

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 and 15572 to, the Government Code, relating to state government, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1233, as introduced, 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 the secretary to lead the preparation of a biennial California Economic Development Strategic Plan, 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 the secretary to undertake this process anew in each succeeding 2-year cycle in order to update the economic strategy prior to October 31 of each succeeding 2nd 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 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. 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 bill would require the panel, as part of its deliberations in preparing the strategy, to create an assessment addressing specified considerations. The bill would also require the panel 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 of the Government Code is
2 amended to read:

3 15570. (a) The secretary shall lead the preparation of a biennial
4 ~~the California Economic Development Strategic Plan and~~
5 *Workforce Development Strategy*. In fulfilling this duty, the
6 secretary shall ~~do the following:~~ *call on the assistance of the*
7 *California Economic Strategy Panel, established pursuant to*
8 *Section 16671, and the California Workforce Investment Board,*
9 *established pursuant to Article 1 (commencing with Section 14010)*
10 *of Chapter 3 of Division 7 of the Unemployment Insurance Code.*
11 *The California Economic and Workforce Development Strategy*
12 *may serve to meet all or a portion of other state-level strategies,*
13 *including, but not limited to, the state plan required by the federal*
14 *Workforce Investment Act (Public Law 105-220).*

15 (b) *The strategy shall make recommendations regarding an*
16 *economic development strategic plan for the state covering a*
17 *five-year time period, and shall contain all of the following:*

18 (1) *A statement of economic goals for the state.*

19 (2) *A prioritized list of significant issues facing the economy of*
20 *the state.*

21 (3) *Proposals for legislation, regulations, and administrative*
22 *reforms necessary to improve the business climate and economy*
23 *of the state.*

24 (4) *An evaluation of the effectiveness of the state’s economic*
25 *development programs.*

26 (5) *A list of key industries in which the state shall focus its*
27 *economic development efforts.*

28 ~~(1)~~

29 ~~(6) Review the recommendations made by the California~~
30 ~~Economic Strategy Panel in their biennial economic development~~
31 ~~strategic plan document. This document shall make~~
32 ~~recommendations regarding an economic development strategic~~
33 ~~plan for the state, covering a two-year time period and containing~~
34 ~~a statement of economic goals for the state, a prioritized list~~
35 ~~identifying significant issues learned from economic development~~
36 ~~strategic plan panel meetings, proposals for legislation, regulations,~~
37 ~~and administrative reforms necessary to improve the business~~
38 ~~climate and economy of the state, evaluation of the effectiveness~~

1 of the state's economic development programs, a list of key
2 industries in which the state shall focus its economic development
3 efforts, and strategies *Strategies* to foster job growth and economic
4 development covering all state agencies, offices, boards, and
5 commissions that have economic development responsibilities.

6 ~~(2) Convene a biennial economic strategy panel to provide~~
7 ~~recommendations regarding a California economic development~~
8 ~~strategic plan. This panel shall conduct meetings in Sacramento,~~
9 ~~all cities of the state with populations over 500,000, and in major~~
10 ~~cities of other regions of California as designated by the secretary.~~
11 ~~The secretary shall invite businesses, labor unions, organizations~~
12 ~~representing the interests of diverse ethnic and gender groups,~~
13 ~~local government leaders, academic economists and business~~
14 ~~professors, chambers of commerce and other business~~
15 ~~organizations, government agencies, and key industries to~~
16 ~~contribute to the preparation of the recommended economic~~
17 ~~strategy. These meetings shall address at least the following matters~~
18 ~~of concern:~~

19 ~~(A) Strengths and weaknesses of the California economy and~~
20 ~~the state's prospects for future economic prosperity.~~

21 ~~(B) Emerging and declining industries in California and~~
22 ~~elsewhere.~~

23 ~~(C) Effectiveness of California's economic development~~
24 ~~programs in creating and retaining jobs and attracting industries.~~

25 ~~(D) Adequacy of state and local physical and economic~~
26 ~~infrastructure.~~

27 ~~(E) Government impediments to economic development.~~

28 ~~(F) The development of a system of accountability for use in~~
29 ~~the annual state budget process and in the legislative process to~~
30 ~~measure the performance of all state policies, programs, and tax~~
31 ~~expenditures intended to stimulate the economy. In developing a~~
32 ~~system of accountability, the panel shall, by using only existing~~
33 ~~resources and without future budget augmentation made for this~~
34 ~~purpose, do all of the following:~~

35 ~~(i) Develop a standard definition of economic development.~~

36 ~~(ii) Develop, for use in state law, standard measurements of real~~
37 ~~per capita income, job growth, new business creation, private sector~~
38 ~~investment, minority entrepreneurship, and income inequality.~~

- 1 ~~(iii) Survey and evaluate efforts in other states to develop~~
2 ~~accountability measures for public investments in economic~~
3 ~~development.~~
- 4 ~~(iv) Determine whether a return on investment calculation is~~
5 ~~feasible for public investments in economic development.~~
- 6 ~~(v) Conduct a comparative study of various methodologies for~~
7 ~~preparing the economic development sections of a state budget,~~
8 ~~including unified functional budget, zero-based budget, and~~
9 ~~performance-based budget methodologies.~~
- 10 ~~(vi) Study the feasibility of statutory disclosure requirements~~
11 ~~on specified publicly funded subsidies to private sector businesses.~~
- 12 ~~(vii) Submit a report of its findings and recommendations~~
13 ~~regarding this subparagraph to the Legislature no later than one~~
14 ~~year after its first meeting after January 1, 2005.~~
- 15 ~~(b) The panel shall be composed of the following 15 members:~~
- 16 ~~(c) Based on the assessment completed by the California~~
17 ~~Economic Strategy Panel pursuant to Section 15571, the strategy~~
18 ~~shall also include, at a minimum, all of the following components:~~
 - 19 ~~(1) Policy goals, objectives, and recommendations necessary~~
20 ~~to implement a comprehensive economic and workforce~~
21 ~~development strategic plan for the state, identifying the priority~~
22 ~~for each within the overall strategy.~~
 - 23 ~~(2) Measurable outcomes and timelines for implementing the~~
24 ~~goals, objectives, and recommendations of the strategy, showing~~
25 ~~the way in which key policy development and implementation~~
26 ~~efforts are coordinated with emerging issues.~~
 - 27 ~~(3) An identification of impediments to achieving the goals,~~
28 ~~objectives, and recommendations described in paragraph (1) and~~
29 ~~the way in which they will delay the state's ability to improve its~~
30 ~~competitive position.~~
 - 31 ~~(4) An identification of key stakeholder partnerships to use in~~
32 ~~implementing the recommendations.~~
 - 33 ~~(5) An identification of options for funding the goals, objectives,~~
34 ~~and recommendations described in paragraph (1).~~
 - 35 ~~(6) An identification of an organizational structure for the~~
36 ~~implementation of the policies, programs, and services~~
37 ~~recommended in the strategy.~~
- 38 ~~(d) (1) The secretary shall prepare a preliminary California~~
39 ~~Economic and Workforce Strategy, post that document on the~~
40 ~~agency's Internet Web site, and submit written notice of that~~

1 document's posting to the relevant policy and fiscal committees
2 of each house of the Legislature by July 1, 2012.

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

5 (e) The relevant policy and fiscal committees of each house of
6 the Legislature shall review the preliminary strategy and hold
7 hearings regarding the preliminary strategy within 90 days of the
8 date that notice of that document's posting is sent to the relevant
9 policy and fiscal committees of each house of the Legislature.

10 (f) (1) Within two months of the final hearing held by a policy
11 or fiscal committee of either house of the Legislature regarding
12 the preliminary strategy, the secretary shall prepare the final
13 version of the strategy.

14 (1)

15 (2) ~~The~~ Upon the final strategy's completion, the Secretary of
16 Labor and Workforce Development, ~~who shall serve as chair of~~
17 ~~the panel~~ California Economic Strategy Panel, the Secretary of
18 Business, Transportation and Housing, and the Secretary of Food
19 and Agriculture shall post the preliminary and final strategies on
20 each of their agencies' Internet Web sites.

21 (2) ~~Eight persons appointed by the Governor:~~

22 (3) ~~The Speaker of the Assembly or his or her designee.~~

23 (4) ~~The President pro Tempore of the Senate or his or her~~
24 ~~designee.~~

25 (5) ~~The Minority Leader of the Assembly or his or her designee.~~

26 (6) ~~The Minority Leader of the Senate or his or her designee.~~

27 (7) ~~One person appointed by the Speaker of the Assembly.~~

28 (8) ~~One person appointed by the Senate Committee on Rules.~~

29 (e) ~~The panel shall be representative of state government,~~
30 ~~business, labor, finance, and academic institutions, and shall be~~
31 ~~broadly reflective of the state's population as to gender, ethnicity,~~
32 ~~and geographic residence within California.~~

33 At least one-half of all the persons on the panel shall be from
34 the private sector and at least two appointments shall be from
35 private businesses with less than 50 employees. At least two
36 appointments shall be from rural areas of the state. Beginning
37 January 1, 2004, appointments to the panel shall be for four-year
38 terms, except that the Governor's appointments made pursuant to
39 paragraph (2) of subdivision (b) shall be made as follows:

1 ~~(1) Four members shall be appointed on January 1, 2004, and~~
2 ~~every four years thereafter.~~

3 ~~(2) Four members shall be appointed on January 1, 2004, for a~~
4 ~~two-year term.~~

5 ~~(3) Upon the expiration of the initial appointments made~~
6 ~~pursuant to paragraph (2), four members shall be appointed on~~
7 ~~January 1, 2006, and every four years thereafter.~~

8 ~~(d)~~

9 ~~(3) The secretary shall deliver copies of the economic strategy~~
10 ~~panel's recommended California economic development strategic~~
11 ~~plan to every constitutional officer, legislator, member of the~~
12 ~~Governor's cabinet, members of the economic development~~
13 ~~strategic plan panel, and Secretary of Labor and Workforce~~
14 ~~Development shall submit written notice of the completion of the~~
15 ~~final strategy and its posting to the agency Internet Web sites~~
16 ~~specified in paragraph (2) to the relevant policy and fiscal~~
17 ~~committees of the Legislature as well as every state agency, office,~~
18 ~~board, and commission having economic and workforce~~
19 ~~development responsibilities.~~

20 ~~(e)~~

21 ~~(g) In each succeeding two-year five-year cycle, the secretary~~
22 ~~shall undertake this process anew, so as to update the economic~~
23 ~~strategy update the strategy, pursuant to the procedures set forth~~
24 ~~in this section, on or before October 31 of each succeeding second~~
25 ~~fifth year.~~

26 SEC. 2. Section 15571 is added to the Government Code, to
27 read:

28 15571. (a) The California Economic Strategy Panel within the
29 office of the Secretary of Labor and Workforce Development shall
30 research, facilitate outreach, and make policy and fiscal
31 recommendations to the Governor and the Legislature on issues
32 related to economic and workforce development.

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

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

36 (2) The Director of the Governor's Office of Economic
37 Development.

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

39 (4) The Secretary of Food and Agriculture.

- 1 (5) Eight persons appointed by the Governor, as specified in
- 2 paragraph (1) of subdivision (c).
- 3 (6) The Speaker of the Assembly or his or her designee.
- 4 (7) The President pro Tempore of the Senate or his or her
- 5 designee.
- 6 (8) The Minority Leader of the Assembly or his or her designee.
- 7 (9) The Minority Leader of the Senate or his or her designee.
- 8 (10) One person appointed by the Speaker of the Assembly.
- 9 (11) One person appointed by the Senate Committee on Rules.
- 10 (12) The California Small Business Advocate.
- 11 (13) The Executive Director of the California Council on
- 12 Science and Technology.
- 13 (c) (1) Of the eight members appointed by the Governor, each
- 14 shall represent one of the following categories:
- 15 (A) Local government.
- 16 (B) Small businesses.
- 17 (C) Manufacturing.
- 18 (D) Workforce development.
- 19 (E) Economic development.
- 20 (F) Labor.
- 21 (G) Finance.
- 22 (H) Academic institutions.
- 23 (2) The members appointed by the Governor shall also be
- 24 broadly reflective of the state’s population as to gender, ethnicity,
- 25 and geographic residence within California.
- 26 (3) At least seven of the members appointed by the Governor
- 27 shall be from the private sector.
- 28 (4) At least two of the members appointed by the Governor shall
- 29 be from rural areas.
- 30 (d) The members appointed by the Speaker of the Assembly
- 31 and the Senate Committee on Rules shall both be from the private
- 32 sector.
- 33 (e) Commencing January 1, 2012, appointments to the panel
- 34 shall be for four-year terms, except for the Governor’s
- 35 appointments, which shall be made as follows:
- 36 (1) Two members shall be appointed on January 1, 2012, and
- 37 every four years thereafter.
- 38 (2) Two members shall be appointed on January 1, 2013, for a
- 39 two-year term. It is not the intent of the Legislature to disturb the
- 40 appointment of the members of the panel, as it existed prior to the

1 enactment of the act that added this section, whose terms are still
2 ongoing.

3 (f) Vacancies shall be filled in the same manner as the original
4 appointments, pursuant to this section.

5 (g) The panel shall meet upon the call of the Secretary of Labor
6 and Workforce Development, who shall convene at least two panel
7 meetings during each year. A quorum shall not be required to meet,
8 except at the meeting at which the California Economic and
9 Workforce Development Strategy is approved by a majority of
10 those present.

11 (h) Panel members shall serve without compensation, but they
12 may be reimbursed for actual expenses incurred in connection with
13 their duties.

14 SEC. 3. Section 15572 is added to the Government Code, to
15 read:

16 15572. (a) As part of its deliberations in preparing the
17 California Economic and Workforce Development Strategy, the
18 California Economic Strategy Panel shall create an assessment
19 addressing all of the following considerations:

20 (1) The strengths and weaknesses of the state's economy within
21 a regional, national, and global context, and the state's prospects
22 for future economic prosperity, identifying industries and
23 businesses in each of the state's nine regional economies that are
24 significant in 2012, and those that are likely to be significant in
25 2021.

26 (2) The current and emerging economic trends, areas in which
27 the state has a comparative advantage to other states and foreign
28 countries, and key opportunities for strategic alliances with other
29 states and foreign countries.

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

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

39 (5) The adequacy of state and local physical, electronic, and
40 human infrastructure, including skills relating to digital technology,

1 to meet the state’s current and future needs, and a discussion of
2 the appropriate role for state government to improve inadequacies
3 identified in the state’s physical, electronic, and human
4 infrastructure.

5 (6) Government impediments to economic development.

6 (7) The role of innovation in keeping the state’s regional
7 economies vibrant, including models and strategies that encourage
8 partnerships among public, academic, and private entities, located
9 in this state or other states, that support the state’s core and
10 emerging industries.

11 (8) The unique opportunities and challenges in developing
12 businesses and attracting investment along the state’s border areas
13 and in emerging domestic markets.

14 (9) A review of significant literature by the federal government,
15 state governments, foreign countries, and international associations
16 concerning competitive advantages.

17 (b) As part of its deliberations in preparing the strategy, as well
18 as other projects and activities of the panel, the panel shall do all
19 of the following:

20 (1) Consult with other state entities, including, but not limited
21 to, all of the following:

- 22 (A) The California Transportation Commission.
- 23 (B) The California Workforce Investment Board.
- 24 (C) The Small Business Council on Procurement.
- 25 (D) The office of the Treasurer.
- 26 (E) The California Organized Investment Network.
- 27 (F) The Department of Insurance.
- 28 (G) The California Infrastructure and Economic Development
29 Bank.
- 30 (H) The State Energy Resources Conservation and Development
31 Commission.

32 (2) Review relevant background, findings, and recommendations
33 of all of the following:

34 (A) The California Transportation Plan, required to be updated
35 pursuant to Chapter 2.3 (commencing with Section 65070) of
36 Division 1 of Title 7, including those portions related to trade
37 infrastructure and the movement of goods.

38 (B) The international and foreign investment strategies of state
39 and local governments.

1 (C) The State Environmental Goals and Policy Report, prepared
2 pursuant to Article 5 (commencing with Section 65041) of Chapter
3 1.5 of Title 7.

4 (D) The five-year plan for funding infrastructure, prepared
5 pursuant to Article 2 (commencing with Section 13100) of Chapter
6 2 of Part 3 of Division 3 of Title 2.

7 (E) The state workforce strategy submitted as a condition of
8 receiving funding pursuant to the federal Workforce Investment
9 Act of 1998 (29 U.S.C. Sec. 2938).

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

12 (c) The panel shall review the California Economic and
13 Workforce Development Strategy within five years after the date
14 it is finalized, and every five years thereafter, and make
15 recommendations on how to update the strategy as the panel deems
16 appropriate. Nothing in this subdivision shall prohibit the panel
17 from reviewing or making recommendations on how to update the
18 strategy more frequently.

19 SEC. 4. This act is an urgency statute necessary for the
20 immediate preservation of the public peace, health, or safety within
21 the meaning of Article IV of the Constitution and shall go into
22 immediate effect. The facts constituting the necessity are:

23 In order to preserve the public peace, health, and safety through
24 the encouragement of economic development throughout the state's
25 economic regions, it is necessary that this act take effect
26 immediately.