

AMENDED IN ASSEMBLY AUGUST 15, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1233

Introduced by Assembly Member V. Manuel Pérez

February 18, 2011

An act to ~~amend Section 15570 of, and to add Sections 15571~~ *add Sections 15570 and 15572 to*, to the Government Code, relating to state government, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1233, as amended, V. Manuel Pérez. State government: economic development.

(1) Existing law establishes the Labor and Workforce Development Agency in state government, and provides that the Secretary of Labor and Workforce Development, the executive officer of the agency, is directly responsible to the Governor for the operations of each department, office, and unit within the agency. ~~Existing law requires~~

This bill would require the secretary to lead the preparation of prepare a biennial California Economic Development Strategic Plan, and Workforce Development Strategy, as specified, and to convene a biennial economic strategy panel, its membership to be composed as specified, to provide recommendations regarding the plan. Existing law requires to be updated every 5 years. The bill would require the secretary to undertake this process anew in each succeeding 2-year 5-year cycle in order to update the economic strategy prior to October 31 of each succeeding 2nd 5th year.

~~This bill would revise and recast these provisions relating to the preparation of the California Economic Development Strategic Plan,~~

which this bill would rename the California Economic and Workforce Development Strategy, and would instead require that strategy to be updated every 5 years rather than biennially. The bill would authorize the strategy to meet all or a portion of other state-level strategies, require the strategy to make recommendations regarding an economic development plan for the state covering a 5-year period, and require the strategy to contain specified items. The bill would require the Secretary of Labor and Workforce Development *secretary* to lead the preparation of the strategy, and authorize the secretary to call on the assistance of the California Economic Strategy Panel and the California Workforce Investment Board in fulfilling this duty. The bill would also require the secretary to prepare a preliminary strategy, to post that document on the agency's Internet Web site, and to submit written notice of that document's posting to the relevant policy and fiscal committees of each house of the Legislature by July 1, 2012. 2013. This bill would also require the relevant policy and fiscal committees of each house of the Legislature to review the preliminary strategy and hold hearings regarding the preliminary strategy, as specified. The bill would require the secretary to prepare the final version of the strategy within 2 months of the final hearing held by a policy or fiscal committee of either house of the Legislature on the preliminary strategy, and to update the strategy on or before October 31 of each succeeding 5th year.

(2) Existing law provides for the composition of the California Economic Strategy Panel, as specified. This bill would establish the panel within the office of the Secretary of Labor and Workforce Development and require it to research, facilitate outreach, and make policy and fiscal recommendations to the Governor and the Legislature on issues relating to economic and workforce development. The bill would require the secretary to be the chairperson of the panel, and would provide for the membership of the panel, as specified. The bill would require the panel to meet upon the call of the secretary, who would be required to call at least 2 meetings of the panel per year. The bill would require members of the panel to serve without compensation, but would authorize their reimbursement for actual expenses incurred in connection with their duties.

This

(2) This bill would require the panel, as part of its deliberations in preparing the strategy, Secretary of Labor and Workforce Development to create an assessment addressing specified considerations. The bill would also require the panel *secretary* to review the strategy within 5

years of the date of its finalization, and every 5 years thereafter, and to make recommendations on how to update the strategy.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 15570 is added to the Government Code,
2 to read:
3 15570. (a) The secretary shall prepare the California
4 Economic and Workforce Development Strategy. In fulfilling this
5 requirement, the secretary shall be assisted by the California
6 Workforce Investment Board, established pursuant to Article 1
7 (commencing with Section 14010) of Chapter 3 of Division 7 of
8 the Unemployment Insurance Code. The California Economic and
9 Workforce Development Strategy may serve to meet all or a portion
10 of other state-level strategies, including, but not limited to, the
11 state plan required by the federal Workforce Investment Act (Public
12 Law 105-220).
13 (b) The strategy shall make recommendations regarding an
14 economic development strategic plan for the state covering a
15 five-year time period, and shall contain all of the following:
16 (1) A statement of economic goals for the state.
17 (2) A prioritized list of significant issues facing the economy of
18 the state.
19 (3) Proposals for legislation, regulations, and administrative
20 reforms necessary to improve the business climate and economy
21 of the state.
22 (4) An evaluation of the effectiveness of the state's economic
23 development programs.
24 (5) A list of key industries in which the state shall focus its
25 economic development efforts.
26 (6) Strategies to foster job growth and economic development
27 covering all state agencies, offices, boards, and commissions that
28 have economic development responsibilities.
29 (c) Based on assessments completed by relevant state, federal,
30 local, and regional public and private organizations, the strategy
31 shall also include, at a minimum, all of the following components:

1 (1) Policy goals, objectives, and recommendations necessary
2 to implement a comprehensive economic and workforce
3 development strategic plan for the state, identifying the priority
4 for each within the overall strategy.

5 (2) Measurable outcomes and timelines for implementing the
6 goals, objectives, and recommendations of the strategy, showing
7 the way in which key policy development and implementation
8 efforts are coordinated with emerging issues.

9 (3) An identification of impediments to achieving the goals,
10 objectives, and recommendations described in paragraph (1) and
11 the way in which they will delay the state's ability to improve its
12 competitive position.

13 (4) An identification of key stakeholder partnerships to use in
14 implementing the recommendations.

15 (5) An identification of options for funding the goals, objectives,
16 and recommendations described in paragraph (1).

17 (6) An identification of an organizational structure for the
18 implementation of the policies, programs, and services
19 recommended in the strategy.

20 (d) (1) The secretary shall prepare a preliminary California
21 Economic and Workforce Strategy, post that document on the
22 agency's Internet Web site, and submit written notice of that
23 document's posting to the relevant policy and fiscal committees
24 of each house of the Legislature by July 1, 2013.

25 (2) Development of the preliminary strategy pursuant to this
26 subdivision shall be funded from private donations.

27 (e) The relevant policy and fiscal committees of each house of
28 the Legislature shall review the preliminary strategy and hold
29 hearings regarding the preliminary strategy within 90 days of the
30 date that notice of that document's posting is sent to the relevant
31 policy and fiscal committees of each house of the Legislature.

32 (f) (1) Within two months of the final hearing held by a policy
33 or fiscal committee of either house of the Legislature regarding
34 the preliminary strategy, the secretary shall prepare the final
35 version of the strategy.

36 (2) Upon the final strategy's completion, the Secretary of Labor
37 and Workforce Development, the Secretary of Business,
38 Transportation and Housing, and the Secretary of Food and
39 Agriculture shall post the preliminary and final strategies on each
40 of their agencies' Internet Web sites.

1 (3) *The Secretary of Labor and Workforce Development shall*
2 *submit written notice of the completion of the final strategy and*
3 *its posting to the agency Internet Web sites specified in paragraph*
4 *(2) to the relevant policy and fiscal committees of the Legislature*
5 *as well as every state agency, office, board, and commission having*
6 *economic and workforce development responsibilities.*

7 (g) *In each succeeding five-year cycle, the secretary shall update*
8 *the strategy, pursuant to the procedures set forth in this section,*
9 *on or before October 31 of each succeeding fifth year.*

10 SECTION 1. ~~Section 15570 of the Government Code is~~
11 ~~amended to read:~~

12 ~~15570. (a) The secretary shall lead the preparation of the~~
13 ~~California Economic and Workforce Development Strategy. In~~
14 ~~fulfilling this duty, the secretary shall call on the assistance of the~~
15 ~~California Economic Strategy Panel, established pursuant to~~
16 ~~Section 16671, and the California Workforce Investment Board,~~
17 ~~established pursuant to Article 1 (commencing with Section 14010)~~
18 ~~of Chapter 3 of Division 7 of the Unemployment Insurance Code.~~
19 ~~The California Economic and Workforce Development Strategy~~
20 ~~may serve to meet all or a portion of other state-level strategies,~~
21 ~~including, but not limited to, the state plan required by the federal~~
22 ~~Workforce Investment Act (Public Law 105-220).~~

23 ~~(b) The strategy shall make recommendations regarding an~~
24 ~~economic development strategic plan for the state covering a~~
25 ~~five-year time period, and shall contain all of the following:~~

26 ~~(1) A statement of economic goals for the state.~~

27 ~~(2) A prioritized list of significant issues facing the economy~~
28 ~~of the state.~~

29 ~~(3) Proposals for legislation, regulations, and administrative~~
30 ~~reforms necessary to improve the business climate and economy~~
31 ~~of the state.~~

32 ~~(4) An evaluation of the effectiveness of the state's economic~~
33 ~~development programs.~~

34 ~~(5) A list of key industries in which the state shall focus its~~
35 ~~economic development efforts.~~

36 ~~(6) Strategies to foster job growth and economic development~~
37 ~~covering all state agencies, offices, boards, and commissions that~~
38 ~~have economic development responsibilities.~~

1 ~~(e) Based on the assessment completed by the California~~
2 ~~Economic Strategy Panel pursuant to Section 15571, the strategy~~
3 ~~shall also include, at a minimum, all of the following components:~~

4 ~~(1) Policy goals, objectives, and recommendations necessary~~
5 ~~to implement a comprehensive economic and workforce~~
6 ~~development strategic plan for the state, identifying the priority~~
7 ~~for each within the overall strategy.~~

8 ~~(2) Measurable outcomes and timelines for implementing the~~
9 ~~goals, objectives, and recommendations of the strategy, showing~~
10 ~~the way in which key policy development and implementation~~
11 ~~efforts are coordinated with emerging issues.~~

12 ~~(3) An identification of impediments to achieving the goals,~~
13 ~~objectives, and recommendations described in paragraph (1) and~~
14 ~~the way in which they will delay the state's ability to improve its~~
15 ~~competitive position.~~

16 ~~(4) An identification of key stakeholder partnerships to use in~~
17 ~~implementing the recommendations.~~

18 ~~(5) An identification of options for funding the goals, objectives,~~
19 ~~and recommendations described in paragraph (1).~~

20 ~~(6) An identification of an organizational structure for the~~
21 ~~implementation of the policies, programs, and services~~
22 ~~recommended in the strategy.~~

23 ~~(d) (1) The secretary shall prepare a preliminary California~~
24 ~~Economic and Workforce Strategy, post that document on the~~
25 ~~agency's Internet Web site, and submit written notice of that~~
26 ~~document's posting to the relevant policy and fiscal committees~~
27 ~~of each house of the Legislature by July 1, 2012.~~

28 ~~(2) Development of the preliminary strategy pursuant to this~~
29 ~~subdivision shall be funded from private donations.~~

30 ~~(e) The relevant policy and fiscal committees of each house of~~
31 ~~the Legislature shall review the preliminary strategy and hold~~
32 ~~hearings regarding the preliminary strategy within 90 days of the~~
33 ~~date that notice of that document's posting is sent to the relevant~~
34 ~~policy and fiscal committees of each house of the Legislature.~~

35 ~~(f) (1) Within two months of the final hearing held by a policy~~
36 ~~or fiscal committee of either house of the Legislature regarding~~
37 ~~the preliminary strategy, the secretary shall prepare the final version~~
38 ~~of the strategy.~~

39 ~~(2) Upon the final strategy's completion, the Secretary of Labor~~
40 ~~and Workforce Development, California Economic Strategy Panel,~~

1 the Secretary of Business, Transportation and Housing, and the
2 Secretary of Food and Agriculture shall post the preliminary and
3 final strategies on each of their agencies' Internet Web sites.

4 (3) The Secretary of Labor and Workforce Development shall
5 submit written notice of the completion of the final strategy and
6 its posting to the agency Internet Web sites specified in paragraph
7 (2) to the relevant policy and fiscal committees of the Legislature
8 as well as every state agency, office, board, and commission having
9 economic and workforce development responsibilities.

10 (g) In each succeeding five-year cycle, the secretary shall update
11 the strategy, pursuant to the procedures set forth in this section,
12 on or before October 31 of each succeeding fifth year.

13 SEC. 2. Section 15571 is added to the Government Code, to
14 read:

15 15571. (a) The California Economic Strategy Panel within the
16 office of the Secretary of Labor and Workforce Development shall
17 research, facilitate outreach, and make policy and fiscal
18 recommendations to the Governor and the Legislature on issues
19 related to economic and workforce development.

20 (b) The panel shall include all of the following members:

21 (1) The Secretary of Labor and Workforce Development, who
22 shall serve as the chairperson of the panel.

23 (2) The Director of the Governor's Office of Economic
24 Development.

25 (3) The Secretary of Business, Transportation and Housing.

26 (4) The Secretary of Food and Agriculture.

27 (5) Eight persons appointed by the Governor, as specified in
28 paragraph (1) of subdivision (c).

29 (6) The Speaker of the Assembly or his or her designee.

30 (7) The President pro Tempore of the Senate or his or her
31 designee.

32 (8) The Minority Leader of the Assembly or his or her designee.

33 (9) The Minority Leader of the Senate or his or her designee.

34 (10) One person appointed by the Speaker of the Assembly.

35 (11) One person appointed by the Senate Committee on Rules.

36 (12) The California Small Business Advocate.

37 (13) The Executive Director of the California Council on
38 Science and Technology.

39 (c) (1) Of the eight members appointed by the Governor, each
40 shall represent one of the following categories:

1 ~~(A) Local government.~~
 2 ~~(B) Small businesses.~~
 3 ~~(C) Manufacturing.~~
 4 ~~(D) Workforce development.~~
 5 ~~(E) Economic development.~~
 6 ~~(F) Labor.~~
 7 ~~(G) Finance.~~
 8 ~~(H) Academic institutions.~~
 9 ~~(2) The members appointed by the Governor shall also be~~
 10 ~~broadly reflective of the state's population as to gender, ethnicity,~~
 11 ~~and geographic residence within California.~~
 12 ~~(3) At least seven of the members appointed by the Governor~~
 13 ~~shall be from the private sector.~~
 14 ~~(4) At least two of the members appointed by the Governor shall~~
 15 ~~be from rural areas.~~
 16 ~~(d) The members appointed by the Speaker of the Assembly~~
 17 ~~and the Senate Committee on Rules shall both be from the private~~
 18 ~~sector.~~
 19 ~~(e) Commencing January 1, 2012, appointments to the panel~~
 20 ~~shall be for four-year terms, except for the Governor's~~
 21 ~~appointments, which shall be made as follows:~~
 22 ~~(1) Two members shall be appointed on January 1, 2012, and~~
 23 ~~every four years thereafter.~~
 24 ~~(2) Two members shall be appointed on January 1, 2013, for a~~
 25 ~~two-year term. It is not the intent of the Legislature to disturb the~~
 26 ~~appointment of the members of the panel, as it existed prior to the~~
 27 ~~enactment of the act that added this section, whose terms are still~~
 28 ~~ongoing.~~
 29 ~~(f) Vacancies shall be filled in the same manner as the original~~
 30 ~~appointments, pursuant to this section.~~
 31 ~~(g) The panel shall meet upon the call of the Secretary of Labor~~
 32 ~~and Workforce Development, who shall convene at least two panel~~
 33 ~~meetings during each year. A quorum shall not be required to meet,~~
 34 ~~except at the meeting at which the California Economic and~~
 35 ~~Workforce Development Strategy is approved by a majority of~~
 36 ~~those present.~~
 37 ~~(h) Panel members shall serve without compensation, but may~~
 38 ~~be reimbursed for actual expenses incurred in connection with~~
 39 ~~their duties.~~

1 ~~SEC. 3.~~

2 *SEC. 2.* Section 15572 is added to the Government Code, to
3 read:

4 15572. (a) As part of its deliberations in preparing the
5 California Economic and Workforce Development Strategy, the
6 ~~California Economic Strategy Panel~~ *Secretary of Labor and*
7 *Workforce Development* shall create an assessment addressing all
8 of the following considerations:

9 (1) The strengths and weaknesses of the state's economy within
10 a regional, national, and global context, and the state's prospects
11 for future economic prosperity, identifying industries and
12 businesses in each of the state's nine regional economies that are
13 significant in 2012, and those that are likely to be significant in
14 2021.

15 (2) The current and emerging economic trends, areas in which
16 the state has a comparative advantage to other states and foreign
17 countries, and key opportunities for strategic alliances with other
18 states and foreign countries.

19 (3) The effectiveness of the state's economic and workforce
20 development programs in creating and retaining jobs, improving
21 productivity, increasing innovation, providing 21st century
22 workforce skills, and attracting industries providing employment
23 within the state's core and emerging industry clusters.

24 (4) The ways in which private resources, including, but not
25 limited to, investor networks, may be more effectively leveraged
26 to attract additional private investment within the state's
27 communities and small businesses.

28 (5) The adequacy of state and local physical, electronic, and
29 human infrastructure, including skills relating to digital technology,
30 to meet the state's current and future needs, and a discussion of
31 the appropriate role for state government to improve inadequacies
32 identified in the state's physical, electronic, and human
33 infrastructure.

34 (6) Government impediments to economic development.

35 (7) The role of innovation in keeping the state's regional
36 economies vibrant, including models and strategies that encourage
37 partnerships among public, academic, and private entities, located
38 in this state or other states, that support the state's core and
39 emerging industries.

- 1 (8) The unique opportunities and challenges in developing
 2 businesses and attracting investment along the state’s border areas
 3 and in emerging domestic markets.
- 4 (9) A review of significant literature by the federal government,
 5 state governments, foreign countries, and international associations
 6 concerning competitive advantages.
- 7 ~~(b) As part of its deliberations in preparing the strategy, as well~~
 8 ~~as other projects and activities of the panel, the panel~~
- 9 *(b) As part of its deliberations in preparing the strategy, the*
 10 *secretary shall do all of the following:*
- 11 (1) Consult with other state entities, including, but not limited
 12 to, all of the following:
- 13 (A) The California Transportation Commission.
 14 (B) The California Workforce Investment Board.
 15 (C) The Small Business Council on Procurement.
 16 (D) The office of the Treasurer.
 17 (E) The California Organized Investment Network.
 18 (F) The Department of Insurance.
 19 (G) The California Infrastructure and Economic Development
 20 Bank.
 21 (H) The State Energy Resources Conservation and Development
 22 Commission.
- 23 (2) Review relevant background, findings, and recommendations
 24 of all of the following:
- 25 (A) The California Transportation Plan, required to be updated
 26 pursuant to Chapter 2.3 (commencing with Section 65070) of
 27 Division 1 of Title 7, including those portions related to trade
 28 infrastructure and the movement of goods.
- 29 (B) The international and foreign investment strategies of state
 30 and local governments.
- 31 (C) The State Environmental Goals and Policy Report, prepared
 32 pursuant to Article 5 (commencing with Section 65041) of Chapter
 33 1.5 of Title 7.
- 34 (D) The five-year plan for funding infrastructure, prepared
 35 pursuant to Article 2 (commencing with Section 13100) of Chapter
 36 2 of Part 3 of Division 3 of Title 2.
- 37 (E) The state workforce strategy submitted as a condition of
 38 receiving funding pursuant to the federal Workforce Investment
 39 Act of 1998 (29 U.S.C. Sec. 2938).

1 (F) The workforce strategies developed by the Employment
2 Training Panel and the California Community Colleges.

3 (c) The ~~panel~~ *secretary* shall review the California Economic
4 and Workforce Development Strategy within five years after the
5 date it is finalized, and every five years thereafter, and make
6 recommendations on how to update the strategy as the ~~panel~~
7 *secretary* deems appropriate. Nothing in this subdivision shall
8 prohibit the ~~panel~~ *secretary* from reviewing or making
9 recommendations on how to update the strategy more frequently.

10 ~~SEC. 4.~~

11 *SEC. 3.* This act is an urgency statute necessary for the
12 immediate preservation of the public peace, health, or safety within
13 the meaning of Article IV of the Constitution and shall go into
14 immediate effect. The facts constituting the necessity are:

15 In order to preserve the public peace, health, and safety through
16 the encouragement of economic development throughout the state's
17 economic regions, it is necessary that this act take effect
18 immediately.

O