

TREASURER'S CaICAP PROGRAM

CaICAP IS A SIMPLE AND POWERFUL WAY TO HELP SMALL BUSINESSES GROW



TREASURER JOHN CHIANG

THE PROBLEM:

California is the largest U.S. state economy and if it were its own nation, it would be the 5th largest economy in the world. Our small businesses are the backbone of that economy and offer many – in particular women and minorities – a pathway to economic security and prosperity. More than

half of Americans either own or work for a small business and they create approximately 2 out of every 3 new jobs. Yet it can be extremely challenging for many small businesses to obtain working capital as well as start-up and expansion financing.



CALIFORNIA SMALL BUSINESSES ARE THE BACKBONE OF OUR ECONOMY



SOURCE: US SMALL BUSINESS ADMINISTRATION STATS FOR CALIFORNIA

CHALLENGES TO STARTING A NEW BUSINESS

1. Raising capital
2. A good business plan
3. The buck stops with you
4. Cash flow management—need for working capital
5. Hiring good employees

SOURCE: REVIEW OF BUSINESS LITERATURE

“...A LOT OF THESE BUSINESSES, THEY DON'T ALWAYS MEET THE CRITERIA OF A BANK...”

ANA MEDINA
BUSINESS DEVELOPMENT OFFICER
FRESNO COMMUNITY
FINANCIAL INSTITUTION

SMALL BUSINESS OWNERSHIP AMONG MINORITIES IS ON THE RISE

1.6M
MINORITY-OWNED BUSINESSES
IN CALIFORNIA

SOURCE: US SMALL BUSINESS ADMINISTRATION STATS FOR CALIFORNIA

815,000
HISPANIC

605,000
ASIAN

177,000
AFRICAN-AMERICAN

“HOWEVER, THERE IS EMPIRICAL EVIDENCE THAT [MINORITIES] HAVE BEEN DISPROPORTIONALLY DENIED ACCESS TO CAPITAL WHEN THEY APPLY FOR IT.”

CHRISTINE KYMN, ECONOMIST AT SMALL BUSINESS ADMINISTRATION OFFICE OF ADVOCACY

THE SOLUTION:

CalCAP incentivizes lenders to invest in small businesses by providing a financial backstop that protects lenders in the event of a loan default. Lenders can breathe easier and offer borrowers better credit terms and conditions that they might not otherwise offer. Not only that, CalCAP's model relies wholly on each lender's credit policy, encouraging prudent lending. CalCAP is also sustainable: Once a loan matures CalCAP's deposits are recirculated, supporting additional loans to more businesses.

Since its inception, CalCAP has helped about 35,000 small businesses in 56 counties obtain loans through participating financial institutions.

LENDERS AND SMALL BUSINESSES: CalCAP'S BENEFITS ARE JUST A CLICK AWAY. FOR MORE INFORMATION ON CalCAP, GO TO WWW.TREASURER.CA.GOV/CPCFA/CALCAP

DID YOU KNOW?

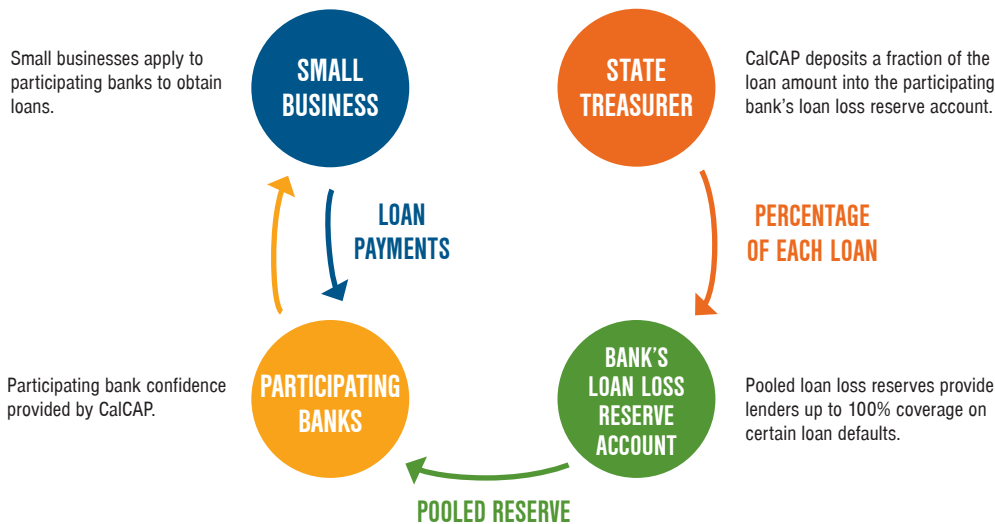
FOR EVERY...

\$1 OF CalCAP MONEY,

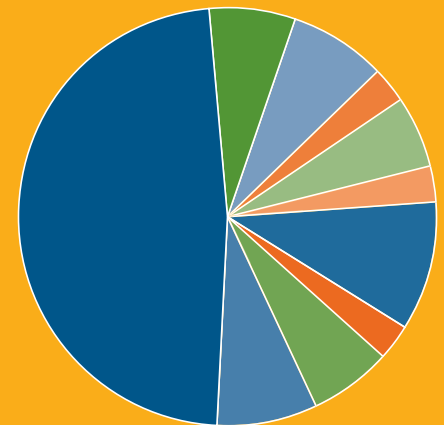
\$18 OF PRIVATE INVESTMENTS

WERE LEVERAGED ON BEHALF OF SMALL BUSINESSES IN 2017.

HOW IT WORKS:



WHO TURNS TO CalCAP?



TOP 10 INDUSTRIES

- Transportation and Warehousing
- Manufacturing
- Retail Trade
- Accommodation and Food Services
- Wholesale Trade
- Professional, Scientific, and Technical Services
- Construction
- Other Services (except Public Administration Professional, Scientific, and Technical Services)
- Administrative Support, Waste Management, and Remediation Services
- Health Care and Social Assistance

SMALL BUSINESS LOANS BACKED BY CalCAP ARE SKYROCKETING

