STATE OF CALIFORNIA

DEPARTMENT OF CONSUMER AFFAIRS

Written Testimony for the Little Hoover Commission Hearing on Government Reorganization Plan 2012

"Session 5: Business & Consumer Services Agency"

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Chairman Hancock, and committee members my name is Denise Brown and I am the Director of the Department of Consumer Affairs. Thank you for the opportunity to respond to questions regarding the Governor's proposed Government Reorganization Plan of 2012, specifically as it relates to the Department of Consumer Affairs.

The Department of Consumer Affairs consists of 36 boards, bureaus, committees, programs, and commissions that license more than 2.5 million individuals and businesses in over 200 professional categories, including doctors, nurses, contractors, automotive repair dealers, and private postsecondary institutions. We are guided by our mandate "To protect and serve the interests of California consumers." In order to achieve this mandate, the Department of Consumer Affairs oversees the licensure and regulation of California practitioners to ensure that they not only meet the minimum competency standards for practice but also abide by all professional conduct laws and regulations.

In his letter inviting me to testify, Mr. Stuart Brown, Executive Director of the Little Hoover Commission, asked me to specifically address three questions:

1. Does your organization support the portion of the reorganizational plan that pertains to it?

The Department of Consumer Affairs believes that based on our structure, mission and experience, it makes organizational and policy sense to move the Department of Real Estate, the Office of Real Estate Appraisers, the Structural Pest Control Board and the Board of Chiropractic Examiners under it. This change will not only increase efficiency for these entities coming under our Department of Consumer Affairs, but will also make it easier for California consumers to find the services they need. Therefore, the Department of Consumer Affairs fully supports the move proposed in the Governor's Reorganizational Plan.

2. What advantages and risk would need to be considered?

Having 36 separate and unique licensing entities has allowed the Department of Consumer Affairs to create economies of scale that reduce costs and improve efficiency for our boards, bureaus and programs. All of our programs share one human resources office, one contracts office, one information technology office, one legal office, and one budget office. Moving the Department of Real Estate and the Office of Real Estate Appraisers will allow us to leverage these economies of scale to eliminate redundancies and use the resources we have more efficiently.

For example, the Department of Real Estate's annual budget includes funding of roughly $10.4 million designated for administration and includes 52.5 personnel years. This administration program provides support services to the Department of Real Estate's programs through the fiscal and budget services section, information technology section, and human resources section. These programs are duplicative of what exist within the Department of Consumer Affairs. The support to the Department of Real Estate's programs could be provided by the comparable programs within the Department of Consumer Affairs. However, because of the size of the Department of Real Estate, some of the Department of Consumer Affairs' programs will need increases in funding and staff to accommodate the additional workload. Nonetheless, the Department of Consumer Affairs believes this proposal would result in an overall reduction of personnel years and expenditures.

Beyond the savings aspects, there is also a natural fit in terms of processes and mission with the programs within the Department of Consumer Affairs. The mission of the Department of Real Estate is "To safeguard and promote the public interests in real estate matters through licensure, regulation, education and enforcement." Similarly, the mission of the Office of Real Estate Appraisers is "...to protect public safety by ensuring the competency and integrity of licensed real estate appraisers and registered appraisal management companies through a program of licensure, registration and enforcement." Licensure, regulations, and enforcement are something all of the Department of Consumer Affair's licensing entities do and are all guided by similar missions.

The Board of Chiropractic Examiners and the Structural Pest Control Board on the other hand, already have an existing relationship with the Department of Consumer Affairs through Interagency Agreements. Department of Consumer Affairs provides information technology services for both the Board of Chiropractic Examiners and the Structural Pest Control Board, but also provides cashiering and investigative services for the Structural Pest Control Board. The Governor's proposal would further codify this existing relationship and allow the Department of Consumer Affairs to assume duties that are being covered by other Departments.

3. Does this reorganization plan position the state to operate more effectively and efficiently? If not, what additional action is needed?

The Governor's Reorganization Plan definitely positions the Department of Consumer Affairs, the Department of Real Estate, the Office of Real Estate Appraisers, the Board of Chiropractic Examiners and the Structural Pest Control Board to operate more effectively and efficiently as detailed above. However, it also provides a significant benefit for the average Californian. Government can sometimes be difficult to navigate, especially for consumers and licensees that may not be as familiar with the structure and processes in place. It was for precisely this reason the Governor stated in his proposal "Entities that regulate or license industries, business activities, or professionals are currently spread throughout state government. Some entities regulating businesses are part of the current Business, Transportation and Housing Agency; some entities that

license professionals are part of the State and Consumer Services Agency; and others overseeing other businesses and professionals are scattered throughout government, many with little shared structural relationship."

The Reorganization Plan moves the state closer to providing the public one centralized place where they can go if they need information or want to file a complaint against a licensee. We need to find ways to improve efficiencies and make things easier for consumers. The Governor's proposal accomplishes those goals and I hope you will support it.

Denise Brown
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