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Catalogue of California's Economic and Workforce Development Programs, Services, and Initiatives

Assembly Committee on Jobs, Economic Development, and the Economy

Assembly Budget Subcommittee No.4 on State Administration

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Assembly Committee on
Jobs, Economic Development, and the Economy
And
Assembly Budget Subcommittee No. 4 on State Administration

**Catalogue of California's
Economic and Workforce Development
Programs, Services, and Initiatives**

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Juan Arambula, Chair
Assembly Committees on:
Jobs, Economic Development, and the Economy
And
Budget Subcommittee on State Administration

October 2007

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Catalogue Prepared by: Assembly Committee on Jobs, Economic Development, and the Economy. Adapted from a March 2007 oversight hearing on the state's economic and workforce development programs.

**Assembly Committee on
Jobs, Economic Development, and the Economy
And
Assembly Budget Subcommittee No. 4 on State Administration**

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Budget Subcommittee on State Administration**

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Catalogue of California's Economic and Workforce Development Programs, Services, and Initiatives

The Assembly Jobs, Economic Development, and the Economy Committee (JEDE) and the Assembly Budget Subcommittee No. 4 on State Administration are the policy and fiscal committees within the California State Assembly responsible for providing oversight of the state's economic development programs and services.

Section I – Introduction

The purpose of this catalogue is to assist community and business leaders identify potential programs, services, and initiatives, which could be made available to meet their economic and workforce development needs. In developing this catalogue, the terms economic and workforce development were interpreted in the broadest context to include policies, programs and services that relate to debt and equity financing for business development; the development, expansion, and rehabilitation of infrastructure that supports research, education, manufacturing, and goods movement; the education and training of entrepreneurs, inventors, professionals, and other workers essential to the California economy; the attraction of private foreign and domestic investment; and, the expansion of markets locally, regionally, and globally.

Definition of Economic Development and Workforce Development

There are varying definitions of "economic development." One of the most common definitions is any activity that improves productive output through policies that enhance factors affecting economic conditions. Those factors may include, for example, improved mobility and access to land, education for a trained and adequate workforce, or tax incentives that attract business investment. Further, economic development may be viewed as public investments that induce actions that have a positive effect on the level of business activity, employment, income generation and distribution, and the fiscal solvency of the state.

The term "workforce development" also has a relatively wide range of associated activities, policies, and programs. One perspective is that the term simply represents a way of describing career and technical education. A more expansive view of workforce development includes the entire learning-for-work enterprise, encompassing the skills, knowledge and behaviors that are needed by the workforce to deliver services both now and in the future, as well as how they will be delivered.

Organization of this Catalogue

This catalogue is organized into seven sections. Following this introductory section, Section I, there are four sections organized by state agency, including Section II - The Business, Transportation, and Housing Agency (BT&H), Section III - The Labor and Workforce Development Agency (L&WD), Section IV - The State and Consumer Services Agency (SCS), and, Section V - The Office of the State Treasurer. The next section, Section VI, includes information on other state economic development related programs. The catalogue ends with Section VII, which includes information on federal programs.

Additional economic and workforce development information has also been included in the appendices, including:

- Appendix A: A list of “fast facts” on the California Economy;
- Appendix B: Background on the California Business Portal;
- Appendix C: An expanded list of federal programs available to small business and microenterprises;
- Appendix D: A list of state resources that can be used in emerging domestic markets;
- Appendix E – A list of state resources that can be used Resources for Small Businesses;
- Appendix F – A list of state resources that can be used to attract, retain, and grow technology-based companies;
- Appendix G – A list of state resources that can be used for entrepreneurship and workforce training;
- Appendix H – A list of state resources that can be used for attracting businesses to California;
- Appendix I – A list of state resources that can be used for infrastructure development; and,
- Appendix J – A list of state resources that can be used accessing foreign markets

The catalogue will be updated periodically. Please check the last amended date appears on the center, bottom of the title page. The PDF version of the catalogue has "hot" links to resources described.

Section II – Business, Transportation and Housing Agency

This Section examines policies, programs, and services provided under the auspices of the Business, Transportation and Housing Agency (BT&H).

BT&H oversees and coordinates the activities of various departments, offices, and economic development programs, with responsibility for maintaining the strength and efficiency of California's infrastructure and financial markets. These programs provide financial and programmatic regulation important to the economic marketplace and community development, and the safe and efficient flow of commerce.

Chart #1 includes budget information on BT&H.

Chart #1 - Business, Transportation, and Housing Agency				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative (in thousands)	Local Assistance (in thousands)
2005/06	57.8	\$26,005	\$3,092	\$6,577
Δ	2.8	\$697	\$100	\$350
2006/07	60.6	\$25,308	\$3,192	\$6,927
Δ	3.0	\$2,439	\$180	\$2,500
2007/08	63.6	\$27,747	\$3,372	\$4,427

Among the key economic development programs overseen by BT&H are:

- The Small Business Board;
- The Small Business Direct Loan and Guarantee Programs;
- The California Infrastructure and Economic Development Bank;
- The California Economic Development Partnership;
- The California Small Business Loan Guarantee Program;
- Technology related programs;
- The California Welcome Centers;
- The California International Trade Promotion;

- The Office of Military and Aerospace Support;
- Community Development Block Grant Program;
- Geographically-Targeted Economic Development Area Programs.

BT&H also oversees the California Department of Transportation which has responsibility for implementing the recently completed Goods Movement Action Plan, and the Office of Civil Rights which plays a major role meeting state small business participation goals in state construction work.

The subsections below provide an overview of BT&H's business development programs and resources. More information on BT&H may also be found at: <http://www.bth.ca.gov> .

Small Business Board

The ten-member California Small Business Board was created to advise the Governor, the Director of the Small Business Loan Guarantee Program, and the state's Small Business Advocate regarding issues and programs affecting California's small business community. This includes, but is not limited to, issues concerning: business innovation and expansion; export financing; state procurement, management, and technical assistance; venture capital; and, financial assistance.

The California Small Business Board is also designated to approve Financial Development Corporations (FDCs) which partner with the state to offer small business direct loans, loan guarantees, and surety bonds through monies set aside in the Small Business Expansion Fund. The specific loan and bond guarantees financed by the Small Business Expansion Fund are:

- The Small Business Loan Guarantee Program;
- The Small Business Disaster Assistance Loan Guarantee Program;
- The Small Business Surety Guarantee Program; and,
- The Small Business Direct Farm Loan Program.

Each of these programs is briefly described in the following pages. Additional information on the Small Business Board and the Small Business Expansion Fund may be found at:

The Small Business Development Board: www.leginfo.ca.gov/cgi-bin/displaycode?section=corp&group=14001-15000&file=14020-14024.

The Small Business Expansion Fund: www.leginfo.ca.gov/cgi-bin/displaycode?section=corp&group=14001-15000&file=14030-14043.

Small Business Direct Loan and Guarantee Programs

The Small Business Direct Loan and Guarantee Program was established to assist small businesses obtain term loans or lines of credit when they cannot otherwise qualify for these types of credit on their own. The State, working through eleven FDCs, guarantees that a qualifying small business borrower's loan is guaranteed in the event the borrower defaults. Loan terms and interest rates are negotiated between the borrower and the lender.

The program allows a business to not only obtain a loan, but to establish credit with a lender. The business then is able to obtain additional financing on its own. Also, proceeds must be used primarily in California, and for any standard business purpose applicable to the applicants' business. Applicants must meet the definition of a small business (100 or fewer employees). The loan guarantee program provides loan guarantees covering up to 90% of the loan, but not exceeding \$500,000.

The Small Business Loan Guarantee Program and the Small Business Direct Farm Loan Program (see Chart #2 below) are funded through the Small Business Expansion Fund. More information on the Small Business Loan Guarantee Program may be found at: www.leginfo.ca.gov/cgi-bin/displaycode?section=corp&group=14001-15000&file=14055-14060.6

Direct Farm Loan Program

The Direct Farm Loan Program provides loans to family farms for crop production, harvest loans, farm ownership, farm improvements or equipment acquisition. The loans must be eligible for guarantee by the U.S. Department of Agriculture's Farm Services Agency.

Chart #2 shows recent proposed budget information for the Small Business Loan Guarantee and Small Business Direct Farm Loan Programs.

Chart #2 - Small Business Loan Guarantee and Small Business Direct Farm Loan Programs				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative	Local Assistance (in thousands)
2005/06	N/A	\$4,552	N/A	\$4,552
Δ				
2006/07	N/A	\$5,404	N/A	\$5,404
Δ				
2007/08	N/A	\$5,600	N/A	\$5,600

Whereas small business loan guarantees are made with the approval of the Financial Development Corporation's Board of directors, loans made in the Direct Farm Loan Program must receive approval from the Farm Services Agency prior to the Financial Development Corporation's approval.

More information on the Small Business Direct Farm Loan Program may be found at:
www.leginfo.ca.gov/cgi-bin/displaycode?section=corp&group=14001-15000&file=14070-14076

Small Business Disaster Loan Programs

The Small Business Disaster Loan Guarantee Program helps agriculture-related enterprises and other small businesses obtain financing needed to recover from losses caused by natural disasters in areas declared to be in a State of Emergency by the Governor.

For farm enterprises, an applicant must be engaged in the production of food or fiber; ranching and raising livestock; nurseries engaged in the wholesale or retail selling of plants; or agriculture related enterprises such as packing shed co-ops, feed yards, cotton gins, and food processors.

For non-agricultural small businesses, an applicant must qualify and apply for disaster assistance from the United States Small Business Administration (SBA). Assistance through the Small Business Disaster Assistance Loan Guarantee Program is in the form of a “bridge” loan guarantee to provide the borrower with working capital until its SBA financing is approved.

An applicant must have suffered physical damage or economic injury as a result of the disaster. "Physical damage" means real or personal property damaged or lost, including structural losses. "Economic injury" means an economic loss resulting in the inability of a business to meet its obligations and to pay its ordinary and necessary operating expenses, including production losses. In addition, the applicant must not be able to obtain credit on his or her own.

Chart #3 shows recent proposed budget information for the Small Business Disaster Assistance Loan Guarantee Program.

Chart #3 - Small Business Disaster Assistance Loan Guarantee Program				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative (in thousands)	Local Assistance (in thousands)
2005/06	N/A	\$150	N/A	\$150 (23 expended)
Δ				
2006/07	N/A	\$150	N/A	\$150 (\$15 expended to date)
Δ				
2007/08	N/A	\$150	N/A	\$150

More information on the Small Business Disaster Loan Program may be found at:
www.leginfo.ca.gov/cgi-bin/displaycode?section=corp&group=14001-15000&file=14070-14076

Small Business Surety Guarantee Program

The Small Business Loan Guarantee Program’s bond component can help increase access to surety bond resources and allow greater participation by small contractors in public works projects. Under this program, an FDC can issue Bond Guarantees, Bond Line, and Irrevocable Letters of Credit. A bond guarantee supports a performance and payment bond issued by a surety for a specific contract.

For a Bond Line, the contractor is not required to identify specific contracts up-front. During the time that the Bond Line agreement is in effect, the contractor can enter into contracts up to the specified amount, and the FDC is obligated to guarantee bonds issued for those contracts. An Irrevocable Letter of Credit is similar to a standby letter of credit issued by a business lender except that the beneficiary, or the surety, makes demands on an FDC rather than the lender.

This program is currently inactive. More information on the Small Surety Guarantee Program may be found at: www.leginfo.ca.gov/cgi-bin/displaycode?section=corp&group=14001-15000&file=14070-14076

The California Infrastructure and Economic Development Bank

The California Infrastructure and Economic Development Bank (I-Bank) was created to promote economic revitalization, enable future development, and encourage a healthy climate for jobs in California. The I-Bank has the authority to issue tax-exempt and taxable revenue bonds. (For a discussion of tax-exempt bonds see Section V – Office of the State Treasurer.)

The I-Bank also provides funding to private agencies, provides credit enhancements, acquires or leases facilities, and leverages state and federal funds. The I-Bank is financed through the California Infrastructure and Economic Development Bank Fund (CIEDB Fund), into which fees, interest income and other revenues are deposited and from which I-Bank expenses are paid. All insurance premiums received by the I-Bank for insurance, guarantees, or enhancements are deposited in the CIEDB Fund.

I-Bank administered programs include: the Infrastructure State Revolving Fund Program; the Industrial Development Revenue Bond Program; the Infrastructure & Community 501(c)(3) Revenue Bond Program; and, the Exempt Facility Revenue Bond Program. Chart #4 shows recent and proposed budget information for the I-Bank.

Chart #4 - Infrastructure and Economic Development Bank				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative	Local Assistance (in thousands)
2005/06	20	\$9,321		\$6,577
Δ				
2006/07	20	\$5,374		\$2,177

Δ				
2007/08	20	\$5,360		\$2,177

More information on the I-Bank may be found at:
www.dof.ca.gov/html/calstars/funds/0649.doc.

Infrastructure State Revolving Fund Program

The Infrastructure State Revolving Fund (ISRF) program provides low-cost financing to public agencies for a wide variety of infrastructure projects. Program funding amounts range from \$250,000 to \$10 million, with loan terms up to 30 years. Eligible applicants include any subdivision of local government, including: cities, counties, redevelopment agencies, special districts, assessment districts, joint powers authorities, and non-profit corporations formed on behalf of a local government.

Eligible project categories include: streets, highways, drainage, water supply and flood control, educational facilities, environmental mitigation measures, parks and recreation facilities, port facilities, public transit, sewage collection and treatment, solid waste collection and disposal, water treatment and distribution, defense conversion, public safety, and power and communication facilities.

Eligible costs include: construction, renovation, and acquisition of land; real and personal property; licenses and franchises; demolition; machinery and equipment, working capital for a period of time after project completion, including reserves for principle and interest, and more. Projects must facilitate effective and efficient use of existing and future public resources so as to promote economic development and conservation of natural resources. Additionally, the project must develop and enhance public infrastructure in a manner that will attract, create, and sustain long-term employment opportunities.

Projects must be consistent with the applicable general plans. All projects must be eligible for tax-exempt financing under federal law, without an allocation of the state's private activity bond volume cap. For more information go to: www.ibank.ca.gov and follow the links to the State Revolving Fund Program.

Industrial Development Revenue Bond Program

Industrial Development revenue bonds (IDBs) are tax-exempt securities which are issued by a governmental entity to provide money for the acquisition, construction, rehabilitation and equipping of manufacturing and processing facilities for private companies. IDBs can be issued by the I-Bank, local Industrial Development Authorities, or by Joint Powers Authorities.

Projects must be for manufacturing facilities involved in the production or processing of tangible property. Up to 25% of the bond money can be used for ancillary office and warehouse use. Up to 25% can be used for land acquisition. The remainder must be used on

building and equipment. Bond money can also be used to acquire an existing facility if 15% of the bond revenues are used to renovate that facility.

All bonds issued by the I-Bank must be credit enhanced with a letter of credit, or they may be privately placed. No state I-Bank funds are utilized or are at risk in the issuance of bonds by the I-Bank. All funding comes from the capital markets.

Generally, bond financing is limited to a maximum of \$20 million per issue, but is typically no greater than \$10 million per issue, with an aggregate limitation of \$40 million. The project must meet certain public benefit criteria set by the California Debt Limit Allocation Committee (see discussion in Section V – Office of the State Treasurer). IDB financing is generally 20% to 30% below comparable commercial alternatives, with terms often lasting up to 30 years. Bonds are assumable and comprehensive in that they include land acquisition, construction and equipment. For more information please refer to: www.ibank.ca.gov and follow the links to the Industrial Development Revenue Bond Program.

Infrastructure and Community 501(c)(3) Revenue Bond Program

501(c)(3) revenue bonds are a low-cost, tax-exempt financing resource for capital improvement projects of qualified nonprofit corporations. In order for a non-profit corporation to access tax-exempt financing, it must have received an Internal Revenue Service determination that it qualifies as a 501(c)(3) organization. Examples of qualifying organizations include cultural facilities such as museums, libraries, aquariums, and historic preservation sites. Recreational facilities such as community centers, local sports facilities, and research institutes may also qualify.

Eligible uses of 501(c)(3) bonds include capital expenditures, refinancing of prior debt, working capital, and cost of bond issuance and other bond related costs. Proceeds of the bonds must create public benefits in the community where the project is located by enhancing the economic, social, or cultural quality of life for local residents. Projects must be in California and must be consistent with the applicable general plan or a comprehensive regional plan.

As with IDBs, 501(c)(3) bonds provide for low cost, long term project financing, with very flexible terms. They also allow the borrower to retain endowments and other accumulated funds. For more information please refer to: www.ibank.ca.gov and follow the links to the Infrastructure and Community 501(c)(3) Revenue Bond Program.

Exempt Facility Revenue Bond Program

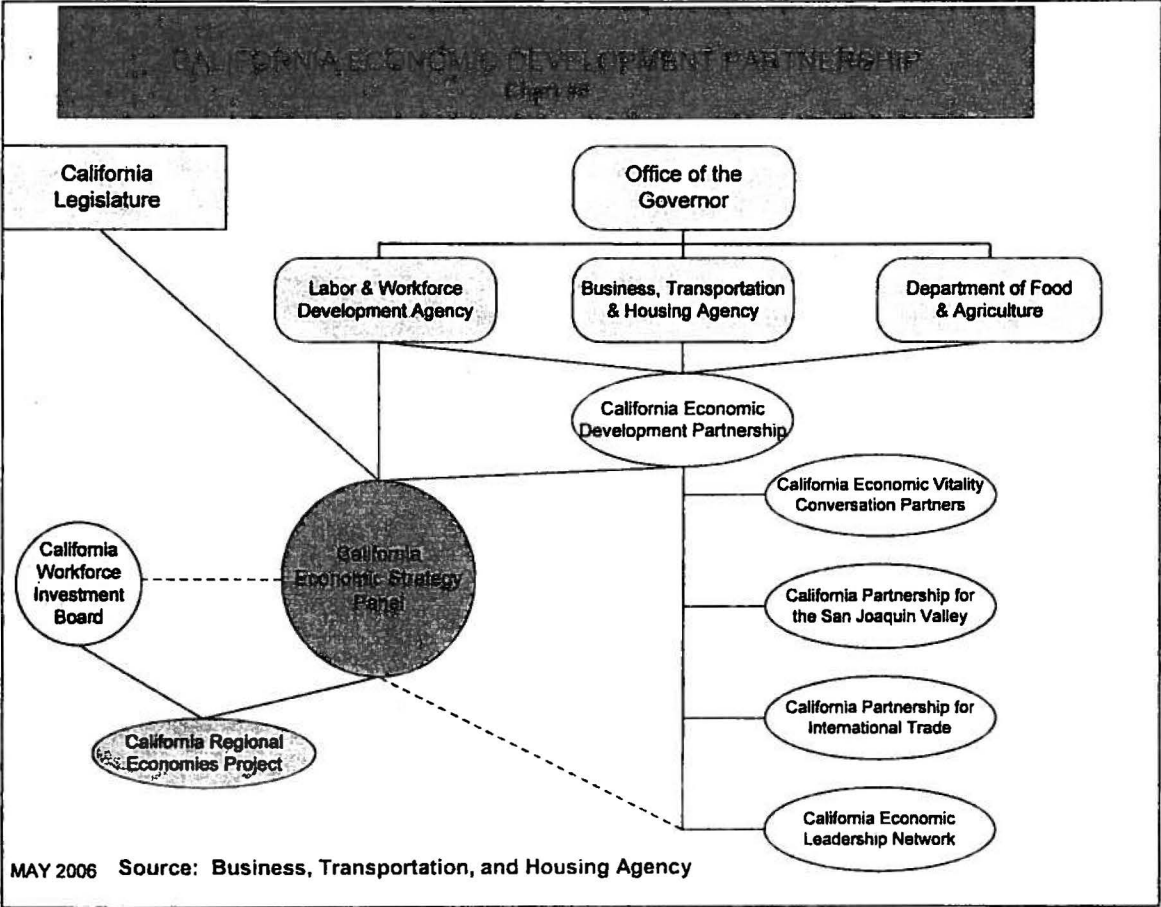
The Exempt Facility Revenue Bond Program provides tax-exempt financing for projects that are government-owned or consist of private improvements within publicly-owned facilities. Exempt facility bonds typically involve projects having to do with ports and airports, such as private airline improvements at publicly-owned airports. In these cases, a publicly-owned airport will build a facility, such as a terminal or cargo building, which are leased or made

available on a long-term contractual basis to an air carrier or shipper, for passengers or freight. For more information please refer to: www.ibank.ca.gov and follow the links to the Exempt Facility Revenue Bond Program.

California Economic Development Partnership

Established in 2005, the Economic Development Partnership (ED Partnership) is an interagency team of the Governor's Cabinet. Its purpose is to coordinate all of the state economic development activities.

The ED Partnership brings together state administration resources in collaboration with regional and local economic development organizations, and other public and private expert resources to retain, expand, and attract jobs in California. The schematic diagram below, Chart #5, shows the interactive relationships among the participating parties in the Partnership.



The Secretaries of BT&H and the Labor and Workforce Development Agency (LWDA), along with the Department of Food and Agriculture, take the lead in Partnership activities. The Partnership's specific activities include:

- Operating the California Business Portal as a one-stop resource for starting, growing, financing, expanding or relocating a business to California;
- Mobilizing Action Teams to coordinate state, regional, and local resources to actively assist with business expansion, retention and job attraction;
- Ensuring that the California Economic Strategy Panel's strategic initiatives are merged with existing state economic development programs, along with information developed by the California Regional Economies Project; and,
- Developing specific international trade promotion strategies with the California International Trade Partnership Council.

For more information please refer to: www.labor.ca.gov/cedp/default.htm.

California Business Portal

The California Business Portal is a Web site operated by the Economic Development Partnership, which provides a portal to a number of resources business can use to start, grow, finance, expand, or relocate a business in California. The California Business Portal draws together numerous resources from state and federal agencies and from local private non-profit organizations. The California Business Portal seeks to simplify access to useful information and resources for businesses.

Among the information items that the California Business Portal can place a business in touch with are: California business laws and regulations; tax information; workforce programs; financial assistance programs; goods movement; export-import requirements; and other useful data to help both small and large businesses operate effectively in this state. Appendix B includes a representation of the contexts of the California Business Portal. For more information please refer to: www.calbusiness.ca.gov/.

Action Teams (A-Teams)

A-Teams are mobilized on a case by case basis to address extraordinary economic development opportunities. The A-Teams are made up of state, regional and local resources that evaluate opportunities to ensure they are in alignment with California's competitive advantage industry clusters and major development sectors that will, in turn, help to retain, grow, or locate new business in California.

California Business Investment Services (see Section IV - Labor and Workforce Development Agency), works with other Cabinet level agencies to organize the A-Teams, and oversee their activities. For more information please refer to: www.labor.ca.gov/cedp/cedpaction.htm.

California International Trade Council

The California International Trade Council (IT Council) is a collaboration of public and private sector organizations that are involved with global trade activities. The mission of the IT Council is to foster growth of the California economy and generate jobs by promoting the export of goods and by attracting foreign investment in California business.

The IT Council is intended to work closely with the Commission on Jobs and Economic Growth, which was established by the Governor in 2004 to assist in keeping jobs in California and attracting new business to the state. The Commission on Jobs and Economic Growth is a non-profit, voluntary group of leaders in business and academia, and is served by a volunteer staff.

Implementation of SB 1513 (Romero), Chapter 663, Statutes of 2006, directs the Secretary of BT&H to develop a state international trade policy and strategy based, in part, on the recommendations from a statewide business partnership. Rather than establishing a new public-private partnership, the IT Council has been selected by the Secretary of BT&H to serve as the official advisory body on the development of the international trade strategy.

An extended discussion on the state's international trade and foreign investment activities is provided later in this Section. More information on the IT Council may be found at: www.labor.ca.gov/cedp/cedpcainter.htm.

Technology Programs and Grants

California offers several programs intended to promote technological development and technology sharing among California businesses, and non-profit organizations, particularly in the area of manufacturing. Most of these programs and grants are unfunded in the current and proposed budgets.

For the last few years, members of the Legislature have attempted, with mixed degrees of success, to bring a more comprehensive approach to the operation of technology planning and development efforts in state government.

The following programs fall within this program category: the Regional Technology Alliance Program, the Manufacturing Technology Program, the Technology Development and Transfer Program, the Challenge Grant Program, and the Technology Planning Program. Details on these programs are provided below.

Financial Development Corporations

Financial Development Corporations, described earlier under the Small Business Loan Guarantee Program, are required, by statute, to give priority to a small business which has received a federal Small Business Innovation Research Grant. Financial development

corporations are also required to prioritize markets its services to small businesses with SBIR grants.

More information on the Small Business Innovation Grant may be found at:
<http://www.leginfo.ca.gov/cgi-bin/displaycode?section=corp&group=14001-15000&file=14090-14091>

Regional Technology Alliance Program

The Regional Technology Alliance (RTA) Program was intended to deliver services and resources, programs, and activities for technology development, commercialization, application, and competitiveness at the regional level.

RTAs are public-private partnerships, formally organized as 501(c)(3) non-profit organizations, whose mission is to encourage the development of technology-based businesses. The State has ex-officio membership on the RTA boards. However, any state funding appropriated to an RTA must be matched on a 2 to 1 basis. Matching funds can occur in-kind or in hard dollars. Currently, no funding is available for RTA activities.

RTAs were originally established to help the process of defense conversion by assisting defense contractors seeking to transition to commercial markets. Over time however, as California's economy continued to grow and diversify, the RTA's mission has broadened to include facilitation of technology-based economic development. Originally, RTAs focused on traditional technology transfer services, such as, helping businesses identify and access technology from universities, federal laboratories; and other research organizations. Today, RTAs help entrepreneurs and emerging businesses get access to capital, markets, management services, and timely information that they need to develop technology based products.

Existing law authorizes the operation of RTAs in the San Francisco Bay Area, Los Angeles, and San Diego. However, it should be noted that only the Los Angeles RTA (LARTA) is currently active, and its role has evolved substantially. Examples of statutorily authorized RTA activities include:

- Raising public and private funding to support technology development;
- Improving communications, exchange of information, and best practices among small, technology based companies. RTAs seek to link client companies with potential investors, service providers, customers and business partners;
- Assisting businesses in accessing federal research and development programs;
- Managing the California Technology in Partnership Program, California Technology In Partnership (CalTIP), program, awarding grants through a competitive process, and monitor grantees' performance;

- Assisting firms in gaining access to private capital;
- Connecting emerging, technology based businesses to sources of management and business assistance services;
- Conducting community outreach, informing businesses of the services and information available through the RTA program;
- Providing support to industry clusters located in a region; and,
- Providing networking opportunities for firms within industry clusters.

LARTA has also begun to service federal Small Business Innovation Research (SBIR) Program grants which fund first and second stage technological research and development. LARTA acts as a manager and intermediary for these research and development grants, ensuring that the grantee performs under the terms of the grant and then links the research activity with entities that are willing to undertake technological development of the research product, as well as find or create a market for that technology. More information on LARTA can be found at: www.larta.org.

For more general information on RTAs please refer to:
www.commerce.ca.gov/state/ttca/ttca_homepage.jsp.

California Technology in Partnership

The California Technology in Partnership (CalTIP) Program provides grants to small and medium sized California companies to match federal funding for research and development. The grant awards enable companies to accelerate the commercialization of new products and services based on technological innovation. This program is subject to appropriation and is currently unfunded.

CalTIP grants, subject to legislative appropriation of funds, provide up to \$250,000 in matching funds to California companies that receive competitively awarded federal research and development grants. RTAs oversee CalTIP and provide support services directly and through others, such as, venture investors, academic partners and economic development organizations.

Eligible activities include commercialization of any technology based innovation such as life science, homeland defense, telecommunications, information processing, environmental management, transportation, and aerospace. For more information please refer to:
www.commerce.ca.gov/state/ttca/ttca_homepage.jsp.

Manufacturing Technology Program

The Manufacturing Technology Program (MTP) works to improve the competitiveness of

California's small and medium sized manufacturing firms through regional non-profit service providers. This program is subject to appropriation and is currently unfunded.

Operating in partnership with the National Institute of Standards and Technology's Manufacturing Extension Partnership Program, MTP provides small and medium manufacturers with access to a wide range of inexpensive high quality business assistance including technical consulting services, work force training, and professional development.

When funds are appropriated by the Legislature, the MTP provides matching grants to non-profit organizations, and public agencies to perform one or more of the following functions:

- Establish and fund a California manufacturers' excellence program;
- Develop and disseminate inventory or resources available to assist manufacturers;
- Implement a strategy for addressing needs identified in the statewide California Manufacturing Program Plan; and
- Promote projects resulting in consortia partnership or alliance for manufacturing technology.

For more information please refer to: www.commerce.ca.gov and follow the links to the MTP.

Technology Development and Transfer Program

The Technology Development and Transfer Program (TDTP) was created to help increase California's overall technology-based economic growth, with an emphasis on improving collaborative industry/university research and development, while attracting additional investment. This program is subject to appropriation and is currently unfunded.

The TDTP partners with the state's technology leaders dedicated to enhancing California's global leadership in research, development, and commercialization of emerging technologies and services. The TDTP intends to provide public and private entities with opportunities to increase the flow of innovation from California's technology-based industry sectors to the global marketplace. Among the undertakings of the TDTP are:

- Improving research opportunities between technology companies and academia;
- Linking administration officials with technology stakeholders; and,
- Enabling the deployment of broadband telecommunications.

More information on TDTP may be found at: www.bth.ca.gov/programs/initiatives/tdtp.asp.

Challenge Grant Program

The Challenge Grant Program consists of technology transfer grants and defense industry conversion and diversification grants. Challenge Grant projects include, but are not limited to: defense industry conversion and diversification; access to ongoing research, and research findings; exchange or transfer of personnel; research support services, including capital outlay; consortia development; and, collaborative research. This program is subject to appropriation and is currently unfunded.

Eligible projects must take place in California. A project is eligible for a grant up to 25% of total project costs and must have private sector or foundation matching funding. To receive a technology transfer grant, the project sponsor must demonstrate that there is a likelihood of commercialization of a product, service, or process; that there is a beneficial impact on the California economy; that there is involvement of small businesses and minority and women owned businesses; and that there is a possibility of producing a prototype at the end of the grant period.

Technology Planning Program

The Technology Planning Program provides grants and technical assistance to California nonprofit organizations and public entities working within specific industries to identify defense conversion or defense related technology expansion projects which are carried out by federal laboratories, universities, and companies in close geographical proximity.

Grants may be awarded in the areas of strategic planning alliances. Grants are made on a competitive basis according to how well they meet the program's goals. The Technology Planning Program is intended to focus on joint efforts to develop and commercialize defense-related technologies by federal laboratories, universities, and companies in close geographical proximity.

California Welcome Centers

California has a network of 13 Welcome Centers, which were established to encourage the economic development of tourism in California.

Chart #6 shows recent and proposed budget information for the California Welcome Centers.

Chart #6 - California Welcome Centers				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative	Local Assistance
2005/06	NA	\$56	NA	NA
Δ				
2006/07	NA	\$56	NA	NA
Δ				
	NA	\$78	NA	NA

2007/08				
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The Welcome Centers are operated by convention and visitor bureaus, chambers of commerce, local governments, state government, or private entities. Oversight is located in the California Office of Tourism, which sits within BT&H. If a non-state entity is going to operate a Welcome Center they must do so according to a written agreement with the Office of Tourism.

Welcome Centers offer information and services to people visiting California, and are located in proximity to major tourist attractions. More information on the Welcome Centers can be found at: www.visitcwc.com.

California International Trade Promotion

This subsection examines current trade programs and services available to California companies seeking to conduct business in California. This discussion focuses on state-level programs, excluding those administered through the California Community College System, which are discussed later in the catalogue under Section VI – Other State Economic Development Programs.

In general, California's trade programs provide market research, technical assistance, opportunities to meet potential investors and business contacts, and other services, including financial and logistics assistance.

Legislation enacted in 2006, SB 1513 (Romero), Chapter 663, Statutes of 2006, initiated the development of a comprehensive state foreign trade policy and program. Previous to the enactment of this bill, BT&H had no official authority to implement any international trade program. Earlier in 2006, the Assembly Committee on Jobs, Economic Development, and the Economy, and the Senate Committee on Business, Professions and Economic Development held a joint hearing on the need for a new international trade program. The Committees' white paper on the subject can be found at www.assembly.ca.gov/acs/newcomframeset.asp?committee=131, under the topic of "International Trade."

The following is a summary of the significant statutory requirements that were enacted by SB 1513 related to international trade and investment:

California International Trade and Foreign Investment Policy

The Secretary of BT&H is required to develop an international trade and investment policy, which is to be consistent with the economic development strategic plan, developed by the California Economic Strategy Panel. It is intended to provide guidance to strategies and plans from other agencies and departments related to workforce and infrastructure development. The policy is to be developed in consideration of current and emerging

market conditions and to be designed to meet the needs of investors, businesses, and workers in today's global competitive markets.

California International Trade and Foreign Investment Study and Strategy

By October 1, 2007, BT&H is to complete a study on the potential roles of the state in global markets. Among the issues to be addressed in this study are:

- The relationship between the state's economy and global markets;
- Gaps in public and private programs and services which serve or could serve businesses in opening up foreign markets for their products and attracting foreign investment in their businesses;
- The strengths and weaknesses of the state's physical and human infrastructure related to foreign trade and investment markets, and what role the state government can take to address identified weaknesses;
- Businesses' needs and priorities related to foreign trade and investment;
- Coordination and leveraging government programs and services related to international trade and foreign investment; and
- Opportunities and challenges in developing businesses and attracting investment along the border and in underserved urban and rural areas.

The study is required to include recommendations that cover the next 3-year, 7-year, and longer-term periods on the following:

- Infrastructure, workforce training, business incentives and the need for international trade and investment offices, in relation to international trade and investment needs of the state;
- Oversight and administration of foreign trade missions that may be recommended by the study;
- Priorities for state activities and funding related to international trade and investment; and
- The organizational structure for international trade and investment policies and programs in state government.

By February 1, 2008, the Secretary of BT&H is required to make recommendations on a strategy for international trade and investment that covers the following items:

- Measurable goals and timelines for achieving each of the policies, goals and objectives;

- Identification of impediments to achieving the policies and objectives set forth in the strategy;
- Identification of stakeholder partnerships that will be used in implementing the strategy;
- Identification of options to fund the strategy recommendations; and,
- Identification of an organizational structure for the state administration of international trade and investment policies, programs, and services.

California International Trade Office Strategy

Under the provisions of this statute, the Secretary of BT&H is prohibited from establishing any international trade and investment offices until the following conditions are met:

- The Secretary determines that based on the study and recommendations outlined above, it is appropriate to consider establishing foreign trade and investment offices;
- The Secretary prepares a separate international trade and investment office strategy, which receives statutory authorization for implementation;
- The Secretary submits a business plan for opening trade offices; and,
- The Secretary develops a strategy for selecting, opening, and managing international trade and investment offices.

The international trade office strategy must meet the following requirements:

- It shall be based on California's foreign trade and investment needs;
- It shall be consistent with the Secretary's recommendations on a foreign trade and investment strategy;
- It shall define goals, objectives and timelines for each recommended office. Goals and objectives should be targeted to primarily assist small and medium sized businesses;
- It shall outline the Agency's management and oversight responsibilities, and funding levels;
- It shall define the method for selecting trade office locations, the number of offices, longevity of each office, and other operational characteristics that each office shall encompass;
- It shall define funding sources for each office;

- It shall define staffing levels and how staff requirements will be determined; and
- It shall include a conflict of interest and gift policy for staff.

The international trade and investment office strategy must be updated at least every five years. The strategy requires legislative authorization for its implementation. The statute requires that each office shall be under the direction of a manager of international trade and investment offices within the Agency.

California Representative on International Affairs

The United States Constitution grants the federal government the power to enter into treaties and trade agreements, and provides that these treaties and agreements are laws of the U.S., and as such, are supreme over the laws of states. By Executive Order, the United States Trade Representative (USTR) is created as an agency within the Executive Office of the President of the United States, and is responsible for international trade negotiations.

Under recently expired “Fast Track” trade authority, also called “presidential trade promotion authority,” the President is authorized (through the office of the USTR) to negotiate trade agreements. These agreements are then submitted to Congress, which only has the authority to approve or reject the agreements – no changes can be made to the submitted trade agreement. Fast Track severely limits Congressional and public input in the negotiation process. In response to these concerns, several Industry Trade Advisory Committees (ITACs) have been established to make recommendations to the USTR and to help ensure trade negotiation objectives adequately reflect U.S. commercial and economic interests.

By Congressional directive, the USTR is required to secure advice from states on trade negotiations through the Intergovernmental Policy Advisory Committee (IGPAC), comprised entirely of state and local officials. Despite repeated requests, no Members of the California State Legislature have been appointed to IGPAC. The USTR also maintains a State Point of Contact system in which the governor of each state designates a single point of contact within the state, which is responsible for transmitting information to the USTR, and to disseminate information from the USTR to state officials.

SB 1513, as declaratory of existing law, stated that the Governor is the primary state officer representing California's interest in international affairs, and is the principal point of contact with the USTR. The Governor has appointed Garrett Ashley in the BT&H Agency to fill this role. Under the provisions of SB 1513, the state single point of contact must do all of the following:

- Promptly disseminate correspondence or information from the USTR to the appropriate state agencies and departments and legislative committees;
- Work with the appropriate state agencies and departments, and the Legislature to review the effects on the California environment, and California businesses, workers and general

lawmaking authority, of any proposed or enacted trade agreement or provisions, and communicate concerns to the USTR; and

- Serve as liaison to the Legislature on matters of trade policy oversight.

SB 1513 also requires the Governor's Office of Planning and Research to maintain and update a full and comprehensive list of all state agreements made with foreign governments.

Foreign Trade Zones

Foreign Trade Zones (FTZs), are areas where goods may be imported without submitting to all U.S. Customs rules or tariffs, and are intended to promote U.S. participation in trade and retain domestic employment that might otherwise go to foreign countries. These zones are established by the federal government with companion state statute authorization.

California has 17 general purpose FTZs out of 234 zones in the U.S. California's FTZs are located in the following areas:

- Butte County
- Eureka
- Long Beach
- Los Angeles
- Merced, Madera and Fresno Counties
- Oakland
- Palm Springs
- Palmdale
- Port Hueneme
- Riverside County
- San Diego
- San Francisco
- San Jose
- Santa Maria
- Stockton
- Victorville
- West Sacramento

More information may be found at: www.labor.ca.gov/calBIS/cbforeigntradezones.pdf and www.cbp.gov/xp/cgov/import/cargo_control/ftz/.

Economic Development and Trade Promotion Account

The Economic Development and Trade Promotion Account was established for the Secretary of BT&H to deposit donations made to the state for the purpose of promoting international trade and investment.

Donations cannot exceed \$10,000 per donor, per quarter. Donors may specify the international trade and investment office or international trade and investment event for which the donation can be used. The Secretary of BT&H may also use monies deposited in the Economic Development and Trade Promotion Account for expenses incurred to promote international trade and investment that will directly benefit California business.

Office of California-Mexico Affairs and the California-Mexico Border Relations Council

The Office of California-Mexico Affairs was created within the Technology, Trade, and Commerce Agency (TTCA) in 1982 for the purpose of enhancing California's relationship with the bordering Mexican states and U.S. border-states. When the TTCA was eliminated in 2003, most of its duties were transferred to B&TH. The Office of California-Mexico Affairs, however, was never fully re-instated leaving no state entity responsible for the coordination of the more than 100 programs, initiatives, projects, and partnerships that exist within state government related to California and Mexico relations.

Last year, the Governor signed AB 3021 (Nuñez), Chapter 621, that established a six-member California-Mexico Border Relations Council (Border Council) comprised of all Agency Secretaries and the Director of OES for the purpose of coordinating activities of state agencies. In addition to coordinating state agency activities, the Border Council will develop policies to coordinate the collection and sharing of data related to cross-border issues, and make recommendations to the Legislature that further the mission of the Border Council.

For more information on the Office of California and Mexico Affairs and the Border Council, please refer to the California Government Code, Sections 8700-8709 and 8710-8713, respectively.

Office of Military and Aerospace Support

The Office of Military and Aerospace Support (OMAS) provides a central clearinghouse for all defense retention, conversion, and base reuse activities in the state. It serves as the primary state liaison with the federal Department of Defense, and supports existing aerospace initiatives. Federal Department of Defense accounts for roughly \$42 billion of the state's \$1.7 trillion economy.

Chart #7 shows budgetary information for the Office of Military and Aerospace Support:

Chart #7 - Office of Military and Aerospace Support				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative	Local Assistance
2005/06	NA	\$444	NA	NA
Δ		\$122		
2006/07	NA	\$533	NA	NA
Δ		\$15		
	NA	\$551	NA	NA

2007/08				
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OMAS assists local communities throughout California to make the best possible case to the federal Department of Defense for the retention of military facilities during rounds of base closures. OMAS also provides leadership on statewide issues relating to military base retention and the aerospace industry.

OMAS helps implement both conversion and retention grant programs in support of communities adjacent to bases. It helps maximize defense and aerospace industry contracts and jobs of benefit to California. It facilitates federal Department of Defense partnerships involving federal, state, local, and private sector members, and promotes energy co-generation projects as well as public-private ventures and privatization of base services. More information on OMAS may be found at: <http://134.186.46.107/about/>.

Space Enterprise Development Act

The Space Enterprise Development Act authorizes BT&H to implement a space enterprise development program, subject to an appropriation of funds. The intent of this program is to foster activities that increase the competitiveness of space enterprise in California, including the commercial use of space, space vehicle launches, space launch infrastructure, manufacturing, applied research, technology development, economic diversification, and business development.

BT&H can contract with other state or private agencies, non-profit corporations, universities, firms, or individuals for work related to the space enterprise program. BT&H contracts with a non-profit organization to operate the California Spaceport Authority. In turn, the California Spaceport Authority does the following:

- Identifies science and technology trends significant to space enterprise and acts as a clearinghouse for space enterprise issues and information;
- Develops and implements a state strategy for applying and commercializing technology to create jobs, respond to industry changes, and foster innovation and competitiveness in space enterprise in California;
- Provides information to the Secretary of BT&H, regarding the development of laws, regulations, decisions, or determinations affecting the economic and employment impacts of space enterprise in California;
- Makes recommendations on funding to promote the development of space enterprise in California, including education, and workforce development;
- Reviews applications for and promotes the California Space Enterprise Competitive Grant Program; and,

- Pursues federal or private grants.

More information can be found at: www.californiaspaceauthority.org/html/spaceport-authority.html.

California Space Enterprise Competitive Grant Program

The Space Enterprise Competitive Grant Program promotes the development of space enterprises in California, including activities for the commercial use of space, space research, manufacturing, applied research, space launch infrastructure, and other activities related to space enterprise. The California Space Authority administers the program. Eligible applicants include public, private, educational, commercial, and nonprofit entities that improve the competitiveness of space enterprise in California.

Under this program, grant applications would be solicited annually by the California Space Authority. Grant proposals are evaluated based on the number of jobs created, cost sharing by other sources, the amount of project work which would take place in California, how intellectual property derived from the project would be shared, the impact on the state's economy, the project's cost effectiveness, demonstration of technical feasibility, and an assessment of risk.

Department of Housing and Community Development

The Department of Housing and Community Development (HCD) is one of 13 departments within BT&H. HCD administers over 20 programs that award loans and grants for the development of affordable housing, infrastructure, and the development of jobs for lower income workers. Loans and grants are made to local public agencies, non-profit developers and not-for-profit service providers.

Chart #8 shows recent and proposed budget information for HCD.

Chart #8 - Department of Housing and Community Development				
Fiscal Year	Staffing (PYs) (in thousands)	Total Funding (in thousands)	Administrative (in thousands)	Local Assistance (in thousands)
2005/06	491.0	\$551,545	\$50,875	\$500,670
Δ				
2006/07	526.9	\$654,327	\$63,274	\$591,053
Δ				
2007/08	597.2	\$968,620	\$67,765	\$900,855

Several of the Department of HCD's programs deal directly with community economic development. More information can be found at: www.hcd.ca.gov/. The following is a summary of some of HCD's key programs:

Community Development Block Grant Program

The Community Development Block Grant (CDBG) Program was established by federal law in 1974. Large and medium sized municipalities are provided with allocations from the federal Housing and Urban Development Department. States administer allocations for the CDBG program for smaller cities and counties on a competitive basis. California's small cities CDBG program is administered by HCD. This state program provides funding to counties with fewer than 200,000 residents in unincorporated areas and cities with fewer than 50,000 residents that are not participants in the federal CDBG Program.

Chart #9 presents recent proposed budget information for the state small cities CDBG Program.

Chart #9 - Small Cities Community Development Block Grant				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative	Local Assistance (in thousands)
2005/06	N/A	\$57,834	N/A	\$54,869
Δ				
2006/07	N/A	\$63,868	N/A	\$60,000
Δ				
2007/08	N/A	\$64,219	N/A	\$60,000

The primary objective of the CDBG Program is the development of viable communities through the provision of decent housing and suitable living environments, and by expanding economic opportunities.

Pursuant to federal law, at least 51% of a CDBG project’s beneficiaries must have incomes less than 80% of the area median income. This is known as the Targeted Income Group.

Each year the CDBG Program makes funds available to eligible jurisdictions through several allocations including: General, Native American and Colonias; Economic Development – Over the Counter; Economic Development – Enterprise; and, Planning and Technical Assistance allocations.

General, Native American and Colonias Allocations

The General, Native American and Colonias Allocation is the largest component of the CDBG program. One and one quarter percent of state CDBG funds are awarded to projects serving Native Americans who do not belong to a federally recognized tribe or rancheria. Five percent is awarded to non-entitlement California communities (colonias) located within 150 miles of the California-Mexico border. Most of the funds in this allocation are spent for housing, community, and economic development projects serving lower-income households in small, typically rural communities.

Economic Development: Enterprise Fund

This allocation is intended to capitalize local businesses through grants and revolving loan funds that provide working capital or provide infrastructure assistance to businesses that create or preserve private sector jobs for low and very low income population. Grants and loans can be made up to \$500,000. Loan terms and conditions can be tailored to meet the financial needs of each business.

Economic Development: Over the Counter

This allocation is intended to capitalize a local business loan or finance a public infrastructure project which will promote business expansion and result in the creation and/or retention of permanent private sector jobs. Eligible uses of funds include business loans and grants to cities and towns for purchase of land and existing improvements, construction and rehabilitation of buildings and leasehold improvements, purchase of equipment, inventory, furniture, fixtures, materials and supplies, and working capital. Grants can be made up to \$500,000.

Planning and Technical Assistance

The grants made under this allocation are available for both general and economic development activities. The grants are intended to help communities move projects from concept to reality. A total of \$70,000 is available annually to each eligible community -- \$35,000 on the economic development side, and \$35,000 for general development projects. Typical activities include: business development feasibility studies; business attraction and retention plans; housing needs studies; marketing studies; social service needs assessments; technical assistance for specific businesses; and infrastructure needs assessments.

More information on the Small Cities CDBG Program may be found at:
www.hcd.ca.gov/fa/cdbg/Enterprise.html.

Geographically-Targeted Economic Development Areas

The Enterprise Zone (EZ) Program and the other geographically-targeted economic development areas (G-TEDAs) are among the largest state economic development programs in California. The Department of Housing and Community Development (HCD), administers four G-TEDA programs including: EZs, Manufacturing Enhancement Areas (MEAs), Local Agency Military Base Realignment Areas (LAMBRAs), and one Targeted Tax Area (TTA).

The G-TEDA programs are based on the principle that targeting significant economic incentives to low-income communities allows these communities to more effectively compete for new businesses and retain existing businesses, resulting in increased tax revenues, less reliance on social services, and lower public safety costs. Residents and

businesses also directly benefit from these more sustainable economic conditions through improved neighborhoods, business expansion, and job creation.

Under the G-TEDA programs, businesses and other entities located within targeted areas are eligible for a variety of local and state provided incentives. Local governments often write down the costs of development. They may also fund related infrastructure improvements, provide job training to prospective employees, or establish a streamlined process of obtaining permits. Additionally, the state offers a number of incentives, including: tax credits; special tax provisions; priority notification when selling state surplus lands; access to certain brownfield clean-up programs; and, preferential treatment for state contracts.

By far, the largest business incentive is the income tax credit given for hiring certain targeted employment populations. In 2003 (the most recent year information is available), corporate tax payers claimed \$178 million in 3,199 credits attributable to EZs. Trade related businesses claimed \$46 million, manufacturing enterprises claimed nearly \$45 million in credits, and financial service related businesses claimed nearly \$35 million. Of the 2,455 credits claimed by corporate filers, a significant majority of the value of the claims (\$267.6 million based on 1,020 credits) came from businesses with gross revenues over \$100 million, while businesses with gross revenues under \$5 million claimed 900 credits, for a total value of \$8 million. Of those credits granted in a specified zone, 27% went to San Francisco, Long Beach, Oakland, and Santa Ana.

Chart #10 compares the state tax incentives offered to businesses located in a G-TEDA.

Chart #10 - Comparison of State Tax Benefits by Targeted Area (2005)					
	Hiring Credit	NOL Carry-Forward	Sales and Use Tax Credit	Accelerated Depreciation	Lender Interest Deduction
Enterprise Zone	X	X	X	X	X
Manufacturing Enhancement Zone	X				
Targeted Tax Area	X	X	X	X	
Local Agency Military Base Realignment Area	X	X	X	X	

Source: Legislative Analyst's Office

The Assembly Committee on Jobs, Economic Development, and the Economy (JEDE), and the Assembly Revenue and Taxation Committee (R&T) undertook a comprehensive, four-month examination of the EZ Program and other G-TEDAs during the 2005-06 Session. A summary of the hearings and the JEDE final list of recommendations can be found on the JEDE Web site at: www.assembly.ca.gov.

During the course of these hearings, the committees reviewed current and best practices related to designation, management and monitoring, and use of business incentives available through the G-TEDA programs with the objective of putting forth an overall evaluation of the state's return on its investment (ROI). While it was possible to estimate the cost of the business incentives, determining the value of the programs' broader impact upon individuals and communities could not be ascertained.

One of the primary impediments to determining ROI can be traced back to the establishment of the EZ Program over 20 years ago, when the state failed to establish benchmarks at either the state or local levels, develop metrics for measuring the ongoing success of the program, or place a single state agency firmly in charge of the EZ program.

As a result of these hearings, and in consultation with the Senate policy and fiscal committees, a compromise measure [AB 1550 (Arambula and Karnette), Chapter 718, Statutes of 2006] was developed that addressed many of the program management and oversight issues raised in the hearings. It is likely that additional legislation will be introduced this year addressing other areas examined during the hearings.

Manufacturing Enhancement Areas

The California Manufacturing Enhancement Areas (MEAs) were created in 1997 with SB 200 (Kelly), Chapter 609. Existing law authorizes the designation of up to two MEAs for certain impoverished communities.

The purpose of the MEA is to stimulate job creation in areas experiencing triple the average of the state's unemployment rate and located in a Border Environment Cooperation Commission Region. MEA benefits include, but are not limited to:

- Streamlined local regulatory controls;
- Reduced local permitting fees; and,
- Tax credits for hiring qualified employees.

Currently there are two MEAs, Calexico and Brawley, both of which are located in Imperial County. These MEAs will expire in 2012.

Local Agency Military Base Recovery Area

The Local Agency Military Base Recovery Areas (LAMBRAs) program came into existence in 1993 with AB 693, (Cannella), Chapter 1216. Local governments applied to the Trade and Commerce Agency for formation of LAMBRAs comprising of all or part of a military base closed pursuant to the various base closure acts. The purpose of the legislation was to adapt the EZ model to former military base areas. LAMBRA benefits include, but are not limited to:

- Up to 100% Net Operating Loss (NOL) carry-forward. NOL may be carried over for a period of 15 years.
- Firms can earn over \$30,000 in state tax credits for each qualified employee hired, and up to \$2,000,000 per firm, per year.

- Corporations can earn sales tax credits on purchases of \$20,000,000 per year of qualified machinery and parts.
- Expensing of certain depreciable property capped at \$40,000 annually.
- Unused tax credits may be allowed to be carried over to future tax years.

HCD is limited to designating only eight LAMBRA in the state and one per geographic region. Each LAMBRA designation is valid for a period of eight years. All LAMBRA are scheduled to expire between 2007 and 2012.

Targeted Tax Area

The California Targeted Tax Area (TTA) program came into existence in 1997, with AB 1217 (Bustamante), Chapter 602. The TTA legislation requires the Trade and Commerce Agency (currently the Department of Housing and Community Development) to designate at least one "TTA" that gives certain businesses various tax incentives. TTA benefits include, but are not limited to:

- Tax credits for sales and use taxes paid on certain machinery, parts, and equipment;
- Tax credits for hiring qualified employees;
- Fifteen year NOL carry-forward; and
- Accelerated expensing deduction.

The only current State TTA is located in Tulare and it is designated until 2013.

Goods Movement Plan

BT&H and the California Environmental Protection Agency have released a Goods Movement Action Plan (GMAP) for the state. The GMAP is a comprehensive plan to address the various layers of the goods movement system, focusing on the state's four key transportation corridors – the Bay Area, Los Angeles/Inland Empire, San Diego border region, and the San Joaquin Valley. The GMAP was developed to promote economic growth, encourage the creation of new high paying jobs, and address the environmental challenges of the goods movement industry.

The most recently issued GMAP includes approximately 200 possible projects covering infrastructure, public health and environmental impact mitigation, community impact mitigation, homeland security, public safety, and workforce training.

The GMAP work done to date takes a macroscopic look at the goods movement industry serving California businesses and the infrastructural components of California's highway, rail

and air transport systems which carry goods into, around, through and out of the state. This work done to date has been comprehensive in describing current goods movement characteristics, and problems and opportunities for improvement. However, there is little analysis of what is being moved in California, the industries that produce goods for shipment and how different industries employ different goods movement services and strategies to send and receive products efficiently.

More information on the State Goods Movement Plan may be found at:
www.arb.ca.gov/gmp/gmp.htm.

Section III – Labor and Workforce Development Agency

This Section provides an overview of the Labor and Workforce Development Agency. The Labor and Workforce Development Agency was established in 2002 to address issues concerning California's workers and employers. These issues breakdown into three key areas: labor law enforcement, workforce development, and benefit payment and adjudication. The following information will largely focus on the workforce development functions of the Labor and Workforce Development Agency and programs that affect state and regional economic development, in recognition that a trained workforce and a vibrant economy mutually reinforce one another.

The goals of Labor and Workforce Development Agency are to improve access to employment and training programs, and to ensure that California businesses and workers have a level playing field in which to compete and succeed. Among the key economic and workforce development departments, boards, and commissions, administered though L&WD are the Employment Development Department, the Employment Training Panel, the California Workforce Investment Board, and the California Economic Strategies Panel.

Chart #11 summarizes key Labor and Workforce Development Agency fiscal information for the budget year, current year, and previous year.

Chart #11 - Labor and Workforce Development Agency				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative (in thousands)	Local Assistance (in thousands)
2005/06	11.5	\$2,223	\$111	\$0
Δ	2.7	\$161		
2006/07	14.2	\$2,384	\$119	\$0
Δ	-	\$135		
2007/08	14.2	\$2,249	\$112	\$0

More information on the Labor and Workforce Development Agency may be found at: www.labor.ca.gov/.

Employment Development Department

Employment Development Department (EDD) offers a variety of services to the state's workers, job seekers, and employers. EDD is one of the largest departments in state government with nearly 10,000 staff, and a budget of more than \$11 billion.

Chart #12 summarizes key fiscal facts for EDD for next budget year, the current year, and the previous year.

Chart #12 - Employment Development Department				
Fiscal Year	Staffing (PYs)	Total Funding	Administrative	Local Assistance
				(in thousands)
2005/06	9,187.8	\$9,716,315	\$52,351	\$10,394,862
Δ	205.6	\$1,412,093	\$2,620	
2006/07	8,982.2	\$11,128,408	\$54,971	\$9,700,829
Δ	242.8	\$331,960	\$2,288	
2007/08	8,739.4	\$10,796,448	\$57,259	\$9,725,800

Among EDD's most important missions is to ensure that California's workforce has the skills that employers need to manage their businesses. These services can generally be characterized as "workforce investment." EDD's major workforce investment programs include the California One-Stop Career Centers, the California Jobs Service Program (CalJOBS), ETP, and the WIA Program.

Additionally, EDD oversees the work of the Economic Strategies Panel, and runs the California Business Investment Services, both of which are intended to foster state and regional economic development, which generates more employment opportunities for California's growing workforce. The following sub-sections provide an overview of these programs.

More information about EDD may be found at: www.edd.ca.gov.

California One-Stop Career Centers

The One-Stop Career Center (One-Stop Center) system is a statewide network of centers that provide employment, education, and training services all in one location. The One-Stop Centers work with public and private non-profit partners to provide their services. Some One-Stop Centers have all of their partners on site, and some do not. However, all partners are community-based and easily accessible to workers, job seekers, and businesses.

Chart #13 summarizes key fiscal facts for One-Stop Centers for the next budget year, the current year, and the previous year.

Chart #13 - One-Stop Career Centers				
Fiscal Year	Staffing (PYs)	Total Funding	Administrative	Local Assistance
		(in thousands)		(in thousands)
2005/06	NA	\$559,573	NA	\$342,399
Δ				
2006/07	NA	\$545,150	NA	\$334,753
Δ				
2007/08	NA	\$469,433	NA	\$316,368

The One-Stop Centers include programs such as Job Services, Unemployment Insurance (UI), Vocational Education, and Vocational Rehabilitation. The One-Stop Centers provide their services in English and Spanish, and are organized around a locally determined set of priorities, which are designed to meet the unique employment needs in each community. All but two of California's 58 counties have a One-Stop Center, with many counties having multiple one-stop locations. More information about One-Stop Career Centers can be found at: www.edd.ca.gov/one-stop/pic.htm.

Jobs Services Program and CalJOBS Database

EDD's Job Services Program is California's component of the federal/state public employment service system. Funded by an employer's payroll tax, under the Federal Unemployment Tax Act, the Program connects employers with qualified workers, at no cost.

The Jobs Services Program is one of the largest employment services programs in the world. It offers assistance through more than 400 service locations, in over 200 communities, serving more than 900,000 employers in this state. EDD plans and delivers job services in partnership with other employment and training organizations in the One-Stop Centers program. This partnership offers job search training workshops for job seekers that teach the skills needed to find and retain a job, and provide referrals to partner agencies that provide other employment related services, including other types of training.

The Jobs Services Program also provides California's employers with a variety of services to meet workforce needs, including:

- Re-employment services for dislocated workers;
- Labor market information for business expansion, relocation, and future hiring;
- Focused recruitment for new business ventures or facilities needing a large number of specialized workers, quickly; and,
- Locally coordinated workforce preparation services.

The Internet based CalJOBS allows job seekers to enter their resume into a database which can be accessed by employers. Job seekers can also use CalJOBS to search the job listing database.

The Re-employment Program is a specialized process that selects new UI claimants to ensure that they understand and meet the UI work test requirements of being able and available for work, and actively seeking employment.

Employment Training Panel

Established in 1983, the Employment Training Panel (ETP), is a business- and labor-

supported state agency that funds job skills training to provide workers with jobs that have good pay potential and long-term usefulness. ETP is governed by a seven member panel, appointed by the Governor and Assembly and Senate Leadership.

ETP uses the Employment Training Fund for their training programs. Monies in the Employment Training Fund are provided by one tenth of 1% of unemployment insurance wages paid by every private, for-profit employer in the state, as well as, some non-profits, amounting to no more than \$7.00 per covered employee per year.

Chart #14, summarizes key ETP fiscal information for the budget year, current year, and previous year.

Chart #14 - Employment Training Panel				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative (in thousands)	Local Assistance* (in thousands)
2005/06	88	\$53,000	\$8,400	\$44,600
Δ				
2006/07	88	\$67,400	\$9,000	\$58,400
Δ				
2007/08	88	\$70,200	\$9,500	\$60,700

*Includes training contracts both with individual employers and with training agencies and employer consortia serving multiple employers.

ETP has paid more than \$1 billion in training funds since its inception, and trained more than 660,000 California workers. In California, 60,000 businesses have been served, with 80% of companies having been small businesses with fewer than 250 employees per firm.

Other important aspects of the ETP Program are:

- Employers match training funds awarded by ETP for training existing workers, making these projects true public-private partnerships;
- ETP funds training for unemployed workers; and,
- ETP prioritizes small businesses and employers in areas with high unemployment.

The Small Business Program, administered by ETP, targets small businesses that do not have the resources or flexibility to train skilled workers on their own, and would like to contract with ETP for their services.

Research has shown that for every \$1.00 invested in the ETP Program, \$5.00 is returned in economic benefits. More information regarding the ETP may be found at: www.etp.ca.gov.

California Workforce Investment Board

The California Workforce Investment Board (CWIB) was established under the auspices of L&WD, to assist the state in meeting the requirements of the federal Workforce Investment Act of 1998 (WIA).

Implementation of WIA required significant reforms to California's job training system. These reforms emphasized private sector involvement, improved customer service, better alignment of public sector resources, and the integration of education, workforce, and economic development programs in order to help both workers and employers compete and succeed in the global economy.

The members of CWIB are appointed by the Governor and the leadership of the Assembly and Senate, and represent business, labor, public education, economic development, youth activities, employment services, and training agencies. Resources used to carry out CWIB activities are derived from the Governor's 15% WIA Discretionary funds. CWIB has a staff of 22 authorized positions, including an Executive Director who is an integral part of the CWIB. The staff organization supports various committees on administration, high-wage/high growth jobs, advancing workers, and statewide worker shortages.

Chart #15 summarizes key CWIB fiscal information for the next budget year, the current year, and the previous year.

Chart #15 - California Workforce Investment Board				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative (in thousands)	Local Assistance
2005/06	19.4	\$3,355	\$245	\$0
Δ	1.5	\$1,570		
2006/07	20.9	\$4,925	\$345	\$0
Δ	-	\$428		
2007/08	20.9	\$4,497	\$315	\$0

CWIB's Strategic Two-Year Plan for 2005 to 2007 states that its goals are to "achieve sustainable economic growth, meet the demands of global competition in the modern economy, and improve the quality of life for all Californians." To meet these goals, CWIB works with local workforce investment boards (WIBs) throughout the state and with stakeholder groups consisting of private businesses and public entities. CWIB and local WIB's mission focuses on providing employment training with strong job prospects and to connecting employers with job-seekers.

Among its many economic and workforce development activities, CWIB's Strategic Two-Year Plan cites specific efforts to assist and encourage small business in California, including developing the capacity of local One-Stop business services and linkages between One-Stop services and Rapid Response teams to address worker layoffs. More information on CWIB activities may be found at: www.calwia.org.

California Economic Strategy Panel

The California Economic Strategy Panel (ESP) has the responsibility for continuously examining changes in the state's economic base and industry sectors to develop a statewide vision and strategic initiatives to guide policy decisions for economic growth and competitiveness. The ESP's current activities include:

- Completion of an Economic Development Strategic Plan, incorporating the findings and policy recommendations from outside reports and discussions regarding job and firm growth and movement; logistics, and manufacturing value chains, and economic opportunity in the state's rural economic regions;
- Development of an accountability system for use in the state budget process which measures the performance of state policies, programs, and tax expenditures intended to stimulate economic activity; and,
- Undertaking a California Regional Economies Project and incorporating the results of that Project into ESP's Economic Development Strategic Plan.

Chart #16 summarizes key fiscal facts for the ESP for the next budget year, the current year, and the previous year.

Chart #16 - California Economic Strategies Panel				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative (in thousands)	Local Assistance (in thousands)
2005/06	2.25	\$306	\$15	\$0
Δ				
2006/07	2.25	\$310	\$16	\$
Δ				
2007/08	2.25	\$16	\$16	\$

ESP is composed of eight appointees by the Governor, two by the President pro Tempore of the Senate and the Assembly. The Secretary of L&WD serves as Chair of the ESP. A team of technical advisors provides research and analytic assistance, and facilitates discussions at ESP meetings and forums.

The ESP takes a comprehensive approach to examining economic development factors affecting growth, such as: capital, infrastructure, taxes, and regulations; workforce development; and, research and development activity. The ESP then makes recommendations to the Legislature based on its findings.

More information on ESP can be found at: <http://www.labor.ca.gov/panel/>.

California Regional Economies Project

The California Regional Economies Project provides the state's economic and workforce development system with data and information about changing regional economies and labor markets. This information provides a key resource in economic and workforce development planning, and a bridge connecting economic and workforce policies and programs at the state and regional levels. The California Regional Economies Project is a joint effort of CWIB and ESP.

Economic research has provided ESP with information necessary to develop an economic model, which currently divides the state into nine economic activity regions, as follows: Bay Area; Central Coast; Central Sierra; Greater Sacramento; Northern California; Northern Sacramento Valley; San Joaquin Valley; Southern Border; and, Southern California. In addition to producing a statewide Economic Base Report, the Project has completed a Base Report for each of these regions. The information in these reports provides a comparative analysis of the state and regional economies from 2001 to 2004. These reports are currently being updated.

More information on numerous regional and issue-oriented reports on California's regional economies and the industry and workforce conditions and trends can be found at: www.labor.ca.gov/panel/espcrepindex.htm.

California Business Investment Services

The California Business Investment Services serves employers, corporate real estate executives, and site location consultants who are considering California for new business investment or expansion.

Chart #17 summarizes key California Business Investment Services fiscal information for the next budget year, the current year, and the previous year.

Chart #17 - California Business Investment Services				
Fiscal Year	Staffing (PYs)	Total Funding	Administrative	Local Assistance
2005/06	4.5	\$508	\$25	\$0
Δ				
2006/07	4.5	\$546	\$27	\$0
Δ				
2007/08	4.5	\$546	\$27	\$0

Among its services, California Business Investment Services provides detailed information to current and prospective businesses through the following resources:

- California's Business Advantages, a resource detailing the many business-favorable reasons why someone should locate their business in California;
- California Site Selection Regions, a resource which gives key data about California's different economic regions;
- Site Selection Services, a no-fee service for businesses, real estate executives and site selection consultants to help businesses determine the most suitable location for their economic activity;
- Investment Incentives, a comprehensive report on various economic incentives offered by the state of California for locating certain type of economic activities in different Geographically-Targeted Economic Development Areas;
- Setting Up Business in California, A Guide for Investors, a report describing general procedures for establishing a business in California;
- Workforce Services, resources for connecting businesses with workforce training programs and other labor pool needs;
- International Business, a comprehensive compendium of resources for assisting businesses wanting to participate in international trade; and,
- Data and Statistics, a resource of labor market data and general economic statistics about California.

More information on the CalBIS programs can be found at: www.labor.ca.gov/calBIS/.

Section IV – State and Consumer Services Agency

This Section provides an overview of the State and Consumer Services Agency, and in particular, the Department of General Services. There are several key contracting and outreach programs that are operated by Department of General Services in conjunction with its procurement services.

Chart #18 summarizes key State and Consumer Services Agency information for the budget year, current year, and previous year.

Chart #18 - State and Consumer Services Agency				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative	Local Assistance
2005/06	8.2	\$1,364	\$0	\$0
Δ	0.6	\$59		
2006/07	8.8	\$1,423	\$0	\$0
Δ	14.9	\$1,800		
2007/08	23.7	\$3,223	\$0	\$0

More information the State and Consumer Services Agency can be found at www.scs.ca.gov

Department of General Services

The Department of General Services (DGS) provides centralized services to state agencies in a variety of areas and operates a number of programs related to procurement. Chart #19 summarizes key DGS fiscal information for the budget year, current year, and previous year.

Chart #19 - Department of General Services				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative	Local Assistance
2005/06	3,433.5	\$985,616	NA	NA
Δ	204.7	\$85,476		
2006/07	3,638.2	\$1,071,092	NA	NA
Δ	64.8	\$111,258		
2007/08	3,703.0	\$1,182,350	NA	NA

DGS is comprised of six divisions, 23 operational offices, 4,000 employees, and a budget in excess of a half billion dollars. Its diverse functions include e-commerce and telecommunications, acquisition, development, leasing, and procurement of supplies, among others. This report reviews the preference programs that are operated for small, minority, women, disadvantaged business, and disabled veterans enterprises, as well as, bid preference

programs for Enterprise Zones, Local Agency Military Base Recovery Areas, and Targeted Contract Preference Areas.

Disabled Veterans and Small Business Certification Program

The Disabled Veterans Business Enterprise (DVBE) and Small Business Certification Programs were established to increase business opportunities for businesses owned and operated by disabled veterans and of small size. These programs are designed to help these businesses compete for state contracts with larger, better capitalized, and more established firms. Small businesses also include microenterprises, which are defined as businesses with fewer than 5 employees and having less than \$2.5 million in gross revenues.

DGS' Procurement Division, the Office of Small Business and DVBE Services (OSDS), is the state's certifying agency administering the DVBE and Small Business Certification Programs. In addition to conducting certifications, OSDS conducts outreach activities to recruit more businesses and provides guidance, resources, and support to these businesses in their efforts to do business with the state.

The state's DVBE Program was established to acknowledge disabled veterans for their service in defending our state and nation and to encourage greater economic opportunities for these business owners each state department must establish its own method for achieving a 3% state participation goals for DVBEs. In order to help departments reach their participation goals, prime contractors are required to include certified DVBEs in at least 3% of their work, or demonstrate that a "good faith effort" has been made in trying to achieve this objective.

The primary difference between DVBE and small business certifications are the eligibility requirements. Small business certification is based on size standards (less than \$10 million in gross revenue and fewer than 100 employees), while a DVBE is based on the veteran status of the owners and managers of the business (the owner must have a service-related injury and own at least 51% of the business).

Each program has state participation goals. The small business goal, which has been set by Executive Order S-02-06, is 25% of all contracts awarded by each department in state government. The DVBE participation goal, set by statute, is 3% of state department contracts. Each department in state government must annually report the level of small business and DVBE participation to the Legislature.

In addition to participation goals, certified small businesses which bid on state contracts and meet contract requirements are, by statute, awarded a 5% bidders' preference. Non-small business bidders that utilize certified small businesses can also qualify for the small bidder preference. DGS also has authority to adjust experience requirements for small business bidders, and reduce inventory requirements.

The maximum contract amount for the small bidder preference is \$50,000. In order to increase small business participation, DGS can break larger contracts into smaller contracts in order to keep contracts under the cap and thereby increase the number of small business awards that can be made.

There are a number of other small business certification programs, in addition to the one operated by DGS, at the federal and local levels of government. Pursuant to AB 348 (Arambula and Bass), Chapter 185, statutes of 2005, OSDS administers a Certification Reciprocity Program which allows DGS to accept certification made by other agencies when those agency certification processes substantially comply with DGS certification standards. Reciprocity makes it easier for small businesses to participate in government contracting programs.

Certified small businesses are also entitled to prompt payment under the state Prompt Payment Act. The state must pay higher penalties and interest for late payment to these businesses. Other benefits for certified small businesses include: a streamlined contracting process for small contracts between \$5,001 and \$99,999; waiver of certain bidder fees; precedence allowances when bidding against non-small businesses doing business in geographically targeted areas; and, eligibility to participate in other non-state government contracting programs.

More information about the small business and DVBE certification program can be found at: www.pd.dgs.ca.gov/dvbe/aboutcerts.htm.

Minority and Women Owned Business Participation Goals

California has statutorily established contract participation goals for Minority Owned and Women Owned Business Enterprises (MBE and WBE), in an effort to assist these groups to effectively compete against larger and better capitalized businesses for state business.

The state statutory goal for MBEs is 15% of all contracts awarded by any state agency, department, officer, or other state governmental entity, while the WBE goal is 5%. An MBE or WBE is defined as a business which is at least 51% owned by a minority or a woman, respectively, or for which at least 51% of the stock ownership is by minorities or women.

State law also sets similar 15% and 5% goals for MBE and WBE participation in the award of contracts for bonds that the state issues. Participation goals for all goods and services subject to these statutes may be met by prime contractors who sub-contract with MBEs and WBEs. All contracts awarded to prime contractors must have conditions requiring primes to meet these participation goals in their bids, or at least to demonstrate good faith effort in trying to meet these goals.

While the statutes setting MBE and WBE participation goals remain in California Code, Proposition 209, approved by the voters in 1998, effective in 1999, has halted all race-conscious preference and participation programs in this state. State agencies can no longer

develop recruitment preference programs for these specific race and ethnic groups, nor can it collect information, on a mandatory basis, from contractors wanting to do business with the state on their minority and woman ownership status.

Departments like DGS and the California Department of Transportation have continued to reach out to these communities, however, under their small business enterprise programs. There is significant overlap between small business enterprises and MBEs and WBEs, particularly when dealing with emerging businesses. Thus, extensive outreach to the small business community is expected to yield results in recruiting minority and woman owned business enterprises.

U.S. and California Material Preferences

California law requires state and local government bodies which let contracts to require that any contractor to whom a contract will be awarded, for the construction or repair of public works, or for the purchasing of materials and supplies for public use, utilize, with certain exceptions, materials produced in the United States.

State law also requires a "buy California" provision in state contracts for the purchase of supplies for state or local government use that prefers supplies grown, manufactured, or produced in California. In carrying out the "buy California" preference, purchasers can utilize the preference when in-state products and supplies do not exceed more than 5% of the price of the lowest bid for goods and supplies manufactured out-of-state.

California Contractor Preferences

California law establishes procedures for competitive bidding of certain contracts by public entities. Public agencies are required to give California companies preference on construction contracts against nonresident contractors.

The preference is equal to any preference that the nonresident contractor receives on public works contracts in its state of residency. For purposes of this preference, a "California company" is defined as one, which has its principal place of business in a state in which there is a local contractor construction preference, and the contractor has paid at least \$5,000 in sales and use taxes to California for each of the five years preceding the submission of a bid.

Target Area and Geographically-Targeted Economic Development Area Contract Preferences Act

The purpose of the Target Area Contract Preference Act (TACPA) program is to promote economic development opportunities in designated "distressed areas," by offering bidding preferences in specified state contracts. "Distressed areas" are generally defined by characteristics concerning relative levels of per capita income, unemployment, education,

female heads of household with children, elderly residents in poverty, residential crowding, youth in poverty, non-white population, and persons of higher risk of being unemployed. The Governor's Office of Planning and Research is responsible for identifying these areas.

The DGS Procurement Division, Dispute Resolution and Preference Program administers the TACPA, which has been in effect since 1982. TACPA offers a 5% bid preference on service and commodity contracts valued at more than \$100,000 for businesses, which locate in, or directly adjacent to, a distressed area. Construction contracts are excluded from the bid preference.

TACPA allows state contracting preferences to be awarded when 50% of the labor required to perform commodity contract work, or 100% of the labor contract services work, is performed at the distressed area worksite. An additional preference of between 1% and 4% may be awarded for companies which commit to hiring a specified percentage of workers who are considered to be high-risk-unemployable people. To learn more about the TACPA bidders' preference go to: www.pd.dgs.ca.gov/edip/tacpa.htm.

Enterprise Zone Act

The purpose of this program is to promote employment growth and economic development in "Enterprise Zones (EZs)" by offering bidding preferences in specified state contracts. The DGS Procurement, Dispute Resolution and Preference Program acts as the review agency for the EZ bid preference program.

As is the case in TACPA, a 5% state contract bid preference for commodities and services is awarded on contracts valued at more than \$100,000, if the business is located in a designated EZ, and 50% of the labor on commodities contracts, or 90% of the labor on services contracts, is performed at the EZ worksite. An additional 1% to 4% preference is awarded for utilizing specified percentages of people from an EZ.

A small business bidder has precedence over a non-small business, when the small business bidder is the lowest responsible bidder and has qualified for the 5% small business bidder preference. In no instance shall the cumulative preference exceed 15% in total preferences. To learn more about EZ bidders' preference go to: <http://www.pd.dgs.ca.gov/edip/eza.htm>.

Last year, the Assembly Committee on Jobs, Economic Development, and the Economy held four hearings on the EZ Program, and produced a comprehensive report, "20 Years of California Enterprise Zones: A Review and Prospectus," (April 12, 2006), which provides a detailed description of EZs and the way the EZ program operates. This report is available on the JEDE website at www.assembly.ca.gov.

Local Agency Military Base Recovery Area Act

DGS provides a bid preference for state goods and services contracts, to promote employment growth and economic development in designated military base areas under the Local Agency Military Recovery Area (LAMBRA) Act. The Department of Housing and Community Development is responsible for designating LAMBRAs.

There are two LAMBRA bidding preferences for state contracts that exceed \$100,000 in value: worksite and workforce. The worksite preference is 5% for businesses, where 50% of the labor for contracted goods, and 90% of the labor for services is preformed within the LABRA. The worksite preference is an additional 1% to 4% for businesses which hire specified percentages of individuals living within a LAMBRA. Thus, the bidding preferences range from 1% to 9%.

Also, a small business bidder has precedence over a non-small businesses, when the small business bidder is the lowest responsible bidder, and has qualified for the 5% small business bidder preference. In no case can the cumulative bidder preference exceed 15% for any business bidder in a LAMBRA. To learn more about the LAMBRA bidders' preference go to: www.pd.dgs.ca.gov/edip/lambra.htm.

Small Business Council on Procurement

The purpose of the DGS Small Business Council (SB Council) is to provide a forum for representatives of the California small business community to provide input on policies and practices that impact small business participation in the state procurement and contracting processes. The SB Council assists DGS to develop solutions to the State's procurement and contracting concerns, to help DGS do outreach to small business communities.

The SB Council membership represents a broad cross-section of California's small business community. The SB Council is ethnically diverse and geographically balanced. Areas of government procurement that the SB Council works with include: commodities; construction; Information Technology goods and services; personal services; and, outreach. More information on the SB Council at DGS can be found at: www.pd.dgs.ca.gov/smbus/sbcouncil.htm.

Section V – Office of the State Treasurer

This Section provides an overview of the California State Treasurer's (Treasurer) Office and the programs within the Treasurer's jurisdiction that relate to state and community economic development. Chart #20 gives an overview of the Treasurer's Office.

Chart #20 - State Treasurer				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative (in thousands)	Local Assistance (in thousands)
2005/06	208.2	\$21,031	\$7,783	0
Δ				
2006/07	222.8	\$23,877	\$8,077	0
Δ				
2007/08	226.6	\$24,423	\$8,090	0

The Treasurer is the state's chief finance and investment officer. The Treasurer is responsible for the custody of all monies and securities belonging to, or held in trust by, the state; investment of temporarily idle state monies; administration of the sale of state bonds; and, payment of warrants. Among the Treasurer's most significant responsibilities are:

- Management of the State Pooled Money Investment Account, which contains more than \$57 billion in taxpayer money from the state and over 2,600 local government entities;
- Serving on the CalPERS and CalSTRS Boards of Directors, which cumulatively manage and invest more than \$350 billion in assets. Both entities constitute some of the largest investors in national and global economic activities;
- Financing a variety of important public works projects, including education facilities, transportation projects, parks, and environmental projects; and,
- Chairing a wide range of entities, which provide financing for pollution clean-up, small businesses, health care facilities, housing, and economic development.

The Treasurer is chairman of 15 boards, authorities, and commissions, a number of which have direct bearing on state and local economic development. For more information on the State Treasurer go to: <http://www.treasurer.ca.gov/>

California Debt Limit Allocation Committee

The California Debt Limit Allocation Committee (CDLAC) is intended to allocate tax exempt, private activity bond authority for the State, including bonds issued by the California Pollution Control Authority and the California IDB Authority. Private activity bonds, such

as IDBs, may only be used by the private sector for projects and programs that provide a public benefit.

The federal government limits the amount of federal tax-exempt private activity bonds that can be used in a state on an annual basis. The limit for the year is calculated by multiplying \$150 times the state's population, which currently authorizes more than \$3.8 billion in federal tax exempt authority for California. The annual allocation limit is adjusted each year, indexed for inflation.

Chart #21, summarizes key CDLAC fiscal information for the budget year, current year, and previous year.

Chart #21 - Debt Limit Allocation Committee				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative	Local Assistance
2005/06	N/A	\$977	N/A	0
Δ				
2006/07	N/A	\$1,186	N/A	0
Δ				
2007/08	N/A	\$1,200	N/A	0

CDLAC's allocation activity affects the issuance of private activity bonds for local units of government as well as the state. Bonds are purchased and used by private entities and are not an obligation of the state. CDLAC is supported on a fee basis.

CDLAC operates six programs that are funded through the allocation and issuance of tax-exempt private activity bonds. Those programs include the Qualified Residential Rental Project Program, the Single Family Housing Program, the Extra Credit Home Purchase Program, the Industrial Development Bond Program (discussed above), the Exempt Facility Program, and the Student Loan Program.

In addition to setting the annual ceiling for tax exempt private activity bonds and allocating that annual amount, CDLAC is also authorized to prepare forms, establish procedures, set priorities, require performance deposits, assess fees, and perform other administrative duties as required. For more information, go to: www.treasurer.ca.gov/cdlac/.

California Pollution Control Financing Authority

The California Pollution Control Financing Authority (CPCFA) is chaired by the State Treasurer, and includes the State Controller and the Director of Finance. The CPCFA provides California businesses with financing for pollution control facilities and fosters compliance with government-imposed environmental standards and requirements. The CPCFA's statutory mission is to maintain and improve environmental quality in this state while accommodating significant population growth through the adoption of policies and

programs that promote new forms of sustainable development, infill development, and the revitalization of existing communities.

Chart #22 summarizes key CPCFA fiscal information for the budget year, current year, and previous year. ¹²³

Chart #21 - Pollution Control Financing Authority				
Fiscal Year	Staffing (PYs)	Total Funding ¹ (in thousands)	Administrative	Local Assistance ² (thousands)
2005/06	N/A	\$6,822	N/A	\$4,853
Δ				
2006/07	N/A	\$8,430	N/A	\$6,323
Δ				
2007/08	N/A	\$3,076	N/A	\$906 ³

1 - Support costs are reflected on a fiscal year basis
 2 - Dollar amounts are based on a calendar year basis
 3 - Amounts through February 28, 2007

CPCFA programs assist certain industries in gaining access to capital, and to remediate contaminated sites that can be used for economic activity. These programs also assist economically distressed counties and cities develop and implement growth policies that reduce pollution hazards and promote sustainable development. More information on the CPCFA can be found at: www.treasurer.ca.gov/cpcfa/index.asp.

Bond Financing for Pollution Control Equipment

This CPCFA program provides taxable and tax exempt bond financing to California businesses for the acquisition, construction, or installation of qualified pollution control, waste disposal, and waste recovery facilities, and the acquisition and installation of new equipment. Tax exempt bond financing provides qualified borrowers with lower interest costs than are available through conventional bond financing mechanisms.

Chart #23 summarizes key fiscal information for the tax exempt bond financing program for the budget year, current year, and previous year.

Chart #23 - Tax Exempt Bond Financing Program				
Fiscal Year	Staffing (PYs)	Total Funding	Administrative	Local Assistance ¹ (in thousands)
2005/06	N/A	N/A	N/A	\$1,586
Δ				
2006/07	N/A	N/A	N/A	\$1,947
Δ				
2007/08	N/A	N/A	N/A	\$500 ²

1 - Dollar amounts are based on a calendar year basis

The Tax Exempt Bond Financing Program provides funding to businesses irrespective of their company size. Within the Tax Exempt Bond Financing Program is the Small Business Assistance Fund (SBAF) to help pay the costs of issuance of tax exempt bonds on behalf of small businesses. The SBAF may be used to pay for costs such as letter of credit fees, transaction fees, and other costs associated with bond issuance. The assistance reduces the net cost of financing to small businesses.

Tax exempt bond financing can be used for land acquisition, construction of new facilities, rehabilitation or replacement of all or part of an existing facility, or acquisition and installation of new equipment. The types of projects which may qualify for tax exempt bond financing include:

- Curbside collection facilities;
- Recycling, composting, and materials recovery facilities;
- Transfer stations and landfills;
- Waste-to-energy projects;
- Qualified solid waste and hazardous waste disposal facilities; and,
- Waste recovery facilities.

Pursuant to federal law, the California Debt Limitation Allocation Committee (discussed below), must approve applications for bond authority in order to assure that the total amount of tax exempt bond financing does not exceed the amount allocated to the state by the federal government. More information on the Tax Exempt Bond Financing Program can be found at: www.treasurer.ca.gov/cpcf/bondfinancing.asp.

California Capital Access Program

Administered by the California Pollution Control Financing Authority, the California Capital Access Program (CalCAP) is chaired by the State Treasurer. CalCAP encourages banks and other financial institutions to make loans to small businesses that fall just outside of most banks' conventional underwriting standards. Eligible businesses must be in one of the industries in the Standard Industry Classification codes list and meet specified standards for conducting business in California. The business activity resulting from the loan must be created and retained in California, and must meet federal Small Business Administration classification guidelines or have fewer than 500 employees.

Chart #24 summarizes key CalCAP fiscal information for the budget year, current year, and previous year.

Chart #24 - California Capital Access Program				
Fiscal Year	Staffing (PYs)	Total Funding	Administrative	Local Assistance ¹ (in thousands)
2005/06	N/A	N/A	N/A	\$2,280
Δ				

2006/07	N/A	N/A	N/A	\$3,010
Δ				
2007/08	N/A	N/A	N/A	\$281 ²
1 - Dollar amounts are based on a calendar year basis 2 - Amounts through February 28, 2007				

In recent years, the State Treasurer has focused this program on assisting microenterprises, with nearly 60% of the loans granted in 2005 being microloans. CalCAP provides a form of loan portfolio insurance, providing up to 100% coverage on certain loan defaults.

CalCAP insures bank loans made to small businesses to assist them in growing their business. Loans can be used to finance the acquisition of land, construction, or renovation of buildings, the purchase of equipment, other capital projects, and working capital. The maximum loan amount is \$2.5 million.

CalCAP assists small businesses obtain financing when it would be otherwise difficult to obtain such financing on their own. The program also provides additional loan loss resources for loan guarantees that are made by lenders to businesses located in Enterprise Zones. This enhances the prospect of lenders making capital available to businesses willing to set up shop in these economically challenged communities. More information about CalCAP can be found at: www.treasurer.ca.gov/cpdfa/calcap.htm.³

California Recycle Underutilized Sites program

The California Recycle Underutilized Sites (CalReUSE) Program assists with the reuse and redevelopment of underutilized properties with real or perceived contamination issues, more commonly known as brownfield sites. CalReUSE addresses a funding and information gap in the development of brownfield sites to help bring them into productive use. The program funds projects that would not likely go forward on their own due to developer-perceived remediation costs for the site. Program funding helps generate factual data about the cleanup needs of the site, which allows developers to better know what resources they will have to bring to the remediation/redevelopment project. This certainty of information enhances the chances of projects going forward.

Chart #25 summarizes key Cal ReUSE fiscal information for the budget year, current year, and previous year.

Fiscal Year	Staffing (PYs)	Total Funding	Administrative	Local Assistance ¹ (in thousands)
2005/06	N/A	N/A	N/A	\$349
Δ				
2006/07	N/A	N/A	N/A	\$564
Δ				

2007/08	N/A	N/A	N/A	\$125 ²
1 - Dollar amounts are based on a calendar year basis 2 - Amounts through February 28, 2007				

The CPCFA works with selected local government partners to administer the program and select projects throughout the state. CalReUSE provides forgivable loans up to \$125,000, with a 25% match, to fund brownfield site assessment and characterization, technical assistance, remedial action plans, and site access.

Eligible projects include sites with potential beneficial reuse that are not currently redeveloped due to lack of information about contamination, uncertainty about cleanup costs, or concerns regarding time frames and the regulatory process. Priority is given to projects in distressed neighborhoods with demonstrated community support. More information about CalReUSE can be found at:

<http://www.treasurer.ca.gov/cpcfa/calreuse/annualreport/2005.pdf>.

Sustainable Communities Grant and Loan program

The Sustainable Communities Grant and Loan Program is intended to assist cities and counties to develop and implement sustainable community growth policies, programs and projects. The Program has funded specific plans, alternative transportation studies, finance plans, redevelopment plans, engineering studies, public projects, and other efforts that promote sustainable development policies.

Chart #26 summarizes key Sustainable Communities Grant Program fiscal information for the budget year, current year, and previous year.

Chart #26 – California Sustainable Communities Grant Program				
Fiscal Year	Staffing (PYs)	Total Funding	Administrative	Local Assistance ¹ (in thousands)
2005/06	N/A	N/A	N/A	\$638
Δ				
2006/07	N/A	N/A	N/A	\$802
Δ				
2007/08	N/A	N/A	N/A	0 ²
1 - Dollar amounts are based on a calendar year basis 2 - Amounts through February 28, 2007				

First priority for funding from the Sustainable Communities Grant Program is given to applicants that lack resources to develop and implement sustainable development growth policies, programs and projects. Maximum assistance is \$500,000 per applicant, comprised of \$350,000 in grant money and \$150,000 for a loan.

Sustainable community projects must assist with development and implementation of policies, programs, and projects that reduce pollution hazards and the degradation of the environment within existing neighborhoods and communities; assist with revitalization and economic development of one or more economically distressed neighborhoods; and, promote infill development. Other goals of the Program are to promote a balance of jobs with new housing, encourage the development of communities around civic spaces, ensure higher-density use of land, and protect environmental resources. More information on the Sustainable Community Program can be found at: www.treasurer.ca.gov/cpcf/scgl/summary.pdf.

California Tax Credit Allocation Committee

The California Tax Credit Allocation Committee's (CTCAC) primarily administers federal and state low-income tax credit housing programs. Both programs are authorized to encourage private investment in affordable rental housing for households meeting certain income requirements. However, CTCAC also administers an economic development program known as the California Commercial Revitalization Deduction Program. This program, described more fully below, allocates federally authorized Commercial Revitalization Program deductions to five federally qualified Renewal Communities in California.

Chart #27 summarizes key CTCAC fiscal information for the budget year, current year, and previous year.

Chart #27 – California Commercial Revitalization Deduction Program				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative	Local Assistance
2005/06	N/A	\$15	N/A	0
Δ				
2006/07	N/A	\$92	N/A	0
Δ				
2007/08	N/A	\$82	N/A	0

The CTCAC has seven members, and the State Treasurer is Chair. The Governor or his designee, a city representative appointed by the Speaker of the Assembly, a county representative appointed by Senate Rules, the Executive Director of the California Housing Finance Agency, the Director of the Department of Housing and Community Development, and the State Controller make up the remainder of the Committee.

Commercial Revitalization Deduction Program

In 2002, CTCAC received authorization from Congress to administer the commercial Revitalization Deduction Program. This program is designed to stimulate job growth and

economic development in designated Renewal Communities, of which there are five in California. These areas include portions of San Francisco, Los Angeles, San Diego, and the rural communities of Parlier and Orange Cove.

CTCAC can allocate up to \$12 million in federal tax deductions to qualifying businesses in each of the Renewal Communities. These deductions are available to businesses that acquire and renovate property, rehabilitate existing structures, or build property for commercial use. Businesses can deduct half the qualified expenditures over a ten year period. More information on the Commercial Revitalization Deduction Program can be found at: www.treasurer.ca.gov/ctcac/.

California Industrial Development Financing Advisory Commission

The California Industrial Development Financing Advisory Commission was established to advise local governments on the issuance of industrial development bonds (IDBs), to independently review IDB applications to ensure the use of the bonds would provide appropriate public benefits, and to approve the sale of IDBs by a local issuing authority.

The California Industrial Development Financing Act enables each California city and county to establish, by ordinance, a public body called an Industrial Development Authority for the purpose of issuing IDBs to assist with financing eligible projects. Many of the larger counties in California have formed their own Industrial Development Authorities; however, a majority of cities have not. There are also several Joint Powers Authorities that have been formed to issue IDBs, including ones that have been facilitated by the League of Cities and the California Association for Local Economic Development.

The California Industrial Development Financing Act authorizes issuance of bonds for the following purposes:

- Industrial projects, including, assembling, fabricating, manufacturing, processing, or warehousing products from agriculture, forestry, mining, or manufacturing;
- Projects for energy development, production or collection; and,
- Research and development facilities.

The CIDFAC must also make findings that the project will either: (a) secure or increase employment or local payrolls; (b) reduce prices or increase quality of products to consumers; or, (c) result in savings or better utilization of energy or materials. The California Industrial Development Financing Act also specifies that a project cannot be eligible if it relocates jobs from one area of the state to another without an overriding justification. Limitations under federal tax laws do not permit the use of IDBs to acquire an existing facility.

Interest earned by investors who buy an IDB is usually tax exempt, thereby lowering bond costs to the borrower. In light of this tax exempt status, IDBs typically have an interest rate of 2% below conventional financing.

Chart #28 summarizes key California Industrial Development Financing Advisory Commission fiscal information for the budget year, current year, and previous year.

Chart #28 – Industrial Development Financing Advisory Commission				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative	Local Assistance
2005/06	N/A	\$220	N/A	0
Δ				
2006/07	N/A	\$150	N/A	0
Δ				
2007/08	N/A	\$335	N/A	0

More information on IDBs is available at: <http://www.treasurer.ca.gov/cidfac>

Empowerment Zone Bonds

Federal tax law that authorizes the issuance of IDBs also authorizes Empowerment Zone Bonds (EZ Bonds), which are also within the jurisdiction of the California Industrial Development Financing Advisory Commission. The EZ Bond Program is intended to augment the benefits of the IDB Program by providing additional support for economic development to the most distressed communities in California. The EZ Bond Program expands the eligibility to manufacturers, retailers, and any service business that operates in a federal Empowerment Zone. There are currently four federal Empowerment Zones in California – Los Angeles, Santa Ana, San Diego, and an unincorporated section of Riverside County.

Federal Empowerment Zones are designated based on high unemployment and poverty rates. Thus, IDB bond funds become part of a larger economic development financing plan for the targeted low-income community.

The Equipment Only Purchase Program

Developed by CIDFAC, the Equipment Only Purchase Program is a streamlined financing program for the issuance of small IDBs to fund the purchase of equipment. These Equipment Only Purchase Bonds are generally \$1 million to \$2 million in size.

This program allows bonds to be sold without being marketed on an exchange, which allows for lower underwriting costs and can also allow for financing projects as small as \$250,000.

Small Business Program

The Small Business Program was developed in response to concerns raised by small businesses about the amount of time it took to secure regular IDBs. To address these concerns, CIDFAC developed a streamlined process called a "one-stop-shop." The approval and allocation are received simultaneously at CIDFAC. This program permits small businesses to finance all their needs – land acquisition, construction or renovation, and the purchase of equipment.

The State Teachers Retirement System Letter of Credit Program

The State Teachers Retirement System (CalSTRS) Letter of Credit Program uses the strong credit rating of CalSTRS to allow small-and medium-sized business borrowers to retain their existing relationships with community and regional banks, which typically do not have investment credit rating. This kind of credit rating is necessary to issue IDBs in the public market.

By having the backing of a CalSTRS letter of credit, these smaller regional banks can obtain a credit rating to sell the bonds, and the business borrowers can continue to work with the local financial institutions they are familiar with. The CalSTRS letter of credit guarantees the regional bank's credit, not the borrower's.

The Energy Financing Program

The Energy Financing Program, developed by the California Power Financing Authority, provides IDB financing for California manufacturers for energy efficient, including renewable energy systems, and clean distributed power generation systems. The program also finances the manufacturing of renewable energy and clean distributed power generation systems that are used at the borrowers' plant. For more information on CIDFAC go to: www.treasurer.ca.gov/cidfac/idb.asp.

California Alternative Energy and Advanced Transportation Financing Authority

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) was originally established as the California Alternative Energy Source Financing Authority. It was established to promote the prompt and efficient development of renewable and efficient energy resources.

Chart #29 summarizes key fiscal information for CAEATFA for the budget year, current year, and previous year.

Chart #29 Alternative Energy and Advanced Transportation Financing Agency				
Fiscal Year	Staffing (PYs)	Total Funding (in thousands)	Administrative	Local Assistance
2005/06	N/A	\$9	N/A	0

Δ				
2006/07	N/A	\$199	N/A	0
Δ				
2007/08	N/A	\$202	N/A	0

CAEATFA's enabling legislation detailed the importance of developing a secure energy future to protect the environment and ensure economic stability. While enabling legislation limited CAEATFA to promoting energy sources designed to reduce the degradation of the environment, subsequent legislation expanded CARATFA's authority to include financing the development and commercialization of advanced transportation technologies.

Revenue Bonds for Public Improvements including Border Infrastructure

Current law authorizes the governing boards of local agencies to issue revenue bonds for public improvements. These public improvements include the acquisition, construction, maintenance, operation, improvement and development of public golf courses, marinas and small craft harbors, and improvements in connection for the public convenience of such facilities. The State Treasurer must assess whether the local governing board has adequately provided for the security of these bonds.

While current law makes no requirement to assess whether these facilities provide for community economic development, it is assumed that such amenities make communities more attractive as places to do business and to live, which in turn contributes to an area's economic development.

Infrastructure Financing Districts

Under current law, cities and counties can create Infrastructure Financing Districts (IFDs) to pay for regional scale public works. IFDs can divert property tax increment revenues for 30 years to finance highways, transit, water systems sewer projects, flood control, solid waste facilities, libraries, and parks. IFDs can also finance the purchase, construction, expansion, improvement, seismic retrofit, or rehabilitation of any real property. IFDs are intended to lessen the infrastructure financing burden on buyers of new homes when that infrastructure is necessary for economic development.

Unlike a redevelopment district, the property within an IFD does not have to be declared blighted. IFDs and redevelopment districts cannot overlap, and the legislature intended that IFDs usually not include developed land.

If a city or county forms an IFD, property, owners all contribute to the district's financing. IFDs require a two-thirds voter approval of voters in the proposed district, and another two-thirds voter approval to issue bonds.

IFD financed projects must be found to be of communitywide significance, providing significant benefits to an area larger than the area of the district, particularly in the areas of job creation and economic development and improved community tax revenue base.

Infrastructure Districts in Border Development Zone

Current law authorizes any governmental agency that levies a property tax in a Border Development Zone to create an IFD, in that zone, for the purposes of financing improvements. This authority provides local governments the financial capability to build the infrastructure necessary to foster industrial development, including high technology and biotechnology manufacturing in the region along the border.

The establishment of a Border Development Zone was, in part, a response to the positive impacts of the North American Free Trade Agreement, which had resulted in a dramatic increase in trade with Mexico. This increase in trade had quickly led to the deterioration of public infrastructure in the border zone, and without the ability to finance improvements to that infrastructure, California and border communities would not be able to take full advantage of the economic opportunities that enhanced trade with Mexico offers.

The Border Development Zone is defined as a strip of land three miles wide with Mexico on the south, the mean high tide of the Pacific Ocean on the west, and the border with the State of Arizona on the east.

Section VI – Other State Economic Development Programs

This Section provides background on important state economic development programs not reviewed in previous sections. Some of the policies, programs, and services discussed in this section are outside the specific jurisdiction of the Committees; however, this information is essential in understanding the policy environment and available government resources that combine to make California's overall economic development program. Where relevant to the operation of the program or service, a funding and staffing chart is displayed.

The California Environmental Goals and Policy Report, Governor's Office of Planning and Research

The Environmental Goals and Policy Report (EGPR) is required to be prepared by the Governor every four years for the purpose of defining the state's 20-year growth and economic development strategy with particular attention to statewide land use policy. Since 1970, when the report was first established, it has been completed only three times: 1972 by Governor Reagan, 1978 by Governor Brown, and in 2003 by Governor Davis.

In 2001, the law was amended to include specific state planning priorities including the promotion of infill development, protection of resources, and encouragement of efficient development patterns. The goals, objectives, and recommended actions in the EGPR are required to be consistent with these planning priorities. Based on these planning priorities, the 2003 update became the first planning document issued by a Governor that advocated for sustainable development practices, i.e., policy and programmatic decisions that are equitable on an economic, social, and environmental basis.

Funding for EGPR is maintained within the overall budget of the Governor's Office. For the completion of the 2003 EGPR, staff were redirected from within the Governor's Office and other departments and agencies. An extended outreach strategy was implemented that leveraged the resources of trade associations, nonprofit organizations, and other government entities involved in community and economic development activities.

The EGPR has a higher level of importance than many other state planning documents. Existing law requires that the EGPR serve as a guide for state expenditures and that the annual state budget include information on how the proposed budget helps to achieve the EGPR's goals and objectives. Existing law also requires all state agency functional plans be consistent with the state planning priorities, and that state agencies demonstrate this consistency to the Department of Finance when requesting projects for inclusion in the five-year infrastructure plan (Government Code 65042). Current law also requires that all individual agency and department functional plans are consistent with the EGPR, including the State Housing Plan and the State Transportation Plan. Enforcement of these consistency requirements is primarily through the courts; however, state planners are generally well aware of the EGPR and make appropriate accommodation within the documents they draft.

More information on the EGPR and the state planning priorities may be found in the California Government Code, Sections 65041-65049.

The Five-Year Infrastructure Plan, Department of Finance

The Governor is required to annually prepare a five-year infrastructure plan. This plan is required to be submitted at the time that the Governor submits the Budget for review by the Legislature. Among other requirements, the state five-year infrastructure plan is required to identify:

- New, rehabilitated, modernized, improved, or renovated infrastructure requested by state agencies;
- Aggregate funding for transportation as identified in the State Transportation Improvement Program Fund estimate;
- Infrastructure needs for public schools, kindergarten through grade 12, to accommodate increased enrollment, class size reduction, and school modernization; and,
- Instructional support facilities needs for the three higher education systems – University of California, California State University, and the California Community Colleges.

A cost estimate must accompany the needs identified in the plan. According to statute, it is the intent of the Legislature that the proposed infrastructure plan be considered by the Legislature in conjunction with its consideration of the annual Budget Bill. More information on the five-year infrastructure plan may be found in the California Government Code, Sections 13100-13104.

The Economic Report of the Governor

The Governor is required to present to the Legislature, no later than April 15 of each year, an economic report for the purpose of increasing employment, productivity, income, and purchasing power. The report is required to include the following:

- A review of the state's current economic development status, including employment, unemployment, income distribution, construction, and other major industry sectors.
- Forecasts of trends in employment, income, and investment for the coming year and trends in major economic sectors.
- Summaries of state policies and actions that foster and promote growth in employment, productivity, income, and purchasing power.

In conjunction with the economic report, the Governor is required to present an economic message reviewing significant economic achievements of the past year, outlining problem areas, and making recommendations to increase employment, income, and investment in the state. More information on the Governor's annual economic report may be found in the California Government Code, Sections 15900-15902.

Small Business Advocate, Governor's Office of Planning and Research

The Office of the Small Business Advocate (OSBA) is administered through the Governor's Office of Policy and Research (OPR). The OSBA is supposed to facilitate and advocate for issues and programs serving small business including: participating in the consideration of legislation and regulations affecting small businesses; representing the interests of small businesses before state agencies; and, implementing strategies that encourage state agencies to meet or exceed the state's 25% small business participation goal in state procurement and construction contracts.

Funding for the OSBA is contained within the overall budget of the Governor's Office. Historically, staffing for the OSBA has relied on the redirection of staff from within the Governor's Office and from other state agencies and departments including the Economic Development Department.

Last session, the OSBA was directed to facilitate the implementation of several new projects, including initiatives to improve the small business certification process for public contracts, assess the impact of state regulations on small businesses, develop emergency preparedness materials for small businesses, and designate department-level small business liaisons. These bills are described in more detail below:

- AB 348 (Arambula and Bass) Chapter 185, Statutes of 2005 - Small Business Certification Reciprocity Program: This bill authorizes the Department of General Services (DGS) to accept certification of a small business made by a local agency if it determines that the local agency has applied similar certification criteria and review processes as those applied by DGS.
- AB 2330 (Arambula) Chapter 232, Statutes of 2006 - Impact of Regulations on Small Businesses: This bill requires the OSBA to have a study prepared by October 1, 2007, regarding the costs of state regulations on small businesses, as specified.
- AB 3058 (Assembly Committee on Jobs, Economic Development, and the Economy) Chapter 233, Statutes of 2006 - Small Business Disaster Preparedness: This bill requires the OSBA, in cooperation with the Office of Emergency Services (OES), to develop a web-based handbook for small businesses on emergency preparedness, emergency response, and recovery strategies. This bill also requires at least three meetings be held in different locations in the state to share best practices for disaster preparedness for small businesses.

- SB 1436 (Figueroa) Chapter 234, Statutes of 2006 - State Small Business Assistance: This bill enhances the state's technical assistance to small businesses by improving the state's Internet information for small businesses and requiring the designation of agency-level small business liaisons.

There is currently no Director of the OSBA. OPR has stated they are committed to keeping projects moving, based on the scale of the new projects; however, it seems unlikely project deadlines can be met without the position being filled. More information on the OSBA can be found in the California Government Code, Sections 65054-65054.4. The website for the Small Business Advocate can be found at: <http://www.sba.ca.gov/index.php>

California Public Employees' Retirement System and the California State Teachers' Retirement System

The California Public Employees' Retirement System (CalPERS) is the largest public pension fund in the United States (U.S.) with assets of over \$270 billion. The California State Teachers' Retirement System (CalSTRS) is the largest teacher pension fund in the nation with over \$170 billion in assets. Both systems are ranked in the top 10 public pension funds in the world.

Under the California Constitution, state law, and fiduciary standards, CalPERS and CalSTRS are required to administer the system for the sole and exclusive benefit of its active members, retired members, and their survivors and beneficiaries.

In implementing its duties, CalPERS and CalSTRS have been aggressive, yet prudent, investors in a range of asset categories including public equities, fixed income, and real estate and other private equities. For 06/07, CalPERS posted an annual investment return of 10.9%, and 13.32% over the past three years. CalSTRS posted an annual investment return of 21%.

CalPERS total investment impact on California is estimated at almost \$15.1 billion, creating 124,000 jobs while generating an additional \$832 million in state and local revenues for governments. CalSTRS reports

Both funds manage investment initiatives that target investments in California, emerging domestic markets, and clean technologies. In all three categories, these funds are considered global leaders and have set investment policies that are regularly reviewed by institutional investors around the world.

These programs have been included within the Catalogue, because increasing access to private investment dollars is a very smart economic development strategy for the state. To the extent that public policy makers can better understand how these large institutional investors make investment decisions, the better California can assist communities and businesses become investment ready and beneficiaries of private investment. Chart #30 compares several targeted initiatives related to the California economy:

Chart #30 - Targeted Initiatives Related to the California Economy			
	California Investments	Investments in Emerging Domestic Markets	Green Investments
CalPERS	\$26.8 billion (10.8% of total portfolio)	\$1 billion in targeted EDM investments	\$700 million in public and private equities
CalSTRS	\$17.6 billion (12.4% of total portfolio)	\$2.3 billion in total portfolio analysis	\$510 million in public and private equities

In January of 2007, CalPERS and CalSTRS announced the completion of a global database with a listing of over 700 emerging asset managers and financial service providers. The objective of the database is to expose institutional investors to a new group of emerging managers that can boost investor returns by tapping into the changing demographics in California and across the nation. Almost half of the companies who responded to the survey establishing the database were from California and New York, 70% had fewer than 10 employees, 35% had been in business for less than two years, and 34% were companies owned by woman and minorities. Copies of this database have been posted on the CalPERS and CalSTRS Web sites and have been mailed to pension funds across the U.S. to encourage other investors to expand their historical pool of asset managers and financial service providers.

Both CalPERS and CalSTRS are currently evaluating whether appropriate opportunities exist for investing in infrastructure including, roads, bridges, airports, ports, water facilities, and wastewater facilities, and power generation. If these funds ultimately approve investment policies related to infrastructure development, other large institutional investors could follow their lead resulting in significant new source of funds for key state infrastructure needs.

More information on CalPERS and CalSTRS may be found at: www.calpers.ca.gov and www.calstrs.com.

Economic Development Related Business Incentives

One of the primary ways in which states compete for businesses and industry is through their fiscal policies including income tax and sales and use tax based incentives. California's economic development related incentives include tax benefit programs that address the purchase and depreciation of equipment, the undertaking of research and development of new products and technologies, targeting of private investments, and special treatment for small businesses under the state's tax laws.

According to a 2002 study by the California Budget Project, 71%, of the state dollars devoted to economic development in 2000-01 were spent through the tax codes. From 1990 to 2000, more than 25 new tax expenditures were enacted. In 2000-01, the California Budget Project estimates that \$5.5 billion in tax expenditures related to economic development were claimed.

Below is a list of a few of California's business incentives:

- **Research and Development (R&D) Credit:** This provision allows taxpayers to claim a credit for a portion of their incremental R&D expenses. Incremental expenses are calculated as increases in the ratio of a taxpayer's current-year R&D expenses to gross sales relative to a four-year base period. The credit is equal to 15% of "qualified," also known as applied, incremental R&D expenses, and 25% of qualified incremental "basic" R&D expenses. Basic R&D is research conducted at qualified universities or scientific research organizations.
- **Water's Edge Election:** This program allows unitary multinational corporations the option to compute income attributable to California on the basis of a water's-edge (domestic) combined report, as opposed to a worldwide combined report. Under the water's-edge provision, a business may elect to compute its California tax by reference to only the income and factors of a limited number of entities. In general, these entities include U.S. incorporated entities, U.S. activities of foreign incorporated entities, and the activities of various foreign entities that are included in the federal consolidated return. The election is generally for a seven-year period.
- **Tax Credits for Qualified Hires:** The largest tax incentive in the enterprise zone (EZ) program is the hiring credit. The hiring credit is offered to businesses that hire qualified individuals to work within the boundaries of the zone. There are a total of 14 categories of qualified employees.

A qualified employee must retain employment for a minimum of 270 days in order for the employer to be eligible to claim the hiring credit. The value of the incentive for the hiring credit totals 50% of an employee's wages in the first year, 40% in the second year, and declines by 10% increments through the fifth year. The credit is depleted in the sixth year, and no credit can be claimed for this year.

The maximum value per qualified employee hired is approximately \$34,000 over the five-year term. Although workers can be paid more, the maximum value upon which an employer can claim a credit is 150% of minimum wage.

The credit is available to reduce net tax on income from EZ activities until exhausted.

- **Enterprise Zone Income Tax Credit for Sales Tax Paid:** A business operating in an enterprise zone is eligible to receive an income tax credit equal to the sales and use tax paid up to the first \$1 million of machinery or parts purchased for use within the enterprise zone. The credit is available to reduce net tax on income from EZ activities until exhausted.
- **Enterprise Zone Employees Tax Credit:** Qualified employees from an enterprise zone business may claim a tax credit equal to 5% of qualified wages received from an EZ business in the taxable year, up to a maximum amount. The limitation, based upon 150%

of wages subject to federal unemployment insurance currently is \$525. The qualified employee may not be employed by the public sector and must perform 90% of his or her service for the enterprise zone business, with at least 50% of the services performed within the EZ.

- **Accelerated Write-Off of Certain Machinery and Equipment Costs:** A business may expense up to 40% of the costs of certain property (personal property, equipment, and furnishings) acquired for use exclusively in an EZ business.

More information on state tax exemptions may be found at:
www.ftb.ca.gov/aboutftb/TaxExp06.pdf.

California Government: On-Line to Desktops, California Environmental Protection Agency

The California Environmental Protection Agency administers the California Government: On-Line to Desktops, also known as CalGOLD, an Internet portal developed to assist businesses access information on the state's environmental permitting requirements.

CalGOLD does not issue licenses or permits, but provides assistance for businesses in determining relevant permitting and licensing requirements, and provides contact information for the appropriate permitting or licensing agency. In addition, the web portal provides direct links to important business related agencies including the Secretary of State, the Franchise Tax Board, the Board of Equalization, the Employment Development Department, and the U.S. Treasury.

Concerns were raised last year regarding the lack of information on biotechnology firms and other technology based companies on the CalGOLD Web pages. Subsequently, legislation was enacted, AB 2582 (Mullin), Chapter 283, Statutes of 2006, to require the Web site to be periodically updated to include permitting and regulatory compliance information relevant to emerging and evolving industries.

More information on the CalGOLD Program can be found at: www.calgold.ca.gov.

Emergency and Disaster Response for Business

The Director of OES is responsible for the coordination of the state's emergency response activities during all four phases of a disaster: preparedness, mitigation, response, and recovery. California's emergency plans are integrated with federal and local plans, and are incorporated into the State Emergency Plan. Local preparedness plans and the federal disaster response programs are integrated into the State Emergency Plan.

In exercising its duties, the Director of OES may also facilitate disaster preparedness, mitigation, response, and recovery programs with businesses and nonprofit organizations.

Funding for many of these activities, however, is required to be paid by contributions into the Disaster Resistant Communities Account. Specifically, the funds in this account may be used to:

- Provide guidance on how to integrate private sector emergency preparedness measures into governmental disaster planning programs;
- Conduct outreach programs to encourage business to work with government and community associations to better prepare the community and their employees to survive and recover from disasters;
- Develop systems so that government, business, and employees can exchange information during disasters to protect themselves and their families; and,
- Develop programs so that businesses and government can work cooperatively to advance technology that will protect the public during disasters.

OES is also authorized to share disaster related facilities and systems with the private sector to the extent the costs are reimbursed by the private sector.

A related law, the Farr Economic Disaster Act, was established in 1984 for the purpose of enhancing the response of state agencies to the long term economic impact of a natural disaster on the business community.

The provisions of the Farr Economic Disaster Act are triggered when the estimated damage of the disaster exceeds \$3 million or upon the order of the Governor. Specifically, the Farr Economic Disaster Act requires state agencies to establish appropriate economic recovery task forces or emergency teams comprised of federal, state, local governments, nonprofit, and private sector participants to develop integrated public and privately supported strategies to address long term economic dislocation. No specific source of funding is provided for this program.

As discussed earlier in the paper, the OSBA is required to develop disaster related materials for use by small businesses and hold at least three technical assistance meetings to share best practices for disaster preparedness for small businesses.

More information on the state's disaster preparedness, mitigation, response, and recovery efforts related to businesses and the private sector can be found in the California Government Code, Sections 8585-8589.7 and 8565-8574.

The California Commission on Industrial Innovation

The California Commission on Industrial Innovation (Industrial Commission), administered through OPR, was established to encourage the development of high technology industries, and to develop policies that maintain California's leadership in the national economy, as well

as, retain the state's international competitive position. The work of the Industrial Commission is funded through private contributions and from funds available within the budget of the Office of the Governor.

The Industrial Commission is governed by a 25 member board, appointed for two-year terms by the Governor and leaders in the state Assembly and Senate including, but not limited to, the appointment of four members from academia, six members from labor, and 10 members selected from firms with specified technology-based characteristics.

The focus of the Industrial Commission is on technology-based companies such as those making or developing electronic components, computers and peripherals, instruments, communications equipment, robotics, biotechnology, photovoltaics, and aerospace equipment. Among its statutory duties, the Industrial Commission is required to:

- Advise on the establishment of programs in scientific and technical education and job training;
- Evaluate programs that improve productivity while maintaining worker involvement and satisfaction;
- Identify means by which industry and universities can cooperate on research and development projects for the establishment or expansion of cooperative research and development institutes;
- Identify means of financing the start-up and growth of technology-based companies including, but not limited to, investments by public and private pension funds and industrial development bonds; and,
- Identify shortcomings in state and local transportation, sewer, water, energy, and waste disposal systems that inhibit existing or future high technology firms.

The Industrial Commission was established in 1983 following the successful deployment of the California Commission on Industrial Innovation (Executive Order No. B-91-81). No new commissioners have been appointed in more than a decade. AB 2860 (Lieu), from last session, would have changed the name of the Industrial Commission to the California Commission on Manufacturing Competitiveness. AB 2860 was held in the Senate Government Organization Committee.

More information may be found in the California Government Code, Sections: 12095-12095.02, 12095.10-12095.14, 12095.20-12095.21, 12095.40, and 12095.50-12095.53.

Economic Development Programs, California Energy Commission

The California Energy Commission administers a number of economic development related programs and services including:

- Commercializing New Technologies;
- Energy Export and Agricultural Business Opportunities (Technical Assistance and Financial Incentives Assistance);
- Streamlining and Permitting (Energy Facility Licensing and Environmental Balance);
- Infrastructure (Energy Infrastructure and Encouraging Competition); and,
- Strategic Planning (Analyzing Future Energy Needs)

The Energy Commission's Research and Development Division supports the research, technology development and demonstration of new technologies for the generation of electricity, electricity demand-side management, and natural gas. The division's activities include providing contracts and grants to academic institutions for research and development of energy technologies and related scientific activities. Key programs include the:

- Public Interest Energy Research (PIER) Program: The PIER Program supports energy research, development and demonstration (RD&D) projects that will help improve the quality of life in California by bringing environmentally safe, affordable and reliable energy services and products to the marketplace. The PIER Program annually awards up to \$62 million to conduct the most promising public interest energy research by partnering with RD&D organizations, including individuals, businesses, utilities, and public or private research institutions.
- Public Interest Natural Gas Research Program: The research funded by this program improves natural gas energy efficiency and environmental quality, develops renewable technologies, and otherwise provides benefits to the public. This research program has an annual allocation authority of up to \$12 million.
- Energy Innovations Small Grant (EISG) Program: The EISG Program provides up to \$95,000 for hardware projects and \$50,000 for modeling projects to small businesses, non-profits, individuals and academic institutions to conduct research that establishes the feasibility of new, innovative energy concepts. Research projects must target one of the six PIER program areas, address a California energy problem, and provide a potential benefit to California electric and natural gas ratepayers.

Another initiative of the California Energy Commission is the Global Energy Connection. Besides the program described below, the Global Energy Connection also assists foreign countries in formulating policies and laws that encourage private power development and improve the competitiveness of California energy firms.

- International Energy Fund: California-based small and medium-sized companies interested in doing business in international markets are eligible to compete for cash awards of up to \$25,000 per proposal for pre-investment activities. This "seed" funding offsets some of the advantages available to Japanese and European competitors who are heavily financed by their governments.

- **Trade Missions:** The Energy Technology Export Program organizes trade missions for California-based companies to meet with energy officials and decision-makers of foreign governments. A typical trade mission consists of conferences, workshops, and energy site visits.
- **Energy Market Analysis:** The California Energy Commission works with the private industry to conduct trade and market analyses to assist California companies gain a better perspective of domestic and foreign markets. Occasionally, staff conducts scouting missions in other countries to evaluate sites for energy projects and to meet with energy government officials and industry representatives. Analyses of foreign markets are supplemented by the findings of financial institutions, energy experts, and international business consultants.

More information on the business related programs at the California Energy Commission can be found at: www.globalenergyconnection.ca.gov/tep/jsp/index.jsp and www.energy.ca.gov/contracts/index.html.

Recycling Market Development Zones, Integrated Waste Management Board

The Recycling Market Development Zone program, administered through the Integrated Waste Management Board, offers assistance to support new businesses, expand existing ones, create jobs, and divert waste from landfills.

Businesses located in a Recycling Market Development Zone that use materials in the waste stream to manufacture their products have a variety of assistance available, including low interest loans, technical assistance, and free product marketing. The zones (www.ciwmb.ca.gov/RMDZ/AllZones.asp) cover roughly 71,790 square miles of California from the Oregon border to San Diego.

One program, the Recycling Market Development Zones Loan Program, provides direct loans to businesses and nonprofits to promote market development for waste materials. The market's loan program can fund a maximum of 75% of the cost directly attributed to an eligible project up to a maximum of \$2 million, whichever is less. The loan interest rate is equal to the prime rate, not to exceed 5%.

Eligible projects are those that increase diversion of non-hazardous solid waste from California landfills and also must incorporate one other public benefit including: (1) a meaningful net reduction in the amount of solid waste created from the production of a product; (2) production of a new product from a finished product that has served its useful life; or, (3) manufacture of a product with recycled materials or production of a recycled material that can be used as a raw material in manufacturing. Businesses and nonprofit organizations may use the funds for:

- Purchase of machinery and equipment;

- Working capital;
- Real estate purchase (maximum of \$1 million);
- Real estate improvements;
- Refinancing of onerous debt (debt with high interest rates and/or short terms) that jeopardizes and causes a negative impact on the borrower's cash flow; or,
- Paying loan-closing points.

More information on the Recycling Market Development Zones and the Recycling Market Development Zones Loan Program can be found at: <http://www.ciwmb.ca.gov/RMDZ/>.

Innovative Clean Air Technologies Program, California Air Resources Board

The Innovative Clean Air Technology Program (ICATP), administered by the California Air Resources Board, provides funds for projects that demonstrate innovative technologies that reduce air pollution. The primary purpose of the program is to advance technologies toward commercial application, and thereby reduce emissions while enhancing the economy of California.

The ICAT Program provides funding for mid-stage development of technologies that have left the laboratory and are ready for prototype creation, deployment, and field demonstrations of market-ready systems.

Approximately \$1 million is budgeted each year for new ICAT projects. An individual project may receive up to \$1 million; however, allocations are generally smaller to provide an opportunity for multiple projects to be funded. In 2006, three projects were funded, including an integrated combined heat and power project using ultra-low-NOx supplemental firing, an energy efficient lawn mower, and a reciprocating air pump that bolts on to a diesel engine.

More information about the Innovative Clean Air Technologies Program can be found at: www.arb.ca.gov/research/icat/icat.htm.

Economic Development and Workforce Preparation, California Community College System

The Economic Development and Workforce Preparation Division of the Community College Chancellor's Office has a variety of responsibilities related to workforce and economic development, including the implementation of the comprehensive California State Plan for Vocational and Technical Education and the delivery of industry-focused technical assistance initiatives. Collectively, these activities are considered the Community College's Economic

and Workforce Development Program. In 1996, economic development became one of the primary missions of the California Community Colleges.

The purpose of the Economic Development Program is to advance the state's economic growth and global competitiveness through education, training, and services that contribute to continuous workforce improvement, technology deployment and business development consistent with the state's regional economies. Under this program, the California Community Colleges work with employers, advisory committees, and agency partners to identify, on a region-by-region basis, workforce education and training needs, including the needs of small business. Key Economic Development Program initiatives include:

- Advanced Transportation Technologies & Energy;
- Applied Biological Technologies;
- Business & Workforce Performance Improvement;
- Environment, Health, Safety, and Homeland Security;
- Regional Health Occupations Resource;
- International Trade Development Centers (described in greater detail below);
- Multimedia & Entertainment Initiative;
- Small Business Development Centers (described in greater detail below); and,
- Workplace Learning.

Legislation passed in 2005, SB 70 (Scott), Chapter 352, the Career-Technical Education Economic Development Initiative, provides funding for expanded vocational and career technical educational opportunities for middle school and high school students, and improved linkages between the career and technical curricula of the public schools and community colleges. The funds, \$20 million of which became available January 1, 2006, will be used for several types of projects including:

- "Quick Start" Partnerships, which will enhance linkages and pathways between secondary schools and selected economic and workforce development initiatives in community colleges;
- Projects that will grow program capacity and infrastructure; and,
- Projects that will strengthen Career and Technical Education sectors at secondary school.

Under the provisions of this new program, the California Community Colleges, in collaboration with the California Department of Education, must prepare a report by July 1, 2007 on the capacity of high schools and community colleges to support integrated four-year programs and to improve articulation with baccalaureate degree-granting programs, and make recommendations on how to improve career-technical opportunities.

Small Business Development Centers (Centers)

The Small Business Development Center program is administered through a consortium between the California State Universities at Chico, Humboldt, and Fullerton, the University of California at Merced, Long Beach City College, Southwestern Community College, the California Community College's Economic and Workforce Development Programs and the U.S. Small Business Administration (SBA). The Small Business Development Centers program provides a variety of technical assistance to small businesses through a network of 36 Centers, 26 of which are located on Community College campuses.

Funding for the program is provided through federal and state grants on a one-for-one match basis. Since the demise of the Technology, Trade, and Commerce Agency, the state match has only been provided through the California Community College System. Attempts for additional appropriations through the Legislature's budget process have not been successful.

The Small Business Development Centers facilitate the creation, expansion and retention of businesses. Each center provides one-on-one counseling, workshops, advice and referrals to prospective and existing business owners. The Centers assist with business plans, marketing, finance questions and other business issues. Each Center has its own Web site, which highlights local workshops, business directories, and regionally significant initiatives, as well as, provides access to certain shared resources such as links to the federal SBA Web site and downloadable worksheet and books.

Centers for International Trade Development

The California Community College System administers the state's Centers for International Trade Development. These 14 Centers for International Trade Development, located in a majority of the urban areas of the state, offer technical assistance and consultation to firms doing business, or trying to do business, globally. The northern most areas of the state are serviced through offices in Community Colleges located in Chico and San Francisco.

Services provided through the Centers for International Trade Development include, but are not limited to: free or low cost import and export education programs, one-on-one counseling, access to international trade shows, opportunities to join trade missions, a "Help Desk" for advising on international business transaction challenges, and access to an award winning trade information database (www.citd.org/trade_info/index.cfm) on their Web site. The Centers for International Trade Development serve over 2,500 businesses and entrepreneurs in California each year.

For those businesses not able to actually walk into a Center for International Trade Development, the Centers' Web site also features a number of useful and fully downloadable documents and web links, including a "CITD StartUp Kit" that includes a guide on exporting basics, access to an export internet Search Wizard, and an Export Readiness Assessment. The Web site recognizes over 500,000 unique user sessions per year.

California Organized Investment Network, Department of Insurance

The California Department of Insurance administers the California Organized Investment Network (COIN). The program was established in 1996 as an alternative to a statutory community reinvestment-type mandate on insurers.

COIN serves as a liaison between insurers and community organizations, and provides a clearinghouse of community development investment information, including a listing of potential investment opportunities.

Community organizations seeking investment capital present prospective deals to COIN, who reviews the proposals to determine whether the prospective deal meets the social benefit criteria under COIN. Appropriate prospective deals are published in the "COIN Investment Opportunity Bulletin," which is then distributed through the Department's bulletin process and the COIN Web site to all insurers doing business in California. COIN's database can also be used to research community development-type investment activities of insurance companies. From 1996 to 2004, 736 COIN qualifying investments were made for a total of \$1.6 billion.

COIN also allocates tax credits for certain investments in Community Development Financial Institutions (CDFI), which provide financial services to underserved communities, including assistance for microenterprise development. There are approximately 50 CDFIs in California, located mostly in urban areas. A CDFI could be a bank, credit union, or a non-regulated non-profit institution that provides private capital for community development or investing.

Under the credit, a tax payer may claim up to 20% of its investment in the form of a deposit or other interest-free loan, an equity investment, or an equity-like debt instrument that conforms to federal CDFI specifications. The maximum aggregate amount of credits that may be allocated in any year is \$10 million. The Department of Insurance is allowed to limit the total value of each credit in order to remain below the \$10 million annual cap.

Pursuant to legislation passed last year, AB 2831 (Ridley-Thomas), Chapter 580, Statutes of 2006, the Legislative Analyst's Office is required to prepare a report on the use of the CDFI credit by December 31, 2010. The report will provide an analysis of the tax credit investments made, including the credits' fiscal impact and the resulting benefits to economically disadvantaged communities. More information may be found at: www.insurance.ca.gov/0250-insurers/0700-coin/.

Commission for Economic Development, Office of the California Lieutenant Governor

The Commission for Economic Development (ED Commission), chaired by the Lieutenant Governor, was established to serve as an advisory group to the Legislature and executive branch on issues related to economic development. The ED Commission is required to make an annual report to the Legislature by February 1 of each year.

The commission is comprised of 17 members appointed by the Governor and Legislature. The Governor is authorized to appoint 10 members, for four-year terms, after consulting with business, industry, and labor organizations. Six members are appointed from the Legislature (three members from each House) also constitute a joint investigating committee on economic development.

The ED Commission has a number of duties including, but not limited to:

- Undertaking assessments and making recommendations on how to address regional or local economic development problems;
- Reporting on secondary effects of economic development of programs including improvements in the social well-being of communities and improved business environment;
- Undertaking specialized studies at the request of the Governor or Legislature;
- Reviewing laws and programs from other states relating to economic development; and,
- Making recommendations concerning legislation affecting the economic development of the state.

The commission is also required to appoint advisory committees from outside its membership to represent the aerospace, manufacturing, maritime, tourism, and world trade segments of the state's economy. Other advisory committees may be established as the ED Commission deems necessary to meet its mission. More information may be found in the California Government Code, Sections 14999-14999.10.

Registry of Potential Corporate Board Members, Secretary of State

The Secretary of State is required to maintain a registry of "distinguished women and minorities" who are available to serve on corporate boards of directors. The registry is required to be searchable and available to corporations or executive recruiters looking to make new appointments to their boards of directors. The operation and maintenance of the registry is required to be fully off-set by fees charged to access the data base and for obtaining copies of registrants' transcripts. The development and maintenance of the registry may be done in cooperation with California Commission on the Status of Women, the

California Council to Promote Business Ownership by Women, the Senate Commission on Corporate Governance, Shareholder Rights, and Securities Transactions, women's organizations, minority organizations, business and professional organizations, and any other appropriate individuals.

Although the Secretary of State is authorized to publish the registry, no registry has been published since the registry requirements were enacted in 1994. The Secretary of State is required to report to the Legislature every three years on the extent to which the registry has helped women and minorities progress toward achieving parity in corporate board appointments or elections.

Section VII – Federal Economic Development Programs

This Section provides information on several key federal agencies, which provide economic and workforce development programs and services, including the United States (U.S.) Department of Agriculture (USDA), the federal Small Business Administration (SBA), the federal Economic Development Agency (EDA), and the U.S. Treasury.

Department of Agriculture, Rural Development

USDA Rural Development works to improve the economy and quality of life throughout rural America by helping rural individuals, communities, and businesses obtain the financial and technical assistance needed to address their diverse and unique needs. Their goal is to make sure that rural citizens can participate fully in the global economy.

USDA Rural Development has multiple programs to provide people with financial and technical assistance as well as promoting economic development. Financial programs support essential public facilities and services such as: water and sewer systems; housing; health clinics; emergency service facilities; and, electric and telephone service. USDA Rural Development promotes economic development by supporting loans to businesses through banks and community-managed lending pools. They provide technical assistance and information to help agricultural and other cooperatives get started and improve the effectiveness of their member services and help communities undertake community empowerment programs. They have an \$86 billion dollar portfolio of loans and administer nearly \$16 billion in program loans, loan guarantees, and grants through their programs. More information about USDA Rural Development can be found at: www.rurdev.usda.gov.

Below are various divisions and programs administered by USDA Rural Development:

Community Facilities Loans/Guaranteed Loans/Grants

Community Programs, a division of the Housing and Community Facilities Programs, administers programs designed to develop essential community facilities for public use in rural areas. These facilities include: schools; libraries; childcare; hospitals; medical clinics; assisted living facilities; fire and rescue stations; police stations; community centers; public buildings; and, transportation. Through its Community Facilities Programs, USDA is striving to ensure that such facilities are readily available to all rural communities. Community Facilities Programs uses three financial programs to achieve this goal:

- **The Community Facilities Guaranteed Loan Program**
Community Programs can make and guarantee loans to develop essential community facilities in rural areas and towns of up to 20,000 in population. Loans and guarantees are available to public entities such as municipalities, counties, and special-purpose districts, as well as to non-profit corporations and tribal governments.

- **The Community Facilities Direct Loan Program**
Loan funds may be used to construct, enlarge, or improve community facilities for health care, public safety, and public services. This can include costs to acquire land needed for a facility, pay necessary professional fees, and purchase equipment required for its operation.
- **The Community Facilities Grant Program**
The Community Facilities Grant Program is typically used to fund projects under special initiatives, such as Native American community development efforts; child care centers linked with the Federal government's Welfare-to-Work initiative; Federally-designated Enterprise and Champion Communities, and the Northwest Economic Adjustment Initiative area.

Empowerment Zone and Enterprise Community Program

Administered by the United States Department of Agriculture, the Empowerment Zone and Enterprise Community Program offers a compact between the federal government, local communities, and state and local governments in order to promote economic and community development. Each community in the Empowerment Zone and Enterprise Community Program tailors its own strategic plan to meet the needs of the community. There are four communities in California participating in the Empowerment Zone and Enterprise Community Program: the City of Watsonville in Santa Cruz County, the County of Imperial, the Westside Tulare region, including rural portions in Fresno and Tulare Counties, and Desert Communities in Riverside County. More information may be found at www.ezec.gov.

Small Business Administration

The U.S. SBA is an independent agency of the Executive Branch of the Federal Government. It is charged with the responsibility of providing four primary areas of assistance to American Small Business: advocacy, management, procurement, and financial assistance. Financial assistance is delivered primarily through SBA's Investment programs, Business Loan Programs, Disaster Loan Programs, and Bonding for Contractors. A selection of SBA's financial assistance programs are described below. A complete list of SBA programs and services is available at: www.sba.gov/.

Minority and Women Prequalification Pilot Loan Program

The Minority Prequalification Loan Program and the Women's Prequalification Pilot Loan Program use intermediaries to assist prospective minority and women borrowers in developing viable loan application packages and securing loans. The Women's Program uses only non-profit organizations as intermediaries; the Minority Program uses for-profit intermediaries as well.

Eligibility requirements include: Businesses at least 51% owned, operated and managed by people of ethnic or racial minorities or by women; businesses with average annual sales for the preceding three years that do not exceed \$5 million; and, businesses that employ fewer than 100 persons, including affiliates.

The maximum amount for loans under the Women's program is \$250,000; under the Minority Program, it is generally the same, although some districts set other limits. The SBA will guarantee up to 80% of loans \$100,000 and less and up to 75% of loans above \$100,000 for both programs. The intermediary then helps the borrower locate a lender offering the most competitive rates.

Microloan Program

The Microloan Program provides very small loans (up to \$35,000) to startup newly established, or growing, small businesses. These funds are made available to non-profit community based lenders that, in turn, make loans to borrowers. There are 12 participating lenders in California and these lenders must provide training and technical assistance to its microloan borrowers.

International Trade Loans

Under the International Trade Loans program, small businesses engaged in or ready to begin international trade – or adversely affected by competition from imports – may qualify for short or long term financing. The SBA can guarantee up to \$1.25 million for a combination of fixed asset financing and Export Working Capital Program assistance.

Applicants must establish that the loan will assist businesses to: significantly expand or develop an export market; upgrade equipment or facilities to improve their competitive position; provide a business plan that reasonably projects export sales sufficient to cover the loan; or, help address adverse affects of import competition.

For International Trade Loans, SBA can guaranty up to 85% of loans of \$150,000 and less, and up to 75% of loans above \$150,000. The maximum guaranteed amount is \$1,250,000.

7(A) Loan Programs

The most basic and most common type of loans offered by the SBA to American small businesses are 7(a) loans. All 7(a) loans are provided by lenders who are called participants because they participate with SBA in the 7(a) program. Not all lenders choose to participate, but most American banks do. There are also some non-bank lenders who participate with SBA in the 7(a) program which expands the availability of lenders making loans under SBA guidelines.

7(a) loans are only available on a guaranty basis, but SBA does not fully guaranty 7(a) loans. Both the lender and SBA share the risk that a borrower will not be able to repay the loan in full. The guaranty is a guaranty against payment default. It does not cover imprudent

decisions by the lender or misrepresentation by the borrower. Under the guaranty concept, commercial lenders make and administer the loans. Some of SBA's lender programs include:

- The Certified Lenders Program (CLP) is designed to provide expeditious service on loan applications received from lenders who have a successful SBA lending track record and a thorough understanding of SBA policies and procedures. CLP lenders are expected to perform a complete analysis of the application and, in return, SBA promises a fast loan decision. SBA reviews the lender's credit analysis rather than conducts a second analysis. SBA still makes the final credit and eligibility decision but, by completing a credit review instead of an independently conducting analysis, SBA strives for 3 working day turn around in arriving at its decision.

The key aspect of CLP is the greater utilization of the credit knowledge of the lender's loan officers to shorten SBA's loan processing time. SBA still makes an independent determination as to whether the applicant can repay the loan from the profits of the business, but under CLP, the lenders work is reviewed rather than completely double checked.

- The Preferred Lenders Program (PLP) is another step in SBA's process of streamlining the procedures necessary to provide financial assistance to the small business community. Under PLP, SBA delegates loan approval, closing, and most servicing and liquidation authority and responsibility to these carefully selected lenders. SBA will continue to check loan eligibility criteria under this program.

PLP lenders are nominated based on their historical record with the Administration. They must have demonstrated a proficiency in processing and servicing SBA-guaranteed loans. The credit criteria for PLP loans is the same as that for the CLP and/or the Regular 7(a) program. In the event of payment default by the borrower and the need for enforced collections, the PLP lender agrees to liquidate all business assets before asking SBA to honor its guaranty.

FastTRAK Loan Program

The FastTRAK Loan Program is a 7(a) loan program that allows lenders to provide for smaller revolving loans needed for working capital. Lenders may approve unsecured lines of credit for up to \$25,000 and the maximum loan amount of \$150,000. Under the FastTRAK Program, a limited number of lenders have SBA-delegated authority to streamline loan approval, and primarily use their own paperwork. Loans may not exceed \$250,000, and may be used for revolving credit or for a term loan. More information about the SBA FastTRAK program can be found at: www.sba.gov/financing/frfastrak.html.

CAPLines Loan Program

CAPLines is the 7(a) umbrella program under which the SBA helps small businesses meet their short-term and cyclical working-capital needs. SBA generally can guarantee up to \$1 million, with a maximum interest rate for loans over \$50,000 of prime + 2.25%. Total loan

amounts may be as high as \$2 million. One of the five short-term working-capital loan programs for small businesses under the CAPLines umbrella is the Contract Line.

Export Working Capital Program

EWCP was designed to provide short-term working capital to exporters and supports export financing to small businesses when financing is not otherwise available. This program encourages lenders to offer export working capital loans by guaranteeing repayment of up to \$1.5 million or 90% of a loan amount, whichever is less. A loan can support a single transaction or multiple sales on a revolving basis.

Designed to provide short-term working capital to exporters, EWCP is a combined effort of the SBA and the Export-Import Bank. These two agencies have joined their working capital programs to offer a unified approach to the federal government's support of export financing.

Certified Development Company (504) Loan Program

Certified Development Companies (CDCs) are nonprofit corporations set up to contribute to the economic development of their communities. CDC's partnering with SBA provide small businesses long-term, fixed-rate financing to acquire real estate, machinery and equipment for business expansion or to modernize facilities. SBA guarantees funding CDC assistance up to \$1 million, which may not exceed 40% of the project cost. A SBA guarantee of up to \$1.3 million is possible for loans which meet stated public policy goals. Recipient small businesses must contribute a minimum of 10% equity as part of the loan package. The private lender's portion of these loans is unlimited. These loans are only available through CDCs and must create at least one job per every \$35,000 loaned under SBA's guarantee. For more information, go to: www.sba.gov/financing, and click on "CDC – 504 Loans."

Small Business Development Centers Program

The Small Business Development Centers Program is administered by the U.S. Small Business Administration, with California sponsorship from California State University (CSU) Chico, CSU San Jose, CSU Fullerton, CUS Northridge, University of California Merced, Southwestern Community College, and the Chancellor's Office of the California Community Colleges Economic and Workforce Development Program. The Small Business Development Centers assist small businesses "through business management counseling and training, resulting in the creation and retention of jobs, increased sales and profits, new business starts, and more." More information on the Small Business Development Centers may be found at: www.calbusiness.ca.gov/cedpgybsbdc.asp.

Economic Development Administration

The Economic Development Administration (EDA) was established to generate jobs, help retain existing jobs, and stimulate industrial and commercial growth in economically

distressed areas of the U.S. EDA assistance is available to rural and urban areas of the U.S. experiencing high unemployment, low income, or other severe economic distress.

EDA works to help distressed communities become empowered to develop and implement their own economic development and revitalization strategies. Based on these locally- and regionally-developed priorities, EDA works in partnership with state and local governments, regional economic development districts, public and private nonprofit organizations, and Indian tribes. EDA helps distressed communities address problems associated with long-term economic distress, as well as sudden and severe economic dislocations including recovering from the economic impacts of natural disasters, the closure of military installations and other Federal facilities, changing trade patterns, and the depletion of natural resources. More information on the EDA can be found at: <http://www.eda.gov/>.

Economic Adjustment Assistance Program

The Economic Adjustment Assistance Program provides a wide range of technical, planning and infrastructure assistance in regions experiencing adverse economic changes that may occur suddenly or over time. This program is designed to respond flexibly to pressing economic recovery issues and is well-suited to help address challenges faced by U.S. regions and communities. More information on this program can be found in the Catalog of Federal Domestic Assistance, No. 11.307.

Planning Programs for Economic Development Districts, Indian Tribes and Redevelopment Areas

The Planning Program helps support planning organizations, including District Organizations and Indian Tribes, in the development, implementation, revision or replacement of comprehensive economic development strategies (CEDS), and for related short-term planning investments. This program also helps state plans designed to create and retain higher-skill, higher-wage jobs, particularly for the unemployed and underemployed in the nation's most economically distressed regions. More information on this program can be found in the Catalog of Federal Domestic Assistance, No. 11.302.

Technical Assistance Programs – Local Technical Assistance

The Local Technical Assistance Program helps fill the knowledge and information gaps that may prevent leaders in the public and nonprofit sectors in economically distressed regions from making optimal decisions on local economic development issues. More information on this program can be found in the Catalog of Federal Domestic Assistance, No. 11.303.

Research and Evaluation Program and National Technical Assistance Programs

The Research and National Technical Assistance Program supports research of leading, world class economic development practices, and funds information dissemination efforts. More information on this program can be found in the Catalog of Federal Domestic Assistance, No. 11.303 and No. 11.312.

Community Development Block Grant Program

Administered by the United States Department of Housing and Urban Development, the Community Development Block Grant Program administers a number of community and economic development programs that provide grants, loans, tax incentives, and other assistance. In particular, the Rural Housing and Economic Development Program assists in the establishment of Community Development Financial Institutions, lines of credit, revolving loan funds, small business incubators, and microenterprises. More information can be found at: www.hud.gov/offices/cpd/communitydevelopment/programs.index.cfm.

Community Affairs Program

Administered by the Federal Reserve System, this program provides outreach, education, and technical assistance to address financial service issues affecting low- and moderate-income persons and communities. Working through programs at the twelve Federal Reserve Banks, this program provides information through training programs, workshops, forums, conferences, and trade fairs. More information on this program may be found at: www.federalreserve.gov/communityaffairs/national/default.htm.

Department of Labor, Workforce Innovation in Regional Economic Development Activities

The 13 original 2005 Workforce Innovation in Regional Economic Development (WIRED) awardees split a pool of \$195 million; each 2nd Generation WIRED region will receive an award of \$500,000, with the ability to access a \$4.5 million balance contingent upon completion of a regional implementation blueprint. Each of the second generation WIRED regions already received \$100,000 after the 2005 competition to prepare talent development strategies. California has received WIRED designations in both the 1st and 2nd Generations. The 1st Generation includes the California Innovation Corridor, while the 2nd Generation encompasses 18 counties in Northern California. More information can be found at: www.doleta.gov.

Department of Treasury, New Markets Tax Credits

The New Markets Tax Credit (NMTC) Program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities.

The credit provided to the investor totals 39% of the cost of the investment and is claimed over a seven-year credit allowance period. In each of the first three years, the investor receives a credit equal to five percent of the total amount paid for the stock or capital interest at the time of purchase. For the final four years, the value of the credit is six percent

annually. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

Over the life of the NMTC Program, CDEs are authorized to issue up to \$16 billion NMTCs, including \$1 billion of special allocation authority to be used for the recovery and redevelopment of the Gulf Opportunity Zone.

To date, 233 awards have been made totaling \$12.1 billion in allocation authority. More information can be found at: www.cdfifund.gov.

Additional Information on Federal Programs

Appendix includes an expanded list of federal microenterprise related development programs including Web links.

Appendix A

Fast Facts about the California Economy

**Compiled by: Assembly Committee on Jobs,
Economic Development, and the Economy
Juan Arambula, Chair**

California is one of the ten largest economies in the world with a gross state product of over \$1.7 trillion.

California Economy

- In 2005, California's total gross state product was \$1.62 trillion up from \$1.52 trillion in 2004, as compared to the United States with \$12.41 trillion up from \$11.66 trillion in 2004.
- California ranks 4th in the Nation as one of the most expensive states in which to do business.
- 7 of the 10 most expensive metropolitan areas in which to do business are located in California.
- California ranks as the 1st state where people would like to live apart from their own state.
- California is the largest producer and exporter of agricultural goods in the nation.

California Budget

- The Budget proposed by the governor on January 10, 2007, projected revenue of \$101.3 billion for the 2007-08 fiscal year. This is a projected increase of 7.26% over last year's revenues. Major changes in General Fund spending proposed include a: 47.5% decrease in programs under the Business, Transportation and Housing Agency; 33% increase in areas of General Government; 30.8% decrease in the area of Resources and Environmental Protection; and, 12.6% increase in Labor and Workforce Development.

Energy Market

- California produces about 15% of the natural gas it uses, 37.2% of the petroleum and 78.3% of the electricity. The remaining energy is imported and consists of electricity and natural gas purchases from Canada, Pacific Northwest, Rocky Mountain states and the Southwest; and crude oil imported from Alaska and foreign sources.
- Since the beginning of 2005, the price of crude oil has jumped more than \$29 dollars a barrel.
- This year's gas price increases are blamed on increasing demand from such burgeoning markets in China, India and the U.S., coupled with fear that instability in Iran, Nigeria, Venezuela and other oil-producing regions could once again limit supply. These crude oil price increases raise the price of gasoline and diesel not only in California but across the nation.

Real Estate

- California continues to experience very high rates of population growth and further tightening of its housing markets. As of July 1, 2006, California's population was over 37 million, increasing by over 462,000 people in 2005.

- Housing production has not kept pace with the State's housing needs, particularly in the coastal metropolitan areas. While the average need is projected at approximately 220,000 housing units, construction has lagged substantively below the need.
- As of the third quarter of 2006, only 24% of first-time buyers in California were able to afford a median-priced home, compared to 28% for the same period in 2005.
- From December 2005 through December 2006, sales of existing detached homes fell 15.3%. The median price for detached homes rose 3.7% during this time.

Job Creation

- California nonfarm businesses added 170,300 jobs since December 2005, an increase of 1.1%. Nationwide, nonfarm businesses added 1.84 million jobs over the last year, an increase of 1.4 %.
- The professional and business services sector saw the largest gains in the last year, with an increase of 45,000 jobs within the sector, representing an increase of 2.1% from the previous year.
- From December 2005 through December 2006, nonfarm payroll jobs rose in 9 of the 11 major industry sectors:
 - 45,000 in Professional and Business Services;
 - 39,100 in Government;
 - 33,400 in Leisure and Hospitality;
 - 33,300 in Educational and Health Services;
 - 11,400 in Trade, Transportation and Utilities
 - 10,100 in Financial Activities;
 - 7,600 in Information Services;
 - 6,400 in Other Services; and,
 - 1,200 in Natural Resources and Mining.

Construction and manufacturing and were the only sectors to lose jobs over the last year, with losses totaling 15,900 and 1,300 respectively.

Insourcing of Jobs

- U.S. subsidiaries of foreign companies in California employ 547,000 California workers - an increase of 3% over five years.
- In comparison to other states, California has proven to be an attractive location for international employers, ranking 1st in the United States in the number of employees supported by U.S. subsidiaries. At the national level, U.S. subsidiaries employ 5.1 million Americans and support an annual payroll of \$325 billion.

Unemployment (December 2006)

- Statewide: 4.6% (Down from 4.8% in 2005);
- Alameda County: 4.0% (Down from 4.2% in 2005);
- Contra Costa: 3.9% (Down from 4.0% in 2005);
- Fresno County: 8.3% (Unchanged from 2005);
- Imperial County: 14.5% (Up from 13.2% in 2005);
- Los Angeles County: 4.2% (Down from 5.0% in 2005);
- Sacramento County: 4.4% (Up from 4.1 % in 2005);
- San Bernardino: 4.2% (Unchanged from 2005);
- San Joaquin County: 7.3% (Up from 7.0% in 2005); and,
- Santa Clara County: 4.2% (Down from 4.4% in 2005).

Trade Import/Export

- International-related commerce accounts for approximately one-quarter of California's economy.
- California's top three trading partners are Mexico, Japan, and Canada.
- Computers and electronic products are California's top export, accounting for 36% of all the state's exports.
- California leads the nation in export-related jobs. Export-supported jobs account for an estimated 8.6% of California's total private sector employment. Nearly one-fifth of all manufacturing workers in California depend on exports for their jobs
- In 2005, California exports increased to over \$116 billion, over the \$110 billion from the previous year. Additionally, California maintained its position as a top exporting state. Exports from California accounted for more than 13% of total U.S. exports in 2005.

Foreign Direct Investment

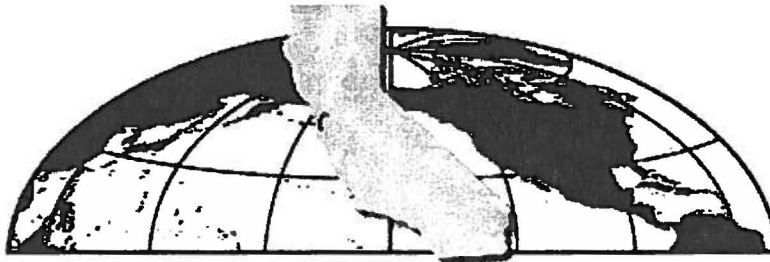
- California receives more foreign direct investment than any other U.S. state. The California Chamber of Commerce estimates that the more than \$100 billion invested in California provides 550,000 – 4% of all jobs in the state.
- As of 2003, 628,600 people worked in foreign-owned firms in California, more than in any other state.

Appendix B

California Business Portal

Below is a copy of the California Business Portal, which was developed by the California Economic Strategy Panel in 2006. The portal brings together key state resources into a single location to assist businesses who want to locate, expand and thrive in California.

CALIFORNIA BUSINESS PORTAL



Sponsored by the *California Economic Development Partnership*, this website provides a portal to a number of resources for starting, growing, financing, expanding or relocating a business in California. The portal seeks to simplify the path to the resources you need. These resources are provided by a myriad of public and private sources, from State and federal agencies to local private non-profit organizations, all of which are accessible to you here, simply by clicking through the portal's pages.

Establishing Your Business in California

- [Starting a Business](#)
- [Business Permits, Licensing and Registration](#)
- [Changes to Your Business](#)
- [Relocating or Expanding a Business](#)
- [California Business Laws and Regulations](#)
- [Tax Information](#)

Grow Your Business Here

- [Business Development, Consulting and Training](#)
- [Financial Assistance](#)
- [Meeting Workforce Needs](#)
- [Securities](#)
- [Trademarks, Trade Names, Patents, and Copyrights](#)

Exporting Your Goods and Services

- [Trade](#)
- [Moving Goods](#)

Foreign Investment in California

- [International Business](#)
- [Setting Up Business in California: A Guide for Investors](#)
- [International Business Relations Program](#)
- [Foreign Consulates in California](#)
- [Foreign Businesses Doing Business in the United States](#)
- [Foreign Direct Investment in the United States: New Investment in 2004](#)
- [More Information on Foreign Direct Investment in the United States](#)

Doing Business With State Government

- [Selling to the State](#)
- [State Contracting Opportunities](#)
- [Small Business/Disabled Veteran Business Enterprise Services](#)

Promoting Key Industries in California

- [Agriculture](#)
- [Biotechnology](#)
- [Film](#)
- [High Growth Industries](#)
- [Travel and Tourism](#)

Promoting California's Regions

- [California's Economic Regions](#)
- [The California Economic Strategy Panel](#)
- [The California Regional Economies Project](#)
- [Local Organizations by Region](#)

Other Resources and Information

- [More Facts and Figures on the Economy and the Workforce](#)
- [State Forms & Publications on Employment Issues and Taxes](#)
- [California Commission for Jobs and Economic Growth](#)
- [California Community College Initiatives](#)
- [California Association for Local Economic Development](#)
- [TeamCalifornia](#)
- [Additional Small Business Assistance](#)
- [E-Commerce](#)

Updated March 27, 2006

Appendix C

Expanded List of Federal Microenterprise Development Related Programs

Funding Program	Contact	Goal	Eligible Entities	Funding Available	Type *
<i>MicroLoan Program</i>	Small Business Administration (SBA), Office of Program Development; 1100 Vermont Ave., N.W.; Washington, DC 20005; SBA Main Office Number: (202) 606-4000	To provide very small loans to start-up, newly established, or growing small business concerns; and To provide technical assistance to microentrepreneurs.	Private, nonprofit, intermediaries with at least one year of experience assisting microenterprise	FY 2006 \$22 million for Loans to Intermediaries, \$13 million for Technical Assistance grants	L & TA
<i>Program for Investment in Microentrepreneurs (PRIME)</i>	SBA, Office of Administration; Office of Procurement & Grants Mgmt; 409 3rd St., S.W., Suite 5000; Washington, DC 20416; Phone: (202) 205-7080; www.sba.gov/financing/sba_partner/prime.html	To strengthen the capacity of microenterprise programs to offer training and technical assistance to low- and very low income entrepreneurs, enabling them to start or expand businesses. Half of the funding must benefit individuals below 150% of poverty guideline.	1) A microenterprise development organization or program; 2) an intermediary which has experience in delivering technical assistance to disadvantaged entrepreneurs; 3) a microenterprise development organization or program that is accountable to the local community; 4) an Indian tribe acting on its own; 5) applications only accepted from states with a three year average poverty rate of 13% or more	FY 2006 \$2 million	TA
<i>Women's Business Centers</i>	SBA, Office of Women's Business Ownership; 409 Third St., S.W., 5th Floor, Washington, DC 20416; 1-800-U-ASK-SBA or 202-205-6673; www.onlinewbc.gov	To provide financial counseling and other management and technical assistance services to women.	Nonprofit agencies with experience training women entrepreneurs	FY 2006 \$12.5 million	T & TA
<i>Community Development Financial Institutions (CDFI) Fund</i>	Treasury Department; 601 13th St., N.W., Suite 200 South; Washington, DC 20005; Phone: (202) 622 8662; www.cdfifund.gov and www.cdfi.org	To revitalize economies and develop communities through investments in CDFIs. (CDFI certification is available through the Treasury Dept.)	Certified non-profit CDFIs (private banks, loan funds, community credit unions, CDCs, MDOs, etc.)	FY 2006 \$55 million	L & TA

Funding Program	Contact	Goal	Eligible Entities	Funding Available	Type *
<i>Community Development Block Grants (CDBG)</i>	Dept. of Housing & Urban Development (HUD); through City and State Development Agencies; Main Office - 451 7th St., S.W.; Washington, DC 20410; Phone: (202) 708-1112; www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm	To develop viable communities by providing decent housing and a suitable living environment, and by expanding economic opportunities for persons of low and moderate-income.	Entitlement Communities, States, Indian Tribes, Cities, Colonies	FY 2006 \$3,748,400,000	L & TA
<i>Economic Adjustment Program, and Technical Assistance</i>	Commerce Department, Economic Development Administration; 14th & Constitution; Washington, DC 20230; Phone: (202) 482 2309; www.eda.gov/AboutEDA/Programs.xml	To assist economically distressed state and local interests design and implement strategies to bring about change in the economy, focusing on strategic planning, project implementation and revolving loan funds, and help fill the knowledge and information gaps preventing making optimal decisions on local economic development issues.	An Indian tribe or consortium of political subdivisions; an Economic Development District, a city or other political subdivision of a state; an institution of higher education; a public or private nonprofit organization or association	FY 2006 \$44,794,900 for Economic Assistance, \$8,322,000 for Technical Assistance	L & TA
<i>Intermediary Relending Program</i>	U.S. Dept. Of Agriculture (USDA) Rural Business-Cooperative Svc.; 1400 Independence Ave., S.W.; Room 5050, South Bldg.; Washington, DC 20250; Phone (202) 720-1400; www.rurdev.usda.gov/rbs/business/irp.htm	To finance business facilities and community development projects in rural areas by making loans to intermediaries.	Non-profit corporations, public agencies, Indian Tribes, or cooperatives with legal authority to manage loans, and having a record of successfully assisting rural business. At least 51% of owners or members of both intermediaries and ultimate recipients must be US citizens or admitted for permanent residency.	FY 2006 \$34,212,000	L

Funding Program	Contact	Goal	Eligible Entities	Funding Available	Type *
<i>Job Opportunities for Low Income Individuals (JOLI)</i>	Dept. of Health & Human Services (DHHS), Office of Community Services; 370 L'Enfant Promenade, S.W.; Washington, DC 20447; Phone: 1-800-281-9519; http://www.acf.hhs.gov/programs/ocs/dcdp/joli/index.html	To create new employment and business opportunities for TANF recipients, and other low-income individuals.	Nonprofit organizations, including CDCs	FY 2006 \$5 million	TA
<i>Office of Refugee Resettlement</i>	DHHS, Administration for Children & Families; Office of Refugee Resettlement; 370 L'Enfant Promenade, S.W.; 6th Floor/East; Washington, DC 20447; Phone: (202) 401 9246; http://www.acf.dhhs.gov/programs/ort/index.htm	For social service discretionary funds for refugee microenterprise development projects.	Public and private non-profit organizations and agencies of State governments that are responsible for refugee programs	FY 2006 \$492,521,000 total ORR Funding	L & TA
<i>Rural Business Enterprise Grants (RBEG)</i>	USDA Rural Development, Room 5045-S Mail Stop 3201 1400 Independence Ave., SW; Washington, DC 20250 3201; Phone: (202) 690-4730 www.rurdev.usda.gov/rbs/business/rbeg.htm	To finance and facilitate development of small emerging private business enterprises located in rural or small town areas.	Public bodies, private nonprofit corporations and Federally-recognized Indian Tribal groups	FY 2006 \$40 million	L & TA
<i>Rural Business Opportunity Grants (RBOG)</i>	USDA Rural Development; Room 5045-S, Mail Stop 3201; 1400 Independence Ave., S.W.; Washington, DC 20250-3201; Phone: (202) 690-4730; www.rurdev.usda.gov/rbs/business/rbog.htm	To promote sustainable economic development in rural communities with exceptional needs. Includes making grants for economic planning, technical assistance, or training for entrepreneurs in rural settings.	A public body, nonprofit corporation, Indian tribe, or cooperative with members that are primarily rural residents	FY 2006 \$3 million	TA

Funding Program	Contact	Goal	Eligible Entities	Funding Available	Type *
<i>Rural Community Development Initiative (RCDI)</i>	USDA Rural Development; Room 5014-S, Mail Stop 0701; 1400 Independence Ave., S.W., Washington, DC 20250-0701; Phone: (202) 690-1533; www.rurdev.usda.gov/rhs/rcdi	To provide a program of technical assistance to recipients to develop or increase their capacity to undertake projects in the areas of housing, community facilities, and community and economic development in rural areas.	Private or public organization, including tribal, that has experience working with eligible recipients; nonprofit organizations, low-income communities, and tribes located in rural areas.	FY 2006 \$6,350,000	TA
<i>IDAs for Refugees</i>	DHHS, Administration for Children and Families; Office of Refugee Resettlement; 370 L'Enfant Promenade, S.W. 6th Floor /East; Washington, DC 20447; www.acf.hhs.gov/programs/orr/programs/individual.htm	To promote the participation of refugees in the financial institutions of this country; and To assist refugees in purchasing assets to promote their economic self-sufficiency.	Public and Private, non-profit agencies	FY 2006 \$1,609,000	IDA
<i>Community Economic Development Program</i>	DHHS, Administration for Children & Families; Office of Community Services; 370 L'Enfant Promenade, S.W.; Washington, DC 20447; Phone: (202) 401-3446; http://acf.hhs.gov/programs/ocs/dcdp/ced/index.html	The development of employment for low-income people and distressed communities.	Private, non-profit CDCs	FY 2006 \$32,731,000	L & TA
<i>Assets for Independence - Individual Development Accounts (IDAs)</i>	DHHS, Administration for Children and Families; Office of Community Services; http://www.acf.hhs.gov/assetbuilding/index.html	To find out if, and how, IDAs can best be used as a tool to help lower income working families accumulate assets; and to what extent such accumulation of assets will help stabilize and improve families and the community in which the families live.	One or more not-for-profit organizations, a State, local or Tribal government agency applying jointly with a nonprofit organization, or a CDFI or Low Income Credit Union	FY 2006 \$24,699,000	IDA

L: Loans, TA: Technical Assistance, IDA: Individual Development Accounts

Appendix D

Resources for Doing Business in Emerging Domestic Markets

Compiled by: Assembly Committee on Jobs,
Economic Development, and the Economy
Juan Arambula, Chair

Below is a list of state programs and services, which may be available to communities, businesses, nonprofits, and investors that are interested in doing business in emerging domestic markets. The page numbers refer to the page in the "Catalogue of California's Economic and Workforce Development Programs, Services, and Initiatives" where additional information may be found, including web-links.

<u>Name of Program or Service</u>	<u>Page Number</u>
Small Business Board at the BT&H Agency.....	4
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California Revitalization Deduction Program	51
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California Public Employees' Retirement System and the California State Teachers' Retirement System.....	60
Economic Development Related Business Incentives.....	61
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Commission for Economic Development, Office of the
Lieutenant Governor72

Appendix E

Resources for Assisting Small Businesses

Compiled by: Assembly Committee on Jobs,
Economic Development, and the Economy
Juan Arambula, Chair

Below is a list of state programs and services, which may be available to communities, businesses, nonprofits, and investors that are interested in assisting small businesses. The page numbers refer to the page in the "Catalogue of California's Economic and Workforce Development Programs, Services, and Initiatives" where additional information may be found, including web-links.

<u>Name of Program or Service</u>	<u>Page Number</u>
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Technology Programs and Grants.....	12
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California Capital Access Program.....	48
California Industrial Development Financing Advisory Commission	52
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California Alternative Energy and Advanced Transportation Financing Authority	54
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Economic Development Programs, California Energy Commission	65
Energy Innovations Small Grant Program.....	66
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Innovative Clean Air Technologies Program, California Air Resources Board.....	68
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Appendix F

Resources for Technology-Based Companies

Compiled by: Assembly Committee on Jobs,
Economic Development, and the Economy
Juan Arambula, Chair

Below is a list of state programs and services, which may be available to communities, businesses, nonprofits, and investors that are interested in assisting technology-based companies. The page numbers refer to the page in the "Catalogue of California's Economic and Workforce Development Programs, Services, and Initiatives" where additional information may be found, including web-links.

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Appendix G

Resources for Entrepreneurship and Workforce Training

Compiled by: Assembly Committee on Jobs,
Economic Development, and the Economy
Juan Arambula, Chair

Below is a list of state programs and services, which may be available to communities, businesses, nonprofits, and investors that are interested in entrepreneurship and workforce training. The page numbers refer to the page in the "Catalogue of California's Economic and Workforce Development Programs, Services, and Initiatives" where additional information may be found, including web-links.

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Commission for Economic Development, Office of the Lieutenant Governor72

Appendix H

Resources for Marketing Your Community

**Compiled by: Assembly Committee on Jobs,
Economic Development, and the Economy
Juan Arambula, Chair**

Below is a list of state programs and services, which may be available to communities, businesses, nonprofits, and investors that are interested in marketing California communities. The page numbers refer to the page in the "Catalogue of California's Economic and Workforce Development Programs, Services, and Initiatives" where additional information may be found, including web-links.

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Appendix I

Resources for Infrastructure Development

Compiled by: Assembly Committee on Jobs,
Economic Development, and the Economy
Juan Arambula, Chair

Below is a list of state programs and services, which may be available to communities, businesses, nonprofits, and investors that are interested in infrastructure development. The page numbers refer to the page in the "Catalogue of California's Economic and Workforce Development Programs, Services, and Initiatives" where additional information may be found, including web-links.

<u>Name of Program or Service</u>	<u>Page Number</u>
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Appendix J

Resources for Accessing Foreign Markets

Compiled by: Assembly Committee on Jobs,
Economic Development, and the Economy
Juan Arambula, Chair

Below is a list of state programs and services, which may be available to communities, businesses, nonprofits, and investors that are interested in international trade and foreign investment. The page numbers refer to the page in the "Catalogue of California's Economic and Workforce Development Programs, Services, and Initiatives" where additional information may be found, including web-links.

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