California Legislature

STATE CAPITOL
SACRAMENTO, CALIFORNIA

July 12, 2010

Mr. Daniel Hancock
Chairman, Little Hoover Commission
925 L Street, Suite 805
Sacramento, CA 95814

Dear Mr. Hancock:

In our respective Houses and Caucuses, we have been deeply involved in legislation to improve the state's regulatory processes and adopt principles of accountability and transparency. Because of our critical responsibilities in overseeing the Executive Branch as it implements policies enacted by the Legislature, we take seriously the need to ensure regulatory processes incorporate the best information on effectiveness, impacts and alternatives, while still ensuring that the goals of the legislation are diligently achieved.

In this spirit, we respectfully request that the Little Hoover Commission conduct a study of some of the critical aspects of the current regulatory process in California and identify improvements in the following areas:

- The Administrative Procedures Act requires agencies to "assess the potential for adverse economic impact" on California businesses and the economy. Are state agencies adequately and usefully preparing those assessments? Are they using solid and consistent economic or analytical principles? Are they soliciting or taking advantage of credible and reliable third-party resources to buttress their analyses?
- Are these assessments, and the other analytical requirements in the APA, vetted with knowledgeable third parties as well as the regulated community?
- How are agencies reviewing and analyzing alternative approaches to a regulatory proposal? Are there consistent policies and protocols used to assess alternatives? Do agencies have a policy to consider market or incentive-oriented regulatory approaches over more intrusive or "command and control" approaches? How are these policies incorporated into the regulatory adoption process?
- Are there best practices used by the federal government or other states that could be applied to improve the responsiveness, cost-effectiveness, transparency and accountability of California's regulatory adoption process?

As the Legislature struggles with the related challenges of balancing the state budget and spurring job growth in California, we are concerned that the current regulatory system may be hindering those objectives. We believe that Californians demand a regulatory system that not

only improves their health, safety and environmental protection, but also ensures that employers will consider making California home to their businesses and employ our citizens. This is a key element to improving our investment climate and thereby providing the basis for long-term fiscal improvement.

We appreciate your consideration of this request, which we believe is consistent with your critical mission to promote efficiency and economy in California government.

Sincerely,

FELIPE FUENTES
Assemblymember, 39th Dist.

ROBERT DUTTON
Senator, 31st Dist.