

Federal American Rescue Plan Act 2021  
Coronavirus State and Local Fiscal Recovery Funds  
Subject Matter Workgroup Reports

Negative Economic Impacts – Workforce and Economic Development

February 8, 2022



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# INTRODUCTION

The COVID-19 pandemic and resulting economic impact is creating historical labor market shifts, unprecedented unemployment impacts, and negative economic impacts on Solano’s small business community. The past two years have shown that significant investment in workforce and economic development is needed to promote an inclusive economic recovery that helps rebuild Solano’s talent base and revitalizes the local economy in a way that works for all populations.

As the U.S. Department of Treasury outlines in its January 10, 2022 release of the State and Local Fiscal Recovery Funds (SLFRF) Final Rules, the economy has made strides, but economic setbacks have illustrated the continued risks to economic recovery. For example, the Treasury highlights that many residents returned to work as of November 2021, but the U.S. economy is still 3.9 million jobs below the pre-pandemic peak and 2.4 million workers have dropped out of the labor market altogether since the beginning of the pandemic. Research and data analysis shows that the negative economic impacts of the pandemic have not been experienced equitably, and Solano’s more vulnerable populations and businesses continue to experience immediate crises, as well as reduced long-term economic opportunities. Interventions and public investment are needed to build upon successful recovery strategies and catalyze transformative and sustainable innovations in Solano County’s workforce and small business ecosystems.

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*As a result of the pandemic, “several doors have closed; several curtains have been pulled back.”*  
- Solano ARPA Workforce Roundtable participant

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The Workforce and Economic Recovery Subject Matter Workgroup Report outlines recommendations for investments that the County of Solano could make to mitigate the negative economic impacts of COVID-19 for Solano County’s workers and businesses. The goals of the recommendations are threefold: (1) to support residents in returning to work and improving economic mobility; (2) to aid small businesses in COVID-19 recovery and adjusting to new business models; and (3) to ensure Solano has a nimble and effective workforce ecosystem that is aligned with industry needs and accessible for all populations.

The Subject Matter Workgroup Report identifies seven priority (7) funding option categories:

1. Career Navigation and Reemployment
2. Talent Pipeline Initiatives
3. Rethinking 21<sup>st</sup> Century Work Initiative
4. Improving Workforce System Efficacy
5. Revolving Loan Fund for Small Businesses
6. Small Business Support
7. Digital Gap Study

In addition, the report provides additional funding options gathered during the recommendation design process. In total, the Subject Matter Workgroup report outlines **\$10,819,000** of priority funding recommendations to encourage a robust workforce and economic recovery. Coordination with cities

and local entities are detailed in applicable funding options. The team recommends investments in a combination of direct costs and Requests for Proposals (RFPs). Of the total recommended investments, the Subject Matter Workgroup team recommends **\$4,279,000** in RFPs.

The team intentionally embedded approaches aimed at closing equity gaps in workforce and business, as well as helping to drive upward mobility for the economic sustainability of the community as a whole. The team conducted a literature review of best practices and policy recommendations, as well as analyzed employment and business data. In addition, over fifty (50) organizations were engaged in the design process to ensure community engagement and diverse perspectives were included in investment option recommendations.

The Subject Matter Workgroup team advises that any approved investments be reviewed throughout the funding period to ensure recommendations continue to meet the current need. Flexibility in response to addressing negative economic impacts will be critical to adapt to future potential shifts as a result of public health and economic changes. Secured additional state and federal workforce and economic development funding may also necessitate revisions to the recommendations.

## SUBJECT MATTER WORKGROUP – TEAM MEMBERS

The lead members of the workforce and economic recovery subject matter workgroup team are:

- **Workforce Development Board of Solano County** – Heather Henry, President / Executive Director
- **Solano Economic Development Corporation** – Sean Quinn, Interim President / CEO
- **Solano-Napa Small Business Development Center** – Tim Murrill, SBDC Director

As part of the recommendation design process, the following organizations provided input and feedback that have been incorporated into the priority funding options:

California Biomanufacturing Center	Fighting Back Partnership
California Human Development	First 5 Solano
California Workforce Association	Five Keys
Caminar	Healthy Vallejo Community Support Services
Center for Employment Opportunity	JA NorCal
Center for Volunteer and Nonprofit Leadership	Kaiser Permanente Napa-Solano
Choice in Aging	Lions Center for the Visually Impaired
City of Benicia, Economic Development	NAMI Solano County
City of Dixon, Economic Development	Napa-Solano Building Trades Council
City of Fairfield, Economic Development	Partnership Health Plan
City of Suisun	Planned Parenthood Northern California
City of Vacaville, Economic Development	Shelter, Inc.
City of Vallejo, Economic Development	Solano Adult Education Consortium members
Community Action of the North Bay	Solano College
Connections for Life	Solano Community Foundation
Downtown Theater Foundation	Solano County Black Chamber of Commerce
Dreamcatchers	Solano County Dept of Health & Human Svcs
Fairfield-Suisun Chamber of Commerce	Solano County Office of Education

Solano Dream Center / Christian Help Center  
Solano Family and Children Services  
Solano Hispanic Chamber of Commerce  
Solano Library Foundation  
Solano Trauma Recovery Center  
Sustainable Solano  
Urban Strategies

Vacaville Chamber of Commerce  
Vallejo Chamber of Commerce  
Vallejo Project  
Vallejo Together  
Visit Fairfield  
Visit Vacaville  
Visit Vallejo

## U.S. TREASURY /BOARD APPROVED ELIGIBLE CATEGORIES

The State and Local Fiscal Recovery Funds (SLFRF) Final Rule outlines the importance of not only supporting families and businesses struggling with COVID-19 economic impacts; but also “working to build a strong, resilient, and equitable recovery with investments that support long-term growth and opportunity.” Therefore, funds are allowable not only to respond to the immediate harms of the pandemic, but also to mitigate its longer-term impacts in compounding economic challenges for disproportionately impacted populations.

The funding options outlined in this Subject Matter Workgroup Report are eligible uses of SLFRF. The workgroup’s priority recommendations for workforce and economic development recovery fall into the following U.S. Treasury / Board approved categories. Changes made to categories in the SLFRF Final Rule that impact recommendations are detailed below.

The Final Rule identifies two (2) overarching negative economic impact eligibility requirements:

1. There must be a negative economic impact, or an economic harm, experienced by an individual or class, such as loss of earnings or revenue. The Final Rule outlines that economic impacts may be either immediate or delayed.
  - a. The Treasury provides flexibility in determining a class that experienced an impact. For example, recipients may presume that households that experienced unemployment, increased food or housing insecurity, or are low to moderate income experienced a negative impact.
  - b. In the Final Rule, the Treasury determined that the general public experienced public health impacts for the purpose of providing COVID-19 mitigation and behavioral health.
2. The program, service, or other intervention must address or respond to the identified impact or harm. Use of funds should be assessed based on their responsiveness to their intended beneficiaries and the ability of the response to address the impact or hardship experienced by those beneficiaries.

### **Negative Economic Impacts**

The Final Rule made changes to services allowable under impacted and disproportionately impacted communities that affects how the recommendations are categorized by the Treasury. In general, the Treasury determined several uses for disproportionately impacted communities are directly responsive to negative economic impacts experienced by impacted households, and therefore allows greater flexibility in providing services for residents and businesses.

## **1. Assistance to Households**

Assistance to Households has been greatly expanded under the Treasury Final Rule. Applicable uses now eligible under Assistance to Households include:

- a. Internet or Digital Literacy – The Treasury recognizes that increased use of technology necessitated by the pandemic has made the ability to secure internet access or increase digital literacy as central to participating in work, education, and other activities. Therefore, gap networks, internet subsidies, programs that support adoption of internet service, digital literacy programs, and programs that provide devices and equipment to access the internet are now eligible under assistance to households.
- b. Services for the unbanked and underbanked (new eligible use) – The pandemic highlighted the need for individuals to have safe and affordable accounts capable of receiving direct payments. Banking inequities have made it difficult for unbanked or underbanked households to access housing, jobs, and other important economic opportunities and make it challenging to apply for and receive financial assistance. Eligible activities include providing financial services that facilitate delivery of benefits such as pre-paid debit cards; transitional services to facilitate long-term access to banking and financial services; financial literacy programs, and to conduct community outreach and resources.

## **2. Assistance to Unemployed and Underemployed Workers**

This category includes assistance to unemployed and underemployed, including services like job training to accelerate rehiring of unemployed workers or to address negative economic impacts experienced due to a worker's occupation or level of training. Services may not be general workforce development but must demonstrate that they are addressing a negative economic impact of COVID-19. Other efforts to accelerate rehiring and reduce unemployment have been further identified to include childcare assistance, assistance with job-related transportation, subsidized employment, incentives for newly employed workers, job fairs or grants to businesses to hire underserved workers are eligible uses, job and workforce training center capital expenditures, and assistance to unemployed workers seeking to start small businesses.

## **3. Assistance to Small Businesses**

Recipients may provide assistance to small businesses through loans or grants to mitigate financial hardship or provide technical assistance, counseling, or other services to assist with business planning needs. Investments to businesses to improve COVID-19 prevention and mitigation tactics have been moved in the Final Rule to Public Health Response.

### **General Provision: Other**

## **4. Effective Service Delivery**

The Treasury also outlines allowability to use funds to improve the efficacy of economic relief programs through tools like program evaluation, data analysis, and targeted consumer outreach. The IRS identified that governments with high capacity to use data and evidence to administer programs are more likely to be responsive to the needs of their community, more transparent about their community impact, and more resilient to emergencies such as the pandemic and its economic

impacts. Expenses may include staffing, new processes and systems, and new technology and tools in order to effectively develop, execute, and evaluate programs.

- a. Program evaluation and evidence resources are included in this section to support building and using evidence to improve outcomes and program evaluations including impact evaluations.
- b. Data analysis resources are included to gather, assess, and use data for effective policy-making and real-time tracking of program performance to support effective implementation. Resources include data gathering, data cleaning, data analysis, data infrastructure, data management, data sharing, data transparency, performance management, outcomes-based budgeting, outcomes-based procurement, and other data needs.
- c. Technology infrastructure is included to improve access to and the user-experience of government IT systems, including upgrades to hardware and software as well as improvements to public-facing websites or to data management systems.
- d. Community outreach and engagement is included to support the gathering and sharing of information in ways that improve equity and effective implementation of programs. Includes community meetings, online surveys, focus groups, human-centered design activities, behavioral science techniques, and other community engagement tools.
- e. Capacity building is included to support using data and evidence in designing, executing, and evaluating programs, as well as hiring and contracting with experts in effective service delivery categories as well as technical assistance support for public sector staff, staff of subrecipients, and community partners to support effective implementation of programs.

## EXISTING STUDIES /REPORTS

The studies / reports listed below address this specific category and may inform the Board of Supervisors:

### **Workforce and Economic Recovery**

- Ash, K., et al. "[State Roadmap for Workforce Recovery.](#)" *National Governors' Association Center for Best Practices*. January 2021.
- Good, Larry and Earl Buford. "[Modernizing and Investing in Workforce Development.](#)" *Corporation for a Skilled Workforce*. March 2021.
- Jobs for the Future. "[Equitable Economic Recovery Framework.](#)" April 2021.
- Gines, Dell, et al. "[Small Businesses of Color Recovery Guide for City Leaders and Community Groups.](#)" *Federal Reserve Banks of Kansas City and Atlanta*. 2020.
- McConville, Shannon, et al. "[Improving Career Education Pathways into California's Workforce.](#)" *Public Policy Institute of California*. August 2021.
- "[Skills for an Inclusive Economic Recovery: A Call for Action, Equity, and Accountability.](#)" *National Skills Coalition*. 2020.
- "[Solano County 2020: Index of Economic and Community Progress.](#)" *County of Solano and Solano Economic Development Corporation*. May 2021.
- "[The True Rate of Unemployment.](#)" *Ludwig Institute for Shared Economic Prosperity*. November 2021.

- [“Workforce Innovation and Opportunity Act Local Workforce Plan: Program Years 2021-2024.”](#) *Workforce Development Board of Solano County*. 2021.

#### **Digital Access and Literacy**

- Bergson-Shilock, Amanda. [“The New Landscape of Digital Literacy: How Workers’ Uneven Digital Skills Affect Economic Mobility and Business Competitiveness, and What Policymakers Can Do About It.”](#) *National Skills Coalition*. May 2020.
- Gedye, Grace. [“Three Key Takeaways About Broadband and California’s Digital Divide.”](#) *CalMatters*. September 21, 2021.

#### **Rethinking Work: Job Quality and Economic Mobility**

- Escobari, Marcela, et al. [“Moving Up: Promoting Workers’ Economic Mobility Using Network Analysis.”](#) *Brookings Institute, Workforce of the Future Initiative*. June 2021.
- Loprest, Pamela, Batia Katz, and Jessica Shakesprere. [“Good Jobs: An Agenda for Future Study.”](#) *Urban Institute*. February 2021.
- Mandsager, Nathan and John Saccocio. [“Employer Resource Networks: Improving Job Retention Through Private-Public Partnerships.”](#) *Policy and Practice*, December 2016.
- Rework America Alliance. [“Unlocking Experience-Based Job Progressions for Millions of Workers.”](#) *Markle*. June 2021.

#### **Revolving Loan Funds**

- Council of Development Finance Agencies and US Department of Commerce, Economic Development Administration. [“Revolving Loan Fund Best Practices Handbook: Characteristics of High Performing Revolving Loan Funds.”](#) September 2020.

## IDENTIFIED NEEDS

Before the pandemic, nearly one-half of US workers were falling behind economically. As identified in the Solano County Community Health Assessment Report, the highest prioritized community health need was Economic Security. Community-identified barriers to economic security included difficulty to manage work, household, and education; lack of affordable childcare; salaries below living wage; and lack of employment and job training programs. The pandemic and economic shutdowns exacerbated each of these identified barriers to economic security. Difficulty in managing work and household has led to a disproportionate drop of women, especially Latina women, from the labor force. Further reductions in available childcare during the pandemic have hindered parents ability to return to the workforce. A desire to not return to salaries below living wages has led to a critical talent shortage that has disrupted economic recovery. Interventions and transformative changes in the workforce and economic ecosystem are needed to ensure that economic insecurity is not intensified, and that equity gaps are not magnified, as a result of COVID-19 and its economic impacts.

Additional COVID-19 factors accelerated the pace of dislocation caused by globalization, automation, and dramatically shifting relationships between employers and employees/job seekers. Increased digitization as a result of the Shelter at Home Orders highlighted digital literacy and digital access gaps in work, education, and daily activities. The labor market has become more dynamic and challenging to

navigate. A new approach to career navigation and coaching is needed to effectively support the unemployed and underemployed in returning to work.

Although unemployment rates have steadily improved, COVID-19 unemployment highlighted challenges in the methodology used to measure unemployment. A new concept of *functionally unemployed* from the Ludwig Institute for Shared Economic Prosperity includes individuals who work part-time that want to be full-time and those who make less than \$20,000 annually. For November 2021, the BLS rate of unemployment nationwide was 4.2%. The functional unemployment rate is calculated at 23.6%. This calculation shows there are a significant number of underemployed individuals within our economy that are not included in traditional unemployment rate numbers.

Small businesses make up nearly half of US private-sector employment and are responsible for two-thirds of net new jobs in economic recovery. However, since the beginning of the pandemic, 400,000 small businesses have closed. Sectors with a large share of small business employment have been among those with the most drastic drops in employment. In November 2021, approximately 66% of small businesses report a moderate or large negative impact on their business due to the pandemic.

The California Association for Microenterprise Opportunity estimates 41% of black-owned businesses could be permanently closed as a result of the pandemic. County-wide 43.5% of businesses are minority owned, with higher rates in Suisun City (63.2%) and Vallejo (62.6%). The long-term potential economic impact on minority-owned businesses must be mitigated with small business supports and technical assistance.

Participants in the ARPA Workforce Roundtable, co-hosted by the WDB and Solano Community Foundation on December 16, 2021, observed that intersections of disadvantaged population characteristics magnified the challenges individuals experienced during the pandemic. For many vulnerable populations served in the county, their support network is scarce and under financial distress, which leads to more feelings of vulnerability and lack of options. A community-wide and interconnected relief and recovery response is recommended to mitigate the immediate and long-term economic impacts of COVID-19.

## DISPROPORTIONATELY IMPACTED COMMUNITIES

Throughout the pandemic, Vallejo, Suisun City, and Rio Vista have consistently had the highest unemployment rates in the county. Vallejo, with 3,500 unemployed in November 2021 according to Employment Development Department data, constitutes 31% of total unemployed in the county. These geographic areas have also historically struggled with high poverty rates, which could further exacerbate the impacts of COVID on these communities. In addition, the zip code with the highest volume of UI claims has been 94533 in Fairfield. Using unemployment and poverty data and considering Treasury defined Qualified Census Tracts (QCTs), neighborhoods in Vallejo and Fairfield are recommended as disproportionately impacted communities.

In addition, the SLFRF specifically identifies minorities and lower educated individuals as disproportionately impacted communities. The WDB recommends these populations be considered disproportionately impacted and that individuals under 35 be included as a disproportionately impacted class, as unemployment claims data shows individuals under 35 represented half of Solano County's

unemployment levels at the height of the pandemic. In addition, a Strada Network survey revealed that 65% of young adults canceled or changed their education plans as a result of COVID. The largest percentage of those have been Hispanic and African American students. This data shows the fragility of Solano's young adults and their opportunities for economic mobility. Solano's young adults have become further disconnected from employment and education as a result of the pandemic.

## FUNDING OPTIONS

### Funding Option #1: Career Navigation and Reemployment

**Title:** Career Navigation and Reemployment

**Amount Recommended:** \$3,631,000

**U.S. Treasury Category:** 2.7 – Job Training and Reemployment Assistance; Costs also eligible under 2.1-2.5 – Assistance to Households

**Summary:**

The COVID-19 pandemic and the intertwining economic and social upheavals have accelerated historic labor market shifts. Past historic workforce interventions have focused on short-term reemployment strategies or to provide limited anti-poverty support to a set of narrowly defined groups. The SLFRF Final Rules, however, demonstrate the thinking many workforce policy experts have been advocating for in a COVID-19 economic recovery: allowability to provide services that span from short-term transactions to longer-term investments in workforce with flexibility to meet local labor market needs.

Evaluation of past government recovery programs highlight that reemployment programs focused solely on educating and training low-wage workers have been only moderately successful. Evidence shows that retraining initiatives are more effective at securing employment and increasing earnings when supplemented with coaching and wrap-around services. Significant state funding has been invested in post-secondary education, apprenticeship programs, and financial aid options; however, quality career exploration and navigation is needed to help guide individuals into the right career training pathway, navigate the education and financial aid process, improve equitable access into the trades, as well as provide retention support and barrier mitigation to ensure training completion. In addition, job readiness coaching and training is needed to help job seekers and underemployed to adapt to the dynamic labor market changes caused by the pandemic and its economic effects. Finally, as COVID-19 has changed the delivery of service to intended participants, new hybrid service delivery models that are tech-enabled are necessary to mitigate COVID-19 transmission and improve options for access to services.

COVID-19 and its negative economic effects have also highlighted the need to improve community engagement and access to workforce services in the county. A stronger and more coordinated workforce provider network is needed that includes community-competent providers who have expertise serving disproportionately impacted populations and is aligned with public workforce investment programs.

The City of Oakland’s workforce development board is a statewide leader in equity, focusing service delivery and funding in areas where minority unemployment is high, ensuring capacity building in workforce organizations within those areas, and increasing access points within targeted communities. The WDB will use this successful approach in increasing community and equitable access to workforce services in disproportionately impacted communities.

Therefore, recommended funding options in career navigation services include:

Service	Cost Type	2 – Year Total
Expanded public workforce career navigation services, job readiness, workshops, wrap-around services, hybrid service delivery tools	Direct cost to WDB	\$944,000
Community-based career navigation, job readiness, workshops, and hybrid service delivery tools	WDB-led RFP	\$1,980,000
Digital adoption and literacy services	WDB-led RFP	\$440,000
21 <sup>st</sup> Century Vallejo Job Center	Direct cost to WDB	\$267,000

- Expanded Public Career Navigation Services** – The WDB recommends investment in expanding public workforce reemployment services and high-quality career coaching and navigation to address current unemployment and underemployment needs. Funding for public career navigation services over the next year will not be able to meet the demand. Expanding the system’s capability to provide hands-on support will help residents navigate the new complexities of remote hiring practices, digital literacy standards and other job readiness components, and support better career choices that lead to family-sustaining wages and economic mobility. Career navigation services will include wrap-around services to mitigate barriers to employment and workshops (in English and Spanish) to prepare individuals for today’s current employment landscape.

Recommended cost includes a Community Navigator focused in disproportionately impacted communities to work with community-based partners and improve co-enrollment and referral strategies within the workforce system, as well as increase access points into the workforce system. Costs would also include expansion of Spanish-speaking services at the America’s Job Center of California (AJCC) in Vallejo and the ability to provide a comprehensive and robust set of workshops for job seekers on Solano’s in-demand industries and occupations, current job search techniques, career exploration, and foundational digital literacy skills.

Costs will also include securing hybrid service delivery tools to include more accessible web-based and smartphone accessible services, as well as expanded virtual job fair and recruitment options for hiring employers. The WDB has found this to be necessary to ensure access to services for those without computers or understanding of certain software programs.

- Community-Based Career Navigation Services** – The WDB recommends an RFP process focused on career navigation and reemployment services within targeted geographies and populations. It is recommended the WDB, as the county’s administrator of the public workforce system, lead

workforce-related RFPs to ensure alignment with workforce development and economic priorities. The WDB will work with stakeholders, including members of the Solano Funders' Collaborative, to support the design process and review proposals. Community stakeholders will be able to provide feedback in the design phase of the RFP to ensure accessibility of funds.

The WDB advises requiring grantees to use the public workforce data tracking system, which can be customized to Solano's specifications, in order to track and analyze career navigation outcomes funded through SLFRF. The WDB would provide performance and compliance guidelines and technical assistance to grantees to influence successful outcomes.

*The WDB advises these community-based career navigation services grants be operated concurrently with the Competitive Workforce Collaborative outlined in Funding Option #4: Improved Workforce Efficacy.*

- **Digital Adoption and Literacy Services** – The SLFRF Final Rules moved digital literacy services from the Broadband category into the Assistance to Households category, as COVID-19 changed and accelerated how work, education, and leisure activities use internet access and computers. The Treasury recognizes that even with a robust broadband infrastructure, many do not utilize the infrastructure due to affordability or understanding. In addition, over 50% of adults state they are “relatively hesitant” with new technology and digital skills. It is therefore recommended to launch a digital literacy and adoption initiative available to workers, job seekers, and residents. The WDB recommends these services be procured in the form of an RFP for eligible training and outreach providers with a train the trainer component to build sustainability.
- **21<sup>st</sup> Century Vallejo Job Center** – The pandemic highlighted needed improvements in job seeker access at the Vallejo Job Center. As the Vallejo Job Center begins to reopen after COVID-19 closure, upgrades to technology and Job Center tools for job seeker usage are necessary to provide quality services within the Vallejo Job Center. Recommended costs include upgrading computer equipment and auxiliary devices used by job seekers. In addition, furniture and equipment to aid in floorplan changes are recommended to better allow for social distancing and customer flow as a result of the pandemic. All improvements would be for direct customer use.

**Outcomes:** 2,000 provided expanded career navigation services; 600 provided digital literacy education

**Funding Process (Direct Cost, RFP Etc.):** The recommended funding process would be a combination of direct costs through a contract with the WDB and through an RFP process led by the WDB. An RFP process would include County and community input in solicitation design, and any subrecipients funded over \$75,000 would be reviewed by the Board of Supervisors.

**Timeline:** Direct costs to the WDB could be implemented immediately. The RFP development for community-based career navigation would take three to six months to ensure diverse input is included in the RFP design and is aligned with other recommended investments. The WDB recommends the RFP for digital adoption and literacy services be released following the completion of the Digital Gap Study outlined in Funding Option #7.

**Lead Agency:** Workforce Development Board of Solano County

**Population Served:** Per the SLFRF Final Rule, this funding option would serve the unemployed and underemployed workers impacted population. This includes three eligible populations:

1. **Unemployed** – individuals who want and are available for work. SLFRF allows unemployed to include those who lost their job during the pandemic and resulting recession, as well as workers unemployed when the pandemic began who saw further deterioration of their economic prospects due to the pandemic.
2. **Underemployed** – individuals who have looked for work sometime in the past 12 months or who are employed part time but who want and are available for work full-time.
3. **Economic Advancement** – individuals who are currently employed but are seeking to move to a job that provides better opportunities for economic advancement. This is a new eligible beneficiary category under the SLFRF Final Rule.

## Funding Option #2: Talent Pipeline Initiatives

**Title:** Talent Pipelines Initiatives

**Amount Recommended:** \$2,372,000

**U.S. Treasury Category:** 2.7 – Job Training and Reemployment Assistance

**Summary:**

The changing economic landscape and the talent shortages across industries necessitate new methods to approaching occupational training. To effectively prepare a diverse job seeker base for real-time industry skill needs and openings, a targeted and coordinated talent pipeline development strategy is needed. Therefore, a sector strategy approach is recommended to maximize impacts of job training assistance to unemployed and underemployed individuals.

Sector strategies are an evidence-based response to strengthening talent pipelines, helping close skill gaps for populations who do not traditionally have easy access into the industry, and helping limit workforce shortages in critical sectors that are important to economic recovery and resilience. Sector strategies include cohort-based training approaches, work-based learning experiences, wrap-around supports, and strong industry engagement in program design and implementation.

Ensuring all approved talent pipeline initiatives are based in labor market data and sector strategy principles will be critical to ensure that employment outcomes are substantial and that underserved populations have equitable access to key industry opportunities. The WDB advises that the talent pipeline strategies be implemented in coordination with career navigation and reemployment efforts. In addition, the WDB would partner with Solano County Office of Education and Solano College to align training with Career Pathways and leverage additional training dollars where feasible. The WDB would suggest tracking activities and outcomes in the public workforce database to allow for evaluation and data analysis of use of funds. Wrap-around supports to ensure participant success should be included in

the program design. The WDB would leverage supportive service funding from WIOA and basic needs programs as applicable.

Solano County’s Local Workforce Plan identifies manufacturing, healthcare, and transportation as priority industries. In addition to the identified priority industries, the WDB recommends investment in entrepreneurship pathways, hospitality, childcare, and climate transition sectors as outlined below.

<b>Industry Pipelines</b>	<b>Cost Type</b>	<b>2 – Year Total</b>
Manufacturing	WDB direct training cost and WDB-led RFP	\$330,000
Childcare	WDB direct training cost and WDB-led RFP	\$275,000
Entrepreneurship	WDB-led RFP with SDBC input	\$264,000
Healthcare	WDB direct costs for training	\$250,000
Climate Transition	WDB direct training cost and WDB-led RFP	\$165,000
Hospitality	WDB direct costs for training	\$132,000
Transportation	WDB direct costs for training	\$88,000
<b>Total Job Training Dollars</b>		<b>\$1,500,000</b>

- Manufacturing Pipelines** – Advanced manufacturing is a significant industry of growth in Solano County and provides opportunity for family-sustaining wages and economic mobility. Businesses in manufacturing, however, are experiencing a significant labor shortage at a time of potential growth. The SBDC held a manufacturing roundtable in Vacaville in November 2021, where each attending businesses identified their greatest pressing needs. All but one manufacturer cited talent as their largest hurdle for growth. Despite the industry opportunities and job quality, there is unequal access into the industry. African Americans represent only 6% of the industry’s labor force in the county, yet 14.8% of the population. There is significant opportunity to increase diverse representation within the industry while addressing the industry’s critical talent shortages. The WDB recommends cohort-based training costs combined with a WDB-led RFP for \$200,000 to focus on short-term training to fill in-demand occupations in biomanufacturing.
- Childcare** – Solano County is facing a significant shortage of childcare workers and family home providers. Without a robust childcare provider system, many job seekers are unable to return to work. Childcare workers in general make less than the self-sufficiency standard in Solano County but have opportunities to improve their occupational credentials that can lead to economic mobility. In addition, mentoring and training new family childcare providers would positively impact the number of childcare options within the county.

The WDB recommends direct cost via contract with the WDB for direct participant training in the childcare industry, as well as procurement of a childcare entrepreneurship bootcamp for \$100,000 over two years. The SBDC would provide up to 10 hours of business advising and counseling for participants of the bootcamp leveraging non-APRA funding. The WDB would partner with First 5 Solano and Solano Family and Children Services in developing and launching this initiative.

- **Entrepreneurship** – Research, data analysis, and local observations show a growing number of unemployed and underemployed individuals are starting a business or engaging in gig or freelance work. To support this microenterprise development as a career option, easy onramps into entrepreneurship and incremental growth should be coupled with training and mentorship. The WDB recommends procuring an entrepreneurship training and mentorship program that provides entrepreneurship foundational skills for job seekers and underemployed. This program would lead to stackable credentials and entry into SBDC advising. The WDB would develop an RFP in partnership with the SBDC and economic development partners. The SLFRF final rule allows support for small business start-ups, microbusinesses, and individuals seeking to start small or microbusinesses as an eligible use under job training.
- **Healthcare** – Healthcare and Social Assistance is Solano’s largest industry with an average wage of \$42.26. Healthcare provides the largest volume of high-wage, high-road careers in the county. In addition, demand for mental health treatment has risen dramatically as a result of the pandemic, but talent shortages decrease the number of individuals able to receive mental health services. Fastest growing Solano County occupations include Home Health Aides, Medical Secretaries, Radiologic Technicians, Physical Therapy Assistants, Respiratory Technicians, Registered Nurses, and Mental Health Counselors. Yet, over 50% of healthcare occupations are in low-wage occupations and mobility pathways within the healthcare sector are modest or inequitable. For example, African Americans represent 22.5% of Certified Nursing Assistance in the county, but only 7.8% of Registered Nurses. This pathway will seek to build more equitable access into these high-road healthcare careers through retention assistance, industry certification attainment, opportunities for paid work experience, and career pathway awareness.

The WDB recommends direct cost via contract with the WDB for direct participant training in the healthcare industry. Training would be coordinated with local Adult Education providers, Solano County Public Health, and Solano College in acute care and behavioral health pathways. The WDB, in partnership with local and state partners, applied for funding from the State to implement a CNA upskilling program. If this funding is awarded, SLFRF and state funding would be leveraged to build a strong economic mobility pathway in Healthcare.

- **Climate Transition** – Climate transition sectors is an emerging industry that is expected to grow in demand due to changing environmental factors such as fires and droughts, and accelerated by state investments and mandates in electrification, carbon reduction, and alternative energy. The WDB has been building understand of these sectors in partnership with economic development entities and held a Climate Transition presentation by local companies driving innovation in this space on January 21, 2022. The WDB envisions these sectors including sustainable agriculture, natural resource conservation, natural disaster response and mitigation, electrification and alternative energy sources, and carbon reduction techniques. The WDB also recommends investment in this sector due to future federal and state investments in climate change transitions. Clearly identifying the career progressions and opportunities within these sectors, and piloting training programs will position Solano County well for future climate investments and projects.

- Hospitality** – The COVID-19 pandemic and resulting economic shutdowns disproportionately impacted Solano’s hospitality businesses. Not only were many retail, food and accommodation businesses closed for extended periods of time during 2020, additional costs of COVID mitigation and prevention, as well as the current labor shortage creates barriers for the hospitality industry to effectively recover from the pandemic. The WDB and SBDC have been working with hospitality businesses to develop short-term training and incubation programs to improve the talent pipeline for the hospitality industry. The WDB is currently working with Vallejo-based restaurants and the Vallejo Regional Education Center to develop a short-term culinary training coupled with work-based learning opportunities with participating businesses. Historically, hospitality has been a low-wage occupation, but the restaurants engaged in the culinary program are offering starting salaries at or above \$20 an hour. The WDB recommends building upon these successful pilots.

*The WDB recommends this pathway be provided in combination with Funding Option #3: Rethinking 21<sup>st</sup> Century Work to have an immediate positive impact.*

- Transportation and Logistics** – Commercial drivers are consistently one of the top advertised jobs in Solano County. In addition, three city economic development entities (Fairfield, Suisun City, and Vacaville) are prioritizing logistical business attraction. Training funds to support entrance and skill building within this industry sector will strengthen the talent infrastructure needed for economic growth in this sector.

The WDB will partner with the Affordable Housing Subject Matter Workgroup team to coordinate affordable housing grants to homeless and housing insecure populations with proposed talent pipeline initiatives. The Affordable Housing Subject Matter Workgroup report will provide additional detail on this coordinated approach.

In addition to funds for training pathways, the WDB recommends costs to support business engagement and coordination, as well as career awareness and career pathway definitions to ensure that talent pipeline strategies are aligned with business and community needs as outlined below:

Activity	Cost Type	2 – Year Total
Sector Engagement and Coordination	WDB and SBDC direct costs	\$522,000
Career Awareness Campaign	WDB direct costs in partnership with community-based partners and post-secondary education providers	\$110,000
Career Mapping Initiative	WDB direct costs with procurement for collateral development and printing	\$44,000
Youth Virtual Reality Career Awareness Project	WDB direct costs in partnership with Solano County Office of Education, industry partners, and community-based partners. Includes procurement for video development.	\$200,000

- Sector Engagement and Coordination** – The WDB recommends funding to ensure that career navigation, community engagement, and talent pipeline development investments are

coordinated. Engaging businesses, training providers, and community stakeholders in talent pipeline initiatives will be key to the success of these pathways leading to sustainable employment opportunities that build economic mobility for Solano County's residents. Talent pipeline initiatives would also be coordinated with local projects such as the Vacaville Restaurant Alliance, business roundtables outlined in Funding Option #5: Small Business Supports, the Hospitality Roundtable organized by the WDB and Visit Vacaville, Solano College Strong Workforce funding, and any future state or federal funding received for workforce and industry development.

- **Career Awareness Campaign** – Many unemployed and underemployed individuals, as well as the emerging workforce, are not aware of the quality employment opportunities within these key economic industry sectors. The Subject Matter Workgroup team recommends a collaborative approach with workforce partners, training providers, and industry leaders to build awareness and improve perception of key opportunities within the county. This would include community and marketing campaigns that identify key employment opportunities and the training pathways available locally to obtain employment within these industries.
- **Career Mapping Initiative** – Feedback from community partners, training providers, and ARPA Workforce Roundtable attendees expressed the need to visualize the career pathway opportunities within Solano's key industries for more informed career choices and career coaching. The WDB recommends a procurement process to develop and print visual representations of career pathways within Solano's key industries. The career maps would be available for workforce and training entities to use for career coaching and training navigation.
- **Youth Virtual Reality Career Awareness Project** – The pandemic and resulting economic shutdowns required rethinking introduction of career opportunities to youth. Initiatives such as the Inspire program within local school districts for career awareness were canceled. The WDB recommends a pilot Virtual / Augmented Reality career awareness project that will develop Virtual / Augmented Reality job shadowing that can provide remote awareness of Solano's key industry and occupational opportunities. The WDB recommends procuring a vendor to develop the videos. The Solano County Office of Education's Career and Technical Education department would be a key partner in developing the guidelines, reviewing solicitations, and organizing implementation of the project.

**Outcomes:** 500 residents trained in key industries and occupations

**Funding Process (Direct Cost, RFP Etc.):** The recommended funding process would be a combination of direct training and development costs through a contract with the WDB and through an RFP process led by the WDB. The RFP process would include County and community input in solicitation design, and any subrecipients funded over \$75,000 would be reviewed for approval by the Board of Supervisors.

**Timeline:** Direct costs to the WDB could be implemented immediately. The RFP development for talent pipeline projects would take three to six months to ensure diverse input is included in the RFP design and is aligned with other recommended investments.

**Lead Agency:** Workforce Development Board of Solano County

**Population Served:** Targeted community engagement and access would be focused in designed Qualified Census Tracts (QCTs), low-educational attainment populations, and minority populations who have historically not been equitably represented in defined industries; however, all eligible unemployed and underemployed would be able to access talent pipeline programs.

### Funding Option #3: Rethinking 21<sup>st</sup> Century Work

**Title:** Rethinking 21<sup>st</sup> Century Work

**Amount Recommended:** \$808,000

**U.S. Treasury Category:** 2.7 – Job Training and Reemployment Assistance; 2.9 – Small Business Economic Assistance

**Summary:**

An unanticipated result of the COVID-19 pandemic and resulting economic shutdowns is a change in worker priorities. As worker priorities have shifted, many of Solano’s businesses have struggled to adjust to the changing labor market dynamic. Technical assistance is needed for employers to improve hiring and retention efforts in order to attract unemployed and underemployed individuals.

Research has shown that any workforce service delivery in the economic recovery should be done in close coordination with job quality strategies. Job quality is a continuum and there are multiple avenues for improving the quality of a job. While pay, benefits, and working conditions are important elements of quality jobs, elements such as business culture, flexibility, and on-the-job training are also key and are becoming higher priority job quality elements for workers.

Therefore, recommended investments include:

Activity	Cost Type	2 – Year Total
21 <sup>st</sup> Century Employer Initiative	WDB direct costs and WDB-led procurement	\$368,000
Employer Resource Network	WDB direct costs and WDB-led procurement	\$220,000
Worker Mental Health Initiative	RFP process through the WDB and H&SS	\$220,000

- 21<sup>st</sup> Century Employer Initiative** – A consistent theme across all business support partners expressing feedback and input into the recommended strategies was the need to adopt new employment and retention models. The pandemic exacerbated shifting labor market trends in the employer-employee relationship, in hiring strategies, and workplace culture. As such, employers need technical assistance and support in making changes to their recruitment processes, employee retention efforts, and workplace culture and job quality initiatives to attract and retain workers in today’s economic

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*“Talent will be the new competitive differentiator. We must help small businesses become employers of the 21<sup>st</sup> century or they will be at a disadvantage.”*

*- City economic development entity*

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landscape. The Subject Matter Workgroup team recommends the funding option of a training and technical assistance initiative to support businesses in this shift. An employer training series would be procured. In addition, the WDB, in partnership with the SBDC, would create 10-minute micro workshops on low-cost job quality improving practices that employers can adopt immediately.

As job quality is a relatively new framework for workforce and economic development systems, it is recommended to develop an RFP/grant for Solano's small businesses and businesses in industries with critical worker shortages to pilot job quality initiatives. Potential projects could include management leadership training, employee feedback loop creation, development of social impact or diversity, equity, and inclusion metrics, and other innovative pilots to improve job quality. The results of this pilot would inform the Board of best practices that could be used to drive transformative change in Solano's quality of jobs.

- **Employer Resource Network** – Especially given the current labor market environment and the concerns for low-income workers in post-COVID recovery, a new solution is needed to meet the needs of our *functionally unemployed*. A sustainable approach to development and support for underemployed individuals is needed. Many low-income workers eligible for CalFresh or public training programs, for example, do not take advantage of these programs. Employer Resource Networks (ERN) are a promising national practice that assists low-income workers with navigating access to social systems that provide sustained support, increased job retention, and access to economic mobility through the use of Success Coaches. ERNs are an employer-driven model that have been particularly successful with small and mid-size firms in increasing their employee retention and productivity. Businesses pay membership fees that usually cover over half of the costs of the network, with the remaining funds leveraged through a combination of public funds, grants, and donations. Quantified results include increased employee productivity, increased employee qualification for higher-paid positions, decreased public assistance use, and an increased average employee retention rate of 95%. ERNs also allow small and mid-size businesses to create economies of scale in addressing employee retention and mobility.

For this funding option, the Subject Matter Workgroup recommends a two-year investment to launch an ERN in Solano County. ERN USA partners with ERN start-ups to build employer engagement and buy-in and lead employer groups in the development of the local ERN parameters and structure. Nationally, grants often cover 75% of the total ERN operating costs with businesses covering 25% in the initial start-up. Within three years, evidence has shown the funding model is reversed.

- **Worker Mental Health Initiative** – Mental health has been a growing community concern as a result of the pandemic, and multiple stakeholders discussed the mental strain within the workplace. The WDB recommends investment in employer-based programs to support worker mental health stability and prevention. The WDB would work with the Department of Health and Social Services to procure a trainer and technical assistance provider for employer engagement and worker training on mental health strategies.

**Outcomes:** 100 businesses participating in rethinking 21<sup>st</sup> century work initiative; Improved alignment of business and worker priorities; Improved job quality that supports family-sustaining wages, job retention, and economic mobility; Improved employee retention

**Funding Process (Direct Cost, RFP Etc.):** This funding option would be a combination of WDB staff support for Rethinking 21<sup>st</sup> Century Work initiatives, with the bulk of the recommended dollars allocated through an RFP process.

**Timeline:** Anticipated start date of the Rethinking 21<sup>st</sup> Century Work initiative would be late summer to early fall of 2022 or within six months

**Lead Agency:** Workforce Development Board of Solano County

**Population Served:** The Employer Resource Network would serve individuals seeking to improve their economic mobility, as well as small businesses and industries impacted by COVID-19. The Worker Mental Health Initiative would serve the general population, as the SLFRF Final Rule defined behavioral and mental health services as an eligible service to the general population under the Public Health category.

## Funding Option #4: Improved Workforce System Efficacy

**Title:** Improved Workforce System Efficacy

**Amount Recommended:** \$770,000

**U.S. Treasury Category:** General Provisions: Program Efficacy; Aid to Nonprofit Organizations

Improved workforce system efficacy is allowable under the General Provisions: Other to improve the efficacy of programs providing services under negative economic impacts.

In, addition, the SLFRF Final Rule recognizes that nonprofits have faced significant challenges because of the pandemic, including increased demand for services, decreased funding, and changing operational needs. The SLFRF Final Rule identifies that assistance to nonprofits can include loans, grants, in-kind assistance, technical assistance or other services if the nonprofit experienced negative economic impacts such as decreased revenues or increased costs. As such, nonprofits may receive assistance as a beneficiary or as a subrecipient providing services.

### Summary:

The workforce development system must be modernized and strengthened if it is to provide the full supports residents and businesses need to adjust to the changing labor market and support COVID economic recovery. As such, funding options include:

Activity	Cost Type	2 – Year Total
Competitive Workforce Collaborative	WDB-led RFP in partnership with funders	\$715,000
Access and Equity Evaluation	WDB-led procurement of evaluator	\$55,000

- **Competitive Workforce Collaborative** – Designed in concert with local funders, the WDB recommends the establishment of a Competitive Workforce Collaborative as a funding option. Solano’s nonprofit workforce providers deliver important community and population-specific workforce services, but many expressed struggles to secure and retain the funding needed to meet the demand, especially during COVID-19. At the APRA Workforce Roundtable co-hosted by the Solano Community Foundation, participants resoundingly requested support in order to grow and be more effective at operating government-funded projects. One roundtable participant summarized: “We need to teach one another and build strength together. We have to be working from the same roadmap.”

This funding option includes a professional development series, technical assistance, and infrastructure-building grants to workforce non-profits. The professional development series

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*“Accessing funds with technical assistance in place would be a real benefit.”*

*- Solano ARPA Workforce Roundtable participant*

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would be open to all workforce and education practitioners and could include topics such as cultural competency, labor market information, digital literacy, growing capacity, sound business practices, government accounting and compliance structures,

and emerging workforce trends such as workforce equity and job quality. The WDB would partner with members of the Solano Funders’ Collaborative to develop parameters for infrastructure grants and review proposals. Infrastructure grants could include technology improvements, performance and compliance tracking tools, and administrative enhancements to improve their service delivery capabilities. Technical assistance would be procured for nonprofits receiving funding. This investment would create a more dynamic and responsive workforce development system in the County that effectively serves targeted populations and is aligned with labor market trends.

*The WDB advises the Competitive Workforce Collaborative be operated concurrently with the community-based career navigation services outlined in Funding Option #1: Career Navigation and Reemployment.*

- **Access and Equity Evaluation** – The WDB recommends procurement of an evaluator to assess the workforce system in Solano County through the lens of access and equity. This evaluation would identify any areas of gap in equitable access to Solano’s public workforce system and any equity gaps in service delivery or outcomes, as well as provide recommendations to improve access and equity into the workforce system. The results of the evaluation could be used as a roadmap for more equitable service delivery.

**Outcomes:** 320 workforce practitioners receiving professional development to improve service delivery; improved infrastructure and efficacy of 10-20 workforce nonprofits; roadmap developed for more equitable workforce service delivery.

**Funding Process (Direct Cost, RFP Etc.):** RFP and procurement

**Timeline:** RFP development for the Competitive Workforce Collaborative and evaluation could be completed within four months

**Lead Agency:** Workforce Development Board of Solano County

**Population Served:** includes non-profits experiencing negative economic impacts, also eligible under effective service delivery provisions

## Funding Option #5: Revolving Loan Fund

**Title:** Revolving Loan Fund

**Amount Recommended:** \$2,000,000

**U.S. Treasury Category:** 2.9 – Small Business Economic Assistance

Under Assistance to Small Businesses, the final rule states recipients may provide assistance to small businesses to adopt safer operating procedures, weather periods of closure, or mitigate financial hardship resulting from the COVID-19 public health emergency, including loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, as well as loans or grants to implement COVID-19 prevention or mitigation tactics. Loans to businesses to implement COVID-19 prevention or mitigation tactics has been moved in the Final Rule to the Public Health category as a COVID-19 prevention measure.

The Treasury Final Rule requires that the cost of the loan is tracked and reported in accordance with Treasury's Compliance and Reporting Guidance. The Treasury outlines that funds must be used to cover costs incurred by the recipient between March 3, 2021 and December 31, 2024. Recipients must be able to determine the amount of funds used to make a loan and must comply with restrictions on timing of the use of funds. The Final Rule provides additional information about the treatment of loan repayments. Interest payments received prior to December 31, 2026 will be considered program income. For loans with maturities longer than December 31, 2026, the recipient must estimate the cost of extending the loan over the life of the loan and may use funds for the project cost of the loan.

### **Summary:**

An initial investment in a revolving loan fund (RLF) to provide low-interest loans to Solano County small businesses is recommended to help off-set the negative economic impacts to the county's small businesses. The RLF would be a gap financing program primarily used for the development and expansion of small businesses. The RLF would be capitalized with \$1.8 million and \$200,000 (or 10%) would be used to administer and market the fund. It would be the intent of the Solano Economic Development Corporation (Solano EDC) to seek additional funding sources to expand the loan funds. City economic development entities were in unanimous support for the Solano EDC to establish this regional approach.

As part of this funding option, the Solano EDC would develop the loan parameters, using best practices from the numerous countywide RLF's operating successfully throughout California and lessons learned

in Community Block Grant RLFs. Parameters would be established to support targeted populations, including women and minority-owned businesses; businesses within qualified census tracts identified as disproportionately impacted communities; businesses within hospitality, travel, and tourism; businesses improving COVID-19 prevention and mitigation measures. Uses for the RLF fund would include working capital, acquisition of land and buildings, new construction, property improvements, façade and building renovations, and furniture and equipment. Businesses would be assessed to ensure fund recipients were affected by negative economic impacts of the pandemic, and how the RLF responds to the negative economic impact would be tracked.

The RLF loans would be structured to meet the needs of small business with flexible and attractive rates. The RLF would be built around a sound loan structure and use standard underwriting and interest rate practices. The Solano EDC would establish a loan committee, consisting of experienced business lenders, business owners, and community members to develop the final RLF guidelines, loan application and related material, as well as to review each loan. Servicing of the loans would be contracted to an experienced loan servicing firm or local lender.

Loan terms for the RLF would vary according to the use of funds. A loan used for working capital, for example, may have a term range of three (3) to five (5) years, while loans for equipment may be up to ten (10) years, and loans for real estate may be longer. The Solano EDC recommends that the RLF include a flexible repayment structure, such as a repayment deferral or interest only payment, until recovery occurs. The Solano EDC anticipates loan amounts ranging from \$1,000 to over \$100,000.

The Solano EDC received a \$480,000 grant from the Economic Development Administration (EDA) that was matched with \$120,000 from the County, cities, and partners. The Solano EDC would use the data from this Moving Solano Forward III project as a factor to document the identified need or impact of COVID-19 in business eligibility determination. Beyond COVID-19, a RLF would provide an ongoing economic development financing tool to assist small businesses in Solano County. The Solano EDC would apply for additional funding from the EDA as an outcome of Moving Solano Forward III to expand the RLF. EDA's RLF portfolio consists of over 500 RLF programs nationwide.

**Outcomes:** The Solano EDC would present an annual report to the County of Solano and the Solano EDC Board of Directors of key RLF indicators.

**Funding Process (Direct Cost, RFP Etc.):** Direct cost to Solano EDC, including procurement for loan servicing

**Timeline:** Establish Loan Committee, develop RLF guidelines and forms, establish partnerships with local community banks and credit unions, contract for loan operations.

**Lead Agency:** Solano Economic Development Corporation

**Population Served:** small businesses who have experienced negative economic impact as a result of COVID-19

## Funding Option #6: Small Business Support

**Title:** Small Business Support

**Amount Recommended:** \$1,151,000

**U.S. Treasury Category:** 2.9 – Small Business Economic Assistance

**Summary:**

Small businesses are critical to Solano County’s economy; 96% of Solano County’s businesses have less than 50 employees and 36.5% of Solano’s businesses are considered microenterprises with less than five (5) employees. The crises of 2020 magnified the societal and economic conditions that often determine whether businesses are financially secure and able to advance in the economy. Businesses and industries with relatively high pre-pandemic wealth fared generally well throughout the pandemic, while low-to-moderate income businesses have faced potential deep and enduring challenges. Investment in small business recovery will be paramount to economic recovery and resilience.

Chambers of Commerce and economic development entities who provided feedback and input on the recommended funding options highlighted the need to support small businesses in understanding foundational business practices. As part of this funding option, the SBDC would ensure coordination of ARPA-funded small business supports with Solano County’s Microenterprise Small Business Grant program and other local and regional small business programs. In addition, the SBDC would coordinate and leverage city initiatives, such as the City of Vallejo’s proposed small business grant program and the City of Vacaville’s proposed Annual Innovation Summit and Entrepreneurship Expo.

The following funding options are recommended:

Activity	Cost Type	2 – Year Total
Expanded Business Advising Capacity	SBDC direct cost	\$308,000
Culturally and Linguistically Competent Technical Assistance	SBDC direct cost and SBDC-led RFP	\$204,000
Business Incubation Initiative	SBDC direct cost and small business grants	\$550,000
Small Business Peer Advisory Groups	SBDC direct cost	\$88,000

- **Enhanced Business Advising** – In 2021, the Solano-Napa Small Business Development Center (SBDC) served over 1,300 small businesses with COVID-19 related business technical assistance. The demand and need for business advising and technical assistance within the small business community is significant. The Subject Matter Workgroup team recommends investing additional funding to expand the capacity of the SBDC to provide advising to Solano’s small businesses.
- **Culturally and Linguistically Competent Technical Assistance** – Small businesses of color consist of almost half of the county’s business base, yet nationally small businesses of color on average have one-third of the value, one-third average sales, and are only half as likely to have employees as white-owned businesses. Small businesses of color should be supported and

encouraged as key elements of COVID-19 economic recovery, as Federal Bank research has shown they can significantly reduce racial wealth gaps and unemployment, and they are more likely to hire from within the community. In addition, local experience administering COVID-19 small business relief programs highlighted the importance of strong outreach and technical assistance for non-native English speaking business owners.

The Subject Matter Workgroup also recommends a Business Translation Service pilot. As part of this pilot, the SBDC would secure access to LanguageLink, or a similar translation service, that would be accessible for free for small businesses and business support organizations. The SBDC would facilitate access to verbal or written translation that could be used for business outreach materials, translation of technical documents, and other uses.

This funding option also includes an RFP process to competitively procure culturally and linguistically sensitive business advising and technical assistance. This RFP would build upon the success of NorCal SBDC's Inclusivity Project in Solano County and catalyze innovative business advising and technical assistance programs within the county.

- **Business Incubation Initiative** – Sole proprietors and microenterprise small businesses have experienced significant hardships and risk of closure as a result of the pandemic. Economic development entities and business support organizations expressed concern about their smaller businesses and identified the need to support sole proprietors and microenterprises in growing their business to accelerate economic recovery and growth.

This recommended funding option would build upon successful NxLevel business bootcamp implementation in Solano County. The SBDC would provide an accelerated NxLevel bootcamp program, culminating in a business pitch event. Based on the strength of the business pitch for economic recovery and growth, businesses would be eligible to receive small business microgrants through the SBDC to launch their ideas. The SBDC would partner with SBDC Advisory Board members (consisting of each economic development entity, chambers of commerce, and other small business stakeholders) to host the business pitch event and select businesses eligible for microgrants.

- **Small Business Peer Advisory Groups** – Business owners often lack opportunities to engage with each other in peer learning and best practice sharing. The SBDC has been working in partnership with the Cities of Vallejo and Vacaville to implement small business peer advisory groups that have been consistently well attended. The Subject Matter Workgroup recommends direct cost to the SBDC to expand these peer advisory groups throughout the county to support COVID economic recovery. Peer advisory groups would be established with a group of up to 12-15 senior leaders or owners of small businesses that would meet regularly to hear information on best practices for their business, troubleshoot problems, vet ideas, and more. The SBDC would facilitate the peer advisory groups and offer one-on-one advising between meetings to reinforce what was covered during the roundtable meeting and to support them with other business challenges or opportunities they're dealing with.

**Outcomes:** 500 businesses advised; 100 businesses trained through the Business Incubation Initiative

**Funding Process (Direct Cost, RFP Etc.):** Direct cost via contract with the exception of an RFP to competitively procure culturally and linguistically competent small business technical assistance.

**Timeline:** Business advising enhancement could be implemented immediately. The RFP for culturally and linguistically competent technical assistance would require a four-month development period to ensure diverse input is included in the RFP design. The Business Incubation Initiative and Business Peer Advisory Groups would be anticipated to begin in the summer of 2022 or within six (6) months.

**Lead Agency:** Solano-Napa Small Business Development Center

**Population Served:** Small businesses that have experienced a negative economic impact

## Funding Option #7: Digital Gap Study

**Title:** Digital Gap Study

**Amount Recommended:** \$88,000

**U.S. Treasury Category:** 5.17 Broadband: Other Projects

### Summary:

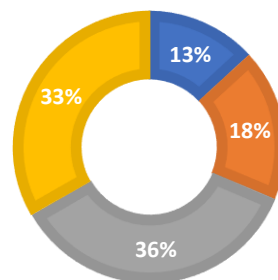
COVID-19 accelerated the digitization of the economy and community. Schools, businesses, and community engagement turned to remote options. This rapid shift highlighted for many the lack of access and adoption of broadband, as well as the high percentage of individuals with no or limited digital literacy skills.

The Milken Institute identified that barriers to internet access in California include lack of physical infrastructure, broadband affordability, and digital literacy about broadband. Significant federal investments in broadband are anticipated, and California’s broadband infrastructure package marks one of the largest state investments in broadband in the country. To ensure Solano County makes the best possible future investment in broadband and internet access, the Subject Matter Workgroup recommends a funding option of procuring a Digital Gap Study.

To ensure a comprehensive study, the Subject Matter Workgroup recommends bringing together various stakeholders (including cities, the County, and digital access and literacy stakeholders) to develop a scope of work for the RFP that covers analysis of physical infrastructure, broadband affordability and adoption, and digital literacy countywide.

### DIGITAL SKILLS OF US WORKERS AGES 16-64

■ None ■ Limited ■ Proficient ■ Advanced



**Outcomes:** A local roadmap for addressing gaps in digital access, adoption, and literacy; Informed future broadband infrastructure investments

**Funding Process (Direct Cost, RFP Etc.):** RFP

**Timeline:** RFP development would take four (4) to nine (9) months in order to build a consortium of stakeholders to define the scope of work for the Digital Gap Study.

**Lead Agency:** County of Solano or Workforce Development Board of Solano County

**Population Served:** n/a

## Additional Funding Options

While the following investment options were not included in the subject matter workgroup's recommendations, additional options for investment shared by community stakeholders or those newly defined in the IRS Final Rules include:

- Additional Basic Needs Funding
- Business Façade Improvement Program
- Business Incubation Spaces
- Incumbent Worker Training enhancement
- Public Work Experience Initiative
- Refurbished Laptop Program
- Services for Unbanked and Underbanked
- Small Business Exchange Hub
- Small Business Grant Program
- Solano Drivable Market Campaign
- Worker Rights and Worker Voice Workshops
- Youth Career Training Scholarship Program

## FUNDING RECOMMENDATIONS

The Workforce Development Board (WDB) of Solano County, the Solano-Napa Small Business Development Center (SBDC), and the Solano Economic Development Corporation (EDC) have compiled a comprehensive set of funding options that the Subject Matter Workgroup believes will address and mitigate the negative economic impacts for Solano's workers and businesses. As part of the design process, the Subject Matter Workgroup received input and feedback from over fifty (50) organizations and agencies in the county and focused on gaining a diverse representation of perspectives to inform the recommendations.

The Subject Matter Workgroup reviewed the unsolicited proposals received by the County as part of the recommendation process. The team recommends the Revolving Loan Funds proposal for funding. Additional proposals received from the California Biomanufacturing Center and Healthy Vallejo are

recommended to apply for funding through RFPs as part of community-based career navigation or talent pipeline initiatives in order to ensure a fair and competitive procurement process.

## Key Takeaways

- Key investments in job training and career navigation are recommended to support reemployment of unemployed, underemployed, and individuals seeking economic mobility.
- Sector strategies are recommended frameworks for establishing locally customized skill training that effectively meets in-demand skills and improves access into key career pathways in the county.
- Investment in the efficacy of the workforce development ecosystem is recommended to enable effective workforce development practices in a post-COVID environment.
- Targeted investments in disadvantaged communities and business sectors are recommended to facilitate an inclusive economic recovery.
- Small businesses need technical assistance and investments to rebound and grow in a new dynamic economy and labor market.
- Addressing the gaps in broadband and digital access and literacy will be key to ensuring business and community ability to adapt to the increased digitization.

**Funding Recommendations Table**

<b>U.S. Treasury Category</b>	<b>Proposed Project</b>	<b>Scope</b>	<b>Impact</b>	<b>Estimated Allocation</b>	<b>RFP Required</b>
<b>2.7 Job Training and Reemployment Assistance</b>	<b>Career Navigation Enhancement and Reemployment</b>	Expand coaching and community navigation in the public and nonprofit workforce system; improve hybrid service delivery methods and tools; investment in digital adoption and literacy programs; and modernization of the Vallejo Job Center to better serve Vallejo unemployed.	Reemployment of unemployed and underemployed; improved digital access and literacy of residents; more effective and efficiency participant access to remote services	\$3,631,000  Recommended RFP amount: \$2,420,000	Yes
	<b>Talent Pipeline Initiatives</b>	Development and enhancement of industry and community aligned career pathway training programs in key industries; funds for job training coupled with wrap-around supports and sector engagement; focus on improving industry diversity and equitable access into high quality jobs that provide economic mobility; build career awareness and understanding of key occupational opportunities and training programs.	A well-trained workforce prepared to meet the in-demand skill needs of Solano’s businesses; improved and sustainable pathway structures into priority industries and industries most affected by COVID-19.	\$2,372,000  Recommended RFP amount: \$330,000	Yes
	<b>Rethinking 21<sup>st</sup> Century Work Initiative</b>	Training and technical assistance initiative to support businesses in adapting to the labor market shift in worker priorities; business-led job quality pilots; establishment of an employee retention and support program to reach underemployed.	Small businesses are prepared to adapt to dynamic and historic labor market shifts; improved job quality and economic mobility opportunities for workers	\$808,000  Recommended RFP amount: \$495,000	Yes
	<b>Workforce System Efficacy</b>	Establishment of a Competitive Workforce Collaborative that will provide professional development,	Improved capacity and efficacy of the workforce, economic development, and training	\$770,000	Yes

	(also qualifies under 2.1 Aid to Nonprofit Organizations)	infrastructure grants, and technical assistance for workforce non-profits; conduct a workforce access and equity gap study to inform improvements in Solano’s public workforce system.	system; improved capacity of the nonprofit workforce base.	Recommended RFP amount: \$770,000	
<b>2.9 Small Business Economic Assistance</b>	<b>Small Business Supports</b>	Expanded business advising and technical assistance capacity for small businesses; enhancement of culturally and linguistically competent technical assistance for small businesses; launch of a business translation services pilot; business incubation bootcamp and microgrant program; expansion of business peer advisory groups.	Small businesses are more resilient and able to adapt to the changing economic landscape; small businesses of color, microenterprises, and non-English speaking businesses have equitable access to small business supports are better positioned to recover and grow; small businesses have sustainable peer networks.	\$1,150,000 Recommended RFP amount: \$176,000	Yes
	<b>Revolving Loan Fund</b>	Establishment of a Revolving Loan fund serviced by local banks to provide loans with low interest rates to negatively impacted small businesses.	Small businesses have access to gap loans to rebuild and grow their businesses.	\$2,000,000	No
<b>5.17 Broadband: Other Projects</b>	<b>Digital Access Gap Study</b>	Bring together broadband and digital access and literacy stakeholders to procure a digital access gap study to assess broadband infrastructure, digital adoption, and digital literacy gaps	Solano County has a clear understanding of the broadband and digital gaps and are better positioned to make informed decisions regarding future broadband investments.	\$88,000 Recommended RFP amount: \$88,000	Yes