

# 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** *(For scheduling purposes, this Agenda Item will be heard immediately following Agenda Item I – Welcome, Introductions, and Opening Statements)*

*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. **Dee Dee Myers**, Senior Advisor to Governor Gavin Newsom and Director of the Governor's Office of Business and Economic Development, will discuss the Governor's economic recovery efforts. She will be joined by **Michelle Radmand**, the Acting Deputy Director and Northern California Regional Advisor Appointee for the California Office of the Small Business Advocate. Together, they will discuss the grant program implementation and outcomes, including its ability to meet priority application and award targets.*

#### **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 and its partners have 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. The California Manufacturing Technology Consulting is one of [34 state grantees](#) under the [Small Business Technical Assistance Expansion Program](#).

- **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.
- **Bianca Blomquist**, Senior Manager, California Policy & Engagement, Small Business Majority, will discuss the range of state lending programs the state is currently supporting, including the new [California Rebuilding Fund](#). The California Legislature approved \$125 million in the [2020-21 Budget](#) to expand the Small Business Loan Guarantee Program and establish California Rebuilding Fund, a direct loan program that blends state funds with other funds of community development financial institutions. Small Business Majority and CAMEO are working with the [California Infrastructure and Economic Development Bank](#) on the deployment of the new and innovative loan product.

## **V. Public Comment**

Anyone interested in addressing the Committee may speak during the public comment period. For those joining the hearing remotely, please check the committee website (<https://ajed.assembly.ca.gov/hearings>) for the call-in number. Written comments may be submitted to the JEDE Committee Office via email at [ajed@assembly.ca.gov](mailto:ajed@assembly.ca.gov).

## **VI. Closing Remarks**

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