



State of California

LITTLE HOOVER COMMISSION

April 19, 2010

Stuart Drown
Executive Director

The Honorable V. Manuel Pérez
Chair, Assembly Committee on Jobs,
Economic Development and the Economy
State Capitol, Room 219
Sacramento, CA 95814

RE: SUPPORT FOR ASSEMBLY BILL 2734
Hearing Date: April 20, 2010

Dear Assemblymember Pérez:

The Little Hoover Commission urges the Assembly Committee on Jobs, Economic Development and the Economy to approve AB 2734, which is scheduled to be heard on April 20, 2010. This bill would establish the Office of Economic Development as the go-to source for policy coordination, strategic planning and marketing of economic development activities opportunities in California.

The Commission supports this measure based on findings and recommendations in its February 2010 report, *Making Up for Lost Ground: Creating a Governor's Office of Economic Development*. The report urged the creation of a visible economic development coordinating unit inside the Governor's Office to respond and reach out to businesses interested in moving to – or leaving – California. The Commission also recommended that the Governor's Office of Economic Development lead a strategic planning process to create an action plan to guide and integrate the state's vast economic and workforce development activities and investments.

To accomplish these goals, the Commission recommended relocating and expanding CalBIS, or California Business Investment Services, as well as transferring strategic planning duties from the Economic Strategy Panel into the Governor's Office of Economic Development. AB 2734 includes these core components and concepts.

State government is obviously not the answer to economic recovery, but it can play an important support role – especially in breaking down self-imposed barriers to economic development. When the Legislature dismantled the Technology, Trade and Commerce Agency, it swept away more than the ineffective and bloated foreign trade offices. It dispersed our remaining economic development tools throughout the state bureaucracy. The state still possesses a large but underutilized toolbox of economic development resources, from job-training funds to gap-financing services.

The Commission's rationale for recommending an Office of Economic Development was not to re-assemble the previous commerce agency or create a large government bureaucracy to administer new programs. Rather, the Commission suggested building on existing resources to make the government more responsive to businesses. Instead of a traditional, top-down bureaucracy, a more agile entity is needed to function as a convener and streamliner.

On April 8, 2010, Governor Schwarzenegger signed Executive Order S-05-10, creating a Governor's Office of Economic Development. A more permanent entity, established in statute, would ensure the doors of the economic development office stay open into the next administration.

For these reasons, the Little Hoover Commission urges the Assembly Committee on Jobs, Economic Development and the Economy to approve AB 2734 to focus and speed the state's economic recovery efforts.

If you have any questions, or if I can be of further assistance, please contact me.

Sincerely,

Stuart Drown
Executive Director

c: Members, Assembly Committee on Jobs, Economic Development & the Economy
Toni Symonds, Chief Consultant, Assembly Committee on JEDE