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# Effects on California's Economy

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# Effects on the California Economy



To evaluate the effects of projects on California's economy ,  
Ideal data over several years after project completion includes

- Products: sales, prices, costs
- Jobs
- Knowledge spillover

Still imperfect solution: product growth may continue much longer  
– Agricultural research effects peak perhaps 24 years after research

What data we have: Follow-on funding to PIER [Small Grants program](#)

- Surveys every few years
- Staff research on a few companies that started with PIER grants

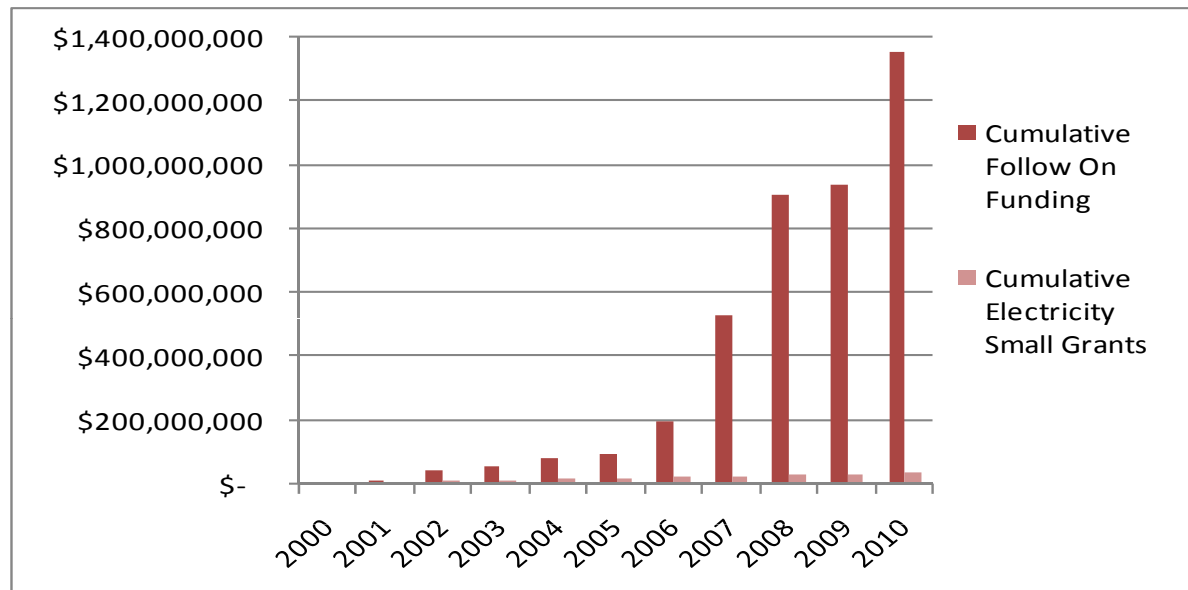
→ At least \$1.3 billion private, non-utility investment pursuant to PIER research

# Effects on the California Economy



→ Market values result at \$1.3 billion so far

- Affected firms will grow, create jobs



PIER estimated how investment creates jobs

- Found data series on clean tech venture capital, clean tech jobs in California, 1999 to 2007
- Too few years for econometric analysis
- Compared investment to later growth, all time period and lag lengths, with and without correction for economy using non-clean-tech job growth

# Jobs Creation



- For each \$100,000 of clean tech investment, one California job has been created
  - A job is “permanent” whereas investment is “one-time”
  - \$1.3 billion investment → over 10,000 jobs directly
  - Sensitivity analysis: most results ranged from 10,000 to 20,000 jobs
- Each job creates 1.8 additional indirect and induced jobs (firms and employees buy goods)
  - Used RIMS II multipliers applied to green jobs categories

**TOTAL EFFECT: around 30,000 jobs**

# Next Steps



Implementing surveys and/or reporting requirements

- Jobs created in California
- Indirect jobs known of (installation)
- Jobs projected?
- Knowledge spillover ... what happened with staff, other product development, research
- Product's outcome in the market