



PRESS RELEASE
**California Infrastructure and Economic
Development Bank (I-Bank)**

FOR IMMEDIATE RELEASE

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**State Small Business Loan Program Receives
Additional \$27 Million from U.S. Treasury**
California Continues to Expand Small Business Lending Programs

Sacramento, Calif. – Executive Director of the California Infrastructure and Economic Development Bank (I-Bank) Teveia Barnes announced today that the U.S. Department of Treasury has authorized an additional \$27 million in federal funding for the California Small Business Loan Guarantee Program (SBLGP) to provide loans to small business owners and entrepreneurs.

“California’s small businesses owners will have even greater access to capital which will allow them to expand their businesses and create jobs,” said I-Bank Executive Director, Teveia Barnes. “The Treasury’s allocation of additional funds further demonstrates that the state is effectively managing our small business lending programs and the I-Bank will continue to offer to expanded loan opportunities to business owners across California.”

The funding comes as part of the State Small Business Credit Initiative (SSBCI) which was created by the Small Business Jobs Act of 2010 and signed into law by President Obama in 2010. Funded with \$1.5 billion, the program is expected to spur up to \$15 billion in new lending to small businesses and manufacturers as states use federal funds to leverage private investment dollars.

SSBCI federal funds are available to state-run programs that work with private lenders to increase the credit available to small businesses, with the understanding that the aim is to have at least \$10 in new private lending produced from every dollar in federal funding. Combined with the previous allocation, the I-Bank will

leverage hundreds of million dollars in loan guarantees for loans from banks, credit unions and other lenders to California small businesses.

“California is successfully leveraging federal SSBCI funds to attract new loans and investments to the state’s small businesses,” said Cyrus Amir-Mokri, Treasury Assistant Secretary for Financial Institutions. “These funds will continue to help the state partner with local entrepreneurs and small business owners to access new sources of capital, help create jobs and power the economic recovery.”

California's SBLGP originated over forty years ago with the mandate of providing repayment guarantees to lenders of loans to small businesses having difficulty securing financing on their own. The guarantees are issued by non-profit Financial Development Corporations (FDCs). Currently, there are eleven FDCs servicing the state. FDCs partner with banks, credit unions, and other lenders to help small business owners finance their plans including expanding operations, purchasing new equipment and infusing businesses with working capital. Guarantees may also be issued on loans for start-up costs. In fiscal year 2012-13, the program issued guarantees totaling \$71,615,382 and supported the creation or retention of 5,666 jobs.

In total, California is receiving \$55,645,861 for two programs including the SBLGP and California Capital Access Program (CalCAP) at the California State Treasurer’s Office.

“These funds will launch a new wave of lending that will help small businesses thrive, expand and create jobs,” said California State Treasurer Bill Lockyer. “Microloans have been especially successful in helping businesses in low-and moderate-income communities.” Half of this disbursement of federal funds will be used by the California Capital Access Program, which is administered by the State Treasurer’s Office and encourages lenders to make low-cost loans to small businesses that have difficulty obtaining financing.

In October 2013, Governor Brown signed AB 1247 (Medina) which transferred the SBLG to the I-Bank, located within the Governor’s Office of Business and Economic Development (GO-Biz). This action was supported by the small business community which pushed for more small business financing options.

About the California Infrastructure and Economic Development Bank: *The I-Bank was created in 1994 to finance public infrastructure and private development that promote a healthy climate for jobs, contribute to a strong economy and improve the quality of life in California communities. The I-Bank is located within the Governor's Office of Business and Economic Development and is governed by a five-*

member Board of Directors. The I-Bank has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide credit enhancements, acquire or lease facilities, and leverage State and Federal funds. Find more information at: <http://www.ibank.ca.gov>

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