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L E G I S L A T I V E A N A L Y S T ' S O F F I C E

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Perspectives on Legislative Oversight: Economic Development Activities

Presented to:
Assembly Committee on
Jobs, Economic Development and the Economy
Hon. Eduardo Garcia, Chair





LAO Perspectives: Legislative Oversight of State Departments

- Focus on Key Departmental Responsibilities.** What, in the Legislature's view, are the key goals and responsibilities of the department? Consider: Are these activities that other public, private, or nonprofit entities already perform or could perform well?
- Strengths and Weaknesses.** Every organization performs some functions well and others less well. Look for both strengths and weaknesses. In some cases, straightforward performance metrics can be developed to help with such evaluations.
- Stakeholders Provide One Important Perspective.** Individuals and groups that have worked closely with a department can provide useful insights. Consider, though: What individuals and groups are *not* working closely with the department now? This can help the Legislature consider how the focus of the department could be changed.
- Think About California as a Whole.** Los Angeles and the Bay Area dominate the state's economy. Is the department serving these areas well? What about the rest of the state? Is it helping areas and industries that are already doing well? Is there a desire for the department to focus on different things?
- Be Skeptical.** Focus on identifying areas for improvement. When a department has seen its responsibilities expand rapidly, skepticism about its ability to do all of these things well is justified.



Governor's Office of Business and Economic Development (GO-Biz)

- ☑ **A Recent Creation.** The state has had various economic development offices over time. GO-Biz was established statutorily in 2011. Since then, the office has been the subject of around two dozen laws adding to its responsibilities.

- ☑ **Functions.** Some of GO-Biz's key functions are listed below.
 - **Policy Advisor.** GO-Biz is supposed to recommend changes to state policies to advance statewide economic goals and respond to economic problems and opportunities.
 - **Assisting Businesses.** Several small units of GO-Biz serve as points of contact for businesses considering relocating to or expanding in California. Services include resources for small businesses and assistance for international investors. Via calgold.ca.gov, GO-Biz helps businesses obtain information about the various agencies that administer and issue permits to firms.
 - **California Competes Tax Credit.** GO-Biz helps run a program of individually negotiated tax credits for certain relocating or expanding businesses.
 - **Board and Commission Oversight.** The Film Commission, Travel and Tourism Commission, and I-Bank have been assigned for oversight purposes to GO-Biz.



Some Key Issues to Consider

- Helping the Few?*** GO-Biz is a small department. To some extent, GO-Biz is set up to provide help to a relatively small number of businesses that contact it directly, including referring businesses to other state and local entities. Ask the department and stakeholders if GO-Biz performs these tasks well.

- Helping All Businesses?*** GO-Biz is required under statute to be “the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth.” Its duties include making policy recommendations to the Legislature and the Governor to respond to emerging economic problems and opportunities. These are tasks intended to help *all* businesses in the state. Consider: Is GO-Biz performing these functions well?

- What Is the Desired Focus?*** The Legislature could decide to orient GO-Biz (1) more toward helping businesses that contact it for assistance or (2) more toward helping shape policy that affects all businesses in the state.