



Policy Overview

Senate Bill (SB) 193 | ACCELERATE CALIFORNIA

What does this law do?

- The Accelerate California Initiative creates a statewide network of Inclusive Innovation Hubs (iHub) and aims to stimulate partnerships, economic development, and spur job creation around specific priority industries within California. The iHubs will provide an experience for entrepreneurs that consists of the following: technical assistance support (business support services), access to resource provider network, pathways to industry expertise, serve as a conduit to venture, angel and non-dilutive capital, and physical spaces where innovators can collaborate, share best practices, and leverage peer learning opportunities.
- The iHub network was first approved in 2013 via AB-250 and amended in SB-151, adding \$2.5M to the program. Via SB 193, it increases the investment almost tenfold to roughly \$20M. Of that \$20M, \$13M provides operational funding for 13 iHubs and provides seed grants, termed ‘Acceleration Grants’, to small businesses. Small businesses will be required to complete an approved amount of engagement (counseling and/or training/capital access support) with an iHub.
- An iHub is a center that:
 - Is tasked with coordinating support services for small innovators and will have the lead role in developing a process where innovators can easily and effectively access resource providers, find support on how to navigate the funding landscape, (capital providers - venture/angel/non-dilutive), and engage with subject matter and industry experts (university/federal or national lab/industry personnel)
 - Provides low- or no-cost technical assistance (1:1 counseling and training) to innovation science and tech-based businesses and/or businesses seeking non-dilutive funding, debt or equity via angel investors or venture capital
 - Fosters an innovation-focused ecosystem in the designated service area to assure small businesses get equitable access to the resources of the innovation centers and takes an inclusive approach to ensuring all businesses in both demography and geography are being effectively served and have the tools to advance their business ventures

What is the purpose of this law?

- To accelerate the start-up and growth of technology and science-based firms, provide an infrastructure in supporting the innovation ecosystem, and serve as a catalyst to the advancement of innovation in California
- To build the state’s portfolio of scalable innovation-based businesses, stimulate investment from private industry for small businesses and leverage California’s rich technology base, and increase access to private investment for diverse founders
- To develop strong and vibrant innovation ecosystems in Inland California and other rural regions

What is the role of CalOSBA in implementation?

- CalOSBA recently closed a competitive Request for Proposal application process to select the 13 recipients of iHub designations. CalOSBA administered two rounds of applications; Round 1.0 selected 7 designees from among existing iHub designees.
- CalOSBA will announce six additional and new iHubs based on the established selection criteria in October 2023.
- CalOSBA will promote activities of all individual iHubs.
- CalOSBA will have responsibility and will oversee the programs financial and programmatic activities.

How does a small business owner get access to the benefits of this law?

- To access the services or capital offered by an iHub, a small business owner should get in touch with the iHub closest to them. For a list of the current iHubs and their service areas, visit <https://calosba.ca.gov/funding-grants-incentives/ihub2/#iHub2-Designees>.



Policy Overview

Senate Bill (SB) 193 | CALIFORNIA RISE

What does this law do?

- The law appoints CalOSBA to run a program to accelerate economic inclusion by investing in employment social enterprises (“ESEs”) called California Regional Initiative for Social Enterprise (RISE).
- The bill was funded with \$25 million in the FY 2022-23 budget.
- An employment social enterprise (ESE) is a for-profit or non-profit organization that earns revenue through the sale of a good or service produced by employees overcoming barriers to work. Each entity should have a stated mission that they exist specifically for the purpose of providing employment, training, and supportive services to people overcoming barriers to work. Source: https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=14005.&lawCode=UI
- California RISE provides grant capital paired with technical assistance to support the growth of employment social enterprises in California. ESEs selected for CA RISE through a competitive grant process will receive a one-time grant of between \$100,000 - \$500,000 to support investments related to the sustainable growth of their business, increased economic mobility among their participant employees, or, in some cases, both.
- In addition to grant funding, all CA RISE grantees will receive cohort-based, in-depth capacity building in the areas of sustainable growth and/or economic mobility.
- The program is modeled after the nationally recognized Los Angeles Regional Initiative for Social Enterprise (LA:RISE).

What is the purpose of this law?

- To create a stronger and more inclusive economy and workforce development system in California by helping employment social enterprises grow and use their growth to employ those who are overlooked or challenged in being employed and have had barriers to employment

What is the role of CalOSBA in implementation?

- CalOSBA ran a competitive Request for Proposal application process to identify a program lead to run the program and a fiscal agent to administer the grant funds.
- The program lead contract was awarded to REDF, a venture philanthropy organization that is dedicated to investing in and supporting social enterprises.
- Reporting, monitoring, and compliance

How does a small business owner get access to the benefits of this law?

- REDF’s website has a description of the CA RISE program: <https://redf.org/what-we-do/ca-rise/>
- Learn more about what an ESE is and access tools and resources to gain an understanding of this unique small business model via REDF’s website: <https://redf.org/>



Policy Overview

[Senate Bill \(SB\) 1407](#) | EMPLOYEE OWNERSHIP

What does this law do?

- This law establishes the creation of an employee ownership “hub” within CalOSBA responsible for awareness and education of small business owners about employee ownership opportunities, including specific mechanisms for transferring ownership.
- The current law puts responsibilities on CalOSBA but did not include funding for (1) the hub manager, (2) awareness raising and education about employee ownership, or (3) making affordable technical assistance (TA) more widely available to businesses across the state.
 - Small Technical Assistance grants have proved successful in [Colorado](#) and in [several California cities](#), particularly grants that help companies finance feasibility studies to determine if employee ownership is right for them.
 - The proposed California grant programs, however, required a larger budget that was not politically feasible at the time.
 - Securing funding for the hub staff and robust statewide programming through these grants is the supporting coalition’s priority for the upcoming budget cycle.

What is the purpose of this law?

- To promote employee ownership in California as a way to increase the productivity and resiliency of small businesses and promote wealth creation in Low-to-Moderate Income communities

What is the role of CalOSBA in implementation?

- CalOSBA must appoint a hub manager, though the position is not yet funded.
- The hub manager will work with state agencies to increase awareness and enhance opportunities for employee ownership.
- CalOSBA will also partner with stakeholders to educate business owners and employees of the benefits of employee ownership.
- The hub will provide referrals to legal financial and technical employee ownership resources and develop recommendations to enhance capital access for employee-owned businesses.
- Reporting, monitoring, and compliance

How does a small business owner get access to the benefits of this law?

- Currently, since the hub position is not yet funded, the best way for small business owners to learn about the benefits of employee ownership and its various forms (such as worker cooperatives, employee stock ownership plans, and employee ownership trusts) is through Project Equity.
- To learn more, visit www.project-equity.org.



Policy Overview

[Assembly Bill \(AB\) 2019](#) | SMALL BUSINESS ENTERPRISES

What does this law do?

- Under existing law, relevant state agencies have a small business liaison responsible for helping ensure that the agency's procurement processes are designed to meet or exceed the goal of 25% of contracts awarded to small businesses.
- The bill codifies the 25% goal and REQUIRES state agencies to award 25% of state procurements to small businesses, including microbusinesses.
- Under this bill, the small business liaison at each agency must, no later than January 1, 2024, adopt an economic equity action plan and policy for the agency to provide, among other things:
 - Recommendations and strategies to assure small businesses and microbusinesses benefit from that agency's procurement processes.
 - The agency's planned efforts to conduct outreach and education with small businesses, disabled veteran business enterprises (DVBES), and minority-owned, women-owned, and LGBTQ-owned businesses.
- The bill includes monitoring and reporting requirements for CalOSBA.

What is the purpose of this law?

- To assure that California's goal of awarding 25% of state contracts to small businesses is effectively achieved throughout all state agencies

What is the role of CalOSBA in implementation?

- Develop an economic equity first action plan framework as guidance to small business liaisons
- Monitor state agency efforts and issues an annual report, which must include details regarding the office's activities to support procurement participation in state contracts by small and diverse businesses as well as agency compliance with its economic equity action plan

How does a small business owner get access to the benefits of this law?

- The Department of General Services Office of Small Business and Disabled Veteran Business Enterprise Services (OSDS) provides support and assistance with small and/or Disabled Veteran Business Enterprise certification assistance to small businesses interested in doing business with the state. For benefits of becoming certified with the State of California, visit <https://www.dgs.ca.gov/PD-Certification>.
- CalOSBA funds a network of small business technical assistance centers that provide no-cost one-on-one consulting and no- to low-cost training to small businesses. This includes state contracting technical assistance. For a full list of centers, visit <https://calosba.ca.gov/local-direct-assistance/small-business-centers/>.



Policy Overview

State Small Business Credit Initiative | “SSBCI 2.0”

What does this law do?

- SSBCI is a \$10 billion federal funding initiative approved as part of the American Rescue Plan Act through which states, territories and tribal nations were allowed to apply for funding to provide capital and technical assistance (business support services) to small businesses. This is the second implementation of this program but the first in which funding has been provided for technical assistance.
- Under SSBCI, each state was invited to submit separate applications for funding for capital programs and for technical assistance programs to provide legal, accounting and financial support services to small businesses. The California Office of the Small Business Advocate (CalOSBA) was awarded \$25.3 million under SSBCI to provide such technical assistance services to small businesses in California.
- California also received \$1.2 billion of funding for capital enhancement programs administered by the California Infrastructure and Economic Development Bank (IBank) and the California State Treasurer’s California Capital Access Program. For information about those programs see <https://www.ibank.ca.gov/small-business/ssbci/> and <https://www.treasurer.ca.gov/cpcfca/calcap/sb/ssbci.asp>

What is the purpose of this law?

- The purpose of the law is to support small businesses and entrepreneurship across the United States by providing them with greater access to capital and technical assistance (aka business support services). All programs funded by SSBCI must be targeted to Very Small Businesses (VSB) and/or businesses owned by Socially or Economically Disadvantaged Individuals (SEDI).
- A VSB is defined as a business with fewer than 10 (ten) employees including independent contractors and sole proprietors. Socially disadvantaged individuals are those subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group. Economically disadvantaged individuals are those whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities compared to others in the same business area.

What is the role of CalOSBA in implementation?

CalOSBA will use SSBCI funding to create a new Capital Readiness Network including technical assistance providers of legal, accounting, and financial services in anticipation of a loan application. The success of the program will be measured by the number of eligible businesses who apply and obtain loans aided by Capital Readiness Network program participants.

How does a small business owner get access to the benefits of this law?

CalOSBA will select Capital Readiness Network Program participants through a competitive application process in the fall of 2023. These Network participants will be provided resources for targeted outreach to VSBs and SEDI-owned businesses.