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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.



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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 underserved business groups, including women, minority, and veteran-owned businesses, and businesses in low-wealth, rural, and disaster-impacted 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) The applicant provided a plan of action and commitment to fully draw down 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. GO-Biz may request that the applicant provide details relating to the source and amount of these nonstate local match funds.

(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 total federal award 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 one or more 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) The local cash match requirement described in subdivision (f).

(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) (1) The office shall evaluate applications received based on the following factors:

(A) The proposed use of the requested funding, including the specificity, measurability, and ability of the applicant to document and achieve the goals and objectives identified in its application.

(B) The proposed management strategy of the applicant to achieve its goals and objectives identified in its application.

(C) The applicant's ability to complement and leverage the work of other local, state, federal, nonprofit, or private business technical assistance resource providers.



(D) The applicant's historical performance with federal funding partner contracts and the strength of its fiscal controls.

(2) The office shall prioritize funding for applications that best meet the factors listed in paragraph (1) and give preference to applications that propose new or enhanced services to underserved business groups, including women, minority, and veteran-owned businesses, and businesses in low-wealth, rural, and disaster-impacted communities included in a state or federal emergency declaration or proclamation.

(i) State funds provided pursuant to the program shall be used to expand consulting and training services through existing and new centers, including satellite offices. State funds provided pursuant to the program shall not supplant nonstate local cash match dollars included in a federal small business technical assistance center's plan described in subparagraph (A) of paragraph (2) of subdivision (f).

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 underserved business groups, including women, minority, and veteran-owned businesses, and to help businesses and entrepreneurs to start, expand, facilitate investment, and create jobs in California, including in rural communities, low-wealth communities, and disaster-impacted areas included in a state or federal emergency declaration or proclamation.

(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.



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LEGISLATIVE COUNSEL'S DIGEST

Bill No.
as introduced, _____.
General Subject: California Small Business Development Technical Assistance
Expansion Act of 2018.

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, until January 1, 2024, 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. 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 that receives funding under this program 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.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

