

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 07/23)

Fiscal Year 2025-26	Business Unit Number 0509	Department Governor's Office of Business and Economic Development
Hyperion Budget Request Name 0509-051-BCP-2025-MR		Relevant Program or Subprogram 0230 – California Office of the Small Business Advocate

Budget Request Title
Outsmart Disaster Program

Budget Request Summary

The Governor's Office of Business and Economic Development, Office of the Small Business Advocate (CalOSBA) requests \$230,000 in reimbursement authority for 2025-26 for additional support for the Outsmart Disaster program.

Requires Legislation (submit required legislation with the BCP) ☐ Trailer Bill Language ☐ Budget Bill Language ☒ N/A	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? ☐ Yes ☒ No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No.

Project Approval Document:

Approval Date:

Total Project Cost:

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No

Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Clair Whitmer	Date 5/9/2025	Reviewed By Emily Desai	Date 5/9/2025
Department Director Dee Dee Myers	Date 5/9/2025	Agency Secretary	Date

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

Principal Program Budget Analyst Jessie Romine	Date submitted to the Legislature 5/14/2025
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A. Problem Statement

The Governor's Office of Business and Economic Development, Office of Small Business Advocate (CalOSBA) is requesting \$230,000 in reimbursement authority for 2025-26 in continued support for the Outsmart Disaster program.

There are four distinct phases of emergency management: mitigation, preparedness, response and recovery. This proposal requests funding targeted to continue to support small business owners during the preparedness phase and for supporting our partnership with the Governor's Office of Emergency Services.

This proposal requests budget authority be created to accept approximately \$230,000 as a sub-recipient of CARES Act funding so that we can be reimbursed for Outsmart Disaster personnel and related costs.

The current CalOSBA Resiliency team consists of two Limited Term positions, both of which will expire in calendar year 2025. The Southern California position is defined as a bilingual position in Spanish.

This team has created a 24-page business resiliency workbook "Navigate Any Roadblock, Create a Resiliency Roadmap for Your Small Business" in English and Spanish and available in printed and digital versions. They have also established a cadence of online training workshops in both English and Spanish, recorded and posted to YouTube. They have also presented and exhibited on behalf of Outsmart Disaster in regional and statewide disaster-related events including the Regional Disaster Ready Summit hosted by Listos California.

Workload Measure	2022-23	2023-24	2024-25
Tracking Disaster Events and Related Resources for Businesses	350	500	500
Curriculum Development and Creation of Outsmart Disaster collateral	900	300	300
On Site Trainings and Disaster Related Events	500	400	400
Webinars and Filming On-Demand Trainings	0	400	500
Site Visits to Disaster-Impacted Areas	0	100	100
Maintenance of Website	100	100	100
Creation of social media and other outreach campaigns	100	100	100
Administrative support of Economic Recovery Support Function (RSF)	50	100	100
TOTAL HOURS	2,000	2,000	2,000

B. Justification

This reimbursement authority would allow CalOSBA to fill a critical gap in services for small businesses in a state chronically subject to all manner of natural disasters and where insurance is increasingly difficult to obtain.

One element of CalOSBA's mission is to accelerate the resiliency of small businesses against all forms of business interruptions. In this capacity, CalOSBA took a major role in the state's economic recovery strategy in the wake of the COVID-19 pandemic, both through coordinating delivery of personal protective equipment and the deployment of nearly \$5 billion in direct relief grants from 2020 to 2024.

As the impact of the pandemic receded, CalOSBA has focused its resiliency efforts on short- and long-term recovery efforts, most notably the Outsmart Disaster business resiliency training program.

CalOSBA has already established a Resiliency team, currently responsible for execution of the Outsmart Disaster business resiliency training program and administrative support of the Economic RSF. The Outsmart Disaster program concept was originally launched in 2018 as a state-led tool to help businesses and communities prepare for the next big earthquake. Under the leadership of California's Business Consumer Services and Housing (BCSH) Agency, the program evolved to help Californians prepare for all types of disasters.

CalOSBA took over management of the program from BCSH in 2022. CalOSBA is a sub-recipient of Coronavirus Aid, Relief and Economic Security (CARES) Act funding provided by U.S. Economic Development Agency. This has been used primarily to partially reimburse personnel costs.

The Governor's Office of Business and Economic Development is designated as the coordinating agency of the Economic RSF, one of six RSFs defined in the California Disaster Recovery Framework published by the Governor's Office of Emergency Services (CalOES).

CalOSBA has led the Economic RSF since 2020; CalOSBA currently co-leads the RSF with the Office of Regional Economic Development (REDI) Initiatives. Currently only CalOES receives funding for administrative costs associated with the RSFs. communications.

C. Departmentwide and Statewide Considerations

CalOSBA has hired three limited term AGPA positions with funding created in FY 2022-23; this includes one bilingual (Spanish) position.

The Budget Act of 2023 appropriated \$350,000 reimbursements for Outsmart Disaster funding. The contract with California Association for Local Economic Development (CALED)'s California Academy for Economic Development establishing CalOSBA as a subrecipient of the CARES Act funding expires on December 31, 2025; without creation of budget authority starting July 1, 2025, we will become ineligible for the remaining EDA funding.

A disaster recovery plan (DRP) helps a business move forward after an incident and focuses on returning to "business as normal". In contrast, a business continuity plan prioritizes keeping a store open and running regardless of the circumstances. A DRP is often part of a more extensive business continuity plan. The key to creating a resilient business is having both strategies in place.

While the number of small and microbusinesses with either a DRP or a BCP has increased since COVID-19, most small and micro-businesses do not have the capacity or the expertise to create one for themselves. According to the 2023 Hiscox Underinsurance Survey, 3 out of 4 small businesses nationwide are underinsured. The same survey reported that 71% of small business-owners can't explain what a Business Owner's Policy (BOP) covers, and 83% fail to correctly describe a General Liability (GL) policy's coverage.

This leaves small businesses disproportionately vulnerable to the impacts of a significant natural disaster or other business interruption such as a cyber-attack or even local street closures or other displacements; FEMA reports that as high as 60 percent of disaster-impacted businesses never reopen.

Following the 2025 wildfires in Los Angeles, the County of Los Angeles' Department of Economic Opportunity surveyed small business-owners reporting to the Disaster Recovery Centers operated by FEMA and SBA.

While the data is still being gathered and the exact percentages change daily, the picture that emerges is of significant confusion and lack of preparation amongst impacted businesses.

Of 74 businesses surveyed to date, more than 80 percent report a decline of revenue of more than 50 percent. Nearly all report that they have not received technical assistance to help them navigate the disaster. 80 percent aren't sure if they have fire coverage and 53% aren't sure if they have any kind of insurance. While the most cited needs are for capital and loan assistance, 26 percent report that they also need business continuity planning.

While this is only a snapshot of a single disaster, this pattern is common: insufficient planning ahead in the "blue skies" periods preceding a disaster and insufficient support under "gray skies" after a disaster has struck.

D. Outcomes and Accountability

The requested resources would support the Resiliency Team tasked with these core responsibilities:

- 1) Continue the training support and outreach for our existing preparedness program.
- 2) Continue limited support of the Economic Recovery Support Function created by the 2019 California Disaster Recovery Framework.

Projected Outcomes

Measurable outcomes would include:

- 1) Increased awareness of and participation in Outsmart Disaster business resiliency training as measured by marketing engagement analytics, downloads of online assets, distribution of written collateral, and reporting on engagement in in-person trainings.
- 2) Written recommendations for incentives tied to completion of Outsmart Disaster training, potentially through establishment of agreements with other state agencies (IBank, Department of Insurance).

Workload Measure	CY	BY	BY+1	BY+2	BY+3	BY+4
On Site Trainings and Disaster Related Events	0	500	500	500	500	500
Curriculum Development and Creation of Outsmart Disaster collateral				800	300	
Webinars and Filming On-Demand Trainings	0	500	500	500	500	500
Site Visits to Disaster-Impacted Areas	0	500	500	500	500	500
Tracking Disaster Events and Related Resources for Businesses	0	200	200	200	200	200
Maintenance of Website	0	100	100	100	100	100
Creation of social media and other outreach campaigns	0	100	100	100	100	100
Administrative support of Economic RSF	0	100	100	100	100	100
TOTAL HOURS	2,000	2,000	2,000	2,000	2,000	2,000

E. Implementation Plan

DEC 2025

- Completion of contract with CALED Academy and submission of all invoices
- Relaunch of Outsmart Disaster website and creation of workbook co-branding opportunities for Chambers of Commerce and Legislative Offices

JUNE 2026

- Hosting of an Outsmart Disaster business resiliency event for small businesses and invited partners

F. Supplemental Information (If Applicable)

Attachments can be provided upon request:

- A. Outsmart Disaster "Create A Resiliency Roadmap For Your Small Business". pdf
- B. 12.4.23 OSBA EDA Outsmart Agreement Extension For Signature – Executed.pdf

BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: Outsmart Disaster Program

BR Name: 0509-051-BCP-2025-MR

Budget Request Summary

Operating Expenses and Equipment

Operating Expenses and Equipment	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
5301 - General Expense	0	230	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$230	\$0	\$0	\$0	\$0

Total Budget Request

Total Budget Request	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
Total Budget Request	\$0	\$230	\$0	\$0	\$0	\$0

Fund Summary

Fund Source

Fund Source	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
0995 - Reimbursements	0	230	0	0	0	0
Total State Operations Expenditures	\$0	\$230	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$230	\$0	\$0	\$0	\$0

Program Summary

Program Funding

Program Funding	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
0230 - Office of the Small Business Advocate	0	230	0	0	0	0
Total All Programs	\$0	\$230	\$0	\$0	\$0	\$0

