Fiscal Year
18/19
Business Unit
0509
Department
Governor’s Office of Business and Economic Dev.
Priority No.
001

Budget Request Name
0509-301-BCP-2018-A1
Program
0230- SMALL BUSINESS ADVOCATE
Subprogram

Budget Request Description
California Small Business Development Technical Assistance Expansion Program

Budget Request Summary
The Governor’s Office of Business and Economic Development (GO-Biz) is requesting an appropriation of $20 million in General Fund for each year for the next five years, of which $17 million will go to establish and support the Small Business Development Technical Assistance Expansion Program and $3 million will go to the California Small Business Development Center Program to assist in drawing down federal funds.

Requires Legislation
☐ Yes ☒ No

Does this BCP contain information technology (IT) components? ☐ Yes ☒ No

If yes, departmental Chief Information Officer must sign.

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project No.

Project Approval Document:

Approval Date:

If proposal affects another department, does other department concur with proposal? ☐ Yes ☒ No

Attach comments of affected department, signed and dated by the department director or designee.

Prepared By
Jesse Torres
Date
03/29/18

Reviewed By
Jennifer Henneke
Date
03/29/18

Department Director
Panorea Avdis
Date
03/29/18

Agency Secretary
Date

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ CALSTARS ☐ Dept. of Technology

Original Signed By:
Clint Kellum
Date submitted to the Legislature
03.30.18
A. Budget Request Summary
The Governor's Office of Business and Economic Development (GO-Biz) is requesting an appropriation of $20 million in General Funds for each year for the next five, of which $17 million will go to establish and support the Small Business Development Technical Assistance Expansion Program and $3 million will go to the California Small Business Development Center Program to assist in drawing down federal funds.

B. Background/History
California small businesses constitute close to 13 percent of all small businesses in the United States, according to the “2017 California Small Business Profile,” published by the U.S. Small Business Administration (SBA) - https://www.sba.gov/content/summary-size-standards-industry-sector.

California has 3.8 million small businesses, which in turn employ 6.8 million workers in the state – 49.2 percent of the state’s total workforce. Small businesses are also a key driver of California’s exports. Over 75,000 small businesses engage in exporting, generating 43.4 percent of California’s $158.3 billion in total exports. California has the greatest amount of small businesses of any state or territory in the country, outpacing Texas (2.6 million), Florida (2.4 million) and New York (2.1 million). The Small Business Administration (SBA) generally defines a small business as meeting the following criteria: 500 employees or less for most manufacturing and mining industries and $7.5 million or less in average receipts for many non-manufacturing industries.

The federal government operates a number of programs that are designed to provide technical assistance to entrepreneurs and small businesses to enable and encourage their launch and growth. The technical assistance consists of one-on-one confidential consulting and low-cost training. The range of small businesses served varies according to the framework of each individual technical assistance program.

A listing of major small business technical assistance programs operating in California at this time include:

<table>
<thead>
<tr>
<th>Program</th>
<th>Administering Federal Agency</th>
<th>Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Business Development Centers (SBDC)</td>
<td>U.S. Small Business Administration</td>
<td>“SBDC programs deliver professional, high quality, individualized business advising and technical assistance to existing small businesses and prevent entrepreneurs. SBDCs shall provide problem solving assistance to help small businesses access capital, develop and exchange new technologies, and improve business planning, strategy, operations, financial management, personnel administration, marketing, export assistance, sales and other areas required for small business growth and expansion, management improvement, increased productivity and innovation.”</td>
</tr>
<tr>
<td>Women’s Business Centers (WBC)</td>
<td>U.S. Small Business Administration</td>
<td>“A WBC provides technical assistance to women entrepreneurs, both nascent and established. A representative number of clients served by a WBC must be socially and economically disadvantaged. A non-Federal entity receiving a WBC grant must assist women entrepreneurs in the areas of finance, management, marketing, and other areas as defined in this funding opportunity announcement.”</td>
</tr>
<tr>
<td><strong>Veteran’s Business Outreach Centers (VBOC)</strong></td>
<td>U.S. Small Business Administration</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>----------------------------------</td>
<td></td>
</tr>
</tbody>
</table>
| "Veteran Business Outreach Center to counsel, train, and provide technical and financial/procurement assistance, comprehensive business assessment and mentoring to veteran and service-disabled veteran entrepreneurs and small business owners interested in starting new or expanding/diversifying established small businesses in addition to providing business assistance to Reserve Component members and transitioning military personnel interested in exploring career opportunities in entrepreneurship. A key responsibility of VBOCs is to support transitioning service members as they embark on post military service careers that often include small business ownership and other forms of self-employment."

<table>
<thead>
<tr>
<th><strong>Minority Business Development Centers (MBDA)</strong></th>
<th>U.S. Department of Commerce, Minority Business Development Agency</th>
</tr>
</thead>
</table>
| "The primary drivers of the Business Center program are: (i) capacity building, and (ii) job creation/retention resulting from facilitating contracts and financing for medium-sized minority businesses. MBDA Centers provide technical business services including (but not limited to) the development of a pool of contract and finance opportunities; direct matching of opportunities with qualified/vetted minority business enterprises (MBEs); relationship management and deal sourcing initiatives (e.g. industry clusters); facilitating MBE growth through exports (identifying global markets and financing); identifying, matching and securing alternative sources of capital and financing; educating MBEs on the benefits of strategic growth alternatives (e.g., mergers, acquisitions and/or joint ventures); MBE advocacy; and providing service referrals to MBEs of all sizes."

<table>
<thead>
<tr>
<th><strong>Export Centers</strong></th>
<th>U.S. Department of Commerce, Minority Business Development Agency</th>
</tr>
</thead>
</table>
| "The MBDA Exporting Project provides technical assistance and business development services to MBEs. The technical assistance and business development services are provided through federal financial awards to generate increased financing, contract opportunities, and greater access to new and global markets for MBEs. The project also identifies screens, promotes, and refers MBEs to exporting resources. In addition, the services provided will assist MBEs in creating and retaining jobs."
Manufacturing Extension Program

U.S. Department of Commerce, National Institute of Standards and Technology

"The National Institute of Standards and Technology's (NIST's) Hollings Manufacturing Extension Partnership (MEP) works with small and medium-sized U.S. manufacturers to help them create and retain jobs, increase profits, and save time and money. The nationwide network provides a variety of services, from innovation strategies to process improvements to sustainable manufacturing, supply chain and technology acceleration services. MEP Centers also work with partners at the State and Federal levels on 5 programs that put manufacturers in position to develop new customers, expand into new markets and create new products."

Procurement Technical Assistance Center (PTAC)

U.S. Department of Defense, Defense Logistics Agency (DOD)

"The PTACs serve as a resource for businesses to obtain information and training related to contracting opportunities with DoD, other federal agencies, state and local governments and with government prime contractors. Procurement professionals at the PTACs provide critical assistance to businesses seeking to participate in government contracts and most of the assistance they provide is free. The PTACs make a concerted effort to seek out and assist small business concerns, small disadvantaged business concerns, women-owned small business concerns, HUBZone small business concerns, service-disabled veteran-owned small business concerns, historically black colleges or universities and Minority Institutions."

These programs generally require local cash match to be secured by the individual grant recipient in order to leverage the federal funding. Each federal technical assistance program has its own guidelines and requirements for local cash match funding.

### Resource History
(Dollars in thousands)

<table>
<thead>
<tr>
<th>Program Budget</th>
<th>PY - 4</th>
<th>PY - 3</th>
<th>PY - 2</th>
<th>PY - 1</th>
<th>PY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized Expenditures</td>
<td>419</td>
<td>444</td>
<td>2459</td>
<td>2480</td>
<td>1792</td>
</tr>
<tr>
<td>Actual Expenditures</td>
<td>288</td>
<td>442</td>
<td>2151</td>
<td>2480</td>
<td>1797</td>
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<tr>
<td>Revenues</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Authorized Positions</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>2.5</td>
<td>6</td>
</tr>
<tr>
<td>Filled Positions</td>
<td>1.9</td>
<td>2.8</td>
<td>2.2</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Vacancies</td>
<td>1.1</td>
<td>0.2</td>
<td>0.8</td>
<td>0.3</td>
<td>3.2</td>
</tr>
</tbody>
</table>
GO-Biz Experience in Administering Technical Assistance Programs
Since FY 2014/15, the Office of Small Business Advocate at GO-Biz has administered the state’s Capital Infusion Program (CIP), which provides competitive grant funding to the California Small Business Development Center (SBDC) Network, the largest technical assistance program for small businesses in California. The California SBDC Network is comprised of five regional networks, each having an administrative hub or “Lead Center” and a network of SBDC sub-centers. The CIP is aimed at helping SBDCs to expand their one-to-one, no-cost confidential consulting to small business owners to help them attain loans or investor capital, understand and resolve credit readiness issues and develop funding strategies for business expansion or startup.

SBDCs foster local and regional economic development by providing no-cost, extensive, one-on-one, long term professional business advising, low-cost training and other specialized services to small business owners. Advising topics range from financial packaging, development of business plans, manufacturing assistance, lending assistance, exporting and importing support, disaster recovery assistance, procurement and contracting aid and startup assistance. SBDCs serve all populations including minorities, women, veterans, including reservists, active duty, disabled personnel, and those returning from deployment, personnel with disabilities, youth and senior entrepreneurs, as well as individuals in low and moderate income urban and rural areas.

California’s SBDC program received financial support through the California Technology, Trade and Commerce Agency (CTTCA) in the 1990s and early 2000s. State funding was provided to match federal funding, and the SBDC provided regular reports to the State and SBA. In June 2003, with the closure of the CTTCA, direct funding from the State to the SBDC program was terminated along with CTTCA. In response to this event, SBA took actions to regionalize California’s SBDC program. Six host organizations became responsible for designated regions in the State and began direct relationships with the SBA.

No state General Funds were allocated to the SBDC program from FY 2003/04 to FY 2009/2010. During that time SBDCs had to leverage other funds (i.e. redevelopment) or small business assistance programs (i.e. California Community College’s Business Entrepreneurship Center program) in order to match federal funding. Subsequent to that period, Chapter 731, Statutes of 2010 (AB 1632) provided a one-time allocation of $6 million to the California SBDC network for FY 2010/11. The funds were distributed to the SBDCs according to a population-based formula. There were no state General Fund allocations to the SBDC program in FYs 2011/12, 2012/13 or 2013/14.
In FY 2014/15, $2 million in state General Funds were allocated to the SBDC programs in part of GO-Biz’s inaugural CIP. Funding allocations of $2 million, $1.5 million and $3 million were provided in FY 2015/16, FY 2016/17 and FY 2017/18, respectively, for the CIP.

C. State Level Considerations

Federal small business technical assistance programs such as the California SBDC network provide valuable services to small businesses. These programs interface and assist thousands of businesses and entrepreneurs daily and provide a critical link between state programs and the California small business community. The following are metrics generated from operation of the CIP in 2014, 2015 and 2016 with the SBDCs.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State Dollars Committed</th>
<th>Capital Infusion Generated</th>
<th>Clients Served</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>$2,000,000</td>
<td>$202,645,465</td>
<td>10,053</td>
</tr>
<tr>
<td>2015-16</td>
<td>$2,000,000</td>
<td>$173,856,832</td>
<td>10,251</td>
</tr>
<tr>
<td>2016-17</td>
<td>$1,500,000</td>
<td>$263,314,473</td>
<td>11,728</td>
</tr>
<tr>
<td>*2017-18</td>
<td>$3,000,000</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

*Results to be finalized at end of fiscal year.

D. Justification

GO-Biz’s mission is to support business and economic development in California. Small businesses represent approximately 90 percent of all businesses in California. The primary on-the-ground support for these small businesses is through the federal small business technical assistance programs. These programs provide vital support through training and one-on-one technical assistance to entrepreneurs, technology startup firms, and other small businesses throughout California. GO-Biz does not have the personnel or budget to provide this support directly and therefore heavily relies on these federal partners for their expertise and services to small businesses.

GO-Biz requests $3 million for the federal small business technical assistance programs to assist in drawing down federal funds, which will enable the SBDCs to focus on access to capital for small businesses. Access to capital involves both the understanding of credit readiness and the process of obtaining funding for business operations and growth.

GO-Biz will administer a grant program that will effectively distribute the funds across the federal small business technical assistance programs in the state. The $3 million allocated to the SBDC Network will provide critical funding to enable the SBDC Network to meet their match requirement.

E. Outcomes and Accountability

<table>
<thead>
<tr>
<th>Workload Measure</th>
<th>CY</th>
<th>BY</th>
<th>BY+1</th>
<th>BY+2</th>
<th>BY+3</th>
<th>BY+4</th>
</tr>
</thead>
<tbody>
<tr>
<td>GO-Biz Policy Development and Updates - Hours Dedicated</td>
<td>4</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Applications Reviewed/Processed</td>
<td>42</td>
<td>71</td>
<td>71</td>
<td>71</td>
<td>71</td>
<td>71</td>
</tr>
<tr>
<td>Agreements Processed</td>
<td>5</td>
<td>21</td>
<td>21</td>
<td>21</td>
<td>21</td>
<td>21</td>
</tr>
</tbody>
</table>
GO-Biz’s request also includes $17 million and proposed trailer bill language to establish the California Small Business Development Technical Assistance Expansion Program (Attachment I), which will be a competitive grant program to support an expansion in services provided by federal small business technical assistance programs to small businesses and pre-venture entrepreneurs. These funds will be in addition to existing local and federal funds already used to assist small businesses. The purpose of this program is to expand federal small business technical assistance programs into new and/or underserved small business segments. Specifically, this funding will focus on an expansion of no-cost, one-on-one consulting and low-cost training to small businesses in the areas of capital access, commercialization, business plans and strategy, export assistance, sales, operations, financial management, marketing, cybersecurity, manufacturing assistance, emergency preparedness, business continuity and disaster recovery and increased productivity and innovation, among other areas. The $17 million in funding will not supplant existing local cash match dollars.

The funding will be provided through a competitive grant process to Federal Small Business Technical Assistance Centers with a focus on services to women, minority, and veteran-owned businesses and businesses in low-wealth, underserved, rural, and disaster-impacted communities. The grant program will require all awardees to submit quarterly invoices and metric reports in addition to an annual report on program outcomes as required by the grant award. Quarterly report outcomes will be compared to the milestones from the original grant application. Significant deviations from the original milestones will need to be addressed by the awardee through an action plan. If the awardee does not sufficiently address any significant deviations from the milestones in its grant award agreement, GO-Biz may withhold the remaining grant funds. Should this occur, GO-Biz may either redirect those grant funds to a new awardee or to an existing awardee that has demonstrated success.

F. Analysis of All Feasible Alternatives

1) Approve request – Provide $3 million annually to the federal SBDCs to help draw down federal funds that assist small businesses through consulting and training services; and provide $17 million to establish the California Small Business Development Technical Assistance Expansion Program. These funds will be used by federal small business technical assistance programs to grow existing operations or expand into serving new and/or underserved small business segments to start, expand and create jobs or facilitate business investment.

2) Do nothing plan – Not providing funding for the federal small business technical assistance programs will result in the state having no input into the services provided by partners and minimize GO-Biz’s ability to support small businesses throughout the state.

3) Use existing GO-Biz resources – GO-Biz does not have $20 million in General Fund resources. Redirecting existing GO-Biz resources would limit programs from core functions, prevent hiring of staff and would not cover the costs of the grant program.

4) Provide less than $20 million – Providing lower amounts will reduce the impact on small businesses and available services and resources throughout the state.

G. Implementation Plan
GO-Biz currently has three positions supporting small business assistance programs and does not plan to increase its staff to support the program.
GO-Biz will distribute the $3 million in funding to the five SBDC Lead Center regions based on each region’s share of the state’s total population. The $17 million in competitive grant funding will be allocated to those federal programs that demonstrate the best performance history, business assistance plans and focus on serving high unemployment, high poverty and disaster areas. Applicants may include any federal small business technical assistance program serving small businesses in California that meets the eligibility requirements below:

1. Applicants must have an active contract with a federal funding partner to administer a federal small business technical assistance program in California or a Letter of Intent from a federal funding partner to administer a federal small business technical assistance program in California within the next fiscal year.
2. Applicants must have a fiscal agent that is able to receive non-federal funds.
3. Applicants from existing federal small business technical assistance centers must have drawn down substantially all of the federal funds available to them in the previous fiscal year, and provide a plan of action and commitment to fully draw down substantially all of the federal funds available using committed non-state local cash match funds during the performance period.
4. Applicants representing new federal small business technical assistance centers must demonstrate the ability to fully draw down substantially all of the federal funds, if available.

GO-Biz will execute a contract with each awardee that will identify the requirements and milestones that must be met over the course of the grant performance period. In addition, the quarterly reports will enable GO-Biz to determine if the actual performance of the awardee is meeting the milestones of the contract. GO-Biz will administer the grant spend down and milestone verification process. GO-Biz will retain the ability to redirect grant funds to other awardees if it appears that an awardee is unable to meet performance goals.

H. Recommendation

Approve the request of $20 million each year, for the next five years to provide services to small business. Of the amount requested, provide $3 million annually to the California SBDCs to help draw down federal funds that assist small businesses, and $17 million annually for the California Small Business Development Technical Assistance Expansion Program.
An act to add and repeal Article 7 (commencing with Section 12100.60) to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, relating to economic development.
THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Article 7 (commencing with Section 12100.60) is added to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, to read:

Article 7. California Small Business Development Technical Assistance Expansion Act of 2018

12100.60. This article shall be known and may be cited as the California Small Business Development Technical Assistance Expansion Act of 2018.

12100.61. The Legislature finds and declares all of the following:

(a) Small businesses form the core of the California economy and that it is in the interest of the state to increase opportunities and improve access to business and technical resources for entrepreneurs, the self-employed, and microbusiness and small business owners, particularly women, minority and veteran-owned businesses, and businesses in low-wealth, underserved, and rural communities.

(b) The federal government funds and operates a range of technical assistance programs through contracts with nonprofit organizations that commit to serve and support small businesses in California, including the California Small Business Development Center Program, the Women’s Business Center Program, the Veteran Business Outreach Center Program, the Procurement Technical Assistance Center Program, the Manufacturing Extension Partnership, and the Minority Business Development Center Program. All of these programs provide free or low-cost services to California small businesses to enable their launch and sustained growth. It is in the interest of the state to collaborate with these programs to provide an economic environment in which small businesses can be successful, including participation in a seamless network of federal, state, and nonprofit programs, services, and activities that benefit small businesses.

(c) (1) The California Small Business Development Center Program, a component of the federal Small Business Development Center Program, plays a significant role in expanding and supporting California small businesses. There are more than 1,000 small business development centers in the United States and its territories, over 40 of which are located throughout California.

(2) The primary role of the California Small Business Development Center Program is to provide technical assistance to the state’s small businesses, including tracking assistance and outcomes that result in a meaningful contribution to the California economy. This program is administered through the federal Small Business Administration.

(d) (1) The Women’s Business Center Program plays a significant role in expanding and supporting women-owned small businesses in California. The Women’s Business Center Program was established to provide in-depth, substantive, outcome-oriented business services to women entrepreneurs, both nascent and established businesses, including a representative number of which are socially and economically disadvantaged.

(2) The Women’s Business Center Program meets its mission through the award of financial assistance to tax-exempt, private nonprofit organizations to enable them to effect a substantial economic impact in their communities, as measured by successful
business startups, job creation and retention, and increased company revenues. This program is administered through the federal Small Business Administration.

(e) The Veteran Business Outreach Center Program in California plays an important role in meeting the unique needs of veterans in starting and operating businesses. The program is funded by the federal Small Business Administration's veterans unit. The Veteran Business Outreach Center Program provides statewide small business consulting and workshops for veteran owners of small businesses, and veterans wishing to start a small business.

(f) (1) The Procurement Technical Assistance Center Program plays an important role in helping small businesses access public contract opportunities. Congress authorized the Procurement Technical Assistance Center Program in 1985 in an effort to expand the number of businesses capable of participating in the government marketplace.

(2) The Procurement Technical Assistance Center Program is administered by the federal Department of Defense. The program provides matching funds through cooperative agreements with state and local governments and nonprofit organizations for the establishment of procurement technical assistance centers to provide procurement assistance.

(3) Procurement technical assistance centers are staffed with counselors experienced in government contracting and provide a wide range of services including classes and seminars, individual counseling, and easy access to bid opportunities, contract specifications, procurement histories, and other information necessary to successfully compete for government contracts.

(g) The Hollings Manufacturing Extension Partnership was established in the 1980s as United States manufacturing faced increased competition from other countries. The United States faced key competitive challenges in consumer electronics, steel, and other industries. United States goods production processes were deemed comparatively outdated and innovation stagnated. The program is administered by the National Institute of Standards and Technology, within the Department of Commerce.

(h) The Minority Business Development Center Program is administered by the federal Department of Commerce’s Minority Business Development Agency. The program provides a range of services to minority-owned businesses seeking to expand to new markets, both foreign and domestic, as well as a wide range of technical assistance and business services, including business consulting, private equity and venture capital opportunities, facilitating joint ventures, and strategic partnerships.

12100.62. Unless the context otherwise requires, the following definitions in this section shall govern the construction of this article:

(a) “California Small Business Development Center Program” is comprised of the five regional networks of small business development centers operating in the state pursuant to a cooperative agreement between the fiscal agent and the federal Small Business Administration.

(b) “Committed nonstate local cash match” means funding awarded by a nonstate local source to a federal small business technical assistance center through a letter of intent, notice of award, or cash deposit.

(c) “Director” means the Director of the Governor’s Office of Business and Economic Development.
(d) "Federal small business technical assistance center" means an organization that contracts with a federal funding partner to operate a small business development center, a women’s business center, a veterans business outreach center, a manufacturing extension partnership center, a minority business development center, a procurement technical assistance center, or a similar program within this state to support small businesses.

(e) "Federal funding partner" means the federal Small Business Administration, federal Department of Commerce, federal Department of Defense, or any other federal agency with the authority to administer a small business technical assistance program in this state.

(f) "Fiscal agent" means the entity with which a federal funding partner contracts to administer small business technical assistance programs within a state or district. The fiscal agent shall be directly accountable to the federal funding partner for all aspects of the specified small business technical assistance program, including staffing, programming, outreach, securing any required matching funds to draw down federal funds, and reporting performance outcomes to operate the program in the fiscal agent’s area of responsibility.

(g) "GO-Biz" or "office" means the Governor’s Office of Business and Economic Development.

(h) "Local cash match" means nonfederal funds that are spent on eligible program costs.

(i) "Manufacturing extension partnership center" means a California contractor recognized by the federal National Institute of Standards and Technology pursuant to the Omnibus Trade and Competitiveness Act of 1988 (Public Law 100-418), at which small manufacturers can obtain information and assistance on new technology acceleration, supply chain management, lean processing, export development, sustainable manufacturing practices, and other issues related to innovation.

(j) "Minority business development center" means an entity or physical location, recognized by the federal Department of Commerce, from which a minority-owned small business may receive consulting and technical services to expand to new markets, both foreign and domestic.

(k) "Minority business export center" means an entity or physical location, recognized by the federal Department of Commerce, from which a minority-owned small business may receive consulting and technical services to increase access to capital, contracts, and foreign markets.

(l) "Procurement act" means Chapter 142 (commencing with Section 2411) of Part IV of Subtitle A of Title 10 of the United States Code, which governs the Procurement Technical Assistance Cooperative Agreement program, administered by the federal Department of Defense.

(m) "Procurement technical assistance center" means an entity or physical location, recognized by the federal Department of Defense, from which a small business owner may receive free training on a variety of topics, including starting, operating, and expanding a small business.

(n) "Program" means the California Small Business Development Technical Assistance Expansion Program created pursuant to Section 12100.63 and administered in accordance with this article.
(o) "Small business act" means the Small Business Development Center Act of 1980 (Public Law 96-302), and any amendments to that act, which authorizes the Small Business Development Center Program, administered by the federal Small Business Administration.

(p) "Small business development center" means to an entity or physical location, recognized by the federal Small Business Administration, from which a small business owner or an aspiring entrepreneur may receive free one-on-one consulting and low at-cost training on a variety of topics, including starting, operating, and expanding a small business.

(q) "Veteran's business act" means Section 657b of Title 15 of the United States Code, which establishes the Office of Veterans Business Development and governs veteran business outreach centers, administered by the federal Small Business Administration.

(r) "Veterans business center" means an entity or physical location, recognized by the federal Small Business Administration, from which a small business veteran owner or an aspiring veteran entrepreneur can receive free one-on-one consulting and low at-cost training on a variety of topics including starting, operating, and expanding a small business.

(s) "Women's business act" means the Women's Business Ownership Act of 1988 (Public Law 100-533), and any amendments to that act, administered by the federal Small Business Administration.

(t) "Women's business center" means an entity or physical location, recognized by the federal Small Business Administration, from which a small business owner or an aspiring entrepreneur can receive free one-on-one consulting and low at-cost training on a variety of topics including starting, operating, and expanding a small business.

12100.63. (a) The California Small Business Technical Assistance Expansion Program is hereby created within the office.

(b) The program shall be under the direct authority of the director.

(c) The purpose of the program is to assist small businesses through free or low-cost one-on-one consulting and low-cost training by entering into grant agreements with one or more federal small business technical assistance centers.

(d) In implementing the program, the office shall consult with local, regional, federal, and other state public and private entities that share a similar mission to support the needs of small businesses in California.

(e) An applicant pursuant to this article shall be a federal small business technical assistance center operating as a group, including a regional or statewide network, or as an individual center.

(1) A federal small business technical assistance center operating as a group consisting of centers organized under a coordinating administrative or fiscal entity shall apply by submitting a single consolidated application to the office.

(2) A federal small business technical assistance center operating as an individual center shall apply by submitting a single application for that center to the office.

(f) The office shall administer the program to provide grants to expand the capacity of small business development technical assistance programs in California, administered by and primarily funded by federal agencies, that provide one-on-one confidential consulting and training to small businesses and entrepreneurs in this state.
An applicant shall be eligible to participate in the program if the office determines that the applicant meets all of the following criteria:

(1) At the time of applying for funds, the applicant has an active contract with a federal funding partner to administer a program in this state, or has received a letter of intent from a federal funding partner to administer a federal small business technical assistance center program in this state within the next fiscal year.

(2) (A) If the applicant is an existing federal small business technical assistance center, the applicant has, at the time of applying for funds, drawn down substantially all of the federal funds available to it in the previous fiscal year and provided a plan of action and commitment to fully draw down substantially all of the federal funds available using local cash match and state funds not described in Section 12100.65 during the duration of the award period.

(B) If the applicant is a new federal small business technical assistance center, the applicant has demonstrated the ability to fully draw down substantially all federal funds available to it.

(3) The requested funding amount does not exceed the required local cash match requirement total specified in the contract with the federal funding partner contract, but in any event is no less than twenty five thousand dollars ($25,000).

(4) The applicant seeks funding for either a single year or for a multiyear term that is proposed to be at least three years, but no more than five years in duration.

(5) The grant agreements authorized by this article are not subject to the model contract provisions developed pursuant to Chapter 14.27 (commencing with Section 67325) of Part 40 of Division 5 of Title 3 of the Education Code.

(6) The applicant has a fiscal agent that is able to receive nonfederal funds.

(g) The office shall issue a request for proposal for grants under the program, which may contain the following information:

(1) The eligibility requirements described in subdivision (e).

(2) The available funding range.

(3) Funding instruments.

(4) A local cash match requirement.

(5) Operational capacity.

(6) The duration of the program.

(7) The start date of the program.

(8) Narrative requirements.

(9) Reporting requirements.

(10) Required attachments.

(11) Submission requirements.

(12) Application evaluation criteria.

(13) An announcement of an awards timeline.

(h) The office shall give preference to applications that propose services to women, minority and veteran-owned businesses, and businesses in low-wealth, underserved, rural, and disaster-impacted communities.

(i) State funds provided pursuant to the program shall be used to expand consulting and training services and shall not supplant nonstate local cash match dollars included in a federal small business technical assistance center’s plan described in paragraph (3) of subdivision (e).
12100.65. Upon appropriation of funds by the Legislature for the purpose of implementing this article, the office shall make grants to federal small business technical assistance centers, consistent with the requirements of Section 12100.63.

12100.67. (a) Upon approval of an award to a federal small business technical assistance center pursuant to this article, the office shall issue to a notice of an award that includes all of the following:

1. The amount of the award.
2. A requirement that the federal small business technical assistance center periodically provide a performance report that includes all of the following information:
   (A) The number of businesses consulted and trained.
   (B) The amount of funds awarded.
   (C) The size of businesses assisted based on the number of employees at the time those businesses were assisted, as reported by those assisted businesses, categorized based on the size of the assisted businesses, as determined by the office.
   (D) The city and county in which any assisted businesses are located.
   (E) Industry sectors of the businesses assisted, as reported by those businesses.
   (F) A narrative description of how the funds awarded were used to expand services to help businesses and entrepreneurs to start, expand, facilitate investment, and create jobs in California, particularly in rural communities, low-wealth communities, disaster-impacted areas, and underserved business populations, including women, minorities, and veterans.
3. A requirement that the federal small business technical assistance center periodically provide a financial report that includes all of the following information:
   (A) The name of any business consultant employed.
   (B) The hourly rates of any business consultant employed.
   (C) The number of hours worked by any business consultant employed.
   (D) Costs for client trainings.
   (E) Cost for administration and marketing.
   (F) The duration of the assistance provided by the federal small business technical assistance center.
   (G) The start date of the assistance provided by the federal small business technical assistance center.
(b) Each federal small business technical assistance center shall accept the reporting requirement in this section as a condition of receiving the grant.
(c) No more than 60 days following the completion of an agreement term pursuant to this article, a federal small business technical assistance center shall provide a final written performance and financial report to the office consistent with the requirements of this section.
(d) The director shall include the outcome of the program's activities within the annual report of the Office of the Small Business Advocate required by Section 12098.4.

12100.69. This article shall remain in effect only until January 1, 2024, and as of that date is repealed.
LEGISLATIVE COUNSEL'S DIGEST

Bill No. as introduced.


Existing law, the Economic Revitalization Act, establishes the Governor's Office of Business and Economic Development, also known as GO-Biz, under the control of a director. Existing law requires GO-Biz to serve the Governor as the lead entity for economic strategy and authorizes it to undertake specified activities, including supporting small businesses by providing information about accessing capital, complying with regulations, and supporting state initiatives that support small business. Existing law also creates the California Economic Development Fund for the purpose of receiving federal, state, local, and private economic development funds and, upon appropriation by the Legislature, authorizes moneys in the fund to be expended by GO-Biz to provide matching funds for loans or grants to public agencies, nonprofit organizations, and private entities, and for other economic development purposes, consistent with the purposes for which the moneys were received.

This bill would create the California Small Business Development Technical Assistance Expansion Program within GO-Biz, under the director, for the purpose of assisting small businesses through free or low-cost one-on-one consulting and low-cost training by entering into grant agreements with one or more federal small business technical assistance centers, as defined. This bill, upon appropriation of funds by the Legislature, would require the office to make grants to federal small business technical assistance centers that the office determines meet specified eligibility criteria. The bill would require a federal small business technical assistance center to provide periodic performance and financial reports and, no more than 60 days following the completion of an agreement term, a final written performance and financial report. This bill would repeal the program on January 1, 2024.