



California Office of Small Business Advocate

Governor Gavin Newsom's Office of Business and Economic Development

2023/24 Capital Infusion Program

A grant program for federally awarded Small Business Development Centers (SBDC)

Program Announcement

Opportunity Number: CACIP2023

Total Program Funding: \$3 Million

**Released:**

June 15, 2023

Revised June 30, 2023<sup>1</sup>

**Proposals due:**

By 11:59:59 PM PDT on August 3, 2023

Proposals submitted after the stipulated deadline will be rejected without being evaluated with no exceptions. Please make every effort to submit at least 48 hours in advance in case you experience technical difficulties.

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<sup>1</sup> Change Notes:

Page 7 | Added link to online application.

Page | Revised reporting language for clarity.

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## About the Program

### Overview

The Capital Infusion Program (CIP) was created to provide small businesses with the necessary resources to pursue strategic initiatives, such as product development, market expansion, or acquisition of other businesses. It can also be utilized to assist small businesses to overcome financial difficulties by providing the funds needed to pay off debt, invest in operational improvements, or restructure an existing small business. The California Office of Small Business Advocate (CalOSBA) at the Governor's Office of Business and Economic Development (GO-Biz) is charged with implementing and administering the Program.

\$3 million is provided each year for Small Business Development Centers' local cash match funding.

**CIP is only open to the five Small Business Development Center Networks in California. Only the five SBDC lead centers may apply. CIP is not a grant program for small businesses.**

### 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 CalOSBA at GO-Biz is responsible for administration of the grant.

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.

SBDC grantees should leverage their state funding to draw down SBA funds and work in conjunction with other resource partners such as SCORE, Women's Business Centers, Veteran Business Outreach Centers, Procurement Technical Assistance Centers, other technical and capital providers as well as institutions of higher education, private foundations, chambers of commerce, trade and industry groups and associations that are committed to the growth and success of small business and other small business stakeholder groups.

### Definitions

Definitions that pertain to this Program Announcement are provided below.

- "1:1 counseling support and business training" Includes SBDC personnel or third-party individuals hired to provide consulting and provide training to businesses on loan readiness, strategic planning, go-to market strategies, SBIR/STTR phase 0 – 2 application/proposal support, investor & pitch deck preparation, financial business planning. Consulting and training includes all work with a client, whether a startup or existing business, that may lead to capital acquisition by the client company. This includes client-specific areas such as: credit consulting, financial education & business planning, bootstrapping your business and developing a roadmap to commercialization other related subject matter as long as the consulting scope of work is connected to an overall capital infusion goal. The client is

expected to be making steady improvements in their business that would make the client more bankable/investable, all consulting for these clients is allowable for reimbursement.

- “Applicant” means a Lead Center or subcenter in the Small Business Development Center Network.
- “Capital infusion” refers to the investment of capital. Capital Infusion can be for a one-time or a series of investments, including debt funding (SBA loans<sup>2</sup>; non-SBA loans and non-traditional financing such as convertible debt) non-dilutive funding (I.e., grants and SBIR/STTR awards); owner and non-owner equity capital (Angel & Venture Investments).
- “Capital infusion milestone” means funding 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).**<sup>3</sup> Acceptable forms of milestone documentation include:
  - An official loan agreement or
  - investment agreement or documentation verifying the capital event occurred.
  - 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.<sup>4</sup>
  - For crowdfunding capital infusion milestones, a screen shot that identifies the total amount generated from a crowdfunding campaign.
- “Center” means a Lead Center or subcenter in the SBDC Network.

## Webinar – Application Tutorial

Immediately following the 11:00 AM TAP webinar. Note: This webinar is in tandem with the small business technical assistance pre-bid webinar. Only SBDC Leads will remain on the webinar. Full webinar for the TAP and CIP programs begins at 11:00 AM PDT.

[Click Here for the Zoom Webinar Registration](#)

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<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> When conducting program reviews, GO-Biz will directly contact the business owner to verify venture capital infusion milestones.

## Dates and Deadlines

June 15, 2023	Program Announcement Release
June 28, 2023	Pre-Bid Webinar at 11:00 AM PDT Immediately following TAP webinar  Submit questions in advance to <a href="mailto:sbtaep@gobiz.ca.gov">sbtaep@gobiz.ca.gov</a>
August 3, 2023	Grant application deadline <b>Must submit online by 11:59:59 PM PDT</b>
August 3 – August 31, 2023	Proposal review
September 1, 2023	Notice of Intent to Award sent via email
September 6 - 15, 2023	Grant Agreements sent to Awardees
October 1, 2023	Grant program begins
September 30, 2024	Grant program ends

## Award Information

### Funding

GO-Biz expects to issue \$3 million in grant awards in 2023/24. Grant awards will be distributed to the five (5) regional SBDC Networks that operate in California based on the State population share, based on the 2020 US Census. For the 2023/24 fiscal year, the population share distribution is as follows:

Region	Population Share (%)	Funding Amount
Northern CA	31.7%	\$951,680.00
Central CA	11.2%	\$335,710.00
Los Angeles	28.6%	\$857,860.00
Orange County/Inland Empire	19.7%	\$590,830.00
San Diego/Imperial Valley	8.8%	\$263,920.00

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

## 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, 2023 through September 30, 2024.

## Funding Information

Funds provided under the Program must be used solely for the purposes stipulated in this Announcement and subsequently in the Agreement between CalOSBA 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.

## Funding Instrument

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

## Matching Requirement

Awards require a 1:1 match of SBA funds. For each grantee, the spenddown of the CalOSBA 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.

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.

## Eligible Applicants

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

## Technical Proposal Evaluation

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

## CalOSBA Oversight

GO-Biz has the right to conduct a programmatic and financial review of any grant recipient. The review will consist of a remote or in-person evaluation by CalOSBA 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 CalOSBA. CalOSBA 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.

## Award Requirements

### Application Instructions and Submission

All applications, with required attachments, must be submitted electronically using the CalOSBA online application portal. **The online application can be accessed [here](#).** Applications submitted via email or facsimile will not be reviewed or scored.

***All applications must be submitted by the deadline (August 3, 2023 by 11:59:59 PM PDT) and the [online application portal](#) will automatically close once the application deadline has passed. There are no exceptions or extensions of this deadline. Any technology challenges or inability of an applicant to submit an application by the deadline for any reason shall not be grounds for an extension of the deadline. Applicants are encouraged to submit their application at least two days before the deadline in the event technical assistance is required. For help applying, please send an email to [sbtaep@gobiz.ca.gov](mailto:sbtaep@gobiz.ca.gov) and copy Joy Nordby, Program Analyst, at [joy.nordby@gobiz.ca.gov](mailto:joy.nordby@gobiz.ca.gov) with the subject line: Capital Infusion Grant Online Help.***

CalOSBA's determination as to eligibility for grant funding, or the amount of grant funding awarded, is not subject to appeal. CalOSBA reserves the ability to modify applicant budgets if included costs are deemed ineligible. A Center and its fiscal host will be required to be in compliance with the Drug-Free Workplace Certification and Nondiscrimination Compliance Statement as required by state law.

### Required/Supporting Documents

All applicants must upload the following documents to their application:

- Certification of SBA Cash Match – [download this form here](#)
- STD.204 Payee Data Record Form – download this form at <https://cdn.calosba.ca.gov/wp-content/uploads/std204-sbtaep.pdf>
- STD.21 Drug-Free Workplace Certification – download this form at <https://www.documents.dgs.ca.gov/dgs/fmc/pdf/std021.pdf>

### Invoicing and Reporting Requirements

The Program requires awardees to submit quarterly invoices, quarterly narrative and metric reports, and a final report on Program outcomes resulting from the grant award. Invoices and reports will be submitted electronically through the Small Business Grantee Portal. Significant deviations from the original milestones must be addressed by the awardee through an action plan. Milestones will be set by the Applicant. Also, the Annual Report has been combined with the fourth quarter report. Details are below.

Lead Centers will receive separate email instructions for the Grantee Portal, including log-in/password information, and tips on how to navigate the portal. A mandatory webinar training will be held no later than January 19, 2024.

The reports or portion thereof provided by SBDCs may be made public.

CalOSBA may withhold payment if reports are not received or are deemed inadequate. Failure to report in a timely manner may also be weighed against future applications for grant funding from GO-Biz.

CalOSBA reserves the right to audit information submitted in a performance report by requesting additional documentation, performing on-site visits, contacting clients served, or verifying other information as necessary to verify the information contained in the performance report.

### Quarterly Invoices

Quarterly invoices must be submitted by the Lead Center. Required information includes business consultant names, hourly consulting rates, and the number of hours worked. For every grantee, the spenddown of the CalOSBA 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 CalOSBA an electronic version of the quarterly invoices for all grantees in their region within 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.

### Quarterly Narrative and Metric Reports

Quarterly reports shall describe key activities conducted each quarter and provide a report of progress against the network's annual metric goals. **Capital infusion milestones must be recorded in the quarter when verification was provided (as opposed to when the funds were generated).**

### 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 60 days after the close of the grant period and must be submitted electronically using the Small Business Grantee Portal. Failure to submit this report accurately and in a timely manner could jeopardize future funding.

The annual report will contain the following information from each center.

- A. Capital infusion milestones and number of clients consulted in each quarter (quarters 1-4), **Capital infusion milestones must be reported in the quarter when verification was provided by the client (as opposed to when the funds were generated).**
- 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.



## Performance and/or Underperformance Reporting

Underperformance statements will be required based on the thresholds below:

- Q1 (Oct-Dec): Year-to-date (YTD) results less than 10% of the annual award or goals
- Q2 (Jan-Mar): YTD results less than 35% of the annual award or goals
- Q3 (Apr-Jun): YTD results less than 60% of the annual award or goals
- Q4 (Jul-Sept): YTD results less than 100% of the annual award or goals

## Reporting Consulting and Training 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 CalOSBA capital infusion grant must also be tagged with a Funding Source as “State.” This includes business consulting funded by the CalOSBA grant or the SBA-match funding made available through the CalOSBA 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.

## Proposal Questions

This section provides the application questions.

### Proposed Scope of Work

Please describe your activities as they pertain to the items below.

1. Geographic area of service
2. Describe the Center’s current and proposed approach to providing capital infusion services (500 characters min).
3. Describe the Center’s outreach strategy and how the Center complements and leverages partner relationships (500 characters min).
4. Describe the Center’s screening process and how consulting services are rendered.

### Metrics

Proposed metrics for the 2023/24 grant period, which commences October 1, 2023 and ends September 30, 2024. Metrics should include all milestone outcomes that can be directly attributed to the CalOSBA Capital Infusion Program from both the state and SBA match consulting hours.

1. Number of Training Events
2. Number of Training Hours
3. Number of Unique Clients Trained
4. Number of New Clients Counseled\*
5. Number of Unique Clients Counseled\*
6. Number of Counseling Hours\*
7. Number of Business Exits or Acquisitions\*
8. Number of Contracts awarded\*
9. Dollar Amount of Contracts awarded\*
10. Number of Bonds Secured\*

11. Dollar Amount of Bonds Secured\*
12. Number of Loans received\*
13. Dollar Amount of Loans (Traditional and non-traditional loans) \*
14. Number of Equity deals received\*
15. Dollar Amount of Equity Capital (to include private investment) \*
16. Number of Non-Dilutive capital awards received\*
17. Dollar Amount of Non-Dilutive Capital Raised (non-dilutive funding, grants, etc.) \*

\*Voluntary metric requires a goal/estimated number of businesses that will be served for each of the following underserved business groups

- Number of Women-Owned Businesses Served
- Number of Minority-Owned Businesses Served
- Number of Veteran-Owned Businesses Served
- Number of Businesses Served in Rural Communities
- Number of Businesses in Low-Wealth Communities
- Number of Businesses Served in Disaster-Impacted Communities

## California Public Records Act

By submitting an application, the applicant acknowledges that GO-Biz is subject to the California Public Records Act (PRA) (Government Code sections 7920.000 – 7930.215.). 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 7922.000 to the extent applicable.