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Status of Florida's State Small Business Credit Initiative Programs

at a glance

The State Small Business Credit Initiative (SSBCI), a federal credit enhancement program, awarded Florida \$97.6 million in October 2010; the last of these funds were distributed to the state in September 2014. Of this amount, \$66.6 million had been loaned or awarded to 78 companies as of June 30, 2014. These companies reported creating 1,806 jobs with the assistance of these loans and awards. The funds have been used to leverage \$259.3 million in private investments.

Reviews by the U.S. Department of Treasury and a third-party auditor found instances of inaccurate reporting related to SSBCI funds and expenses by the Department of Economic Opportunity (DEO). DEO has taken corrective actions to resolve these issues.

Scope

Section 288.9936(4), *Florida Statutes*, directs the Office of Program Policy Analysis and Government Accountability (OPPAGA) to evaluate the effectiveness, and the Office of Economic and Demographic Research to evaluate the return on investment, of the State Small Business Credit Initiative (SSBCI) operated in Florida pursuant to federal law.¹ The Department of Economic Opportunity (DEO), Enterprise Florida, Inc. (EFI), the Florida First Capital Finance Corporation (FFCFC), and the Florida Export Finance Corporation (FEFC) jointly administer the initiative.

OPPAGA's evaluation of Florida's SSBCI addressed three questions.

1. What are the approved programs for Florida's SSBCI?
2. How have Florida's SSBCI programs affected access to capital, job creation, and exports?
3. How effectively have Florida's SSBCI programs been implemented?

Background

The ability to obtain funding is a longstanding concern of Florida's small businesses. Representatives of economic development organizations and business associations have reported that access to capital is a larger barrier to growth for small businesses than for larger businesses (e.g., small construction companies versus publicly held construction companies). For example, a September 2014 Florida Chamber of Commerce study found that access to capital is a major concern of 22% of the small businesses surveyed, second only to concerns about economic uncertainty, which was noted by 26% of the respondents.² Similarly, in a recent Florida Small Business Development Center survey, 22.2% of respondents indicated that accessing capital and financing were among the top three challenges facing their small business.³

² *Florida Small Business Index 2014 Quarter 3 Survey Results*, Florida Chamber of Commerce, September 2014. The chamber surveyed small business owners from August 20, 2014, through September 12, 2014 and received 308 unique responses.

³ *Annual Satisfaction, Impact, and Needs Assessment*, Florida Small Business Development Center Network, 2013. The network surveyed 20,000 entrepreneurs and small businesses served by the network over the past two years and received over 4,000 responses.

¹ Title 12, Ch. 54, *United States Code*.

The goal of the SSBCI is to increase small business access to capital. In 2010, the federal government enacted the Small Business Jobs Act to help unlock credit and provide targeted tax cuts for small business.⁴ The act is intended to help small business continue to drive economic recovery and create jobs through actions such as putting more capital into the hands of entrepreneurs and small business owners; strengthening small businesses' ability to compete for and win contracts; and promoting small business exporting.

Part of the act established the State Small Business Credit Initiative, which provides up to \$1.5 billion to support state-run small business lending programs and increase access to private capital. By leveraging private capital, the initiative aims to achieve a 10:1 ratio of private investment to public investment by 2016.

Under the initiative, states were granted flexibility in the types of programs they offer to small businesses. For example, some states have used all of the funds to offer a single program (e.g. venture capital), while others offer multiple programs (e.g. loan guarantees, loan participations, and bridge loans).

Under the federal initiative, Florida was awarded \$97.6 million in October 2010. These funds are intended to generate at least \$970 million of new private lending to small businesses by 2016. Florida received the funding in four allotments.

1. \$32.2 million in June 2011
2. \$28.2 million in June 2013
3. \$4.0 million in November 2013
4. \$33.2 million in September 2014

Funds not obligated by Florida before June 30, 2015 must be returned to the U.S. Department of Treasury.

⁴ Public Law 111-240, September 27, 2010.

Questions and Answers –

What are the approved programs for Florida's SSBCI?

The U.S. Secretary of the Treasury must approve a state's Small Business Credit Initiative programs prior to receipt of federal funding. Treasury approved several programs for Florida: Loan Participations, including 504 Bridge Loans; Loan Guarantees; Venture Capital; Export Support; Capital Access; and Direct Loans.⁵ (See Exhibit 1.) These programs have the twofold goal of increasing the amount of private sector lending and increasing small business access to capital.

The Department of Economic Opportunity administers all of Florida's SSBCI programs, submits quarterly reports to the U.S. Department of Treasury, and monitors the performance of these programs. However, DEO contracts with Enterprise Florida, Inc. and the Florida Export Finance Corporation to manage several SSBCI programs. In addition, EFI has agreements with the Florida First Capital Finance Corporation to administer loan participations where the U.S. Small Business Administration (SBA) is part of the financing.

⁵ The Direct Loan Program was intended to provide loans to businesses that demonstrate adequate historical and/or cash flow coverage plus other solid credit underwriting practices. Loan principal amounts were to range from \$250,000 to \$5 million. According to program officials, the Direct Loan Program has been discontinued because there was a lack of interest in participating. DEO plans to reallocate the program's funds to other SSBCI programs.

Exhibit 1

Florida Received \$97.6 Million for its State Small Business Credit Initiative Programs

SSBCI Program		Type of Support	Amount Awarded by U.S. Department of Treasury
Small Business Loan Support Program	Loan Participation Program	<ul style="list-style-type: none"> Loan Participations <ul style="list-style-type: none"> EFI participates in a loan issued by a private lender by directly providing 5% to 20% of the total loan amount. Qualified businesses must have adequate cash flow and/or demonstrate solid credit underwriting practices. 504 Bridge Loan Participations <ul style="list-style-type: none"> FFCFC administers a loan participation to a private lender (up to 40% of the total cost amount) until SBA funds a second mortgage note, usually within 6 months. Covers up to 90% of the project cost; the borrower provides at least 10%. Facilitates loan funding for growing businesses by offering long-term, fixed-rate financing for major fixed assets such as heavy machinery or equipment purchases, or renovation of commercial real estate. 	\$47.2 million
	Loan Guarantee Program	<ul style="list-style-type: none"> EFI guarantees a portion of a loan issued by a private lender to a qualified business that has adequate cash flow and solid credit underwriting practices. Loan guarantees typically range from 5% to 20% of the total loan amount, and up to 50% in exceptional circumstances. The maximum guarantee is \$1 million. 	
Florida Venture Capital Program		<ul style="list-style-type: none"> Qualified businesses are awarded equity investments and convertible debt instruments ranging from \$2 million to \$6 million. Investments are for targeted industries that are perceived to have long-term growth potential. Exists as part of the Florida Opportunity Fund, a consolidated unit of EFI, which contracts with Florida First Partners for investment management services. 	\$43.5 million
Export Support Program		<ul style="list-style-type: none"> FEFC provides export loan guarantees and technical assistance to small Florida businesses seeking to expand to overseas markets. Qualified businesses must have less than 250 employees and have a net value of less than \$6 million. 	\$5 million
Capital Access Program Loans		<ul style="list-style-type: none"> Loan portfolio insurance program that allows lenders to make loans to small Florida businesses that are creditworthy, but not receiving financing needed to expand business and create jobs. Between 2% and 7% of the total loan amount is contributed to a loan loss reserve account using SSBCI funds in case of default. 	\$2 million

Source: OPPAGA analysis.

Loan Participation Program. The Loan Participation Program allows EFI to purchase a portion of a loan that originates from a private lender and is being issued to a small business. Loan participation amounts are typically 5% to 20% of the total loan amount, up to a maximum of 50% in special circumstances. The total loan amount must be between \$250,000 and \$5 million and have a participation term of no more than five years. Loan interest rates and fees are negotiable. For loan participation, the lender underwrites and approves the loan to the small business. EFI reviews the loan and purchases a portion of it. The lender is responsible for closing and servicing the loan, and EFI monitors repayment and servicing performance.

In addition, the 504 Bridge Loan Program helps facilitate funding from another source available to small businesses – the U.S. Small Business Administration 504 Loan Program. The 504 Loan Program provides long-term, fixed-rate financing for major fixed assets (e.g., heavy-duty machinery and equipment purchases) and

renovation of owner-occupied commercial real estate.⁶ However, there is often a timing difference between the loan being issued and SBA's funding of a second mortgage. The 504 Bridge Loan Participation Program addresses this period of increased risk for lenders. The Florida First Capital Finance Corporation administers a loan participation with a private sector lender of up to \$5 million for a term usually less than one year to cover the portion of the loan above 50% until the SBA funds its second mortgage."⁷

Loan Guarantee Program. The Loan Guarantee Program provides a private lender with a partial guarantee as a credit enhancement required for the lender to approve a loan to a small business. Guarantees range from 5% to 20% of the loan

⁶ Typically, a 504 project includes a loan covering up to 90% of the project cost; the borrower will provide at least 10%. The lender makes such loans expecting that 40% will be repaid promptly from the proceeds of an SBA-funded loan.

⁷ FFCFC is a Certified Development Company (CDC). CDCs are nonprofit corporations established to contribute to the economic development of their community.

amount, up to 50% in exceptional circumstances. The maximum guarantee is \$1 million, while the total loan amount from the lender may not exceed \$20 million. Most guarantees have a loan term of three years, but may be up to five years. The private lender determines interest rates and terms, and there are up-front and annual fees of 1.5% and 1%, respectively.

In order to receive a loan guarantee, the private lender must underwrite the loan and apply to EFI. Once the private lender and EFI execute a guarantee agreement, the lender will issue the loan to the small business. EFI monitors the progress of a borrower's repayment and the lender's servicing performance. If the borrower defaults on the loan, recovery against collateral would be proportionately shared according to the ownership interests in the loan.

Florida Venture Capital Program. The Florida Venture Capital Program was created to increase the amount of investment capital available to emerging Florida companies that are perceived to have long-term growth potential in targeted industries. The program is part of the Florida Opportunity Fund, which was established by the 2008 Legislature.⁸ The Florida Opportunity Fund is a consolidated unit of EFI and contracts with Florida First Partners for investment management services.⁹

A business interested in applying for venture capital funding must be a Florida-based company or a business locating in Florida, have no more than 500 employees, and demonstrate a pathway to robust job creation. Investments are targeted to specific industry sectors, including aerospace and aviation; alternative and clean energy technology; financial and professional services; homeland security and defense; information technology; life sciences; and manufacturing. Florida First Partners reviews all applications and performs due diligence on all venture capital firms seeking investments.

Qualified businesses approved for venture capital investment would receive equity investments and/or convertible debt instruments ranging from \$2 million to \$6 million. Each equity investment requires, at a minimum, a 1:1 match of concurrent private capital investment or other credit assistance.

Export Support Program. The Export Support Program is a loan guarantee program administered by the Florida Export Finance Corporation.¹⁰ Shipping and insurance costs are obstacles for Florida businesses seeking to expand to foreign markets. In these situations, the FEFC can offer financial support through loan guarantees backed by FEFC and SSBCI capital. The FEFC can guarantee up to 90% of a lender's line of credit to an exporter, up to a maximum amount of \$500,000. The FEFC will guarantee at least 51% of the guarantee with its own capital and up to 49% of the loan guarantee with SSBCI funds. Loan guarantees are typically one year in length and must be attached to a verified purchase order.

To be eligible for a loan guarantee, a business must have less than 250 employees and a net worth of less than \$6 million. The business must be registered to operate in Florida and be exporting goods and services from Florida, although the products do not have to be made in Florida. Participating businesses are required to pay a \$250 application fee, and a one-time fee equal to 3% of the total guarantee amount. For example, a business would have to pay a \$13,750 fee to FEFC for a loan guarantee of \$450,000.

Capital Access Program. DEO administers the Florida Capital Access Program, a loan portfolio insurance program that enables small businesses to obtain credit. The loans can be used for any business purpose including startup costs, working capital, and franchise fees; however, certain businesses and activities are ineligible, including speculative activities, passive real estate investments, and firms involved in gambling activities. Program loans can be in any amount up to \$5 million.

⁸ Sections 288.9621-288.9625, *F.S.*

⁹ Florida First Partners is a joint venture between Arsenal Venture Partners and Grosvenor Capital Management's Customized Fund Investment Group.

¹⁰ The 1993 Legislature established the FEFC as a not-for-profit corporation that supports the export of goods and services from the state to foreign markets by providing technical expertise and financial assistance to small and medium-sized exporters in Florida.

The program involves the participation of the borrower, the lender, and the state. As part of the origination process, both the lender and the borrower each place a percentage of the loan or line of credit into a reserve fund. The combined percentage can range from 2% to 7%. The program will then match the combined contribution, which is also placed into the reserve fund. The reserve fund is available as cash collateral to cover losses on all loans in the lender's portfolio. For example, 10 loans of \$100,000 with an 8% reserve produce \$80,000 in cash collateral in the loan loss reserve account.

How have Florida's SSBCI programs affected access to capital, job creation, and exports?

Given that Florida's SSBCI programs have been available to small businesses for less than four years, it is too soon to fully evaluate the programs' effects. The state did not receive its final disbursement, which amounted to one-third of the federal award, until September 2014. Moreover, the majority of program activity occurred in Fiscal Years 2012-13 and 2013-14.

In addition, although Florida was allocated \$5 million of SSBCI funding for the Export Support Program in 2010, the program was not launched until August 24, 2014.¹¹ To date, the FEFC has issued no export loan guarantees using SSBCI funds. DEO also reported that there has been limited interest in Capital Access Program loans among private sector lenders and small businesses. According to the department, only one financial institution has participated in the program thus far.

As of June 30, 2014, Florida had loaned and invested \$66.6 million in federal funds through its SSBCI programs. In turn, these loans and investments have leveraged \$259.3 million of private sector capital. Florida's SSBCI program has achieved a ratio of 3.9:1 of private dollars to public

dollars (See Exhibit 2.) While this leverage ratio is less than the long-term goal of 10:1, there are still three years remaining in the SSBCI programs. According to program officials, as loans are repaid by businesses, these funds can be re-invested over time, which will likely increase the reported private financing leverage ratio but will not change the reported SSBCI leverage ratio; SSBCI funds can only be counted once.

According to DEO, 78 Florida businesses have received SSBCI funding and created 1,806 jobs. Among these businesses, 35 received loan participations (including 21 bridge loans); 26 received loan guarantees; 8 received capital access loans; and 9 received venture capital investments. As of June 30, 2014, loans and investments to these 78 businesses have reportedly created 1,806 new jobs. (See Appendices A, B, and C for additional details regarding loans and investments.)

Florida's SSBCI program loans and investments were awarded across 22 industries. The industries receiving the most funding include real estate, construction, food services and drinking places, and accommodations. (See Appendix D for additional details regarding the industries receiving SSBCI funding.)

¹¹ According to DEO, program delays were due to the time it took Treasury to review and approve a formal modification to the allocation agreement. This modification allows FEFC to issue export loan guarantees, which can be guaranteed using up to 49% SSBCI funds.

Exhibit 2

Florida's SSBCI Programs Have Loaned or Invested \$66.6 Million and Leveraged \$259.3 Million of Private Sector Capital

SSBCI Program	Category	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Total
Loan Participation Program	Number of Loan Participations	1	14	20	35
	Loan Participation Amount	\$586,427	\$13,634,734	\$17,365,825	\$31,586,986
	Total Enrolled Lines of Credit	\$1,424,180	\$33,642,008	\$64,418,822	\$99,485,010
Loan Guarantees	Number of Loan Guarantees	0	8	18	26
	Loan Guarantee Amount	\$0	\$4,082,814	\$12,812,100	\$16,894,914
	Total Enrolled Lines of Credit	\$0	\$8,165,627	\$46,704,200	\$54,869,827
Venture Capital Investments	Number of Venture Capital Investments	1	14	16	31 ¹
	SSBCI Investment Amount	\$500,000	\$13,735,551	\$3,838,431	\$18,073,982
	Combined SSBCI and Private Financing	\$17,000,000	\$84,676,435	\$29,454,394	\$131,130,829
Export Loan Guarantees ²	The Export Loan Guarantee Program was not launched until August 24, 2014.				
Capital Access Program Loans ³	Number of Capital Access Program Loans	1	5	2	8
	SSBCI Contribution to Loan Reserve Fund	\$300	\$2,774	\$3,843	\$6,917
	Total Value of Capital Access Program Loans	\$20,000	\$184,918	\$256,220	\$461,138
Total Amount Loaned, Guaranteed, or Invested using SSBCI Funds					\$66,562,799
Total Amount Loaned and Invested by Private Sector Institutions					\$259,344,413
Ratio of Private Sector Financing to SSBCI Financing					3.9:1

¹ The 31 investments were made in nine businesses.

² In 2010, Florida was allocated \$5 million of SSBCI funding for the program, but the program was not launched until August 24, 2014. At the time of this report, no export loan guarantees were issued by FEFC using SSBCI funds.

³ DEO reported that there has been limited interest in the loan program amongst bank lenders; only one financial institution has participated in the program thus far.

Source: OPPAGA analysis of Department of Economic Opportunity data.

How effectively have Florida's SSBCI programs been implemented?

Federal law requires the U.S. Department of Treasury's Office of Inspector General to audit states' use of SSBCI funds to identify any instances of misuse. In addition, states may commission their own third-party audits; Treasury encourages states to provide it with copies of any audit containing findings, material weaknesses, or significant deficiencies.

Florida's SSBCI programs have been evaluated by both a private consultant and by the federal government. At the request of the Department of Economic Opportunity, a third-party consultant issued two reports in 2013.^{12, 13} The

U.S. Department of Treasury conducted an audit during the same period.^{14, 15}

These reviews identified several issues, including deficiencies in DEO's vetting process for loans enrolled in the Capital Access Program, inadequate documentation and certifications from investees and borrowers, and inaccurate reporting of administrative expenses. DEO has addressed these concerns by accepting the recommendations for corrective action made by Treasury and the third-party consultant and has not been required by Treasury to take additional corrective action.

¹³ *Risk Monitoring and Mitigation Plan: Florida SSBCI Programs*, April 9, 2013. Lyon Park Associates.

¹⁴ *State Small Business Credit Initiative: Florida's Use of Federal Funds for Capital Access and Other Credit Support Programs*, November 15, 2013. *Office of Inspector General: Department of the Treasury*.

¹⁵ According to DEO, the Treasury audit is recognized as the final authority on a state's program compliance.

¹² *Compliance Assessment: Florida SSBCI Programs*, March 11, 2013. Lyon Park Associates.

Third-party reports identified issues related to the administration of SSBCI programs. The first report, completed in March 2013, documented the extent to which Florida's SSBCI programs complied with applicable federal regulations. In addition to reviewing various documents, such as quarterly reports and a detailed list of administrative expenses charged against the SSBCI award, the third-party consultant also reviewed files for Capital Access Program loans, Venture Capital investments, and Small Business Loan Support Program loans.

The evaluation found that DEO and EFI generally complied with applicable federal regulations. However, the evaluation emphasized the need to more closely scrutinize the purpose of loans enrolled in the Capital Access Program. The evaluation also emphasized the need to require that loans comply with applicable passive real estate investments prior to lending out SSBCI funds. Additionally, the evaluation expressed concerns about lack of transparency in the way that DEO was recording administrative expenses.

In response to evaluation comments, DEO added a field to the loan filing form that requires private lenders to specify the use of Capital Access Program funds. This is in addition to provisions already in SSBCI lender participation agreements prohibiting passive real estate investments. Furthermore, DEO attributed the comments on administrative expenses to difficulties the consultant had in understanding the state's accounting system, not a lack of transparency.

A second contracted report, completed in April 2013, provided details about Florida's SSBCI risk monitoring and mitigation plan.¹⁶ The plan identified 14 key compliance and oversight risks for Florida's SSBCI programs, including the recommended scope, methodology, and frequency of testing for each compliance and oversight risk. The report identified three risks that had the highest likelihood of occurrence.

- Missing or inaccurate borrower and investee certifications, such as required use of proceeds and borrower sex offender certifications
- Inadequate borrower and lender contributions to the Capital Access Program loan loss reserve fund
- Inadequate adherence to the requirements contained in the SSBCI "Frequently Asked Questions" on passive real estate investment

For each of these risks, the consultant recommended that DEO conduct a quarterly review for some or all of the transactions occurring during that period to ensure compliance with SSBCI regulations. DEO determined that it was not necessary to review these prior transactions because Treasury completed full compliance audits of all transactions prior to disbursing funds in 2013 and 2014. In addition, DEO also noted that it is already required to undergo an annual third-party audit per the allocation agreement with Treasury.

Treasury found instances of inaccurate reporting related to SSBCI funds and expenses. The Small Business Jobs Act of 2010 requires the U.S. Department of the Treasury's Office of the Inspector General to audit the use of funds made available under SSBCI to identify "any instances of reckless or intentional misuse." During 2013, the inspector general conducted an audit of Florida's use of SSBCI funds. The inspector general reviewed all 24 financings made with SSBCI funds between August 24, 2011 and December 31, 2012, as well as program administrative costs that were charged against SSBCI funds.

The federal audit found that Florida appropriately used most of the SSBCI funds it had expended during the audit period. However, the auditors found that the state participated in a \$34.7 million Venture Capital Program investment that exceeded the \$20 million threshold on the amount of credit that can be extended to an equity investment. The auditors did not find this investment to be a misuse of funds because program regulations

¹⁶ The Risk Monitoring and Mitigation Plan was developed in response to a U.S. Department of the Treasury initiative for every participating state's program.

were not clear that the \$20 million restriction applied to every equity instrument (as Florida believed) or to the total investment. The inspector general recommended, with Florida's concurrence, that the U.S. Department of Treasury revise its regulations to clarify how the \$20 million credit support restriction should be applied when an investment involves multiple equity instruments.

The audit also disclosed that Florida overstated administrative expenses in its quarterly report by approximately \$55,000. Florida officials notified Treasury in February 2013 that they had identified some errors in their reported administrative expenses and inquired about ways to correct the errors. Treasury officials informed Florida that they were making revisions to quarterly reporting process and that training and information about this change would be forthcoming. A review of the March 31, 2013 quarterly report by the inspector general verified that Florida had made adjustments for the overage. Because of the actions taken by Florida to resolve this problem, Treasury determined that no further action was needed.

In addition, the audit found that Florida had overstated the amount of SSBCI funding that had been obligated by including venture capital reserves that were set aside for future investment to the existing investees. Treasury informed Florida that these reserves did not meet the definition of obligated funds because the commitments were not firm. Florida did not believe that it prematurely or inaccurately reported obligated funds based on its reading of policy guidelines and other Treasury documents. However, DEO subsequently adjusted its quarterly reports to exclude the questioned amounts. Department officials reported that based on discussions between the department and Treasury, no further action was needed in reference to the quarterly and annual reports submitted.

Agency Response ---

In accordance with the provisions of s. 11.51(2), *Florida Statutes*, a draft of our report was submitted to the Director of the Department of Economic Opportunity and the President of Enterprise Florida, Inc., for their review and response. DEO's written response has been reproduced in Appendix E.

Appendix A

Enterprise Florida, Inc. Administers the Loan Guarantee and Loan Participation Programs

The Department of Economic Opportunity contracts with Enterprise Florida, Inc. to administer the Loan Guarantee and Loan Participation programs. As of June 30, 2014, EFI guaranteed 26 loans using \$16.9 million of SSBCI funds. The total value of all loans receiving loan guarantee assistance is \$54.9 million. During the same period, EFI issued 35 loan participations using \$31.6 million of SSBCI funds. The total value of all loan participations is \$99.5 million. The Loan Guarantee and Loan Participation Programs have reportedly created 1,173 jobs as of June 30, 2014. (See Exhibit A-1.)

Exhibit A-1

Loan Guarantees and Loan Participations Created a Reported 1,173 Jobs as of June 30, 2014

Program	Disbursement Date	SSBCI Funds Used	Total Loan Amount ¹	Reported Jobs Created
Loan Guarantee	12/21/12	\$270,000	\$540,000	40
	12/29/12	275,000	550,000	3
	2/6/13	825,000	1,650,000	20
	3/13/13	200,000	400,000	12
	4/26/13	531,250	1,062,500	4
	5/31/13	250,000	500,000	10
	6/04/13	1,231,564	2,463,127	5
	6/06/13	500,000	1,000,000	25
	7/24/13	2,400,000	4,800,000	70
	8/14/13	125,000	250,000	15
	8/15/13	1,000,000	3,250,000	3
	9/11/13	278,600	557,200	2
	10/16/13	350,000	700,000	10
	11/19/13	98,500	197,000	10
	1/7/14	160,000	995,000	30
	1/8/14	2,250,000	6,070,000	20
	1/28/14	925,000	2,300,000	26
	1/30/14	500,000	3,210,000	12
	2/5/14	475,000	950,000	4
	2/11/14	875,000	15,550,000	44
	3/6/14	1,000,000	2,000,000	24
	3/12/14	1,000,000	2,500,000	20
	5/16/14	150,000	300,000	10
	5/19/14	487,500	975,000	10
	6/6/14	487,500	1,600,000	60
	6/20/14	250,000	500,000	2
Subtotal		\$16,894,914	\$54,869,827	491

Program	Disbursement Date	SSBCI Funds Used	Total Loan Amount ¹	Reported Jobs Created
Loan Participation	11/16/12	\$50,000	\$100,000	7
	3/1/13	75,000	150,000	0
	9/25/13	75,000	150,000	5
	9/30/13	37,500	75,000	20
	9/30/13	878,200	2,503,200	50
	1/10/14	738,500	2,848,500	12
	1/15/14	250,000	750,000	54
	2/25/14	800,982	3,470,946	13
	3/4/14	125,000	375,000	24
	3/19/14	75,000	225,000	5
	4/30/14	400,000	800,000	40
	5/9/14	163,227	571,297	10
	5/16/14	4,500,000	19,500,000	19
	6/20/14	360,000	1,330,000	40
Loan Participations through 504 Bridge Loans	4/27/12	\$586,427	\$1,424,180	60
	7/02/12	2,240,000	5,440,000	24
	10/25/12	194,000	436,500	3
	10/30/12	648,430	1,574,758	35
	10/29/12	262,500	675,000	6
	11/20/12	1,744,000	3,924,000	35
	11/30/12	402,500	1,177,500	35
	2/5/13	2,774,964	6,243,670	0
	2/8/13	160,000	360,000	3
	1/11/13	694,500	1,561,500	6
	5/31/13	3,500,000	10,000,000	40
	3/15/13	134,000	301,500	3
	5/14/13	754,840	1,697,580	14
	8/2/13	100,000	225,000	8
	9/27/13	1,754,250	3,947,062	10
	11/26/13	516,508	1,254,377	10
	2/19/14	3,921,161	16,991,698	30
	4/4/14	714,497	2,500,742	27
	6/4/14	442,000	1,547,000	2
	6/9/14	1,360,000	4,760,000	28
	6/16/14	154,000	594,000	4
Subtotal		\$31,586,986	\$99,485,010	582
Total		\$48,481,900	\$154,354,837	1,173

¹ Total loan amount reflects the size of the loan issued by a private financial institution to a Florida business. For loan participations, this includes the amount of SSBCI funds contributed by EFI.

Source: OPPAGA analysis of Department of Economic Opportunity data.

Appendix B

The Department of Economic Opportunity Has Issued a Small Number of Capital Access Program Loans

The Department of Economic Opportunity directly administers the Capital Access Program, which is a \$2 million loan portfolio insurance program that assists small businesses with obtaining credit. As of June 30, 2014, the department had participated in eight Capital Access Program loans. (See Exhibit B-1.) Department officials reported that the small number of loans issued is due to limited interest from bank lenders.

Exhibit B-1

The Department of Economic Opportunity Has Participated in Eight Capital Access Program Loans Since Program Inception

Disbursement Date	SSBCI Contribution to Loan Reserve Fund	Total Loan Amount	Reported Jobs Created
6/21/12	\$300	\$20,000	0
8/15/12	90	6,000	0
8/31/12	930	62,000	0
10/19/12	1,491	99,400	1
1/16/13	150	10,000	4
2/21/13	112	7,518	1
9/20/13	2,643	176,220	2
2/13/14	1,200	80,000	3
Total	\$6,917	\$461,138	11

Source: OPPAGA analysis of Department of Economic Opportunity data.

Appendix C

The Florida Opportunity Fund Has Made 31 Venture Capital Investments in Nine Florida Businesses

As of June 30, 2014, the Florida Opportunity Fund had provided Venture Capital Program funding to nine Florida businesses using \$18 million in SSBCI funds. According to the Department of Economic Opportunity, companies receiving venture capital funding have also received \$131 million of private sector funding and have reportedly created 622 jobs. (See Exhibit C-1.)

Exhibit C-1

Venture Capital Investments Have Reportedly Created 622 Jobs Across Nine Companies

Industry Sector of Businesses Receiving VC Funding	SSBCI Funds Invested	Combined SSBCI and Private Financing	Reported Jobs Created
Wired Telecommunications Carrier	\$600,007	\$33,046,746	29
Data Processing, Hosting, and Related Services	2,481,675	11,707,068	90
Phosphate Rock Mining	785,359	18,477,000	52
Software Publishers	1,526,924	4,515,396	104
Transportation Support	4,000,000	34,700,000	45
Frozen Specialty Food Manufacturing	1,505,000	3,634,591	51
Electromedical and Electrotherapeutic Equipment Manufacturing	5,000,000	19,000,000	111
Data Processing, Hosting, and Related Services	700,017	1,300,027	90
Claims Adjusting	1,475,000	4,750,000	50
Total	\$18,073,982	\$131,130,829	622

Source: OPPAGA analysis of Department of Economic Opportunity data.

Appendix D

The Small Business Loan Support Program Has Issued 61 Loans to Companies Across 22 Industries

The Small Business Loan Support Program, which consists of Loan Guarantees and Loan Participations, has participated in 61 loans from program inception to June 30, 2014. According to data provided by the Department of Economic Opportunity, these loans have been issued across 22 industries. The most common industries receiving financial assistance include real estate, construction, food services and drinking places, and accommodations.

Exhibit D-1

The Small Business Loan Support Program Has Benefited a Variety of Florida Industries

Industries Receiving Loans (Based on Borrower Industry Code ¹)	Number of Loans Made
Real Estate	10
Construction	6
Food Services and Drinking Places	6
Accommodations	5
Offices of Physicians	4
Retail Trade	3
Administrative and Support Services	3
Personal and Laundry Services	3
Metal Manufacturing	2
Merchant Wholesalers, Durable Goods	2
Merchant Wholesalers, Nondurable Goods	2
Educational Services	2
Religious, Grant-making, Civic, Professional, and Similar Organizations	2
Food Manufacturing	1
Plastics Manufacturing	1
Motion Picture and Video Industries	1
Insurance Carriers and Related Industries	1
Legal Services	1
Management, Scientific, and Technical Consulting Services	1
Waste Management	1
Social Assistance	1
Museums, Historical Sites, and Similar Institutions	1

¹ The North American Industry Classification System is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

Source: OPPAGA analysis of Department of Economic Opportunity data.

Appendix E

Rick Scott
GOVERNOR



Jesse Panuccio
EXECUTIVE DIRECTOR

December 23, 2014

Mr. R. Philip Twogood
Coordinator
Office of Program Policy Analysis and
Government Accountability
111 West Madison Street, Room 312
Tallahassee, Florida 32399-1475

Dear Mr. Twogood:

Pursuant to Section 11.51(2), Florida Statutes, this letter represents our response to the preliminary report titled: ***Status of Florida's State Small Business Credit Initiative Programs***.

We thank you and your staff for the review of the state's small business credit initiative programs and appreciate the detailed analysis of each program.

If you have any questions or need additional information, please contact Mr. James E. Landsberg, Inspector General, at (850) 245-7141.

Sincerely,

William B. Killingsworth, Director
Division of Community Development

WBK/rpb

Florida Department of Economic Opportunity | Caldwell Building | 107 E. Madison Street | Tallahassee, FL 32399
866.FLA.2345 | 850.245.7105 | 850.921.3223 Fax
www.floridajobs.org | [www.twitter.com/FLDEO](https://twitter.com/FLDEO) | www.facebook.com/FLDEO

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Project supervised by Larry Novey (850/717-0567)
Project conducted by Justin Painter and Richard Woerner
Kara Collins-Gomez (850/717-0503), Staff Director
R. Philip Twogood, Coordinator