

## Preliminary Research - Summary of Reports

1. ***California's Future (February 2015)***: This report, prepared by the Public Policy Institute of California, identifies, assesses, and makes recommendations on California's most significant long-term policy challenges including: climate change, corrections, the economy, health care, higher education, housing, K-12 education, political landscape, population, social safety net, and water. Among other assessments, the report notes the significant regional economic differences with inland California continuing to have higher rates of unemployment. A selection of recommendations include the importance of stimulating business development as a means for supporting a skilled workforce; embracing policies that support a range of industry sectors and not just a handful of currently dominant sectors; promoting economic opportunity through education; an increase in training alternatives to traditional degrees; and continuing to address the state's high prison recidivism rates. A recommendation included within many of the policy areas is the need to collect better data in order to be able assess the effectiveness of policies and programs.  
<http://www.ppic.org/main/publication.asp?i=895>
2. ***California-China Office of Trade and Investment 2014 Annual Report (May 2014)***: This mandated annual report was prepared by GO-Biz and is a condition of maintaining a foreign trade office. In April 2013, California opened its first international trade office since 2003. The California-China Office of Trade and Investment (CCTO) opened in April 2013 to serve the needs of California businesses exporting into China and Chinese investors looking to invest in California. Actions of the CCTO are set forth in a work plan. Among other accomplishments, the trade office met all its administrative milestones including the hiring of staff, officially opening the office, and leading a high-level trade mission to China. Relative to its inbound investment goals, the CCTO participated in double the number investment targeted attraction events and is working on converting these activities into new investments and businesses opening facilities in California. Relative to increasing outbound trade to China, the CCTO exceeded by 50% the number of outreach events by participating in three during the report year and has sponsored three out of the targeted four business development trips. <http://www.business.ca.gov/International.aspx>
3. ***California-China Office of Trade and Investment 2015 Annual Report (December 2015)***: This mandated annual report was prepared by the Governor's Office of Business and Economic Development. The California-China Office (CCO) is located in Shanghai and is operated under a public-private partnership between GO-Biz and the Bay Area Council. As initially designed, the CCO serves California exporters and Chinese investors. In 2016, the CCO partnership will be expanded to include additional private, nonprofit network partners, and local governments in California and China. Activities in 2016 will primarily focus on inbound and outbound business development missions, including trade shows, trade missions, business investment/development events, and focused outreach in particular industry sectors. Strategic industries include: clean technology; life sciences; lifestyle (wine, fashion, tourism); education (services and exchanges); and agricultural technology. 2016 goals include:

- Increase investment in California by assisting Chinese companies to establish or expand their operations in state, including the creation of a pipeline of high quality Chinese companies, promoting investment, especially from target industries; and engaging with stakeholders.
- Assist California companies seeking access to Chinese markets, including concentrating efforts on building the knowledge base to be able to provide strategic advice.
- Build awareness of the CCO and the brand "California" including creating opportunities for speaking engagements, event endorsements, development of communication tools that regularly update relevant stakeholders, and support CCO partners.
- Assist GO-Biz and other state agencies in advancing the state's business-related MOUs.

The only impediment to implementing the strategy is the difficulty in raising funds. One purpose of the expanded trade network is to address this challenge.

The total estimated expenses for the CCO in 2015 was \$592,744, which included salaries and benefits for two staff people of \$437,843. No state money is used to support the CCO. GO-Biz does have three dedicated positions, of which 25% of their time is dedicated to China-related initiatives, including overseeing and engaging with the CCO.

<http://www.business.ca.gov/International.aspx>

4. ***California Competes Tax Credit Program Report (December 2014)***: This mandated report was prepared by GO-Biz in response to supplemental budget reporting language. The report chronicles the establishment of the program, adoption of regulations, outreach activities, and a summary of the application process. Between the commencement of the program and December 2014, GO-Biz held 29 application workshops throughout the state, including four online webinars. Between the spring of 2014 and October 31, 2014, GO-Biz expended 2,653 hours of California Competes staff and used 2,822 hours of time redirected by other GO-Biz staff. In the first \$45 million round, GO-Biz received 286 applications for a total of \$330 million in tax credits. At the time of the report, first round awards had not been finalized. Two additional allocation rounds are anticipated in the 2015-16 fiscal year for a total of \$106.1 million in tax credits. *Document is not available online. Contact Go-Biz or the JEDE Committee to request a copy.*
- ***California Infrastructure and Economic Development Bank (2013-14 Fiscal Year)***: This is a mandated report prepared by the California Infrastructure and Economic Development Bank (I-Bank). In 2013-14 the I-Bank issued \$95.9 million in revenue bonds based on loans in the Infrastructure State Revolving Fund with a "AAA" rating from all three major credit rating agencies. The I-Bank also revised its program guidelines for selecting infrastructure and economic expansion projects under its revolving loan fund. In total, \$12.05 million in loans were approved under the revolving loan fund. The I-Bank also assisted the California Department of Public Health by making a short-term loan of \$35 million. These moneys were used to make improvements to water systems, including projects that addressed drinking water issues, throughout California. As a conduit issuer, the I-Bank issued \$735.4 million in bonds on behalf of California manufacturing companies, 501(c)(3) nonprofit entities, and for government entities, which used the funds to create and retain jobs, to facilitate research and cultural activities, and other public purposes.
- <http://www.ibank.ca.gov/annualreports.htm>

- ***California International Trade and Investment Strategy (February 2014)***: The International Trade and Investment Strategy is prepared by GO-Biz every five years for the purpose of guiding the implementation of a comprehensive international trade and investment program for the state. The 2014 governing policy framework is that by increasing trade, the state will create jobs, increase revenues, and improve the state's competitiveness – while still being able to serve as a leader in sustainable development. There are four goals including the expansion of California exports, increasing foreign investment, supporting California as a gateway for goods and services into the U.S. and out to foreign markets, and working with federal and international entities to expand global market access. Among other key actions, the 2014 Strategy call the establishment of a Trade Advisory Council, reporting on the outcomes of the China Trade Office, and establishing a process to allow California to be more proactive on advocating before the U.S. Congress and the U.S. Trade Representative. <http://www.business.ca.gov/International.aspx>
- 5. ***California Small Business Finance Center Annual Report (January 2015)***: This mandated annual report was prepared by the California Infrastructure and Economic Development Bank on its activities in managing the Small Business Finance Center and the Small Business Loan Guarantee Program. In fiscal year 2013-14, 176 guarantees for \$72.2 million in loans were made using \$51.4 million of federal State Small Business Credit Initiative funds. Borrowers reported over 7,235 jobs being created or retained as a result of these federally funded guarantees. The state guarantee program was used to provide 169 guarantees with \$23 million in loans with 2,823 jobs created or retained as a result of the state program. Of the 345 loans guaranteed using the federal and state funds, 64.6% were male, 17.1% were women, and 18.26% were co-owned by men and women. The race/ethnicity of small businesses assisted: 62.9% were Caucasian, 10.43% Asian, 8.99% Hispanic, 3.77% African American, 5.22% Asian Indian, and 0.29% Native American. <http://ibank.ca.gov/annualreports.htm>
- 6. ***Career Technical Enhancement Fund Report (March 2015)***: The mandated Supplemental Budget Report was prepared by the Workforce and Economic Development Division of the California Community College System. With the enactment of the 2014-15 Budget Act, \$50 million was appropriated to the California Community Colleges for the purpose of expanding, enhancing, and improving career technical education. Among other things, the money could be used for helping community colleges purchase equipment, align and develop curriculum, and provide professional development training. Funding was awarded to districts based on enrollment related criteria and then further divided between individual community colleges (60%) and regions (40%). Key topics covered in the report include addressing the high cost of career technical training, aligning other resources to create a scale and support regional economies, and making better use of local and regional labor market information. The report also discloses on the use of funds by region and industry sector. The California Community College Chancellor is requesting \$25 million in the 2015-16 budget to continue this work. *Document is not available online. Contact JEDE Committee to request a copy.*
- 7. ***Equity-based Crowdfunding: Potential Implications for Small Business Capital (2015)***. This issue brief, prepared by the SBA Office of the Advocate, provides general background

on the crowd funding provisions contained within the federal Jumpstart Our Business Act of 2012, as well as implementation issues and two examples of the online crowdfunding platforms. The brief also includes an outline of how small businesses may benefit once the federal regulations are released. Among other advantages, equity-based crowdfunding does not require collateral as traditional lending, there is no dilution of ownership as would likely be required by venture capital investors, and should the business fail, there is no requirement to pay the investor back. Further, the investor networks can also provide creditability within their broader business environment. <https://www.sba.gov/advocacy/promising-future-equity-based-crowdfunding>

8. ***Equity, Growth, and Community: What the Nation Can Learn from America's Metro Areas***. This book examines the impact of social and economic inequality on the vibrancy and success of a community. Most significantly, the researchers looked at how epistemic (or knowledge) communities served as catalysts for helping communities successfully implement strategies that reduce poverty and inequality, while at the same time increase economic growth. The researchers used a combination of qualitative and quantitative methodologies, including 11 case studies, of which one California city participated (Sacramento). <http://www.luminosoa.org/site/books/detail/5/equity-growth-and-community>
9. ***Export Nation 2013, U.S. Growth Post recession, Global Cities Initiative (2013)***. This report, prepared under a joint project of the Brookings Institute and JP Morgan Chase, analyzes key export trends between 2003 and 2012 for the 100 largest metro areas in the U.S. Key findings from the report include:
  - Exports drove post-recession growth in the 100 largest metro areas.
  - Few metro areas are on track to achieve the NEI goal of doubling exports in five years.
  - The 10 largest metro areas, by export volume, produced 28 percent of U.S. exports in 2012.
  - Two-thirds of the largest metro areas underperformed in the United States as a whole on export intensity.
  - The most export-intensive metro areas are highly specialized in certain industries.
  - Metro areas whose export intensity grew fastest experienced higher economic growth.
  - Metro area manufacturing exports grew to record levels in 2012.
  - Services accounted for more than half of post-recession export growth in 11 metros, including San Francisco, Washington DC, and New York.
  - Certain industries, especially in the services sector, produce almost all of their exports in the top 100 metro areas.
  - Both highly specialized and highly diversified metros performed well from 2003 to 2012.
10. ***Foundation for a Better California (2015)***. This report, prepared by the California Chamber of Commerce, provides an overview of the California economy noting that the economic recovery has been uneven and that certain industry sectors continue to lag in job recovery. In setting a public policy platform for moving forward, the report recommends five overarching principles with multiple specific policy actions under each principle. The principles are:
  - Keep taxes on new investment and business operations low, fair, stable, and predictable.

- Reduce regulatory and litigation costs of operating a business – especially when hiring and keeping employees;
- Reduce the cost and improve the certainty and stability of investing in new and expanded plants, equipment, and technologies;
- Invest in public and private works that provide the backbone for economic growth; and
- Ensure availability of high-quality skilled employees.

The report also includes extended narrative relative to these recommendations, including international trade, data security, and workforce preparation. Within the workforce preparation sections, the report provides background on the opportunity gap, early childhood education, Common Core, and challenges in the state's higher education system.

<http://advocacy.calchamber.com/policy/issues/foundation-for-a-better-california/>

11. **The Global Competitiveness Report 2015-16 (2015)**. This report, prepared for the World Economic Forum, provides a comprehensive assessment of 140 world economies through the use of over 100 indicators spread out among 12 basic categories. The U.S. ranks third in the world, behind Switzerland and Singapore. The Report questions whether sluggish growth and persistent unemployment are the new normal. Among other findings, the report notes a correlation between competitiveness and an economy's ability to nurture, attract, leverage and support talent. While top-ranking countries do this well, in many countries, too few people have access to high-quality education and training, and labor markets are not flexible enough. <http://reports.weforum.org/global-competitiveness-report-2015-2016/>
12. ***A Matter of Degrees: The Effect of Educational Attainment on Regional Economic Prosperity (2013)***. This report, prepared by the Milken Institute, examines the relationship between human capital and regional economic prosperity. The study, which assessed the top 50 metropolitan statistical areas in the U.S., found that educational attainment increases regional prosperity, that there are quantifiable benefits to regional economies for adding even one year of education to its residents, that the regional impact is greatest when the additional year is added in certain technology industries, and that MSAs with clusters of high skilled occupations tend to attract more higher education attained workers. <http://www.milkeninstitute.org/publications/view/564>
13. ***A New Plan for a New Economy: Reimagining Higher Education (2013)***. This report, prepared by the Little Hoover Commission, found that Californians are not adequately served by the current higher education system and, that given the state's finite resources; it needs to develop a way to achieve better outcomes for more students. To address these findings the Commission recommends (1) the development of a new master plan; (2) providing incentives for colleges and districts to collaborate and expand counseling and outreach to middle and high schools; (3) linking a portion of funding to achieving specific goals; (4) requiring the UCs to adopt standardized and comprehensive budgeting processes; (5) providing incentives for developing high-demand introductory courses and bottle-neck courses (traditional and online) that can be transferred to all campuses in all three higher education segments; and, (6) providing incentives for the creation of a student-focused Internet portal that aggregates individual student records into master transcripts of classes that have been taken at different institutions. <http://www.lhc.ca.gov/studies/218/report218.html>

14. ***Office of the Small Business Advocate Annual Report (January 2015)***: This mandated annual report, prepared by the state Small Business Advocate, identifies projects from the report year, as well as activities proposed in the following year. Highlights from the Small Business Advocate's year include her work on establishing two new programs: A \$2 million competitive grant program to fund technical assistance to small businesses looking for capital and a *Made in California* labeling program to create awareness about goods produced in the state. In addition, the Small Business Advocate managed GO-Biz's Interagency Working Group in collaboration with GO-Biz's Permit Assistance Unit, which works on regulatory issues with departments and agencies including the California Environmental Protection Agency and the Department of Industrial Relations. The Advocate also conducted, external outreach activities, including educational workshops for small business owners, and maintains a comprehensive list of online resources for small businesses on technical assistance, financial assistance, and state procurement opportunities.  
<http://www.business.ca.gov/Programs/SmallBusiness.aspx>

15. ***Office of Small Business Advocate and Made in California Program Annual Report (January 2016)***: This mandated annual report, prepared by the state Small Business Advocate, identifies projects from the report year (October 2014-September 2015), including the Made in California Program and activities proposed in the following year. Among other information, the report summarizes findings from the U.S. Small Business Administration's profile on California and a Ewing Marion Kauffman Foundation report on the rise of small business activity in 49 of the 50 states, including California. In May 2015, Governor Brown appointed Jesse Torres to the position of the state Small Business Advocate (Advocate). The report outlines the Advocate's work in four primary areas: advocacy; information gathering and dissemination; coordination state agencies; and business assistance. The most commonly requested assistance during the report period related to information on how to start or expand a business, access capital, understand regulations, navigate the state procurement process, and obtain business permits. Among other accomplishments, the Advocate re-launched the "Coffee with GO-Biz" event series, engaging with the California Commission on Disability Access, presented at 20 small business events, held the mandatory disaster preparedness workshop, and hosted three free webinars in honor of Small Business Month. The Advocate works to help state agencies work more effectively with the small business community. In addition to managing two business assistance programs, the advocate works with other GO-Biz organizational units and partners including: California Competes Tax Credit; International Affairs and Business Development, California Business and Investment Services, and the California Infrastructure and Economic Development Bank. Under the Advocate's Capital Infusion Program, 34 small business development centers received funds in 2014-15 and 41 in 2015-16. These moneys are used to provide free one-on-one counseling to small businesses seeking capital. The initial \$2 million in funding resulted in 9,702 businesses being served and \$202 million in new capital becoming available to small businesses in the state. Plans for 2015-16 are to continue to work on the four core areas discussed above. The report includes a complete list of 2016 Advocacy goals and expected outcomes. The Made in California program completed the adoption of its regulations and GO-Biz is currently developing its website. In 2016, GO-Biz plans to implement a digital media campaign, develop marketing materials, and maintain its website.  
<http://www.business.ca.gov/Programs/SmallBusiness.aspx>

16. ***In Search of a Level Playing Field: What Leaders of Small Business Organizations Think About Economic Development Incentives (2015)***. The report, prepared for Good Jobs First, presents the findings from a national survey of leaders from 39 small business organizations (representing over 24,000 members) on issues relating to economic development incentives. Among the key findings, the survey found:

- 92% believe there is a spending bias on incentives toward large businesses (69% strongly agree)
- 85% believe that the state incentives in their state do not effectively address the current needs of small businesses (36% strongly agree)
- 62% believe that incentives like tax credits are less valuable to small businesses than other forms of assistance. (31% strongly agree)

Overall, the report states that survey respondents called for greater access to capital and that a higher priority should be placed on broader public investments that benefit all size businesses and grow the local consumer base including workforce development, education, and transportation. <http://www.goodjobsfirst.org/publications>

17. ***The State of Higher Education in California (2015)***: This report provides a demographic profile of Latinos, Blacks, Asian Americans, Native Hawaiians, and Pacific Islanders in California, including issues related to educational attainment, college readiness, and college completion. The report also provides the following recommendations:

- Create a state plan for higher education;
- Ensure colleges assist students to successfully move from remediation courses to college-level work;
- Provide clear transfer pathways to four-year degrees;
- Expand college knowledge in middle and high schools and invest in support services;
- Fund colleges for both enrollment growth and successful outcomes;
- Strengthen financial support options of students coming from lower and middle-income households;
- Allow California public universities to use race/ethnicity as a factor in weighing applicant qualifications for admission.

<http://collegecampaign.org/portfolio/april-2015-state-of-higher-education-in-california-the-latino-report/>

Prepared by: The Assembly Committee on Jobs, Economic Development, and the Economy.