

CSUS dean, professor take heat for global warming study

Dale Kasler, Sacramento Bee, 3-19-10

Sacramento State's business school dean came under attack again Thursday over the validity of his research on two politically charged issues: California's global warming law and the regulatory burdens imposed on the state's businesses.

For months, academics and others have criticized the work of Sanjay Varshney, dean of the College of Business Administration at California State University, Sacramento, and co-author Dennis Tootelian, a business professor at CSUS.

Last week the university's student newspaper, the State Hornet, quoted Stanford University energy-efficiency expert James Sweeney as saying the duo's conclusions about the state's global warming law were "truly weird."

In an opinion piece last fall in The Bee, private economists Chris Thornberg and Jon Haveman called the study about the regulatory climate an example of "schlock science."

The latest criticism came Thursday from the nonpartisan Legislative Analyst's Office. In response to an inquiry by Democratic Assemblyman Kevin de León, the LAO dismissed as "highly unreliable" the professors' claim that California's global warming law would wipe out 1 million jobs and \$183 million in economic output.

The LAO also labeled a separate Varshney-Tootelian study – which said the state's regulatory climate costs small businesses 3.8 million jobs and \$493 billion – "essentially useless."

Varshney defended both studies in an interview Thursday, saying "we really gave it our best shot and gave it our best efforts." Tootelian said, "You're going to find, in any study, there are differing views about methodologies." He added that he and Varshney support "the spirit of AB 32" but wanted to analyze its costs.

The university stood by the professors. "Sacramento State's administration strongly supports the work of all of our faculty and their research," said Gloria Moraga, associate vice president for public affairs.

But as de León and environmental groups rushed to condemn their work, Varshney and Tootelian found themselves dragged ever deeper into the political free-for-all over AB 32, the 4-year-old law that requires deep cuts in the state's greenhouse-gas emissions.

Conservatives have championed Varshney and Tootelian's study on AB 32 as justification to scrap the law or delay its implementation. A group bankrolled by Texas oil companies is pushing a November ballot initiative that would suspend AB 32 until unemployment in California falls below 5.5 percent (It's now 12.5 percent).

Jon Coupal of the Howard Jarvis Taxpayers Association, one of the backers of the initiative, said the LAO's analysis of Varshney's study doesn't undermine his group's efforts to roll back AB 32.

Coupal noted that the LAO, in a separate analysis earlier this month, concluded that AB 32 would eliminate jobs in the short run because it would lead to higher energy costs. The LAO said it wasn't sure what the long-term impact would be.

"The underlying assumption of the job loss is uncontested," Coupal said. "The debate is about a matter of degree."

The Varshney-Tootelian study, paid for by the California Small Business Roundtable, has been criticized by some academics ever since it was released last summer. Sweeney, an energy efficiency expert and management science professor at Stanford, issued a report last month saying the CSUS effort is "based on poor logic and unsound economic analysis."

In its analysis, the LAO said the CSUS professors made the mistake of assessing the costs of implementing AB 32 without giving any weight to the law's economic benefits. While calculating the benefits is difficult, ignoring them altogether makes the study "unreliable," said David Vasche, special economic adviser to the LAO.

The LAO analysis provided fresh ammunition for Democrats trying to defend AB 32.

"This false and misleading information shouldn't be used by Texas oil companies to scare California voters to protect their profit margins at our children's expense," said de León, of Los Angeles, in a press release.

Varshney, 42, who left a university position in upstate New York to become the business school dean in 2004, defended both studies and suggested politics are behind some of the criticism.

"It's very easy to find holes; it's very easy to find flaws with any study," he said. "I'm guessing it's more political than anything else."