

JEDE REPORT: Assemblymember Sabrina Cervantes, Chair of the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE). This is to keep you informed on issues affecting small businesses and economic development activities.

MAJOR ANNOUNCEMENTS

- **Insurance Diversity Task Force:** Insurance Commissioner Lara announced appointment of a new chair and member of the Insurance Diversity Task Force. <http://www.insurance.ca.gov/diversity/Index.cfm> Mark Morales was appointed as Chair and will be the first LGBTQ+ person to lead the Diversity Task Force (<http://www.insurance.ca.gov/0400-news/0100-press-releases/2021/release016-2021.cfm>) and Dr. Fabiola Cobarrubias was appointed as a new member of the Insurance Diversity Task Force (<http://www.insurance.ca.gov/0400-news/0100-press-releases/2021/release020-2021.cfm>). “According to the latest California Insurance Diversity Survey data collected by the Department of Insurance – comprising the boards of over 250 insurance companies – diversity in the boardroom remains a critical issue. In 2019, board seats continue to be disproportionately represented by men, with an overwhelming 70% of seats occupied by men and only 15% of board seats occupied by directors from historically underrepresented communities. Meanwhile, fewer than 1% of board directors identified as LGBTQ+.” The first quarterly meeting of the Insurance Diversity Task Force is scheduled for Thursday, March 11, 2021
- **Federal Stimulus Bill Passes House:** The US House of the Representatives passed a \$1.9 billion COVID-19 stimulus package on Saturday (2/27/21), with all but one Democrat voting yes, and every Republican voted no. Congress plans to pass a final bill by March 14, the day the current extended federal unemployment insurance benefits end. Key aspects of [H.R. 1319 – American Rescue Plan](#) Act of 2021 include:
 - \$1,400 stimulus checks for individuals making up to \$75,000 and \$2,800 for couples making up to \$150,000, plus \$1,400 for each dependent. This funding, added to the \$600 approved in December 2020, constitute the \$2,000 Economic Recovery Payments President Biden proposed in the American Rescue Plan.

- Extending Unemployment Insurance and Pandemic Unemployment Assistance benefits from 50 weeks to 74 weeks (March 14 to August 29, 2021).
- Expansion of the federal Earned Income Tax Credit, including certain elderly and childless adults.
- Increase in qualified family leave wages under the Paid Family Leave Tax Credit from \$10,000 to \$12,000.
- \$350 billion for grants to states, territories, tribal governments, cities, and counties.
- \$14.9 billion for the Child Care and Development Block Grant
- \$25 billion for the Restaurant Revitalization Fund to support restaurants that have experienced a revenue loss due to COVID-19, including: a food stand, food truck, food cart, caterer, saloon, inn, tavern, bar, lounge, brewpub, tasting room, taproom, licensed facility or premise of a beverage alcohol producer where the public may taste, sample, or purchase products, or other similar place of business in which the public or patrons assemble for the primary purpose of being served food or drink
- \$15 billion for a targeted cash advance under the SBA Economic Injury Disaster Loan Program.
- \$10 billion and reauthorization of the State Small Business Credit Initiative Act of 2010
 - Includes a separate allocations for tribal governments and business enterprises owned and controlled by socially and economically disadvantaged individuals.
 - Requires states to provide a plan detailing how minority depository institutions and community development financial institutions will be encouraged to participate in state programs.
 - Provide funds to states to carry out a technical assistance plan under which a state will provide legal, accounting, and financial advisory services, either directly or contracted with legal, accounting, and financial advisory firms, with priority given to business enterprises owned and controlled by socially and economically disadvantaged individuals, as well as to very small businesses

- \$7.25 billion for the Paycheck Protection Plan, plus changes to the definition on nonprofit, second draw loans, forgiveness,
- \$3 billion Economic Development Administration
- \$1.2 billion for Shuttered Venue Operators, including \$500,000 for technical assistance.

- \$175 million for the Community Navigator Pilot Program which funds community navigator services provided through nonprofits, which includes the outreach, education, and technical assistance provided by community navigators that target eligible businesses to increase awareness of, and participation in, programs of the Small Business Administration
- Raises the federal minimum wage to \$15.00 an hour, beginning 4 years after the effective date of the bill. Current federal minimum wage is \$7.25. The first scheduled increase under the bill is \$9.50 an hour.
- **Small Business Hearing:** The Assembly Committee on Jobs, Economic Development, and the Economy, Chaired by Assemblymember Sabrina Cervantes, held an informational hearing, “The Impact of COVID-19 on Small Businesses.” <https://www.assembly.ca.gov/media/assembly-jobs-economic-development-economy-committee-20210223/video> Key witnesses included the Dee Dee Myers, Senior Advisor to the Governor and Director of the Governor’s Office of the Business and Economic Development.
- **California COVID-19 Early Action Package:** The California Legislators passed and the Governor signed a 9.7 billion early action COVID-19 response package. <https://www.gov.ca.gov/2021/02/23/governor-newsom-signs-legislative-package-providing-urgent-relief-to-californians-experiencing-pandemic-hardship/> Among other items, it includes:
 - \$2.1 billion for the CA Small Business COVID-19 Relief Grant Program to provide grants up to \$25,000 for small businesses impacted by the pandemic. \$50 million of which is set aside for cultural institutions (no size cap). SB 87 (https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB87) and grant website (www.CAReliefGrant.com)

- \$2 billion tax cut by conforming CA tax law to new federal tax treatment for loans provided through the Paycheck Protection Plan and EIDL, which allows borrowers to deduct up to \$150,000 in expenses covered by those loans.
- \$116 million in fee cuts by waiving various fees for two years for heavily impacted service industries, including 59,000 restaurants and bars licensed through ABC and to the more than 600,000 barbering and cosmetology individuals and businesses licensed through the Department of Consumer Affairs.
- \$400 million in new federal funds that will provide stipends of \$525 per enrolled child for all state-subsidized childcare and preschool providers.
- Extends care for children of essential workers through June of 2022, and funds increased access to subsidized childcare for more than 8,000 children of essential workers and at-risk children – who are not currently served in the system – through June of 2022.
- \$2.3 billion to provide a one-time \$600 grant to households receiving the California EITC for 2020
- \$470 million to provide an additional one-time \$600 payment for individuals with Individual Tax Identification Numbers (ITINs), which were not able to receive previous federal economic impact grants.
- \$243 million to provide an additional \$600 grant for families enrolled in CalWORKs.
- \$240 million to expand eligibility for CalWORKs by exempting the supplemental federal Unemployment Insurance benefits from income calculations.
- \$750 million to provide an additional \$600 grant for individuals enrolled in Supplemental Security Income (SSI) or Cash Assistance Program for Immigrants (CAPI).
- \$24 million for financial assistance and services through Housing for the Harvest – a program providing support for agricultural workers who have to quarantine due to COVID-19.
- \$35 million for food banks and diapers.
- \$100 million for emergency financial aid for qualifying low-income students.

- Restores previously enacted reductions, effective July 1st, for the UC, CSU, the Judicial Branch, Child Support Services and for moderate-income housing.
- **Small Business for America's Future:** Small Business for America's Future conducted a national survey of 1,241 small business owners to learn how the pandemic was impacting their business and their opinions about government priorities and the proposed American Rescue Plan. <https://investinamericanow.com/wp-content/uploads/sites/95/SBAF-Feb-Covid-Survey.pptx.pdf> According to the survey, 69% of small business owners support the American Rescue Plan and, in general, the survey found that small business owners want Congress to prioritize economic relief over deficit reduction.
- **#LetsTalkBusiness Roundtable:** National Women's Business Council released a report, *2020 #LetsTalkBusiness Roundtable Series Report*. https://cdn.www.nwbc.gov/wp-content/uploads/2021/02/03200805/FY2020-Roundtable-Report-NWBC_Final.pdf The report is a series of testimonials from women entrepreneurs on current challenges and opportunities associated with access to capital, childcare, and patenting and trademark. Information from this report will be used by the SBA, White House, and the US Congress in setting 2021 priorities. Several recommendations are listed below.
 - Women business owners are driving economic recovery post-natural disasters.
 - Lack of financial literacy continues to impede women's entrepreneurial potential.
 - Micro-lending is a critical capital access option for women-owned startups.
 - Lack of available, affordable childcare encumbers the workforce and pandemic recovery.
 - Childcare providers must be recognized as small businesses in future federal stimulus aid.
 - Childcare providers struggle for profitability against onerous regulations and high operational costs.
 - Women business owners reject traditional STEM industry labels and pipelines.

- Female innovators are often also caregivers with scarce time to grow an enterprise.
- Access to capital is a persistent barrier faced by women to patent or trademark innovations.
- High legal costs and complex patenting processes are top challenges for women to commercialize given the unique and common barriers to accessing capital.

California Budget Update – Highlight on the LAO

- **LAO Analysis on UI Loan:** The California Legislative Analyst's Office released its evaluation of the Governor's 2021-22 Budget Proposal on the \$555 million General Fund interest payment on the federal Unemployment Insurance loan. <https://lao.ca.gov/reports/2021/4360/Interest-Payment-Federal-UI-Loan-021021.pdf> These funds would constitute the first annual interest payment on federal UI trust fund loans and corresponds to the full interest payment, not the 25% that would be due under an interest payment deferral. The estimated interest payment is due September 30, 2021. The report includes a full discussion of the options and requirements. The LAO recommends:
- **Adopt Updated \$260 Million Estimate of Federal Interest Payment Due.** We recommend the Legislature adopt an up-to-date estimate of the overall interest amount likely due in September. For planning purposes, we suggest the Legislature adopt our estimate of \$260 million. This estimate reflects current economic conditions and federal law. If the federal government takes further action to extend the interest waiver beyond March 14, this estimate would need to be revisited and likely reduced accordingly. Mindful of this shifting landscape, the administration and our office will provide an updated estimate as part of the May Revision.
- **Defer Interest Until Later Years.** In addition to adopting an up-to-date estimate of the total interest payment, we recommend the Legislature adopt provisional budget legislation to request an interest payment deferral from the U.S. Department of Labor, given that the deferral does not have the effect of increasing state payments. This would allow the state to pay one-quarter of this year's interest payment in 2021-22 and an additional one-quarter in each of the next three years. Should the Legislature pursue this course, we estimate that the total interest due this year would be roughly \$65 million.

- **LAO Analysis on Evaluating State Economic Stimulus Proposals:** The California Legislative Analyst's Office released a framework for evaluating state economic stimulus proposals. <https://lao.ca.gov/reports/2021/4331/Economic-Stimulus-Proposals-020121.pdf>

Good News:



Silvia Paz: Governor Newsom appointed Silvia Paz, of Thermal, to the Blue Ribbon Commission on Lithium Extraction in California. Paz has been Executive Director and Founder at Alianza Coachella Valley since 2019. She was Director at Building Healthy Communities Eastern Coachella Valley from 2013 to 2019. Paz was District Policy Director in the Office of Assemblymember V. Manuel Perez from 2010 to 2013. She was Project Coordinator at the Harvard University Planning Office from 2008 to 2009. Paz was a Teacher at the Coachella Valley Unified School District from 2005 to 2007 and from 2009 to 2010. She is a Trustee at Coachella Valley Unified School District; Co-Chair at Salton Sea Management Plan Engagement Committee; and Director of Desert Recreation District. Paz earned a Master of Public Policy degree in economic development and transportation from Harvard University.

GRANTS

- **Small Business Transition Grant For Early Career Scientists:** The Department of Health and Human Services is in partnership with the National Institute of Health released a Funding Opportunity Announcement (FOA) to support early career academic scientists interested in transitioning to entrepreneurship while also supporting the transfer of technology from academic laboratories into small businesses. <https://grants.nih.gov/grants/guide/rfa-files/RFA-CA-21-001.html> This FOA seeks to support entrepreneurial mentoring and product development. The deadline to apply is March 24 at 5:00pm.
- **Adaptive Sports Grant Program:** The National Veterans Sports Programs and Special Events Office of the US Department of Veteran Affairs is searching for a non-federal entity with significant experience in managing a large-scale adaptive sports program. <https://www.grants.gov/web/grants/search-grants.html> The Office will be providing up to 21 awards of \$750,000. The mission of the Office is to provide opportunities for veterans to improve their independence, well-being, and quality of life through adaptive sports and therapeutic arts programs. The last day to apply is March 31 at 12:00 pm.

STATUS REPORTS ON SMALL BUSINESS ACCESS TO CAPITAL

California Small Business Grants: The Office of the Small Business Advocate launched a [Small Business COVID-19 Relief Grant](#) program, which provided nearly \$500 million in grants to small businesses and small nonprofits that have been negatively impacted by the COVID-19 pandemic. The Legislature approved and the Governor signed [SB 87 \(Caballero and Min\)](#) on February 23, 2021, which provide as additional \$2.1 billion in grant funds through a minimum of three additional funding rounds.

- Application and award notice period for Rounds 1 and 2 is completed. Over 354,000 applications were received in Rounds 1 and 2, requesting a total of \$4.5 billion
- Preliminary data shows that 43,419 applicants received at least initial approval for a total of \$495 million. 95% of the awardees were from small business applicants, as compared to applications from nonprofits. More information on small business applications is available at: <https://ajed.assembly.ca.gov/content/small-business-covid-19-relief-grant>
- Application guidance is available here: <https://careliefgrant.com/wp-content/uploads/2021/01/CRG-All-Businesses-Program-and-Application-Guide-Public-Updated-01.28.21.pdf>
- Free one-on-one technical assistance is available through a wide range of nonprofit resource providers, including SBDCs, Women's Business Centers, and ethnic chambers of commerce: www.CAReliefGrant.com.
- **Tax Credits for Required Paid Leave:** The Internal Revenue Service (IRS) maintains a webpage on current information regarding tax credits employers may apply when meeting COVID-19 employee paid leave requirements. <https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-required-paid-leave-provided-by-small-and-midsize-businesses-faqs> This includes, but is not limited to, the newly extended Employee Retention Credit. <https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-how-to-claim-the-employee-retention-credit-faqs> The Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted December 27, 2020, made a number of changes to the credits previously authorized under the CARES Act, including modifying and extending the Employee Retention Credit. Several of the changes apply only to 2021, while others apply to both

2020 and 2021. The maximum ERC amount available is \$7,000 per employee per calendar quarter, for a total of \$14,000 in 2021. Small employers may request advance payment.

- **Are You Eligible for A Tax Credit?** The Internal Revenue Service released a new form to help eligible self-employed individuals determine their qualified sick and family leave credit under the Families First Coronavirus Response Act -- IRS Form 7202, Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals: <https://www.irs.gov/pub/irs-pdf/f7202.pdf>
- **100% Corporate Donation Exemption:** The Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted Dec. 27, 2021, temporarily increased the corporate contribution limit to 100% of a corporation's taxable income for contributions paid in cash for relief efforts in qualified disaster areas. <https://www.irs.gov/forms-pubs/about-publication-526> While donations related to COVID-19 are not eligible, other specified federally declared disaster are eligible, including certain fires.
- **Shuttered Venue Operators:** The US Small Business Administration is launching the ***Shuttered Venue Operators (SVO) Grant program***, as authorized by The Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act. Under the new program, \$15 billion is dedicated to making grants to shuttered venues who may receive up to 45% of their gross earned revenue, up to a \$10 million. \$2 billion of the grants are reserved for businesses with 50 or less employees.
- **Website:** <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/shuttered-venue-operators-grant>
- **Updated FAQ:** <https://www.sba.gov/document/support-shuttered-venue-operators-grants-faq>
- **Recorded on-demand Webinar:** https://www.youtube.com/watch?utm_medium=email&utm_source=govdelivery&v=PdfQGb6z-gg&feature=youtu.be

	PPP Applicant	Shuttered Venue Operators Grant Applicant	COVID-19 EIDL Applicant
<u>PPP Recipient</u>	First Draw PPP borrowers may be eligible to apply for Second Draw PPP loans	May apply for SVOG if received a PPP loan prior to 12/27/20	May apply for EIDL; PPP and EIDL can't be used for the same purpose/costs
<u>Shuttered Venue Operators Grant Recipient</u>	Not eligible to apply for PPP loan	May be eligible to receive a supplemental SVOG award	May apply for EIDL; SVOG and EIDL can't be used for the same purpose/costs
<u>COVID -19 EIDL Recipient</u>	May apply for PPP; EIDL and PPP can't be used for the same purpose/costs	May apply for SVOG; EIDL and SVOG can't be used for the same purpose/costs	The same business cannot apply for more than one EIDL

- **COVID-19 Payment Protection Program:** The Paycheck Protection Program (PPP) is **OPEN** to new applicants. <https://www.sba.gov/article/2021/jan/13/sba-re-opening-paycheck-protection-program-small-lenders-friday-january-15-all-lenders-tuesday> Businesses who were received loans in prior funding rounds may still be in the process of applying for and waiting for approval on forgiveness. The US Small Business Administration has already forgiven more than 1.1 million PPP loans for over \$100 billion. <https://www.sba.gov/article/2021/jan/12/11-million-paycheck-protection-program-loans-forgiven-so-far-totaling-over-100-billion>
- **Round Three PPP Update:** Approximately 2.1 million PPP loan have been processed by 5,185 lenders, for over \$156.2 billion, between the program's re-opening on January 11, 2021, and February 28, 2021. California PPP loans totaled 233,434 for \$20.4 billion. <https://www.sba.gov/document/report-paycheck-protection-program-weekly-reports-2021> Since inception, 7.3 million PPP loan have been processed by 5,469 lenders, for over \$678.7 billion. https://www.sba.gov/sites/default/files/2021-03/2021.02.26%20-%20SBA%20COVID%20Relief%20Program%20Report%20-%20vFINALSHARE-508_0.pdf

- **PPP Progress Analysis:** President Biden and Vice President Harris issued a statement on the impact of their program delivery changes were already having on 2021 PPP funding reaching underserved businesses owners. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/02/22/fact-sheet-biden-harris-administration-increases-lending-to-small-businesses-in-need-announces-changes-to-ppp-to-further-promote-equitable-access-to-relief/> Program changes included, but were not limited to, a 14-day period in which only businesses with fewer than 20 employees can apply for PPP loans, the establishment of a \$1 billion set aside for independent contractors and self-employed individuals, and the elimination an exclusionary restriction that prevents small business owners with prior non-fraud felony convictions from obtaining relief.
 - The share of funding going to small businesses with fewer than ten employees is up nearly 60%
 - The share of funding going to small businesses in rural areas is up nearly 30%
 - The share of funding distributed through Community Development Financial Institutions and Minority Depository Institutions is up more than 40%
- **COVID-19 Main Street Lending Program:** The Federal Reserve issued its required report to the US Congress on the activities of the Main Street Lending. This program closed on January 8, 2021. Program. <https://www.federalreserve.gov/monetarypolicy/mainstreetlending.htm> As of December 31, 2021, California had borrowers had received 214 loans (11% of all loans) for a total of \$2 billion (10% of total loan value) <https://www.federalreserve.gov/publications/files/pdcf-mmlf-cpff-pmccf-smccf-talf-mlf-ppplf-msnlf-mself-msplf-nonlf-noelf-01-11-21.pdf> The Main Street Lending Program has ceased purchasing participations in eligible loans. <https://www.bostonfed.org/supervision-and-regulation/credit/special-facilities/main-street-lending-program.aspx>
- **SBA Weekly Lending Report on Race and Ethnicity of Clients:** The US Small Business Administration's most recent weekly lending report for its core SBA products is for the week ending February 19, 2021. Information includes race, ethnicity, gender, and veteran participation in the SBA 7(a), 504, and Advantage Loan Programs. <https://www.sba.gov/document/report-2021-weekly-lending-reports>

- **COVID-19 EIDL Updates:** Applications are **OPEN** for the COVID-19 Economic Injury Disaster Loans. New funding was provided in the Consolidated Appropriation Act of 2021.
 - **NEW – Cash Advance Look Back:** The Small Business Administration announced that they would be contacting businesses who applied for Advances in 2020 that either received less than \$10,000, or who received no Advance at all. Applicants in a low-income community who can demonstrate more than a 30% reduction in revenue during an 8-week period during the COVID-19 pandemic, may qualify for a Targeted EIDL Advance now. <https://drive.google.com/file/d/1GzRfFuB-8bpliegu6HvNfJa4MxIW8nAz/view>
 - **Application Deadline:** Applications will continue to be accepted as long as funding is available or December 31, 2021, whichever is earlier. <https://www.sba.gov/article/2020/dec/30/sba-extends-covid-19-economic-injury-disaster-loan-application-deadline-through-dec-31-2021>
 - **Aggregate-Level Data Update:** The US Small Business Administration released program utilization information for the COVID-19 Economic Injury Disaster Loan (EIDL). As of February 25, over 3.7 million EIDL loans have been approved in the US for a total of \$200 billion with 96% of those funds being disbursed. Small business in California received the largest amount of funds and largest amount of money through cash advances. https://www.sba.gov/sites/default/files/2021-03/2021.02.26%20-%20SBA%20COVID%20Relief%20Program%20Report%20-%20vFINALSHARE-508_0.pdf As of November 30, 2020, Californians had received 60,893 EIDL loans have been approved for a total of \$34.5 billion

CURRENT GUIDANCE ON STATE COVID-19 AND RECOVERY ACTIONS

- **Blueprint for a Safer Economy:** Businesses can check out the status of the reopening of their county through the Blueprint for a Safer Economy (<https://covid19.ca.gov/safer-economy/>). This is the state's four tier reopening plan. Tier 1 (purple) has the most restrictions and Tier 4 (yellow) has the fewest.
- ***Additional information on the California Blueprint for a Safer Economy:*** <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/COVID19CountyMonitoringOverview.aspx>
- **CURRENT County Map of Blueprint Designations:** <https://covid19.ca.gov/safer-economy/#county-status>
- ***List of Activities Authorized Under Each Tier:*** <https://www.cdph.ca.gov/Programs/CID/DCDC/CDPH%20Document%20Library/COVID-19/Dimmer-Framework-September%202020.pdf>
- **Equity Metric Added to Blueprint for Re-Opening:** The Blueprint for a Safer Economy was expanded on October 6, 2020, to include a health equity metric. This information will be used in combination with the county's case rate and test positivity rates to determine a county's tier. <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/CaliforniaHealthEquityMetric.aspx> The purpose of this new metric reflects the disproportionate impact COVID-19 has had on certain population groups, including rates of hospitalizations and death.
- **Updated Industry Guidance:** <https://covid19.ca.gov/industry-guidance/>
- **One-Stop-Shop for Guidelines:** The California Department of Public Health maintains a one-stop webpage for all COVID-19-related guidance: <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/Guidance.aspx> Guidelines are still available through individual department websites, including OSHA's new regulations for COVID-19. <https://www.dir.ca.gov/OSHSB/documents/COVID-19-Prevention-Emergency-txtbrdconsider.pdf?source=email>