



ECONOMIC DEVELOPMENT ROUNDTABLE

OCTOBER 21, 2021

Hosted by the Assembly
Committee on Jobs, Economic
Development, and the Economy
Assemblymember Sabrina
Cervantes, Chair



WELCOME AND OVERVIEW

Agenda Item I

REVIEW THE AGENDA

- I. Welcome and Overview
- II. Economic Data
- III. Association Updates
- IV. Implementation of Economic Recovery Programs
- V. Information Sharing of Economic Recovery Proposals
- VI. Final Comments and Adjournment

JEDE CHAIR ASSEMBLYMEMBER SABRINA CERVANTES

- Elected to the Assembly in 2016.
- Served on the JEDE Committee for three terms, including two as Chair.
- During the COVID-19 pandemic, Sabrina is focusing the Assembly Jobs Committee on tracking and disseminating information to stakeholders about resources available to help keep small businesses open and workers employed.
- The Assembly Jobs Committee regularly convenes stakeholder groups to exchange information, collaborates on small business outreach projects, and maintains a webpage with information about resources, free webinars, and recovery activities in California. <https://ajed.assembly.ca.gov/content/covid-19-resources>



THANK YOU FOR YOUR WORK AND COMMITMENT

It has been a challenging 18 months.

Working together – we have helped to sustain our communities through the economic, as well as the health impacts of COVID-19.

Many of us have lost family members, friends, and valuable community partners.

Our communities have endured the significant layoff of workers, the closure of businesses, and then the struggles of reopening in a changed marketplace.

Throughout these disastrous events, we have also forged new partnerships and innovations. Each of you have consistently gone above and beyond your economic development “job descriptions.”

We say thank you for always trying to do your best and being a **JEDE Friend**.





MAURICIO AGUILAR — JEDE INTERN

February through October 2021



ECONOMIC DATA

Agenda Item II

REFLECTIONS ON CALIFORNIA'S COVID-19 RECOVERY

Immediate Economic Impact:

- CA experienced a 1.6 million drop in jobs between the first and second quarters of 2020.
- Lower-wage workers and small businesses were most impacted by business closures, including workers and businesses owned by people of color, as well as women.
- It is estimated that 19,000 businesses in CA permanently closed their doors during the pandemic.

Reopening:

- CA experienced a level of job growth between April 2020 to July 2021 not seen previously in the official data series that began in 1990.
- Recovery is supported by vaccines with over 80% of adults having at least one shot.
- CA has had an unequal recovery with many areas of the state and industry sectors still in distress.

DATA POINTS

FEDERAL Unemployment – 5.2% (August 2021) for Comparison

- ❖ US nonfarm payroll employment increased by 235,000 in August 2021, and the unemployment rate was 5.2% with 8.4 million people unemployed.
- ❖ Greatest job growth in August occurred in professional and business services, transportation and warehousing, private education, manufacturing, and other services.
- ❖ The August 2021 unemployment rates: 11.2% for Teenagers, 4.8% Adult Women, 5.1% Adult Men, 8.8% Blacks, 6.4% Hispanics, 4.6% Asians, and 4.5% Whites.
- ❖ The labor force participation rate was 61.7%, 1.6% lower than in February 2020.
- ❖ There were 5.7 million persons not in the US labor force who currently want a job, 700,000 higher than in February 2020.

CALIFORNIA Unemployment – 7.5% (August 2021)

- ❖ Total nonfarm employment in CA for August 2021 was 17.5 million, reflecting an increase of 57,000 jobs from the prior month, up 7.2% from the prior year.
- ❖ CA reported over 1.4 million unemployed individuals for the month of August 2021, -869,000 lower than in August 2020. The labor participation rate of 61% represents an increase of 0.9% from the prior year.
- ❖ CA employment was up 1.1 million workers between August 2020 & August 2021.
- ❖ August 2021 unemployment rates: 18.0% for Teenagers, 12.6% for Blacks, 9.7% for Hispanics, and 8.2% for Whites. Comparable unemployment rate is 8.5%.
- ❖ 57% of the people who filed for some form of unemployment-related benefits in the week ending September 25, 2021, had at most a GED, high school diploma, or less formal education. 15.6% had a bachelor's degree.
- ❖ \$176 billion paid to out-of-work Californians since start of pandemic.
- ❖ Over 896,000 people (5.2% of all workers) worked part time involuntarily, also called “for economic reasons.” This is a -7.3% (71,000 people) decrease from August 2020.

FAQ ON LABOR AND EMPLOYMENT TERMS

- **What is the definition of the civilian labor force?** The labor force includes all people age 16 and older who are classified as either employed or unemployed. Those persons not classified as employed or unemployed are not in the labor force.
- **Is the count of unemployed persons based on the number of people receiving unemployment insurance benefits?** No; the estimate of unemployment is based on a monthly sample survey of households. There is no question relating to unemployment insurance benefits in the monthly survey.
- **How is a person classified as employed?** A person is employed if, during the survey reference week, they meet any of the following criteria: (1) they worked at least 1 hour as a paid employee or in their own business, (2) they were temporarily absent from their job, business, or farm, whether or not they were paid for the time off, (3) worked without pay for a minimum of 15 hours in a business or farm owned by a member of their family.
- **How is the unemployment rate calculated?** The unemployment rate is the number unemployed as a percent of the labor force. A person is classified as unemployed if, based on the monthly sample survey of households: (1) they had no employment during the reference week; (2) they were available for work; and (3) they made specific active efforts to find employment sometime during the 4-week period ending with the reference week.
- **What are the alternative measures of labor underutilization (U-1 through U-6)?** In addition to the official unemployment rate, the Bureau of Labor Statistics publishes a range of alternative measures of labor underutilization. Together, these are known as the U-1 through U-6 rates. [Concepts and Definitions \(CPS\) \(bls.gov\)](#) (see next slide)

ALL SIX RATES, U-1 THROUGH U-6, PRODUCED SOLELY FROM DATA COLLECTED IN THE CURRENT POPULATION SURVEY.

U-1 is limited to people unemployed for 15 weeks or longer and is expressed as a percentage of the civilian labor force. U-1 is calculated as: $(\text{Unemployed 15 or more weeks} \div \text{Labor Force}) \times 100$.

U-2 is limited to unemployed job losers, including people who completed temporary jobs, and is expressed as a percentage of the civilian labor force. U-2 is calculated as: $(\text{Unemployed job losers and people who completed temporary jobs} \div \text{Labor Force}) \times 100$.

U-3 is the official unemployment rate. It is the total number of unemployed people, expressed as a percentage of the civilian labor force. U-3 is calculated as: $(\text{Total Unemployed} \div \text{Labor Force}) \times 100$.

U-4 adds discouraged workers to the total number of unemployed people, and is expressed as a percentage of the civilian labor force plus discouraged workers. (Discouraged workers are a subset of people not in the labor force. They are not included in the official unemployment measure because they have not searched for work in the last 4 weeks.) U-4 is calculated as: $(\text{Total Unemployed} + \text{Discouraged Workers}) \div (\text{Labor Force} + \text{Discouraged Workers}) \times 100$.

U-5 adds all people who are marginally attached to the labor force (which includes discouraged workers) to the total number of unemployed people, and is expressed as a percentage of the civilian labor force plus those marginally attached to the labor force. U-5 is calculated as: $(\text{Total Unemployed} + \text{Marginally Attached to the Labor Force}) \div (\text{Labor Force} + \text{Marginally Attached to the Labor Force}) \times 100$.

U-6 is the broadest measure of labor underutilization. In addition to the total number of unemployed and all people marginally attached to the labor force, U-6 includes people at work part time for economic reasons (also called involuntary part-time workers) and is expressed as a percentage of the civilian labor force plus the marginally attached. U-6 is calculated as: $(\text{Total Unemployed} + \text{Marginally Attached to the Labor Force} + \text{People at Work Part Time for Economic Reasons}) \div (\text{Labor Force} + \text{Marginally Attached to the Labor Force}) \times 100$.

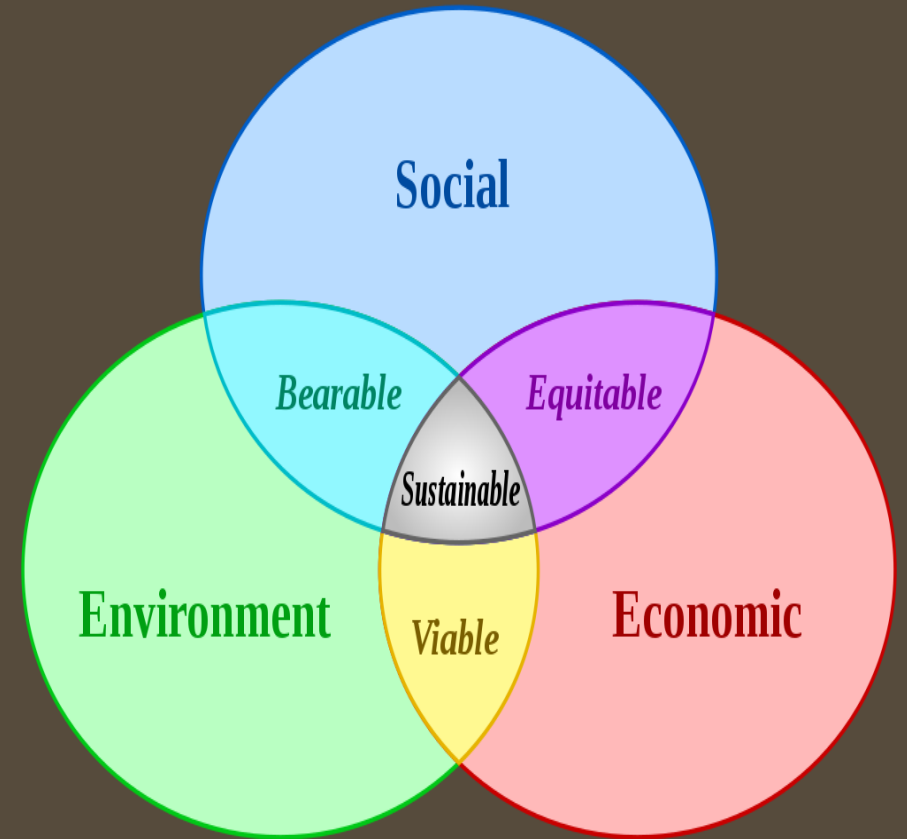


ASSOCIATION UPDATES

Agenda Item III

SPEAKERS — AGENDA ITEM III

- Maye Saepanh, with [CA Asian Pacific Chamber of Commerce](#)
- Claudia Viek with the Invest in Women Entrepreneurs and the [California Women's Business Center Network](#)
- Jessica Gonzales, with the [Economic Development Department](#) at City of Corona and CALED Board member
- Lorrie Aiello, with [California Manufacturing Technology Consulting](#)
- Kristen Johnson and Oscar Garcia with the [Northern CA SBDC Network](#) will be discussing “Programa Hispano” - a new program of the SBDC.



All roundtable participants are encouraged to share their priorities and experiences.

CENTRAL BANK NETWORK FOR INDIGENOUS INCLUSION

The [Federal Reserve Board](#) announced on Wednesday that it has joined the [Central Bank Network for Indigenous Inclusion](#), which will foster ongoing dialogue, research, and education to raise awareness of economic and financial issues and opportunities around Indigenous economies.

The Board's participation will be supported by the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis and [the Economic Education Partnership with Indian Country](#) at the Federal Reserve Bank of St. Louis. The network is a collaboration with Te Pūtea Matua (the Reserve Bank of New Zealand), the Bank of Canada, and the Reserve Bank of Australia.

The network was established in January 2021 and will focus on:

- Conducting research for and with Indigenous peoples.
- Building cultural awareness, recruitment practices, and other aspects of corporate culture to foster Indigenous inclusion within member organizations.
- Strengthening engagement practices with Indigenous groups and communities.
- Supporting economic and financial education for and about Indigenous peoples.

The network plans to hold recurring Central Bank Symposia on Indigenous Economics – first symposium will be hosted by the Bank of Canada in late 2021.

MANUFACTURING DAY AND CA MANUFACTURING MONTH

National Manufacturing Day, an annual event that occurs on the first Friday of every October, is an occasion during which manufacturers open their doors, showcase the potential of modern manufacturing, and foster interest in manufacturing careers.

According to CMTc, “Manufacturing Day 2021 will officially be observed on Friday, October 1st, but since manufacturing in California is too big for a single day, we celebrate MFG Month CA!”

While events have typically included in-person plant tours, due to the continued effects of the COVID-19 pandemic, MFG Month CA is incorporating both in-person and virtual events this year!

[Manufacturing Month 2021 \(cmtc.com\)](https://www.cmtc.com)

CONGESTION AT THE PORTS OF LA AND LONG BEACH

Governor Gavin Newsom signed an [executive order](#) directing state agencies to identify additional ways to alleviate congestion at California ports.

The Challenge:

- In-coming freight volume is up, transportation reliability/capacity can't meet demand, and warehouses are full.
- There are issues all along the supply chain.
- CA depends on imports to keep businesses operating, machines running, and communities functioning.
- There are health and safety, as well as business reasons for addressing the back-up at the ports.
- Bloomberg [interview with Gene Seroka](#), Director of the Port of LA.

The Executive Order:

- Directs state agencies to continue coordinating with the Biden-Harris Administration Supply Chain Disruptions Task Force.
- Directs the DOF to work with state agencies to develop longer-term solutions that support port operations and goods movement for consideration in the January 10 Governor's Budget.
- Directs state agencies to identify state-owned properties and other locations that could be available to address short-term storage of containers and identify priority freight routes to be considered for a temporary exemption to current gross vehicle limits.
- Creates workforce training and education programs. AB 639's (Cervantes, 2020) implementation is also [expedited](#) through this executive order.

Earlier this year, GO-Biz launched the [California Supply Chain Success Initiative](#), a partnership with the CA State Transportation Agency, the Port of Long Beach, and the CSU Long Beach Center for International Trade and Transportation.



SACRAMENTO MBDA BUSINESS CENTER

Operated by the California Asian Pacific Chamber of Commerce

About MBDA

The **Minority Business Development Agency (MBDA)** is an agency of the U.S. Department of Commerce that promotes the growth of minority-owned businesses through the mobilization and advancement of public and private sector programs, policy, and research.

MBDA Website

<https://www.mbda.gov/>



MBDA Network

National Network of MBDA Business Centers

WHERE BUSINESSES COME TO GROW



Our Mission

The **Sacramento MBDA Business Center** mission is to help minority-owned enterprises access markets and financial opportunities.

Sacramento MBDA Website

SacramentoMBDA.com

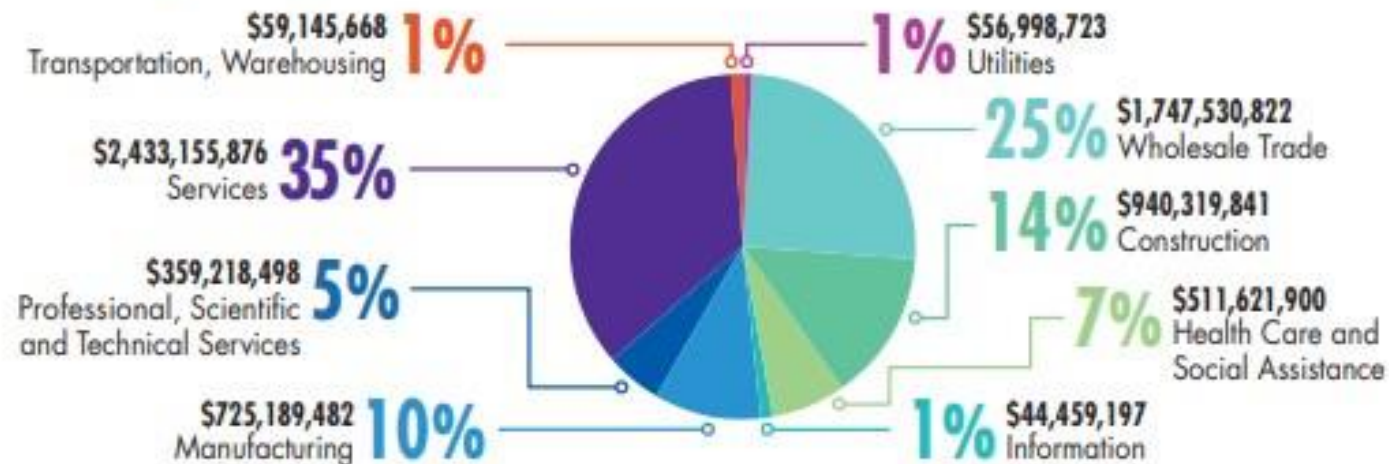


MBE Impact

Performance by Race/Ethnicity of Business Owner

	African American	American Indian/ Alaska Native	Asian American	Hasidic Jew	Hispanic American	Native Hawaiian/ Other Pacific Islander	Not Available
Contracts	\$ 5,271,133,589	\$ 163,019,091	\$ 235,658,822	\$ 3,455,046	\$ 1,017,419,074	\$ 664,427	\$ 234,223,496
Capital	\$ 304,472,462	\$ 78,727,552	\$ 118,273,174	\$ —	\$ 398,325,253	\$ 5,968,975	\$ 61,538,730
Jobs Created	7,081	322	1,015	—	2,089	148	940
Jobs Retained	7,572	273	1,507	23	5,787	238	320

Contracts by Industry Sector*



* The following industry sectors amounted to less than 1%: Accommodation and Food Services; Agriculture, Forestry, Fishing and Hunting; Arts, Entertainment and Recreation; Educational Services; Finance and Insurance; Mining, Quarrying, Oil and Gas Extraction; Other Services (Except Public Administration); Public Administration; and Retail Trade.

For performance metrics, data sources, grantee detail, and other supplemental information, visit www.mbda.gov/performance. FY 2020 performance reflects verified transactions as of November 16, 2020.

Our Services



MINORITY BUSINESS DEVELOPMENT AGENCY
BUSINESSCENTER
U.S. DEPARTMENT OF COMMERCE

Business Development & Export Growth Services



Global Business
Development



Business
Matchmaking



Access to Capital



Access to
Contracts

Contact Information



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IMPLEMENTATION OF ECONOMIC RECOVERY PROGRAMS

Agenda Item IV

KEY RECOVERY CHALLENGES IN 2021

- ❑ Data continues to suggest that women- and minority-owned businesses were hardest hit and continue to have the greatest challenges in accessing technical and financial assistance.
- ❑ The variety of programs make it difficult for businesses and workers to know where to start.
- ❑ Many of the state's smallest businesses find the documentation necessary to apply for COVID-19 resources a significant barrier.
- ❑ Accessing state procurement opportunities are challenging with the number of contracts being made under disaster declarations and budget exemptions, as well as the loss of in-person events to meet primes.
- ❑ COVID-19 is amplifying old business operation challenges, including local broadband capacity, access to capital, and the cost of regulatory compliance.
- ❑ In addition to addressing worker shortages, many small businesses are facing large re-payments of back rent while struggling to re-open.

SPEAKERS — AGENDA ITEM IV

- ❑ Toni Symonds with the JEDE Committee to facilitate our discussion
- ❑ Heidi Pickman with [CAMEO](#) to discuss their CDFI Incubator
- ❑ Jai Sharma with the [Silicon Valley Consulting Group](#)
- ❑ Micah Weinberg with [California Forward](#) to discuss implementation of the \$600 million Community Economic Resilience Fund (after 3:00 pm)
- ❑ Roundtable participants are encouraged to use this time to share new and update on-going initiatives to address economic recovery challenges.

MIDDLE MILE ADVISORY GROUP — MONTHLY MEETINGS

The 2021-22 Budget Trailer Bill Package includes SB 156, Chapter 112, Statutes of 2021, which is intended to expand the state's broadband fiber infrastructure and increase internet connectivity for families and businesses.

The legislation called for the formation of the Middle-Mile Advisory Committee, which is tasked with monitoring the development and construction of the middle-mile.

The goal is to provide equitable access to high-speed broadband service and prioritize inclusion of unserved and underserved populations, anchor institutions (hospitals, universities, government entities and community non-profits), tribal entities, and agricultural regions.

The Committee will meet over the next 10 months on the **third Wednesday** of each month from 1:00 to 2:30 pm, including **October 20, November 17, and December 15, 2021.**

<https://cdt.ca.gov/middle-mile-advisory-committee/>



PROGRAMS WE ARE TRACKING

Approved Programs & Initiatives

TRACKING IMPLEMENTATION OF NEW AND FOLLOW-ON PROGRAMS

- Federal Stimulus Legislation: [\\$900 million COVID Relief Act](#) and \$1.4 billion Omnibus Appropriation Act – signed into law in December 2020
- [\\$1.9 trillion Biden American Rescue Plan](#) – signed into law on March 11, 2021
 - Includes \$894 million in [State Small Business Credit Initiative](#)
- [\\$7.6 billion Early Action Budget Agreement](#) to provide relief to Californians experiencing pandemic hardship, including \$2.1 billion for small businesses – signed into law on February 23, 2021
- [California \\$6.2 billion tax cut to small business](#) – signed into law on April 29, 2021
- [California State Budget for 2021-22](#) – signed into law on July 12, 2021

STATE SMALL BUSINESS RESOURCES

- ❑ \$4.0 billion Small Business Grant Program. Qualifying small businesses and nonprofits can receive awards of up to \$25,000.
- ❑ \$200 million Main Street Tax Credit <https://www.ftb.ca.gov/file/business/credits/small-business-hiring-credit.html>
- ❑ \$120 million new capitalization for the Small Business Disaster Loan Guarantee Program <https://www.ibank.ca.gov/small-business/disaster-relief/>
- ❑ \$65 million for entrepreneur seed grant programs to assist aspiring entrepreneurs from economically disadvantaged groups <https://etp.ca.gov/grants/> \$10 million awarded in early 2021 – \$35 million in 2021-22 Budget for Office of the Small Business Advocate – \$20 million in 2021-22 Budget for the California Workforce Development Board/Employment Training Panel
- ❑ \$37.5 million added to the California Rebuilding Fund, which provides capital to support small business loans. \$12.5 million added in 2021 with an estimated impact of \$125 million. <https://www.connect2capital.com/p/californiarebuildingfund/>
- ❑ \$17 million Small Business Technical Assistance Expansion Program to provide free one-on-one counseling and training to small businesses and nonprofits <https://calosba.ca.gov/local-direct-assistance/small-business-centers/>

SOURCE DIVERSE SOURCE LOCAL

In case you missed this OSBA Initiative

Source Diverse Source Local – is a public-private collaboration to strengthen inclusive procurement programs and build a resilient California-based supply chain.

<https://calosba.ca.gov/business-learning-center/grow/procurement-and-supply-chain/>



COMMUNITY ECONOMIC RESILIENCE FUND

- **\$600 million** one-time federal ARPA funds for the **Community Economic Resilience Fund** to support the planning and implementation of regional transition strategies developed by High Road Transition Collaboratives.
- These High Road Transition Collaboratives are intended to bring communities together through an inclusive process to produce a regional roadmap for economic growth that prioritizes the creation of accessible, high-quality jobs in future-looking industries.
- The regional roadmaps will focus on those sectors and regions most affected by the state's transition to carbon neutrality, as well as those most vulnerable to the state's increasing and immediate climate impacts.
- The CERF Program will provide follow-on funding for region- and industry-specific economic transition strategies outlined in the roadmap.
- Funding will be guided by the Just Transition Roadmap, which was scheduled to be published in July 2021.

CAFWD: Ecosystem for Equitable, Sustainable Growth



Community Economic Resilience Fund

- \$600M program funded by ARPA
 - ~\$50M for cross sector economic strategy processes that center equity and sustainability run by “skilled neutral intermediary”
 - ~\$550M for implementation projects aligned with these processes
- Builds on different streams of work
 - Regions Rise Grant Program (AB 106 Salas, passed by JEDE), high road transition work, net zero energy transition
- Will hopefully be tailored to regions with funding driven by regional priorities
- California Forward partnering with others to provide external support for implementation

Rough timeline as of now

- Regions being reviewed
- Funding guidelines issued for public comment in November
- RFP by the end of the year
- Strategy processes and early implementation grants starting in first half of 2022

OSBA OPEN FUNDING ANNOUNCEMENTS

- **Inclusive Innovation Hub**: \$2.5 million one-time GF to relaunch the California Innovation Hub program as the Inclusive Innovation Hub program (iHub2) to incentivize a focus on diversity, equity, and inclusion in the state's tech and science-based start-up ecosystem.
 - **RFP** is open until November 15, 2021
 - Budgeted performance period – January 1, 2022 – December 31, 2022
 - Total performance period is 5 years – January 1, 2022 – December 31, 2027
- **Grants to Microbusinesses**: \$50 million one-time GF for grants to local governments and nonprofits to provide direct relief to eligible microbusinesses.
 - Round 1 **RFP** is open until November 18, 2021. Grants are to eligible grantmaking entities to locally administer the program.
 - Round 2 RFP application period (if necessary) – November/December 2021
 - Eligible grantmaking entities are expected to begin performance (i.e., outreach, application, disbursement) in early 2022. This may be sooner if all 58 counties/eligible grantmaking entities are selected in Round 1.

FUTURE ROLLOUT OF GO-BIZ AND OSBA PROGRAMS

- California Venues Grant Program
 - \$150 million one-time GF for CalOSBA to provide financial relief to independent venues, live events businesses, and minor league sports.
 - Applications opened in October 2021.
- California Dream Fund Program:
 - \$35 million one-time GF to support microgrants of up to \$10,000 to seed business start-ups by entrepreneurs from underserved small business groups who participate in intensive business start-up training programs.
 - RFP application period – October/November 2021
 - Performance Period – January 1, 2022 – December 31, 2022
- California Nonprofit Performing Arts Grant Program
 - \$50 million one-time GF for GO-Biz to provide grants under the California Nonprofit Performing Arts Grant Program.
 - RFP to select intermediary – October 2021
 - Intermediary is expected to begin performance (i.e., outreach, application, disbursement) by end of 2021 or early 2022.



\$4 BILLION SMALL BUSINESS COVID-19 RELIEF GRANT PROGRAM

Funding rounds closed —
applications still being processed

SMALL BUSINESS COVID-19 RELIEF GRANT PROGRAM

Funding Rounds	# of Awards	Amount of Awards
1	22,161	\$237,513,816.00
2	21,711	\$237,457,428.00
3	41,135	\$485,961,814.00
4**	1,581	\$21,788,743.00
5***	66,700	\$728,998,654.00
6***	59,504	\$728,861,367.00
Total	212,792	\$2,440,581,822.00

** Round 4 is for nonprofit

*** Round 5 and 6 are the largest rounds, with approximately \$1.5B in allocated funds. Awards are still ongoing and the # and \$ Amount of Awards will increase once all Awards are finalized for the Rounds.

SMALL BUSINESS COVID-19 RELIEF GRANT

Chart 1 – Summary of Selected Awardees by Industry
(as of 10/1/2021)

	Percentage Highly Impacted Industry	Percentage Other Impacted Industry	Percentage Total-Impacted Industry	Percentage NON-Impacted Industry	Percentage For Profit	Percentage Nonprofit
Round 1	53.5	4.2	62.9	37.1	94.8	5.2
Round 2	45.9	4.3	52.7	47.3	97.5	2.5
Round 3	35.4	4.5	42.3	57.7	97.6	2.4
Round 5	23.0	4.0	28.9	71.1	98.1	1.9
Round 6 (subject to change)	10.7	3.3	17.2	82.8	96.8	3.2
Average from all Rounds excluding 4	33.27	3.95	36.33	59.57	96.96	3.04

Source: <https://business.ca.gov/coronavirus-2019/>

SMALL BUSINESS COVID-19 RELIEF GRANT

Chart 2 – Summary of Selected Awardees by Gender and Veterans (as of 10/1/2021)

	Percentage of Women	Percentage of Male or Decline to State Grantees	Percentage of Veterans
Round 1	53.0	47.0	1.5
Round 2	55.5	44.5	2.0
Round 3	55.5	44.5	2.7
Round 5	47.2	52.8	3.1
Round 6 (subject to change)	43.8	56.2	3.3
Average from all Rounds excluding 4	49.87	50.12	2.63

Source: <https://business.ca.gov/coronavirus-2019/>

SMALL BUSINESS COVID-19 RELIEF GRANT

Chart 3 – Summary of Selected Awardees based on Self-Identified Race and Ethnicity (as of 10/1/2021)

	Percentage of White Grantees	Percentage of Black Grantees	Percentage of Asian Grantees	Percentage of Latino Grantees	Percentage of Native American Grantees	Percentage of Pacific Islander Grantees
Round 1	45.1	6.2	32.4	16.0	2.0	2.1
Round 2	40.9	7.4	33.2	18.1	1.9	2.2
Round 3	34.0	7.4	38.1	19.7	2.2	2.7
Round 5	37.6	8.1	33.7	19.7	2.1	2.4
Round 6 (subject to change)	41.4	6.5	33.2	17.8	1.9	2.5
Average from all Rounds excluding 4	39.8	7.12	33.1	17.9	2.02	2.38

Source: <https://business.ca.gov/coronavirus-2019/>

SMALL BUSINESS COVID-19 RELIEF GRANT

Chart 4 – Summary of Selected Awardees by Location (as of 10/1/2021)

	Percentage of Grantees Located in a Suburban or Urban Area	Percentage of Grantees Located in a Rural Area	Percentage of Grantees Located in a Low- or Moderate-Income Area	Percentage of Grantees Located in a High-Income Area
Round 1	88.1	11.9	76.7	23.3
Round 2	90.3	9.7	68.0	32.0
Round 3	90.8	9.2	67.1	32.9
Round 5	92.2	7.8	57.0	43.0
Round 6 (subject to change)	93.5	6.5	58.7	41.3
Average from all Rounds excluding 4	90.98	9.02	64.13	34.90

Source: <https://business.ca.gov/coronavirus-2019/>



INFORMATION SHARING OF ECONOMIC RECOVERY PROPOSALS

Agenda Item V

FOCUS AREAS

- Public Policy Priorities for 2021
- Economic Recovery Proposals – Under Discussion
- Recommendations from Reports



SPEAKERS — AGENDA ITEM V

□ Toni Symonds, JEDE Committee, will facilitate this discussion.

Advocates are encouraged to share information on economic recovery proposals, as well as other federal and state priorities.

TRACKING NEW AND ONGOING ISSUES

- **State Small Business Credit Initiative** – CA formula allocation \$895 million.
- **American Jobs Plan** – \$2 trillion in infrastructure, workforce, and small business procurement opportunities.
- **INVEST in America** (HR 3684) passed the US House of Representatives on July 1, 2021. The bill approves a \$715 billion/\$547 billion surface transportation and water infrastructure bill.
<https://www.congress.gov/bill/117th-congress/house-bill/3684?s=2&r=1>
- **Bipartisan Infrastructure Framework** provides \$1.2 trillion for infrastructure development and is part of the Administration's Build Back Better vision. Passed the Senate and is pending in House. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/08/02/updated-fact-sheet-bipartisan-infrastructure-investment-and-jobs-act/> (updated)
- **Bipartisan Infrastructure Plan** that passed the Senate and awaiting action in the House on the \$550 billion spending plan.
- **House “Soft Infrastructure Plan”** announced, which provides \$3.5 trillion (2,600 pages).



STATE SMALL BUSINESS CREDIT INITIATIVE

December Deadline

STATE SMALL BUSINESS CREDIT INITIATIVE

- The American Rescue Plan Act of 2021 (ARPA) included \$10 billion for the reauthorization of the State Small Business Credit Initiative (SSBCI), which was initially created in 2010, to strengthen state programs that support financing of small businesses.
- SSBCI will make both competitively awarded funds and allocations based on formulas.
- \$1.5 billion in ARPA funds to be competitively bid by state governments for programs targeted to serve socially and economically disadvantaged individuals.
- \$500 million in ARPA funds will be allocated to Tribal governments by formula.
- Tribal governments may apply individually or jointly.
- Tribal governments may operate SSBCI funded programs themselves or contract with third parties or other Tribal governments to operate programs.
- State government SSBCI program funds can be deployed in Indian Country or to support Native American businesses.
- The US Treasury is still developing updated SSBCI guidance. This [doc](#) issued Sept 27, 2021.

HOW DID CA USE ITS FIRST ROUND OF SSBCI FUNDING?

- CA received \$168.4 million out of \$1.5 billion.
- No real plan – money was expended through the state’s two existing programs until deadlines necessitated the development of new program.
 - Small Business Loan Guarantee Program (\$85 million)
 - CA Capital Access Program (\$20 million)
 - Collateral Support Program (\$65 million)
- The \$10 billion in second round of funding is substantially larger.
- The second round of funding provides an opportunity for the state to undertake a real analysis of the state’s small business capital needs.
- IBank is holding outreach events. Send recommendations to SSBCI@IBank.ca.gov

SSBCI CURRENT TIMELINE

- April 9, 2021 – US Treasury announced state formula allocations.
- May 10, 2021 – US Treasury announced Tribal government allocations.
- May 13, 2021 – US Treasury hosted an information session for Tribal governments.
- May 27, 2021 – Tribal consultation session held on SSBCI program requirements.
- December 11, 2021 – Initial applications to the US Treasury are due.
- February 11, 2022 – Completed applications due to the US Treasury.
- March 31, 2022 – Applications for grants to fund small business technical assistance activities are due.

<https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci>

HOW THE FUNDING WORKS

- A Funding Application is due by December 11, 2021.
- Each tribal government has a maximum allocation, which can be drawn down in three tranches.
- Money in the first tranche will be transferred within 90 days of the program agreement being signed by the Tribal government.
- Receiving the second and third tranche of funding is dependent on the expenditure or obligation of 80% of current tranche of funding.
- SSBCI funds can be used to capitalize small business financing programs, including, but not limited to, portfolio insurance, loan guarantees, loan-loss reserves, collateral support programs, and equity funds.
- Administrative costs are limited to 3%, available one-third at a time.
- Based on a per SSBCI funded program basis, each \$1 of SSBCI public investment must result in \$1 of new private credit.
- Based on an all funded program basis, SSBCI public investments will cause new small business lending to increase at least 10 times the SSBCI contributed amount. 2010 application required documentation of how these leverage amounts would be achieved, including assumptions made to undertake the calculation.
- These leverage requirements make using the SSBCI funds for grants to small businesses very unlikely.

WHO MUST THE SMALL BUSINESS PROGRAMS SERVE?

State/Tribal governments may use SSBCI funds to support eligible small business financing in their state, on tribal lands, small businesses in states where tribal lands or tribal members are located, and small businesses owned by tribal members anywhere within the United States.

To be clear — State government SSBCI program funds can be deployed in Indian Country to support Native American businesses.

Eligible SSBCI funded programs should provide credit support that meets all of the following requirements:

- Targets an average borrower size of 500 employees or less
- Does not extend support to borrowers that have more than 750 employees
- Targets support towards loans with an average principal amount of \$5 million or less
- Does not extend credit support to loans that exceed a principal amount of \$20 million

REVIEW 2010 SSBCI DOCUMENTS

- SSBCI Program was initially established in 2010.
- While there may be changes in the program due to the appropriations of \$10 billion in ARPA funds, understanding how the initial program worked may provide ideas for how to best design a program that meets the vision and needs of your Tribe.
- 2011-17 SSBCI Best Practices: <https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci/technical-assistance-and-best-practices>
- 2011-17 SSBCI Application: <https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci/application>
- Sample 2011-17 SSBCI Agreement: <https://home.treasury.gov/system/files/256/Allocation-Agreement-2011-2017.pdf>
- 2015 Program Evaluation Report: https://home.treasury.gov/system/files/256/SSBCI-Program-Evaluation-2016-Full-Report_1.pdf
- 2016 Annual Report: https://home.treasury.gov/system/files/256/ssbci_quarterly_report_summary_december_2016.pdf

DETERMINING SSBCI FUNDING PRIORITIES

- At the end of the day, who does CA want to have helped with these small business funds?
- Based on the opportunities and challenges, what are the state's priority capital issues?
- Based on available funding, what is the desired balance between funding for business start-ups, business expansions, certain industry sectors, and microbusinesses?
- Should CA administer all their own programs or partner with other states, regional collaboratives, or financial organizations?
- What is the full list of CA financial lending programs? Who are they currently serving and what is their capacity to expand?
- What other public and/or private programs can be braided into the implementation of the SSBCI funded programs?
- Where is the funding for pre-loan and post-loan technical assistance?
- Which programs are best suited for tranche one, two, and three funding?

BEST PRACTICES AND LESSONS FROM 2011-17

- Recycle capital as quickly as possible
- Manage risk to minimize loss
- Maximize capital availability
- Market the program effectively to generate deal flow and fee income
- Implement a flexible program design that is capable of adapting to changing lender and business needs
- Design programs in a manner that leverages outside funding resources
- Build and maintain stakeholder support

Resource Link: <https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci/technical-assistance-and-best-practices>



FUNDING AND PROGRAMS FOR THE 2022-23 BUDGET

CHECK LIST OF ISSUES FOR 2022-23

- **Extension of SB TAEP:** The program sunsets January 1, 2024.
- **\$2 Billion Unemployment Insurance Mitigation for Small Businesses:** Budget discussions included \$2 billion of tax relief over a ten-year period for small businesses to mitigate impacts of Unemployment Insurance repayments, beginning in 2023. This proposal was intended to replace the Governor's \$1.1 billion proposal.
- **CDFI Grants:** \$70 million one-time GF to establish a grant program for community development financial institutions (CDFIs) pending future legislation. (Funding amended out of initial Budget Bill)
- **Commercial Rent Relief for Small Businesses:** Provisions included in AB 1147 (Cervantes), which is pending in Assembly Revenue and Taxation Committee.



CLOSING THOUGHTS

Links to Useful Information



Supporting SMALL
strengthens us ALL:
#ShopSafeShopLocal

STAY CONNECTED WITH GO-BIZ AND OPR

GO-Biz, the Office of the Small Business Advocate, and OPR are partnering on a range of activities, including weekly webinars and videos. You can stay connected through the following channels:

- To view the Entrepreneurship Task Force COVID-19 Rapid Response Online Sessions: <https://business.ca.gov/advantages/small-business-innovation-and-entrepreneurship/help-us-advance-entrepreneurship/>
- Subscribe to GO-Biz's Newsletter for COVID-19: <https://business.ca.gov/gobiz-newsletter-signup/>
- Subscribe to GO-Biz's OZ Updates: <https://opzones.ca.gov/sign-up/>
- Subscribe to OPR's Federal Grants E-List: <https://tinyurl.com/y9du7fg3>
- Follow @CAGOBIZ on Twitter: <https://twitter.com/CAGoBiz>
- Follow @Cal_OPR on Twitter: https://twitter.com/cal_opr?lang=en
- Subscribe to the GO-Biz YouTube Channel: <https://www.youtube.com/channel/UCregW8KZRE4k1sXVZs2bPxw>
- Submit questions to the California Business Investment Service: calbis@gobiz.ca.gov
- Submit questions regarding the Opportunity Zones and Promise Zones: zones@gobiz.ca.gov

CALIFORNIA LAUNCHES DEDICATED SMALL BUSINESS PORTAL

California's Office of the Small Business Advocate (CalOSBA), part of the Governor's Office of Business and Economic Development (GO-Biz), launched calosba.ca.gov – a website that connects California's small business community with critical resources available through a state-funded small business technical assistance program and other state resources.

Small business owners, entrepreneurs, and startups can access the following information:

- Small business technical assistance centers that offer specialized support for no-cost or at a low-cost
- Financing information including state and federal capital programs and tax/credit incentive programs
- Business Learning Center that helps business owners navigate the varying stages of the business development process
- Permits, licenses, regulations, information, support, and resources
- Access to new markets, including e-commerce, international trade, and procurement and supply chain programs

For more information, visit calosba.ca.gov.

JEDE COVID-19 ACTIVITIES

Conference Calls: JEDE is sponsoring monthly conference calls where stakeholders can share program and service delivery challenges in real time and seek resolution and mitigation actions within the broader business, economic, and workforce development community.

COVID-19 Updates: JEDE regularly publishes economic and business development updates to professionals engaged in meeting the needs of small businesses and local communities caused by the coronavirus emergency.

Resource Webpages:

- JEDE COVID-19 Resource Page: <https://ajed.assembly.ca.gov/content/covid-19-resources>
- Small Business Roundtable: <https://ajed.assembly.ca.gov/content/small-business-roundtables>

Contact JEDE: 916-319-2090 or toni.symonds@asm.ca.gov or benjamin.warheit@asm.ca.gov