

Date of Hearing: April 27, 2021

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND THE ECONOMY

Sabrina Cervantes, Chair

AB 630 (Arambula) – As Amended April 19, 2021

SUBJECT: Online Jobs and Economic Support Resource Grant Program

POLICY FRAME: Responding to the coronavirus pandemic has required the state to take extreme and rapid steps to protect the health and safety of Californians. Within one week in March 2020, the state went from open-for-business to the implementing of a strict stay-at-home order for everyone not directly engaged in what government considered an essential and critical business activity. Since March 12, 2020, 26.5 million unemployment insurance claims have been filed with the state’s Employment Development Department (EDD), claims for initial and extended benefits included.

Even prior to the pandemic, many regions of the state and groups were experiencing substantially higher unemployment than the state as a whole. As an example, in January 2020 the statewide unemployment rate was 4.3%. Unemployment rates for certain population groups, such as Blacks (5.3%) and people 20-to-24 years old (7.2%), and regions of the state, including Colusa County (18.7%), were sometimes nearly or more than double the statewide average. The disparities are driven by and also influence a range of economic and societal issues, including, but not limited to, minimal educational attainment, economic insecurity, poor health outcomes, negative engagements with law enforcement, and lack of a safety net for the elderly and individual with special needs. COVID-19 magnified these effects, further putting strains on already struggling low-wage workers, particularly in the Black and Latinx communities.

AB 630 proposes the establishment of a grant program that funds technology and online-based solutions to assist unemployed and underemployed workers access training and employment opportunities. These types of technologies are often not realistically included as an eligible program cost in many technical assistance programs, including the Small Business Technical Assistance and Expansion Program.

The analysis includes information on the Governor’s Office of Business and Economic Development (GO-Biz), important grant program considerations, and examples of what may be eligible to be funded through the new program. There is no known opposition to this bill. Suggested amendments are included in Comment 4.

SUMMARY: AB 630 establishes the Online Jobs and Economic Support Resource Grant Program (Online Resource Grant Program) for the purpose of supporting inclusive, cross-jurisdictional, and innovative online platforms that support job and earning opportunities and economic recovery with a strong focus on underserved and economically challenged communities. Specifically, **this bill:**

- 1) Makes findings and declarations:
 - a) As we recover from the COVID-19 pandemic, Californians need a clear, accessible tools to help access information and resources that will help them remain on their feet during a time of unfathomable economic uncertainty.
 - b) Growing inequality, which disproportionately impacts communities of color, and the erosion of upward mobility in California, call for state policy to be intensely focused on increasing economic opportunity and security for all Californians.

- c) Communities of color are being hit hardest by the COVID-19 pandemic. Studies show persons in communities of color are contracting the virus at much greater rates and also being hit hardest by the economic fallout and unemployment.
 - d) Disparities in the economic toll nationally were nearly immediate in the spring of 2020. In May, the numbers were already dire. A report by the US Department of Labor revealed that while the unemployment rate for Whites reached 14.2% in April, a historic high, 16.7% of African Americans were out of work and the unemployment rate among Latinos soared to 18.9%, the highest on record.
 - e) Since beginning to rise from the depth of the pandemic, recovery has not been equal for all, with the racial employment gap widening. Data from the United States Bureau of Labor Statistics show that while the unemployment rate for Whites 16 years of age and older has fallen to 5.8%, unemployment rates for African American and Latinos are at 9.9% and 8.7%, respectively.
 - f) No matter when a declaration of recovery is made, the reality is that it will be a recovery for the most privileged two-thirds of people in the US.
 - g) There is an urgent need to create pathways for the state, private business, philanthropic organizations, and others to financially support inclusive planning and decision-making processes reflective of a shared vision of a California for all, across the state's underserved regions for investment.
- 2) Establishes the Online Resource Grant Program, administered by GO-Biz, for the purpose of supporting inclusive, cross-jurisdictional, and innovative online platforms that support job and earning opportunities and economic recovery with a strong focus on underserved and economically challenged communities.
- 3) Specifies the following Program goals:
- a) Support Californians impacted by job loss due to COVID-19 and shorten the overall average period of unemployment statewide.
 - b) Provide pathways to rapid redeployment of workers to needed industries and reskilling of workers to help offset the impact of worker displacement.
 - c) Uplift Californians and aid in the economic recovery of the state and increase the economic mobility of workers in the lower one-third of earners.
- 4) Requires an applicant to meet the following criteria:
- a) A robust, targeted outreach plan to ensure amplification of, and access to, the online platform by communities hardest hit by job loss amidst the pandemic, including minorities and economically disadvantaged Californians.
 - b) Experience serving under-represented and under-served populations.
 - c) Collaborate with stakeholders and partners across California, including, but not limited to, regional workforce boards, appropriate state agencies, and statewide training providers.
 - d) Maintain an online platform that shall, at a minimum:
 - i) Contain search functions to connect users with the following:
 - (1) Economic opportunities, prioritizing high-road, high-quality jobs.

- (2) Training programs that offer the ability to develop new skills and to expand on existing skills.
 - (3) Essential life services, including free or reduced cost services for medical care, food, shelter, and child care.
 - ii) Be able to serve the entire state.
 - iii) Comply with California privacy laws
- 5) Requires the office to develop and implement a process to award competitive grants to eligible applicants. At a minimum, the applicants are required to provide GO-Biz with a proposal narrative, a proposal budget, and proposed impact assessment and timeline, including progress reports and final deliverables.
 - 6) Conditions the implementation of the Program upon the appropriation of funds by the Legislature. When funding is received, GO-Biz is required to post notice of the appropriation on its internet website and send notice of the appropriation to the Legislative Counsel.
 - 7) Requires grant recipients to submit an annual report to GO-Biz that includes all of the following:
 - a) The number of individuals who used the online platform.
 - b) A description of the resources created to support job and earning opportunities, training sessions, and support services.
 - c) Aggregate demographic data on the program's users amongst under-served and under-represented communities, including users from disadvantaged and severely disadvantaged communities.

EXISTING LAW:

- 1) Establishes GO-Biz within the Governor's Office for the purpose of serving as the lead state entity for economic strategy and marketing of California on issues relating to business development, private sector investment, and economic growth. In this capacity, the office is authorized to undertake a range of activities, which includes, but is not limited to:
 - a) Recommending to the Governor and the Legislature new state policies, programs, and actions, or amendments to existing programs and respond to emerging economic problems and opportunities.
 - b) Coordinating the development of policies and criteria to ensure that federal grants administered or directly expended by state government, advance statewide economic goals and objectives.
 - c) Providing key data to support economic development activities in California, including, but not limited to:
 - i) Economic and demographic data.
 - ii) Financial information to help link businesses with state and local public and private programs.
 - iii) Workforce information, including, but not limited to, labor availability, training, and education programs.
 - iv) Information on tax credits and other incentives.
 - v) Permitting, siting, and other regulatory information pertinent to business operations in the state.

- d) Establish an administrative structure that effectively supports the facilitation of business development and investment in the state.
 - e) Encourage collaboration among research institutions, startup companies, local governments, venture capitalists, and economic development agencies to promote innovation.
 - f) In cooperation with the federal government, foster relationships with overseas entities to improve the state's image as a destination for business investment and expansion.
 - g) Conduct research on the state's business climate, including, but not limited to, research on how the state can remain on the leading edge of innovation and emerging sectors.
 - h) Support small businesses by providing information about accessing capital, complying with regulations, and supporting state initiatives that support small business.
- 2) Establishes Small Business Technical Assistance Expansion Program (SB TAEP) for the purpose of providing technical assistance to small businesses through partnership agreements with one or more federally-designated small business technical assistance centers.
- a) Defines a "federal small business technical assistance center" to include, but not limited to, small business development centers, women's business centers, veterans business outreach centers, manufacturing extension partnership centers, minority business development business centers, and procurement technical assistance centers that operate in California under federal contracts.
 - b) Specifies, as a condition of SB TAEP funding, that each small business technical assistance center agrees to submit an annual report, which includes, at a minimum, the number of businesses assisted, the amount of funds awarded, the size of businesses assisted, the city and county in which the businesses assisted are located, and the industry sectors of the businesses assisted, as reported by the assisted businesses.
 - c) Requires a preference be given to SB TAEP applications that propose new or enhanced services to underserved business groups, including women-, minority-, and veteran-owned businesses, and businesses in low-wealth, rural, and disaster-impacted communities included in a state or federal emergency declaration or proclamation.

FISCAL EFFECT: Unknown

COMMENTS & CONTEXT:

- 1) **The Foundation of a Successful Grant Program:** Successful grant programs have a number of qualities in common. Among the most important, the following:
- a) A clear statement of purpose;
 - b) Goals which can be aligned with metrics which are used in evaluation;
 - c) Evaluation criteria that includes minimum standards or thresholds for awarding grants;
 - d) Priorities for awarding grants;
 - e) A distinct definition of an eligible applicate, i.e. who is allowed to apply for the grants;
 - f) Clarity on who is the intended beneficiary of the grant, which may not be the actual applicant;

- g) Measurable outcomes that include benchmarks, metrics, and timelines for demonstrating progress, and
- h) Periodic and final reporting mandates.

This information forms the foundation from which applications and evaluation criteria can be further developed by an administering state agency. It also provides the basis for the state agency to determine monitoring and oversight requirements, including immediate and long-term staffing needs.

One area that is commonly overlooked in statutory grant program schemes is the need for the grantee to have some level of prior experience in successfully undertaking their proposed project; however, in the case of serving underserved populations or regions, these requirements will need to be modified to include having an existing relationship or experience with the underserved group or geographic region. State agencies will need specific direction on how these two requirements should be addressed. While prior experience generally correlates to the quality of program delivery, what works in one area may not work as well in another and, without the engagement of trusted partners, historically underserved and disenfranchised individual and groups may not be reached.

These requirements are not designed to tie the hands of administering state agencies, rather they are designed to retain the appropriate balance between the policy making role of the legislative branch and the administrative role of the department. Grants are very popular, and state agencies need guidance in selecting among multiple highly ranked applications.

In addition, having a clear public purpose must be especially clear when awarding grants. It is up to the Legislature to set this purpose as part of authorizing the program and funding. This public purpose can then be carried through in the program design and used as a key reporting criteria during period and final evaluation periods.

2) **Examples of Online Platforms that Support Training and Employment:**

Bitwise, who is a sponsor of AB 630, is an online platform that supports a computer programming and an infrastructure training program via Geekwise Academy. The firm describes their workforce model as “intentionally designed to produce graduates who match the demographics of the places we serve. By extension, we are producing the most diverse technology workforce on the planet.”

According to the Bitwise 2020 impact report for their work in Fresno, Bakersfield, Oakland, and Merced, their platform supported the training of over 3,400 students of which 28.9% had not completed high school, and 71% had not completed a four-year degree. One of the advantages of an online platform is the potential to reach younger underserved populations. A selection of self-identified student characteristics illustrates this diversity: LGBTQI (41%), Latinx (55.4%), and first generation Americans (40.4%). Also of interest is that 50% of the 2020 graduates were hired in tech roles in non-tech businesses, which is an important outcome for small business owners who need a greater online presence and increasingly manage their business through cloud technologies.

The Online Resource Grant Program may also provide funding for small business technical assistance centers, such as Small Business Development Centers and Minority Business Development Centers, which have been requesting resources to establish and maintain online platforms to better serve their clients. Initial state funding did not include IT infrastructure as an eligible cost, which became an

issue during the early months of the pandemic as some of these centers experienced a 5X increase in small business clients.

Another online platform heavily utilized during the pandemic is the CalFLEXI Platform, which supports the needs of California's irregular workforce. Sponsored by the Pacific Gateway Workforce Partnership (Long Beach Workforce Development Board), in partnership with Beyond Jobs (nonprofit), the platform helps workers get the appropriate training to provide in-home childcare, while also supporting the technology for essential workers to schedule qualified childcare to match their often irregular and nontraditional work hours.

The Beyond Jobs serves as the employer of record, thereby ensuring the child care provider is equitably treated, receives a W-2 with benefits, and insurance. Pilot funding was provided through City of Long Beach CARES Act funding and by the Annie Casey Foundation, Walmart Foundation, Kauffman Foundation, Wells Fargo Foundation, Irvine Foundation, and Workers' Lab. The pilot won the US Conference of Mayors' prize for best job or economic development initiative in America in 2020. With the pilot successfully completed, other regions could benefit, but, as noted earlier, funding online platforms is not an eligible cost in many public programs.

- 3) **Governor's Office of Business and Economic Development:** In April 2010, GO-Biz was established to provide a one-stop-shop for serving the needs of businesses and economic developers. While initially established through Executive Order S-01-10 and partnership agreements with the Small Business Development Centers, the office was later codified and renamed the Governor's Office of Business and Economic Development [*AB 29 (John A. Pérez), Chapter 475, Statutes of 2010*].

The Governor's 2012 reorganization plan further aligned the state's economic development-related administrative structure. Key changes included the dismantlement of the Business, Transportation, and Housing Agency and the shifting of a number of programs and services to GO-Biz, including:

- The Small Business Loan Guarantee Program;
- The California Travel and Tourism Commission;
- The California Film Commission;
- The Film California First Program; and
- The Infrastructure and Economic Development Bank.

In 2018, GO-Biz assisted over 25,000 businesses through programs and services administered through its six service units: California Business Investment Services, the Office of Permit Assistance, the Office of the Small Business Advocate (OSBA), International Affairs and Business Development, the California Competes Tax Credit Program, and the Innovation and Entrepreneurship Program.

The OSBA oversees a number of programs and services, including advocacy on small business regulatory and legislative issues, administering the Made in California Labeling Program, maintaining an informational website, and providing advisory assistance to small businesses in the areas of regulatory compliance, business start-up and expansion, capital formation, and disaster preparedness. The SB TAEP is also administered through the OSBA, and it provides grants to federal small business technical assistance centers to provide one-on-one counseling to help small businesses access capital.

AB 630 expands range of programs administered by GO-Biz to include online resource grants to address the COVID-19 recovery challenges businesses and workers. In doing so, the bill furthers GO-Biz's ability to comprehensively support resource and technical assistance providers who serve historically underserved neighborhoods, workers, and business-owners.

- 4) **Proposed Amendments:** Below is a list of amendments the committee members may wish to review when considering the bill.
- a) Define what type of organization or entity is an eligible applicant to include a nonprofit, cooperative, public benefit corporation, or local government.
 - b) Set priorities for awarding competitive grants.
 - c) Allow grants to fund online platforms that serve regions; currently the program is limited to statewide platforms.
 - d) Require platforms funded through this program to be available at no charge to intended clients.
 - e) Define eligible grant costs.
 - f) Require applicants to demonstrate the capability of the online platform, and document how the platform is or will be integrated within workforce or economic development activities.
 - g) Require the grant application to designate a targeted population.
 - h) Require grant recipients or a partner to have demonstrated experience working with the targeted populations.
 - i) Require grant recipients to report on employment and business development outcomes.
- 5) **Related Legislation:** Below is a list of bills from the current and prior sessions.
- a) ***AB 29 (John A. Pérez, Feuer, and V. Manuel Pérez) Office of Business and Economic Development:*** This bill established GO-Biz to include the newly codified California Business Services and the existing Office of the Small Business Advocate. Status: Signed by the Governor, Chapter 475, Statutes of 2011.
 - b) ***AB 1632 (Assembly Budget Committee) Financing and Technical Assistance Funds for Small Businesses:*** This bill provided \$32.35 million in funds for small business finance and technical assistance, which leveraged \$174 million in federal and in-kind funding. The \$32.35 million was allocated as follows: \$20 million was appropriated for use within the state Small Business Loan Guarantee Program; \$6 million to provide a federal match for California SBDCs to draw-down federal dollars; \$6 million for the California Capital Access Program for loss reserve programs; and \$350,000 to the Federal Technology Program to draw-down federal dollars. Status: Signed by the Governor, Chapter 731, Statutes of 2010.
 - c) ***AB 1817 (Assembly Budget Committee) Small Business Technical Assistance:*** This bill established the Small Business Technical Assistance Expansion Program for the purpose of assisting small businesses through free and low-cost one-on-one counseling and low-cost training by entering into grant agreements within one or more federal small business technical assistance centers. Status: Signed by the Governor, Chapter 37, Statutes of 2018.

REGISTERED SUPPORT / OPPOSITION:

Support

Bitwise Industries
City of Bakersfield
City of Fresno
City of Merced
County of Fresno
Every Neighborhood Partnership
Fresno City College
Fresno Unified School District
Greater Bakersfield Chamber of Commerce
Kind Capital
Neighborhood Industries
Public Health Advocates

Opposition

None on File

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