

STATE OF CALIFORNIA

EDMUND G. BROWN JR.
Governor

Department of Alcoholic Beverage Control
Department of Corporations
Department of Financial Institutions
California Highway Patrol
California Housing Finance Agency
Department of Housing & Community Development
Department of Motor Vehicles
Department of Real Estate
Department of Transportation



BRIAN P. KELLY
Acting Secretary

Office of Real Estate Appraisers
Office of Traffic Safety
New Motor Vehicle Board
Board of Pilot Commissioners
California Film Commission
California Office of Tourism
Infrastructure and Economic Development Bank
Small Business Loan Guarantee Program
Public Infrastructure Advisory Commission

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

Little Hoover Commission
Public hearing on Government Reorganization Plan 2012
April 23, 2012

Testimony of Bill Davidson, Deputy Secretary - Administration & Finance
Business, Transportation & Housing Agency

The Small Business Loan Guarantee Program (SBLGP) assists potential and existing owners of California small businesses to qualify for financing that they might not otherwise be able to access through traditional financing methods. This program places special emphasis on job creation and retention by working with banks to encourage them to make small business loans by using State and federal resources to guarantee a percentage - up to 80% - of each loan. The program is primarily administered by eleven Financial Development Corporations located throughout the State. State staffing includes two staff located in Sacramento who administer and oversee the program.

Prior to 2003, the SBLGP existed within the CA Trade, Technology and Commerce Agency (TTCA). When the TTCA was dissolved late in 2003, the SBLGP was transferred to the Business, Transportation and Housing Agency (BTH), where it exists today. AB 29, signed by Governor Brown in October 2011, established the Governor's Office of Business and Economic Development (GO BIZ), which was created to serve as California's single point of contact for economic development and job creation efforts, and offers a range of services to business owners, including retention and expansion services. In its February 2010 report titled 'Making up for Lost Ground: Creating a Governor's Office of Economic Development,' the Little Hoover Commission noted that "Currently, there is no single location where the state's economic development programs come together. Instead, the state's economic development activities are spread out over several agencies, boards, commissions, allocation committees and financing authorities." Creation of GO BIZ is a first step to centralize these activities, and moving the SBLGP into

GO BIZ is a secondary step to consolidate these economic development activities within this centralized government entity.

Another benefit of this proposal is the coordination and alignment of services aimed at California's small business community. GO BIZ has within its organizational structure a Small Business Assistance Unit, which provides direct small business assistance to thousands of business each year. GO BIZ also oversees the operations of 34 Small Business Development Centers (SBDC) throughout the state, who assist prospective and existing small business owners in California to start, retain, or expand their businesses. The Centers assist with business plans, marketing, finance questions, and other business issues. Aligning the services of the SBLGP with the services offered by the SBDCs in one governmental entity will allow the State to more effectively help small businesses receive the resources that they need.

I am supportive of the placement of the SBLGP within GO BIZ. The SBLGP functions and operates efficiently today and combining these services with those offered by GO BIZ makes good sense. This move will allow the State of California to better meet the needs of small businesses in the State. This proposal is also in line with the recommendation made by the Little Hoover Commission last year that "The Governor should continue to bolster that state's ability to foster economic development and create jobs by seeking ways to better coordinate and align economic development activities now located in different parts of the government, including opportunities for reorganization."

Respectfully,



BILL DAVIDSON