**Rep. Gary C. Peters: The Small Business Access to Capital Act of 2014**

**SSBCI Created by the Small Business Jobs Act of 2010**

* ***Ensuring small businesses have access to capital:*** The State Small Business Credit Initiative (SSBCI) was created when the Small Business Jobs Act of 2010 was signed into law on September 27, 2010. Through SSBCI, the U.S. Department of the Treasury awarded almost $1.5 billion to fund programs that support small businesses and small manufacturers.
* ***Leveraging private capital:*** To qualify for SSBCI support, small businesses must use the federal funds to leverage private capital. The program is expected to help spur up to $15 billion in new private sector lending or investment in small companies by leveraging $10 in private capital for every dollar of federal support by the program’s end.
* ***Allows states focus on what works for them:*** SSBCI capitalizes on working relationships between states and small business lenders and investors. Under SSBCI, states design programs that best respond to local economic conditions and priorities.

**Success of SSBCI in Michigan and Across the County**

* ***Broad range of industries:***SSBCI financing has reached small businesses in a diverse range of industries including retail trade, manufacturing, hospitality, and many types of services.
* ***Support targeted to small business:*** About two-thirds of all SSBCI loans or investments were for less than $100,000, and the average SSBCI loan or investment size about $319,000. Small businesses with fewer than 50 employees received 96% of SSBCI loans, and 80% of the borrowers employed 10 or fewer employees.
* ***Investment in LMI areas:*** Companies in low- and moderate-income areas have received 42% of the SSBCI loans.
* ***Proven job creation:*** SSBCI has helped small businesses create or save 53,000 jobs, including over 6,000 jobs in Michigan. Over 500 loans have been made in Michigan, leveraging more than $370 million in private capital. SSBCI has already reached 4,600 U.S. small businesses totaling $1.9 billion in lending support.
* ***Strong involvement by community banks and CDFIs:*** Community banks have made nearly 60% of the dollar volume of SSBCI-supported loans. Community banks and Community Development Financial Institutions (CDFIs) together accounted for 87% of the number of these loans.
* ***Support for fast-growing startups:*** Half the total dollars loaned with SSBCI support have gone to companies no more than 5 years old, which disproportionately contribute to net job creation.

**Need for Legislative Action**

* ***States are reaching the end of their allocated capital:*** Many states have had such success in finding qualified small business borrowers and private sector leverage that their funding allocations are almost completely deployed. As of the end of 2013, fourteen states had already expended, obligated, or transferred 70% or more of their funds.
* ***Potential to “evergreen” innovative state lending programs:*** With an additional infusion of capital, a number of successful state small business lending programs could continue not just for the next 2-3 years, but for decades. Interest on loans made since SSBCI’s creation and those funded by an additional federal tranche of capital would finance new loans to be made for years to come.

**The Small Business Access to Capital Act of 2014: How It Works**

* ***Additional round of formula funds:*** Provides an additional $500 million that would be allocated to states in the same ratio as the Small Business Jobs Act of 2010 after they have obligated 80% of their third tranche of formula funding under the 2010 law.
* ***New competitive pool of funds:*** Provides $1 billion for a new, competitive pool of funding for which states and consortiums of states may apply. Criteria for Treasury consideration include job creation; leverage of private capital; serving new companies; serving LMI areas; robust accountability measures; and matching funds provided by applying entities. States that did not participate in the initial SSBCI program are still eligible to apply for competitive funding.
* ***Incentivizing timely job creation:*** Creates an incentive for states to deploy capital received under the 2010 law. Sets December 31, 2016 as the deadline for States to have obligated or expended 80% of funds received under the second tranche of the 2010 law, after which remaining non-disbursed funds (third tranche) will be made available for disbursement on a competitive basis.
* ***Senate companion:*** Senators Jeanne Shaheen and Debbie Stabenow will be introducing the Senate companion.