

# State Small Business Credit Initiative (SSBCI)

## SSBCI Tribal Government Overview

March 27, 2024



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# Agenda

- About SSBCI
- SSBCI Capital Programs
- Tribal Government Applications
- Preliminary Observations



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# Overview

Subtitle C of Title III of the [American Rescue Plan Act of 2021](#) (ARPA) reauthorizes and amends the [Small Business Jobs Act \(SBJA\) of 2010](#), which established the State Small Business Credit Initiative (SSBCI) Program.

ARPA provides a combined \$10 billion in funding to SSBCI to assist states, the District of Columbia, territories, and Tribal governments (Eligible Jurisdictions) in addressing the economic fallout of the pandemic and lay the foundation for a strong and equitable recovery by providing direct support to jurisdictions for programs that increase access to capital for small businesses.

## The \$10 billion in SSBCI funding includes the following additional allocations to Eligible Jurisdictions:

- **\$500 million** to Tribal Governments to support small businesses
- **\$1.5 billion** to support business enterprises owned and controlled by socially and economically disadvantaged individuals (SEDI)
- **\$1 billion** for an incentive allocation to jurisdictions that demonstrate robust support for business enterprises owned and controlled by SEDI
- **\$500 million** to support very small businesses
- **\$500 million** to carry out technical assistance



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# What is SSBCI?

## **SSBCI provides Eligible Jurisdictions funding for:**

- ✓ Small business financing programs, which include capital access programs, loan participations, loan guarantees, collateral support, and venture capital programs.
- ✓ These types of programs also include those that support SEDI-owned and controlled businesses and very small businesses and
- ✓ Technical assistance in the form of legal, accounting, and financial advisory services to small businesses applying for support under SSBCI capital programs and other government programs.

## **Eligible Jurisdictions direct the capital programs within broad Federal parameters**

- ✓ For Other Credit Support Programs (OCSPs):
  - Small businesses receiving support must have fewer than 750 employees
  - Each loan/investment cannot exceed \$20M and the OCSP must target transactions with an average size of \$5M or less
- ✓ For Capital Access Programs (CAPs):
  - Small businesses receiving support must have fewer than 500 employees
  - Each loan cannot exceed \$5M
- ✓ Lenders/investors must have a meaningful amount of their own capital at risk
- ✓ Approved programs of the eligible jurisdiction must demonstrate a reasonable expectation of 10:1 leverage overall

# Why SSBCI?

**Small businesses face barriers to securing financing in the private market which include:**

- Lack of collateral
- Short credit or operating history
- Loan requests that are for amounts that are too small for many private lenders
- COVID-19 impacts on revenues and supply chain disruptions
- Located in an underserved community
- Seeking scarce early-stage equity capital

**SSBCI financing programs provide jurisdictions with a flexible and targeted way to spur private sector lending and investing in small businesses.**

**SSBCI financing programs provide targeted support to small businesses through leveraging jurisdiction-specific knowledge of local business needs, leveraging responsible local financing partners, and complementing existing SBA, USDA, EDA, state, and local programs as long as the SSBCI capital is for a different purpose.**

- For example, SSBCI allows jurisdictions to provide credit enhancements on loans to nonprofit organizations that are not available under SBA loan guarantee programs.

# Tribal Government Applications

	Count	Dollars (millions)
Tribal Government – Individual applications	101 (24% of NOIs)	\$361 (51% of NOIs)
Tribal Government - Consortia applications	7, representing 183 Tribal Governments (44% of NOIs)	\$227 (32% of NOIs)
<b>Total Tribal Government Applications</b>	<b>108, representing 284 Tribal Governments (68% of NOIs)</b>	<b>\$589 (83% of NOIs)</b>



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# Tribal Government Applications - Programming

Program Type	Count	Dollars (millions)
DCAP	4	\$1
DCSP - Collateral Support Program	24	\$5
DCSP - Loan Guarantee Program	17	\$10
DCSP - Loan Participation Program	69	\$20
DCSP - Equity Capital Program (Direct)	22	\$12
DCSP - Equity Capital Program (Funds)	10	\$7
DCSP – Other	8	\$1
<b>Totals</b>	<b>154</b>	<b>\$58</b>



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## Preliminary Observations

- Treasury Department has received applications from over 280 eligible Tribal government applicants for the SSBCI Capital Program, including consortia applications in which multiple Tribal governments have applied jointly, and totaling over \$500 million in funding.
- The allocations for these applications range in size from just over \$600,000 to \$88.7 million, with each Tribal government presenting a plan that will best serve the needs of their respective communities.
- As of December 7, 2023, 33 applications totaling over \$159 million and representing 63 Tribal governments have been approved by Treasury.



## Preliminary Observations

- **Eastern Band of Cherokee Indians**, approved for up to \$3.5 million, will operate one program, a loan guarantee program (LGP). The program will meet the needs of Eastern Band of Cherokee Indians small businesses applying for loans of up to \$750K that would not otherwise qualify for private financing due to collateral requirements. They anticipate serving small businesses in the construction, service, hospitality, food service and craft industries.
- **Micosukee Tribe of Indians**, approved for up to \$656,963, will operate a loan participation program (LPP). The LPP will make companion loans of up to 35% of the principal loan amount and will target small businesses.

# Case Study 1: Affiliated Tribes of Northwest Indians Economic Development Corporation

## Joint application with 25 Tribes; \$22.9 million SSBCI allocation

The Loan Participation Program for Tribal Entrepreneurs program, with an allocation of up to \$7.6 million, will provide companion loans to Native American-owned and -led small businesses. These loans aim to attract private lending dollars, providing capital to grow the businesses as well as building the capacity of partner lenders to lend in Tribal Lands.

The Loan Participation Program for Tribal Bridge Financing Projects, with an allocation of up to \$12 million, is designed to provide pre-development capital for Tribal enterprises in the form of companion loans. The program will align with the TNIE-EDC's long-term economic development goals by giving special consideration to projects in the clean energy sector or to projects that help navigate climate change challenges.

The Loan Guarantee Program, with an allocation of \$2.2 million, has a specific focus: to increase lending in Tribal Lands. The program guarantees new credit extended by regulated lenders with the goal of encouraging traditional financial institutions to underwrite more loans with Tribal enterprises and entrepreneurs in Tribal communities.



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## Case Study 2: The Ninilchik Village Tribe



### \$689,038 SSBCI allocation

- Tribal enterprise Tuyan LLC is a joint venture between the Ninilchik Village and the Cook Inlet Tribal Council, Inc. (CITC)
- Tuyan is a contracting company that provides geophysical engineering services.
- As a Tribal enterprise, revenue earned by Tuyan is used to support Ninilchik's workforce development, youth education, addiction and recovery support, and family services.
- The Tribe's allocation will be committed to Tuyan and will leverage private funds acquired through the Tribe and CITC's other commercial activity. The investment will be provided as an equity instrument.

**Thank you**

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