

Assembly Committee on Jobs, Economic Development, and the Economy

Impact of the COVID-19 Pandemic on California Small Businesses

February 23, 2021, at the California State Capitol in Room 4202 at 9:30 am

PRELIMINARY AGENDA

The Assembly Committee on Jobs, Economic Development, and the Economy (JEDE) is convening an informational hearing on the economic impact of the COVID-19 pandemic on California small businesses. The objective of the hearing is to provide Assembly Members with a foundation from which to oversee and evaluate state programs and legislative proposals in the coming Session.

I. Welcome, Introductions, and Opening Statements

Chairs and members of the JEDE and SBE Committees will give opening statements and frame the key issues to be examined during the hearing.

II. Overview of the Economic Impact of COVID-19 on California Small Businesses

Small businesses, and especially businesses owned by people of color, have been deeply impacted by the COVID-19 pandemic. This is a central finding of a working paper by **Dr. Robert Fairlie**, which was released by the Stanford Institute for Economic Policy Research, [The Impact of Covid-19 on Small Business Owners: Evidence of Early-Stage Losses from the April 2020 Current Population Survey](#). While most major industries in the US faced large drops in the number of business owners, businesses owned by people of color were hardest hit. Using a simulation model, Dr. Fairlie estimates that between February 2020 and April 2020 there was a decrease of 41% among Black-owned businesses, 32% among Latinx-owned businesses, and 26% among Asian-owned business. Dr. Fairlie has released several follow-up papers on changes in business ownership, including [this paper which includes data through June 2020](#). Dr. Fairlie's work has also been cited in the introduction of federal legislation, the [Minority Business Resiliency Act](#), which codifies the Minority Business Development Agency as a permanent federal agency. <https://news.ucsc.edu/2020/08/fairlie-minority-businesses.html>

III. Meeting the Needs of Small Businesses Through a Grant Program

The Governor, in consultation with the Legislature, announced the [Small Business COVID-19 Relief Grant Program](#) in December 2020. Since that time, \$237.5 million in grants have been awarded and a second round of funding should be concluding soon. Grant awards are intended to financially support underserved business-owner groups, businesses in areas most impacted by State-at-Home Orders, and industry sectors most impacted during the pandemic. The **Governor's Office of Business and Economic Development** will discuss program implementation and outcomes, including the ability of the grant program to meet its priority application and award targets. (invited)

IV. Program Innovations to Support the Economic Recovery of Small Businesses from the COVID-19 Pandemic

The state has five primary methods for supporting small businesses' development: technical assistance, access to capital, tax relief, workforce training, and procurement participation. During the pandemic, the state activated and adapted programs to meet the unique challenges of the COVID-19-induced recession. The panelists include:

- **James Watson**, President of the [California Manufacturing Technology Consulting](#) (California's Manufacturing Partnership) will discuss how this federally-designated and state and federally funded organization modified its program delivery and services to assist small and medium manufacturers remain viable during the pandemic, including shifting to the production of PPE.
- **Deanna Krehbiel**, Executive Director of Economic Development & Corporate Training at San Bernardino Community College District and representative for the [California Community College Contract Education Collaborative](#) will share information on how the workforce centers quickly pivoted to online learning to serve the small business training needs for new and incumbent workers. She will also discuss how

contract education programs have used funding from the state [Employment Training Panel](#) to transition to online learning and focused on the evolving needs of essential workers and businesses.

- The California Legislature approved \$125 million in the [2020-21 Budget](#) to expand the Small Business Loan Guarantee Program and establish a new direct CDFI lending program, the [California Rebuilding Fund](#), in order to meet the capital access needs of small businesses during the COVID-19 pandemic. **Bianca Blomquist**, Senior Manager, California Policy & Engagement, Small Business Majority, has been working with the [California Infrastructure and Economic Development Bank](#) on the deployment of the new loan product will discuss these programs and how they fit within the scope of other loan programs.

V. Public Comment

Anyone interested in addressing the Committee may sign up to speak during the public comment period. Written comments may also be submitted to the JEDE Committee Office.

VI. Closing Remarks

Assembly Members will make closing remarks and offer recommendations for further actions.