
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

AB 1072 (Reyes) - Small businesses: technical assistance: public contracts

Version: August 1, 2022

Policy Vote: B., P. & E.D. 13 - 0, G.O. 15
- 0

Urgency: No

Mandate: No

Hearing Date: August 8, 2022

Consultant: Janelle Miyashiro

Bill Summary: AB 1072 expands the underserved business groups to be prioritized in the Small Business Technical Assistance Expansion Program (SB TAEP) application process to include disadvantaged business enterprises (DBEs); expands the authorized uses of funds to include other specified administrative activities related to enhancing technical assistance to priority small businesses; and requires the Department of General Services to improve small business and DBE procurement participation, as specified.

Fiscal Impact: The Governor's Office of Business and Economic Development (GO-Biz) estimates total ongoing General Fund costs of up to \$700,000 to support the program as proscribed by the bill and for travel expenses.

The Department of General Services (DGS) anticipates costs to be minor and absorbable.

Background: AB 1817 (Committee on Budget, Chapter 37, Statutes of 2018) established the SB TAEP to assist small businesses by entering into grant agreements with one or more federal small business technical assistance centers. The 2018-2019 Budget allocated \$23 million to support the SB TAEP and two other grant programs, the Capital Infusion Program (CIP) and the Technical Assistance Program. Since its inception, the SB TAEP has provided \$17 million each through to expand small business services.

Funds are available to small business technical assistance centers, which are designed by federal funding partners to operate federal small business technical assistance programs throughout the state. These centers provide free one-on-one confidential consulting and low-cost or free training to help small businesses and entrepreneurs start, expand, facilitate investment and create jobs in California.

The SB TAEP funding is focused on services to underserved business groups, including women, people of color, veterans and low-wealth, and disaster impacted communities.

The 2022-2023 Budget includes \$6 million General Fund in 2022-2023 and \$26 million ongoing to permanently extend the California Office of the Small Business Advocate's (OSBA's) SB TAEP and CIP.

Proposed Law:

- Expands the underserved business groups to be prioritized during the SB TAEP application process to include DBEs.
- Authorizes state funds provided to the SB TAEP to be applied to:
 - Costs related to activities by the applicant to expand or enhance technical assistance to priority small businesses, including, but not limited to, marketing, travel, technology, and administrative costs provided that those costs do not exceed five percent of the grant awarded.
 - Costs related to the delivery of consulting and training services, including, but not limited to, both of the following:
 - Activities that assist small businesses to start up and become established, restructure, expand, remain operational, access capital, participate in government procurement opportunities, incorporate and upgrade business-related technology, become competitive and maintain competitiveness in domestic and foreign markets, understand regulatory compliance issues, and become prepared to address future emergencies.
 - Activities that assist small businesses to address emergent issues in the marketplace, such as those needed to respond to the state's transition to a zero-emission economy, cybersecurity threats, and natural disasters and other states of emergency.
- Using existing resources and in collaboration with the California Disabled Veteran Business Enterprise Program Advocate and OSBA, requires the DGS's small business advocate to assist state agencies in improving small business and DBE procurement participation.
 - This assistance includes outreach and providing technical assistance to small businesses seeking certification to be eligible for additional assistance.
 - Requires DGS and the advocates to at least annually consider how to align existing programs, services, and initiatives.
- Make technical and conforming changes.

Staff Comments: GO-Biz notes that the SB TAEP already includes procurement as a part of the technical assistance programming reimbursement currently being provided. Additionally, DBEs already have priority with the departments and state agencies that utilize the federal designation and issue contracts using those dollars.

GO-Biz notes concerns that the expanded guidelines for the SB TAEP as proposed by this bill may take funding away from other urgent needs to support small businesses, especially during times when there is an immediate economic need (such as focus on capital access and e-commerce training during a pandemic).