

State Small Business Credit Initiative

Program Summary by Budget Activity

(Dollars in thousands)

Budget Activity	FY 2010	FY 2011	FY 2012	Change FY10-FY12	
	Actual	Estimated	Estimated	\$ Change	% Change
SSBCI Program	\$0	\$487,000	\$732,000	\$245,000	50.3%
Administration	\$0	\$6,410	\$7,488	\$1,078	16.9%
Total Outlays	\$0	\$493,410	\$739,488	\$246,488	49.9%
Total FTE	0	9	12	3	33.3%

Summary

The State Small Business Credit Initiative (SSBCI) is a Federal program that provides direct funding support to states for use in programs designed to increase access to credit for small businesses. The SSBCI was appropriated with \$1.5 billion to support State capital access programs (CAPs) and other credit support programs (OCSP) that support lending to small businesses and small manufacturers. CAPs provide portfolio insurance for business loans based on a separate loan loss reserve fund for each participating financial institution. OCSPs include collateral support programs, loan participation programs, state-sponsored venture capital programs, loan guarantee programs or similar programs.

The estimated outlays for FYs 2011 and 2012 anticipate disbursement of at least one third of the total \$1.5 billion appropriation in FY 2011, as all states are required to apply no later than June 27, 2011, and \$732 million in FY 2012.

Purpose of Program

The purpose of the SSBCI is to increase the availability of credit for small business, to generate jobs and other economic development benefits for states. It is expected to help spur up to \$15 billion in lending to small businesses. Under SSBCI, participating states will use the federal funds for programs

that leverage private lending to help finance small businesses and manufacturers that are creditworthy, but are not getting the loans they need to expand and create jobs. SSBCI will allow states to build on successful models for state small business programs, including Capital Access Programs (CAPs), collateral support programs, and loan guarantee programs.

Explanation of Budget Activities

Each state that is approved for participation in the SSBCI will receive its allocation of funds in three disbursements as follows: 33 percent, 33 percent and 34 percent. As a precondition to receipt of the second and third disbursements, the state must, among other things, certify to Treasury that it has expended, transferred or obligated 80 percent or more of the last-disbursed one-third disbursement of allocated funds to or for the account of one or more approved state programs. Furthermore, funds allocated to the states should be transferred within two years beginning on the date the application is approved.

Less than 3 percent of the appropriation has been allocated for administrative expenses. The administrative costs are expected to be spent over a period of seven years beginning on the date of the enactment of the Act on September 27, 2010.

Legislative Proposals

The State Small Business Credit Initiative has no legislative proposals.

Description of Performance

Performance metrics are currently in development for the State Small Business Credit Initiative and will be finalized in 2011.