



# ECONOMIC DEVELOPMENT UPDATE

OCTOBER 6, 2021

Prepared by the Assembly  
Committee on Jobs, Economic  
Development, and the Economy  
Assemblymember Sabrina  
Cervantes, Chair

# JEDE CHAIR ASSEMBLYMEMBER SABRINA CERVANTES

- Elected to the Assembly in 2016.
- Served on the JEDE Committee for three terms, including two as Chair.
- During the COVID-19 pandemic, Sabrina is focusing the Assembly Jobs Committee on tracking and disseminating information to stakeholders about resources available to help keep small businesses open and workers employed.
- The Assembly Jobs Committee regularly convenes stakeholder groups to exchange information, collaborates on small business outreach projects, and maintains a webpage with information about resources, free webinars, and recovery activities in California. <https://ajed.assembly.ca.gov/content/covid-19-resources>



# THANK YOU FOR YOUR WORK AND COMMITMENT

It has been a challenging 18 months.

Working together – we have helped to sustain our communities through the economic, as well as the health impacts of COVID-19.

Many of us have lost family members, friends, and valuable community partners.

Our communities have endured the significant layoff of workers, the closure of businesses, and then the struggles of reopening in a changed marketplace.

Throughout these disastrous events, we have also forged new partnerships and innovations. Each of you have consistently gone above and beyond your economic development “job descriptions.”

We say thank you for always trying to do your best and being a **JEDE Friend**.





# ECONOMIC DATA

Part One

# REFLECTIONS ON CALIFORNIA'S COVID-19 RECOVERY

## **Immediate Economic Impact:**

- CA experienced a 1.6 million drop in jobs between the first and second quarters of 2020.
- Lower-wage workers and small businesses were most impacted by business closures, including workers and businesses owned by people of color, as well as women.
- It is estimated that 19,000 businesses in CA permanently closed their doors during the pandemic.

## **Reopening:**

- CA experienced a level of job growth between April 2020 to July 2021 not seen previously in the official data series that began in 1990.
- Recovery is supported by vaccines with over 78.9% of adults having at least one shot.
- CA has had an unequal recovery with many areas of the state and industry sectors still in distress.

# DATA POINTS

## FEDERAL Unemployment – 5.2% (August 2021)

- ❖ US nonfarm payroll employment increased by 235,000 in August 2021, and the unemployment rate was 5.2% with 8.4 million people unemployed.
- ❖ Greatest job growth in August occurred in professional and business services, transportation and warehousing, private education, manufacturing, and other services.
- ❖ The August 2021 unemployment rates: 11.2% for Teenagers, 4.8% Adult Women, 5.1% Adult Men, 8.8% for Blacks, 6.4% for Hispanics, 4.6% for Asians, and 4.5% for Whites.
- ❖ The labor force participation rate was 61.7%, 1.6% lower than February 2020.
- ❖ There were 5.7 million persons not in the US labor force who currently want a job, 700,000 higher than in February 2020.

## CALIFORNIA Unemployment – 7.5% (August 2021)

- ❖ Total nonfarm employment in CA for August 2021 was 17.5 million, reflecting an increase of 57,000 jobs from the prior month, up 7.2% from the prior year.
- ❖ CA reported over 1.4 million unemployed individuals for the month of August 2021, -869,000 lower than August 2020. The labor participation rate of 61% represents an increase of 0.9 from the prior year.
- ❖ CA employment was up 1.1 million workers between August 2020 & August 2021.
- ❖ August 2021 unemployment rates: 18.0% for Teenagers, 12.6% for Blacks, 9.7% for Hispanics, and 8.2% for Whites. Comparable unemployment rate is 8.5%.
- ❖ 57% of the people who filed for some form of unemployment-related benefits in the week ending September 25, 2021, only had a GED, high school diploma, or less formal education. 15.6% had a bachelor's degree.
- ❖ \$176 billion paid to out-of-work Californians since start of pandemic.
- ❖ Over 896,000 people (5.2% of all workers) worked part time involuntarily, also called “for economic reasons.” This is a -7.3% (71,000 people) decrease from August 2020.

# KEY RECOVERY CHALLENGES IN 2021

- ❑ Data continues to suggest that women- and minority-owned businesses were hardest hit and continue to have the greatest challenges in accessing technical and financial assistance.
- ❑ The variety of programs make it difficult for businesses and workers to know where to start.
- ❑ Many of the state's smallest businesses find the documentation necessary to apply for COVID-19 resources a significant barrier.
- ❑ Accessing state procurement opportunities are challenging with the number of contracts being made under disaster declarations and budget exemptions, as well as the loss of in-person events to meet primes.
- ❑ COVID-19 is amplifying old business operation challenges, including local broadband capacity, access to capital, and the cost of regulatory compliance.
- ❑ In addition to addressing worker shortages, many small businesses are facing large re-payments of back rent while struggling to re-open.



# ECONOMIC RECOVERY PROGRAMS

Part Two

# TRACKING IMPLEMENTATION OF NEW AND FOLLOW-ON PROGRAMS

- Federal Stimulus Legislation: \$900 million COVID Relief Act and \$1.4 billion Omnibus Appropriation Act – signed into law in December 2020
- \$1.9 trillion Biden American Rescue Plan – signed into law on March 11, 2021
  - Includes \$894 million in State Small Business Credit Initiative
- \$7.6 billion Early Action Budget Agreement to provide relief to Californians experiencing pandemic hardship, including \$2.1 billion for small businesses – signed into law on February 23, 2021
- California \$6.2 billion tax cut to small business – signed into law on April 29, 2021
- California State Budget for 2021-22 – signed into law on July 12, 2021 [Also see Budget Summary, which begins on Slide 14]

# STATE SMALL BUSINESS RESOURCES

- ❑ \$4.0 billion Small Business Grant Program. Qualifying small businesses and nonprofits can receive awards of up to \$25,000.
- ❑ \$200 million Main Street Tax Credit <https://www.ftb.ca.gov/file/business/credits/small-business-hiring-credit.html>
- ❑ \$120 million new capitalization for the Small Business Disaster Loan Guarantee Program <https://www.ibank.ca.gov/small-business/disaster-relief/>
- ❑ \$65 million for entrepreneur seed grant programs to assist aspiring entrepreneurs from economically disadvantaged groups <https://etp.ca.gov/grants/> \$10 million awarded in early 2021 - \$35 million in 2021-22 Budget for Office of the Small Business Advocate - \$20 million in the 2021-22 Budget for the California Workforce Development Board/Employment Training Panel.
- ❑ \$37.5 million added to the California Rebuilding Fund, which provides capital to support small business loans. \$12.5 million added in 2021 with an estimated impact of \$125 million. <https://www.connect2capital.com/p/californiarebuildingfund/>
- ❑ \$17 million Small Business Technical Assistance Expansion Program to provide free one-on-one counseling and training to small businesses and nonprofits <https://calosba.ca.gov/local-direct-assistance/small-business-centers/>



# AMERICAN RESCUE PLAN

Approved Programs & Initiatives

# BIDEN AMERICAN RESCUE PLAN [https://www.hklaw.com/-](https://www.hklaw.com/-/media/files/insights/publications/2021/03/americanrescueplankeyprovisions.pdf?la=en)

[/MEDIA/FILES/INSIGHTS/PUBLICATIONS/2021/03/AMERICANRESCUEPLANKEYPROVISIONS.PDF?LA=EN](https://www.hklaw.com/-/media/files/insights/publications/2021/03/americanrescueplankeyprovisions.pdf?la=en) AND <https://home.treasury.gov/system/files/136/FACT-SHEET-03-18-21.PDF>

\$1.9 trillion set of actions to combat the economic downturn and the COVID-19 pandemic. Key elements include:

- \$350 billion for state and local governments to bridge budget shortfalls
- \$2,000 in direct payments to individuals and households calibrated by income (\$1,400 + \$600 December bill)
- Extended unemployment insurance and \$400 UI weekly supplement (now expired)
- Small business assistance, including minority- and women-owned small businesses (SSBCI, Shuttered Venue, Restaurant Revitalization Grant, and Employee Retention Credits)
- Refundable child care tax credits (\$3,600 under 6 years old and \$3,000 between 6 and 18)
- Federally mandated paid leave for workers (partially off-set by \$5,000 Paid Leave Credits for small businesses)
- Strategies to spur more manufacturing in the USA
- New investments in research and development to support innovation
- Funding infrastructure to address competitiveness and climate



# OVERVIEW OF THE STATE BUDGET

Selected Economic,  
Workforce, and  
Community Development  
Items

# 2021-22 BUDGET HIGHLIGHTS

- \$264.1 billion spending plan, of which \$195.5 billion is from the General Fund (GF)
- \$25.2 billion (12.8% of GF reserves for 2021-22 budget), including:
  - \$4 billion in the Special Fund for Economic Uncertainties
  - \$12 billion Prop 2 Reserves, plus \$4 billion Prop 2 “True-Up” deposits for 19-20 and 20-21
  - \$3.4 billion Budget Stabilization Account – new balance \$15.8 billion – 9% of GF tax revenues
  - \$450 million discretionary deposits to the Safety Net Reserve – new balance \$900 million
  - \$4.5 billion in the Prop 98 Reserve
- \$96.1 billion Proposition 98 spending. This includes the full payoff of Proposition 98 Deferrals.
- \$27 billion Coronavirus State Fiscal Recovery Funds from the American Rescue Plan Act of 2021. Total federal stimulus funds appropriated for state programs is over \$275 billion.

# KEY BUDGET LINKS

- **AB 128 (Ting) Budget Bill Text:** [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202120220AB128](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB128)
- **Assembly Budget Committee Floor Bill Analysis (September 7, 2021):**  
<https://abgt.assembly.ca.gov/sites/abgt.assembly.ca.gov/files/Floor%20Report%20of%20the%202021-22%20Budget%20%28September%207%2C%202021%29.pdf>
- **SB 147 – 2020 Budget Jr. Text:** [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202120220SB147](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB147)
- **SB 129 – 2021 Budget Jr.:** [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202120220SB129](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB129)
- **SB 161 – 2021 Budget Jr. 2:** [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202120220AB161](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB161)
- **AB-164 – 2021 Budget Jr. 3:** [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202120220AB164](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB164)
- **SB 170 – 2021 Budget Jr. 4:** [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202120220SB170](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB170)

# GRANTS TO MITIGATE COVID-19 IMPACTS

- **Golden State Stimulus 2:** \$8.1 billion in tax cuts to Californians with incomes of up to \$75,000. This will provide taxpayers with payments of \$500, \$600, \$1,000, or \$1,100, depending on their filing status. Combined with early action tax relief for families and businesses, this totals approximately \$14.7 billion in tax relief.
- **Small Business and Non-Profits Grants:** \$1.5 billion for small business and nonprofit grants, bringing the total investment in the Small Business COVID-19 Relief Grant Program to \$4 billion.
- **Grants to Microbusinesses:** \$50 million one-time GF for grants to local governments and nonprofits to provide direct relief to eligible microbusinesses.
- **Grants to Independent Venues:** \$150 million one-time GF for CalOSBA to provide financial relief to independent venues, live events businesses, and minor league sports.
- **Grants to Performing Arts:** \$50 million one-time GF for GO-Biz to provide grants under the California Nonprofit Performing Arts Grant Program.

# GRANTS FOR NEW BUSINESS ACTIVITY

- **Big Business Expansion:** \$120 million one-time GF for GO-Biz to provide grants to businesses that create more than 500 jobs, are located within targeted census tracts, or make significant new capital investments of at least \$10 million. This grant is a new component of the California Competes Tax Credit Program, and it includes a clawback provision should grant conditions not be met by the grantee.
- **California Dream Fund Program:** \$35 million one-time GF to support microgrants of up to \$10,000 to seed business start-ups by entrepreneurs from underserved small business groups who participate in intensive business start-up training programs. Funding for the intensive business start-up training will be funded from the **Small Business Technical Assistance Expansion Program**.
- **Social Entrepreneur Seed Grants:** \$20 million one-time GF to the California Workforce Development Board for a second round of funding for the Social Entrepreneurs for Economic Development program. This program will provide \$10,000 seed grants to business start-ups who complete intensive business start-up programs.

# MORE GRANTS AWARDED BY GO-BIZ

- **Local Business Development:** \$5 million to the City of Long Beach for the Center for Inclusive Business and Workforce Development.
- **Diverse Business Assistance:** \$3.5 million to the City and County of San Francisco for SF Live and Asian and Pacific Islander community business recovery.
- **Community Development Funding:** \$8 million to the City of Oakland for ESO Ventures under the California Capital in the Community Act.

# \$15 BILLION CLIMATE PACKAGE (THREE-YEARS OF FUNDING)

- **\$1.5 Billion Wildfire and Forest Resilience Package:** Funds community hardening in fire-vulnerable areas, development of strategic fuel breaks and fuel reduction projects, restores landscapes, increases resiliency of wildlands, supports sustainable local economies and other projects that reduce wildfire risk. Builds on \$536 million early action package and \$988 million appropriated in 2021-22.
- **\$5.2 Billion Water and Drought Resilience Package:** Funds immediate drought response efforts and long-term water resiliency projects.
- **\$3.7 Billion Climate Resilience Package:** Funds projects to build resilience against the state's multi-faceted climate risks, including extreme heat and sea level rise.
- **\$1.1 Billion to Support Climate Smart Agriculture:** Funds sustainable agriculture practices and projects that create a more resilient and equitable food system, including healthy soil management, support for livestock methane reduction efforts and replacement of agricultural equipment to reduce emissions.
- **\$3.9 Billion Zero-Emission Vehicle Package:** Funds projects transition to zero-emission vehicles, including drayage trucks, transit buses, and related infrastructure. More information on following slides.

<https://www.gov.ca.gov/2021/09/23/governor-newsom-signs-climate-action-bills-outlines-historic-15-billion-package-to-tackle-the-climate-crisis-and-protect-vulnerable-communities/>

# GRANTS FOR NEW ZEV BUSINESS ACTIVITY

Zero-Emission Vehicle = ZEV

- **ZEV Manufacturing Incentives:** \$124.6 million to the Energy Commission to increase manufacturing of ZEVs in California, including zero-emission vehicles, ZEV components, and ZEV charging and refueling equipment.
- **ZEV Manufacturing Grants I:** \$50 million to the Energy Commission to provide direct grants to ZEV manufacturers based on number of jobs created, economic impact to the state, ability of the project to contribute to the state GHG reduction goals, and the likelihood that the manufacturer would not have moved from or expanded in the state.
- **R&D Grants:** \$400 million to the CA Energy Commission for research and development projects related to long duration storage; projects to produce, store, and transport green hydrogen and create a hydrogen power plant; projects to decarbonize the industrial sector; and the Food Production Investment Program.

# INFRASTRUCTURE DEVELOPMENT

- **Broadband:** \$6 billion over 3-year period (\$4.3 billion in budget year) for broadband infrastructure and improved access to broadband services throughout the state. Details will continue to be worked out through three-party negotiations. Administrative flexibilities will enable the appropriated funds to be accelerated to ensure they are available as needed to fund the expansion and improvements.
  - \$3.7 billion to develop the “middle mile”
  - \$2 billion to urban and rural communities to develop the “last mile”
  - \$439 million to libraries to upgrade broadband access
  - Look for “Broadband Master Plans”
- **Port Infrastructure:** \$250 million one-time federal ARPA funds to GO-Biz to allocate to California ports to address some of the revenue impacts suffered by ports as a result of COVID-19.
- **Zero Emission Charging and Refueling:** \$25 million to support charging and hydrogen refueling infrastructure for the deployment of the drayage truck pilot project.

# SMALL BUSINESS TECHNICAL ASSISTANCE

- **Small Business Technical Assistance Expansion Program:** \$17 million GF (third year of a five-year agreement) to provide funding for technical assistance to small businesses. Program changes made through the adoption of a budget trailer bill expanded the definition of an eligible applicant from federal technical assistance providers, such as the federal Small Business Development Centers (SBDCs), Women's Business Development Centers, Minority Business Development Centers, Procurement Technical Assistance Centers, Veteran Business Outreach Centers, and Manufacturing Assistance Center, to include any nonprofit in the state that offers small business services. No related budget augmentation was made when increasing the pool of eligible applicants.
- **Social Entrepreneur Seed Grants:** A portion of the \$20 million appropriated to the California Workforce Board for a second round of funding for the Social Entrepreneurs for Economic Development program can be used for intensive business start-up courses. Entrepreneurs must complete these courses prior to receiving a \$10,000 seed grant.
- **Capital Infusion Program:** \$3 million GF (third year of a five-year agreement) for technical assistance and services provided by SBDCs to small businesses seeking new capital.

# BUSINESS TAX CREDITS

- **Main Street Tax Credit:** \$100 million for the Main Street Small Business Tax Credit to provide a second round of reservations in 2021-22. This would also include \$47 million in unauthorized credits from the first round. SB 1447 (Bradford, Caballero, Cervantes), Chapter 41, Statutes of 2020.
- **Hire Homeless Tax Credit:** \$30 million for the Homeless Hiring Credit. The amount of Homeless Tax Credit is based on how many hours are worked by that eligible individual and varies between \$2,500 and \$10,000 per eligible individual (maximum \$30,000 per taxpayer).
- **California Competes Tax Credit:** Increases the amount of credits allocated in fiscal year 2021-22 from \$180 million to \$290 million for the California Competes Tax Credit program.
- **Film Tax Credit:** \$95 million, including \$75 million recurring, to expand the California Film and Television Tax Credit Program 3.0 productions that relocate from other jurisdictions.

# ECONOMIC DEVELOPMENT PROGRAM

**Inclusive Innovation Hub:** \$2.5 million one-time GF to relaunch the California Innovation Hub program as the Inclusive Innovation Hub program (iHub2) to incentivize a focus on diversity, equity, and inclusion in the state's tech and science-based start-up ecosystem.

- **Tourism Grant:** \$95 million one-time federal ARPA funds to the Office of Tourism to implement strategic media recovery campaigns that will jump-start the recovery of the travel and tourism industry once it is safe to travel.
- **ZEV Marketing:** \$5 million GF as match funding for brand-neutral efforts to improve customer awareness of zero-emission vehicle technology and its benefits in partnership with other organizations, including vehicle manufacturers.
- **R&D Grants:** \$400 million to the Energy Commission for research and development projects related to long duration storage; projects to produce, store, and transport green hydrogen and create a hydrogen power plant; projects to decarbonize the industrial sector; and the Food Production Investment Program.

# BUSINESS LOANS

- **Small Business Loan Guarantee Program:** \$20 million one-time GF to recapitalize the Small Business Loan Guarantee Program.
- **Small Business Finance Center:** \$50 million for the Small Business Finance Center to provide financial assistance to small businesses through any IBank program, including the California Rebuilding Fund, with a focus on programs that benefit underserved businesses in California.
- **Climate Catalyst Fund:** \$31 million for Revolving Loan Fund and \$2 million for GO-Biz administrative costs.

# WORKFORCE TRAINING

- **Training of New and Incumbent Workers I:** \$50 million one-time GF to the Employment Training Panel to expand its programs into high-demand sectors.
- **Training of New Incumbent Workers II:** \$15 million one-time GF to Employment Training Panel to align and operate programs with the community college system in partnership with the California Community Colleges Strong Workforce program.
- **Farmer Training:** \$5 million one-time GF for New and Beginning Farmer Training and Farm Manager Apprenticeships Program.
- **Long-Term Care Career Pathways:** \$200 million one-time GF to In-Home Supportive Services (IHSS) to fund career pathways for IHSS providers, including compensation for hours of training.

# HIGH ROAD WORKFORCE STRATEGIES

- **Funding to the CWDB for High Road Training Strategies:**
  - \$100 million to make additional High Road Training Partnership (H RTP) grants.
  - \$25 million one-time to establish H RTPs aligned with the California Community Colleges.
- **Regional Recovery Partnerships:** \$25 million one-time GF to the CWDB to fund Regional Equity and Recovery Partnerships between local workforce boards and community colleges.
- **Competency Based Education:** \$10 million one-time Proposition 98 GF to California Community Colleges to establish a workgroup for a competency-based education pilot program.

# COMPETITIVELY AWARDED WORKFORCE GRANTS

\*Administered Through California Workforce Development Board (one-time GF):

- **Training for System Impacted Workers:** \$20 million\* to support a Prison to Employment program.
- **Breaking Barriers to Employment:** \$30 million\* for the Breaking Barriers to Employment Program with \$5 million earmarked for programs that serve individuals with autism.
- **Residential Construction:** \$10 million\* to develop earn-and-learn apprenticeship training programs in residential construction.
- **Nurse Training:** \$14.5 million to the Community Colleges to expand certified nurse assistant programs.
- **Women in Construction:** \$15 million for DIR to establish a Women in Construction Priority Initiative to assist and provide resources to women in the construction industry, including developing materials for employers and unions to promote the recruitment and retention of women in construction, maintaining a website listing workers' rights, developing training materials specific to women to navigate health/safety and wage and hour laws, and leadership training for forewomen. It shall also provide resources (for employers and project owners) to improve construction worksite culture; address barriers; and develop training materials for workforce pipeline professionals specific to women in construction, and interagency trainings.

# COMMUNITY ECONOMIC RESILIENCE FUND

- **\$600 million** one-time federal ARPA funds for the **Community Economic Resilience Fund** to support the planning and implementation of regional transition strategies developed by High Road Transition Collaboratives.
- These High Road Transition Collaboratives are intended to bring communities together through an inclusive process to produce a regional roadmap for economic growth that prioritizes the creation of accessible, high-quality jobs in future-looking industries.
- The regional roadmaps will focus on those sectors and regions most affected by the state's transition to carbon neutrality, as well as those most vulnerable to the state's increasing and immediate climate impacts.
- The CERF Program will provide follow-on funding for region- and industry-specific economic transition strategies outlined in the roadmap.
- Funding will be guided by the Just Transition Roadmap, which was scheduled to be published in July 2021.

# DATA SHARING AMONG WORKFORCE PARTNERS

- **Cradle to Career Data System:** Creates the Cradle to Career data system within the Government Operations Agency. The system is intended to link education, workforce, health and human service data systems to better provide public data on educational outcomes and services for students and families.
- **Shared Data Between CCCO and Labor Agency:** \$8 million one-time for shared data infrastructure between the Labor Agency and the Chancellor's Office of the California Community Colleges.
- **Shared Data on Private Workforce Training:** \$2 million for the Bureau for Private Postsecondary Education to gather data on workforce outcomes in for-profit entities.

# HIGHER EDUCATION CAREER PATHWAYS

- **College and Career Pathways:** \$250 million for a competitive grant program to support regional K-16 education collaboratives that create streamlined pathways from high school to postsecondary education and into the workforce.
- **Dual Admissions:** Creates a new dual admissions program at the UC and CSU to allow student transfer admissions at UC and CSU before they enroll in a community college transfer program.
- **CCC Guided Pathways Program:** \$50 million one-time for the continued implementation of the CCC Guided Pathways program. Requires colleges to submit a plan outlining strategies to implement guided pathways programs and integrate student success programs. Requires the Chancellor's Office to report on each college's progress towards implementing guided pathways, activities, and practices.
- **CCC Pathways to Law School Program:** \$5 million for a new CCC Pathways to Law School Program by supporting dual enrollment and transfer partnerships with CSU and UC.
- **Learning Aligned Employment:** Establishes the Learning Aligned Employment program, a state work-study program for students attending the UC, CSU, and CCC, targeting students from underrepresented backgrounds. The learning aligned employment position is to be related to the student's area of study or career interest, and placements with employers that are able to provide them with or connect them to full-time employment opportunities upon graduation.

# STUDENT FINANCIAL SUPPORT

- **Golden State Education and Training Grant Program:** Creates a grant program which provides education grants of up to \$2,500 for workers displaced by COVID 19. Grant recipients can use the funding to cover costs for higher education or other training programs.
- **Cal Grant Expansion:** Creates the California Community College Expanded Entitlement Program, which removes age and time-out-of-high-school barriers to Cal Grant for income eligible community college students. Includes \$250 million to be used to provide \$6,000 stipends to Cal Grant recipients who are parents. Also includes \$6,000 in non-tuition support for all Cal Grant students who are former foster youth.
- **Middle Class Scholarship:** Provides an additional \$515 million on top of existing \$117 million beginning in 2022-23 to reboot the Middle Class Scholarship.
- **College Savings Program.** Expands and makes permanent the CalKIDS college savings program providing all California newborns with a college savings account, and additional funding for low-income K-12 students.

# DIRECT GRANTS FOR WORKFORCE TRAINING (ONE-TIME PROPOSITION 98

GF)

- \$3.5 million to Mira Costa College to support the Cooperative Education Reskilling and Training program.
- \$3 million to the Chaffey College InTech Center to support and equip a welding training facility.
- \$6 million to Bakersfield College to expand and implement healthcare workforce training programs.
- \$355,000 to both the College of the Siskiyous and Shasta College to support their nursing program.
- \$4 million to San Bernardino Community College to support a partnership with KVCR TV.
- \$500,000 to the College of the Redwoods to support its nursing program.
- \$400,000 to Rio Hondo College to support its situational simulation training center.

# DIRECT GRANTS FOR WORKFORCE TRAINING (CONTINUED)

- These one-time GF grants are awarded by California Workforce Development Board:
  - \$3.5 million for Southern California Association of Governments for workforce development and training.
  - \$1 million for workforce training activities through the San Gabriel Valley Council of Governments.
  - \$2 million for the East Palo Alto Job Training Center for Economic Mobility.
  - \$3.5 million for the Los Angeles Black Worker Center to create the Workforce Equity Demonstration Project.
  - \$10 million for the Santa Clara Valley Transportation Authority for worker assistance, including mental health services, worker training, and retraining.
  - \$27 million to Creating Restorative Opportunities and Programs (CROP) for the Ready for Life Pilot program



# FEDERAL INITIATIVES

Updated as new information  
becomes available

# TRACKING NEW AND ONGOING ISSUES

- **State Small Business Credit Initiative** – CA formula allocation \$895 million.
- **American Jobs Plan** – \$2 trillion in infrastructure, workforce, and small business procurement opportunities.
- **INVEST in America** (HR 3684) passed the US House of Representatives on July 1, 2021. The bill approves a \$715 billion/\$547 billion surface transportation and water infrastructure bill.  
<https://www.congress.gov/bill/117th-congress/house-bill/3684?s=2&r=1>
- **Bipartisan Infrastructure Framework** provides \$1.2 trillion for infrastructure development and is part of the Administration's Build Back Better vision. Passed the Senate and is pending in House. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/24/fact-sheet-president-biden-announces-support-for-the-bipartisan-infrastructure-framework/>
- **Bipartisan Infrastructure Plan** that passed the Senate and awaiting action in the House on the \$550 billion spending plan.
- **House “Soft Infrastructure Plan”** released, which provides \$3.5 trillion (2,600 pages).



# SSBCI ROUND TWO

Real opportunities

# STATE SMALL BUSINESS CREDIT INITIATIVE

- The American Rescue Plan Act of 2021 (ARPA) included \$10 billion for the reauthorization of the State Small Business Credit Initiative (SSBCI), which was initially created in 2010, to strengthen state programs that support financing of small businesses.
- SSBCI will make both competitively awarded funds and allocations based on formulas.
- \$1.5 billion in ARPA funds to be competitively bid by state governments for programs targeted to serve socially and economically disadvantaged individuals
- \$500 million in ARPA funds will be allocated to Tribal governments by formula.
- Tribal governments may apply individually or jointly.
- Tribal governments may operate SSBCI funded programs themselves or contract with third parties or other Tribal governments to operate programs.
- State government SSBCI program funds can be deployed in Indian Country or to support Native American businesses.
- The US Treasury is still developing updated SSBCI guidance. This [doc](#) issued Sept 27, 2021.

# SSBCI CURRENT TIMELINE

- April 9, 2021 – US Treasury announced state formula allocations.
- May 10, 2021 – US Treasury announced Tribal government allocations.
- May 13, 2021 – US Treasury hosted an information session for Tribal governments.
- May 27, 2021 – Tribal consultation session held on SSBCI program requirements.
- December 11, 2021 – Initial applications to the US Treasury are due.
- February 11, 2022 – Completed applications due to the US Treasury.
- March 31, 2022 – Applications for grants to fund small business technical assistance activities are due.

<https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci>

# UNDERSTAND HOW THE FUNDING WORKS

- A Funding Application is due by December 11, 2021.
- Each state and tribal government has a maximum allocation, which can be drawn down in three tranches.
- Money in the first tranche will be transferred within 90 days of the program agreement being signed.
- Receiving the second and third tranche of funding is dependent on the expenditure or obligation of 80% of current tranche of funding.
- SSBCI funds can be used to capitalize small business financing programs, including, but not limited to, portfolio insurance, loan guarantees, loan-loss reserves, collateral support programs, and equity funds.
- Administrative costs are limited to 3%, available one-third at a time.
- Based on a per SSBCI funded program basis, each \$1 of SSBCI public investment must result in \$1 of new private credit.
- Based on all funded program basis, SSBCI public investments will cause new small business lending to increase at least 10 times the SSBCI contributed amount. 2010 application required documentation of how these leverage amounts would be achieved including assumptions made to undertake the calculation.
- These leverage requirements make using the SSBCI funds for grants to small businesses very unlikely.

# HOW DID CA USE ITS FIRST ROUND OF SSBCI FUNDING?

- CA received \$168.4 million out of \$1.5 billion.
- No real plan – money was expended through the state’s two existing programs until deadlines necessitated the development of new program.
  - Small Business Loan Guarantee Program (\$85 million)
  - CA Capital Access Program (\$20 million)
  - Collateral Support Program (\$65 million)
- The \$10 billion in second round of funding is substantially larger.
- The second round of funding provides an opportunity for the state to undertake a real analysis of the state’s small business capital needs.
- IBank is holding outreach events. Send recommendations to [SSBCI@IBank.ca.gov](mailto:SSBCI@IBank.ca.gov).

# JEDE COVID-19 ACTIVITIES

**Conference Calls:** JEDE is sponsoring monthly conference calls where stakeholders can share program and service delivery challenges in real time and seek resolution and mitigation actions within the broader business, economic, and workforce development community.

**COVID-19 Updates:** JEDE publishes economic and business development updates to professionals engaged in meeting the needs of small businesses and local communities caused by the coronavirus emergency.

## Resource Webpages:

- JEDE COVID-19 Resource Page: <https://ajed.assembly.ca.gov/content/covid-19-resources>
- Small Business Roundtable: <https://ajed.assembly.ca.gov/content/small-business-roundtables>
- Contact Information: [toni.symonds@asm.ca.gov](mailto:toni.symonds@asm.ca.gov) or 916-319-2090