Taking a Regions-Up Approach to State Economic Development: A Playbook for California's Leaders

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California Forward (CA FWD) Authors:
Kate Gordon, Chief Executive Officer
Darwin Moosavi, Sustainable Communities Fellow
Egon Terplan, Regionalism Fellow

With Support From:
Nuin-Tara Key, Chief Operating Officer
Ismael Herrera, Senior Advisor

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California Faces an Economic Transition

The next governor and legislature face a cascade of new challenge—automation and AI, increasing climate impacts, demographic change, geopolitical tensions, and swings in federal investment. Building resilience so fewer Californians are left behind requires stronger, more durable coordination between the state and its regions, and closer integration of each region's economic and workforce strategy with the state's own.

California has invested in state-regional partnership through many programs and frameworks, including California Jobs First, K-16 Education Collaboratives, the Master Plan for Career Education, and the new GO-Biz Office of Regional Economic Development Initiatives (REDI). This is a real foundation. But most of these programs are not enshrined in state statute, and much of their funding is one-time, not recurring. **Without predictable investment and a more permanent structure, these recent gains won't be sustained.**

What Regions Need: Durability and Coordination

This playbook reflects over a year's worth of conversations with hundreds of leaders and economic development practitioners in regions all over California. During this time, hundreds of regional leaders and practitioners told us what they need to build more resilient and prosperous economies: durable multi-year funding instead of one-off grants; a single state point of contact instead of competing agency voices; fewer implementation barriers; regional coordinating bodies with real authority; and a table that includes employers, government, tribes, CBOs, and labor from all geographies. This more coordinated approach mirrors what we've seen from many other states and nations.

Our Vision

California's economic strength comes from its diverse, interconnected regions. Regions are where industries cluster, workers live, and supply chains form. They bring diverse assets to the table but face similar challenges in connecting local and regional priorities to a more comprehensive California economic strategy and implementation pathway.

State government plays a critical role in helping regional strategy move from ambition to implementation. For instance, all 13 economic regions created through the California Jobs First program have produced strategic plans, identified priority sectors, and are investment-ready. The state can go further to supply the infrastructure regions can't build alone: steady funding, technical capacity, staffing, shared data, financing tools, and a single front door instead of a maze of agencies. State agencies can coordinate internally to speak with one voice on economic goals and present a unified vision to investors. Regions, in turn, are well-positioned to prepare and update an economic strategy, convene partners, prioritize projects, and drive them to implementation.

This playbook builds on the foundation that's been set for state vision and regional implementation. In it, we focus on better aligning state agencies, securing ongoing funding, and moving projects forward.

Our vision: a durable "regions-up" system where the state and regions are partners: shaping an economic strategy jointly, then implementing it on the ground.

We propose state leaders take the following actions to build a state-regional structure for economic development in California.

1. Develop and communicate California's economic vision and strategy, informed by and continually updated in collaboration with regions.

All 13 regions have produced an economic strategy with priority sectors. The state's economic vision and blueprint should be built from what regions prioritize.

Regularly update the State Economic Blueprint in partnership with regions, with clear direction on priority sectors and industry roadmaps, and work with regions and industry leaders to implement it.

Empower the Strategic Growth Council (SGC) as the key multi-agency coordinating body for resilient, inclusive economic development, building on its existing role coordinating strategic growth policy through expert cross-agency staff engagement and a public process for information sharing and comment on current programs. Expand SGC to include the Labor Secretary and the head of the state's economic development entity—whether GO-Biz or an expanded independent agency as recommended below—and use it to review the State Economic Blueprint alongside related regional plans.

Engage globally and nationally with regions on trade missions and foreign direct investment, speaking in one voice as California markets itself for long-term investment especially in priority industries identified through the Blueprint and ongoing regional engagement.

Establish an Office of Economic Transition and Resilience, led by a Governor-appointed Chief Economist working with the existing Council of Economic Advisors, to track and prepare for long-term economic risks, including climate and energy shocks and geopolitical risks—acting ahead of disruption rather than responding to it.

2. Enable regional economic growth through direct investment, shared data, research capacity, and in-region staff.

Every region has already begun building regional coordination infrastructure, whether through California Jobs First tables, K-16 Education Collaboratives, or preexisting regional planning agencies such as Metropolitan Planning Organizations and Councils of Government. The state can better leverage and strengthen what already exists and works well on the ground, while providing more certain and coordinated investment.

Provide direct block-grant support for durable regional coordinating bodies, leveraging what already exists. Many regions already have a coordinating body that needs recognition and sustained funding rather than a new structure; others have an opportunity to build new structures, such as an economic council, to carry the work forward.

Deploy senior state staff in every region to serve as ***partners*** in technical assistance and identifying funding opportunities, ***connectors*** in linking regional leaders on shared challenges, and ***navigators*** in providing a direct line to state decisionmakers.

Support regions in producing and updating regional economic plans that feed into the State Economic Blueprint, including mapping related regional plans and investments across economic, workforce, education, transportation, and climate issues so leaders can see what's happening, where efforts overlap, and where gaps exist.

Develop and maintain a statewide economic data platform, accessible to all regions, that tracks economic performance, sector trends, investment flows, and regional priorities—giving every region equal-quality data to present a consistent, compelling picture to businesses and investors.

3. Provide coordinated, tangible investment and tools to implement priority projects.

California's regions have prioritized projects based on their diverse assets and challenges. They need additional investment and key tools to move projects from planning to implementation.

Commit multi-year funding to competitive grants for high-impact projects identified in regional plans and industry roadmaps, with transparent, equitable selection criteria and outside expert application review.

Establish a single front door for state grant applications related to economic development, with consolidated applications and calendars organized around regional and industry priorities.

Develop a public outcomes dashboard tracking real impacts of regional grant investments.

Expand place-based and industry-focused financing tools, including tax increment financing, an expanded IBank with revolving loan and bond financing, zone-based incentives, place-based tools, geographically targeted tax credits, and a predevelopment catalyst fund for early-stage projects.

Strengthen and expand business retention and investment programs, including small business assistance programs, CalCompetes (California's primary tax credit tool for business investment and job creation), CAEATFA (the state's major tool to support advanced manufacturing including for clean energy and transportation), and CalBIS (the state's business investment and site-selection service), while making them better coordinated with regional priorities as part of a unified economic development agency.

Governance Matters

Some of the functions described above are already happening in California through existing state institutions. Some are functions found in economic development agencies in other states but don't yet exist here in California.

A new governor and legislature have an opportunity to make structural changes that will expand and strengthen California's approach to economic development governance.

To achieve a more coordinated and effective state-regional structure that drives economic resilience now and into the future, we recommend:

1. A permanent cabinet-level agency to implement the state's economic strategy in coordination with the legislature, providing the authority and independence to execute a shared vision across state government and in partnership with all regions.

2. Cross-agency coordination so that programs, tools, and investments that support economic development and industrial policy are aligned and working together.

3. Establishment in statute so that core economic development responsibilities are prioritized and funded, providing durability from one administration to the next.

There is no one right way to achieve these standards. What matters is that the next governor and legislature learn from national best practices and commit to the above as the gold standards for governance and for ensuring the durability of the state-regional economic development model.

We stand ready to collaborate with the state leadership and alongside our partners in every region to build toward this vision of a Regions-Up economic model for California.

For more information and to follow this work, visit: www.cafwd.org/regions-up/