Brief: The State Small Business Credit Initiative (SSBCI) in Texas
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Executive Summary

The State Small Business Credit Initiative (SSBCI) is a $10 billion program that supports small businesses and entrepreneurs nationwide by providing capital and technical assistance to promote small business stability, growth, and success. The SSBCI Capital Program provides funds to state governments, including Texas, that each create tailored programs that offer funding to small businesses and entrepreneurs through equity/venture capital, loan participation, loan guarantee, collateral support, and capital access programs.

In 2023, Texas received $472 million to operate two programs: a capital access program ($118 million) and a loan guarantee program ($354 million). Together, these two programs constitute the Texas Small Business Credit Initiative (TSBCI) program, administered by the Texas Economic Development and Tourism Office (EDT) Economic Development Finance Division, within the Office of the Governor.

Program Background

The SSBCI program was originally created by the Small Business Jobs Act, signed into law by President Obama in 2010. The American Rescue Plan Act, signed into law by President Biden 2021, reauthorized and funded a new version of the program, providing a combined $10 billion to states and Tribal governments to support small businesses in accessing capital and in turn invest in job-creating opportunities.

In Texas, the SSBCI Program provided $472,094,133 to administer the Capital Access Program (CAP) and the Loan Guarantee Program (LGP) through participating financial institutions. Together, these two programs constitute the Texas Small Business Credit Initiative (TBSCI) program.

According to the SSBCI Quarterly Report for the first quarter of 2025 issued by the U.S. Treasury in June 2025, Texas has been disbursed $134,488,297 of the funds allocated to the state to administer the SSBCI program. Moreover, Texas has only deployed $3,792,852, representing 2.8% of its disbursed funds. This makes Texas the state with the lowest percentage of federal funds deployed among all states and jurisdictions, as shown in Appendix A.

State/ Jurisdiction	Total Allocation	Funds Disbursed	Allocated Funds Deployed	Disbursed Funds Deployed %	Total Allocation Deployed %
Texas	$472,094,133	$134,488,297	$3,792,852	2.8%	0.8%

Source: U.S. Treasury SSBCI Quarterly Report through March 31, 2025 (Link)

State and other jurisdictions receive their funds in three tranches. Each disbursement is based on previous funds deployed (i.e. expended, obligated, or transferred) by each state or jurisdiction.

The Capital Access Program (CAP)

The Capital Access Program (CAP) supports participating financial institutions by matching their portfolio insurance premium payments with contributions to a dedicated loan loss reserve (LLR) account. In the event of a charge-off, lenders can recover up to 100% of the loan's principal. By reducing overall portfolio risk, CAP gives lenders greater confidence to extend financing to small businesses that might otherwise struggle to secure capital. Eligible loans can range from $5,000 to $5 million.

The Loan Guarantee Program (LGP)

The Loan Guarantee Program (LGP) guarantees up to 80% of the unpaid principal on enrolled loans. This guarantee gives lenders the confidence to extend financing to small businesses that might otherwise struggle to access capital. Eligible loans range from $5,000 to $20 million.

Small Business Qualifications and Acceptable Uses of Funds

Small businesses interested in receiving loans through the TBSCI program must meet the following criteria when applying for loans from approved financial institutions:

- Businesses must be small (fewer than 500 employees) or very small (fewer than 10 employees).
- Businesses must be for-profit organizations.
- Businesses must be domiciled in Texas.
- Businesses must have a minimum of 51% of their employees currently located in Texas.

Proceeds from either CAP or LGP loans can be used for:

- Start-up costs,
- Working capital,
- Franchise fees, and
- Acquisition of equipment, inventory, or services used in the production, manufacturing, or delivery of a business's goods or services

A list of TSBCI participating financial institutions as of June 2025 can be found here and below:

- Traditional Banks
  - Lone Star National Bank
  - Texas Capital Bank
  - Texas National Bank
  - Southwestern National Bank
- Community Development Financial Institutions (CDFIs)
  - AltCap
  - BCL Texas
  - Capital Impact Partners
  - Capital Plus Financial
  - CDC Small Business Finance Corp.
  - DreamSpring
  - Entre Capital
  - Five Points Community Capital
  - Just Community
  - Lendistry
  - LiftFund Inc.
  - PeopleFund
  - Prestamos
  - TruFund

Interested financial institutions can apply to participate in the TSBCI program through its online portal: tsbci-portal.gov.texas.gov. More information on the program can be found at: gov.texas.gov/business/page/tsbci.

For further information on loan requirements, products, terms, and conditions, the TSBCI team encourages interested small businesses to contact individual lenders directly.

For any other inquiries related to the program, the TSBCI team can be reached at tsbci@gov.texas.gov.

The CDFI Perspective

Community Development Financial Institutions (CDFIs) in Texas have provided the following recommendations to improve the implementation of the Texas SSBCI (TSBCI) program:

1. **Invest in TSBCI Technology:** Investments in the TSBCI office's technology is necessary to enable direct API connections with lenders, allowing for secure, high-volume loan file transfers. The current manual process—requiring lenders to individually download and upload documents through the portal—is time-consuming, error-prone, and a major barrier to large-scale participation by CDFIs.

2. **Allow CDFIs to Sell or Participate Loans:** These standard practices, which involve CDFIs selling loans to another financial institution or sharing a portion of the loan with another lender, would facilitate the lender's ability to manage liquidity and mitigate risk, expanding access to loans.
3. **Permit Standard Loan Servicing Actions:** Currently, TSBCI restricts lenders from modifying enrolled loans. This prevents basic servicing actions, such as releasing a vehicle to an insurance company after an accident or approving payment deferments during hardships like natural disasters. These restrictions are inconsistent with industry norms and create barriers to responsible loan management. Flexibility for common servicing actions is essential for borrower support and long-term portfolio health.
4. **Improve the Compliance Audit Process:** All loans submitted for enrollment are subject to a compliance audit by a third-party contractor. This process can take several weeks to over a month, leaving lenders uncertain about whether a loan has been successfully enrolled. A post-enrollment audit structure for a percentage of loans, based on a risk-based or a sampling approach, would ensure accountability while dramatically reducing processing time. A faster, more transparent audit process is critical to lender participation.
5. **Share Success Stories:** Publicize success stories by dollars deployed, number of first-time borrowers, number of businesses in rural or underserved communities, jobs created or maintained, among other metrics, to demonstrate the program's impact and encourage participation from both lenders and small business owners.

The Traditional Bank Perspective

There is an opportunity to accelerate Texas's SSBCI capital deployment by following a proven approach used successfully in Florida. This approach would leverage private equity funds as delivery vehicles for equity investments.

Currently, Texas has deployed only ~2.8% of disbursed SSBCI funds – just $3.8 million out of $134.5 million available, leaving $360 million idle as of March 2025. This slow deployment limits the program's immediate economic impact and risks falling short on Treasury's performance expectations.

In Florida:

- Florida embedded an equity/venture capital program alongside debt-based tools (loan guarantees, collateral support, loan participation).
- They partnered with private equity and venture capital funds to channel SSBCI dollars into small business equity—each federal dollar attracted $7 in private investment.
- This model has already supported 149 businesses and created/retained nearly 5,000 jobs.

The Texas SSBCI program would benefit from the following recommended measures:

- Create an equity investment program within TSBCI, capitalized with a portion of funds allocated to traditional banks, and delivered via commitments to qualified private equity funds with mandates to invest in Texas-based small businesses. Preferably Texas Texas-based fund managers who have shown ways to co-lend and co-invest with Texas CDFIs.
- Prioritize funds with track records in underserved markets, sector expertise, and the ability to secure significant co-investment.
- Structure agreements to ensure SSBCI capital is leveraged at least 2–3x with private capital, aligning with Treasury's private leverage expectations.

By adding an equity component through vetted private equity managers, Texas can rapidly scale capital deployment, diversify financing options for high-growth small businesses, and achieve much stronger job creation and economic impact metrics.

Request for Full Disbursement and Transparency of Texas SSBCI Funding

On behalf of members of the Texas business community and prospective capital providers, particularly Community Development Financial Institutions (CDFIs), we respectfully request that the State of Texas take immediate steps to draw down and fully deploy the remaining federal funds awarded to the state under the State Small Business Credit Initiative (SSBCI) program.

Texas has been allocated over $472 million through SSBCI to strengthen access to capital for small businesses, drive entrepreneurship, and support job creation statewide. As of this writing, only a portion of that funding has been made available to lenders. We urge this office to take the necessary administrative and operational steps to ensure that the entire amount awarded is drawn down and disbursed without further delay.

These funds are critical to maintaining the competitiveness and resilience of Texas' small business ecosystem, particularly in underserved markets. Disbursing this capital through trusted and proven channels, including CDFIs, ensures that resources reach the entrepreneurs and businesses who need them most to:

- Scale operations,
- Strengthen local supply chains,
- Deliver essential goods and services, and
- Recover and rebuild in regions impacted by recent natural disasters, including the Texas Hill Country floods

Failure to act in a timely manner risks forfeiting over $350 million in federally allocated funding, dollars that could otherwise support job retention, expand small business lending, and fuel Texas' continued economic vitality.

Furthermore, in the interest of transparency and performance benchmarking, we respectfully request access to the following:

1. A breakdown of SSBCI funds disbursed to each approved lender to date.

2. Data on total funds deployed (i.e., loans made) by each participating financial institution.
3. Clarity on the timeline for future draws and the disbursement process to lenders.

Texas Economic Development and Tourism

The Texas Economic Development and Tourism Office (EDT) within the Office of the Governor administers the TSBCI program. While information on TSBCI disbursed funds is currently unavailable online, it is recommended to contact the TSBCI team at tsbci@gov.texas.gov for more details.

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Appendix A: Summary Table of Reporting Jurisdiction by Allocated Funds Reported Expended, Obligated, or Deployed (EOT) as a Percentage of Total Allocation

Source: U.S. Treasury SSBCI Quarterly Report through March 31, 2025 (Link)

	Jurisdiction	Allocation Agreement Date	Total Allocation	Funds Disbursed	Allocated Funds Deployed	Disbursed Funds Deployed %	Total Allocation Deployed %
1	Montana	8/5/2022	$61,327,969	$61,327,969	$56,902,137	92.8%	92.8%
2	Alaska	9/26/2022	$59,905,891	$59,905,891	$46,887,396	78.3%	78.3%
3	Vermont	7/19/2022	$57,947,977	$57,947,977	$42,429,539	73.2%	73.2%
4	New Hampshire	6/1/2022	$61,468,436	$61,468,436	$44,643,877	72.6%	72.6%
5	Maine	6/30/2022	$62,232,918	$62,232,918	$40,721,672	65.4%	65.4%
6	North Carolina	7/26/2022	$201,897,680	$128,720,389	$125,831,948	97.8%	62.3%
7	West Virginia	5/24/2022	$72,104,798	$46,705,930	$41,093,186	88.0%	57.0%
8	Florida	10/26/2022	$488,486,572	$309,395,130	$231,634,570	74.9%	47.4%
9	Kansas	5/31/2022	$69,596,847	$45,190,256	$29,920,478	66.2%	43.0%
10	Idaho	9/21/2022	$65,677,548	$42,821,635	$27,611,929	64.5%	42.0%
11	South Carolina	6/9/2022	$101,342,659	$64,624,044	$42,316,929	65.5%	41.8%
12	North Dakota	10/11/2022	$58,641,843	$38,569,622	$23,839,751	61.8%	40.7%
13	California	9/16/2022	$1,181,997,613	$764,144,927	$479,106,926	62.7%	40.5%
14	Nebraska	9/6/2022	$64,005,718	$41,811,270	$22,539,563	53.9%	35.2%
15	Colorado	8/3/2022	$104,773,554	$67,541,818	$34,192,775	50.6%	32.6%
16	Illinois	12/2/2022	$354,626,570	$230,005,724	$115,476,313	50.2%	32.6%
17	Arizona	6/16/2022	$111,031,354	$69,748,246	$35,769,578	51.3%	32.2%
18	Oklahoma	9/30/2022	$81,646,606	$45,152,278	$26,214,104	58.1%	32.1%
19	Wyoming	12/30/2022	$58,426,481	$38,439,470	$18,725,263	48.7%	32.0%
20	Georgia	11/4/2022	$199,616,860	$127,194,892	$63,543,288	50.0%	31.8%
21	Michigan	5/18/2022	$236,990,950	$150,574,451	$75,303,876	50.0%	31.8%
22	Connecticut	6/16/2022	$119,414,934	$77,809,814	$37,401,152	48.1%	31.3%
23	Utah	10/24/2022	$69,006,000	$44,833,178	$21,239,608	47.4%	30.8%
24	Iowa	8/26/2022	$96,102,644	$62,767,651	$28,904,064	46.0%	30.1%
25	Wisconsin	2/8/2023	$79,125,677	$23,483,927	$23,434,886	99.8%	29.6%
26	Pennsylvania	7/19/2022	$267,838,132	$173,371,255	$78,803,794	45.5%	29.4%
27	South Dakota	7/26/2022	$60,010,454	$39,313,136	$17,454,048	44.4%	29.1%
28	Kentucky	2/16/2023	$117,122,549	$34,622,095	$33,383,665	96.4%	28.5%
29	Ohio	9/27/2022	$182,347,892	$52,440,610	$50,709,966	96.7%	27.8%

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30	Oregon	9/26/2022	$83,501,226	$24,425,621	$23,159,741	94.8%	27.7%
31	Hawaii	5/18/2022	$62,021,957	$40,354,303	$17,067,521	42.3%	27.5%
32	Indiana	7/11/2022	$99,087,725	$63,335,598	$26,485,405	41.8%	26.7%
33	Maryland	5/24/2022	$198,404,958	$61,835,553	$52,641,766	85.1%	26.5%
34	Alabama	8/29/2023	$97,943,015	$27,533,745	$25,974,469	94.3%	26.5%
35	New York	8/24/2022	$501,587,385	$151,237,824	$132,066,695	87.3%	26.3%
36	Rhode Island	1/8/2023	$61,726,320	$19,739,282	$15,815,267	80.1%	25.6%
37	New Mexico	9/8/2022	$74,488,805	$48,146,700	$18,932,699	39.3%	25.4%
38	Virginia	11/4/2022	$230,435,003	$71,220,519	$56,705,937	79.6%	24.6%
39	Minnesota	9/23/2022	$97,012,596	$29,524,884	$23,679,105	80.2%	24.4%
40	Arkansas	12/13/2022	$81,621,691	$24,021,112	$19,879,043	82.8%	24.4%
41	Tennessee	2/9/2023	$116,929,549	$32,670,956	$28,181,849	86.3%	24.1%
42	Massachusetts	10/12/2022	$168,591,178	$51,893,558	$40,498,362	78.0%	24.0%
43	Louisiana	12/19/2022	$113,071,405	$32,859,055	$26,339,993	80.2%	23.3%
44	Mississippi	5/9/2023	$86,078,447	$24,980,284	$19,596,799	78.4%	22.8%
45	Missouri	9/30/2022	$94,855,803	$26,869,323	$18,458,535	68.7%	19.5%
46	United States Virgin Islands	1/27/2023	$57,860,549	$18,907,301	$9,295,550	49.2%	16.1%
47	New Jersey	3/15/2023	$255,197,631	$79,371,395	$40,621,693	51.2%	15.9%
48	Nevada	10/4/2022	$112,956,523	$34,876,941	$15,132,138	43.4%	13.4%
49	Washington	2/1/2023	$163,460,354	$49,462,556	$18,069,975	36.5%	11.1%
50	Commonwealth of Puerto Rico	2/8/2023	$109,373,069	$29,993,692	$10,244,515	34.2%	9.4%
51	Guam	12/2/2022	$58,669,922	$19,081,492	$4,194,773	22.0%	7.1%
52	American Samoa	3/5/2024	$57,082,769	$18,739,909	$3,332,848	17.8%	5.8%
53	Delaware	1/23/2023	$60,973,103	$19,577,177	$2,454,452	12.5%	4.0%
54	District of Columbia	9/28/2023	$62,027,062	$19,804,007	$2,242,259	11.3%	3.6%
55	Commonwealth of the Northern Mariana Islands	7/16/2024	$57,057,763	$18,734,528	$623,538	3.3%	1.1%
56	Texas	7/11/2023	$472,094,133	$134,488,297	$3,792,852	2.8%	0.8%
	Total		**$8,378,825,067**	**$4,195,850,551**	**$2,571,524,064**		