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Businesses

In January, the Census Bureau released data which show that Americans have applied to start 10.5 million new businesses over the last two years, making 2021 and 2022 the strongest two years on record for new business applications.

Oct. 23, 2023



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small business growth, record demand was met with new federal resources. The Treasury Department has taken the lead role in implementing programs and initiatives to support small businesses across all communities. The Department's work has also helped these funds reach traditionally underserved entrepreneurs and small businesses that will ensure the small business boom grows the economy in communities that were disproportionately harmed by the pandemic.

Through June 2023, three Treasury Department-led programs – the State Small Business Credit Initiative (SSBCI), State and Local Fiscal Recovery Funds (SLFRF), and Emergency Capital Investment Program (ECIP) – have together provided billions of dollars for projects and lending to grow the small businesses ecosystem.

- The [State Small Business Credit Initiative](#) – reauthorized and expanded under President Biden's American Rescue Plan – provides nearly \$10 billion to increase access to capital and promote entrepreneurship, including \$2.5 billion in funding and incentives to support underserved businesses and jurisdictions that are successful in reaching those businesses. To date, the Treasury Department has [announced](#) the approval of applications for capital programs representing \$8.2 billion in potential funding. SSBCI funding is expected to catalyze up to \$10 of private investment for every \$1 of SSBCI capital funding.
- [New data](#) released on October 16, 2023, demonstrate that states, territories, and the largest cities and counties that received [State and Local Fiscal Recovery Funds](#) have budgeted 85% of total resources, and projects are up 18% compared to the first quarter of 2023. This includes over \$5 billion for over 1,400 projects to support small businesses and small business development.
- Through the [Emergency Capital Investment Program](#), the Treasury Department invested more than \$8.5 billion into community development financial institutions (CDFIs) and minority depository institutions (MDIs). Among other things, these funds are designed to support CDFIs and MDIs in providing loans,

grants, and forbearance for small businesses, minority-owned businesses, and

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President Biden's Investing in America Agenda and grow the economy from the bottom up and middle out, not the top down.

Expanding access to capital and customers and catalyzing growth for traditional and innovative sectors

The State Small Business Credit Initiative is designed to catalyze private capital through loans to and investments in small businesses, including in historically underserved communities and among entrepreneurs who often lack the support needed to pursue their business ambitions. This support can be transformative in a range of industries promoting key national priorities, like [manufacturing](#), as well as on Main Streets across the country. Over 60% of SSBCI funding under approved applications has been allocated to support credit programs, which will allow jurisdictions to offer loans or credit enhancements to help small businesses unlock additional private financing for purposes ranging from equipment or qualifying owner-occupied real estate purchases, to working capital that supports payroll or inventory purchases.

- In **Wichita, Kansas**, SSBCI helped fund WorkTorch – a pioneering career platform for service workers. The company's founders are the first Black women in Kansas to raise over \$1 million in venture funding.

The remaining 39% of approved SSBCI funding is allocated to support equity/venture capital programs – programs that will catalyze private investment in small and growing companies and will crowd in private investment from individual or institutional investors and venture capital funds. These investments contribute to individual small business growth while creating ecosystems for innovation or growing industry clusters in regions with emerging venture capital markets.

- The **State of Vermont** is implementing a venture capital program to invest in

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Capital Investment Program was created to encourage low- and moderate-income community financial institutions to augment their efforts to support small businesses and consumers in their communities. In its implementation of ECIP, the Treasury Department has incentivized “deep-impact lending,” such as loans to low-income borrowers and underserved small businesses, to help level the playing field for borrowers that face the greatest barriers to accessing capital.

- Earlier this year, Hope Federal Credit Union, based in **Mississippi**, made a \$10,000 small business loan to a Black- and woman-owned organic, fresh-roasted coffee distribution business based in Louisiana to expand operations.

Supporting small business development and helping workers retrain and upgrade skills

The American Rescue Plan's State and Local Fiscal Recovery Funds program continues to deliver critical financial support to communities across the country, including for [investments that support local businesses and workforces](#). Through June 30, 2023, state, local, Tribal, and territorial governments have [budgeted](#) over \$5 billion for over 1,400 projects to support small businesses and small business development – an almost 15% increase since January 2023.

- The **State of Michigan** is utilizing \$75 million for the Michigan Strategic Fund, which will operate programs to support small businesses disproportionately impacted by the COVID-19 pandemic.

The small business support funding is in addition to the \$12.8 billion in SLFRF funds that over 2,000 governments have budgeted for over 4,200 worker support projects, including for job training and public sector workforce investments.

- **Douglas County, Minnesota** is obligating \$500,000 in SLFRF funds to provide

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between qualifying for or accessing additional small business financing, and being perceived as “unfundable” to the conventional financing market. The SSBCI program includes a dedicated technical assistance program that supports jurisdictions in providing legal, accounting, and financial advisory services to qualifying very small and underserved businesses. Within the SSBCI Technical Assistance Grant Program, the Treasury Department has allocated \$200 million to states, territories, Tribal governments, and the District of Columbia. Treasury has already announced the approval of \$57 million for 12 state plans, with additional awards to be announced in the coming months.

In addition, the Treasury Department deployed SSBCI funding to support the Minority Business Development Agency (MBDA) by funding MBDA's Capital Readiness Program. Through the Capital Readiness Program, MBDA will help enable entrepreneurs and business owners to obtain the information they need to access funding through small business support programs. This is based on the belief that when entrepreneurs and small business owners in all communities have a chance to compete and thrive, it increases our country's entire economic potential and growth.

Working across the Biden-Harris Administration to enhance efforts

In addition to the Capital Readiness Program, the Treasury Department has played a key role in broader efforts across the Biden-Harris Administration to maximize impact. For instance, last year, the Department joined five other agencies to form the Interagency Community Investment Committee (ICIC), an interagency coordinating body that aims to foster collaboration and alignment in the implementation of programs that facilitate the flow of capital and the provision of financial resources into underserved communities. Chaired by Deputy Secretary of the Treasury Wally Adeyemo in its first year, ICIC recently [announced](#) a slate of new actions that will

strengthen how federal community investment programs serve communities across

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Working with the private and philanthropic sectors to maximize federal investments

A coordinated partnership between the public and private sectors is crucial to address economic inequality across the nation and maximize the impact of the Biden-Harris Administration's unprecedented investments. The Treasury Department has worked closely with the Economic Opportunity Coalition (EOC), a group of nearly 30 private sector organizations and foundations working to make historic investments in underserved communities. In June, the EOC [announced](#) that it had reached its goal of securing \$1 billion in committed deposits in CDFIs and MDIs, which will enhance the impact of federal ECIP investments. Further, SSBCI funding is expected to catalyze up to \$10 of private investment for every \$1 of SSBCI capital funding.

Small Business

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