Governor Newsom Announces $1.1 Billion in Small Business Support Coming to California

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*U.S. Treasury’s State Small Business Credit Initiative will increase small business owners’ access to capital, cover upwards of 80% of loans*

*California to launch new program designed to create a more-inclusive venture capital ecosystem*

SACRAMENTO — Today, Governor Gavin Newsom announced $1.1 billion in funding to support California’s small businesses. The funding comes from the U.S. Treasury’s State Small Business Credit Initiative (SSBCI) and is intended to leverage an additional $18 billion of capital to California small businesses.

“California is home to the largest and most diverse small business community in the country,” said Governor Newsom. “We’re a state that’s driven by small business innovation and entrepreneurship – that’s why we’ve invested billions of dollars to help our businesses recover from the pandemic and to give more Californians a shot at the California Dream. Thanks to this funding, underrepresented and underserved business owners will have more access to the critical funding they need to be successful and thrive.”

As part of the federal American Rescue Plan Act of 2021, California will receive $1.1 billion to help support small businesses. The California Infrastructure and Economic Development Bank (IBank) and the California Pollution Control Financing Authority will split the allocation equally to fund small business credit support programs – IBank will also launch a new program designed to create a more equitable venture capital ecosystem.

This is the second time states have been able to apply for this federal program. The first was in 2010, when California applied for, and received, $168 million to operate three state credit-support programs — the[Small Business Loan Guarantee Program](https://mclist.us7.list-manage.com/track/click?u=afffa58af0d1d42fee9a20e55&id=c3a4fc1b07&e=2b9e3004ea), the[Collateral Support Program](https://mclist.us7.list-manage.com/track/click?u=afffa58af0d1d42fee9a20e55&id=82903ef26c&e=2b9e3004ea), and the[California Capital Access Program (CalCAP) for Small Business](https://mclist.us7.list-manage.com/track/click?u=afffa58af0d1d42fee9a20e55&id=83b340cc1d&e=2b9e3004ea).

**Small Business Loan Guarantee Program**

As in 2010, IBank will use a large portion of the SSBCI funds for its [Small Business Loan Guarantee Program](https://mclist.us7.list-manage.com/track/click?u=afffa58af0d1d42fee9a20e55&id=de87704578&e=2b9e3004ea), working with nonprofits and lenders to offer small business loan guarantees. The guarantees can repay lenders up to 80% of a small business’ outstanding loan if a small business is unable to make its payments. By guaranteeing loans, IBank gives lenders the confidence they need to issue loans to small businesses that otherwise struggle to access capital.

**Encouraging Lenders to Sign Up**

To deploy funds quickly and put them in service to small businesses, IBank is asking lenders — including community development financial institutions and minority depository institutions — to sign up to use its loan guarantee program. Certification requires only a one-page form. The list of lenders already participating is available on IBank’s Participating Lenders [website](https://mclist.us7.list-manage.com/track/click?u=afffa58af0d1d42fee9a20e55&id=6ed1be12b5&e=2b9e3004ea).

**Venture Capital Program**

In addition to small business loan guarantees, IBank will use approximately $200 million of its SSBCI funds to launch the new Venture Capital [program](https://mclist.us7.list-manage.com/track/click?u=afffa58af0d1d42fee9a20e55&id=16d063233c&e=2b9e3004ea), designed to create a more-inclusive venture capital ecosystem by investing in underrepresented VC managers, underrepresented and underserved entrepreneurs and business owners, and geographic areas that are socio-economically disadvantaged or that receive very limited venture capital funding. The program will also promote climate equity and climate justice.

“IBank is not only excited to infuse our successful Small Business Loan Guarantee program with new funding, we are particularly thrilled to launch this new venture capital program,” said IBank Executive Director Scott Wu. “In spite of California’s dominance in the VC industry, venture capital remains inaccessible to many entrepreneurs. Increasing inclusion not only in who receives VC funding but also in who manages VC funds is critically important in the state’s push toward equity.”

**Success Under First Round of SSBCI (2010)**

Under the first round of SSBCI, California used its $168 million to support more than 10,000 loans that generated more than $1 billion in total financing and created or retained more than 90,000 jobs for Californians.

“The California Pollution Control Financing Authority is pleased to have partnered with IBank for SSBCI 2.0 to bring funds to California to support small businesses,” said CPCFA Executive Director Shela Tobias-Daniel. Together, CPCFA and IBank programs complement one another to serve various facets of the California small business community.  We are excited to work with IBank and the[California Office of the Small Business Advocate (CalOSBA](https://mclist.us7.list-manage.com/track/click?u=afffa58af0d1d42fee9a20e55&id=0181bad902&e=2b9e3004ea)) to reach more small businesses through lenders and other organizations that focus on small businesses such as chambers of commerce, regional Small Business Development Centers, and affinity organizations that serve small businesses owners.”