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Commission Sets Stage for Economic Action Plan

The Little Hoover Commission on Thursday urged the governor and the Legislature to restructure the leadership and coordination of the state's economic development programs. When the Technology, Trade and Commerce Agency was shuttered in 2003, largely due to controversy over its overseas trade offices, the state's economic development programs were dispersed to various agencies and departments. The lack of a single state economic development organization created room for local economic development associations and regional collaborations to emerge and set bottom-up priorities for economic growth. The Commission calls on the state to once again play a leading role.

In its report, *Making up for Lost Ground: Creating a Governor's Office of Economic Development*, the Commission recommends consolidating key existing economic development functions by establishing a new, lean economic development unit within the Governor's Office. The new Governor's Office of Economic Development should set policy for the state's economic development activities, serve as a point-of-contact for businesses and the economic development community and market the state's economic development programs and business opportunities.

Before the state can assess the need for a stand alone economic development department, the governor first must establish a vision for strong economic growth. This vision must articulate how the state's economic develop assets will build on and promote the work done by local and regional economic development leaders.

Numerous economic development resources already exist within the state, though the Commission found that they are not organized in a way that businesses and cities can easily use them – or even locate them. Without leadership, the state's patchwork structure of economic development efforts fails to meet the needs of those stakeholders who do the heavy lifting of maintaining and growing California's businesses and jobs.

"There are simple things the state should have never stopped doing – acting as an ambassador for the state's economic development activity, connecting businesses with local, regional, state, federal and private sector resources to help them grow or to keep them in California," Little Hoover Commission Chairman Daniel Hancock said. "The state cannot always provide a handout, but it must do a better job with the handoff."

In *Making up for Lost Ground: Creating a Governor's Office of Economic Development,* the Commission recommends that the state:

Create a high-profile office for economic development. The state must consolidate critical functions of existing state economic development entities under the Office of Economic Development. This office should function as a small coordinating entity in the Office of the Governor, rather than a new separate agency, as well as serve as the visible point of contact for existing and prospective businesses and economic development leaders. The office should use a well-publicized Web site and phone number and pull together experienced and trained economic development professionals to quickly deliver high-quality services.

Create a series of Action Teams within the Governor's Office of Economic Development. The state should move CalBIS from the Labor and Workforce Development agency to the Governor's Office of Economic Development, where CalBIS can serve as the foundation for a more robust outreach unit. Its Action Teams should serve as liaisons to other state, local, federal and private efforts; by connecting local, regional, federal and private efforts with other state programs. The teams should be able to change structure as the governor deems appropriate to implement the state's economic development strategic plan.

Create a policy unit within the Governor's Office of Economic Development to develop a statewide vision for economic growth. The policy unit should have statutory responsibility for strategic planning. The policy unit also should catalogue and promote the state's toolbox of economic development resources; guide the development of outcome measures to evaluate performance of the state's economic development programs; and, work with the Legislature to restructure economic development programs based on performance outcomes.

Advocate for big picture prosperity and economic growth through the Governor's Office of Economic Development. To ensure implementation of a cohesive statewide economic strategy, the Governor's Office of Economic Development should serve on the Strategic Growth Council and as the state's lead representative on Team California. The office should also work to expand the knowledge base of the Capitol community by coordinating policy briefings and training sessions with public and private partners.

The Little Hoover Commission is a bipartisan and independent state agency charged with recommending ways to increase the efficiency and effectiveness of state programs. The Commission's recommendations are sent to the governor and the Legislature. To obtain a copy of the report, *Making up for Lost Ground: Creating a Governor's Office of Economic Development,* contact the Commission or visit its Web site: www.lhc.ca.gov.