

# CALPIRG

Standing Up  
To Powerful Interests



CALIFORNIA PUBLIC INTEREST RESEARCH GROUP & CALPIRG EDUCATION FUND

## Annual Report

Fiscal Year 2010





# From The Director

Emily Rusch, State Director

Dear CALPIRG member,

When I read polling in the fall of 2010 showing that only 25 percent of the public trust the government and the people elected to represent them—I have to be honest—I wondered, who could blame them?

The system is pretty well stacked against us. Worse, a January 2010 Supreme Court decision concluded that corporations are people under the law and therefore can spend unlimited sums of money on advertising to influence elections.

What keeps me from giving in to the cynicism is that despite this influence, despite the weak economy and despite the gridlock in Sacramento, together we won some important victories in the past year—improving the lives of Californians and the future of our state.

It shows how CALPIRG, with the support of our members, can make a real impact. We bring together ordinary Californians to give our advocates a far more powerful voice than any of us could have on our own.

For starters, the health care reform bill we worked to pass will give Californians—from Eureka to Chula Vista—access to a level of care many have never known.

We reined in Wall Street, a victory that will safeguard us against another financial meltdown and protect consumers. Consumer Program Director Ed Mierzwinski and our band of allies bested 2,000 Wall Street lobbyists to protect consumers from the big banks—bolstered by a public outcry that Congress could not ignore.

And Public Health Advocate Liz Hitchcock is closer than ever to getting regulations passed that would prevent giant food companies like Cargill from selling unsafe chicken, eggs and other high-risk food to the school lunch program. It's all because our campaign staff rallied thousands of Californians in support of safer food for our kids.

Your support and actions this past year give me hope for what we can accomplish in the next—and there'll be plenty to do. If we continue to work together, we'll be able to do even more to improve the lives of Californians across the state.

Emily Rusch



ON THE COVER: CALPIRG's Ed Mierzwinski testified before Congress in favor of new rules for Wall Street. CALPIRG Transportation Advocate Erin Steva speaks at a rally for more and better public transit in Los Angeles. CALPIRG State Director Emily Rusch and Rep. Jackie Speier discuss financial reform at her office in Washington, D.C., CALPIRG Health Care Advocate Mike Russo responds to reporter questions about unsafe toxics in children's products at the Children's Hospital Los Angeles.

# Reining In Wall Street

New Consumer Agency: A Victory For Main Street

The CALPIRG-backed Wall Street Reform and Consumer Protection Act, signed by President Obama in 2010, increased oversight of the financial system and introduced vital safeguards to limit the reckless behavior responsible for the financial meltdown.

Goldman Sachs, AIG and other large financial institutions deployed 2,000 lobbyists and spent \$500 million in an effort to weaken the law. CALPIRG's Federal Consumer Advocate Ed Mierzwinski helped forge the Americans for Financial Reform coalition, which combined forces with 200 organizations from across the U.S. to counter-balance Wall Street's influence.

With this unprecedented level of collaboration, we were able to successfully counter the influence of big banks and their lobbyists in Congress. Mierzwinski and other advocates met with every member of Congress multiple times to counter the Wall Street spin, and coordinated efforts with consumer champions such as Sen. Jeff Merkley and House Speaker Nancy Pelosi.

Meanwhile, CALPIRG and our sister organizations across the U.S. organized consumers, farmers and small business owners in 20 states to share their stories with lawmakers. Their experiences of life during the financial crisis helped to remind representatives what was at stake if they failed to rein in Wall Street's irresponsible behavior and helped make a strong case for standing up for consumers.



On May 5, CALPIRG's Gary Kalman (back left) and John Krieger (back right) presented Sen. Harry Reid and others with more than 125,000 petitions from PIRG members nationwide.

## A New Sheriff In Town

The centerpiece of the reform is the new Consumer Financial Protection Bureau. It will operate as an independent watchdog, guarding against mortgage traps, predatory lending and deceptive financial practices.

The bill also puts in place the oversight necessary to prevent another financial crisis and regulate the derivatives market. Finally, the bill will allow the government to step in and safely shut down failing financial institutions, which means an end to taxpayer bailouts.

## Mortgage Victory



In October, Gov. Arnold Schwarzenegger signed into law a CALPIRG-sponsored bill to rein in the mortgage lending industry.

The new law, authored by Asm. Ted Lieu (Torrance), prevents mortgage brokers from steering borrowers to riskier, higher-interest loans when they qualify for less expensive ones. It also bans so-called negative amortization loans, which grow a borrower's debt over time, and limits pre-payment penalties.

"California was the Wild West of mortgage lending," Consumer Advocate Pedro Morillas told the Sacramento Bee last December. "With the largest housing market in the country and lax regulations for mortgage brokers, we were set up to take the biggest fall."

Following California's lead, many of the same provisions that we adopted in California were included in the federal financial reform bill passed by Congress.



# 21st Century Transportation

## Keeping Fast Transit On The Fast Track

The consequences of chronic congestion, unhealthy air pollution, and oil dependence provided the impetus for CALPIRG’s push to implement 21st-century transportation solutions across California.

In Los Angeles and San Diego, the expertise of CALPIRG advocates energized efforts to increase public transportation options, while the high-speed rail connection between Southern and Northern California was awarded critical backing from President Obama.

### L.A. Gets Moving On Transit

Los Angeles voters approved a half-cent sales tax in 2008 to provide funding for public transit projects throughout the region. Since then, we’ve been able to ramp up the process for getting people moving on transit.

CALPIRG Transportation Advocate Erin Steva built support for an effort to finish the 12 major transit projects within 10 years, rather than the originally proposed 30.

When Sen. Barbara Boxer and U.S. Secretary of Transportation Ray LaHood came to Los Angeles in February, Steva organized supporters to testify at the public hearing on transportation and spoke to the media, pushing Boxer and LaHood to support what’s become known as the “30 in 10” initiative.

Later that month, CALPIRG staff lobbied other members of our congressional delegation to win support for the accelerated schedule, which will

cut 208 million miles in car travel each year.

The nearly 19,000 Los Angeles residents CALPIRG engaged with this summer through face-to-face canvassing will give us the momentum we need to push for better transit for L.A. in the coming year.

### CALPIRG Behind San Diego Rail

San Diego suffers from the fifth-worst traffic congestion in the country. With the region on pace to add 1.5 million more people by 2050, San Diego needs to increase the amount of good transportation options available to its residents in order to keep the city moving. Right now, the San Diego Regional Planning Agency (SANDAG) is



Transportation Advocate Erin Steva at a Los Angeles press conference calling on Sen. Boxer to help L.A. build more public transit right away.

crafting a transportation plan that will take the city through 2050.

So, together with Move San Diego, the San Diego Community Foundation and other allies, CALPIRG is pushing for wiser, more efficient projects, like extending the trolley from downtown to the University Towne Center, and connecting Pacific Beach to El Cajon with trolley service.

We’re also developing a diverse coalition of businesses, environmentalists, developers, public health officials and labor organizations to shift SANDAG’s priorities toward funding public transit over road expansion.

CALPIRG has testified at key hearings and submitted hundreds of public comments in support of first-class public transportation. We also held a press conference to release our report, “Road Work Ahead,” which highlights the need to fix existing roads before we build new ones.

SANDAG will finalize its transportation plan for the next 40 years in June 2011. CALPIRG has gained significant ground this year, and will continue our work to make sure that transportation funding is used to cut congestion and pollution in San Diego.

### Jumpstart For Statewide Line

Thanks in part to CALPIRG’s efforts, the Obama administration awarded California \$2.3 billion to help build the high-speed rail line between Northern and Southern California. The federal funding, combined with the 2008 voter

approval of the high-speed rail ballot signals an unprecedented level of support for California high-speed rail.

As the high-speed rail line nears construction, CALPIRG has focused on maximizing its benefits. The CALPIRG Education Fund wrote two major reports on high-speed rail to help guide the investment. In February, we released “The Right Track,” which outlined 11 key principles for building high-speed rail right in California.

In June, we released “Next Stop: Cali-

fornia,” a study of the proven benefits high-speed rail has brought to other countries around the world, including reduced car travel, and less pollution and oil use.

There has never been a fatal accident on Japan’s Shinkansen high-speed rail system, for example. Property values and economic growth tend to go up near high-speed rail lines. And at least two systems have paid for their construction costs through passenger fares.



### Proposed L.A. Transportation Projects

CALPIRG is helping push for an ambitious plan to make progress on 12 public transit projects in Los Angeles over the next 10 years.

1	Crenshaw Corridor
2	Green Line Extension to LAX
3	Green Line Extension to South Bay Corridor
4	West Santa Ana Branch Corridor
5	Eastside Extension to El Monte
6	Foothill Extension of Metro Gold Line
7	Regional Connector
8	San Fernando Valley Rapidways/Rapid Bus improvements
9	San Fernando Valley Canoga extension
10	SFV Corridor connection
11	Westside Subway to Westwood
12	Expo LRT (including Phase II)



# Health Care Reform

## Bringing Quality Health Care To California

During the debate over health care, Californians were experiencing double-digit rate hikes, and thousands were losing coverage every day. The stakes for reforming health care couldn't have been higher, but CALPIRG was able to organize enough statewide support to allow many of our representatives to vote for the historic health care reform bill.

To help spur Congress into action, CALPIRG focused media attention on small business owners who could make a compelling economic case for reform.

California entrepreneurs, like Liezet Arnold of Sacramento's Bloem Décor, held press conferences and publicly delivered a letter of support to Congress signed by 650 fellow small business owners.

CALPIRG also worked with our sister organizations and other allies throughout the country to bring more than 100 small business owners to Washington, D.C., to speak with the delegation face-to-face about the need for reform.

In January, CALPIRG also highlighted the economic benefits through a timely analysis of the state-by-state number of new jobs projected to be created if health reform was enacted. Our research found that up to 43,000 new jobs would be created each year in California.

### Rate Hikes Spur Action

In February, Anthem Blue Cross raised insurance rates for some of

their California customers by up to 39 percent. Soon after, their rate hikes were exposed as being unsustainable for consumers and unjustifiable—the hikes were based on faulty math.

CALPIRG Health Care Advocate Mike Russo highlighted the rate hikes in the media and at legislative hearings in Sacramento to put pressure on lawmakers to act. That month, the Los Angeles Times published our op-ed publicly urging politicians to focus on serious policy solutions to the problems Californians face, rather than play political games with health care. When the health care reform bills came to the floor in the House and Senate,

every California Democrat stood up to support them.

In the end, our hard work paid off. On Sunday, March 21, Congress overcame intense opposition from the insurance industry and others to pass federal health care reform. Two days later, President Obama signed the bill into law.

### Delivering On The Promise

While it is clearly a historic advancement, the federal bill is still a stepping-stone, not an end point, in our work to make health care accessible and affordable for all Californians.



Health Care Advocate Mike Russo led CALPIRG's campaign to reform the health care system. Russo also co-authored our report, "Delivering on the Promise," detailing how states, including California, can make the most out of the federal reform law.

Because California lawmakers will decide how to implement the reforms, we pushed them to make sure rules benefit Californians, by giving regulators the power to reject unfair plans and rate hikes proposed by insurance companies.

individuals and small businesses to band together to pool their negotiating power. These stronger rules, which the governor signed into law, will increase competition and benefit consumers.

We also helped enact a bill that would



Top: On March 30, President Barack Obama signed health care reform into law. Top right: CALPIRG's Washington, D.C., Office Director Gary Kalman spoke at a press conference on lowering the cost of health care. Bottom: House Speaker Nancy Pelosi joined CALPIRG Field Associate Ramneek Saini to celebrate the passage of health care reform.

In June, we released "Delivering on the Promise," a guide to help policymakers implement health reform here in California in a way that benefits citizens, not insurance companies.

### State Legislature Acts

Thanks in part to our research, organizing, and lobbying efforts in Sacramento, the Legislature passed reforms that would allow four million

allow consumers to better compare and shop around for affordable insurance policies, and another that would require insurance companies to get regulatory approval before dropping coverage for customers.

Finally, we successfully pushed for new rules that would help prevent future unjustified rate hikes like those proposed by Anthem Blue Cross.

## Looking Forward: Key Health Care Reforms Taking Effect Over The Next Four Years

### 2010

- Young people can stay on their parents' plans until age 26.
- Ban on insurers retroactively canceling patients' coverage.
- No more lifetime benefit limits.
- Tax credits for small businesses that cover their employees.
- Ban on insurers denying coverage to children with pre-existing conditions.
- Insurance plans must cover preventive care and screenings with no out-of-pocket costs.

### 2011

- Expanding primary care and nurse workforce.
- Better preventive care in Medicare.
- New transparency and oversight of California insurers' rate increases.
- California's exchange begins to come online and develops tools to increase consumers' access to information and buying power.

### 2012

- New Medicare rules to reduce preventable hospital readmissions.

### 2014

- Ban on insurers denying coverage to anyone due to a pre-existing condition.
- New health insurance exchanges to pool individuals' and small business' buying power.
- Tax credits make affordable coverage available on a sliding scale.



# Safe Food, Healthy Kids

## Raising Standards For School Lunches

In the wake of another wave of salmonella outbreaks and new evidence of dangerous food served in our public schools, CALPIRG launched our Safe Food, Healthy Kids campaign to raise safety standards for beef, chicken and other high-risk food sold to the National School Lunch Program.

### Risky Food Ends Up In Schools

We have long known that the food industry, including giant companies such as Cargill, has enormous power in Washington, D.C., spending \$107 million in 2009 alone lobbying Congress, but even we were shocked at the kind of practices they have gotten away with.

For example, since 2007, more than 13 million pounds of chicken that otherwise would have been used as compost or pet food was sold to our schools.

This chicken came from “spent hens”—egg laying hens that have “retired,” too old to lay any more eggs. One academic study found that spent hen meat is four times more likely to have salmonella than chicken raised for meat.

A USA Today investigation found that “the government spent more than \$145 million on spent-hen meat for schools.”

### Better Standards For Ground Beef

Our campaign started with a focus on ground beef. In 2009, 450,000 pounds of recalled beef was served in schools. In addition, 6 million pounds

of ammonia-treated beef scraps were sold to schools in 2008.

After we started our campaign, the USDA announced it was raising the safety standards on beef purchased for the school lunch program.

Now, we are pressing the USDA to finish the job and raise safety standards for all high-risk foods.

### Working For New Standards

To make that happen, Public Health Advocate Elizabeth Hitchcock met with U.S. Department of Agriculture head Tom Vilsak and other members

of the Obama administration. She advocated science-based safety standards for food served in the National School Lunch Program and for giving schools the tools they need to avoid serving recalled food.

CALPIRG State Director Emily Rusch worked with PIRG leaders across the country to launch a national public education campaign.

Starting in May, hundreds of campaign staff went door-to-door in 20 states (including California) to inform the public of the current food safety standards and what we plan to do to raise them.



Of the 76 million cases of foodborne illnesses reported each year, half occur in kids. We're calling for higher standards for high-risk food, like meat and eggs, served in school lunches.

# Tax & Budget Reform

## Shining A Light On The State Budget

In California, where budget shortfalls demand difficult choices between deep cuts and new taxes, it is important to be able to scrutinize how the government is spending our tax dollars. CALPIRG worked to make it easier for the public to see which corporations are receiving tax breaks—and to see how much they are getting.

In October 2009, CALPIRG Education Fund released “Transparency 2.0,” a report which found that California has taken steps toward budget transparency, but that too much critical information remains inaccessible to the public. The report documented the best transparency practices used in other states—solutions that could provide a model for California to follow.

### Steps Toward Accountability

In working to improve California’s transparency, we found that the issue had support on both the left and the right. CALPIRG’s Pedro Morillas partnered with conservative taxpayer advocate Jon Coupal to write an op-ed calling for increased transparency in state budgets. The op-ed was published in the Sacramento Bee and the Orange County Register. Meanwhile, we partnered with the California Labor Federation on key bills in the state Legislature.

We met with several officials within the Schwarzenegger administration, including California Inspector General Laura Chick and the state’s Office of Information Technology, to share our research from other states’ best practices.



CALPIRG Advocate Pedro Morillas led our efforts to make corporate tax subsidies more transparent.

However, we faced serious opposition in our fight to get transparency legislation on the books. Almost immediately after Sen. Dean Florez (Fresno) introduced state legislation requiring that large tax subsidies to corporations be transparent, corporate trade associations, representing everyone from ExxonMobil to AT&T, lined up against us. And, while Gov. Schwarzenegger vetoed the bill, CALPIRG will continue to work with our partners on both sides of the aisle to make corporate tax subsidies accountable to the public.



### State spending: The easier to track, the better

By Pedro Morillas and Jon Coupal  
Sacramento Bee, 8/4/2009

“Amid the dark fiscal news, one ray of hope coming from the budget fiasco was the governor’s executive order to put government contracts online and make them searchable by the public. Budget transparency, while not a new idea, can be revolutionary. Public oversight of the state’s purse is a cornerstone of democratic government and provides an added incentive for those in government to spend tax dollars as efficiently as possible.”

## Our Mission

When consumers are cheated or the voices of ordinary citizens are drowned out by special interest lobbyists, CALPIRG speaks up and takes action. We uncover threats to public health and well-being and fight to end them, using the time-tested tools of investigative research, media exposés, grassroots organizing, advocacy and litigation. CALPIRG’s mission is to deliver persistent, result-oriented public interest activism that protects consumers, encourages a fair, sustainable economy, and fosters responsive, democratic government.

# CALPIRG Supporters

## CALPIRG And CALPIRG Education Fund

Citizen support is the cornerstone of the California Public Interest Research Group. Thousands of California citizens supported CALPIRG and/or the California Public Interest Research Group Education Fund by making membership contributions in fiscal year 2010.

### Foundation Support

CALPIRG Education Fund, a 501(c)(3) organization, conducts research and public education on emerging public interest issues. Contributions to CALPIRG Education Fund are tax-deductible. CALPIRG Education Fund received recent grant awards and contributions from:

- California Endowment
- The California Wellness Foundation
- Community Catalyst via Health Access Foundation
- Consumer Federation of America
- Climate Smart Fund at the San Diego Foundation
- Educational Foundation of America via the Center for Public Interest Research
- Ford Foundation via USPIRG Education Fund
- Kelben Foundation, Inc.
- Robert Wood Johnson Foundation via Health Access Foundation
- The Rockefeller Foundation via USPIRG Education Fund
- The San Francisco Foundation
- Sidney Stern Memorial Trust

CALPIRG received a grant awards from La Cresta Endowment and Rose Foundation for Communities and the Environment.

CALPIRG Students received grant awards from California Consumer Protection Foundation and The Institute for College Access and Success.

CALPIRG wishes to thank Ghalchi and Associates, Howard Strong and Associates, and Lieff, Cabraser, Heimann, & Bernstein LLP for acting as counsel in consumer class actions. These class actions resulted in court-approved monetary awards that support CALPIRG's advocacy on behalf of consumers.

### Planned Giving

CALPIRG gratefully accepts bequests and gifts of securities to support our work. Your gift will assure a legacy of activism that will stand up to powerful interests and revitalize participation in our democracy for decades to come. For more information, call 1-800-841-7299 or send an e-mail to: [plannedgiving@calpirg.org](mailto:plannedgiving@calpirg.org).

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# Fiscal Year 2010 Annual Report

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### Financial Information

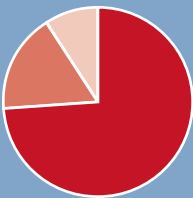
Charts reflect combined FY10 financial information for California Public Interest Research Group, California Public Interest Research Group Education Fund and California Student Public Interest Research Group

### FY10 Income



◆ Citizens **77%**  
◆ Grants **21%**  
◆ Other **2%**

### FY10 Expenses



◆ Program **74%**  
◆ Fundraising **17%**  
◆ Administration **9%**

### FY10 Program Expenses



◆ Making Health Care Work **33%**  
◆ Budget & Financial Reform **18%**  
◆ Safe Food, Healthy Kids **16%**  
◆ World Class Public Transportation **11%**  
◆ Consumer Protection **9%**  
◆ Affordable Higher Education **7%**  
◆ Energy, Public Health and Environment **6%**

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Design by Public Interest GRFX (215) 985-1113. Printing by Acuprint in Los Angeles. Printed on recycled paper.