

February 9, 2005

Hon. Bill Lockyer  
Attorney General  
1300 I Street, 17<sup>th</sup> Floor  
Sacramento, California 95814

Attention: Ms. Tricia Knight  
Initiative Coordinator

Dear Attorney General Lockyer:

Pursuant to Elections Code Section 9005, we have reviewed the proposed statutory initiative related to reorganization plans (File No. SA2005RF0002).

### **Background**

Existing state law provides for a specific process for the Governor to propose to the Legislature reorganizations of state governmental entities. State law encourages the Governor to seek reorganizations which reduce expenditures, increase efficiency, and eliminate duplications of effort. The statute provides for a 60-day legislative review period and calls for policy committees in each house to issue a report on a plan. A plan goes into effect after the 60-day period unless the Legislature takes action to reject it. Either house can reject a plan by passing a resolution by a majority vote. The vote is "yes" or "no"—the plan cannot be amended by the Legislature. From 1968 to 2004, various Governors submitted 29 reorganization plans through this process. The Legislature rejected 11 of these plans.

### **Major Provisions**

This measure would change the manner in which the Legislature could reject a Governor's reorganization plan. Specifically, for the Legislature to reject a plan, the measure would require *both* houses of the Legislature to pass a resolution, each by a *two-thirds* vote.

### **Fiscal Effect**

By making it more difficult for the Legislature to reject a proposal, this measure would likely increase over time the number of reorganization plans submitted by Governors and those which went into effect. Since state law encourages proposals which improve governmental efficiency, the increased use of the reorganization plan

process could generate some savings in state administrative costs. On the other hand, there is no requirement that reorganization plans reduce state costs. Some reorganization plans could increase costs by creating new entities, potentially resulting in higher administrative costs. The fiscal effect of this measure, therefore, is unknown and would depend on the specific future reorganization plans submitted by the Governor and the actions of future Legislatures.

*Summary.* This measure would have the following major fiscal impact:

- Unknown impact on state administrative costs. Fiscal impact would depend on future reorganization plans submitted by the Governor and on the actions of future Legislatures.

Sincerely,

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Elizabeth G. Hill  
Legislative Analyst

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Tom Campbell  
Director of Finance