

Date of Hearing: June 6, 2012

ASSEMBLY SPECIAL COMMITTEE ON THE
GOVERNOR'S REORGANIZATION PLAN NO. 2

Joan Buchanan, Chair
GRP 2 - As Introduced: May 3, 2012

SUBJECT: GRP 2: Office of the Governor.

SUMMARY: Adds economic development entities to the Governor's Office of Business and Economic Development (GO-Biz), recasts the Emergency Management Agency as the Governor's Office of Emergency Services (OES), and transfers the Volunteer Program to the Governor's Office of Planning and Research (OPR). Specifically, GRP 2:

- 1) Transfers the following entities to the GO-Biz:
 - a) California Infrastructure and Economic Development Bank (I-Bank);
 - b) California Film Commission;
 - c) Office of Tourism;
 - d) Small Business Centers; and,
 - e) Small Business Loan Guarantee Program.
- 2) Eliminates the Secretary of Service and Volunteering.
- 3) Transfers the Volunteer Program to OPR.
- 4) Recasts the Emergency Management Agency as OES.

EXISTING LAW:

- 1) Includes the following entities in the Business, Transportation and Housing Agency (BTH):
 - a) I-Bank;
 - b) California Film Commission;
 - c) Office of Tourism; and,
 - d) Small Business Guarantee Loan Program.
- 2) Does not currently recognize the Small Business Development Centers (SBDC) in statute, which are hosted by various higher educational institutions in California. The SBDC Program was part of the former Technology, Trade and Commerce Agency and eliminated from statute in 2002.

The U.S Small Business Administration administers the Small Business Development Center Program to provide management assistance to current and prospective small business owners.

- 3) Establishes the position of the Secretary of Service and Volunteering in OPR.

- 4) Establishes the Volunteer Program, which reports directly to the Governor.
- 5) Establishes the California Emergency Management Agency, which reports directly to the Governor.

FISCAL EFFECT: Unknown.

COMMENTS:

Purpose of this bill: According to the Governor, "Consolidating these programs will strengthen GO Biz and give the state a stronger and more unified ability to promote and improve the State's economy." Other changes are technical and programmatic.

Background: This portion of GRP 2 reorganizes and recasts elements of the Office of the Governor. GO-Biz is affected substantively, while the recasting of the Emergency Management Agency as the Governor's OES is more technical, for the entity retains its direct reporting to the Governor. The Emergency Management Agency was formerly known as OES, and some budget savings will be realized due to the fact that many of their resources retain the OES logo. However, this does reverse prior legislative direction recommended by the Little Hoover Commission, Bureau of State Audits, and the Legislative Analyst's Office to create an agency-level emergency services authority. The head of the new OES will no longer be a secretary with the attendant privileges.

The Volunteer Program will be affected, as it previously enjoyed direct reporting to the Governor with a Secretary of Service and Volunteering; it will now become a unit within the OPR with which it shares an existing budgetary relationship.

GO-Biz: In accordance with recommendations from the Little Hoover Commission and the Assembly's Jobs, Economic Development, and the Economy Committee, GRP 2 enhances GO-Biz's economic development portfolio by adding the following entities:

- I-Bank, which finances public infrastructure and private development that promotes economic development, revitalizes communities, and enhances quality of life for Californians. The I-Bank has extremely broad statutory powers to issue revenue bonds, make loans and provide credit enhancements for a wide variety of infrastructure and economic development projects and other government purposes. The executive director is appointed by the Governor and the Chair of the I-Bank is the Director of GO-Biz.
- California Film Commission, which serves as a one-stop office for film and TV incentives, permitting, location assistance, and filming resources throughout California.
- Office of Tourism, which promotes the California brand and tourism spending in California.

- Small Business Guarantee Loan Program, which works to help businesses create and retain jobs, while at the same time encouraging investment into low- to moderate-income communities.
- Small Business Centers are assumed to be Small Business Development Centers, which are a network of centers administered by the U.S Small Business Administration and hosted by California colleges created to help new entrepreneurs and assist existing businesses remain competitive in the marketplace. GO-Biz already works closely with the Centers, and California will be the final state to give statutory recognition with the codification of the GRP. Due to the confusion over what was originally intended, the SBDC Program is not currently included in the GRP, but may end up in a companion bill. They were previously a part of the Technology, Trade and Commerce Agency and eliminated along with the Agency in 2002.

While this is considered a starting point to government restructuring, questions have been raised about moving other programs dealing with economic development to GO-Biz, including foreign trade.

Concerns have been raised about the new structure of GO-Biz being so large and the Director being spread so thin. It is advisable for the Administration to consider creating Deputy Directors to ensure that this new entity will be able to function smoothly.

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