

# State Small Business Credit Initiative

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# What is the State Small Business Credit Initiative?

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- The State Small Business Credit Initiative (SSBCI) is administered through the United States Department of Treasury (Treasury), and it allocates funding to states to use for capital access initiatives.
- The program was designed to help strengthen existing or create new capital programs using a mix of credit facilities approved under Treasury guidelines.
- The funding will allow the state of Florida to design and implement SSBCI programs to address specific capital market needs, which will provide Florida's small businesses with additional resources and capital to facilitate business growth and economic development.
- Specific guidelines and allocations will be determined for socially and economically disadvantaged business enterprises.
- SSBCI funds must be leveraged with private capital in the form of loans and/or investments. A 10:1 portfolio leverage must be achieved.

# Florida's SSBCI 2021 Allocation & Programs

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Florida has been allocated a total of \$324 million for SSBCI to be available in three separate disbursements.

- \$108 million is available for the first disbursement, of which 80 percent must be deployed for access to the second disbursement.
- \$108 million is available for the second disbursement, of which 80 percent must be deployed for access to the third disbursement.
- Remaining \$108 million is available for the third disbursement.

**The allocation includes an additional \$23 million for “very small businesses”. “Very small businesses” are defined as fewer than 10 employees, independent contractors, and sole proprietors (HR 1319 EAS Subtitle C).**

# Additional Allocations

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- Allocation for businesses owned and controlled by socially and economically disadvantaged individuals.
- Performance-based allocation(s) to states that support business enterprises owned and controlled by socially and economically disadvantaged individuals.
- Technical Assistance allocation to provide legal, accounting, and financial advisory services to businesses

**Application requirements and funding amounts are to be determined by the Treasury.**

# Florida's Strategy to Deploy SSBCI Funding

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# Capital Access Program

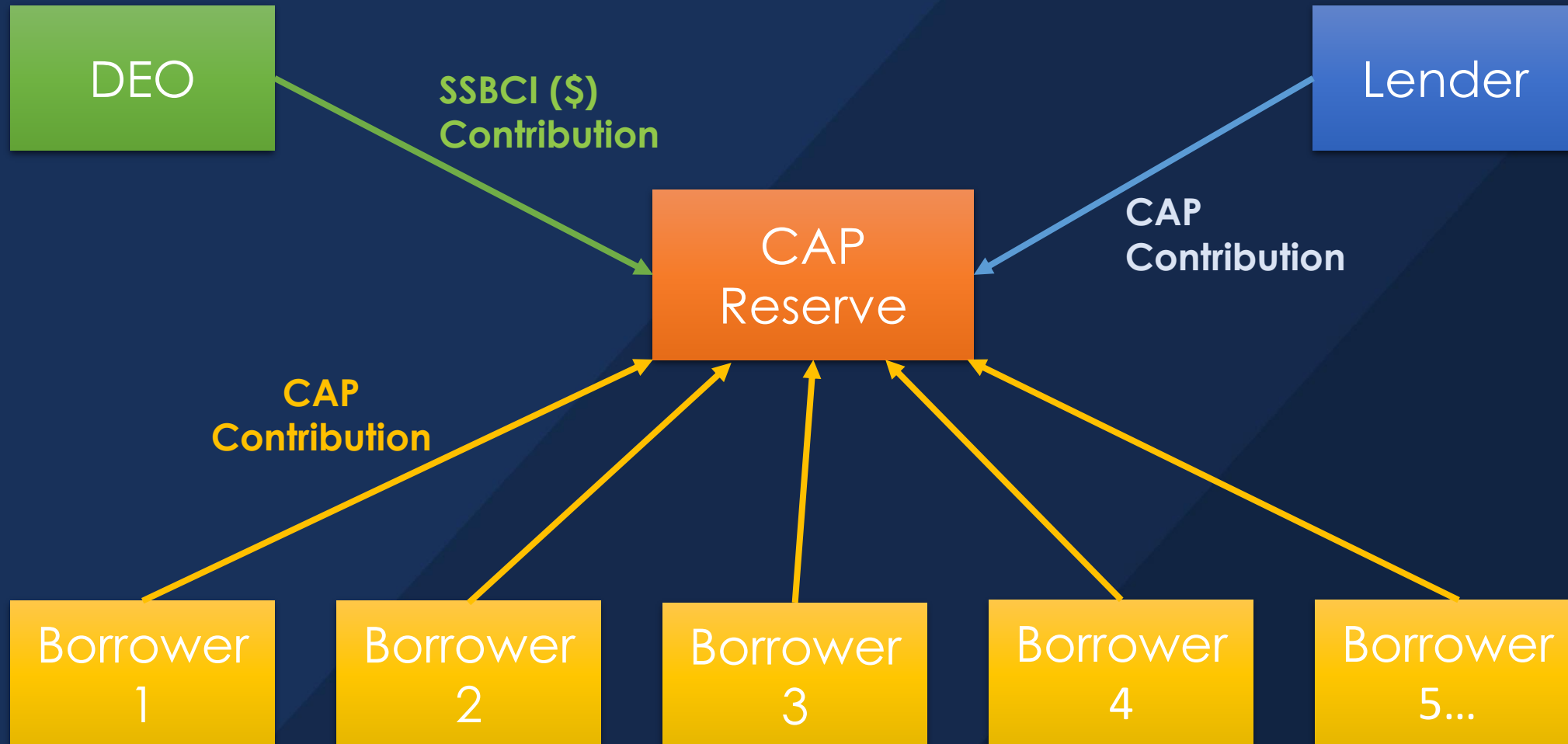
# Capital Access Program (CAP)

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CAP is a loan portfolio insurance program where a lender originates a loan with an eligible borrower.

- Lender and Borrower contribute a percentage of the loan into a reserve fund.
- DEO matches combined contribution with SSBCI funds.

# Capital Access Program (CAP)





# Capital Access Program (CAP) Key Points

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- Reserve fund grows as more loans are enrolled in the program.
- DEO will provide a cash match of combined CAP contribution with SSBCI funds.
- Lender uses own underwriting/loan review process.
- Lender establishes the amount of the contribution.
- Lender CAP reserve funds are available to cover any losses incurred in its portfolio of enrolled loans.

**\*Eligibility criteria, loan amounts, and guidelines are pending Treasury guidance.**

# SSBCI Loan Facilities

# SSBCI Loan Facilities

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## What type of financing support are businesses looking for today in your community?

- **Loan Participation:** Enables small businesses to obtain medium to long-term financing, usually in the form of term loans, to help them grow and expand their businesses. The state may act as a lender in partnership with a financial institution lender to provide small business loans at attractive terms.
- **Loan Guarantee Program:** Enables small businesses to obtain term loans or lines of credit to help them grow and expand their business. The program provides a lender with the necessary security, in the form of a partial guarantee, for the lender to approve a loan or line of credit.
- **Collateral Support:** Enables financing that might otherwise be unavailable due to a collateral shortfall. The program supplies pledged cash collateral accounts to lending institutions to enhance collateral coverage of individual loans.

# SSBCI Loan Facilities

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# SSBCI Loan Facilities Key Points

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- Address current and/or persistent gap in small business lending.
- Benefits small businesses and targeted populations with limited access to capital.
- Increase lending volume.
- Reduce risk exposure at loan and portfolio level.

**\*Eligibility criteria, loan amounts, and guidelines are pending Treasury guidance.**

# Venture Capital

# Venture Capital (VC)

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Under SSBCI guidelines, DEO can administer programs that provide equity investments and convertible debt instruments to create and grow start-up and early-stage businesses in Florida.

These programs are often facilitated through one of the following:

- A state-administered venture capital fund that provides direct investments in businesses; or
- A “Fund of Funds” model that invests in other venture capital funds, which then invest in individual businesses.

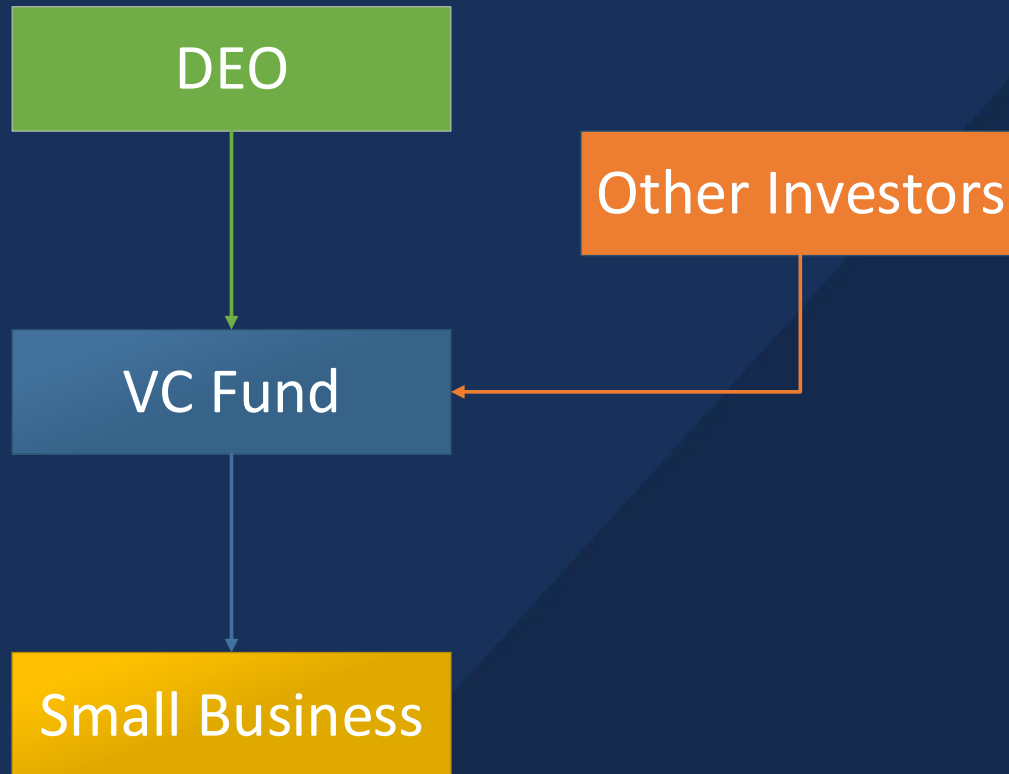
How do we increase VC investing in Florida?

**What stage of VC is most needed in Florida?**

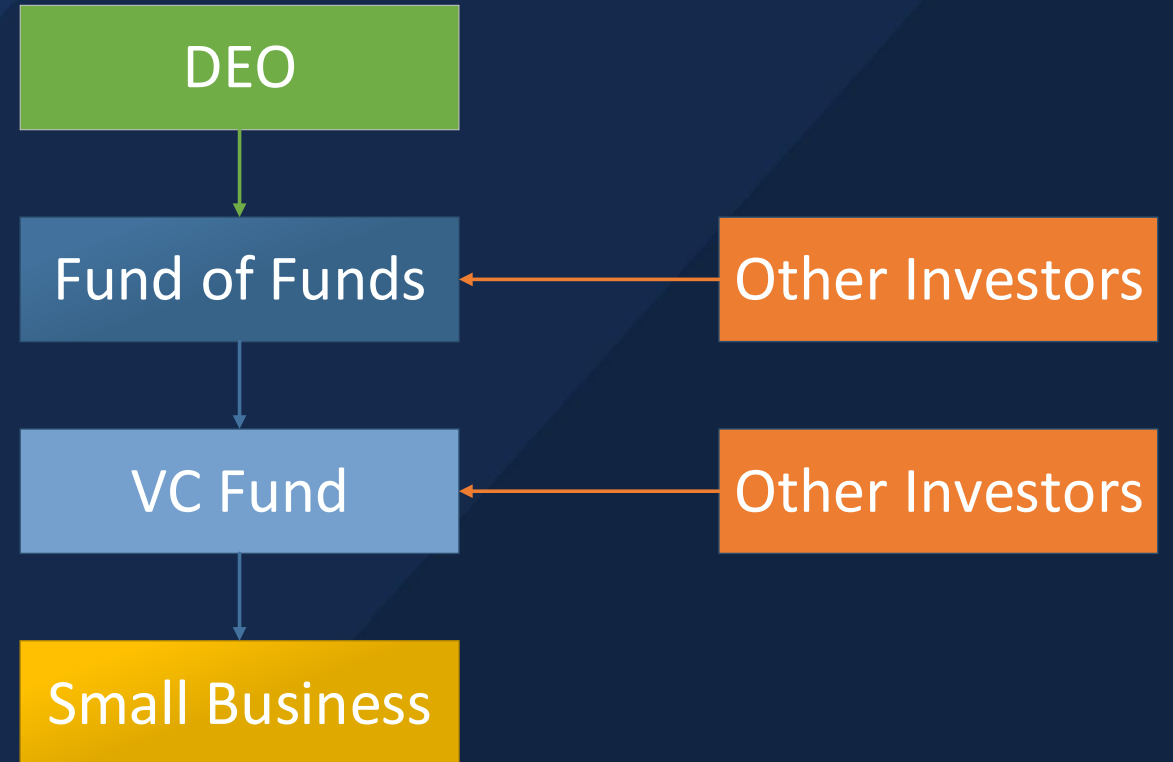
What are the industries Florida should focus on?

# Venture Capital (VC)

## Direct Investment



## Fund of Funds





# Venture Capital Key Points

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- Address market inefficiencies in Florida's capital continuum for high-growth businesses.
  - Demand for risk capital is often exceeded by available supply.
- Designed to stimulate and support private investment over time.
  - Additional rounds of private investment should expand public support in capital markets.
- What industries, regions, or sectors need this support?

**\*Eligibility criteria, instrument amounts, and guidelines are pending Treasury guidance.**

# Florida State Small Business Credit Initiative Survey

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Please let us know more about your organization, financial institution, or business and what financing options your business, clients, or community needs in order to flourish. The survey is available at:

- [Floridajobs.org/SSBCI](https://floridajobs.org/SSBCI)

# Q&A



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# Contact

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## Thank You.

If you have questions or comments about this presentation, please contact our office.

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