

Date of Hearing: May 12, 2021

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 1072 (Reyes) – As Amended April 20, 2021

Policy Committee: Jobs, Economic Development, and the Economy Vote: 6 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill moves the California Small Business Technical Assistance Expansion Program from the Governor's Office of Business and Economic Development (GO-Biz) to a division of GO-Biz, the Office of Small Business Advocate. The bill also expands the uses of program funding and extends a sunset on the program from January 1, 2024, to January 1, 2027.

This bill requires the Department of General Services (DGS) small business advocate, in collaboration with the California Disabled Veteran Business Enterprise (DVBE) program advocate and the small business advocate, to assist state agencies with small business and disabled business enterprise procurement participation including outreach and providing technical assistance to small businesses seeking certification to be eligible for additional small business assistance.

FISCAL EFFECT:

- 1) One-time GF costs of \$17 million annually for three years, beginning in the 2023-24 fiscal year, to provide grants to extend the Small Business Technical Assistance Expansion Program. This estimate assumes funding for the program is kept at its current rate.
- 2) One-time GF costs of \$278,000 annually for three years to GO-Biz, beginning in the 2023-24 fiscal year, for staff to operate the Small Business Technical Assistance Expansion Program under the program extension.
- 3) Minor and absorbable GF costs to DGS and GO-Biz to provide additional assistance to state agencies participating in small business and disabled business enterprise procurement activities and provide technical assistance.

COMMENTS:

- 1) **Background.** GO-Biz is the state's lead agency for economic strategy and job creation efforts. The office provides recommendations to the state on economic policy and programming. It also provides services to businesses, administers tax credits and offers regulatory guidance.
- 2) **California Small Business Development Technical Assistance Expansion Program.** The 2018-19 budget trailer bill created, until January 1, 2024, the California Small Business

Development Technical Assistance Expansion Program within GO-Biz. The program provides grants to federal small business technical assistance centers to expand their ability to assist small businesses with accessing free or low-cost one-on-one consulting and low-cost training. According to the Assembly Jobs, Economic Development and the Economy Committee, the state budget provides \$17 million GF each year through the 2022-23 fiscal year for the program. This bill extends the program an addition three years.

- 3) **Small Business Advocates and DVBE Advocates.** In order to support small businesses, current law creates the “California small business advocate” at GO-Biz. This position is tasked with seeking the assistance and cooperation of all state agencies and departments providing services to, or affecting, small business. Current law also creates agency-level small business liaisons (also known as “agency small business advocates”). Each of these positions serves as the single point of contact for small businesses for contract opportunities at agencies that regulate or impact small businesses. One primary objective of the California small business advocate and agency-level small business liaisons is to help ensure the state’s annual 25% small business procurement participation goal within state agencies, departments, boards and commissions is met.

DGS is the primary administrator of the DVBE program. The program provides incentives to state contract bidders to use certified DVBEs. State law sets an annual 3% DVBE procurement participation goal within state agencies, departments, boards and commissions. The Department of Veterans Affairs also carries out specified duties relating to the program, such as appointing a “California DVBE Program Advocate.” This position is tasked with activities including promoting the DVBE program, coordinating required reports and coordinating with agency-level DVBE program advocates. Every state agency that awards contracts is required to designate an agency DVBE program advocate. This position is tasked with assisting contract officers in seeking disabled veteran businesses to participate in procurement at the agency, meet regularly with the California DVBE program advocate and other duties.

- 4) **Related Legislation.** AB 1573 (Committee on Jobs, Economic Development, and the Economy), of this legislative session, requires, subject to appropriation, GO-Biz to administer a supplemental grant program within the California Small Business Technical Assistance Expansion Program for local governments and other nonprofit organizations. The bill is currently pending in this committee.

AB 1807 (Committee on Jobs, Economic Development and the Economy), of the 2019-20 Legislative Session, would have made various specific changes to the California Small Business Technical Assistance Expansion Program. The bill was held on this committee’s Suspense File.

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