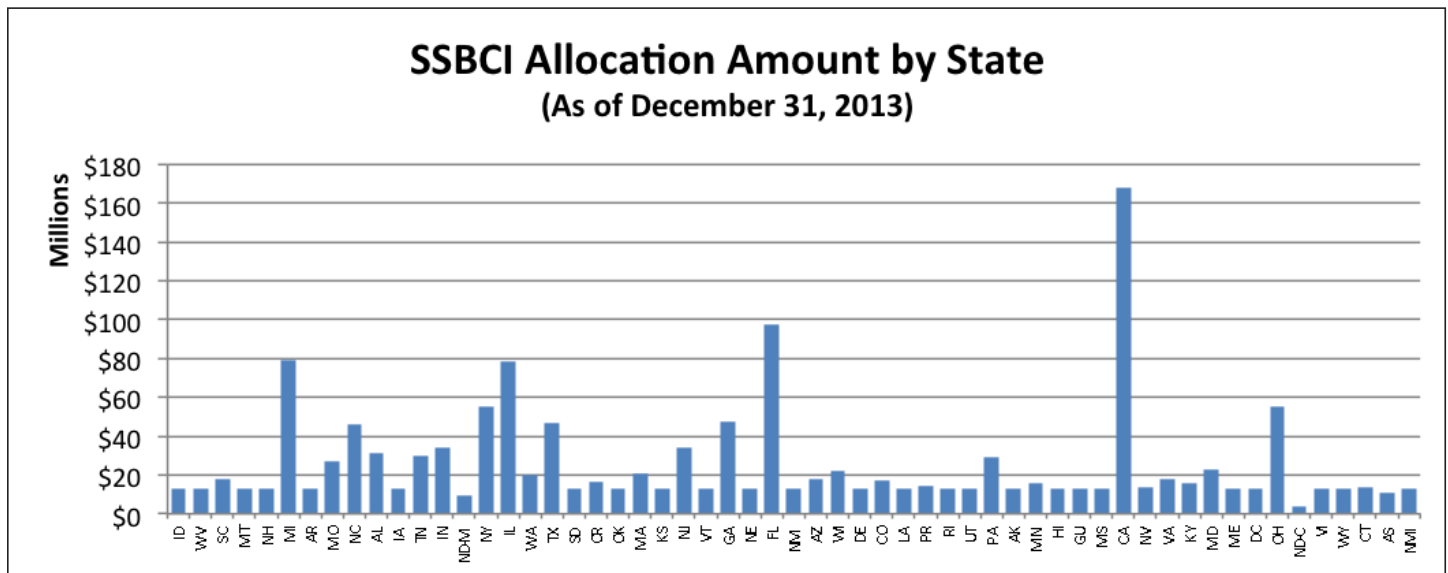


Figure 9.



Appendix A: States Sorted by Percentage of SSBCI Allocation Expended, Obligated or Transferred (EOT)
(As of 12/31/2013)

#	State	Agreement Date	Allocated Amount	Original SSBCI Allocation EOT	Percent	Recycled Funds EOT	Total Funds EOT
1	Idaho	8/29/2011	\$13,136,544	\$12,958,008	99%	\$1,390,481	\$14,348,489
2	West Virginia	11/18/2011	\$13,168,350	\$12,766,485	97%	\$0	\$12,766,485
3	South Carolina	7/6/2011	\$17,990,415	\$16,539,840	92%	\$0	\$16,539,840
4	Montana	7/18/2011	\$12,765,037	\$11,420,491	89%	\$0	\$11,420,491
5	Michigan	7/6/2011	\$79,157,742	\$69,499,751	88%	\$0	\$69,499,751
6	New Hampshire	7/18/2011	\$13,168,350	\$11,534,555	88%	\$0	\$11,534,555
7	Arkansas	10/31/2011	\$13,168,350	\$10,925,356	83%	\$25,336	\$10,950,692
8	North Dakota, M	8/31/2012	\$9,710,768	\$7,677,976	79%	\$0	\$7,677,976
9	Alabama	8/24/2011	\$31,301,498	\$24,126,685	77%	\$0	\$24,126,685
10	Missouri	5/23/2011	\$26,930,294	\$20,726,986	77%	\$0	\$20,726,986
11	North Carolina	5/23/2011	\$46,061,319	\$35,074,295	76%	\$0	\$35,074,295
12	Washington	10/31/2011	\$19,722,515	\$14,227,326	72%	\$0	\$14,227,326
13	Oregon	8/29/2011	\$16,516,197	\$11,749,601	71%	\$0	\$11,749,601
14	Illinois	7/26/2011	\$78,365,264	\$54,757,097	70%	\$0	\$54,757,097
15	Tennessee	10/4/2011	\$29,672,070	\$20,346,483	69%	\$0	\$20,346,483
16	Iowa	8/30/2011	\$13,168,350	\$8,769,698	67%	\$0	\$8,769,698
17	Kansas	6/28/2011	\$13,168,350	\$8,691,324	66%	\$0	\$8,691,324
18	Texas	8/15/2011	\$46,553,879	\$30,226,100	65%	\$0	\$30,226,100
19	Indiana	5/27/2011	\$34,339,074	\$21,523,467	63%	\$0	\$21,523,467
20	New York	9/26/2011	\$55,351,534	\$34,315,973	62%	\$0	\$34,315,973
21	South Dakota	9/22/2011	\$13,168,350	\$7,995,319	61%	\$0	\$7,995,319
22	Colorado	10/11/2011	\$17,233,489	\$9,657,952	56%	\$0	\$9,657,952
23	Oklahoma	7/18/2011	\$13,168,350	\$7,118,925	54%	\$0	\$7,118,925
24	Vermont	5/23/2011	\$13,168,350	\$6,907,150	52%	\$0	\$6,907,150
25	Georgia	12/13/2011	\$47,808,507	\$24,904,249	52%	\$377,000	\$25,281,249
26	Nebraska	10/4/2011	\$13,168,350	\$6,686,301	51%	\$0	\$6,686,301
27	Florida	8/24/2011	\$97,662,349	\$48,484,328	50%	\$0	\$48,484,328
28	Hawaii	5/27/2011	\$13,168,350	\$6,532,430	50%	\$0	\$6,532,430
29	Utah	9/30/2011	\$13,168,350	\$6,015,115	46%	\$0	\$6,015,115
30	New Jersey	9/22/2011	\$33,760,698	\$15,057,554	45%	\$0	\$15,057,554
31	Arizona	11/7/2011	\$18,204,217	\$7,609,286	42%	\$0	\$7,609,286
32	New Mexico	10/11/2011	\$13,168,350	\$5,412,974	41%	\$0	\$5,412,974
33	Mississippi	8/24/2011	\$13,168,350	\$5,394,447	41%	\$67,951	\$5,462,398
34	Puerto Rico	10/6/2011	\$14,540,057	\$5,812,500	40%	\$0	\$5,812,500
35	Wisconsin	9/22/2011	\$22,363,554	\$8,844,367	40%	\$0	\$8,844,367
36	Louisiana	8/24/2011	\$13,168,350	\$5,105,628	39%	\$0	\$5,105,628
37	Delaware	7/18/2011	\$13,168,350	\$4,948,731	38%	\$0	\$4,948,731
38	Massachusetts	9/13/2011	\$20,445,072	\$7,536,721	37%	\$3,763,133	\$11,299,854
39	Rhode Island	9/6/2011	\$13,168,350	\$4,495,800	34%	\$0	\$4,495,800
40	Pennsylvania	10/6/2011	\$29,241,232	\$9,632,937	33%	\$2,800	\$9,635,737
41	California	5/19/2011	\$167,755,641	\$52,783,413	31%	\$0	\$52,783,413
42	Minnesota	9/30/2011	\$15,463,182	\$4,802,540	31%	\$0	\$4,802,540
43	Virginia	8/15/2011	\$17,953,191	\$5,412,888	30%	\$0	\$5,412,888
44	Kentucky	7/28/2011	\$15,487,998	\$4,219,803	27%	\$0	\$4,219,803
45	Guam	9/30/2011	\$13,168,350	\$3,545,248	27%	\$0	\$3,545,248
46	Nevada	9/30/2011	\$13,803,176	\$3,666,963	27%	\$0	\$3,666,963
47	Ohio	9/2/2011	\$55,138,373	\$12,408,155	23%	\$0	\$12,408,155
48	North Dakota, C	9/28/2012	\$3,433,709	\$694,156	20%	\$0	\$694,156
49	Maryland	6/2/2011	\$23,025,709	\$4,544,472	20%	\$0	\$4,544,472
50	Maine	9/6/2011	\$13,168,350	\$2,545,936	19%	\$0	\$2,545,936
51	District of Columbia	8/15/2011	\$13,168,350	\$2,452,929	19%	\$0	\$2,452,929
52	Anchorage	1/26/2012	\$13,168,350	\$2,417,277	18%	\$0	\$2,417,277
53	Wyoming, L	12/4/2012	\$13,168,350	\$2,221,728	17%	\$0	\$2,221,728
54	Virgin Islands	10/4/2011	\$13,168,350	\$832,018	6%	\$0	\$832,018
55	Connecticut	7/14/2011	\$13,301,126	\$114,064	1%	\$0	\$114,064
56	American Samoa	2/14/2012	\$10,500,000	\$50,024	0%	\$0	\$50,024
57	Northern Mariana	3/14/2012	\$13,168,350	\$60,988	0%	\$0	\$60,988
TOTAL			\$1,457,567,480*	\$744,782,812**	51%	\$5,626,701	\$750,409,513**

*Note: The Total Allocated Amount may change from quarter to quarter due to modifications made to individual State allocations.

**Note: Includes funds Expended, Obligated, Transferred or used for Administrative Expenses.

Appendix B: States Sorted by Dollars of SSBCI Allocation Expended, Obligated or Transferred (EOT)
(As of 12/31/2013)

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