

STATE SMALL BUSINESS  
**CREDIT INITIATIVE:**

A SUMMARY OF STATES'  
**QUARTERLY REPORTS**  
AS OF MARCH 31, 2014



## 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 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 (LGPs), 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.<sup>1</sup>

- **Disbursements exceeded 72 percent of total allocations:** As of March 31, 2014, \$1,055,225,280 out of \$1,457,591,353 or more than 72 percent of total allocations were disbursed. All 57 States received their first disbursement; 46 States received their second disbursement; 17 States received their third disbursement.
- **SSBCI funds expended, obligated, or transferred exceeded \$835 million:** Through March 31, 2014, States expended, obligated, or transferred a total of

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<sup>1</sup> 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.

Funds "expended, obligated, or transferred" includes obligations to venture capital funds not yet committed to specific small businesses. As of December 31, 2013, VCPs reported that the amount of SSBCI funds expended, obligated, or transferred by their program was 37% greater (\$89.5 million) than the amount of SSBCI funds expended to small businesses. The variance was due to SSBCI funds obligated for investment in a small business or to a venture capital fund but not yet expended to a specific small business.

\$835,014,430. Of this total, \$820,218,698 was from original SSBCI allocations and \$14,795,732 was from recycled SSBCI funds.<sup>2</sup> These funds support loans or investments to small businesses, including to intermediaries, and for administrative expenses related to the program.

- **Recycled SSBCI funds exceeded \$14 million:** Through March 31, 2014, ten States reported recycling \$14,795,732 of their program dollars back into new SSBCI loans or investments. States do not repay the allocations to Treasury. SSBCI dollars remain with States in evergreen funds to be recycled into small business transactions over time.
- **Funds expended, obligated, or transferred increased 5 percent in the first quarter of 2014:** This figure increased from 27 percent of allocated funds in the first quarter of 2013, to 38 percent in the second quarter of 2013, to 46 percent in the third quarter of 2013, to 51 percent in the fourth quarter of 2013, and to 56 percent for first quarter of 2014.
- **74 percent of States expended, obligated, or transferred over \$5 million:** Almost three-quarters of States – 42 of 57 – have expended, obligated or transferred over \$5 million of their allocation.
- **Funds expended, obligated, or transferred continue to vary by type of program:** Loan Participation Programs expended, obligated, or transferred the largest portion of their allocations (62 percent). Venture Capital Programs expended, obligated or transferred the second largest portion of their allocations (59 percent).

## SSBCI at Work: Featured Success Stories

### CALIFORNIA: Helping a Public-Private Partnership Create a Cleaner World

Engineering professor Ruihong Zhang has devoted much of her career to developing the innovations discovered in the labs of the University of California, Davis into commercially viable products that address environmental challenges. Using Professor Zhang's technology, CleanWorld, in partnership with the university, recently launched a



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<sup>2</sup> "Recycled SSBCI funds" refers to the expended, obligated, or transferred funds that came to the State in the form of program income, interest earned or principal repayments.

Renewable Energy Anaerobic Digester (READ). This facility will convert 20,000 tons of food and yard waste per year into clean energy for the campus.

The California Pollution Control Financing Authority used SSBCI funds to provide \$2 million of collateral support in support of a short-term \$5 million bridge loan to CleanWorld during the construction and testing phase of the project. This short-term support will enable the borrower to demonstrate the viability of the project and receive permanent long-term financing.

### **WASHINGTON: Boosting Local Employment with Small Businesses**

J.P. "Pat" Francis owns and operates J.P. Francis & Associates (JPF&A), a mechanical contractor with expertise in plumbing, heating, and air conditioning systems for commercial and industrial buildings. Over the years, JPF&A has won many awards for reliability, innovation, and performance excellence in mechanical engineering.



Before receiving SSBCI funding through the Washington State Department of Commerce and its partner Craft3, a non-profit Community Development Financial Institution, the company struggled to get financing to expand due to losses incurred during the economic crisis. Craft3 provided a \$1 million loan to JPF&A, fifty percent of which was funded by SSBCI. The transaction financed accounts receivable and retired maturing lines of credit, allowing JPF&A to create four new jobs and retain 17 jobs.

"The process of getting the loan was easy and straightforward," said J.P. Francis. "The loan was geared towards making the business a success, which has allowed us to create new jobs and help to strengthen our local community."

### **KANSAS: Funding Small Business Manufacturing and Growth**

JCB Laboratories, LLC, which began operations in early 2003, manufactures custom high-risk sterile injectable pharmaceuticals, typically for pain and ophthalmic procedures. JCB focuses on servicing ambulatory surgery centers, dialysis centers, and hospitals.

JCB's high growth prospects created a significant need for expansion of its production facility in 2011, but timing was of the essence. New business development opportunities were on a fast track and a deadline for occupying the new facility loomed, so an expedient process and access to working capital were needed to accelerate JCB through this growth process.



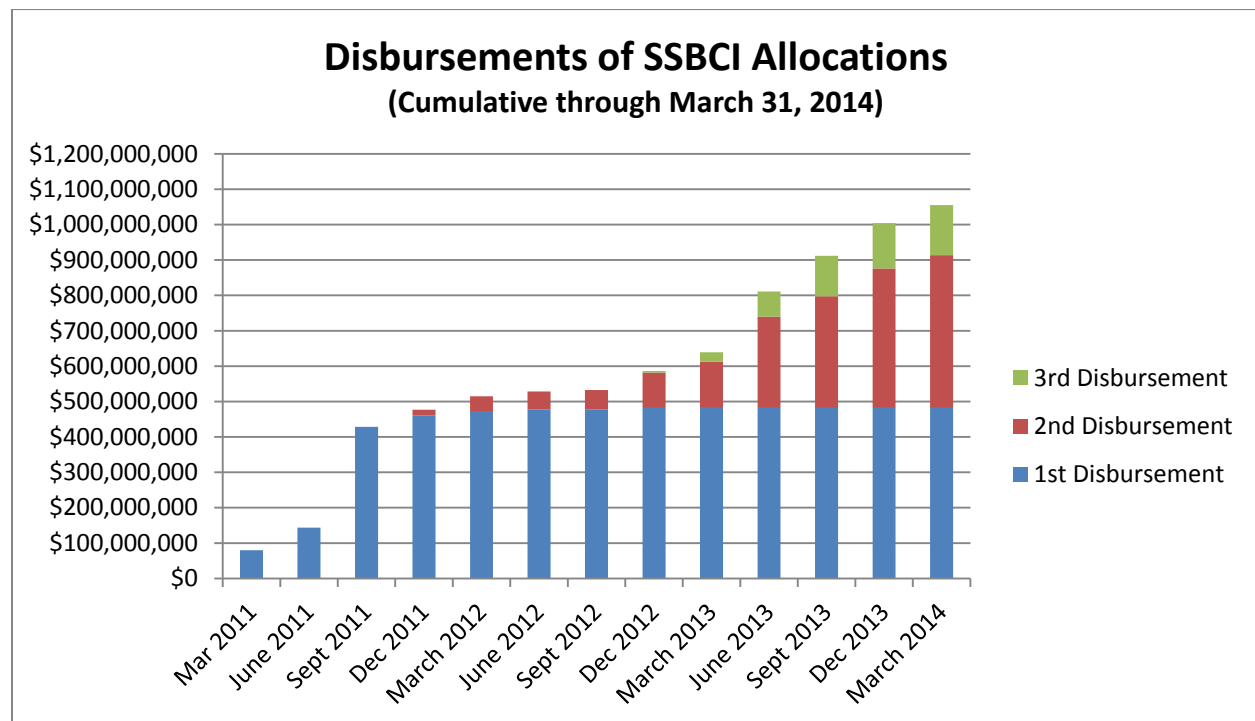
A \$63,000 investment from Network Kansas leveraging \$788,000 in private investment allowed JCB to construct a new facility in Wichita, which tripled JCB's production capacity and expanded its warehouse and administrative offices. At the time of the expansion project, JCB employed nine people. Today, 32 people work for JCB, and the company is currently recruiting for seven more positions. A competitor recently acquired JCB, creating further potential for growth in production and employment in the Wichita area and allowing Kansas to recycle its investment into other companies.



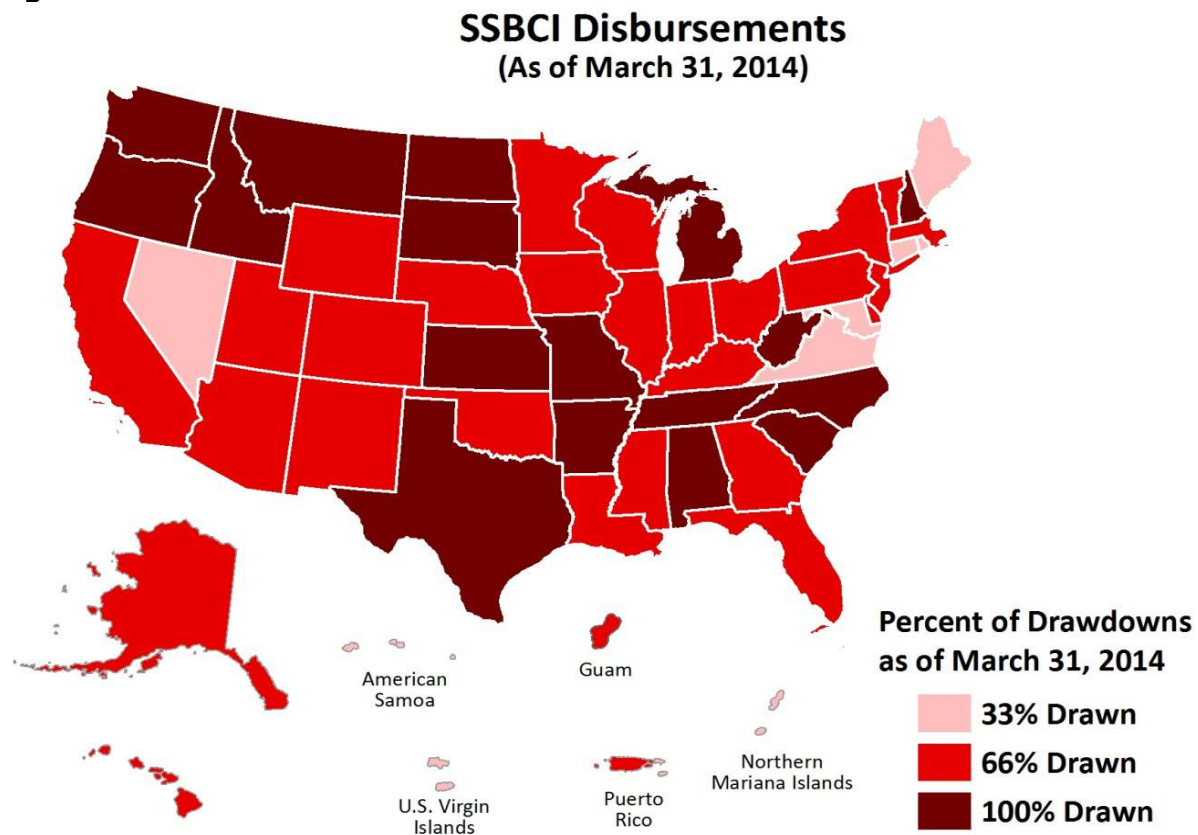
"The funds helped us complete the build-out of our new facility. By completing the build-out early, we hit all of our milestones sooner than expected," said Brian Williamson, President and CEO of JCB.

## SSBCI by the Numbers

**Figure 1.**

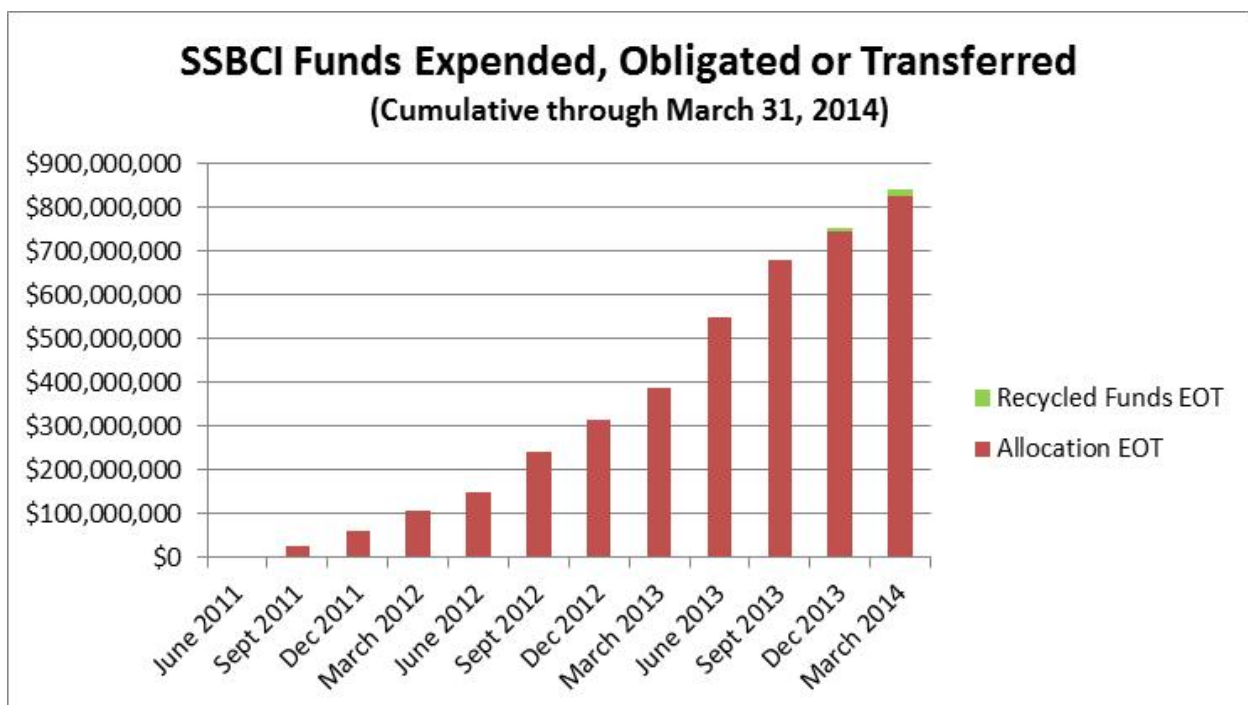


**Figure 2.**

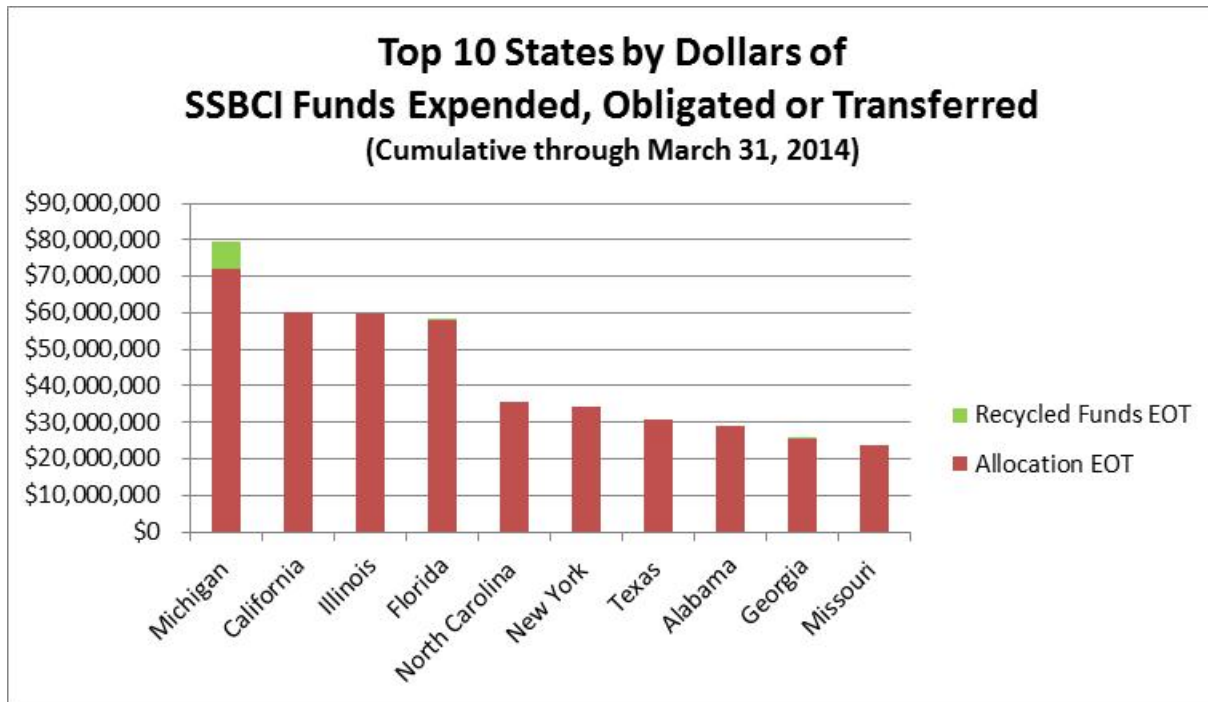


\*\* The Mandan, ND Consortium has received its third disbursement, the Carrington, ND Consortium has received its first disbursement.

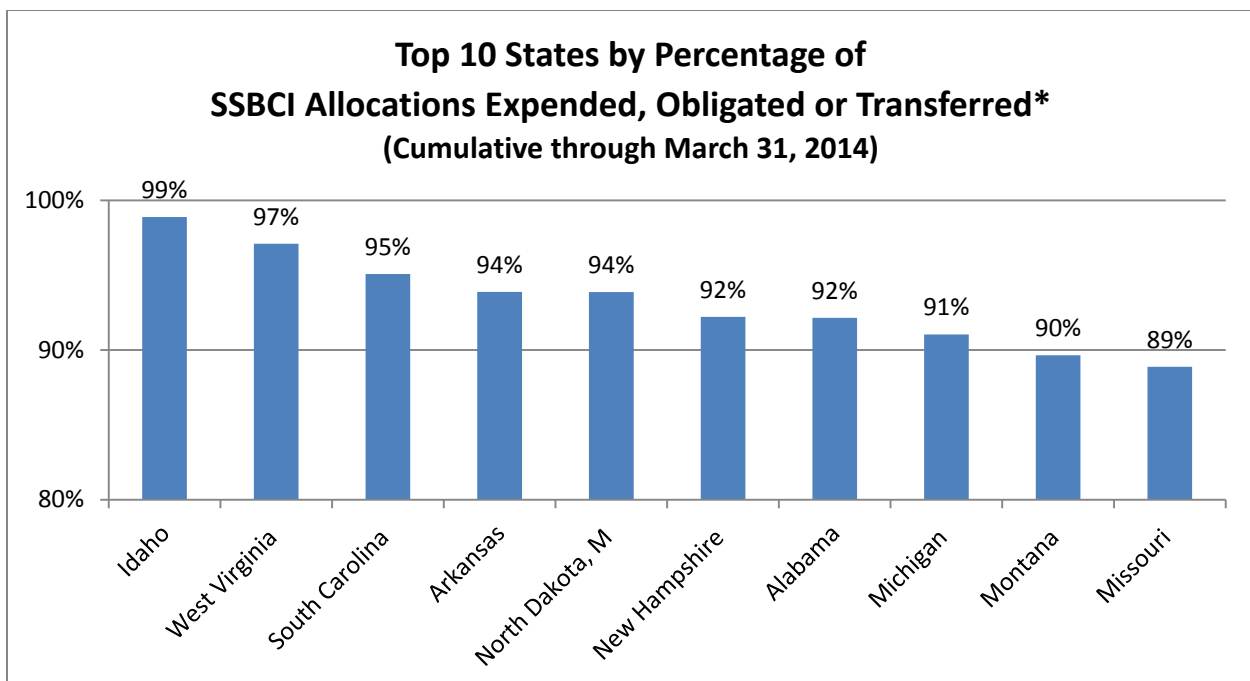
**Figure 3.**



**Figure 4.**

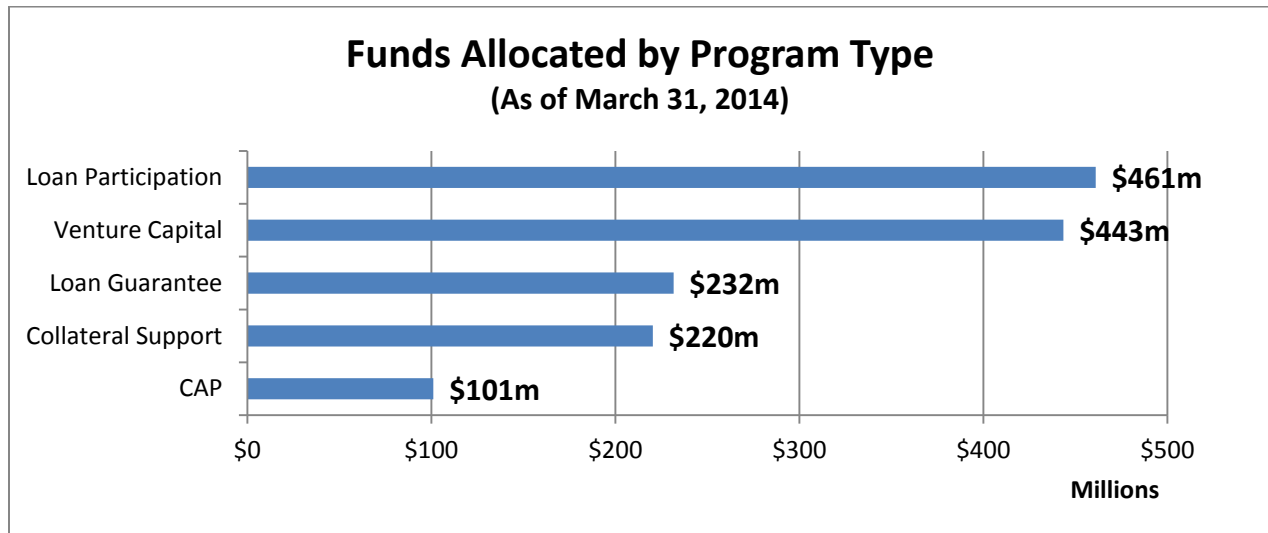


**Figure 5.**

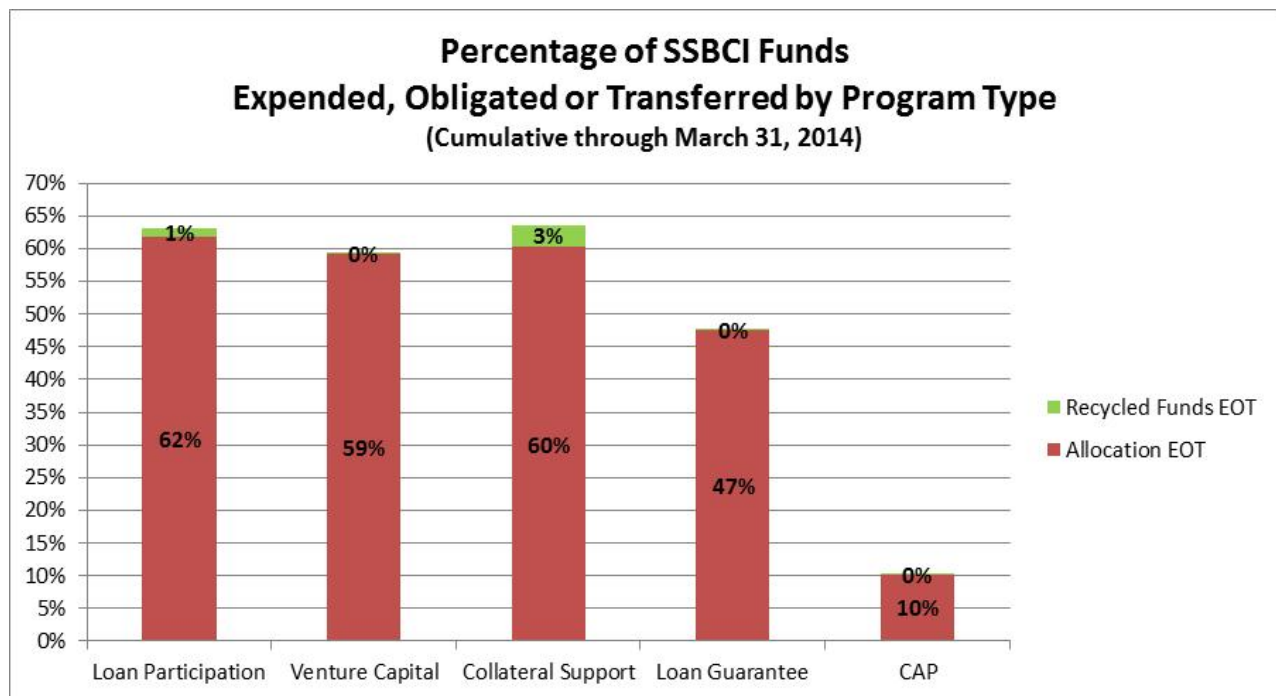


\* For purposes of calculating the percentage of allocations expended, obligated or transferred, Treasury does not count any recycled SSBCI funds.

**Figure 6.**

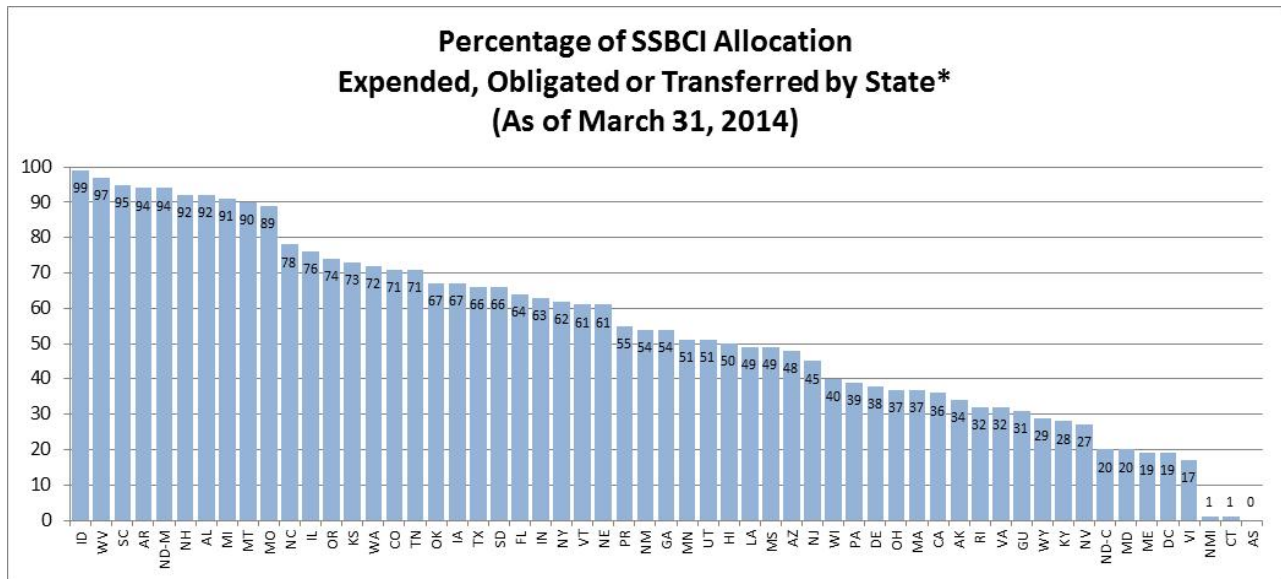


**Figure 7.**



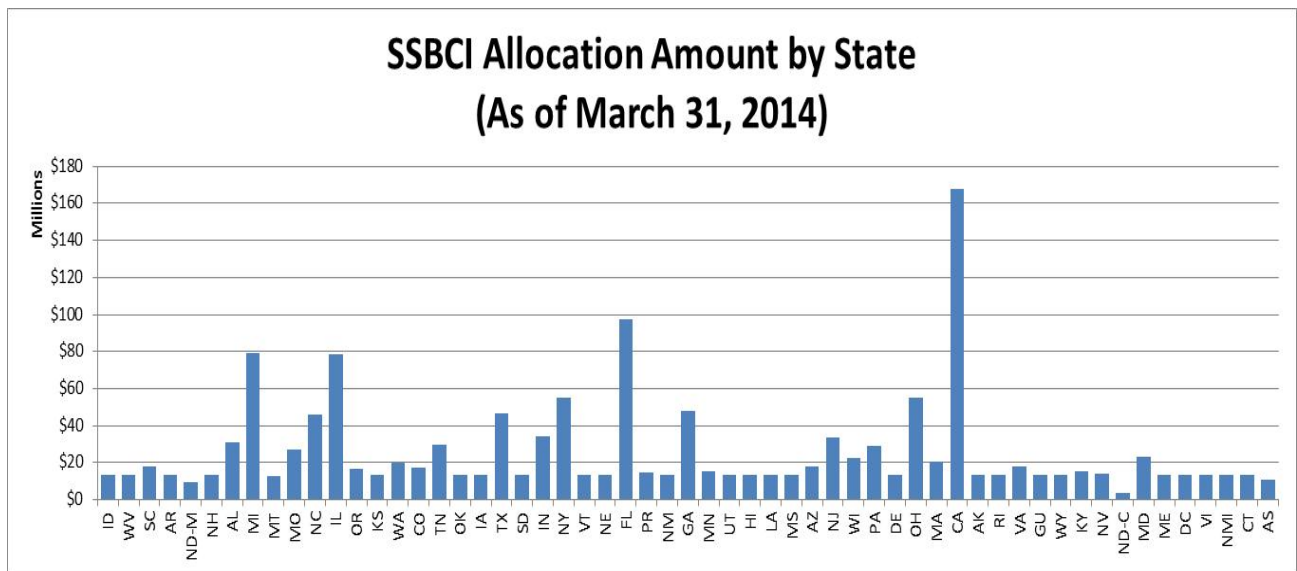


**Figure 8.**



\* For purposes of calculating the percentage of the allocation expended, obligated or transferred, Treasury does not count any recycled SSBCI funds.

**Figure 9.**



# Appendix A: States Sorted by Percentage of SSBCI Allocation Expended, Obligated, or Transferred (EOT)

(As of 3/31/2014)

#	State	Agreement Date	Allocated Amount	Original SSBCI Allocation EOT	Percent	Recycled Funds EOT	Total Funds EOT
1	Idaho	8/29/2011	\$13,136,544	\$12,989,767	99%	\$2,031,419	\$15,021,186
2	West Virginia	11/18/2011	\$13,168,350	\$12,786,134	97%	\$0	\$12,786,134
3	South Carolina	7/6/2011	\$17,990,415	\$17,104,766	95%	\$532,106	\$17,636,872
4	Arkansas	10/31/2011	\$13,168,350	\$12,361,965	94%	\$25,336	\$12,387,301
5	North Dakota, M	8/31/2012	\$9,734,641	\$9,137,974	94%	\$0	\$9,137,974
6	New Hampshire	7/18/2011	\$13,168,350	\$12,142,670	92%	\$0	\$12,142,670
7	Alabama	8/24/2011	\$31,301,498	\$28,842,621	92%	\$0	\$28,842,621
8	Michigan	7/6/2011	\$79,157,742	\$72,061,336	91%	\$7,336,612	\$79,397,948
9	Montana	7/18/2011	\$12,765,037	\$11,443,234	90%	\$0	\$11,443,234
10	Missouri	5/23/2011	\$26,930,294	\$23,935,350	89%	\$0	\$23,935,350
11	North Carolina	5/23/2011	\$46,061,319	\$35,796,562	78%	\$0	\$35,796,562
12	Illinois	7/26/2011	\$78,365,264	\$59,750,256	76%	\$0	\$59,750,256
13	Oregon	8/29/2011	\$16,516,197	\$12,273,104	74%	\$0	\$12,273,104
14	Kansas	6/28/2011	\$13,168,350	\$9,628,933	73%	\$0	\$9,628,933
15	Washington	10/31/2011	\$19,722,515	\$14,272,862	72%	\$0	\$14,272,862
16	Colorado	10/11/2011	\$17,233,489	\$12,303,010	71%	\$0	\$12,303,010
17	Tennessee	10/4/2011	\$29,672,070	\$20,988,698	71%	\$0	\$20,988,698
18	Oklahoma	7/18/2011	\$13,168,350	\$8,809,915	67%	\$0	\$8,809,915
19	Iowa	8/30/2011	\$13,168,350	\$8,770,474	67%	\$0	\$8,770,474
20	Texas	8/15/2011	\$46,553,879	\$30,764,383	66%	\$0	\$30,764,383
21	South Dakota	9/22/2011	\$13,168,350	\$8,690,175	66%	\$0	\$8,690,175
22	Indiana	5/27/2011	\$34,339,074	\$21,527,192	63%	\$0	\$21,527,192
23	New York	9/26/2011	\$55,351,534	\$34,487,952	62%	\$0	\$34,487,952
24	Vermont	5/23/2011	\$13,168,350	\$8,065,738	61%	\$0	\$8,065,738
25	Nebraska	10/4/2011	\$13,168,350	\$8,005,925	61%	\$0	\$8,005,925
26	Florida	8/24/2011	\$97,662,349	\$58,013,255	59%	\$400,000	\$58,413,255
27	Puerto Rico	10/6/2011	\$14,540,057	\$7,962,500	55%	\$0	\$7,962,500
28	New Mexico	10/11/2011	\$13,168,350	\$7,151,974	54%	\$0	\$7,151,974
29	Georgia	12/13/2011	\$47,808,507	\$25,701,755	54%	\$377,000	\$26,078,755
30	Minnesota	9/30/2011	\$15,463,182	\$7,851,195	51%	\$0	\$7,851,195
31	Utah	9/30/2011	\$13,168,350	\$6,660,947	51%	\$0	\$6,660,947
32	Hawaii	5/27/2011	\$13,168,350	\$6,535,561	50%	\$0	\$6,535,561
33	Louisiana	8/24/2011	\$13,168,350	\$6,466,171	49%	\$259,375	\$6,725,546
34	Mississippi	8/24/2011	\$13,168,350	\$6,442,402	49%	\$67,951	\$6,510,354
35	Arizona	11/7/2011	\$18,204,217	\$8,676,509	48%	\$0	\$8,676,509
36	New Jersey	9/22/2011	\$33,760,698	\$15,057,554	45%	\$0	\$15,057,554
37	Wisconsin	9/22/2011	\$22,363,554	\$8,934,879	40%	\$0	\$8,934,879
38	Pennsylvania	10/6/2011	\$29,241,232	\$11,298,058	39%	\$2,800	\$11,300,858
39	Delaware	7/18/2011	\$13,168,350	\$4,961,163	38%	\$0	\$4,961,163
40	Ohio	9/2/2011	\$55,138,373	\$20,601,522	37%	\$0	\$20,601,522
41	Massachusetts	9/13/2011	\$20,445,072	\$7,618,806	37%	\$3,763,133	\$11,381,939
42	California	5/19/2011	\$167,755,641	\$60,194,258	36%	\$0	\$60,194,258
43	Anchorage	1/26/2012	\$13,168,350	\$4,421,317	34%	\$0	\$4,421,317
44	Rhode Island	9/6/2011	\$13,168,350	\$4,216,503	32%	\$0	\$4,216,503
45	Virginia	8/15/2011	\$17,953,191	\$5,728,191	32%	\$0	\$5,728,191
46	Guam	9/30/2011	\$13,168,350	\$4,024,103	31%	\$0	\$4,024,103
47	Wyoming, L	12/4/2012	\$13,168,350	\$3,821,912	29%	\$0	\$3,821,912
48	Kentucky	7/28/2011	\$15,487,998	\$4,405,990	28%	\$0	\$4,405,990
49	Nevada	9/30/2011	\$13,803,176	\$3,688,361	27%	\$0	\$3,688,361
50	North Dakota, C	9/28/2012	\$3,433,709	\$694,156	20%	\$0	\$694,156
51	Maryland	6/2/2011	\$23,025,709	\$4,554,472	20%	\$0	\$4,554,472
52	Maine	9/6/2011	\$13,168,350	\$2,560,368	19%	\$0	\$2,560,368
53	District of Columbia	8/15/2011	\$13,168,350	\$2,483,405	19%	\$0	\$2,483,405
54	Virgin Islands	10/4/2011	\$13,168,350	\$2,201,284	17%	\$0	\$2,201,284
55	Northern Mariana	3/14/2012	\$13,168,350	\$172,502	1%	\$0	\$172,502
56	Connecticut	7/14/2011	\$13,301,126	\$126,604	1%	\$0	\$126,604
57	American Samoa	2/14/2012	\$10,500,000	\$50,024	0%	\$0	\$50,024
<b>TOTAL</b>			<b>\$1,457,591,353*</b>	<b>\$820,218,698**</b>	<b>56%</b>	<b>\$14,795,732</b>	<b>\$835,014,430**</b>

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

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

## **Appendix B: States Sorted by Dollars of SSBCI Allocation Expended, Obligated, or Transferred (EOT)**

(As of 3/31/2014)

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