



Governor's Office of Business and Economic Development

Office of Small Business Advocate

2018/19 Capital Infusion Program

Grant Announcement

The purpose of this grant announcement (Announcement) is to invite proposals from a Small Business Development Center (SBDC) Network Lead Center in the State of California to assist small businesses and entrepreneurs to obtain access to capital to fund business consulting services.

Applications from Lead Centers should include subcenter funding proposals and be submitted as one consolidated application per SBDC region. Only applications that are submitted by SBDC Lead Centers will be considered for funding.

Opportunity Number: CACIP2018
Total Program Funding: \$3,000,000

Opening Date: July 19, 2018
Closing Date: July 31, 2018

1. Definitions

1.1 Applicant: Means a Lead Center or subcenter in the Small Business Development Center Network.

1.2 Capital infusion: Means the acquisition of funding for business operations and growth, including SBA loans¹; non-SBA loans; government grants, reimbursements, and tax credits; nontraditional lending; and non-owner equity investment. Owner equity is excluded from the Program.

1.3 Capital infusion business consulting: Includes SBDC personnel or third-party individuals hired to provide consulting to businesses on credit readiness, planning for growth, growth acceleration, applying for a loan and obtaining equity investments. Consulting includes all work with a client, whether a startup or existing business, that may lead to a loan or equity event. This includes client-specific credit consulting, financial education and related consulting subject matter, such as marketing, job creation and use of technology as long as the consulting scope of work is connected to an overall capital infusion goal. So long as the client is making steady improvements in their business that would make the client more bankable/investable, all consulting for these clients is allowable for reimbursement.

1.4 Capital infusion milestone: Means loan or equity events that have occurred as part of the Program, which are fully documented and verifiable with the participating lender or investor. Documentation must identify the client names and the lender/investor names. **Capital infusion milestones must be reported in the quarter when verification was provided by the client (as opposed to when the funds were generated).**² Acceptable forms of milestone documentation include:

- An official loan agreement or investment agreement.
- A document directly originating from the lender or investor attesting to the commitment of funds or completed loan or investment. For venture capital infusion milestones, a screen shot of an online third-party data source, such as Socaltech or Crunchbase, that identifies the total venture capital investment.³
- For crowdfunding capital infusion milestones, a screen shot that identifies the total amount generated from a crowdfunding campaign.

1.5 Center: Means a Lead Center or subcenter in the SBDC Network.

¹ GO-Biz will accept the entirety of a 504 Loan capital infusion milestone when accomplished through the Program. GO-Biz understands that a minimum 10% of the loan package is comprised of owner investment, however, since the investment is included as part of the total credit memorandum, GO-Biz will count the entirety of the 504 milestone as applicable to the Program.

² Milestones that are verified beyond 60 days of the grant year will not be allowed. Milestones generated in one grant year cannot be counted in a subsequent grant year. If a milestone is generated in the fourth quarter, it may be reported in that quarter if verification is provided up to 60 days after the specified grant year. If verification is provided after the annual report is submitted, a revised report template must be submitted to GO-Biz.

³ When conducting program reviews, GO-Biz will directly contact the business owner to verify venture capital infusion milestones.

2. Overview

The California Small Business Technical Assistance Expansion Program (SB TAEP or Program) was created in 2018 to expand the capacity of federal small business technical assistance programs in California. The Program was enacted in Government Code Section 12100-12100.69. The Office of Small Business Advocate at the Governor’s Office of Business and Economic Development (GO-Biz) is charged with implementing and administering the Program.

For the 2018/19 fiscal year, the state budget includes \$23 million General Fund to establish a program to provide funding to augment existing small business services such as free or low-cost one-on-one consulting and low-cost training. Of that amount, \$3 million is provided each year, for the next five years for Small Business Development Centers' local cash match funding.

3. Purpose and Background

The purpose of this grant is to help small businesses and entrepreneurs navigate the financing landscape and successfully access the funding they need to operate and/or expand their businesses. Challenges in accessing capital remain a barrier to growth for the state’s small business base. Funding for the program is made available through the State of California, and the Office of Small Business Advocate (OSBA) at GO-Biz is responsible for administration of the grant.

SBDC grantees should leverage their state funding to draw down SBA funds and work in conjunction with other resource partners such as CA iHub partners, SCORE, Women’s Business Centers, Veteran Business Outreach Centers, Procurement Technical Assistance Centers, minority business programs and institutions of higher educations, private organizations, chambers of commerce, trade and industry groups and associations that are committed to the growth and success of small business.

4. Award Information

4.1 Funding

GO-Biz expects to issue \$3 million in grant awards in 2018-19. Grant awards will be distributed to the five (5) regional SBDC Networks that operate in California based on a pro rata state population share, as used by the U.S. Small Business Administration. For the 2018-19 fiscal year, the population share distribution is as follows:

Region	Population Share (%)	Funding Amount
Northern CA	33.63%	\$1,008,900
Central CA	11.68%	\$350,400
Los Angeles	29.01%	\$870,300
Orange County/Inland Empire	17.31%	\$519,300
San Diego/Imperial Valley	8.37%	\$251,000

Applicants may submit a proposal for an amount up to the set award amount for their respective region.

4.2 Period of Performance

Awards will be made for a one-year period of performance. The grant will fund allowable services over a twelve-month period, from October 1, 2018 through September 30, 2019.

4.3 Funding Information

Funds provided under the Program must be used solely for the purposes stipulated in this Announcement and subsequently in the Agreement between GO-Biz and the Lead Center. All costs incurred under the Program must meet the tests of reasonableness, allowability and allocability in accordance with the Program's allowable costs and grant agreement terms. Indirect costs may not be claimed as part of the proposal budget.

4.4 Funding Instrument

The funding instrument is a grant contract. The Lead Center may subcontract funds to participating subcenters and entities that have formal agreements with the Lead Center to provide consulting services.

4.5 Matching Requirement

Awards require a 1:1 match of SBA funds. For each grantee, the spenddown of the GO-Biz grant and SBA funds must reflect a cumulative 1:1 ratio at the end of the second quarter (mid-year) and the fourth quarter (year-end).

Lead Centers will be required to complete a Certification of SBA Cash Match. This certification consists of a separate form that requires authorized representatives from the Lead Center and fiscal host to certify the total amount of SBA cash match dollars that all grantees from the region will spend to carry out the Program. This amount will be equal to the total grant award for the region.

The Certification of SBA Cash Match will be included as Exhibit C to the grant agreement and will be signed when the agreement is executed by the Lead Center. If the GO-Biz grant amount changes as a result of a budget amendment, a revised Certification of SBA Cash Match will be prepared and attached to the amendment for concurrent signature.

4.6 Eligible Applicants

Applications may only be submitted by SBDC Lead Centers as one consolidated application per SBDC region.

4.7 Technical Proposal Evaluation

GO-Biz will review the applications and assess the proposal's approach to delivery of services and accompanying milestones. GO-Biz may ask Applicants for clarification of the technical aspects of their proposals.

4.8. GO-Biz Oversight

GO-Biz has the right to conduct a programmatic and financial review of any grant recipient. The review will consist of a remote evaluation by GO-Biz staff of a center's third-party verification

of capital infusion milestones. Lead Directors will work with selected grantees in their region to collect and submit electronic copies of milestones to GO-Biz. GO-Biz will inform Lead Directors by email about the selection of centers in their region and email instructions no later than thirty (30) days before the program review.

If an applicant ceases to operate as a Lead Center for the U.S. Small Business Administration, the state is obligated to compensate the Lead Center only for all allowable and unavoidable expenses reasonably incurred by the Lead Center incurred in the performance of its work under the agreement as of the effective date of the Terminating Event. In addition, if a Lead Center has received notification by the U.S. Small Business Administration that its cooperative agreement is scheduled for termination or that its operations are placed under a probationary status, the Lead Center must notify GO-BIZ within 48 hours.

5. Award Requirements

5.1 Application and Submission Requirements

Lead Centers must submit one regional application that includes subcenter grant program proposals to GO-Biz. Each subcenter must complete Sections I, II and III and provide the information to their Lead Center to be aggregated into one complete package for the region. Lead Centers are responsible for ensuring the completeness of application submittals.

Applications must contain the following components submitted in the order below. The following checklist is provided to help ensure a complete proposal. **Please do not include the checklist in the proposal.**

CHECKLIST

- Section I: Summary Sheet**
- Section II: Narrative Responses (not to exceed 3 pages)**
- Section III: Metrics**
Projected capital infusion metrics and client metrics for the 12-month grant period.

Please email all of the grant application materials to Jesse.Torres@gobiz.ca.gov by 12:00 pm on July 31, 2018. Hard copy submittals and late applications will not be considered.

By submitting an application, Applicant acknowledges that GO-Biz is subject to the California Public Records Act (PRA) (Government Code section 6250 et. seq.). Consequently, materials submitted by an Applicant to GO-Biz may be subject to a PRA request. In such an event, GO-Biz will notify the Applicant, as soon as practicable, that a PRA request for the Applicant's information has been received, but not less than five (5) business days prior to the release of the requested information to allow the Applicant to seek an injunction. GO-Biz will work in good faith with the Applicant to protect the information

to the extent an exemption is provided by law, including but not limited to notes, drafts, proprietary information, financial information and trade secret information. GO-Biz will also apply the “balancing test” as provided for under Government Code section 6255 to the extent applicable.

6. Invoicing and Reporting Requirements

The Program requires awardees to submit quarterly invoices, a mid-year report, and an annual report on Program outcomes resulting from the grant award. Significant deviations from the original milestones must to be addressed by the awardee through an action plan. Milestones will be set by the Applicant. Reports are only required in the second and fourth quarters. Also, the Annual Report has been combined with the fourth quarter report. Details are below.

6.1 Quarterly Invoices

Quarterly invoices must be submitted by the Lead Center in a template provided by GO-Biz.⁴ Required information includes business consultant names, hourly consulting rates, and the number of hours worked. For every grantee, the spenddown of the GO-Biz grant and SBA funds must reflect a cumulative, year-to-date 1:1 ratio at the end of the second quarter (mid-year) and the fourth quarter (year-end). Invoicing amounts must exactly match the center’s records. Invoice totals must not be rounded.

The Lead Center must submit to OSBA an electronic version of the quarterly invoices for all grantees in their region within forty-five (45) days after completion of the quarter. If the 45th calendar day occurs on a weekend or U.S. Federal/State holiday, the report should be submitted the first working day after the weekend or U.S. Federal/State holiday. The invoices must include a “roll-up” summary for the region that identifies the total invoiced amount from each center, the months when the hours were worked, and the average consulting rate.⁵

6.2 Mid-Year Report

The mid-year report⁶ identifies the capital infusion milestones and number of clients consulted in the first and second quarters.⁷ If a grantee fails to meet 50% of their annual goals by the end of the second quarter, they must include a narrative that explains why the goals were not met and provide an action plan for improvement. **Capital infusion milestones must be recorded in the quarter when verification was provided (as opposed to when the funds were generated).**

The Lead Center must submit the mid-year report for all grantees in their region with their second quarter. Instructions are provided in the 1819L CIP Leads Form.

⁴ The invoice template is provided in the “1819I CIP Invoice Form” Excel spreadsheet.

⁵ The Lead Center invoicing and reporting instructions and “roll-up” invoice template are provided in the “1819L CIP Leads Form” Excel spreadsheet.

⁶ The mid-year and annual report template is provided in the “1819R CIP Reporting” Excel spreadsheet.

⁷ Every consulting hour paid for by state funds must be tagged with a Funding Source as “State.” Any milestone event that occurs during the course of work done by the business consultant under the GO-Biz capital infusion grant must also be tagged with a Funding Source as “State.” This includes business consulting funded by the GO-Biz grant or the SBA-match funding made available through the GO-Biz grant.

6.3 Annual Report

An annual report will be required from each Lead Center that summarizes grantee efforts to deliver capital infusion services in the region. The annual report is due within forty-five (45) days after the close of the grant period. Failure to submit this report accurately and in a timely manner could jeopardize future funding. This report shall not exceed 10 (ten) pages in length.

The annual report will contain the following information from each center. **Section A** will be provided by attaching the 1819R Reporting Template. **Sections B** through **D** will be submitted in a single Word document and will be organized center by center.

- A. Capital infusion milestones and number of clients consulted in each quarter (quarters 1-4), provided in the 1819R CIP Reporting template. **Capital infusion milestones must be reported in the quarter when verification was provided by the client (as opposed to when the funds were generated).**⁸
- B. Statement about performance, including successes and challenges associated with the Program. This section must also identify and explain any year-end underperformance in meeting capital infusion and clients consulted goals or underspent grant funds for each of the centers in the region.
- C. Brief discussion of access to capital services that were provided (one paragraph) in the region.

6.4 Reporting Consulting Activity and Milestones in NeoSerra

Every consulting hour paid for by state funds must be tagged with a Funding Source as “State.”

Any milestone event that occurs during the course of work done by the business consultant under the GO-Biz capital infusion grant must also be tagged with a Funding Source as “State.” This includes business consulting funded by the GO-Biz grant or the SBA-match funding made available through the GO-Biz grant.

During program reviews, grantees may be asked to show how many state-funded consulting hours and SBA-funded consulting hours were provided to an individual client during the course of the grant period to verify an appropriate spend down of match funding.

7. Dates and Deadlines

- July 19, 2018: GO-Biz issues grant announcement.
- July 31, 2018: SBDC grant application deadline (applications must be submitted by email to Jesse.Torres@gobiz.ca.gov by 12:00 PM).
- August 3, 2018: Grant awards and scopes finalized announced.
- June 30, 2018: Grant period ends.

⁸ Milestones generated in one grant year cannot be counted in a subsequent grant year. If a milestone is generated in the fourth quarter, it may be reported in that quarter if verification is provided up to 60 days after the specified grant year. If verification is provided after the annual report is submitted, a revised report template must be submitted to GO-Biz. Milestones that are verified beyond 60 days of the grant year will not be allowed.

SECTION I: Summary Sheet

Legal Name of SBDC Center: _____

Legal Name of Fiscal Host: _____

Employer/Taxpayer Identification Number: _____

Organizational DUNS (if available): _____

Mailing Address (and physical address if it is different):

Street 1: _____

Street 2: _____

City: _____ County: _____

State: _____ Zip/Postal Code: _____

Name and Contact Information of person to be contacted regarding this application:

First and Last Name: _____

Title: _____

Telephone Number: _____

Email: _____ Website: _____

Signature of Contact: _____ Date: _____

By signing, I certify that the information in this application is true and correct to the best of my knowledge.

Mission Statement: (75 words or less)

Geographic Area of Service (specific to this proposal):

SECTION II: Narrative

Please describe your activities as they pertain to the item below. Narrative responses must not be more than three (3) pages total, double-spaced, one-inch margin, Times New Roman, 12 point.

Current and proposed approach to providing capital infusion services (outreach strategy, partner relationships, screening process and consulting services rendered).

SECTION III: METRICS

Proposed metrics for the 2018-19 grant period, which commences October 1, 2018 and ends September 30, 2019. Metrics should include all milestone outcomes that can be directly attributed to the GO-Biz Capital Infusion Program from both the state and SBA match consulting hours.

2018/19 Proposed Metrics	
Total Capital Infusion (Loans and Non-Owner Equity)	\$
Total Clients Consulted	\$