

October 13, 2022

Good morning!

The U.S. Department of Treasury has approved Missouri's State Small Business Credit Initiative's (SSBCI) application this week. This means representing nearly \$27 million to support small businesses, startups, and entrepreneurs in Missouri. . The approval represents the first of three tranches of federal funding, totaling \$95 million, to be deployed through the Missouri Technology Corporation (MTC).

More information will become available on the [MTC website](#) if you plan to dig deeper or pass this along. Please let me know if you have any questions in the meantime.

Thanks!

SSBCI provides funding for credit and investment programs for small businesses and startups. The program will provide a total of \$10 billion for states to expand access to capital for small businesses, build entrepreneurial ecosystems, and create high-quality jobs. Eligible SSBCI programs are limited to Venture Capital, Loan Participation, Loan Guarantee, Collateral Support, and Capital Access. SSBCI is the only American Rescue Plan Act (ARPA)-funded program that can be used for state-sponsored venture capital activities. Previously, only venture capital programs have been able to achieve the expected 10:1 leveraged capital ratio requirement of the program. It is expected that for every dollar of federal funding invested, at least 10 dollars of private capital investment will be generated. MTC's state-sponsored venture capital program, the IDEA Fund Co-Investment Program, is the first program approved to deploy SSBCI funding in Missouri.

The IDEA Fund makes direct equity-based investments in Missouri's most promising emerging companies to promote growth and encourage additional future investment. The IDEA Fund is a state-sponsored venture capital program that invests in Missouri's most promising emerging companies to promote growth and encourage additional future investment. The program requires matching private funds to ensure state and federal funds are invested in the most attractive early-stage investment opportunities. The program requires matching private funds to ensure investments are made in companies with the highest growth potential. In 2011, MTC received \$24 million through SSBCI which was invested in 80 Missouri-based companies. These companies have raised more than \$760M in additional private capital and created more than 500 new jobs.

"SSBCI funding will have a positive impact on economic development statewide," said Maggie Kost, Acting Director of the Department of Economic Development. "Startups and entrepreneurs are vital to the long-term success of our economy. We're grateful for this significant investment that will expand support for emerging businesses and create greater opportunities for Missourians."

Nearly \$40 million of Missouri's \$95 million allocation is required to support socially and economically disadvantaged (SEDI) businesses. In partnership with the Department of Economic Development, MTC has published three requests for proposals to identify partners to launch SSBCI-funded programs supporting SEDI businesses. Pending federal approval, MTC anticipates the new programs will be operational in early 2023.

"MTC has a strong track record of leveraging investments to generate economic impact and financial returns that expand entrepreneurial capacity in the state," said Jack Scatizzi, Executive Director of MTC. "We're excited to identify new partners to launch programs that provide financial support to SEDI businesses. We look forward to continuing our work through the IDEA Fund to ensure all Missouri entrepreneurs can access federal SSBCI funds."

MTC expects to begin accepting applications for the IDEA Fund Co-Investment Program in October and make investment allocations in early 2023. Details for interested companies are available on MTC's [website](#).

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