

5 Workbook on the California Innovation Initiatives

Statutory References:

Government Code Section 12096.3 and 12096.4
Government Code Sections 12099 through 12099.7
Unemployment Code Sections 14012 and 14013
Unemployment Code Section 14020

Program Purpose: To designate Innovation Hubs (iHubs) for the purpose of stimulating partnerships, economic development, job creation and workforce activities. The iHub Program is designed to position the state as an active and effective partner in California's innovation ecosystem by leveraging, convening and coordinating collaborative regional assets and activities. This program's efforts evolve in order to benefit government, business, economic and workforce development organizations, academic institutions, as well as the capital access community (e.g. venture capitalist/angel investors/philanthropists).

Program Narrative: The Innovation and Entrepreneurship unit is designed to serve as the state's primary point of contact for promoting California's innovation infrastructure. The sole staff person for the unit coordinates and participates in a range of activities, often hosted by others or undertaken in partnership, that encourage entrepreneurship, promote long term economic growth, and facilitate job creation and workforce development through innovation.

The Innovation and Entrepreneurship unit also works closely with other GO-Biz units, including CalBIS, to meet client businesses' needs. Under the auspices of the Innovation and Entrepreneurship unit, GO-Biz convenes key stakeholders on issues that support the development of California's innovation-based ecosystem and workforce to promote collaborations and strategic partnerships that can drive innovation and entrepreneurship in California.

Another core component to this unit is the administration of California's Innovation Hub (iHub) Program. The iHub network supports 15 partnerships between incubators, co-working spaces, non-profit economic development organizations, government entities, universities, businesses, and investment networks to accelerate investment and economic development. Information provided below includes a summary of each iHub and a map of California indicating the iHub region and/or main center. <http://www.business.ca.gov/Programs/Innovation.aspx>

Related Appendices: *Appendix D* includes a fact sheet with data on the California economy, *Appendix F* has an infographic of the 10 drivers of the California economy, and *Appendix A and B* include additional program information provided by GO-Biz. *Appendix E* has information on the significant number of small businesses in California, including the increase in minority, women, and veteran-owned businesses between 2007 and 2012.

Key Statutory Requirements:

- 1) Requires GO-Biz to serve the Governor as the lead entity for economic strategy and marketing of California on issues relating to business development, private sector investment, and economic growth.

- 2) Requires state entities to engage in economic and business development activities to support the work of the California Workforce Development Board, including, but not limited to, making recommendations on entrepreneurial training activities and developing strategies for meeting the needs of employers in high demand industry sectors.
- 3) Creates the iHub and requires GO-Biz to designate and oversee the Innovation Hubs.
- 4) Requires iHubs to serve as a primary statewide partner of GO-Biz and to coordinate activities with the Employment Training Panel, the California Workforce Investment Board, the Office of the Chancellor of the California Community Colleges, the University of California system, the California State University system, and other state economic and workforce development programs.
- 5) Requires iHub applications to identify related local and regional incentives and support programs; list the assets and resources of the iHub; identify the focus area of the iHub including industry sectors; list specific resources available to support and guide startup companies; list the iHub goals and expectations for job development and business creation; define performance standards which have been agreed upon by the partners involved in the development of the iHub; and set evaluation procedures that will be used to measure the level of achievement for each stated goal.
- 6) Requires iHub applications to include the following information related to innovation expertise: demonstrated experience with innovation programs such as involvement with technology commercialization; demonstrated experience with technology transfer or licensing; and demonstrated experience with intellectual property management.
- 7) Specifies that establishment of the iHub is contingent upon the applicant and GO-Biz entering into a memorandum of understanding that includes the goals and performance standards identified in the application and other related requirements as determined by the office.
- 8) Requires a designated iHub to include at least one major university, research center, or institute; one economic development organization; and at least four of the following types of entities:
 - a) A business support organization including a workforce development or training organization, incubator or business accelerator, business technical assistance provider, chamber of commerce, or networking organization that supports innovation;
 - b) An educational consortium including technology transfer representatives;
 - c) A venture capital network including angel investors;
 - d) A business foundation, innovation foundation, science foundation, laboratory research institution, federal laboratory, or research and development facility;
 - e) A municipal economic development division or department; and
 - f) A federal government partner such as a national laboratory.

- 9) Requires an iHub self-certify, prior to designation, that the iHub will comply with the state's nondiscrimination policy, and that the iHub and its principals are current in payment of all state and local taxes, as specified.

Program Priorities in Statute: None

Program Authorities in Statute:

- 1) Authorizes GO-Biz to make recommendations to the Governor and the Legislature on: new state policies, programs, and actions; amendments to existing programs; advance statewide economic goals; respond to emerging economic problems and opportunities; and ensure that all state policies and programs conform to the adopted state economic and business development goals.
- 2) Authorizes GO-Biz to coordinate the development of policies and criteria to ensure that federal grants administered or directly expended by state government advance statewide economic goals and objectives.
- 3) Authorizes GO-Biz to market the business and investment opportunities available in California by working in partnership with local, regional, federal, and other state public and private institutions to encourage business development and investment in the state.
- 4) Authorizes GO-Biz to encourage collaboration among research institutions, startup companies, local governments, venture capitalists, and economic development agencies to promote innovation.
- 5) Authorizes GO-Biz to designate an iHub for a term of not more than five years. An iHub may reapply for a designation without limitation on the number of times.
- 6) Authorizes GO-Biz to designate more than one iHub in an area to the extent that there is a clear distinction between the focus area of each iHub.
- 7) Authorizes an iHub to offer the following services:
 - a) Provide counseling and technical assistance in the areas of entrepreneurial business planning and management, financing, and marketing for small businesses;
 - b) Provide expert advice to entrepreneurs on starting a business, including legal requirements for starting a business, and access to financing opportunities;
 - c) Conduct business workshops, seminars, and conferences with local partners including, but not limited to, state universities, state community colleges, local governments, state and federal service providers, private industry, workforce investment boards and agencies, small business development centers, microenterprise development organizations, small business service agencies, economic development organizations, and chambers of commerce; and
 - d) Facilitate partnerships between innovative startup businesses, research institutions, and venture capitalists or financial institutions.

Reporting Requirements in Statute: There are no unit reporting requirements. Under the iHub Program, each iHub is required to annually report to GO-Biz on its progress in meeting the goals and performance standards as described in the iHUB application and implementing memorandum of understanding with the office. GO-Biz is required to annually post the information from these reports on the office's Internet website and provide notice to the Governor and relevant policy committees of the Legislature that the information is available on the Internet website.

Small Business Focus in Statute: Yes

Distressed Community Focus in Statute: No

Tracking Program Activity: According to GO-Biz, the Innovation and Entrepreneurship unit holds two in-person meetings with each iHub on an annual basis. There are also monthly conference calls with all iHubs to discuss progress, partnership, best practices, and changes affecting the California innovation ecosystem. The iHubs are also required to annually self-report progress to GO-Biz, however, GO-Biz reports that the self-reporting has been spotty, especially in the first year. Information reported to GO-Biz is aggregated into an annual report, which is discussed in further detail under "Related Reports."

Unit Performance Measures: The Innovation and Entrepreneurship unit supports GO-Biz' mission by providing the state with a voice (if not a role) within the California innovation ecosystem. By acting as a leader, convener, moderator, supporter and advocate, GO-Biz is able to help better align state programs, private sectors actions, and academic endeavors, with federal funding opportunities and emerging technologies. In 2014 and 2015, the Innovation and Entrepreneurship unit held close to 1,000 meetings and conference calls with entities from San Diego to Ridgecrest and Fresno to Eureka, California. To date, GO-Biz has been involved in over 40 federal funding opportunities in which California applications have been successful 39% of the time.

Number of Out-of-State Businesses Served: The legacy client management system used by GO-Biz makes it very difficult to determine the number of out-of-state businesses served without the significant redirection of staff time. In July 2015, GO-Biz launched a new California Business Portal, which will allow GO-Biz to more effectively track business services.

Current Regulatory Activities: GO-Biz is required to set guidelines for approval, designation, operation, reporting, re-designation, and de-designation of iHubs. No current activities known.

List of California iHubs (description and map of iHubs below):

1. **Inland SoCal Link** (Western Riverside County and the County of San Bernardino)

Lead: Rob Moran, Riverside County Economic Development Agency.

The mission of the InLand SoCal Link iHub is to promote collaboration and industry development in the port tech, advanced manufacturing, and logistics sectors.

2. **CNMI** (California Network of Manufacturing Innovation) (Statewide)

Lead: James Watson, President & CEO of CNMI.

The mission of the CNMI iHub is to serve as a statewide collaborative organization to support and foster the manufacturing sector.

3. **iHub LA** (City of Los Angeles/LA County)
Leads: Fred Walti, President & CEO, LA Cleantech Incubator (LACI).
Mike Swords, VP of Partnerships, LA Cleantech Incubator (LACI)
The mission of iHub LA is to support early stage companies, targeted R&D, and collaboration among the region's key stakeholders, assisting to deliver on the regions goals of sustainability, livability and job creation.
4. **iGATE** (Livermore and the Tri Valley)
Lead: Brandon Cardwell, Executive Director and Marilyn Eakin, Community Manager.
The mission of the iGATE iHub is to power the Tri-Valley startup community through technology showcases, startup education, and shared lab and workspaces, as well as bringing national lab technology into the market.
5. **iHub San Joaquin** (San Joaquin County)
Lead: Elena Reyes, Sr. Deputy County Administrator, County Administrator's Office.
The mission of iHub San Joaquin is to support health care, sustainable construction technology and agriculture technology.
6. **iHub Sacramento** (Sacramento, Butte, Nevada, El Dorado, Placer, Yuba, Sutter, Yolo, and Solano Counties)
Lead: Brandon Weber, UrbanHive and i/o Labs
The mission of the Sacramento iHub is to empower the region's natural competitive advantages in agro-sciences, medical services, clean energy, entrepreneurship and government technology to become globally competitive growth clusters.
7. **North Bay iHub** (Sonoma, Marin, Napa Counties)
Lead: Ameer Sas, Executive Director SoCo Nexus.
The mission of the North Bay iHub is to create high value jobs in the region by enabling and accelerating the success of technology start-ups within a dynamic, sustainable and synergistic environment.
8. **SF iHub** (County & City of San Francisco)
Leads: Dennis Conaghan, Executive Director, San Francisco Center for Economic Development and Kelsey Mead, Economic Development Coordinator, San Francisco Center for Economic Development.
The mission of the SF iHub is to serve as a conduit, problem-solver, and facilitator for creating new businesses and new jobs sectors ranging from biotechnology to fashion. Their goal is to help companies of all sizes, particularly start-ups and small businesses, navigate through processes, and challenges to achieve success.
9. **Innovate North State iHub** (Butte, Sierra, Nevada, Tehama, Shasta and Plumas Counties)
Lead: Wendy Porter, ChicoStart
Innovate North State iHub operates The Innovation Lab, a business incubator. The Innovation Lab focuses on 5 sectors: Manufacturing, clean tech, medical technology, information technology, and agri-technology/food products.

10. **The Central Valley iHub** (*formerly the CalValleyTech iHub*) (Merced, Madera, Fresno, Kings and Tulare Counties)
 Leads: Karmjot Grewal, Program Manager, Office of Community and Economic Development Cal State University, Fresno and
 Diane Howerton, Regional Director, UC Merced SBDC Regional Network
 The mission of the Central Valley iHub is to foster new knowledge and innovative technologies that address the needs of the Central San Joaquin Valley especially water and agriculture.
11. **San Jose/Silicon Valley iHub** (San Jose & Greater Silicon Valley)
 Lead: Chris Burton, Sr. Business Development Manager City of San Jose.
 The mission of the San Jose/Silicon Valley iHub is to coordinate and catalyze activities that increase the job base, entrepreneurship, and research funding in the region.
12. **iDEA iHub** (Kern, Ventura, Orange, Los Angeles, Santa Barbara, San Luis Obispo and San Diego Counties)
 Lead: Bill Hogan, iDEA Hub Executive Director.
 The mission of the iDEA Hub is to provide an ideal backdrop to incubate and grow Defense, Energy, and Aerospace technology businesses.
13. **OCTANe** (Orange County)
 Lead: Paul Symczak, VP Entrepreneurship/Executive Director, LaunchPad SBDC.
 The mission of the OCTANe iHub is to enable life science technology, information technology, sports technology, and clean technology companies in Orange County to get started and grow.
14. **Palm Springs iHub** (*Formerly the Coachella Valley iHub*) (Cities of Palm Springs, Desert Hot Springs and Cathedral City)
 Lead: Joe Wallace, Executive Director Coachella Valley Economic Partnership.
 The mission of the Palm Springs iHub is to be an incubator that provides programs, services, and incentives to start-up businesses focused on clean technology and renewable energy.
15. **San Diego iHub** (San Diego & Imperial Counties and Western Riverside County)
 Lead: Greg McKee, President & CEO of CONNECT.
 The mission of iHub San Diego is to build upon the region's existing innovation infrastructure and strong culture of collaboration to create convergence among such clusters as cyber security, mobile health, biofuels, solar and energy storage as well as emerging sectors such as biomimicry.

A map of California's 14 iHubs follows.

REGIONAL LOCATIONS OF THE INNOVATION HUB PROGRAM



Summary of Reports:

- ***Innovation Hub Annual Report (July 2016)***: This mandated annual report was prepared by GO-Biz to record the progress each of the state designated Innovation Hubs (iHubs) has made toward their goals and performance standards. The report covers 15 iHubs and includes descriptions of iHub's key partners, industry sector focus, recent accomplishments, and future goals. As noted by GO-Biz, some of the information provided by the iHubs is spotty, there are clear examples of progress including Palm Springs iHub clients have been granted over 16 patents, raised over \$10 million, and employed over 100 people. Examples of 2016 goals include: Conducting a survey of iHubs to ensure all emerging technologies are covered (CNMI); expand the volume of exports through the Port of Los Angeles that are produced in the Inland Empire (InLand SoCal Link); and assist 100 communities using the LaunchPad platform, a predictive analytical software that is designed to stimulate regional business (OCTANe). <http://www.business.ca.gov/Programs/Innovation.aspx>
- ***California's Strategic Workforce Development Plan: Skills Attainment for Upward Mobility; Aligned Services for Shared Prosperity (2016)***: This plan is federally mandated under the Workforce Innovation and Opportunity Act of 2014 and meets the requirements for drawing down federal program dollars. The report outlines a comprehensive four-year strategy for the coordinated investment of federal workforce training and employment services dollars including Title I Adult, Dislocated Worker, and Youth programs, Title II Adult Basic Education and Basic Skills programs, Title III Wagner-Peyser Employment Services programs, and Title IV Vocational Rehabilitation services. The plan also provides a framework for aligning state programs and services with federal funding priorities and requirements. The plan has three policy objectives: (1) Fostering "demand-driven skills attainment;" (2) Enabling upward mobility for all Californians, including populations with barriers to employment; and (3) Aligning, coordinating, and integrating programs and services to economize limited resources and achieve scale and impact. Goals for the plan are as follows: "Between 2017 and 2027, the state will produce a million "middle-skill" industry-valued and recognized postsecondary credentials ...During this time the state will also double the number of people enrolled in apprenticeship programs." California submitted the plan for federal approval on time and is currently waiting for confirmation. http://www.cwdb.ca.gov/WIOA_Unified_Strategic_Workforce_Development%20Plan.htm

Background on the Creation of the Program: The iHub Program was established in statute through the enactment of AB 250 (Holden and V. Manuel Pérez), Chapter 530, Statutes of 2013. The bill codifies and expands the California Innovation Hub Program at GO-Biz for the purpose of stimulating economic development and job creation through the regional coordination of federal, state, and local innovation-supporting resources. Status: Signed by the Governor, Chapter 530, Statutes of 2013.

Selection of Innovation Accomplishments:

- Held three summits including one for Advanced Manufacturing (2012), Unmanned Aerial Vehicles (2013), and Cyber Security (2016).
- In 2015, led the way for the creation of the Cyber California initiative to help establish California's place in the cyber ecosystem. The initiative was born out of the San Diego iHub and is focus on cyber as it relates to commerce and the Internet of Things (IoT).

- In 2016, GO-Biz held its first Cyber security demonstration event for high school students. This event was a demonstration that challenges can be used for capacity building and workforce development.
- Since 2013, GO-Biz has partnered with universities across the state to host six Innovation Series events that showcase innovations and businesses born on campus. Because of the success of the events, the University of California Office of the President agreed to provide funding to continue the series.
- The 2015 launch of the California Business Portal, including a Business Service Desk, information on business incentives, local mapping function to identify business and workforce capabilities in certain geographic areas, and a business navigator with an application to help business customize regulation, permitting, and incentive information.
- The CNMI received a \$20,000 grant from the California Community Colleges to support faculty continuing education related to cutting edge technologies that can be embedded within existing manufacturing curriculum.
- LACI annually hosts a Cleantech Global Showcase that in 2015 attracted 550 attendees from 15 different countries and presentations from 75 organizations.
- iDEA iHub hosts monthly Jobs Defense Council meetings, sponsored the development of a 2015 Cleantech Index study, and regularly joins with other groups to sponsor major events, such as Global Clean Port Summit, Aerospace Week, and National Drive Electronic Week.
- *GO-Biz may wish to present information on additional accomplishments during the hearing.*

Areas for Possible Further Discussion:

- ***Workforce Development:*** California's draft Unified Plan for the implementation of the federal Workforce Innovation and Opportunity Act proposes to use GO-Biz to provide critical information on employer trends and use its relationships with local and regional economic development organizations to identify and engage with emerging and established industry sectors. The iHubs are specifically called out as a key partner. Members may wish to learn more about how GO-Biz plans to undertake these activities and how Legislators may assist with this work in their own districts.
- ***Future Tracking Opportunities:*** In July 2015, GO-Biz launched the California Business Portal, which will provide a range of services that allow a user to customize the provided information to best suit their business needs. Another attribute of the California Business Portal will be an increased ability to track the number of businesses and types of businesses served. Members may wish to talk with GO-Biz about the implementation of this new resource to ensure it is tracking, among other things, the type of information necessary for planning, resource allocation, program analysis, and oversight.

- **Staffing:** A key component of California's competitiveness, is its dominance within innovation-based industry sectors. Given that the Innovation and Entrepreneurship unit has only one dedicated staff person, it is difficult to assess whether the unit is fulfilling its mission and objectives.

Related Statute:

CHAPTER 1.6. of the Government Code - Governor's Office of Business and Economic Development

ARTICLE 3. Powers and Duties

12096.3. The office shall serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth. In this capacity, the office may:

- (a) Recommend to the Governor and the Legislature new state policies, programs, and actions, or amendments to existing programs, advance statewide economic goals and respond to emerging economic problems and opportunities, and ensure that all state policies and programs conform to the adopted state economic and business development goals.
- (b) Coordinate the development of policies and criteria to ensure that federal grants administered or directly expended by state government advance statewide economic goals and objectives.
- (c) Market the business and investment opportunities available in California by working in partnership with local, regional, federal, and other state public and private institutions to encourage business development and investment in the state.
- (d) Provide, including, but not limited to, all of the following:
 - (1) Economic and demographic data.
 - (2) Financial information to help link businesses with state and local public and private programs.
 - (3) Workforce information, including, but not limited to, labor availability, training, and education programs.
 - (4) Transportation and infrastructure information.
 - (5) Assistance in obtaining state and local permits.
 - (6) Information on tax credits and other incentives.
 - (7) Permitting, siting, and other regulatory information pertinent to business operations in the state.
- (e) Establish a well-advertised telephone number, an interactive Internet Web site, and an administrative structure that effectively supports the facilitation of business development and investment in the state.
- (f) Encourage collaboration among research institutions, startup companies, local governments, venture capitalists, and economic development agencies to promote innovation.
- (g) In cooperation with the federal government, foster relationships with overseas entities to improve the state's image as a destination for business investment and expansion.
- (h) Conduct research on the state's business climate, including, but not limited to, research on how the state can remain on the leading edge of innovation and emerging sectors.
- (i) Support small businesses by providing information about accessing capital, complying with regulations, and supporting state initiatives that support small business.

12096.4. (a) Each member of the Governor's cabinet shall identify a senior manager within his or her agency who shall coordinate business support activities with the office.

(b) For the 2012–13 fiscal year and subsequent fiscal years, the office shall develop a budget in coordination with the Department of Finance pursuant to the state budgeting process, including the permanent transfer of associated positions.

ARTICLE 6.2. California Innovation Initiatives

12099. The Legislature finds and declares all of the following:

- (a) Job creation through rapid technology commercialization is a vital part of the state’s economic well-being, as identified in a January 2012 symposium held by the Brookings Institute.
- (b) Innovation and tech-driven entrepreneurial activity coupled with venture investment creates small business startups and expansions at an accelerated rate, which leads to significant employment opportunities that contribute to the state’s financial health and economic competitiveness.
- (c) In order to maintain a healthy state economy and to aid communities, entrepreneurship and technology-based small businesses must be stimulated and supported.
- (d) The Innovation Hubs (iHubs) are operated in California through a cooperative agreement between the Governor’s Office of Business and Economic Development (GO-Biz) and geographically distinct regions, all of which are partnered with public universities, community college districts, local governments, research institutions, industry, angel and venture capital networks, and traditional financial institutions. The iHubs are California’s premier resource for facilitating the success of entrepreneurial and small technology startups that can grow California’s economy by assisting business owners in creating and retaining jobs, increasing sales and profits, securing business financing, and creating a successful new business climate in the state.
- (e) The iHubs’ economic impact in fostering entrepreneurial business activity leads to job creation and an innovation in the economy by establishing a formal partnership between the office and the iHub program.
- (f) It is necessary to establish a fund that would enable the office to obtain funding from private sources, for appropriation to state designated iHubs, iHub partner organizations, and within state iHub-designated regions for the purpose of establishing, promoting, and enhancing California’s innovation and entrepreneurship ecosystem.

12099.1. (a) The California Innovation Hub Program is hereby created within the office.

- (b) The office shall designate Innovation Hubs within the state to stimulate partnerships, economic development, and job creation by leveraging assets to provide an innovation platform for startup businesses, economic development organizations, business groups, and venture capitalists. The assets may include, but are not limited to, research parks, technology incubators, universities, and federal laboratories.
- (c) The office shall oversee, coordinate, and provide assistance to each iHub.

12099.2. For purposes of this article, the following terms shall be defined as follows:

- (a) “Applicant” means one or more entities that submit an application to GO-Biz. Eligible applicants shall be one or more of the following:
 - (1) A fully accredited institution of higher education.
 - (2) A private nonprofit corporation engaged in economic development activities.
 - (3) A county or municipality in this state that has a preexisting economic development department or program or both.

(4) A public economic development institution such as a workforce investment board or an economic development corporation.

(b) “Innovation Hub” or “iHub” means a partnership between interrelated firms, local governments, economic development organizations, educational entities, and industries that collectively drive economic growth within a defined geographic area.

(c) “iHub coordinator” means the individual or entity agreed to by the iHub partnership that is responsible for all of the following:

(1) Implementing the objectives of the iHub.

(2) Serving as the primary agent responsible for coordinating services and resources and maintaining the iHub partnership.

(3) Serving as the primary liaison to the state and the office.

12099.3. (a) The office shall issue a request for proposals for the California Innovation Hub Program.

(b) An applicant’s proposal shall include, but shall not be limited to, all of the following information:

(1) A statement of purpose.

(2) A signed statement of cooperation and a description of the roles and relationships of each entity involved in the iHub partnership.

(3) A designated iHub coordinator.

(4) A clear explanation and map conveying the iHub’s physical boundary.

(5) A clearly stated designee to coordinate iHub activities.

(6) A clearly identified central location.

(7) Clearly identified benchmarks or milestones with approximate dates as to when they will be achieved.

(8) A complete budget including a description of secured funds with proof, pending funds, and potential future funding sources.

(9) A list and brief description of local and regional incentives and support programs.

(10) A clearly articulated commercial market focus and plan.

(11) A clearly articulated iHub management structure and plan that may include a description of the capabilities, qualifications, and experience of the proposed management team, team leaders, or key personnel who are critical to achieving the proposed objectives.

(12) A list of iHub assets and resources.

(13) A clearly articulated focus area of the iHub including industry sectors or other targeted areas for development and growth.

(14) A list of specific resources available to support and guide startup companies.

(15) A clearly articulated list of goals to be achieved with the certification of the iHub.

(16) Expectations for job development and business creation.

(17) Defined performance standards agreed upon by the partners involved in the development of the iHub.

(18) Evaluation procedures that will be used to measure the level of achievement for each stated goal.

(19) A plan for sustainability.

(20) Organizational experience including capabilities, related experience, facilities, techniques, unusual resources, or unique combinations of these that are integral factors for achieving the proposed objectives.

(21) Demonstrated experience with innovation programs such as involvement with technology commercialization.

(22) Demonstrated experience with technology transfer or licensing.

- (23) Demonstrated experience with intellectual property management.
- (24) Evidence of community engagement and support.
- (c) The office may waive any of the requirements listed in subdivision (b).
- (d) The office may designate an iHub for a term of not more than five years. An iHub may reapply for a designation without limitation on the number of times.
- (e) (1) The iHub designation shall not be official until a memorandum of understanding is entered into by the applicant and the office. The memorandum of understanding shall include the goals and performance standards identified in the application and other related requirements as determined by the office.
- (2) For an iHub designated by the office before January 1, 2014, the iHub partnership shall have until September 1, 2014, to enter into a memorandum of understanding with the office that meets the requirements of this article.
- (f) More than one iHub may be designated in an area to the extent that there is a clear distinction between the focus area of each iHub.
- (g) The office shall set guidelines for approval, designation, operation, reporting, redesignation, and dedesignation of iHubs.
- (h) An iHub shall annually report to the office on its progress in meeting the goals and performance standards as described in the iHUB application and implementing memorandum of understanding with the office. The office shall annually post the information from these reports on the office Internet Web site and provide notice to the Governor and relevant policy committees of the Legislature that the information is available on the Internet Web site.

12099.4. A designated iHub shall include at least one major university or research center or institute, one economic development organization, and consist of at least four of the following:

- (a) A business support organization including a workforce development or training organization, incubator or business accelerator, business technical assistance providers, chamber of commerce, and networking organization that supports innovation.
- (b) An educational consortium including technology transfer representatives.
- (c) A venture capital network including angel investors.
- (d) A business foundation, innovation foundation, science foundation, laboratory research institution, federal laboratory, or research and development facility.
- (e) A municipal economic development division or department.
- (f) A federal government partner such as a national laboratory.

12099.5. Before an official designation as an iHub, the applicant shall self-certify both of the following:

- (a) That the iHub will comply with the state's nondiscrimination policy.
- (b) That the iHub and its principals are current in payment of all state and local taxes owed unless they have entered into an agreement that was deemed satisfactory by the respective taxing authority and are in full compliance with the agreement.

12099.6. (a) An iHub may do all of, but shall not be limited to, the following:

- (1) Provide counseling and technical assistance, either by direct or indirect services, in the areas of entrepreneurial business planning and management, financing, and marketing for small businesses.
- (2) Provide expert advice to entrepreneurs on starting a business, including legal requirements for starting a business and access to financing opportunities.

(3) Conduct business workshops, seminars, and conferences with local partners including, but not limited to, state universities, state community colleges, local governments, state and federal service providers, private industry, workforce investment boards and agencies, small business development centers, microenterprise development organizations, small business service agencies, economic development organizations, and chambers of commerce.

(4) Facilitate partnerships between innovative startup businesses, research institutions, and venture capitalists or financial institutions.

(b) The iHubs shall, to the extent feasible, do all of the following:

(1) Work in close collaboration with the activities of the office as its primary statewide partner.

(2) Coordinate activities with the Employment Training Panel, the California Workforce Investment Board, the Office of the Chancellor of the California Community Colleges, the University of California, the California State University, and other state economic and workforce development programs.

12099.7. The Innovation Accelerator Account is hereby created within the California Economic Development Fund in the State Treasury. Subject to the approval of the Department of Finance, all moneys collected and received by the Governor's Office of Business and Economic Development for California Innovation Initiatives from gifts, bequests, or donations shall be deposited in the Innovation Accelerator Account. Notwithstanding Section 13340, the moneys in the account are continuously appropriated to the office to be used for California Innovation Initiatives pursuant to the terms of the gift, bequest, or donation.

Division 7 – Unemployment Insurance Code Workforce Innovation and Opportunity Act

14012. The board shall be appointed by the Governor to assist in the development of the State Plan and to carry out other functions, as described in Section 14103. The board shall be comprised of the Governor and representatives from the following categories:

(a) Two members of each house of the Legislature, appointed by the appropriate presiding officer of each house.

(b) A majority of board members shall be representatives of business who:

(1) Are owners of businesses, chief executives or operating officers of businesses, and other business executives or employers with optimum policymaking or hiring authority, who, in addition, may be members of a local board described in Section 3122(b)(2)(A)(i) of Title 29 of the United States Code.

(2) Represent businesses, including small businesses, or organizations representing businesses that include high-quality, work-relevant training and development in in-demand industry sectors or occupations in the state.

(3) Are appointed from a group of individuals nominated by state business organizations and business trade associations.

(c) (1) Not less than 20 percent of board members shall be representatives of the workforce within the state, including representatives of labor organizations nominated by state labor federations, who shall not be less than 15 percent of the board membership and who shall include at least one representative that is a member of a labor organization or a training director, from a joint labor-management apprenticeship program, or if no such joint program exists in the state, such a representative of an apprenticeship program in the state.

(2) Representatives appointed pursuant to this subdivision may include:

(A) Representatives of community-based organizations that have demonstrated experience and expertise in addressing the employment, training, or education needs of individuals with barriers to employment, including organizations that serve veterans or that provide or support competitive, integrated employment for individuals with disabilities.

(B) Representatives of organizations that have demonstrated experience and expertise in addressing the employment, training, or education needs of eligible youth, including representatives of organizations that serve out-of-school youth.

(d) The balance of board members:

(1) Shall include representatives of government that are lead state officials with primary responsibility for the core programs and shall include chief elected officials, collectively representing cities, counties, and cities and counties where appropriate.

(2) May include other representatives and officials as the Governor may designate, like any of the following:

(A) State agency officials from agencies that are one-stop partners, not specified in paragraph (1), including additional one-stop partners whose programs are covered by the State Plan, if any.

(B) State agency officials responsible for economic development or juvenile justice programs in the state.

(C) Individuals who represent an Indian tribe or tribal organization, as those terms are defined in Section 3221(b) of Title 29 of the United States Code.

(D) State agency officials responsible for education programs in the state, including chief executive officers of community colleges and other institutions of higher education.

(e) Other requirements of board membership shall include:

(1) The Governor shall select a chairperson for the board from among the representatives described in subdivision (b).

(2) The members of the board shall represent diverse geographic areas of the state, including urban, rural, and suburban areas.

14013. The board shall assist the Governor in the following:

(a) Promoting the development of a well-educated and highly skilled 21st century workforce.

(b) Developing, implementing, and modifying the State Plan. The State Plan shall serve as the comprehensive framework and coordinated plan for the aligned investment of all federal and state workforce training and employment services funding streams and programs. To the extent feasible and when appropriate, the state plan should reinforce and work with adult education and career technical education efforts that are responsive to labor market trends.

(c) The review of statewide policies, of statewide programs, and of recommendations on actions that should be taken by the state to align workforce, education, training, and employment funding programs in the state in a manner that supports a comprehensive and streamlined workforce development system in the state, including the review and provision of comments on the State Plan, if any, for programs and activities of one-stop partners that are not core programs.

(d) Developing and continuously improving the statewide workforce investment system, including:

(1) The identification of barriers and means for removing barriers to better coordinate, align, and avoid duplication among the programs and activities carried out through the system.

- (2) The development of strategies to support the use of career pathways for the purpose of providing individuals, including low-skilled adults, youth, and individuals with barriers to employment, and including individuals with disabilities, with workforce investment activities, education, and supportive services to enter or retain employment. To the extent permissible under state and federal laws, these policies and strategies should support linkages between kindergarten and grades 1 to 12, inclusive, and community college educational systems in order to help secure educational and career advancement. These policies and strategies may be implemented using a sector strategies framework and should ultimately lead to placement in a job providing economic security or job placement in an entry-level job that has a well-articulated career pathway or career ladder to a job providing economic security.
- (3) The development of strategies for providing effective outreach to and improved access for individuals and employers who could benefit from services provided through the workforce development system.
- (4) The development and expansion of strategies for meeting the needs of employers, workers, and jobseekers, particularly through industry or sector partnerships related to in-demand industry sectors and occupations, including policies targeting resources to competitive and emerging industry sectors and industry clusters that provide economic security and are either high-growth sectors or critical to California's economy, or both. These industry sectors and clusters shall have significant economic impacts on the state and its regional and workforce development needs and have documented career opportunities.
- (5) Recommending adult and dislocated worker training policies and investments that offer a variety of career opportunities while upgrading the skills of California's workforce. These may include training policies and investments pertaining to any of the following:
- (A) Occupational skills training, including training for nontraditional employment.
 - (B) On-the-job training.
 - (C) Incumbent worker training in accordance with Section 3174(d)(4) of Title 29 of the United States Code.
 - (D) Programs that combine workplace training with related instruction, which may include cooperative education programs.
 - (E) Training programs operated by the private sector.
 - (F) Skill upgrading and retraining.
 - (G) Entrepreneurial training.
 - (H) Transitional jobs in accordance with Section 3174(d)(5) of Title 29 of the United States Code.
 - (I) Job readiness training provided in combination with any of the services described in subparagraphs (A) to (H), inclusive.
 - (J) Adult education and literacy activities provided in combination with any of the services described in subparagraphs (A) to (G), inclusive.
 - (K) Customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training.
- (e) The identification of regions, including planning regions, for the purposes of Section 3121(a) of Title 29 of the United States Code, and the designation of local areas under Section 3121 of Title 29 of the United States Code, after consultation with local boards and chief elected officials.
- (f) The development and continuous improvement of the one-stop delivery system in local areas, including providing assistance to local boards, one-stop operators, one-stop partners, and providers with planning and delivering services, including training services and supportive services, to support effective delivery of services to workers, job seekers, and employers.

(g) Recommending strategies to the Governor for strategic training investments of the Governor's 15-percent discretionary funds.

(h) Developing strategies to support staff training and awareness across programs supported under the workforce development system.

(i) The development and updating of comprehensive state performance accountability measures, including state adjusted levels of performance, to assess the effectiveness of the core programs in the state as required under Section 3141(b) of Title 29 of the United States Code. As part of this process the board shall do all of the following:

(1) Develop a workforce metrics dashboard, to be updated annually, that measures the state's human capital investments in workforce development to better understand the collective impact of these investments on the labor market. The workforce metrics dashboard shall be produced using existing available data and resources that are currently collected and accessible to state agencies. The board shall convene workforce program partners to develop a standardized set of inputs and outputs for the workforce metrics dashboard. The workforce metrics dashboard shall do all of the following:

(A) Provide a status report on credential attainment, training completion, degree attainment, and participant earnings from workforce education and training programs. The board shall publish and distribute the final report.

(B) Provide demographic breakdowns, including, to the extent possible, race, ethnicity, age, gender, veteran status, wage and credential or degree outcomes, and information on workforce outcomes in different industry sectors.

(C) Measure, at a minimum and to the extent feasible with existing resources, the performance of the following workforce programs: community college career technical education, the Employment Training Panel, Title I and Title II of the federal Workforce Investment Act of 1998, Trade Adjustment Assistance, and state apprenticeship programs.

(D) Measure participant earnings in California, and to the extent feasible, in other states. The Employment Development Department shall assist the board by calculating aggregated participant earnings using unemployment insurance wage records, without violating any applicable confidentiality requirements.

(2) The State Department of Education is hereby authorized to collect the social security numbers of adults participating in adult education programs so that accurate participation in those programs can be represented in the report card. However, an individual shall not be denied program participation if he or she refuses to provide a social security number. The State Department of Education shall keep this information confidential, except, the State Department of Education is authorized to share this information, unless prohibited by federal law, with the Employment Development Department, who shall keep the information confidential and use it only to track the labor market outcomes of program participants in compliance with all applicable state and federal laws and mandates, including all performance reporting requirements under the Workforce Innovation and Opportunity Act.

(3) (A) Participating workforce programs, as specified in subparagraph (C) of paragraph (1), shall provide participant data in a standardized format to the Employment Development Department.

(B) The Employment Development Department shall aggregate data provided by participating workforce programs and shall report the data, organized by demographics, earnings, and industry of employment, to the board to assist the board in producing the annual workforce metrics dashboard.

(j) The identification and dissemination of information on best practices, including best practices for all of the following:

- (1) The effective operation of one-stop centers, relating to the use of business outreach, partnerships, and service delivery strategies, including strategies for serving individuals with barriers to employment.
 - (2) The development of effective local boards, which may include information on factors that contribute to enabling local boards to exceed negotiated local levels of performance, sustain fiscal integrity, and achieve other measures of effectiveness.
 - (3) Effective training programs that respond to real-time labor market analysis, that effectively use direct assessment and prior learning assessment to measure an individual's prior knowledge, skills, competencies, and experiences, and that evaluate such skills, and competencies for adaptability, to support efficient placement into employment or career pathways.
- (k) The development and review of statewide policies affecting the coordinated provision of services through the state's one-stop delivery system described in Section 3151(e) of Title 29 of the United States Code, including the development of all of the following:
- (1) Objective criteria and procedures for use by local boards in assessing the effectiveness and continuous improvement of one-stop centers described in Section 3151(e) of Title 29 of the United States Code.
 - (2) Guidance for the allocation of one-stop center infrastructure funds under Section 3151(h) of Title 29 of the United States Code.
 - (3) Policies relating to the appropriate roles and contributions of entities carrying out one-stop partner programs within the one-stop delivery system, including approaches to facilitating equitable and efficient cost allocation in such a system.
- (l) The development of strategies for technological improvements to facilitate access to, and improve the quality of, services and activities provided through the one-stop delivery system, including such improvements to all of the following:
- (1) Enhance digital literacy skills, as defined in Section 9101 of Title 20 of the United States Code, referred to in this division as "digital literacy skills."
 - (2) Accelerate the acquisition of skills and recognized postsecondary credentials by participants.
 - (3) Strengthen the professional development of providers and workforce professionals.
 - (4) Ensure the technology is accessible to individuals with disabilities and individuals residing in remote areas.
- (m) The development of strategies for aligning technology and data systems across one-stop partner programs to enhance service delivery and improve efficiencies in reporting on performance accountability measures, including the design and implementation of common intake, data collection, case management information, and performance accountability measurement and reporting processes and the incorporation of local input into such design and implementation, to improve coordination of services across one-stop partner programs.
- (n) The development of allocation formulas for the distribution of funds for employment and training activities for adults, and youth workforce investment activities, to local areas as permitted under Sections 3163(b)(3) and 3173(b)(3) of Title 29 of the United States Code.
- (o) The preparation of the annual reports described in paragraphs (1) and (2) of Section 3141(d) of Title 29 of the United States Code.
- (p) The development of the statewide workforce and labor market information system described in Section 491-2(e) of Title 29 of the United States Code.

(q) The development of such other policies as may promote statewide objectives for, and enhance the performance of, the workforce development system in the state.

(r) Helping individuals with barriers to employment, including low-skill, low-wage workers, the long-term unemployed, and members of single-parent households, achieve economic security and upward mobility by implementing policies that encourage the attainment of marketable skills relevant to current labor market trends.

14020. (a) The California Workforce Development Board, in collaboration with state and local partners, including the Chancellor of the California Community Colleges, the State Department of Education, other appropriate state agencies, and local workforce development boards, shall develop the State Plan to serve as a framework for the development of public policy, employment services, fiscal investment, and operation of all state labor exchange, workforce education, and training programs to address the state's economic, demographic, and workforce needs. The strategic workforce plan shall be prepared in a manner consistent with the requirements of the federal Workforce Innovation and Opportunity Act of 2014.

(b) Consistent with the federal Workforce Innovation and Opportunity Act, the State Plan shall provide a framework for state workforce policies and support sector strategies.

(c) The California Workforce Development Board shall work collaboratively with state and local partners to identify ways to eliminate systemwide barriers and better align and leverage federal, state, and local Workforce Innovation and Opportunity Act funding streams, and other funding streams, and policies to develop, support, and sustain regional alliances of employers and workforce and education professionals who are working to improve the educational pipeline, establish well-articulated career pathways, provide industry-recognized credentials, certificates, and recognized postsecondary credentials, and address the career advancement needs of current and future workers in competitive and emergent industry sectors and clusters. The California Workforce Development Board and its partners shall work collaboratively to maximize state and local investments and pursue other resources to address the skills-gap needs identified pursuant to paragraph (3) of subdivision (d).

(d) In order to support the requirement of the plans in subdivision (a), the California Workforce Development Board shall do the following:

(1) Identify industry sectors and industry clusters that have a competitive economic advantage and demonstrated economic importance to the state and its regional economies. In developing this analysis, the California Workforce Development Board shall consider the expertise of local workforce development boards in the state's respective regional economies and shall encourage the local workforce development boards to identify industry sectors and industry clusters that have a competitive economic advantage and demonstrated economic importance in their respective local workforce development areas.

(2) Identify new dynamic emergent industry sectors and industry clusters with substantial potential to generate new jobs and income growth for the state and its regional economies. In developing this analysis, the California Workforce Development Board shall consider the expertise of local workforce development boards in the state's respective regional economies and shall encourage the local workforce development boards to identify new dynamic emergent industry sectors and industry clusters with substantial potential to generate new jobs and income growth in their respective local workforce development areas.

(3) Provide a skills-gap analysis enumerating occupational and skills shortages in the industry sectors and industry clusters identified as having strategic importance to the state's economy and its regional economies. In developing this analysis, the California Workforce Development Board shall consider the expertise of local workforce development boards in the state's respective regional economies and shall encourage the local workforce development boards to conduct skills-gap analysis for their respective local workforce development areas. Skills-gap analysis for the state and its regional economies shall use labor market data to specify a list of high-priority, in-demand occupations for the state and its regional economies. This list shall be used to inform investment decisions and eligible training provider policies.

(4) Establish, with input from local workforce development boards and other stakeholders, initial and subsequent eligibility criteria for the federal Workforce Innovation and Opportunity Act of 2014 eligible training provider list that effectively directs training resources into training programs leading to employment in high-demand, high-priority, and occupations that provide economic security, particularly those facing a shortage of skilled workers. The subsequent eligibility criteria, to the extent feasible, shall use performance and outcome measures to determine whether a provider is qualified to remain on the list. At a minimum, initial and subsequent eligibility criteria shall consider the following:

(A) The relevance of the training program to the workforce needs of the state's strategic industry sectors and industry clusters.

(B) The need to plug skills gaps and skills shortages in the economy, including skills gaps and skills shortages at the state and regional level.

(C) The need to plug skills gaps and skills shortages in local workforce development areas.

(D) The likelihood that the training program will lead to job placement in a job providing economic security or job placement in an entry-level job that has a well-articulated career pathway or career ladder to a job providing economic security.

(E) The need for basic skills in combination with programs that provide occupational skills training for individuals with barriers to employment and those who would otherwise be unable to enter occupational skills training.

(F) To the extent feasible, utilize criteria that measure training and education provider performance, including, but not limited to, the following:

(i) Measures of skills or competency attainment.

(ii) Measures relevant to program completion, including measures of course, certificate, degree, licensure, and program of study rate of completion.

(iii) For those entering the labor market, measures of employment placement and retention.

(iv) For those continuing in training or education, measures of educational or training progression.

(v) For those who have entered the labor market, measures of income, including wage measures.

(G) The division of labor for making initial and subsequent eligibility determinations under this division shall be modeled on the division of labor envisioned in the federal Workforce Innovation and Opportunity Act of 2014.

(H) If the state receives a waiver from the federal subsequent eligibility provisions specified in the federal Workforce Innovation and Opportunity Act of 2014, the state workforce development board shall establish its own subsequent eligibility criteria that take into account all of the criteria specified in subparagraphs (A) to (G), inclusive.