



State Small Business Credit Initiative Funds Boost Lending and Economic Development

By Gov. Earl Ray Tomblin (D-W.Va.) and Gov. Robert Bentley (R-Ala.)

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Small businesses are the engines of economic growth in America. In West Virginia, Alabama, and across the country, these entrepreneurs have created jobs and driven our recovery from the financial crisis. However, far too many businesses still lack access to necessary collateral, have short credit histories, or need smaller loans, making it difficult to secure the financing necessary to grow and create jobs. Fortunately, our small businesses have been able to turn to the State Small Business Credit Initiative, or SSBCI program, to close the credit gap.

This week marks the five-year anniversary of the Small Business Jobs Act of 2010, which created SSBCI to support local small businesses and accelerate economic growth. Under the program, nearly \$1.5 billion was made available to states, municipalities, and territories to respond to the economic conditions facing small businesses in their communities.

SSBCI empowers governors to prioritize which segments of the small business market to address and how. Some states like West Virginia are allotted funding to equity programs that help high-potential early stage businesses grow in markets where investment capital is scarce. SSBCI funds empowered and combined the efforts of the West Virginia Small Business Development Center and the West Virginia Job's Investment Trust to provide private sector investments and financial support to help more than 37 small businesses and start-ups.

One of these businesses was MightyTykes, LLC, which was founded by Isabella Yosuco, who needed assistance with start-up and production expenses. Now her business is up and running, designing, manufacturing, and marketing a line of infant and child weights that can be beneficial for the physical development of children with disabilities. Throughout West Virginia, participating businesses reported that they will create or retain 1,091 jobs as a result of the SSBCI program.

Alabama focused on supporting loans to small businesses, almost exclusively through community banks, and to date, businesses that received SSBCI support reported that more than 1,200 jobs have been created and more than 1,900 jobs retained across the state. In Arlington, Alabama, SSBCI funds helped a wireless communication services company, Pine Belt Communications, Inc. obtain a \$5 million loan with a 50 percent loan guarantee to construct cell towers and expand wireless communications services in the state. These funds also helped Pine Belt create and retain jobs.

SSBCI is designed to help spur new private sector lending or investments in small companies by leveraging the federal support offered by the program. The recipe works. Under SSBCI, small businesses secure the capital they need to grow where credit is tight and startups have a chance to bring products to market in states not served by the venture capital community. Through 2014, participating states expended \$864 million in program funds, which spurred more than \$6.4 billion in private sector lending and investment to small businesses. Nationally, business owners

reported that these funds will help them retain or create nearly 141,000 jobs. Through 2014, states were able to generate \$7.36 in private sector lending and investments for every \$1 of federal support.

Presently, SSBCI is set to expire in 2017, and states have already drawn down 93 percent of the funding. To build on the program's success and make the most of new relationships among states and small business lenders and investors, the Administration and members of Congress have proposed extending SSBCI with an additional \$1.5 billion in funding. As governors, we have seen small businesses benefit from the program. We know that reauthorizing SSBCI will help our states, and the entire country continue to innovate, create jobs, and grow our economy. And we stand ready, willing, and able to work with the Treasury, our partners across the federal government, and Congress to ensure that this program lives on.

Tomblin has been governor of West Virginia since 2010. Bentley has been governor of Alabama since 2011.

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