

ASSEMBLY THIRD READING

AB 1072 (Reyes)

As Amended May 24, 2021

Majority vote

SUMMARY

This bill reinforces the ability of the Office of Small Business and Disabled Veteran Owned Business Enterprises (DVBE) Services to work with awarding departments on certification of small businesses and DVBEs and targeted outreach for upcoming disaster-related contracts. The bill also creates a more decisive programmatic relationship between the state's small business procurement advocates and the statewide network of 80+ small business technical assistance centers, which participate in the Small Business Technical Assistance Expansion Program (SB TAEP).

Major Provisions

- 1) *Links Procurement Advocates and Technical Assistance Programs*: Requires DGS to assist state agencies, in collaboration with the California Disabled Veteran Enterprise Program Advocate and the Small Business Advocate, in improving small business and disabled business enterprise procurement participation. This includes conducting outreach and providing technical assistance to small businesses seeking certification to be eligible for additional small business assistance, as specified.
- 2) *Aligns TA Authority and Responsibility*: Transfers the Small Business Technical Assistance Expansion Program (TAEP) program from the Governor's Office of Business and Economic Development (GO-Biz) to the Office of the Small Business Advocate, which is a division within GO-Biz.
- 3) *Expands Priority Populations to Confirm with Federal-State Procurement Rules*: Adds "disadvantaged business enterprise" to the priority list of entities being served by the TAEP program.
- 4) *Highlights Types of Services Funded*: Requires state TAEP funds to be used to support a range of programs and services delivered through one or more small business technical assistance centers, including, but not limited to, business start-ups, business restructuring, business expansion and retention, accessing capital, participating in government procurement opportunities, becoming and maintaining competitiveness in foreign markets, regulatory compliance, and emergency preparedness.
- 5) *Authorizes Payment of Outreach and Marketing Costs*: Authorizes state TAEP funds to be applied to costs related to activities that will effectively expand small business technical assistance to priority businesses, including, but not limited to, marketing, travel, and administrative costs, but limits those costs to five percent of the grant.
- 6) *Stabilizes Program Delivery through Pandemic Recovery*: Extends the sunset on the TAEP program from January 1, 2024, to January 1, 2026.

COMMENTS

Small businesses play an essential role within the California economy, contributing the most net new jobs, offering an alternative to underemployment, and helping to disburse the financial advantages of the state's globally connected economy. State procurement opportunities, \$10.5 billion in 2018-19, represent an important economic tool to support small business development.

While 26% more state dollars were expended through state contracts during 2018-19, for the first time in six years, the state did not meet the 25% small business goal and barely met the 3% participation goal for DVBES. One of the reasons cited for this lower small business and DVBE participation rate was the increase in procurement related to disaster response.

AB 1072 enhances the ability of the Department of General Services (DGS) to work with awarding departments on more effective outreach activities for upcoming disaster-related contracts, as well as other state contracts.

The policy committee analysis includes information on the California Small Business Procurement Act, the SB TAEP, challenges of linking small businesses and DVBE in state contracting opportunities, and related state audits. There is no known opposition to this bill.

According to the Author

"AB 1072 will expand GO-Biz's SB TAEP to require SB TAEP funds be used to increase small business participation in government procurement opportunities and task DGS with assisting state agencies in improving small and disabled business participation in state procurement.

"State contracts can be a boon to businesses as they provide stable and a much needed cash flow due to the size of the contract. For small businesses, this can be a lifeline to maintain and grow their businesses especially during COVID.

"Many small businesses in California would love to partner with the state but often do not have the technical expertise to navigate the public procurement process. This bill will help get more small businesses ready and able to bid on state contracts so they have access to new potential sources of revenue."

Arguments in Support

According to Small Business California: this bill authorizes "SB TAEP funds to be utilized to support emergent small business technical assistance activities, such as those that are created in response to natural disasters and other state of emergencies, economic crises, and new economic market sectors and factors, such as cyber and technology modalities."

Arguments in Opposition

There is no opposition on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee:

- 1) One-time General Fund (GF) costs of \$17 million annually for two 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 two 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.

VOTES**ASM JOBS, ECONOMIC DEVELOPMENT, AND THE ECONOMY: 6-0-1****YES:** Cunningham, Boerner Horvath, Chau, Petrie-Norris, Ramos, Smith**ABS, ABST OR NV:** Cervantes**ASM APPROPRIATIONS: 16-0-0****YES:** Lorena Gonzalez, Bigelow, Calderon, Carrillo, Chau, Megan Dahle, Davies, Fong, Gabriel, Eduardo Garcia, Levine, Quirk, Robert Rivas, Akilah Weber, Holden, Luz Rivas**UPDATED**

VERSION: May 24, 2021

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