





### AN EVENING WITH PETER THIEL

IN CONVERSATION WITH

**STEVEN HAYWARD** 

WEDNESDAY **SEPTEMBER 28, 2022, 6PM-9PM** FOUR SEASONS HOTEL SILICON VALLEY PALO ALTO, CALIFORNIA

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### **Dear Friends and Supporters,**

E

arlier this year, Californians were shocked to learn that 3,000 students could be denied admission this fall to one of the state's premier institutions of higher learning – UC Berkeley.

They were even more upset to learn that the reason why was a California Environmental Quality Act, or CEQA, lawsuit filed by a Berkeley neighbor opposing a campus expansion plan,

which forced the Legislature to pass a quick fix to ensure these students could enroll at Cal this fall.

In this edition of *Impact*, learn about a major new research project just released by PRI that shows how "The CEQA Gauntlet" not only drives up housing construction costs, but also acts as a roadblock for new schools, campus housing, homeless shelters, new roads, and clean energy projects.

Check out the project's centerpiece – a flowchart visualizing the bureaucratic rules and legal hurdles anyone who wishes to build must navigate to get their project approved.

CEQA is just one of many factors contributing to the rising cost of living and declining quality of life in our major cities. Learn about PRI's new *Free Cities Center*, headed up by its director Steven Greenhut. It aims to address the West Coast's many current and future urban problems based on the principles of freedom, not government control.

One key priority of the *Free Cities Center* will be to make West Coast cities livable again, which is far from the case today in most major cities. In this issue:

- Learn how government energy mandates "zap" Californians with higher electricity bills and how reforming or repealing these costly laws could save the average household \$517 per year.
- Read how Californians are paying on average more than \$6 per gallon for gasoline thanks in part to expensive government mandates, taxes, and fees.
- After the recent tragic nightclub shooting in Downtown Sacramento, learn how government policy mistakes are making our cities much less safe.

Your generous support of PRI makes it possible for our scholars to undertake very important work promoting market-based reforms and innovative ideas to improve the quality of life of all Americans.



Cheers,

Sally C. Pipes
President, CEO, and
Thomas W. Smith Fellow in Health Care Policy
Pacific Research Institute

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California is in a quagmire due in no small part to the weaponization of CEQA, the California Environmental Quality Act. We are not providing the physical infrastructure befitting the world's 5th-largest economy and leading crucible of innovation. Too often, critical projects don't get built, or are built only after long delays and cost overruns . . .

California is failing to provide and adequately maintain basic infrastructure — roads, bridges, rail, water, telecom and wildfire protection. Schools, hospitals, housing and green energy projects all have been hampered by CEQA, which has been weaponized by special interests to increase costs and delay or stop construction altogether . . .

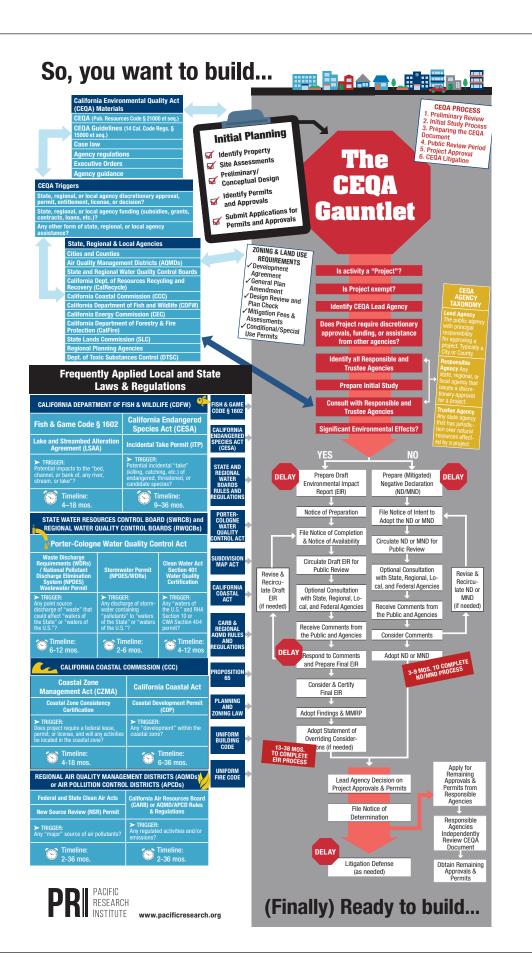
The Pacific Research Institute's new report "The CEQA Gauntlet" reflects the axiom that a picture is worth a thousand words by providing a mind-bog-

gling flowchart showing the labyrinthine CEQA review process and permits frequently needed before nearly anything can be built.

CEQA's impediments to building housing are well known and explain why California is the nation's most expensive state in which to buy or rent a home after Hawaii. Unaffordable housing also explains why California leads the country in functional poverty at 18%.

No account of CEQA's pathologies would be complete without San Francisco's latest act of insanity. Last fall, the San Francisco Board of Supervisors sent a 495-unit apartment project on a parking lot zoned for housing and located near public transit, back to the drawing board, directing a redo of the project's 1,129 page environmental impact report. The board's action drew criticism from housing activists, unions, the mayor, and San Francisco's state senator...

(continued)



As recounted in the "horror stories" section of the PRI report, CEQA has also regularly been weaponized to challenge construction of public schools and hospitals. Programs to reduce wildfire risks have been delayed with potentially devastating consequences by threatened or actual CEQA lawsuits. Transportation projects (including "green" plans to add bike and carpool lanes) have also faced lawsuits.

Even solar and wind generation projects, which reduce greenhouse gas emissions and bring more affordable and reliable renewable energy onto the grid, have been hampered by CEQA litigation . . .

The Legislature has repeatedly come up short in reforming CEQA to provide the infrastructure Californians need. It is long past time to enact comprehensive reforms to address California's housing and infrastructure challenges.

Reforms should start with stopping special interests from profiting from CEQA litigation. Requiring CEQA plaintiffs to disclose the source of contributions of more than \$500 to fund litigation would be a good start. Transparency requirements should also be extended to beneficiaries of settlements. The more sunshine, the better.

Requiring all CEQA suits to be initially filed in the Courts of Appeal would make some litigants think twice before filing and encourage those courts to consider whether the "business as usual" filing of CEQA suits is desirable. And the Legislature should impose a moratorium on dispensing CEQA exemptions for one-off projects (in lieu of comprehensive reforms).

Environmental review under CEQA and building infrastructure should not be opposing ideas. Common-sense reforms will enable California to accomplish its environmental goals while providing desperately-needed housing and infrastructure.

Chris Carr is chair of the Environment and Energy Practice Group at Paul Hastings LLP and is co-author of the PRI study "The CEQA Gauntlet." Ken Broad is a founding member of Jackson Square Partners and a member of the Board of Councilors of the USC Dornsife Center for the Political Future.





### Can You Navigate "The CEQA Gauntlet"?

Download the study and chart at www.pacificresearch.org/CEQA

### PRI's New Study Shows How "The CEQA Gauntlet" Hinders Housing, School, Infrastructure and Clean Energy Projects

The new PRI study "The CEQA Gauntlet" details how CEQA adds expense and delay to – and in some cases halts – critical California projects including housing, schools, infrastructure, renewable energy, homeless shelters, and wildfire prevention.

The study, co-authored by Carr with Navi Dhillon and Lucas Grunbaum, also with Paul Hastings LLP, documents how projects big and small are hindered by CEQA. It was released in the aftermath of a court ruling that jeopardized the admission of 3,000 prospective UC Berkeley students due to a CEQA lawsuit.

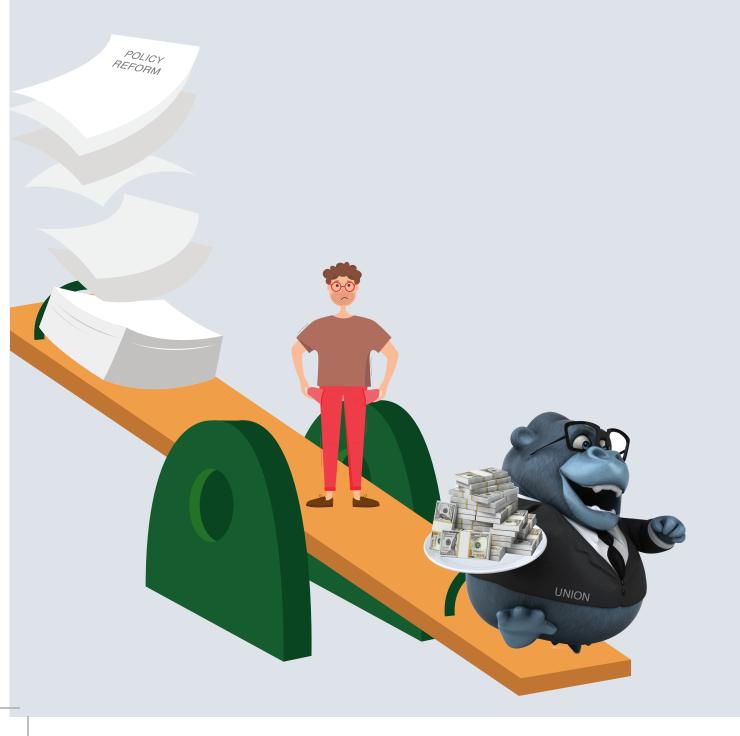
The cornerstone of the report is a full-size flowchart that illustrates the CEQA gauntlet – a maze of tests and trials that far too often frustrates construction across the State. It provides several concrete examples of "CEQA Horror Stories" showing how CEQA can pose an obstacle to even the most straightforward projects.

Building on a decade of incremental policy changes enacted by state lawmakers, "The CEQA Gauntlet" proposes several realistic and reasonable reform ideas that should garner bipartisan support and form the nucleus of CEQA reform efforts.

"The CEQA Gauntlet" has received significant media attention in California and nationally since its release, including the *Wall Street Journal*, *Bloomberg News*, *CalMatters*, and KNX Radio in Los Angeles.



### UNION POWER MAKES URBAN REFORM By Steven Greenhut Excerpt of op-ed originally published at PRI's Free Cities Center NEARLY IMPOSSIBLE



Pick an urban problem – from ill-functioning public schools to an epidemic of homelessness to a growing crime wave – and there's one common thread that policymakers rarely acknowledge. In each case, public-employee unions, which are particularly powerful in big cities, make it nearly impossible for local governments to embrace innovative reforms.

It's well known that private-sector unions imposed higher costs and competitive disadvantages on companies that remained in cities. In a 2010 Cato Journal article, Stephen J. K. Walters explained that unions sparked their transformation "from engines of prosperity into areas afflicted by economic stagnation, chronic poverty, and all the social problems that metastasize in such circumstances."

But my focus here is on the public sector. In California, collective-bargaining agreements cover around 80 percent of government employees. The U.S. Supreme Court's *Janus* decision freed public-sector workers from union dues even for collective-bargaining work, but that has only affected union membership around the margins. Unions remain the most fearsome political actors at the local level.

Let's start with an example regarding public education. In Sacramento, the teachers' union fought to keep schools closed throughout the pandemic. After the schools finally re-opened, the Sacramento City Teachers Association (SCTA) staged an eight-day strike until it secured large pay and benefit increases. That's a handsome reward for a group that helped impose policies that caused severe learning losses over the previous two years.

"For well over 20 years SCTA has, with scorched-earth tactics, influenced policy within an urban, high-poverty school district to such an extent, it has often seemed that SCTA members are running the district," noted *Sacramento Bee* columnist Marcos Breton. "(T)he interests of adults are always put ahead of the interest of kids in a district where the majority of kids are Black and brown."

The failure of urban districts in California is widely acknowledged even among some progressive legislators. Some local school district scandals are beyond embarrassing. The Los Angeles Unified School District (LAUSD) finally got rid of its rubber rooms – rooms where teachers deemed unfit for the classroom sit around doing nothing all day while their cases are adjudicated.

Now those teachers collect full pay doing nothing at home, which doesn't address the real problem: union job protections that make getting rid of incompetent and misbehaving teachers nearly impossible. In late April, the U.S. Department of Education found that LAUSD "failed to provide appropriate education to students with disabilities during the pandemic," as the *Los Angeles Times* reported. There are so many examples that it just becomes background noise.

Anyone who is serious about improving the quality of life in cities must address the poor quality of education in those cities. The current situation only exacerbates urban social ills – and serves as a disincentive for young families to move there. It's one reason – along with crime problems and housing costs – that Western big cities are becoming virtually childless. Urban schools need to improve, but unions resist that needed improvement.

While some urban thinkers recognize the union-school connection, few ever ponder the connection between unions and poor policing strategies. In reality, police unions play a similar role. They make it overly difficult to remove misbehaving officers from the force . . .

California has a union-created Peace Officers' Bill of Rights, which provides a variety of procedural protections that create a long and convoluted process for removing an overly aggressive officer from the force. The state's Myers-Milias-Brown Act requires cities and counties to negotiate with unions on myriad issues including police-disciplinary procedures. The resulting local collective-bargaining agreements add even more layers of protection . . .

The end-result is departments often don't go through the Byzantine disciplinary process. Unless an officer's behavior rises to the level of criminal behavior – even then, district attorneys rarely pursue such cases unless they spark public outrage – these officers remain on the force. An investigation in the Bay Area News Group found that at least 80 officers convicted of serious offenses were still working in California public law-enforcement agencies.

... In places where a stronger police presence is most vital to preserve order, union policies protect those officers who are most likely to undermine community trust. Unions also oppose innovative policing strategies that rely less on force.

Plenty of innovative ideas in other areas run up against union recalcitrance, also. The Southern California cities of Calimesa and Placentia started their own fire departments to extricate themselves from the pension costs that were consuming their local budgets. The new departments saved millions of dollars for these small cities, enabling them to invest in parks and hire new officers.

The unions lost those battles, but drafted a new state law that forbade other cities from following suit. It's a reminder that the financial costs imposed by overly generous union contracts – and bigger cities tend to have the most generous contracts – reduce the resources available to pay for other things. Municipalities continue

to struggle with pension debt, which is "crowding out" public services – many of which are central to urban life.

The inflated cost of public services and union work rules have an impact on urban dwellers' quality of life, as union contracts drive up the cost of building affordable housing and keep transit agencies from developing more flexible routes and better service hours. This is just the tip of the iceberg. Until advocates for urbanism recognize that municipal unions quash innovation and obliterate urban budgets, it will be difficult to improve city services.

Steven Greenhut is director of the Pacific Research Institute's Free Cities Center and Western director for the R Street Institute.



Launching an Urban Comeback

### PRI'S NEW FREE CITIES CENTER WILL INCUBATE FREE MARKET IDEAS TO IMPROVE CITIES

Cities in California and along the West Coast offer significant cultural and economic importance. However, failed government urban policies are making them virtually unlivable. Many residents are now voting with their feet by moving away. To reverse this tragedy, the policy status quo must be reversed.

That's what PRI's new Free Cities Center aims to do. Led by veteran California journalist Steven Greenhut, the Free Cities Center will bring together some of the West's best free-market thinkers to offer market-based ideas to improve urban life – including Chris Reed, Dr. Wayne Winegarden, Wendell Cox, Lance Izumi, The Hon. Dan Kolkey, Steve Smith and more to come.

"It is important to look at market-based policies on crime, housing, homelessness, the economy and more that make great cities thrive. Rather than lament their decline, the Free Cities Center is about coming up with good policies that will make cities better places," said Greenhut.

The Free Cities Center will regularly release incisive reporting and analysis on crime, housing, education, homelessness, social mobility and other urban issues through commentaries, magazine-style quarterly reports, videos, and webinars.

COMING SOON
PRI's new Free Cities Center website
www.pacificresearch.org/freecities

### PRI SCHOLARS TAKE TO THE AIRWAVES

PRI Senior Fellow Wayne Winegarden discussed the flow of people, jobs, and opportunity out of California on the national cable news channel NewsNation



Lance Izumi, Senior Director of PRI's Center for Education, promoted his recent book The Homeschool Boom on "The Chat" on NewsChannel 10 in Amarillo, Texas



Wayne Winegarden commented on the push in California and other states to expand rent control laws on "NTD Business" on the national cable news channel NTD News



Kerry Jackson, fellow with PRI's Center for California Reform, discussed California's push to "ban everything" on the "California Insider"



PRI President, CEO, and Thomas W. Smith Fellow in Health Care Policy Sally Pipes discusses health care inflation on "The Larry Elder Show"



## ENDING ENERGY POVERTY COULD PUT MONEY IN POCKETS OF WORKING By Wayne Winegarden Dr. Wayne Winegarden is a senior fellow in business and economics at the Pacific Research Institute.



California's working families are struggling to afford the rising prices of food, clothes, and nearly everything we buy these days.

You may not realize it, but electricity bills have also soared to record highs. A new Pacific Research Institute study finds that the average California household pays \$1,450 each year for electricity.

Things are even more expensive locally, where energy use is higher in the summer and winter months than coastal California. For example, the average household in El Dorado County in Northern California pays \$2,036 per year for electricity.

Californians pay electricity prices that are 56 percent higher than the U.S. average yet use 34 percent less energy per household. We are paying more for electricity thanks to bad policy choices made by policymakers in Sacramento.

Over the years, state government has piled on mandates like the 100 percent renewable portfolio standard that denies consumers choice and requires California energy be generated from the most expensive sources. Ratepayers are also funding expensive electric car subsidies, which are primarily claimed by the wealthy.

California lawmakers can give working families big relief if it reforms or repeals these politician-created electricity mandates.

Embracing proven free-market energy alternatives that are saving consumers in other states would save the average California household \$517 per year. The El Dorado County households mentioned above would save more - \$610.53 annually.

To help Californians realize these savings, lawmakers should remove state policies that don't allow consumers to benefit from the "fracking revolution." Fracking has enabled states like West Virginia and Ohio to reduce emissions more significantly than California in recent years. Ending the state's anti-fracking policies and encouraging more natural gas would let consumers save while still making progress in tackling climate change.

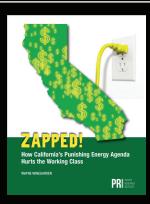
Second, California must increase the use of nuclear power as a clean energy source. Despite the popular misconceptions, nuclear power is incredibly safe and plants produce almost no greenhouse gas emissions during operation according to the International Atomic Energy Agency. Nuclear is a common energy generation source in Europe and has generated reliable and clean power for over 50 years there.

California has just one major nuclear power plant, Diablo Canyon, which generates 6 percent of the state's power. However, the plant is set to close in the coming years. Not only should this plant remain online, but nuclear power should be expanded as a state energy source if we are serious about wanting to produce affordable, low emission power.

Embracing market-based energy alternatives can be a win-win proposition, bringing real relief to working families trying to make ends meet, while also lowering emissions. If Sacramento wants to put actual money in people's pockets during these tough economic times, energy policy reform should be at the top of the agenda.

Read the new PRI study "Zapped!" to learn how much you could save if government energy regulations, taxes, and subsidies were reformed or repealed.

Download a copy at www.pacificresearch.org



## WILL CALIFORNIANS EVER SEE RELIEF FROM RISING GAS PRICES? By Kerry Jackson Excerp of an op-ed originally published at Right by the Bay



On May 25, the price of a gallon of gasoline reached \$6.02 in Kern County, a record high for the county that pumps 75% of all oil produced in California. Not that all motorists can drive to the nearest well or tap into a pipeline and fill 'er up. There's an extensive process required to turn crude into usable consumer products.

But when gasoline prices hit a record in an oil rich region and are nearly \$1.50 higher than the national average of \$4.60 a gallon, well, the point becomes a little sharper. Statewide, gas prices for regular unleaded reached an average of \$6.07 per gallon on May 25. Diesel prices hit \$6.58. Both were record highs for the state. Prices continue to climb higher every day.

"Everyone is going up the same," says Patrick De Haan of gasbuddy.com, "but no one is going to match California's prices."

Even before Russian President Vladimir Putin ordered an invasion of Ukraine, fuel prices in California and the U.S. had been rising. (For the record, the U.S. is importing more gasoline and refined crude products from Russia than it does from any other nation, a little more than a year after the U.S. was energy independent.) So a growing problem has become even worse.

Partly responsible for high gasoline prices in California is the highest gasoline tax – almost 67 cents on every gallon – in the country. On July 1, the pain at the pump, to bring back an old but still descriptive phrase, increased even more, as another tax hike to pay for Senate Bill 1, the \$52 billion road repair legislation of 2017, took effect.

Gov. Gavin Newsom suggested suspending the tax hike, though Democratic legislative leaders were not on board (and refused to pass legislation to suspend the July 1 gas tax before an April 30 deadline.) Newsom and Democratic lawmakers haggled for much of the first half of the year over dueling proposals to give Californians "tax rebates" while Californians suffered through inflation and high gas prices. (They finally agreed on a so-called "Middle Class Tax Refund" plan to give Californians up to \$1,050 back to address high gas prices and inflation, but the money won't be received until October at the earliest.)

Meanwhile, Sacramento Republicans have been since the first of the year recommending "a holiday from the state's gas and car taxes."

Nothing wrong with these proposals. But California gas price troubles have deep roots caused not by "price-gouging" oil companies but by public policy:

- California's cap-and-trade program adds more than 14 cents to a gallon of gasoline. The additional costs are "obviously passed along to the end user, in this case, motorists," said De Haan.
- There is also an underground storage tank cleanup fee that adds 2 cents to the per-gallon price.
- The state's Low Carbon Fuel Standard adds more than 22 cents per gallon to prices.
- California's boutique fuel blends, required by the state Air Resources Board as a part of the state's environmental rules, cost more to produce than more conventional blends. Those costs are also passed on to drivers.
- Newsom has called for a ban by 2045 on all drilling – in the state that holds more crude reserves than all but three other states, and is seventh in oil production.
   Even an incrementally falling supply can mean higher prices, and if markets aren't already pricing in the future loss of California crude, they eventually will.

Should the state scale back its mandates, PRI's study "Legislating Energy Prosperity" found that motorists could save as much as \$11 billion a year, based on gas prices from two years ago. Of course, that would take years if not decades of unwinding, including the years needed to change the makeup of the Legislature from one less dedicated to environmental extremism to one that's more reasonable about energy policy.

Kerry Jackson is a fellow with the Center for California Reform at the Pacific Research Institute.



By Lance Izumi and McKenzie Richards

Excerpt of op-ed published in Times of San Diego

Imagine a world where budding businesses would be required to both obtain permission to enter the marketplace from competitors and then prove to the government that their business would serve community needs.

Makes no sense, right? Well, welcome to education policy, where the Biden administration is proposing a disastrous regulation, similar to a California law, to stymie charter schools, which are innovative publicly-funded schools independent of school districts.

Soon after assuming office, California Gov. Gavin Newsom signed Assembly Bill 1505 that gave self-interested local school boards the power to deny a charter petition if it found that the proposed charter "is demonstrably unlikely to serve the interests of the entire community"...

Perhaps most disturbing, the Newsom-signed law makes it especially difficult for charter schools to start in school districts that are financially mismanaged, thus forcing children to attend inefficient and ineffective regular public schools, which perversely reward the mismanagement of those poorly-run districts.

Eric Heins, then-president of the powerful California Teachers Association, which sponsored AB 1505, asked, "Who is better qualified than local school districts to decide if a charter school is necessary or desirable in their community?" Indeed, who is better than the fox to decide how to guard the henhouse?

It appears the Biden administration has chosen sides with the fox.

According to President Biden's proposal, to receive federal support, new charter schools would be required to file "community impact analysis" reports to school boards that prove "unmet demand for the charter school, including any over-enrollment of traditional public schools."

But school boards, often biased in favor of anti-charter teacher unions, can arbitrarily



## BERNIE AND THE SINGLE-PAYER BEAST

By Sally C. Pipes

Excerpt of op-ed originally published at Forbes.com

Senator Bernie Sanders, I-Vt., recently reintroduced his signature Medicare for All legislation alongside 14 of his Democratic colleagues at a Senate Budget Committee hearing.

With a little perseverance and a touch of political magic, Sanders is hoping his government-run healthcare fairytale, which he has championed for years during his time in the House and Senate, will finally become reality.

For patients, that'd be anything but a happy ending. Medicare for All would subject Americans to long waits for subpar care.

To see how, look to the inspiration for Sen. Sanders's single-payer vision—Canada. North of the border, health care is largely free at the point of service. That keeps demand for treatment high.

But with a limited supply of physicians—Canada has fewer than three per 1,000 people, one of the lowest ratios among developed countries—the country's single-payer system is unable to meet people's needs.

Delayed care is the inevitable result of this mismatch. Canadians face a median wait of 25.6 weeks—roughly six months—for treatment from a specialist following referral by a general practitioner last year, according to the Vancouver-based Fraser Institute, a think tank.

No segment of the population escapes these waits. Earlier this month, children were waiting up to 16 hours to receive care at a pediatric emergency room in Alberta. Some seniors have been told that they'll need to wait up to two years for a hip replacement.

One woman was in so much pain after waiting a year for a hip replacement that she flew to Lithuania to get the procedure done. A year after she got the surgery abroad, her Canadian doctor still hadn't called to schedule it.

Stories like this are not uncommon. In Canada, the government has a monopoly on paying for "medically necessary" treatment; private insurance is banned for anything the government asserts the right to cover. So patients can either wait for publicly-provisioned care—or spend their own money to seek treatment abroad.

Many opt for the latter. Secondstreet.org, a Canadian think tank, estimated that nearly a quarter of a million patients went abroad for treatment in 2017 . . .

This lack of access translates into poor health outcomes. Canadian breast cancer, stomach cancer, lung cancer, and prostate cancer patients have lower survival rates compared to their American counterparts.

The human cost of these waits is clear. But there's also a significant financial cost. According to a new Fraser report, Canadians lost \$4.1 billion in wages and productivity during the workday as they waited for care in 2021. With more than 1.4 million people in treatment queues, the cost of waiting is about \$3,000 per person . . .

Add that to the \$15,000 the average Canadian family of four pays in taxes each year to fund the country's public healthcare system, and single-payer suddenly looks a lot less "free."

Despite real-world evidence to the contrary, Sen. Sanders claims that his \$3 trillion-a-year plan for Medicare for All will guarantee "health care to every man, woman, and child in America in a cost effective way."

That's wishful thinking—as Canada's single-payer system proves.

Sally C. Pipes is Pacific Research Institute president, CEO, and Thomas W. Smith Fellow in Health Care Policy.

### **BABY FORMULA CRISIS EXEMPLIFIES THE DANGER** OF PROTECTIONISM By McKenzie Richards Excerpt of op-ed originally published in Right by the Bay

Parents across the United States are becoming increasingly frantic as the baby formula shortage worsens. To the chagrin of parents looking for answers, the shortage has devolved into a circuitous blame game.

Former White House Press Secretary Jen Psaki pointed her finger at the manufacturers for not keeping up with demand. The makers of Similac and Enfamil deflected by arguing that retailers struggle to keep shelves full due to the current labor shortages. Jason Brewer, the spokesperson for the Retail Industry Leaders Association, pointed out that rising retail theft may be a significant culprit . . .

Why are all four companies (which conceivably have different delivery system processes) being plagued simultaneously over the course of several months by the same supply problems? Government regulations may be the problem.

All infant formulas are made in the United States. That is not some accidental fluke. The FDA highly regulates the baby food industry. It is illegal to import alternative formula brands . . .

Ironically, in some ways, European brands face an even more rigorous approval process . . . they do not allow any formula ingredients to contain pesticides, growth hormones, heavy metals, or additives like corn syrup or soy. The FDA allows all that in American-made formulas.

Baby formula is truly a modern-day miracle, and the science of imitating the nutritional benefits of breastmilk continually improves. But because of the FDA's approach, for decades, many brands in the United States have had no real incentive to update their formulas based on the current science. So not only are European baby formulas more stringent in safety measures, but their formula is often nutritionally better for babies, too.

The FDA's protectionism is truly senseless. Because of the current crisis, our government's overregulation can now be directly tied to harming the well-being of American children.

Parents needing immediate solutions to this crisis must demand that the FDA allow European infant formula brands to be sold in American stores.

McKenzie Richards is a policy associate at the Pacific Research Institute.

### LATEST FROM PRI'S CENTER FOR MEDICAL ECONOMICS AND INNOVATION

## BROKEN SYSTEM IMPOSES HIGHER OUT-OF-POCKET COSTS ON PATIENTS PUTS GOVERNMENT AND INSURANCE COMPANIES FIRST

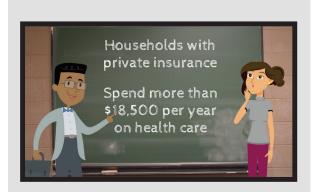
The latest paper in the *Coverage Denied* series by Dr. Wayne Winegarden and Celine Bookin finds that America's broken third-party healthcare payment system prioritizes government and insurance companies as the largest payers, leaving patients with higher out-of-pocket costs, greater exposure to healthcare financial risk, and reduced access to care.

In "Driving a Wedge Into the Healthcare System," Winegarden documents that what patients buy today is essentially pre-paid healthcare, not effective insurance managing the financial risks of patients. Government and insurance companies are prioritizing payments for things like preventive care, regardless of whether patients utilize these services.

Insurers pay one-third of healthcare consumption costs, which includes premiums paid by patients and employers. Patients pay the government's health care costs when paying taxes.

With government and insurance companies as payers, there is no incentive to compete or efficiently provide care at lower costs. This has resulted in rising healthcare costs that are increasingly being passed onto patients by third-party payers – leading to higher premiums, less coverage, increased financial risk, and reduced access to care.

This has contributed to an \$81 billion medical debt crisis – \$2400 on average – even though the number of uninsured has dropped by 40 percent since 2010. Households with private insurance pay more than \$18,500 annually for healthcare, which is 27 percent of the median household income.



### Watch the latest videos at www.medecon.org

The Professor and Penny Paystoomuch travel to a carnival to learn how the broken third-party payment system has turned insurance companies into gatekeepers rather than risk managers.

# HOW PUBLIC SAFETY POLICY MISTAKES ARE CONTRIBUTING TO CALIFORNIA'S By Steve Smith Excerpt of op-ed originally published at Right by the Bay UNSAFE STREETS



April 3rd was a bloody one in Northern California. In the early morning hours that Sunday, as people were leaving a night club in downtown Sacramento, automatic weapon fire rang out sending people fleeing. When the victims were counted, 18 people were shot and six were dead.

Later that day at the Alice Chalmers Playground in San Francisco, four more people would be shot – and two would die.

The City of Sacramento lost 57 victims to homicide in 2021 – the highest since 2006 and San Francisco lost 56. Both cities saw an increase in homicides in 2020 as well. San Francisco reported an additional 222 non-fatal shooting victims.

In California, non-fatal assaults with a firearms jumped 39.2% from 2019 to 2020.

2021 records are still being compiled but it doesn't look good.

The Sacramento Bee reported . . . one of the suspects arrested, Smiley Allen Martin, had been granted early release, over the objections of the Sacramento County District Attorney's Office, by the California Department of Corrections and Rehabilitation (CDCR) under Prop 57.

Passed by the voters in 2016, Prop 57, the so-called "Public Safety and Rehabilitation Act," was designed to reduce the length of sentences for individuals serving time for violent crimes committed during California's "get tough on crime" era of the 1990s. It allows for early release for inmates deemed by the CDCR to be suitable through a variety of criteria. Where in the past individuals serving sentences for violent crimes were required to serve at least 85% of time served before they would be eligible for early release, CDCR's new rules allow for early release at just 50% of time served.

CDCR reports that in 2018 they released 1,136 felons, another 1,184 in 2019, 1,234 in 2020, 1,424 in 2021, and 188 to date in 2022 — for a total of 5,166.

In December 2021, Sacramento County District Attorney Anne Marie Schubert was successful in obtaining an injunction against further Prop 57 releases for violent offenders. For now.

What else has Prop 57 done?

It has allowed for people convicted of multiple offenses involving multiple victims to be eligible for release as if they had committed just one offense with one victim.

Repeat offenders are eligible for release after serving the same sentence as first-time offenders.

Offenders who engaged in egregious conduct (enhanced sentences for the use of a gun, or particularly cruel and injurious victimization) are eligible for release, as if those facts did not exist.

Worse, Prop 57 prohibits a District Attorney from filing adult charges against juveniles, even for violent crimes including homicide, rape, carjacking. This reverses Prop 21, passed by the voters in 2000. Criminals know this and the exploitation of juveniles by criminal street gangs has recommenced. For example in LA County in 2000 there were 945.8 violent crimes per 100,000. By 2015, the year before Prop 57 was passed, it had dropped nearly in half to 496.9. After Prop 57 was enacted in 2019, it increased back up to 554.6.

Smiley Martin and the other three suspects arrested so far are due their day in court, but it's also true that the victims deserved a night out free from the violence that befell them . . .

Policymakers need to be reminded that even well-meaning laws can have unintended consequences. Certainly, there are no guarantees that any one individual will not reoffend – but the increasing violent crime rates over a multi-year period indicate a trend, and for the sake of the victims and their families, that trend needs to end.

Steve Smith is a senior fellow in urban studies at the Pacific Research Institute.

## ANNUAL CALIFORNIA 'IDEAS IN ACTION' CALIFORNIA CONFERENCE EXPLORES HOW TO

By Tim Anaya





**SAVE CALIFORNIA** 





Clockwise from left: Sacramento County District Attorney Anne Marie Schubert; Dan Kolkey, Assembly Republican Leader James Gallagher, and Brian Isom; Chris Carr of Paul Hastings LLP discusses the new PRI study "The CEQA Gauntlet"; Assemblyman Vince Fong

Summer 2022

In the aftermath of the COVID-19 pandemic and the California recall election, this year's "California Ideas in Action" conference – held in February in Sacramento – explored how marked-based reforms can solve some of the state's biggest policy problems and even advance the goals of the state's most progressive legislators.

A distinguished lineup of speakers – experts with significant experience in their respective policy areas – discussed realistic policy changes that could push the state onto a better track. The conference built upon the themes of PRI's *Saving California* book, published in 2021.

In welcoming attendees to the annual conference held right across the street from the State Capitol, PRI President and CEO Sally Pipes noted that, "while California is in many ways a much different place than in 2020 (when the last in-person conference was held before the pandemic), the problems discussed back then – rising homelessness, underperforming schools, lack of economic opportunity for many, and the prospect of a complete government takeover of our health care – are still front-and-center and in many cases have grown worse.

Sacramento County District Attorney Anne Marie Schubert, one of California's top public safety leaders who gained national attention for her efforts to crack down on EDD fraud and for bringing the Golden State Killer to justice, was the conference keynote speaker. She shared her thoughts on what can be done to address rising crime rates and put a stop to, as the title of the PRI book suggests, people living in fear in California.

The major highlight of the conference was the unveiling of PRI's "CEQA Gauntlet" project, including a larger-than-life replica of the "CEQA Gauntlet" chart that filled the entire stage, showing just how difficult the state's environmental laws are to navigate. Chris Carr of Paul Hastings, LLP and PRI fellow Nolan Gray discussed how CEQA's regulations, lawsuits, and threats of legal action are holding up not only housing, but new schools, infrastructure, and climate change initiatives.

Dr. Wayne Winegarden and Kerry Jackson moderated a panel discussion on their "California Migrating" study, documenting the root causes of why people, employers, jobs, and tax revenue are leaving for other states. Assemblyman Vince Fong, R-Bakersfield, Loren Kaye of the California Foundation for Commerce and Education, and Scott Kaufman of the Howard Jarvis Taxpayers Association discussed how we can stem the state's outmigration problem through free-market policy reforms.

Steven Greenhut moderated a panel based on the themes of a chapter in *Saving California* by The Hon. Daniel Kolkey, PRI board member and chair of the California Reform committee, on how wildfires, drought, and power blackouts are contributing to a perfect storm in Northern and Central California. Assembly Republican Leader James Gallagher, who represents a North State district that was the epicenter of the devastating 2018 Paradise fire, shared the experiences of many of his constituents who lost their homes and livelihood in the wake of the fire's destructive path. Kolkey and Gallagher joined Brian Isom of the Center for Growth and Opportunity at Utah State University in discussing how policy reforms can better protect residents, property, and forests.

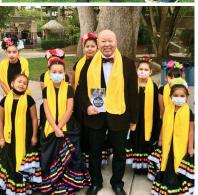


Watch videos of the presentations from this year's
California Ideas in Action conference www.pacificresearch.org/2022PRIConference

### **EVENTS**

Lance Izumi at National School Choice Week Event in Santa Ana









Lance Izumi speaks at National Review Institute conference in Newport Beach, California



California Ideas in Action Conference in Sacramento



An Evening with Bjorn Lomborg in Menlo Park, California











Summer 2022

PRI and Encounter Books Event in Palm Beach, Florida



PRI Annual Baroness Thatcher Gala Dinner in Newport Beach, California with Kellyanne Conway





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