



360 14TH STREET, 2ND FLOOR
OAKLAND, CA
GREENLINING.ORG

The Honorable Nancy Skinner
Chair, Senate Committee on Budget and Fiscal Review
1021 O St. Ste 8630
Sacramento, CA 95814

The Honorable Phil Ting
Chair, Assembly Committee on Budget
1021 O St. Ste. 8230
Sacramento, CA 95814

The Honorable Sydney Kamlager
Chair, Senate Budget Sub. 4
1021 O St. Ste. 6510
Sacramento, CA 95814

The Honorable Wendy Carrillo
Chair, Assembly Budget Sub. 4
1021 O St. Ste. 5730
Sacramento, CA 95814

Dear Chairs Skinner, Ting, Kamlager, and Carrillo:

The Greenlining Institute is working towards a future where communities of color can build wealth, live in healthy places filled with economic opportunity, and are ready to meet the challenges posed by climate change.

Governor Newsom announced his 2022-23 California budget proposal which includes a massive \$45.7 billion revenue surplus to be spent on crucial state programs that will benefit historically underserved communities including low-income people and communities of color. The governor's proposal outlines a COVID-19 response and relief package including small business support, a solid affordable housing strategy, workforce training and job opportunities, universal health care access and expanded reproductive health care, and a transformative climate action package.

The Greenlining Institute applauds this forward-thinking budget proposal and looks forward to working with Governor Newsom and the Legislature to make necessary additional investments to protect the health and well-being of all communities. We respectfully ask that your subcommittees support the Governor's proposal in the areas indicated below and that the Legislature address the areas where the Governor's proposal can improve.

Support the Governor's proposal:

- State Small Business Credit Initiative (SSBCI) - \$1.2 billion contingent on Federal approval
- Small Business COVID-19 Grant Program - \$150 million, *signed into law under SB113*
- Small Business Technical Assistance Programs - \$32 million
- Fee Waivers for New Businesses - \$39.8 million

Opportunities to improve on the Governor's proposal:

- Allocate \$50 million to the California Public Utilities Commission's California Advanced Services Fund Adoption Account to fund community outreach and enrollment efforts.
- Increased capacity building funding for the DFPI's California Consumer Financial Protection program.

Small Business Support (\$1.2 B)

Greenlining applauds \$1 billion in renewed funding for the State Small Business Credit Initiative programs operated by the IBank and State Treasurer's Office, which will help promote access to small business capital where it is often most lacking, to the state's low- and moderate-income entrepreneurs, a disproportionate number of whom are people of color and women. The addition of \$200 million to

establish a new Venture Capital program specifically directed toward underserved communities is a necessary boost to better support the growth of minority-owned small business with state investments that extend beyond emergency needs resulting from the pandemic.

Many small businesses remain vulnerable to the lasting effects of the pandemic, demonstrated by the high number of applications for California Small Business COVID-19 Relief Grants that remain unfunded even after nine previous rounds of grants awards. Therefore, we thank you for the quick action of the Legislature and the Governor to approve an additional \$150 million included in SB113 to cover a significant number of the 150,000 unfunded applications that meet program eligibility. This action will provide a substantial safety net for many of the state's most vulnerable small businesses.

Business Technical Assistance Programs

Technical assistance programs ensure underserved businesses, particularly women- and minority-owned businesses, have the skills and resources necessary to compete and expand in an extremely competitive and constantly evolving economic environment. Greenlining supports allocating \$32 million for these programs to better meet the demand for these programs so they in turn can improve and expand technical assistance to the small businesses they serve. Dedicated ongoing funding as proposed will create more stable opportunities for training and growth among participating organizations and better prepare them for future financial challenges.

In a challenging economic climate, every dollar matters for struggling entrepreneurs. Though filing fees for new businesses may not seem like much on paper, the money they extract creates yet another barrier to entry to starting a new business for low- and moderate-income entrepreneurs. Greenlining supports the Governor's proposal to invest \$39.8 million to encourage growth in small businesses, however, we encourage the state to consider extending this investment beyond the proposed one-time basis and further consider better targeting such waivers to new businesses established in underserved communities, particularly communities of color.

Broadband Investments (\$50 million)

Post covid-19 we have new or improved assistance programs like the Affordable Connectivity Program (ACP) that can save low-income families hundreds of dollars a year on their internet bills. However, over 2/3rds of qualifying households in California are not enrolled in the ACP and nearly half of Americans have not heard of the program. California should dedicate at least \$50 million towards recapitalizing the California Advanced Services Fund Adoption Account to fund community outreach and enrollment efforts.

The Greenlining Institute calls for investments to go towards broadband outreach programs that feature community organizations as trusted messengers and outreach managers in order to increase awareness of the broadband assistance programs that exist. One in four K-12 students in California lack access to reliable broadband at home and overall, 16% of Californians struggle without internet access at home. We can tackle this gap by increasing education and enrollment in new and existing broadband access programs like the Emergency Broadband Benefit and LifeLine.

Nonbank Lending Investments

In California, nonbank lenders, like United Wholesale Mortgage and Quicken Loans, dominate the mortgage market and communities of color are more likely to access a home loan through a nonbank lender than a traditional bank. The Department of Financial Protection and Innovation (DFPI) can protect these borrowers from deceptive and unsafe lending practices by investigating fair lending by nonbank

mortgage lenders and increasing access to safe and affordable home loans. We ask for increased capacity building funding for the DFPI's California Consumer Financial Protection program.

Sincerely

A handwritten signature in black ink, appearing to be 'Alvaro Sanchez', enclosed in a thin black rectangular border.

Alvaro Sanchez
VP of Policy, The Greenlining Institute

CC: James Hacker, Consultant, Senate Budget Subcommittee #4
Genevieve Morelos, Consultant, Assembly Subcommittee #4 on State Administration