

## Written Public Comments on the Proposed Regulation Text for the January 30, 2026 Public Workshop

**From:** [REDACTED]  
**Sent:** Tuesday, February 3, 2026 3:22 PM  
**To:** STE Program  
**Subject:** Public feedback

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Hello  
I work with GO-Biz, but I'm a break and using my personal email.

Wanted to give my own feedback.

1. I support a cap increase to \$15 mil
2. I support removal of all purchase percentages requirements
3. Combining all tiers makes sense.
4. Try to keep fees as low as possible but index to inflation.

Thanks.  
Rebecca Eusey



February 6, 2026

Dear CAEATFA Staff,

Upon reviewing the proposed modifications to the CAEATFA regulations, respectfully, it is in our opinion that more safeguards should be added to the program (not less) to improve overall utilization of awarded funds. Please consider the following facts:

In 2020, CAEATFA softened its “15% Rule” by extending it from 12 to 18 months.

- 1) When comparing 2017 – 2019 awards against 2020 – 2022 awards, the % of funds granted to non-small businesses that ultimately utilized NONE of their award increased by 50%.
- 2) Overall utilization from non-small biz awards in those years also decreased by 21%.
- 3) When including small biz, the difference was actually negligible, demonstrating that small biz has had better utilization rates.

In reviewing non-small biz awards from 2023 & 2024 (\$174M granted), if we TRIPLED their utilization to date:

- 4) Overall utilization would still only be 31%. To put that in perspective, 2017-2019 and 2020-2022 were 76% and 60%, respectively.
- 5) 73% of these funds went to awardees that will have spent less than 15% with 65% going to awardees under 3%.

In our experience, when incentive programs have few performance standards or in the case of these proposed regulations—none after removing the 15% rule and extending the program to five years, the trends above are likely to continue as they did in 2020 when the 15% rule was relaxed.

Moreover, without the 15% rule, why wouldn’t every applicant simply request the maximum of \$15M or something much greater than what they need in case there’s a chance they could expand down the road? What would be the downside? Most applications have enough qualification points to exceed the required 1,000—so why not ask for more? To this end, we ran simulations using the actual awards and those that were waitlisted/denied from 2022 – 2025.

We simulated the results in these 4 years had the proposed regulations today been in effect and if awardees would have requested 33% more, 50% more and the maximum STE based on their points and competitive criteria.

- 6) With a conservative 33% increase, \$63M previously granted to 50 companies—would have been denied and instead gone to those ranked above them. \$15.7M average per year in denials.
- 7) At a 50% increase, \$73M (62 companies)—denied. \$18.4M denied on average per year.

- 8) Had awardees requested their allowable maximum, \$180M (90 companies)—denied. \$45M denied on average per year.

If you add those waitlisted and denied from those years? The amount denied would grow to \$274M, \$284M and \$391M for the 33%, 50% and “maximum”, respectively. This would have impacted roughly 100 businesses seeking funds.

**The most devastating statistic, however? Over 60% of the funds that would have gone to the handful of successful companies in these 4 years...Have experienced effectively ZERO utilization to date.** Note this excludes 2025 awards since they have not reported QP spend.

While many of us would like to believe that no applicant would request more than the amount required for their project. How confident are we that the executives, stakeholders and consultants would not make the objectively correct decision to maximize the potential value to their business?

The current proposed regulations will surely reduce the number of awardees as the \$ awarded per project would increase. This would reduce CAEATFA’s diversification of funding. By this we mean that if fewer awards are granted, when a handful of those projects fail, a larger portion of the funds go to waste. Comparatively, if funding is granted to a greater number of applicants, the program can handle more failed projects because there is a larger more diversified pool. As anyone can see, it is actually the larger awards that have more consistently failed.

Therefore, we respectfully have the following suggestions for these regulations:

- 1) Maintaining the 15% rule and 3-year initial term.
- 2) Allowing all awardees ONE 6-month extension of both rules above, only requiring ED approval.
- 3) For award less than \$7.5M, allowing awardees ONE Board approved extension of both items in #1 by 6 and 12 months, respectively. No further extensions are allowed. For awards \$7.5M+, no Board extensions are allowed.
- 4) Applicants can modify their 15% rule, by increasing their 15% to as much as 50%. By doing so, every 1% above the standard 15%, would give the Applicant two Competitive Criteria points.
- 5) Any applicant that has spent less than 15% across all their inactive, complete and active STE awards in the aggregate—will get docked Competitive Criteria points as follows:

0-5%	6-10%	11-15%
-75	-50	-25

- 6) Doubling application fee rates for applicants requesting greater than \$7.5M in STE. CAEATFA fees have never been adjusted for inflation.



- 7) Retaining the small business pool as it was in 2025 for only the first application period.  
After this period, any remaining small business funds would go into the general.

Based on the history, data and our experience, we strongly believe that these suggestions will help the STE program increase utilization, which will also help aid the program receive more funding in the future in addition to the extension it will need in just two years. Another program extension would definitely be more difficult if STE utilization fell in the two years leading up to its expiration.

Happy to discuss any of the above, thank you!

Kind Regards,

A handwritten signature in black ink, appearing to read "Alex Tran".

Alex Tran, CPA  
Managing Partner – California Incentives Group  
[REDACTED]

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