



# THE ECONOMY & EFFICIENCY REPORT

2013-14

THE LITTLE HOOVER COMMISSION'S BIENNIAL REVIEW  
OF CALIFORNIA STATE GOVERNMENT OPERATIONS

## LITTLE HOOVER COMMISSION

*DEDICATED TO PROMOTING ECONOMY AND  
EFFICIENCY IN CALIFORNIA STATE GOVERNMENT*



## THE ECONOMY & EFFICIENCY REPORT

### Letter From The Chair



I am pleased to present you this 2014 edition of the Little Hoover Commission's biennial Economy and Efficiency Report. The Commission has issued these biennial reviews of state government operations for more than a half century, conducting Capitol oversight through decades of prosperity, challenge and that constant of California, change.

We are proud to be part of California's story. From our founding in 1962 we have served the people of California, seven governors and countless numbers of Capitol lawmakers. The faces and names of Commissioners may change, but our bipartisan brand of citizen inquiry and reform, which is unique in the nation, continues to endure. We invite you here to get to know us.

This biennial report explains who we are and how we work. Inside you will learn how we help members of the Capitol community – providing briefings, writing support letters for legislation and taking requests for research studies. It also explains our study process, recaps our work during the 2013 and 2014 legislative session and provides an overview of Commission accomplishments in spurring government economy and efficiency. We also outline 10 top California governing challenges previously identified by the Commission which continue to require action and solutions.

While there is a perception that the Capitol environment can be a maelstrom of competing interests and partisan politics, the Commission is known for its deliberative and inclusive approach. Commissioners appointed by the Governor and Legislature for their varied career experiences and civic stature take the time necessary to explore in depth, convene the leading experts throughout California and the nation and recommend potential ways forward. Whether conducting oversight of yesterday's solutions, or looking ahead to tomorrow's challenges, the Commission works best when it works with the best of Californians.

The late California Assemblymember Milton Marks, who sponsored legislation that envisioned the Commission, said at its inaugural meeting on April 24, 1962, "The cause of good government, or the cause of economy and efficiency, is really not a partisan issue. We may differ at times on certain philosophical matters, but I don't think there is much difference of opinion as to the desire to economize in government and get greater efficiency in government." That spirit has animated the Commission ever since.

The Little Hoover Commission came of age when national leaders consistently praised California state government as one of the nation's most professional and best-run public institutions. The Commission continues to keep that foremost in mind through all its deliberations.

On behalf of my fellow Commissioners, I invite you to explore our work, to review our accomplishments over the years and consider the challenges still to be resolved together on behalf of all Californians.

**Pedro Nava**  
Chair, Little Hoover Commission

## CONTENTS

### 3 ABOUT THE COMMISSION

Organization's function, role and responsibilities

### 5 WHY "LITTLE HOOVER"?

A brief history of the Commission's origin and name

### 6 STUDY PROCESS

The Commission's process for selecting research topics, conducting hearings, issuing reports and providing government oversight

### 8 A RECAP OF COMMISSION WORK IN 2013-14

Reports and recommendations issued during the last two-year session

### 10 CALIFORNIA'S TOP 10 OPPORTUNITIES FOR REFORM

A selection of recommendations ripe for additional review

### 12 COMMISSION WORK IMPROVES GOVERNMENT

Executive Director explains Commission's success in shaping government

### 14 MEET THE COMMISSIONERS

A list of current and former Commissioners and staff

### 16 WHAT STAKEHOLDERS SAY ABOUT THE COMMISSION

Comments on the Commission's value from hearing participants



**Loren Kaye**  
Vice Chair  
Little Hoover Commission

## REFLECTIONS FROM THE VICE CHAIR

After nine years with the Little Hoover Commission I am honored to reflect on a unique institution within California government. We are a bipartisan gathering of citizens committed to improving how state government works.

The women and men are business owners, journalists, lawyers, investors and policy experts. Some have been intimately engaged in state politics and government. Others bring invaluable experience in the wider economy and society.

The Commission creates a space for robust airing of important policy issues. But since Commissioners aren't running for office, the debates are free from self-promotion and point-taking. We don't always agree, but we always hear each other out. What we have in common is a commitment to drive new and sometimes unpopular ideas into the public debate. We're pleased that even when these ideas are not immediately palatable to the political branches of government, they often become more attractive with the passage of time.

We are proud that for more than 50 years the Commission has provided this service to the Executive and Legislative branches – and to the people of California.

## ABOUT THE COMMISSION

The Little Hoover Commission has served as an independent voice for government reform, advising the Governor and Legislature for more than 50 years.

The Commission is known statewide and inside the Capitol for its investigative reviews of state government operations that identify ways to improve program outcomes, increase government transparency and reduce expenditures without sacrificing services. The Commission's work also helps to eliminate duplication or wasteful practices, consolidate services or abolish, create and reorganize government to better meet the needs of Californians.

Since its creation in 1962, the Commission has issued hundreds of recommendations on education, energy and the environment, health and human services, infrastructure, public safety and general government. At times, the Commission's recommendations go farther than policymakers think is possible. However, the dialogue often challenges leaders to think about what is possible, creating room for new ideas and ultimately helping to push reform in the right direction.

Though other watchdog entities exist within the state, the Commission's role differs in distinct ways from other public- and private-sector bodies that analyze state programs.

- Unlike fiscal or performance audits, the Commission's studies look beyond whether programs comply with existing statutes and regulations. They instead explore how programs could and should function today and in the future.
- The Commission's study process creates an opportunity for the public to provide input to the policy discourse.
- The Commission's composition and policies ensure that thought from both sides of the aisle is represented throughout its study process and, ultimately, in the adoption of its reports. What results are recommendations that cut through partisanship to offer suggestions for what is best for California in the long run.
- The Commission produces in-depth, well-documented reports that provide a factual basis for crafting effective reform legislation.
- The Commission formally reviews all Governor's reorganization plans, providing timely advice to the Governor and Legislature before changes are made.

### DID YOU KNOW?

The Little Hoover Commission welcomes the opportunity to work with the Governor, legislators and staff and is available to:

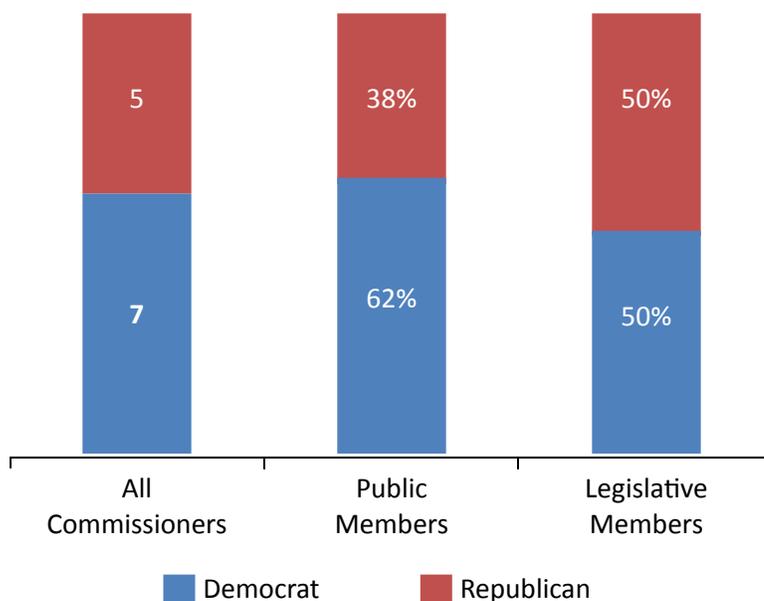
- **SUPPORT:** Offer official support for legislation that implements our recommendations, including writing support letters or providing testimony at legislative hearings.
- **ADVISE:** Brief policymakers and staff on issues researched by the Commission and discuss policy or organizational options, past or potential reforms and ideas for legislation.
- **LISTEN & RESEARCH:** Consider letters from the Governor, members of the Legislature and others requesting future Commission study topics.

The Commission also maintains an online library of written testimony from participants of its public hearings - a valuable resource for policy analysts seeking various viewpoints of an issue from a historical perspective. For more information on how we can be of service, please contact our staff by phone at (916) 445-2125 or email at [littlehoover@lhc.ca.gov](mailto:littlehoover@lhc.ca.gov). All of the Commission's reports are available for download on our website: [www.lhc.ca.gov](http://www.lhc.ca.gov).

## ORGANIZATION

The Commission is an independent panel comprised of 13 members – nine members of the public and four legislators – and staffed by seven employees. The Commission’s public members are appointed by the Governor, the Senate Committee on Rules and the Speaker of the Assembly to reflect a statutorily required balance between political parties. The public members also bring diverse experience to the Commission’s study process and often represent a variety of public and private sector domains, including business, law, policy, management, government and nonprofit organizations. The remaining four members are current state legislators, two from each party and from each house. A list of current Commissioners and staff is on page 14. Though the Commission operates within the executive branch of state government, it is not subject to the control or direction of any officer or employee of the executive branch, except in connection with appropriation of its budget.

### A Balanced Commission



As of November 2014, the Commission had one vacancy.

## RESPONSIBILITIES

The Commission is charged with examining state government operations and policy, and making recommendations to the Governor and Legislature to promote economy, efficiency and improved service in state operations. In addition, the Commission has a statutory obligation to review and make recommendations on all proposed government reorganization plans.

There are no restraints on the Commission’s legal ability to undertake a review into any aspect of the operation of the executive branch. Areas of investigation referenced in statute include:

- Improvement of methods and procedures for reducing expenditures consistent with efficient performance of essential services.
- Elimination of duplication and overlapping services.
- Consolidation of similar functions and abolition of unnecessary ones.
- Reorganization of departments and agencies.
- Definition or redefinition of duties of state officers.
- Revision of provisions for continuing or permanent appropriation of state funds.

*“The unique role of this commission, which has no parallel at either the national level or in any other statute, is its permanent status, its joint citizen-legislator membership, its independence, and the potential breadth of its area of inquiry.”*

Little Hoover Commission, Report #1  
December 31, 1962

## WHY “LITTLE HOOVER”?

The Little Hoover Commission’s name and function both derive from the federal Commission on Organization of the U.S. Executive Branch, unofficially dubbed the “Hoover Commission” after its chair, former President Herbert Hoover (R).

The initial “Hoover Commission” was created by an Act of Congress in 1947 during the administration of President Harry S. Truman (D) and operated through 1949. The commission’s 12 members were charged with developing recommendations to increase government efficiency and improve the organizational structure of the federal executive branch by reducing – through consolidation or elimination – the number of departments or creating new bodies as needed. Commission members were appointed by the Congress and President to represent the legislative and executive branches, as well as the public and private sectors, in a bipartisan manner. More than 70 percent of the commission’s 273 recommendations were fully or partially implemented, resulting in an extensive reorganization of the executive branch of the federal government. Drawing on the success of the first commission, a second Hoover Commission, also chaired by former president Herbert Hoover, operated between 1953 and 1955 to consider government reorganization during the administration of President Dwight Eisenhower (R).

California Assemblymember Milton Marks authored legislation enacted in 1961 creating the Commission on California State Government Organization and Economy. Like its federal predecessor, California’s Commission was fashioned as a bipartisan panel charged with promoting economy and efficiency and improved services to the public. It differed in that it was established and operates with modest resources and without reference to any specific problem. At the Commission’s inaugural meeting on April 24, 1962, in San Francisco, then-Governor Edmund Brown Sr. told Commission members that their field of review and initiative was broader than their federal predecessor: “The possible range of study and inquiry is almost boundless, and each of you will have your own ideas of what the most likely areas of achievement will be.”

Senator Marks served on the commission from 1962 until 1993. To honor him, the Legislature in 1993 renamed the agency the Milton Marks Little Hoover Commission on California State Government Organization and Economy.



Former President Harry S. Truman (left) and former President Herbert Hoover (right) at the White House, February 7, 1951. Source: Truman Library. Photo by Matthew J. Connelly Papers.

## STUDY PROCESS

### THE COMMISSION IS:

#### VOLUNTEER

Commissioners serve without compensation, but dedicate hundreds of hours over the course of a year to understanding and improving public programs.

#### INFORMED

A small staff enables Commissioners to be effective by analyzing information, organizing meetings, drafting documents and providing full-time representation for the Commission.

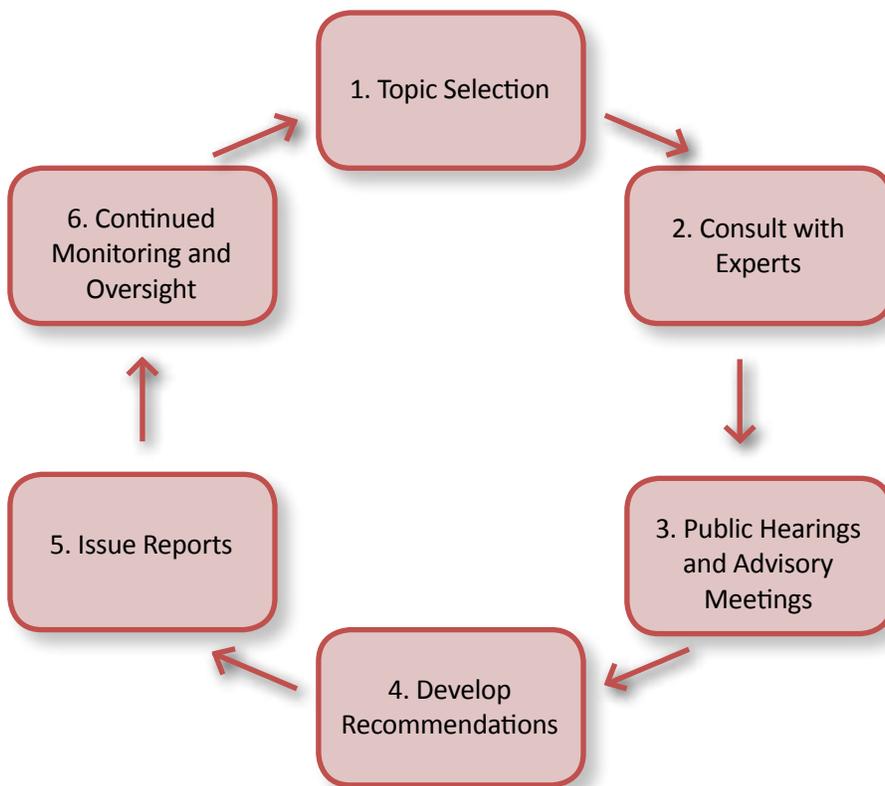
#### INDEPENDENT

The Commission, by statute, is not part of the executive or the legislative branch. Its members are appointed by the Governor and Legislature.

#### BIPARTISAN

Policy debates benefit from, but also are limited by, partisan perspectives. The Commission’s work balances those debates with a venue designed to forge diverse opinions into an agreed-upon course of action.

The Commission’s thorough study process can take several months to a year, depending on the complexity of the topic under review. The process involves the following steps:



**1. TOPIC SELECTION:** The Commission has broad and independent authority to evaluate the structure, organization, operation and functions of every department, agency and entity in the executive branch of state government, along with the policies and methods for appropriating or administering public funds. Based on this broad mandate, the Commissioners, who are business, management and policy experts, select study topics that come to their attention from citizens, legislators, their own experiences and other sources. Over the course of a year, the Commission selects three to five issues to explore in depth, and also revisits issues raised in previous studies.

**2. CONSULT WITH EXPERTS:** Under the direction of a subcommittee of Commissioners, staff conducts research by meeting with those most closely affected by the targeted topic. The Commission seeks out successful leaders and model state, national and global programs for ideas and best practices. Many dozens of experts donate their time to assist with the Commission’s research efforts by participating in interviews, meetings, site visits and public hearings. A list of experts who participated in a particular study is included in the appendix of each report. On its website, the Commission also maintains a rich, deep online library of witnesses’ written testimony which is available to researchers and those seeking a historical perspective on state policy issues.

**3. PUBLIC HEARINGS AND ADVISORY MEETINGS:** Based on preliminary staff research, the Commission subcommittee identifies key issues and oversees the creation of public hearings, usually held in the State Capitol, to explore all sides of the issues in an open setting. The Commission's public hearings create a forum for dialogue, collaboration and the exploration of ideas. Hearings and advisory meetings inform the Commissioners and educate legislators, government leaders and program administrators, but also create opportunities for the public and the media to understand and comment on the topic under review.

**4. DEVELOP RECOMMENDATIONS:** Once the Commission has fully explored the study field and engaged in a public process to receive input from stakeholders and the public, the subcommittee develops findings and recommendations that focus on the key issues.

**5. ISSUE REPORTS:** The Commission, as a whole, may make changes before adopting and releasing the final report with recommendations for the Governor and Legislature. All of the Commission's reports are posted on the Commission's website. Commissioners and staff work with the Governor, Legislature and others to implement the Commission's recommendations.

**6. CONTINUED MONITORING AND OVERSIGHT:** As deemed necessary, the Commissioners revisit a study topic to monitor progress made and consider whether additional review is needed.



*The Commission's value is twofold – in its products and its process. Commission meetings, like the one shown above from July 2014, allow Commissioners to engage with strategic, critical thinkers from a variety of perspectives and often build new connections for conversations to continue after the meeting ends.*

Photo by Jasraj Sangha.

### EMPOWERED

The Commission has the authority to select its own topics, has access to government records – including the power to subpoena records and witnesses – and is charged with making public recommendations to the Governor and Legislature.

### PUBLIC

Through open hearings and advisory committee meetings, the Commission openly examines government operations. It invites experts, consumers, advocates and federal, state and local officials to assess the state's performance and explore ways to improve efficiency and effectiveness.

### FOCUSED

Legislators confront every public issue of the day and engage in the perennial work of budget making. Executive branch agencies face the day-to-day challenges of operating bureaucracies. The Commission informs both through its focused and detailed examination of public programs.

## A RECAP OF COMMISSION WORK IN 2013-14

During the past two years, the Commission's work has resulted in 129 recommendations to reduce costs, increase the efficiency of public services and improve the lives of Californians. In developing these recommendations, which are summarized below, the Commission received valuable feedback from 226 experts who volunteered their time to participate in the Commission's hearings and advisory committee meetings. Hundreds more contributed their time and expertise through conversations with Commission staff.

### LETTER REPORT ON ENERGY GOVERNANCE UPDATE

*(October 2014, #223)*

Urges the state to develop a comprehensive energy plan. Finds that state officials have not answered the question: how much will it cost to achieve the state's goal of 33 percent renewable energy by 2020, while simultaneously implementing several other major environmental goals. Recommends the state modernize its energy governance structure.

### LETTER REPORT ON MEDI-CAL UPDATE

*(August 2014, #222)*

The Commission commends the Department of Health Care Services after hearing testimony describing changes to implement the Commission's 2007 recommendations that sought to transform Medi-Cal, the state's public health care delivery system. Also, recommends the state consider opportunities to encourage, support and expand its data and technology infrastructure when examining broader population- and place-based health policy issues.

### GOVERNING CALIFORNIA THROUGH CLIMATE CHANGE

*(July 2014, #221)*

Finds no single-stop administrative structure is in place to create statewide climate adaptation policy and govern the state's response to climate change impacts. Recommends that the Governor and Legislature create a new state entity or enhance the capacity of an existing state organization to be the authoritative source for local and regional governments to work with the state to assess climate risks.

### FROM HIRING TO RETIRING: STRATEGIES FOR MODERNIZING STATE HUMAN RESOURCES

*(February 2014, #220)*

Urges the Governor, Legislature and state human resource leaders to finish the work outlined in the Governor's reorganization plan of 2012, increase the efficiency and customer service in state processes and put into place a system that will ensure careers in state government are attainable and rewarding.

### SENSIBLE SENTENCING FOR A SAFER CALIFORNIA

*(February 2014, #219)*

Urges California leaders to improve criminal justice sentencing by amending the penal code to expand the purpose of incarceration beyond punishment alone. Recommends the state provide incentives to ensure that all counties use some realignment funding to expand public-private partnerships to provide proven programs and services for offenders re-entering the community.

### A NEW PLAN FOR A NEW ECONOMY: REIMAGINING HIGHER EDUCATION

*(October 2013, #218)*

Calls for a new master plan for higher education that addresses the state's need to substantially increase the number of graduates while recognizing that state resources are limited. The Commission also finds that online education has enormous potential to expand the reach of public higher education, and recommends developing incentives to expand use of online courses across all segments.

### AN AGENDA FOR VETERANS: THE STATE'S TURN TO SERVE

*(August 2013, #217)*

Calls for improved oversight of veterans' services at the Department of Veterans Affairs and recommends the department do the following: improve outreach efforts to veterans, build a strong database of California veterans, monitor county veterans offices' work to ensure effectiveness and modernize its approaches to serve needs of the youngest generation of California veterans. Also recommends updating the Military and Veterans Code to better align with current CalVet practices and veterans' needs.

### LETTER REPORT ON BAIL AND PRE-TRIAL SERVICES

*(May 2013, #216)*

Finds that county sheriffs, not judges, increasingly make bail and sentencing decisions to manage jail overcrowding.

Also finds a need for evidence-based practices to safely reduce large pre-trial populations that account for a majority of jail detainees. To address these issues, recommends the state bolster oversight of AB 109 realignment spending, mandate validated risk and needs assessments in all counties, set criteria for setting bail schedules and continue to implement sentencing reform.

#### **BEYOND CRISIS: RECAPTURING EXCELLENCE IN CALIFORNIA'S STATE PARK SYSTEM**

*(March 2013, #215)*

Finds that the California Department of Parks and Recreation needs a new operating model to thrive, and to protect and preserve the state's natural and cultural treasures. The department's model should be built around shared management, innovation, greater transparency and the expectation that it generate more revenue from its operations. Recommends the department assess all of its

state parks and realign those which serve primarily local or regional needs to other operators. The Commission also identifies several chronic conditions that will threaten the state parks system if left unchecked.

#### **REWIRING CALIFORNIA: INTEGRATING AGENDAS FOR ENERGY REFORM**

*(December 2012, #214)*

Finds California has embarked on a massive transformation of its electricity system, but lacks a comprehensive plan to ensure electricity remains affordable and reliable.

Recommends that the Governor task the appropriate parties to develop a comprehensive and prioritized action plan to attain its energy and environmental goals. Also recommends the state begin modernizing its energy governance structure and enhance consumers' ability to better manage their own energy use and electricity bills.



*The Commission considers energy governance at an April 2014 hearing in the State Capitol in Sacramento, California.* Photo by Jeff Walters.

## CALIFORNIA'S TOP 10 OPPORTUNITIES FOR REFORM

Each year the Commission makes recommendations to the Governor and Legislature for action in specific areas. Many recommendations have been adopted through legislation, executive order or Governor's reorganization plans. But important work remains. The Commission has identified the following opportunities for leaders to improve performance, provide value for taxpayers and promote Californians' confidence in government.

### ■ DEVELOP A CLIMATE CHANGE ADAPTATION STRATEGY.

California is beginning to see the initial effects of a warming climate as world governments fall short in reducing carbon emissions. Governments statewide must plan now for the impacts of climate change. A new or existing state entity should focus on adaptation, provide leadership and help decision-makers assess risk. California must maintain stability to assure global competitiveness and economic growth during an uncertain future in a warming world. (Report #221)

### ■ ESTABLISH A CRIMINAL JUSTICE SENTENCING COMMISSION.

California has failed to effectively deal with prison and jail overcrowding. Public safety realignment was an important first step in reducing the prison population, but once again, the prison population is growing. The state needs an independent body, informed by data, to review the state's thousands of sentences and enhancements and ensure a balance between public safety and correctional system resources. (Reports #219, #207, #185, #144, #124)

### ■ CONSOLIDATE WATER GOVERNANCE.

The state's water management and planning structure, in place since 1969, is obsolete. It leaves California ill-prepared to address unpredictable precipitation and balance water demands of agriculture, a rising population and the environment. The state should remove the State Water Project from the Department of Water Resources (DWR) and state government control. It also should convert the DWR into a broader-scale Department of Water Management that retains all functions of DWR and also oversees water rights. (Report #201)

### ■ DEVELOP A COMPREHENSIVE ENERGY PLAN.

California is undergoing a massive transformation in electricity production and distribution as it moves away from fossil fuels. In the near future, renewable energy will produce one-third of the state's electricity. California must develop a comprehensive plan for this transition that keeps energy affordable and reliable while meeting the state's goals for a powerful, decarbonized economy and high-quality environment. (Reports #223, #214)

*"...a series of reports from nonpartisan organizations like the Little Hoover Commission, the Hoover Institution and the Legislative Analyst's Office among others, all highlight the lack of an integrated state energy plan as a challenge we need to overcome. Such a plan is needed to provide the coordination, guidance and strategy to achieve our state's environmental and economic goals."*

Former Governors George Deukmejian,  
Pete Wilson and Gray Davis  
July 13, 2014 letter to [The Sacramento Bee](#)

**■ MODERNIZE CIVIL SERVICE.**

A strong, innovative workforce is the cornerstone of quality public service. The Governor's 2012 reorganization plan provided a significant step in this direction by creating the California Department of Human Resources. This unified department, however, must now modernize how California hires, trains and retains state workers. The department must improve efficiency and customer service in state processes and make state government careers attainable and rewarding. (Report #220)

**■ DEVELOP A HIGHER EDUCATION STRATEGY.**

Though California was well served by the 1960 Master Plan, a new era warrants rethinking the state's strategy for higher education. California policy leaders and stakeholders must develop a new Master Plan for Higher Education to provide California the trained workforce its evolving economy requires and ensure students affordable options to achieve their goals. (Report #218)

**■ PLAN FOR LONG-TERM INFRASTRUCTURE NEEDS.**

Policymakers must find creative ways to overcome decades of neglect and invest in transportation, school facilities, levees, affordable housing and other necessary infrastructure. The state also must better manage its buildings, highways and state parks, and seek opportunities to more efficiently use and leverage these resources. (Reports #215, #212, #199)

**■ USE TECHNOLOGY TO DRIVE PERFORMANCE.**

The state must use more and newer technology to improve government services and monitor large information technology projects to avoid the failures of the past. The state should increase its use of technology and data to both measure and manage performance. (Reports #208, #196)

**■ CHAMPION PENSION RESPONSIBILITY.**

Through its own pension reform strategies, the state must set examples for sustainable pension plans that keep cities and counties on firm financial ground. The state should provide more plan options, be more transparent about the true cost of pension obligations and add more independent voices to pension plan boards. (Report #204)

**■ ESTABLISH A LONG-TERM CARE STRATEGY.**

As the demographic wave of aging baby boomers hits California, the state must improve care for low-income, frail seniors and disabled Californians in their homes and communities, avoiding, to the extent possible, the need for nursing home care. California must streamline and consolidate state level roles and responsibilities and create a seamless continuum of long-term care services. (Report #205)

For more information, and specific strategies for reform, please see the Commission's reports available online at [www.lhc.ca.gov](http://www.lhc.ca.gov), or contact Commission staff by phone at (916) 445-2125 or email at [littlehoover@lhc.ca.gov](mailto:littlehoover@lhc.ca.gov).

## COMMISSION WORK IMPROVES GOVERNMENT

Letter from the Executive Director



As executive director, I am often asked what happens after the Commission issues its recommendations. The answer is as varied as the topics the Commission tackles, often the intractable and partisan issues that have proven difficult, if not impossible, to resolve in other arenas. Successful outcomes include enacted legislation, administrative changes, structural reorganization and the personal connections that occur during the Commission's public process.

*During my tenure, I have witnessed how the Commission has helped make positive changes that have saved taxpayer dollars, improved the delivery of services and have made California a better place to live and work.*

**Sometimes, changes are nearly instantaneous**, as with the Commission's 2013 veterans services review. This study was done at the request of legislators and as soon as ideas emerged at the Commission's public hearings, they quickly found their way into legislation. Policymakers authorized funding to put strike teams into federal veterans services offices to help reduce some of the worst backlog in the nation and to increase county outreach to veterans.

The Commission's 2014 review of the reorganization of the California Department of Human Resources also led to swift changes. The Commission found that although the reorganization had gone well, the state had lost sight of a larger goal of transforming civil service. The administration responded promptly to the Commission's recommendation that to modernize state operations, CalHR and its leaders should be broadly experienced in human resource management.

Another Commission recommendation to create a lean and nimble Office of Economic Development occurred just weeks after the Commission issued its report in 2010. Over the next several years, the Governor's Office of Business and Economic Development – GoBiz, for short – has since grown to absorb other state organizations and functioned as a rapid response center to stimulate California's business climate.

In its 2009 report on bond oversight, the Commission recommended the state make it easier for voters to understand the true costs of passing bond measures. Legislation enacted shortly after this report added new easy-to-understand boxes to the Official Voter Information Guide that explain the costs of bond measures. The Commission also has learned that its bond oversight report has become a must read for the dozens of local bond oversight commissions that provide the eyes and ears on the ground to oversee school and community college construction projects.

**Sometimes, recommended changes are complicated and may take years to fully implement**, as with the Commission's 2007 report that called for a transformation of the state's Medi-Cal program. Witnesses at the June 2014 follow-up hearing credited the Commission with providing the guidepost for department leaders to pursue quality improvements in prevention, coordinated care, cost effectiveness and improved health outcomes.

The Commission has repeatedly reviewed the state's governance of information technology, developing recommendations to streamline the way the state manages technology projects. In 2014, the Legislature enacted a bill to create a project management unit within the California Department of Technology to support other state agencies in developing information technology

projects, recommended in a 2008 report. A unique offshoot of the Commission's 2008 report was the formation of the Performance Management Council. Initially convened by the Commission to discuss how the state uses data to improve decision-making, this group of forward-thinking government leaders expressed an interest in sharing best practices and discussing how to support cultural change within their departments. Through regular meetings with representatives from about 25 state entities, the council has for nearly seven years served as a peer learning community to assist public managers and leaders in the use of data to improve decision-making.

**Often, the Commission's reports spark policy debate while recommendations for broader changes take time to gain traction.** The Commission's bellwether recommendations to ensure retirement security for public employees in 2011 struck tremendous discord when first released. Yet, a year later, many of the Commission recommendations were enacted. The California Public Employees Retirement System estimated that the reforms could save between \$42 billion and \$55 billion over the next 30 years. Other recommendations from that report are still in public discussion, particularly as local governments struggle to balance costs for public pensions with other public services.

The Commission has focused on California's criminal justice system for two decades and changes in the past several years reflect the value of continuously pushing the agenda. The Commission was one of the first and most tenacious voices calling for a shift in low-level offenders from the state to community supervision. The Commission for years has heard how the state's overreliance on incarceration in state facilities has fractured lives and California communities when less costly alternatives have been proven to reduce crime and victimization. The historic public safety realignment in 2011 was motivated by the U.S. Supreme Court ruling on prison overcrowding. The Court's first citation in that ruling refers to a 2007 Little Hoover Commission report.

More recently, policymakers established the Recidivism Reduction Fund that will provide money for programs and services for community-supervised offenders, another long-time Commission recommendation. A 2014 bill signed into law funds job training for supervised offenders and gives preference to proposals that include community-based organizations. This is consistent with the Commission's 2014 recommendation that the state expand public-private partnerships to provide services for locally supervised offenders.

Although the Commission's 2008 call to eliminate state-level juvenile justice operations was not heeded in full, today there are fewer than 700 youth supervised in state facilities. That is nearly one-tenth of the number supervised when the Commission visited the Chaderjian Youth Correctional Facility in 2005. Additionally, all youth released from a state facility now are supervised by county probation officials. These policy changes save hundreds of millions of dollars annually and have kept thousands of youth offenders closer to home, where evidence indicates they are most likely to succeed.

For more than a dozen years, it has been my privilege to work for the dedicated Californians who volunteer their time to serve on the Little Hoover Commission. Their viewpoints and ideologies may vary, but all share a passion for improving California government and the quality of life for all Californians. As the Commission tackles new challenges and revisits recommendations yet to be implemented, I stand ready with our Commissioners to assist the Governor and the Legislature to continue to improve California state government.

**Carole D'Elia**

Executive Director, Little Hoover Commission

## COMMISSIONERS



**Pedro Nava, Chairman** (D – Santa Barbara)  
Advisor to telecommunications industry on environmental and regulatory issues. Former civil litigator and State Assemblymember. Appointed by Assembly Speaker John Pérez in April 2013. Previously appointed by Assembly Speaker Núñez in 2005. Elected chair in March 2014.



**Don Perata** (D – Orinda)  
Principal, Perata Consulting LLC. Former President pro tempore of the California State Senate, State Assemblymember and member of the Alameda County Board of Supervisors. Appointed by the Senate Rules Committee in February 2014.



**Loren Kaye, Vice Chairman** (R – Sacramento)  
President of the California Foundation for Commerce and Education. Former partner KP Public Affairs, senior policy advisor for Governors Pete Wilson and George Deukmejian. First appointed by Governor Arnold Schwarzenegger in March 2006. Elected vice chair in March 2014.



**Anthony Rendon** (D – Lynwood)  
State Assemblymember. Former executive director of Plaza de la Raza Child Development Services and adjunct professor of political science and criminal justice. Appointed by Assembly Speaker John Pérez in February 2013.



**Katcho Achadjian** (R – San Luis Obispo)  
State Assemblymember. Former member of the San Luis Obispo County Board of Supervisors, small business owner. Appointed by Assembly Speaker John Pérez in July 2011.



**Richard Roth** (D – Riverside)  
State Senator. Former labor and employment attorney and major general in the U.S. Air Force Judge Advocate General's Corps. Appointed by the Senate Rules Committee in February 2013.



**David Beier** (D – San Francisco)  
Managing director of Bay City Capital. Former senior officer to Genentech and Amgen, chief domestic policy advisor to Vice President Al Gore. Appointed by Governor Edmund Brown Jr., in June 2014.



**David Schwarz** (R – Beverly Hills)  
Partner, Irell & Manella LLP. Former U.S. delegate to the United Nations Human Rights Commission, special assistant to the staff director of the U.S. Commission on Civil Rights. First appointed by Governor Arnold Schwarzenegger in March 2007. Served as vice chair from March 2012 to March 2014.



**Anthony Cannella** (R – Ceres)  
State Senator and Vice President, Northstar Engineering. Former Ceres mayor, city council member and member of the Ceres planning commission. Appointed by the Senate Rules Committee in January 2014.



**Jonathan Shapiro** (D – Beverly Hills)  
Television writer and producer, of counsel to Kirkland & Ellis LLP. Former chief of staff to Lt. Governor Cruz Bustamante and federal prosecutor in the U.S. Department of Justice Criminal Division and Central District of California. First appointed by the Senate Rules Committee in April 2010. Served as chair from March 2013 to March 2014.



**Jack Flanigan** (R – Granite Bay)  
Member of the Flanigan Law Firm, founding partner of California Strategies. Former vice president of public affairs for the Irvine Company, executive director of the California Housing Council, executive director of the Coro Foundation in Los Angeles. Appointed by Governor Edmund Brown Jr., in April 2012.



**Sumi Sousa** (D – San Francisco)  
Officer of Policy Development to the San Francisco Health Plan. Former health care advisor to Assembly Speaker John Pérez, executive director to the California Health Facilities Financing Authority. Appointed by Assembly Speaker John Pérez in April 2013.

## FORMER COMMISSIONERS WHO SERVED IN 2013-14

**Virginia Ellis** (D – Sacramento)  
January 2011 – January 2014

**Bill Emmerson, Senator** (R – Redlands)  
February 2013 – December 2013

**Daniel Hancock** (D – San Ramon)  
July 1997 – March 2013

**Alyson Lewis (Huber), Assemblymember** (D – Lodi)  
March 2010 – January 2013

**Michael Rubio, Senator** (D – East Bakersfield)  
February 2011 – February 2013

**Tom Quinn** (D – Marina del Rey)  
February 2012 – December 2013

**Mark Vargas** (D – Los Angeles)  
February 2012 – April 2013

**Mark Wyland, Senator** (R – Carlsbad)  
February 2011 – February 2013



*David Schwarz (left), and Jonathan Shapiro (right), respectively vice chair of the Little Hoover Commission from March 2012 to March 2014 and chair of the Commission from March 2013 to March 2014.*

To contact a Commissioner, please direct communications to the Commission Office:

Little Hoover Commission  
925 L Street, Suite 805  
Sacramento, CA 95814  
(916) 445-2125  
[littlehoover@lhc.ca.gov](mailto:littlehoover@lhc.ca.gov)

## COMMISSION STAFF

Commission staff arrange meetings, conduct research, draft reports, advocate for recommendations and perform related administrative functions on behalf of the Commission. Staff members are available by phone at (916) 445-2125.

**Carole D’Elia, Executive Director**  
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**Tamar Lazarus, Project Manager**  
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**Sherry McAlister, Analyst**  
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**Ciana Gallardo, Research Analyst**  
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## WHAT STAKEHOLDERS SAY ABOUT THE COMMISSION

Stakeholders often say the Little Hoover Commission prods change where change might not otherwise occur, as exemplified by remarks made during several of the Commission's recent hearings:

■ **ROBERT LAPSLEY, PRESIDENT, CALIFORNIA BUSINESS ROUNDTABLE, APRIL 24, 2014**

"We came together around your first report, *Rewiring California*, with some of the issues that were raised. We oftentimes think of reports sitting on dusty shelves. In this case it was not the case for us. Because you actually went out and did a lot of work that we potentially should have done or are starting to do. And got way out in front of the issues that needed to be addressed in regards to energy planning and the impacts of what's coming. And we thank you for that. So we felt we needed to start pulling our weight and get going to start a dialogue statewide of how are the current policies impacting, in real terms, California's competitiveness and also California's underserved communities – our disadvantaged communities."

■ **RALPH CAVANAGH, CO-DIRECTOR, ENERGY PROGRAM, NATURAL RESOURCES DEFENSE COUNCIL, APRIL 24, 2014**

"The one point I want to underscore based on 35 years of engagement with the agency: for 35 years they have been showing up telling you they were coordinated and they were listening to each other and they were trying to work together – it's actually happening now. And you need to hear that not just from the agencies but from someone who works with the agencies. And it's not happening because they like each other. It's happening because – and you are part of this – a drumbeat of insistence that it must happen or the lights won't stay on has actually sunk in. In probable ways, I wish you would take some collective credit for the difference you have made. I first appeared to talk to you about this 18 years ago. You have had a powerful impact."

■ **TOBY DOUGLAS, DIRECTOR, CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES, JUNE 26, 2014**

"We at the department really want to acknowledge the Commission back in 2007. The report really was a very important guiding post for the state on the direction of the Department of Health Care Services and the Medi-Cal program. As I sit here before you today, Medi-Cal has transformed."

■ **RICHARD VAN HORN, CHAIR, MENTAL HEALTH SERVICES OVERSIGHT & ACCOUNTABILITY COMMISSION, SEPTEMBER 23, 2014**

"Frankly, my hope and the fact that we were going to get dialogue with the Little Hoover Commission, was that you guys got a different kind of political clout than we do and we need your help in making this happen. The counties need your help in this. The community agencies need your help."



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# A DECADE OF COMMISSION WORK: 2004-2014

## **EDUCATION**

A New Plan for a New Economy: Reimagining Higher Education  
*(Report #218, October 2013)*

Serving Students, Serving California: Updating the California Community Colleges to Meet Evolving Demands  
*(Report #210, February 2012)*

Smarter Choices, Better Education: Improving California Charter Schools  
*(Report #202, November 2010)*

Educational Governance & Accountability: Taking the Next Step  
*(Report #191, May 2008)*

Career Technical Education: Creating Options for High School Success  
*(Report, #189, November 2007)*

The State Allocation Board: Improving Transparency and Structure  
*(Report #188, August 2007)*

## **ENERGY, ENVIRONMENT & RESOURCES**

Letter to Governor and Legislature on Energy Reform Update  
*(Report #223, October 2014)*

Governing California Through Climate Change  
*(Report #221, July 2014)*

Beyond Crisis: Recapturing Excellence in California's State Park System  
*(Report #215, March 2013)*

Rewiring California: Integrating Agendas for Energy Reform  
*(Report #214, December 2012)*

Managing for Change: Modernizing California's Water Governance  
*(Report #201, August 2010)*

Clearer Structure, Cleaner Water: Improving Performance and Outcomes at the State Water Boards  
*(Report #195, January 2009)*

Still Imperiled, Still Important: The Little Hoover Commission's Review of the CALFED Bay-Delta Program  
*(Report #183, November 2005)*

Letter Regarding the Governor's Reorganization Plan to Create a Department of Energy  
*(Report #182, June 2005)*

## **GENERAL GOVERNMENT**

From Hiring to Retiring: Strategies for Modernize State Human Resources  
*(Report #220, February 2014)*

Building Value: Modernizing Property Management  
*(Report #212, September 2012)*

A Review of Government Reorganization Plan No. 2  
*(Report #211, May 2012)*

Better Regulation: Improving California's Rulemaking Process  
*(Report #209, October 2011)*

A Review of the Governor's Reorganization Plan to Unify and Streamline the California State Personnel System  
*(Report #206, June 2011)*

Public Pensions for Retirement Security  
*(Report #204, February 2011)*

Making up for Lost Ground: Creating a Governor's Office of Economic Development  
*(Report 200, February 2010)*

Bond Spending: Expanding and Enhancing Oversight  
*(Report #197, June 2009)*

Serving the Public: Managing the State Workforce to Improve Outcomes  
*(Report #181, June 2005)*

Historic Opportunities: Transforming California State Government  
*(Report #176, December 2004)*

Governing the Golden State: A Critical Path to Improve Performance and Restore Trust  
*(Report #174, July 2004)*

## **HEALTH & HUMAN SERVICES**

Letter to Governor and Legislature on Medi-Cal Program Update  
*(Report #222, August 2014)*

An Agenda for Veterans: The State's Turn to Serve  
*(Report #217, August 2013)*

A Long-Term Strategy for Long-Term Care  
*(Report #205, April 2011)*

Stem Cell Research: Strengthening Governance to Further the Voters' Mandate  
*(Report #198, June 2009)*

First Year Checkup: Strategies for a Stronger Public Health Department  
*(Report #194, January 2009)*

Addressing Addiction: Improving & Integrating California's Treatment System  
*(Report #190, March 2008)*

A Smarter Way to Care: Transforming Medi-Cal for the Future  
*(Report #187, May 2007)*

Recommendations for Emergency Preparedness and Public Health  
*(Report #170a, June 2005)*

Real Lives, Real Reforms: Improving Health and Human Services  
*(Report #173, May 2004)*

## **INFRASTRUCTURE**

Letter to Governor Brown and the Legislature on Information Technology Governance  
*(Report #208, September 2011)*

Building California: Infrastructure Choices and Strategy  
*(Report #199, January 2010)*

A Review of the Governor's Reorganization Plan to consolidate Information Technology Functions  
*(Report #196, March 2009)*

A New Legacy System: Using Technology to Drive Performance  
*(Report #193, November 2008)*

Reconstituting Government: A Review of the Governor's Plan to Create a Department of Technology Services  
*(Report #180, May 2005)*

## **PUBLIC SAFETY**

Sensible Sentencing for a Safer California  
*(Report #219, February 2014)*

Letter to Governor Brown and the Legislature on Bail and Pre-Trial Services  
*(Report #216, May 2013)*

Letter to Governor Brown and the Legislature on Community Corrections  
*(Report #207, September 2011)*

Juvenile Justice Reform: Realigning Responsibilities  
*(Report #192, July 2008)*

Solving California's Corrections Crisis: Time is Running Out  
*(Report #185, January 2007)*

Safeguarding the Golden State: Preparing for Catastrophic Events  
*(Report #184, April 2006)*

Reconstructing Government: A Review of the Governor's Plan Reforming California's Youth & Adult Correctional Agency  
*(Report #179, February 2005)*

Breaking the Barriers for Women on Parole  
*(Report #177, December 2004)*