

## Assembly Bill No. 2664

### CHAPTER 862

An act to add Chapter 14.5 (commencing with Section 92965) to Part 57 of Division 9 of Title 3 of the Education Code, relating to the University of California.

[Approved by Governor September 30, 2016. Filed with  
Secretary of State September 30, 2016.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 2664, Irwin. University of California: innovation and entrepreneurship expansion.

Existing law establishes the University of California, under the administration of the Regents of the University of California, as one of the segments of public postsecondary education in this state. The University of California comprises 10 campuses, which are located at Berkeley, Davis, Irvine, Los Angeles, Merced, Riverside, San Diego, San Francisco, Santa Barbara, and Santa Cruz.

This bill would require the University of California to make one-time expenditures for activities to expand or accelerate economic development in the state in ways that are aligned with other efforts to support innovation and entrepreneurship. The bill would identify a specific funding source in the Budget Act of 2016 appropriated for that purpose and would allocate \$2,200,000 under that appropriation to each of 10 campuses of the University of California. The bill would require the regents to designate an external advisory board, as provided, to encourage the effective use of these funds through planning and oversight and would prohibit a campus from expending these funds unless the external advisory body has certified that the chancellor of that campus has made certain demonstrations, including, among others, that funds will only be used for the costs of activities that support the expansion or acceleration of economic development in the state and that private funds that at least match the amount of state funds will also be used on those activities. The bill would require the University of California to report to the Department of Finance and the Legislature on or before November 30, 2017, on the specific activities at each campus supported by these funds.

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

SECTION 1. With respect to innovation and entrepreneurship by those connected to the University of California, the Legislature finds and declares all of the following:

(a) The State of California is well-positioned to harness the power of the University of California's expertise to spur economic development.

(b) The University of California contributed to the launch and growth of some of California's strongest industries, including aerospace, agriculture, biotechnology, computers and semiconductors, telecommunications, and digital media.

(c) Instruction and research at the University of California can be the genesis of tomorrow's industries, companies, and commercial successes.

(d) As a public institution of higher education, the University of California is positioned to address challenges faced by entrepreneurs—challenges that are particularly acute for groups such as women and minorities who are typically underrepresented in private incubators and accelerators.

(e) It is therefore the intent of the Legislature to provide one-time funds for new infrastructure at each campus to (1) enhance the state's network of programs and services that support innovators, entrepreneurs, startups, investors, and industry and community partners that are locally based and committed to serving in communities across California and (2) generate commitments of private funds for these activities in an amount at least equal to the amount of state funds.

SEC. 2. Chapter 14.5 (commencing with Section 92965) is added to Part 57 of Division 9 of Title 3 of the Education Code, to read:

#### CHAPTER 14.5. INNOVATION AND ENTREPRENEURSHIP EXPANSION

92965. (a) With funds appropriated in Item 6440-001-0001 of Section 2.00 of the Budget Act of 2016, the University of California shall make one-time expenditures for activities to expand or accelerate economic development in the state in ways that are aligned with other efforts to support innovation and entrepreneurship.

(b) From the funds specified in subdivision (a), two million two hundred thousand dollars (\$2,200,000) shall be allocated to each of the following campuses of the University of California:

- (1) Berkeley.
- (2) Davis.
- (3) Irvine.
- (4) Los Angeles.
- (5) Merced.
- (6) Riverside.
- (7) San Diego.
- (8) San Francisco.
- (9) Santa Barbara.
- (10) Santa Cruz.

(c) The Regents of the University of California shall designate an external advisory body, whose members have demonstrated expertise in innovation and entrepreneurship, to encourage the effective use of the funds specified in subdivision (b) through planning and oversight.

(d) A campus shall not expend the funds specified in subdivision (b) until the external advisory body has certified that the chancellor of the campus has demonstrated all of the following:

(1) That the funds will be used only for the costs of activities that support the expansion or acceleration of economic development in the state, such as any of the following benefits for entrepreneurs:

- (A) Business training.
- (B) Mentorship.
- (C) Proof-of-concept grants.
- (D) Work space.
- (E) Laboratory space.
- (F) Equipment.

(2) That the funds will be spent only after the uses and beneficiaries have been determined through a transparent, inclusive, and fair process.

(3) That private funds will also be used for these activities, with the intent that the amount of private funds will be at least equal to the amount specified in subdivision (b).

(4) That any financial benefit that results from the use of these funds, including any revenues generated with these funds be accounted for and also used on these activities.

(5) That a credible plan has been developed to support any ongoing activities beyond the one-time expenditures of these funds.

(e) The external advisory body shall notify the Director of Finance and the Legislature, no fewer than 10 days before providing certification pursuant to subdivision (d) of its intent to do so.

(f) (1) On or before November 30, 2017, the Regents of the University of California shall report to the Director of Finance and the Legislature on the specific activities at each campus supported by these funds.

(2) The report shall be submitted to the Legislature pursuant to Section 9795 of the Government Code.