

**ADDENDUM
ASSEMBLY BUDGET SUBCOMMITTEE NO. 4
ON STATE ADMINISTRATION**

Assemblymember Rudy Bermudez, Chair

**MONDAY, MAY 22ND, 2006, UPON ADJOURNMENT OF SESSION
STATE CAPITOL, ROOM 437**

ITEM 0520 SECRETARY FOR BUSINESS, TRANSPORTATION, AND HOUSING

<p>ISSUE 1: MAY REVISION – SAN JOAQUIN VALLEY STRATEGIC ACTION PROPOSAL</p>

In the May Revision, the Administration has proposed to implement the San Joaquin Valley Strategic Action Proposal by providing a one-time General Fund augmentation of \$5 million to support the San Joaquin Valley Strategic Action Proposal. This includes \$2.5 million for administrative support, public outreach and consulting services, and \$2.5 million in local assistance grants to implement the strategic action plan. Grants would require a 1:1 match of state funds by non-state public or private funds, which may include in-kind contributions.

Established by *Executive Order S-5-05* on June 24, 2005, the California Partnership for the San Joaquin Valley is tasked with developing, by October 31, 2006, a San Joaquin Valley Strategic Action Proposal to make recommendations for improving the economic conditions of the San Joaquin Valley. The Executive Order stipulates that administrative support for the Partnership is to be provided by BTH using existing resources. It also authorizes the Department of Finance to accept monetary gifts in support of activities of the Partnership. The executive order expires on November 1, 2006 unless extended by the Governor.

LAO Comments. The LAO has expressed concern that there is inadequate justification for this proposal and details are lacking for the \$2.5 million to support planning activities. Additionally, the LAO comments that the request is inconsistent with the intention of the executive order given the multitude of entities involved in planning efforts, the LAO feels that this program should be supported within the participating entities and not through general fund support.

ISSUE 2: FEDERAL TECHNOLOGY CENTERS

Background. The Federal Technology Center was established in 1985 in response to DOD's interest in increasing the number of contracts with small business suppliers. Due to the federal government's complex procurement laws and regulations and the limited procurement assistance available to small businesses, a specific technical assistance program was established. There are now 93 Federal Technology Centers in the United States that provide training and assistance to small businesses regarding competitive contracts with federal, state, and local governments.

These government contracts focus on the creation and retainment of jobs in California and increasing the state's share of federal spending. The California Center was established in October 2000 in 10 Northern California counties. Since its inception, 1,641 clients have been assisted, resulting in 5,282 contract awards for a total of \$260.8 million and the creation or retention of 6,136 jobs. The FTC services a wide variety of industries and client bases. Client locations are throughout California with 35% in the Bay Area, 34% in the Greater Sacramento area, 14% in Northern California, 10% in Southern California, and 7% in Central California.

Staff Comments. Currently there is no funding available for the FTC programs to access federal matching dollars. In prior years, funding has been included in the Technology Trade and Commerce Agency for this program, however funding ceased when the agency was dissolved. It has been requested of staff by FTC's that the budget include \$300,000 for the Business Transportation and Housing agency for use as a match to federal funds allocated to the California Statewide Technical Assistance Center (FTC), as designated to the federal Department of Defense (DOD), for the operation of its procurement assistance program to help small businesses compete for government contracts. Further