April 16, 2012

Stuart Drown, Executive Director
Little Hoover Commission
925 L Street, Suite 805
Sacramento, CA 95814

Thank you for the opportunity to testify at the public hearing on the Governor's Reorganization Plan. As requested, the following is our input on the issues the Commission is reviewing. Let me begin with a brief overview of the Department of General Services (DGS).

The DGS serves as the business manager for the State of California, with nearly 4,000 employees and a budget in excess of $1 billion. DGS funding is fee-for-service from its client-agencies. DGS provides business services to state agencies including contracting, procurement and acquisition solutions; real estate management; leasing and design services; environmentally-friendly transportation, architectural oversight and funding for the construction of safe schools, and conduct administrative hearings for state and local governments.

The Real Estate Services Division (RESD) provides real estate services to all state agencies. RESD oversees asset planning, property sales and acquisition, project management, architectural and engineering services, leasing and planning, property management and building maintenance, construction management, energy efficiency and supply programs, and environmental assessments.

DGS manages 60 state-owned properties totaling approximately 24 million square feet with an annual rent of more than $253 million. DGS manages 1,861 leases totaling more than $372 million annual rent with approximately 16 million square feet of office space and approximately 4.6 million square feet in storage and other space.

The Procurement Division (PD) sets state procurement policies and provides purchasing services. PD delegates purchasing authority, trains state purchasing professionals, certifies small/disabled veteran businesses, sponsors the California Small Business Council and participates in the Disabled Veterans Business Enterprise Council.

PD oversees approximately 198 commodity contracts, with approximately 170 suppliers; administers more than 1,600 California Multiple Award Schedules (CMAS) contracts; manages 219 Master agreements; 63 Western State Contract Alliance (WSCA) purchasing agreements, and 103 Software Licensing Program (SLA) agreements. As of fiscal year 2009/2010, DGS had certified a total of 22,500 small businesses and 1,300 DVBEs.

The Interagency Support Division provides support services for agencies and departments, including: oversight of the state fleet, business travel services, and managing non-real estate surplus property through the Office of Fleet & Asset Management (OFAM); manages state records storage, provides publishing and video production services through the Office of State Publishing (OSP), and provides funding for public school facility construction through the Office of Public School Construction (OPSC).

The Division of the State Architect (DSA) is responsible for approval and oversight of design and construction for K-12 schools and community colleges. DSA also develops and maintains accessibility and historical buildings standards and codes utilized in public and private buildings throughout California. DSA certification programs include project inspectors and testing lab facilities, as well as the Certified Access Specialist program. DSA also helps school districts design facilities that are energy-efficient and sustainable. DSA has regional offices in Sacramento, Oakland, Los Angeles and San Diego.

The Office of Administrative Hearings (OAH) consists of two divisions and five regional offices statewide. The General Jurisdiction Division provides adjudicatory and alternative dispute resolution services to more than 1,400 state and local government agencies. The Special Education Division provides adjudicatory and mediation services throughout the state to school districts and parents of 700,000 children with special needs.

Governor Brown's proposed reorganization plan includes the creation of the new Government Operations Agency (GOA) designed to significantly improve the efficiency of internal governmental operations by bringing into one agency all of the departments that oversee administrative functions that are common to all departments, including personnel, procurement, and information technology, among others. DGS would be part of this new agency and DGS supports the Governor's proposal to improve the organization and delivery of government services.

For DGS, the reorganization plan is zero cost and will not require the transfer of functions between DGS and other departments. Though there may not be a significant, tangible effect on DGS in the near term as a result of being transferred to the new GOA from the State and Consumer Services Agency, DGS expects that being housed

in the same Agency as other departments whose missions deal with internal state operations will result in intangible benefits such as enhanced communication and coordination among departments as their areas of operational commonality receive greater policy attention.

The benefits of an Agency that is responsible for overseeing the consistent application of internal administrative policies (whether set by regulation, general rule, or statute) will be real, though hard to quantify and point to explicitly in their application. One benefit will be reinforcing the reality that state government is a single enterprise. Different departments have different roles in that enterprise, but they are all part of a single entity supervised by the Governor, and accountable to the Legislature and California citizens.

A GOA will convey not only the appearance of, but also the reality that there is a single focal point for dealing with operational issues common to departments. With a GOA, there will be a secretary-level leader available to identify and corral these common issues, and be responsible for implementing solutions to them. With a Secretary for GOA, there will be a place to focus discussion and innovative ideas on how to improve operational efficiency within state government.

The GOA will promote efficiencies in accountability, control, and coordination of the major components of state administration that can only result from having one Secretary who serves as California's Chief Administrative Officer.

Should you have any questions or need additional information, please contact me at (916) 376-5012.

Sincerely,

Fred Klass
Director

cc: Sue Johnsrud, Director of Operations, Governor's Office
Anna M. Caballero, Secretary, State and Consumer Services Agency
Karen Finn, Program Budget Manager, Department of Finance
Esteban Almanza, Chief Deputy Director, Department of General Services