

## The Agenda for California's Entrepreneurs

Small Business Majority is enacting a comprehensive state policy agenda to ensure entrepreneurship is recognized as the life force of a thriving and inclusive economy in California. Our state's 4.2 million small businesses employ 7.4 million people, which amounts to nearly half of the private workforce.

Now is the time for California lawmakers at the state and local levels to build on the progress we have made in investing in small business over the past three years. The below outlined policies will support and empower entrepreneurs by guaranteeing they have access to responsible capital to start and grow their business, access to affordable healthcare and benefits that allow small business owners to compete for top talent, and a level playing field so they may compete with larger companies.

### Strengthen healthcare markets, expand coverage and contain costs

California has led the way in expanding access to healthcare, yet millions remain uninsured, including many entrepreneurs and small business employees who have lost coverage or struggled to afford their premiums during the COVID-19 pandemic. California can promote greater affordability for the small business community with the following:

- Use the Health Care Affordability Reserve Fund to provide additional financial assistance to lower premiums, deductibles and copays. While the Inflation Reduction Act provides additional federal premium assistance, state subsidies have expired. California's investment in state subsidies will significantly improve affordability for thousands with moderate-incomes, including many entrepreneurs and small business employees.
- Grant the Attorney General the authority to block vertical and horizontal healthcare mergers and acquisitions that are likely to increase patient costs, create an environment for abusive market dynamics and unlikely to result in improving medical outcomes.
- Allow immigrants to purchase coverage through Covered California. Immigrants are twice as likely to own a small business compared to those born in the country and must have affordable options to buy insurance.
- Support the implementation of the Office of Health Care Affordability (OHCA), which recognizes that healthcare affordability has reached a crisis point. OHCA must ensure small business owners and their employees in California can purchase healthcare that is accessible, affordable, equitable and high-quality.
- Promote prescription drug affordability by making permanent the current \$250 co-pay cap for a 30-day supply of prescription drugs.
- Prevent medical surprise bills to small business owners and their employees by protecting consumers from inflated ambulance rates and being charged out-of-network, surprise bills for ground ambulance services.

### Expand access to responsible capital for entrepreneurs

Entrepreneurs of color, women and underrepresented populations face significant hurdles accessing responsible forms of capital. California should pursue policies that will ensure greater access and more options for entrepreneurs to obtain responsible capital, including the following:

- Eliminate the sunset on disclosure requirements for small business loans and credit products to protect the most vulnerable small businesses from predatory lending practices. Currently,

California law requires that consumer creditors disclose critical financing information, including annual percentage rate (APR) in a clear and comparable format. However, those requirements are set to expire. Lawmakers must eliminate these sunset provisions.

- Promote innovation and transparency in the development of financial services products, methodologies and technologies that will enable more small business owners to access responsible capital, including identifying new ways to assess a small business owner’s “creditworthiness” and increasing innovation in community and government-backed small business lending, like the California Rebuilding Fund.
- Ensure that California’s allocation of federal dollars through the State Small Business Credit Initiative (SSBCI), approximately \$1.2 billion over 10 years, reaches microbusinesses, small business owners of color, women and rural business owners.
- Support state and local efforts to create public banks, which will encourage direct state and local investments into California small businesses that are unable to receive a traditional bank loan.

### **Expand small business ecosystem support**

Community-based business organizations and technical assistance providers provide free and low-cost guidance to small business owners with limited resources about the fundamentals of starting and investing in a business. This assistance is particularly important to entrepreneurs of color who have historically seen fewer investments in their communities than their white counterparts. The following measures are critical to supporting California’s diverse small business community:

- Provide more funding and resources for business assistance centers that provide vital education and outreach to business owners and aspiring entrepreneurs such as the Employee Ownership Hub at GO-Biz and California Main Street Programs. These providers will be instrumental in helping California reach its equity goal of 25% of state contracts awarded to women entrepreneurs, business owners of color or disadvantaged entrepreneurs.
- Support the implementation of the \$600 million Community Economic Resilience Fund by ensuring small, community-based organizations are connected to the 13 regional economic development efforts throughout the state.

### **Small business owners and quality jobs**

Entrepreneurs support programs that promote a level playing field as they employ themselves or compete for talented workers. These programs include paid family and medical leave programs, retirement savings and other workforce needs.

- Align California’s Paid Family Leave (PFL) program with other state programs’ inclusive definition of “family” to include “chosen family,” strong relationships without blood or legal ties that do not fit into traditional structures.
- Increase awareness and support for the PFL program in the small business community. This includes the PFL Small Business Grant, which provides up to \$2,000 to small employers whose employees access California’s PFL Program.
- Support the implementation of CalSavers to ensure small businesses with one or more employees understand the opportunities about how they can use the program to attract and retain talent.
- Support efforts to address the current gaps in access to unemployment insurance for the self-employed, under-employed and undocumented workers.