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Emeritus & Retired Faculty Association

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Inside this issue:

Health Benefits Committee Report: "Are We There Yet?"

By David F. Humphers, Chair, CSU-ERFA Health Benefits Committee

Sacramento Talk. The California legislature rested on its *faux* laurel wreath in December and January while the financial crisis sank toward its nadir. In Sacramento rumors were rife that the California Public Employees Retirement System (PERS) would be out of the health care business by February 1, 2009. The governor proposed transferring health benefit administration for active employees from CalPERS to the state Personnel Administration as a cost saving measure. Health benefits for retirees would remain with CalPERS. The noise dropped many decibels after the legislature, on February 19, adopted a budget that was due over seven months earlier.

Public Sector Retiree Health Benefit Costs. State Controller John Chiang's February 24, actuarial report estimated that health and dental benefits for retired state employees will cost $48.2 billion. His report may have been disquieting for those who read only the headlines. Chiang's sensible recommendation, that the legislature take a pro-active role by setting aside funds to be invested to grow new funds for future health care benefits, follows the successful investment model for retirement pensions.

Medicare Drug Costs. Federal Health and Human Services Inspector General Daniel Levinson reported (Sacramento Bee, February 1, 2009) that many retirees who buy their medicines through a Medicare Part D prescription drug plan may be paying too much. The Inspector General's audits of Medicare prescription drug plans found unreasonably high marketing costs, over-charges for mail-order prescriptions and inflated co-payments for generic drugs.

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State Council Meets April 25th - CalPERS' Priya Mathur to Speak

The CSU-ERFA State Council will meet on Saturday, April 25th at 10 a.m. at the Crowne Plaza hotel near the Los Angeles airport. Priya Sara Mathur, currently serving her second term on the CalPERS Board and chair of the Health Benefits Committee, will be guest speaker. Delegates will hear reports from the health benefits, legislative affairs and other committees, elect officers for the coming year and approve the 2009-10 budget.

Priya Mathur is serving her second term on the Board of Administration representing public agency members of CalPERS. She presently serves on the Benefits and Program Administration and the Ad Hoc

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From the President...

Historians are sometimes accused of repeating themselves. But sometimes we are victims of our discipline because history itself can also be quite repetitive.

Attacks on Our Pensions. When I first ventured onto the State Council a major topic of discussion was a California ballot initiative that was designed to "reform," and thus of course weaken, the retirement system for state employees. Later during my year as Vice President and then three more as President we seemed always to be preparing for that same issue or recovering from it. This unappealing history has changed this year in that we may be confronted with two pension attacks, rather than one, from the usual source.

Fighting Back. The good news as I soon become Past President is that we are far better equipped to organize defensive efforts because of our valuable website, a treasure trove of information on higher education and countless other issues vitally important to our retired population. *The Reporter* is always valuable but unless crucial news arises at just the right time it may no longer be news by the time the printed version arrives in your mail box. Fortunately we are now able on a timely basis to reach those who have provided an email address. There have been few occasions when we had to use the Listserv to spread the alarm, but it is comforting to know it is there when the need is urgent. This year the cooperation of webmasters Mark Shapiro and Steve Gregorich has also facilitated the process for affiliate websites to access the CSU-ERFA website (see article this issue).

State Council Meeting in San Jose in October 2009. We have responded promptly to the will of the vast majority who this year adopted a constitutional amendment to encourage northern California meetings when it is fiscally and logistically feasible. The Executive Committee met in San Jose in February to test the facilities and happily scheduled a Council meeting in the splendid new combined campus and city library for October 17, 2009.

That Council meeting will give us a better conception of the added expense of a northern meeting and the level of attendance. Dave Elliott conducted significant research that will help us hold the budgetary line.

Hopefully the second constitutional amendment that you recently approved will also help to assure fiscal stability for more northern trips through enhanced membership.

From previous northern meetings we are familiar with the advantages and disadvantages of San Francisco and Sacramento, although things may have changed in these "interesting" budgetary times. If anyone out there chooses to contribute the legwork that Dave did for San Jose, we are ready to listen to arguments for other northern sites for future meetings.

--Don Dewey, President
CSU-ERFA

Oil Severance Tax for Higher Ed in CA?

Assembly Majority Leader Alberto Torrico has introduced AB 656, "California Higher Education Endowment Corporation: Oil and Gas Severance Tax," which would impose a severance tax on oil and gas produced in California for the benefit of the California community college system, the California State University, and the University of California.

The crucial details, however, of the tax rate and the percentage distribution among the three systems of higher education are not specified in the bill at this time. CFA is supporting the bill and helped develop it.

We were told informally that the bill is not expected to pass in this time of budget crisis but is being placed "on the table" as a means for higher education to gain greater state support at a time when California is cutting back its support of higher education almost every year.

The bill would require a two-thirds vote, meaning that it would need some Republican support for a tax increase in the Assembly and State Senate at a time when such support is almost impossible to obtain.

Editorial: Bamboozled Again?

By Dave Elliott, SJSU

According to John Maynard Keynes, after bamboozling Woodrow Wilson into accepting Georges Clemenceau's hard line against the Germans during the early stages of the Versailles Peace Conference, David Lloyd George later changed his mind and learned, to his dismay, that it was more difficult to de-bamboozle "the old Presbyterian" than it had been to bamboozle him in the first place.

Historians are still arguing about the accuracy of this account. But, although Arnold Schwarzenegger is no Lloyd George, he is currently suffering the same fate that Keynes alleged for the Prime Minister. After working for many years to bamboozle his ideological kin into believing our state can be restored to its former greatness without any new taxes, he is now unable to de-bamboozle them. The intransigence that his Republican colleagues displayed during the legislature's recent efforts to plug the forty billion dollar hole in the state budget is exactly what he asked for through two election campaigns, and we are all suffering because of it.

And now that a "compromise" on the budget has finally been achieved, our entertainer governor is trying to do it to us again. We have all seen him, all over the media, trying to bamboozle us into believing the bitter budget "pill," which the Republican minority forced the Democrats to swallow, is "great." Even a cursory look will reveal that it is no such thing. The cuts it mandates will have debilitating effects on our already undernourished schools, universities, and social service programs. Jack O'Connell, the State Superintendent of Public Instruction, predicts that the $8.6 billion cut it levies on our public schools will lower our per capita school spending ranking among the states, which is already 47th, to 49th or 50th. And we all know what an across-the-board 10% cut to the CSU budget will do. It will raise our fees to an all-time high and severely limit access at the very time when we need to welcome every single qualified applicant.

What is even more distressing is that most of the tax increases contained in the compromise budget are regressive in nature, falling most heavily on those least able to pay. And in the midst of all of this misery, the Republican minority was also able to leverage in a stealth tax break for business that will cost the state close to a billion dollars in the first year. The Legislative Analyst thinks increasing the Vehicle License Fee (VLF) from 0.65% to 1.15% was justified, but this, too, is a regressive action. Ironically, it requires the governor to take back most of the big VLF refund that he doled out as his first grandstand gesture as governor. Other sources of additional revenue that are identified in the compromise package depend on borrowing, budget transfers, various accounting gimmicks, and several speculative ballot measures. It would be difficult to comment on all of the proposed ballot measures here, but it can be said that most of them are quite controversial, and it is doubtful that all of them will carry. One of the most odious proposals is a scheme to increase lottery income and re-direct $5 billion of its profits to the General Fund. This breaks faith with those who voted in 1984 for Proposition 37, the California State Lottery Act. It promised that all of the Lottery profits would go to education.

And, finally, what matters most is that the compromise budget does little to rectify the longstanding structural defects of California finances. These defects are complex and would be difficult to explain in detail here. What it comes down to, however, is that, for many years now, the state has simply spent more than it takes in. A recent San Jose Mercury News article (Feb 8, 2009) likened the state's behavior to that of people who use "one credit card to pay off another." Because the state has not stayed current with its bills, its debts have compounded to the point where we currently carry the largest debt load of any state. According to a 2008 report by the Public Policy Institute of California, when current borrowing plans are included, our per capita debt load is $4,679, the largest in the nation. We would be much better off now if the governor's tax conversion had occurred early in his tenure, rather than in its waning months.

While it is clear that fixing this structural problem will require significant reductions in spending, particularly the kind of spending that is driven by ballot initiatives, it will also require more revenue. Unfortunately, our annual budget spasms make it clear that it will be extremely difficult, if not impossible, ever to secure enough revenue to fund the generally recognized needs of the state under existing parliamentary rules. The constitutionally mandated rule that specifies a two-thirds majority on all revenue bills advantages the minority party with the power to block any reform that involves more revenue. This is really quite odd, since forty-seven of the other states make budget decisions with less than a two-thirds majority. And, although the parliamentary conventions that regulate public deliberations in our society always include extravagant protections for the minority on procedural matters, it is a settled principle of parliamentary law that all substantive matters, including money matters, may be decided by a simple majority vote. The recently adopted compromise, which the governor has labeled "great," makes no provision for even considering some mitigation of the parliamentary conditions that enable the minority party to maintain a strangle hold on the budget.

An interesting footnote to all of this is that some experts seem to think the Obama stimulus package may offset a large part of what the legislature and the governor recently took away. But it is also understood that most of the stimulus benefits will be temporary, and of little assistance in resolving our long-standing structural difficulties. Ironically, our governor, who says he is eager to receive this help, threw his high voltage support to John McCain during the presidential campaign, and McCain voted against the stimulus.

Many Californians are undoubtedly willing to be bamboozled again. Are you?

A Note on Editorials

Editorials are the opinion of the author and do not necessarily reflect the opinions of CSU-ERFA or of its leadership.

Legislative Report, By Robert Bess, Chair, Legislative Affairs Committee

Although only a few bills relevant to our concerns have been introduced, there is a great deal to share; much more than space permits. Consequently, this report is more general than usual. I'll have greater detail in my spring report to the State Council. Also, I am assuming that there has been so much media coverage of our awful budget situation, locally and nationally, that most of our readers are informed. Visit our web site (http://csuerfa.org) for more on legislative issues and the budget. A more comprehensive report will be posted there following the spring meeting of the State Council.

Legislative Environment. The total number of bills introduced to date is smaller than in typical years, and there have been only a few hearings. Although things are likely to pick up, it is likely that budget and economic stimulus fall-out will take priority. Many bills dealing with private health care and health care reform have been introduced. Most deal with matters intended to ensure fair and equitable treatment by providers.

Health Care. SB 56 (Alquist) would declare legislative intent to enact and implement comprehensive health reforms. I anticipate that this bill will evolve as the Congress and President Obama unveil their plans for action.

Vision Care for Local Agency Retirees. AB 65 (Hayashi) would extend access to a self-paid vision care program to local agency retirees. It passed in the last session, but was vetoed on the grounds that the Governor did not have time to review all of the bills before him at the end of the session.

AB 2940 - Retirement Savings Through CalPERS. Last session, we opposed AB 2940 (DeLeon). Among the reasons for opposition was the fact that it had been extensively amended four times in a relatively brief period. It has been reintroduced as AB 125, "Retirement: California Employee Savings Program," apparently without substantive change. At this time most of our sister organizations in SCORE (State Consortium of Retired Employees) have not taken a position. Mr. DeLeon has also introduced a bill (AB 400) that would institute transparency requirements for State agencies and departments.

SCORE. Speaking of SCORE, there appears to be consensus that we should not pursue matters such as improved benefits with significant cost. For example, there seems to be agreement that this is not the time to seek an increase in the CalPERS death benefit.

Federal Legislation. On the federal front, eight pertinent bills were introduced during the last congressional session. Some have already been reintroduced. It is likely that the rest will follow. Among them is legislation to repeal the Social Security's provisions called Windfall Elimination and Government Pension Offset. These lower Social Security benefits for those who have government service where Social Security taxes were not collected. Another would make a specified amount of long-term care and health insurance premiums tax deductible. Plans are evolving to actively support these bills.

Keith Richman's Latest. Efforts to achieve reductions in defined benefit pension programs continue. Last year, former Assemblyman Keith Richman initiated signature gathering for one of his anti-public pension initiatives but threw in the towel soon thereafter. I am told that it costs about $5.00 each to obtain signatures these days. A visit to his Foundation web site at http://www.californiapensionreform.org suggests that he has opted to float a host of suggestions under the title of "Government Retirement Reform Benefits Initiative" that he hopes will be picked up by others. I am being generous in saying that the initiative is a shoddy piece of work loaded with errors. He is seeking legislator assistance to propose statutory and constitutional changes that would enable initiative petition signature gathering via the Internet. If successful (doubtful), he plans to try again to cap benefits for prospective employees.

McCauley Initiative. To date, only a single retirement-related proposal has been approved for signature gathering. It is titled RENEGOTIATION OF PUBLIC EMPLOYEE PENSION CONTRACTS INITIATIVE CONSTITUTIONAL AMENDMENT. The proponent for this measure is Paul McCauley, a Santa Monica CPA. State contracts are inviolate under Article I section 10 of the U.S. Constitution, where states are prohibited from passing any law impairing the obligation of contracts. Thus, it is hard to imagine how it could be implemented, even if passed. It is my understanding that Mr. McCauley does not have the resources necessary to obtain the nearly 700,000 signatures required, let alone conduct a campaign for its passage. This is not his first foray into the initiative process and the range of topics he has tried to address is diverse to say the least. Although there is broad agreement that the proposal violates the Constitution and that McCauley will have difficulty finding financial support, we will be vigilant.

CPI and CalPERS 2009 COLA. Let me conclude with a bit of good news. Based upon a 2008 CPI of 3.8 percent, we can expect to see a two percent increase in our pensions in May. In spite of many rumors that the budget would include a provision that could increase retiree costs for health insurance, it did not happen. Similarly, language was drafted that would have reassigned responsibility for managing employee health insurance programs, but it has not emerged to date. Again, we are watching this closely, as it would almost certainly interfere with CalPERS' ability to provide high quality programs at lower costs.

Finally, my daughter is pushing me to adopt a dog to ensure companionship during my golden years. While doing a bill search, I learned that AB 233 would make adoption costs associated with qualified rescue organizations tax deductible!

Calling CalPERS?

If you are calling CalPERS, the number is 1-888-CALPERS (225-7377).
There is a new automatic call-back feature in effect if the wait is too long. CalPERS will call you back in the same order as if you had waited on hold.

"Impasse?" What's That?

CFA Liaison Report by H. Dieter Renning

Yes, it has to do with bargaining. And yes, that is the state of affairs between the CSU administration and the California Faculty Association in their current "re-opener" negotiations.

Proposal. As was more or less expected, when the news about CSU budget cuts solidified, Chancellor Reed exercised his right to request that the parties reopen bargaining about the salary raises for 2008-09, which were agreed upon in the current faculty contract. At the first session on November 17, the administration's bargaining team presented an initial proposal: 0% general salary increase (GSI), 0% service step increase (SSI), and 0% for year two of the equity pay program. The justification: there are "competing demands" on the CSU budget which prevent adjustments in those salary categories.

Counter-proposal. CFA proposed delaying the GSI increase by three months. That would reduce the negotiated pay increase by roughly 10% for this year, "which would be consistent with the state funding for the CSU being about 10% less than expected." The administration rejected that proposal. At the second bargaining session on December 1, the administration refused to budge from its original proposal, and the CFA team refused to give in. On January 23 the standoff caused CFA's Board of Directors to call formally on the Chancellor's Office to enter into binding arbitration. On January 28 the administration rejected CFA's arbitration proposal and suggested instead that the parties jointly petition the Public Employment Relations Board (PERB) for formal certification that the parties are at impasse and the immediate appointment of a state mediator. As a result, in late February 23 PERB certified that negotiations between CFA and the Chancellor's bargaining team have reached an impasse. A short while ago PERB appointed Tony Butka to mediate. Butka served in that capacity before in 2006 when CFA and the administration were unable to reach agreement.

Changes in the CSU. The administration's reference to "competing demands" prompted CFA to look into and compare changes over the course of the last academic year. The findings: between Fall 2007 and Fall 2008 the number of faculty positions (FTE) in the CSU dropped by 1 percent, the number of (FTE) students increased by 2% - and management positions (FTE) went up by 3%! For the period 2000 through 2008, the number of faculty positions increased by only 12%, while the number of students went up by 27% (all FTE), and the number of management positions grew by 23%!

More recently CFA found out that, according to several memoranda issued by the Chancellor's Office (available at http://www.calstate.edu/HRAdm/SalaryProgram/MPP/index.shtml), vice presidents and other top administrators within the CSU apparently are to be granted merit and equity salary and other increases this year – while the faculty's negotiated salary adjustments are to be postponed.

CSU Budget and Effects on Faculty Quality. The budgets for the CSU and the state continue to be CFA's major preoccupation. This was reflected in a rally, organized through the "Alliance for the CSU," at CSU Long Beach on December 1 and a teach-in at San Francisco State the following day. It involved back-to-school "fax days," which generated thousands of messages on many of the campuses that were sent to legislators and the governor. After its December 5-6 meeting, the CFA Board of Directors released a statement that observed, "We are rapidly confronting a situation in which the increasing numbers of students and the decreasing number of faculty members threaten to impair the quality of education in our system."

The Final CSU Budget. The final outcome of the long budget battle is, of course, anything but encouraging. For the CSU it means $66.3 million in general fund reductions, a 10 percent student fee increase, a $50 million general fund "trigger cut" should the state not receive at least $10 billion in stimulus money from the federal government, and a $255 million swap of CSU funding with federal stimulus money. As of now, the CSU will receive this year $96.7 million less than in 2007-08, and $313 million less than the CSU-Governor's Compact.

Prop. 1A. In other developments, the CFA Board of Directors voted on February 23 to oppose Prop. 1A on the May 19, 2009 special election ballot. Prop. 1A is a "spending cap" on state spending that in CFA's view would have potentially detrimental effects on CSU funding. And in January the PERB issued a complaint against the CSU Administration, following a charge filed by CFA alleging that the CSU unilaterally changed its policies regarding student evaluations, thereby violating Article 15.15 of the faculty bargaining contract.

Diehr Elected. Finally, one piece of news to be cheerful about: CSU San Marcos Professor and CFA activist George Diehr has been elected to a second term as Vice President of the CalPERS Board of Administration. He was first elected to the Board in 2002, and he chairs the Investment Committee and is vice chair of the Health Benefits Committee and the Investment Policy Subcommittee.

For more information, see the CFA web site at http://www.calfac.org .

H. Dieter Renning is CSU-ERFA's liaison with the California Faculty Association.

New Definitions for (Just Slightly) New Words...

The Washington Post asked its readers as part of the neologism contest (see page 6) to take any word from the dictionary, alter it by changing one letter, and supply a new definition. Here are a few of the winners:

Bozone (n.): *The substance surrounding stupid people that stops bright ideas from penetrating. The bozone layer, unfortunately, shows little sign of breaking down in the near future.*
Cashtration (n.): *The act of buying a house, which renders the subject financially impotent for an indefinite period.*
Giraffiti (n): *Vandalism spray-painted very, very high.*
Sarchasm (n): *The gulf between the author of sarcastic wit and the person who doesn't get it.*
Decafalon (n.): *The grueling event of getting through the day consuming only things that are good for you.*
Dopeler effect (n): *The tendency of stupid ideas to seem smarter when they come at you rapidly.*
Arachnoleptic fit (n.): *The frantic dance performed just after you've accidentally walked through a spider web.*

Dorothy Dumke Elliott, Widow of Long-time Chancellor Glenn Dumke, Dies at Age 89

By Judson Grenier, CSU-ERFA Archivist

Dorothy Dumke Elliott, widow of Glenn S. Dumke, Chancellor of the CSU during its formative years from 1962-82, died on March 15, 2008, just a few months short of her 90th birthday. At the time of her death she was living in Encino with Bruce Elliott, whom she married a few years after Glenn's death in 1989.

Dorothy Dean Robison was descended from a long-established Burbank family of lumber merchants. Her parents, Ira and Ina Robison, both worked in the family lumberyard before moving to California's central valley to manage an adjunct lumber operation near Fresno, where Dorothy was born on June 6, 1918. The Robisons returned to Burbank in the early 1930s, and Dorothy completed her secondary education at Herbert Hoover High School in Glendale.

From 1936 to 1938, she attended Occidental College, where she met Glenn Dumke, a Glendale resident who received his B.A. from Oxy in 1938. Dorothy then trained at the Los Angeles Conservatory of Music and became an accomplished pianist. The two continued a close social relationship while Glenn completed his Ph.D and accepted a teaching position at Occidental. They were married on February 3, 1945.

In 1950, when Glenn Dumke was named Dean of the Faculty, Occidental built a residence for the Dumkes on the west side of campus, where they lived until 1957 (that structure now serves as Oxy's Child Development Center), years that brought Dorothy into close contact with students and faculty and generated her participation in myriad academic and social activities.

That somewhat insulated campus life changed radically in 1957 when Glenn was named president of San Francisco State College. In the next five years he rose to state college representative on the California Master Plan Survey Team, California State Colleges' Vice Chancellor of Academic Affairs, and, at the Board of Trustees meeting in April, 1962, Chancellor of the State College System.

The Dumkes returned to Southern California and, in 1973, moved to a house in Bel Air donated to the CSC Foundation, which they occupied until Glenn's retirement. In that home the state university presidents occasionally met, and Dorothy hosted numerous receptions for trustees, visiting dignitaries, and members of the statewide Academic Senate.

Following his retirement, Glenn served as president of the Foundation for the 21st Century, and he and Dorothy began an extended process of transferring the Dumkes' collection of personal papers, manuscripts and correspondence to the CSU Archives, which Glenn helped to establish in 1981. Dorothy continued that effort after her husband's death and, working with the staff of CSU Sacramento, created the Glenn and Dorothy Dumke graduate fellowships, open to history and archival students from all the CSU campuses.

Dorothy also continued her husband's commitments to higher education and California history. For a time she served on the Board of Directors of the Historical Society of Southern California. And on July 8, 1999, the CSU Chancellor introduced her at the dedication of the Glenn S. Dumke Conference Center in the new headquarters building, where Dorothy Dumke thanked the Trustees for honoring "the magnificent meeting room" with their name.

State Council Meeting Fall 2009 in San Jose

The Fall 2009 State Council meeting has been scheduled for Saturday, October 17 on the campus of San Jose State University. Overnight lodging will be at the Fairmont Hotel, a short walk from the campus.

CSU-ERFA Travel Program Postponed

The CSU-ERFA travel program, which had scheduled two tours in Spring 2009, one to Spain and the other to Dubai and Oman, has been put on hold due to the hesitation of members to travel overseas in the current economic climate. A tour that would concentrate on Dubai and other locations in the United Arab Emirates is tentatively scheduled for mid-November 2009. Cost would be in the $3,000 range for a 10 day tour, including all lodging, most meals, all travel in the UAE and other incidental expenses. Round trip air fare to Dubai on non-stop flights from either LAX of SFO on Emirates Airlines is currently about $1,500. Those interested should contact Don Cameron at dcameron@csun.edu for further details.

State Council Meeting, Continued from P. 1

Board Governance Committees. She is also chair of the Performance and Compensation Committee and vice chair of the Investment Committee. Ms. Mathur is a principal financial analyst for Bay Area Rapid Transit District. In that capacity, she arranges financing for multi-billion dollar infrastructure projects, including BART's $1.5 billion earthquake retrofit program.

Before joining BART in 1998, she was a consultant with Public Financial Management Inc., a leading advisor to local governments, bringing to market approximately $2.5 billion in municipal bonds. Ms. Mathur has a Master's degree in Business Administration from the Haas School of Business, University of California, Berkeley, and a Bachelor's degree in economics and literature from Connecticut College.

Neologisms

The Washington Post has again published winners of the neologism contest, in which winners are asked to supply alternate definitions of common words. Here are a few:

Coffee (n.), the person upon whom one coughs.

Flatulence (n.). Emergency vehicle that picks you up after you are run over by a steamroller.

Oyster (n.), a person who sprinkles his conversation with Yiddishisms.

Frisbeetarianism (n.), The belief that, when you die, your soul flies up onto the roof and gets stuck there.

CSU-ERFA News

CSU-ERFA News Box. The CSU-ERFA News Box is an easy way to keep retired faculty, administrators and staff of the CSU up to date on news of importance to them. It can be added easily to any local campus emeriti web site. To see what the News Box looks like just go to the CSU-ERFA main web page (http://csuerfa.org), and scroll down. You will see the News Box at the lower right. It contains links to the four most recent items that we have posted on the CSU-ERFA News & Views page.

Adding the CSU-ERFA News Box to your local campus emeriti web page is very easy. At the bottom of the News Box (in the orange section) is a link with the word "include" underlined. Your local webmaster can click on this link to bring up a web page with the short section of code (actually a java script) that he or she can paste into a convenient location on any desired web page. Contact Mark Shapiro, CSU-ERFA webmaster, for help, if needed, at 714 278-3884 or mshapiro@fullerton.edu.

Fall State Council Meeting. Will be at San Jose State University in the new library building. Accommodations at the Fairmont Hotel, a four block walk. Date is October 17, 2009.

Summer Executive Committee Meeting. LAX Crowne Plaza July 18, 2009.

Constitutional Amendments. One amendment changed the definition of members from "full-time tenured faculty" to "all retired California State University faculty who are CalPERS annuitants."

The other amendment specifies the location of State Council meetings, bringing the constitution into conformity with recent practice. The vote for both amendments was strongly in favor.

Above: CSU-ERFA Nominating Committee, consisting of (from left) Bill Blischke (DH), Don Cameron (Executive Director), Christine Smith (NO), Alan Wade (Sac), and Ted Anagnoson (LA). Not pictured: Dave Elliott (SJ), Chair.

CSU-ERFA New Members

New members joining CSU-ERFA since the November issue of *The Reporter* include:

Dominguez Hills - Lawrence Gray
Don F. Lewis

Fresno - Melanie M. Bloom
Judith C. Neal

Fullerton - Margaret Atwell
John J. Brugaletta
Stewart L. Long

Humboldt - Judith K. Little

Long Beach - Ron P. Raya
Paul C.L. Tang

Los Angeles - Richard Katz

Northridge - Paulette E. Shafranski

Pomona - Harriet M. Lord

San Diego - Linda L. Terry

San Jose - Dolores Escobar-Hamilton
Harry C. Meserve

San Luis Obispo - Christina A. Bailey

Sonoma - Jorge E. Porras

CalPERS News

CalPERS Elects Officers. At the February 2009 meeting, members of the California Public Employees' Retirement System's (CalPERS) Board of Administration unanimously re-elected Rob Feckner to a fifth term as the system's president and George Diehr as its vice president for a second year.

Vice President Diehr, who represents state employees, including employees of the CSU, was first elected to the CalPERS Board in 2002. He is chair of the Investment Committee and vice chair of the Policy Subcommittee, Health Benefits Committee and Ad Hoc Board Governance Committee. He also serves on the Benefits and Program Administration Committee. Diehr said that "our top priorities will be market reforms at a national level, finding creative solutions to reduce health care costs, and protecting our members' and employers' assets."

New CalPERS CEO. In December 2008, the CalPERS Board announced the appointment of Anne Stausboll as the pension fund's new Chief Executive Officer (CEO). Stausboll, 52, is currently the Interim Chief Investment Officer (CIO) for CalPERS.

Stausboll became the first female CEO to lead the pension fund in its 77-year history. She replaced Ken Marzion who had been serving as the Interim CEO since the retirement of Fred Buenrostro from state service in June.

New CalPERS Chief Investment Officer. In January 2009, CalPERS announced that Joseph A. Dear, currently Executive Director of the Washington State Investment Board (WSIB) and Chairman of the Council of Institutional Investors has been named Chief Investment Officer of the $178 billion pension fund. Dear has been with WSIB since 2002, leading nearly 80 staff, including 23 investment professionals overseeing management of $67 billion and 39 funds. WSIB invests in similar asset classes to CalPERS and uses both passive and active management strategies.

CalPERS Health Benefits Report

Continued from p. 1

One-quarter of all prescription plan audits revealed errors that resulted in higher profits for insurance companies, and higher premiums or fewer benefits for beneficiaries. The overcharges to subscribers and tax payers amount to $4.4 billion for 2006 alone. Congress enacted the optional Part D prescription drug plan in 2003.

Losing CalPERS Coverage? Some CalPERS beneficiaries learned more about Medicare Part D in 2008, when they received a call or letter from CalPERS or from their health plan informing them that a Medicare policy prohibits concurrent enrollment in two federal health plans. Examples might include a CalPERS Medicare Advantage HMO and the TriCareForLife health plan for veterans or a spouse with double coverage, also enrolled in a PERS Medicare plan. Individual PERS beneficiaries were informed that they must elect one health plan and drop the other.

An inquiry in October to the Medicare California customer service telephone number confirmed the prohibition against concurrent enrollment in two federal health plans, but the customer service supervisor refused to identify the regulation by title. Her comment: "It is the Medicare policy, and we don't have to tell you any more than that."

In mid-December, a CSU-ERFA member received a telephone call, followed a few days later by a mailed notice from CalPERS, informing him that he and his spouse were to be terminated from his CalPERS Medicare Advantage health plan effective February 1, 2009. The reason for termination: you can't be enrolled in two federal Medicare health plans. He had been enrolled in a CalPERS health plan since the 1960s, and he was enrolled in the TriCareForLife health plan for veterans. Our CSU-ERFA colleague and his spouse are both currently undergoing expensive medical treatments. He elected to stay with the CalPERS health plan and called TriCare to disenroll. He learned that his TriCare is for life; there is no termination. He also learned that veterans who served for twenty or more years in the military are enrolled for life, and when they reach age 65 they must enroll in Medicare. At that point, TriCare becomes supplementary to Medicare.

Thanks to CSU-ERFA webmaster Mark Shapiro (FU) and CSUS webmaster Steve Gregorich (SAC), a survey of the CSU-ERFA membership identified thirteen CSU retirees who are enrolled in the TriCare ForLife health plan as a result of their twenty years of military service. One of the 13 CSU retirees has never applied for a CalPERS health plan and receives health care from TriCareForLife. Twelve of the 13 are enrolled in both TriCareForLife and a CalPERS Medicare plan. None of the 12 received a termination notice.

We were able to promptly inform CalPERS that our colleague's termination notice was based upon a misinterpretation of Medicare policy and a misrepresentation of TriCareForLife as a competing plan rather than supplementary to Medicare. A few weeks later our colleague received confirmation that his CalPERS health coverage is safe.

A follow-up call to Medicare customer service in February confirmed that veterans eligible for TriCareForLife coverage must enroll in Medicare at age 65. They remain enrolled in TriCare, and TriCare becomes supplemental to Medi-care.

Also, the February call to Medicare customer service confirmed that the Medicare prohibition of concurrent enrollment in two plans applies only to the Medicare Part D pharmacy benefit; that is, the prohibition does not apply to Medicare Part A (hospital care), Part B (medical services) or Part C Medicare Advantage plans (HMO or PPO). Finally, the customer service representative said, "If a health plan tries to terminate someone from their Medicare plan, that person can file a complaint directly with Medicare."

We do not know whether the misinterpretation and misrepresentation of the Medicare policy began with Medicare, the health plan or with CalPERS. CSU-ERFA members who received termination letters or have been instructed to give up a health plan should inform CSU-ERFA Executive Director Don Cameron dcameron@csun.edu or David Humphers, health benefits chair, humphers@csus.edu or leave telephone messages for both at the CSU-ERFA office, 818-718-7996.

What Exactly Is Going On With the State Budget?

In theory, the legislature closed the 2008-09 and 2009-10 budget gaps during its February session. In practice, as the Legislative Analyst pointed out in his report March 13th, nothing is as it seems. The following is drawn from the report, available at http://www.lao.ca.gov.

What did the legislature do?

In February, the legislature and governor signed off on a $42 billion package to close the budget deficits for both fiscal years and build up a $2 billion reserve. The package had four parts:

A. Spending reductions. More than $15 billion in spending reductions, with the largest going to the K-12 schools, as well as measures furloughing state workers, eliminating inflation adjustments for many state programs, and other reductions.
B. Tax increases. $12.5 billion in temporary tax increases, mostly from the sales tax, vehicle license fee, and personal income tax.
C. Borrowing. The package includes $5 billion in borrowing from future Lottery profits, which requires the passage of Prop. 1C at the May 19th general election.
D. Federal Funds Anticipated. The package assumes the receipt of $8.5 billion in federal stimulus funds. These are to be used to help balance the budget.

Triggers. There are two. A **Federal Funds Trigger** provides that if California receives more than $10 billion in stimulus funds, $28 billion in cuts will not take place. A second trigger comes from **Prop. 1A.** If adopted, the sales tax increase is extended for one year and the vehicle license fee and income tax increases will be extended for two years.

2009-10 Budget. The state has already adopted it in this package. The May revise is delayed until after the May 19th special election.

Sales Tax. There is a one cent increase in the Sales and Use Tax, effective 4/1/09, raising the state rate to almost 6% and the average state and local rate to almost 9%. If Prop. 1A fails, the tax will lapse on July

(Continued on the next page)

Retiree Profile

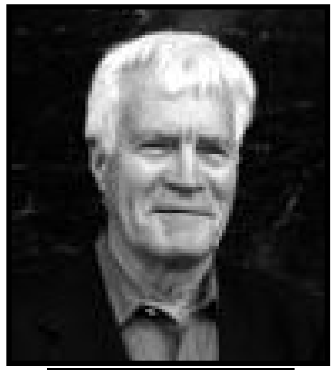
We continue with our series of CSU-ERFA retiree profiles, focusing on what retirees have done during retirement. Suggestions for others to profile should be forwarded to the editor.

Alan D. Wade

I arrived at Sacramento State in 1967 as first Dean of the then-new School of Social Work at the expanding capital campus. I resigned from a tenured faculty position at the University of Chicago School of Social Service Administration, where I taught public social welfare policy and was active in the welfare rights/civil rights movement. I also served my profession as president of the National Association of Social Workers.

Believing that the good faculty member should serve his time as dean and move on, I took a two year leave when I served as director of the social work program at the University of Minnesota.

I returned to Sacramento in 1974, as a professor once more. Before my retirement in 1992, I had served four year terms as campus CFA president, academic senate chair, and statewide academic senator.


Alan D. Wade

I am a passionate believer in the importance to society of the California State University system, and believe strongly that retired faculty and staff have great potential power in protecting and advancing the impact of that beleaguered institution.

I have been president of CSU-ERFA's local affiliate for more than two years.

In addition to my efforts at keeping colleagues informed about campus and systemwide issues, I have spent many years as president and trustee of SARA (Save the American River Association), a local grass-roots conservation group devoted to the preservation of the lower American River and the Sacramento County Parkway, a unique five thousand acre intra-urban nature preserve along its banks.

I also keep pushing my body, sometimes beyond respect for the limits of aging, in various sports including skiing, handball, and kayaking—at none of which I particularly excel.

I live a more or less genteel retired life with my life partner, the incredibly supportive (to say nothing of lovely) Lynda White, a more or less retired Physician's Assistant who tries to help me focus. I have two living children, Lucia who is a police officer, and Doug, a cabinet maker and former stock car race driver.

An Explanation of the State Budget, from preceding page

1, 2011. If it passes, the tax is extended for one more year.

Personal Income Tax increase of 0.25% (one-quarter of 1%) for each of the seven tax rates. The top rate used to be 9.3%; now it will be 9.55%. The lowest rate will increase from 1% to 1.25%. The change is subject to both of the budget triggers above. If Prop. 1A is approved, then the tax will end after tax year 2012. Otherwise, it ends after 2010.

Vehicle License Fee Increase. The VLF goes up in May 2009 from 0.65% to 1.15% and is subject to the Prop. 1A budget trigger. If the proposition passes, it sunsets on July 1, 2013. If it fails, the sunset date is July 1, 2011.

Personal Income Tax Dependent Credit. The existing credit of $309 in 2008 is reduced to $99, also subject to the Prop. 1A trigger. If Prop. 1A passes, the change sunsets after tax year 2012; otherwise, after 2010.

Three Temporary Tax Reductions. One is a tax credit for the film industry. A second is a credit for $3,000 per additional employee hired for companies that increase net employment. A third is a credit of $10,000 or 5% of a home's purchase price for the purchase of a primary residence between March 1, 2009 and March 1, 2010. Taxpayers must occupy the home for a minimum of two years to claim the credit. The credit is limited to $100 million; it will cost $33 million in 2009-10.

Multistate or Multinational Corporation Tax Calculation Option. Multistate or multinational corporations that now calculate their corporate tax as a proportion of total company sales, workforce, and property attributable to its California operations would have the option of using only sales for the calculation. No one knows how much this benefit will cost, and estimates range from hundreds of millions of dollars to billions.

Propositions. The whole budget is subject to six propositions that will appear on the May 19th special election ballot.

Prop. 1A - changes state budgeting practices and requires a larger rainy day fund.

Prop. 1B - provides $9.3 billion in supplemental payments to education in lieu of 2007-08 and 2008-09 Prop. 98 funds. Its provisions go into effect only if 1A passes.

Prop. 1C - authorizes borrowing against future lottery profits.

Prop. 1D - allows the redirection of Prop. 10 child development funds to the general fund through 2013-14.

Prop. 1E - allows the redirection of Prop. 63 mental health funds to the general fund through 2010-11.

Prop. 1F - limits state elected officials from receiving pay raises in certain cases when the state ends the year with a deficit.

Public opinion regarding the propositions is uncertain, with early polls indicating opposition to several of the measures.

Even if all six propositions pass, the legislative analyst projects that the national and state economies are performing so poorly that the 2009-10 budget will be down almost $8 billion, offset by $2 billion in the state emergency fund.

In Memoriam

Fresno - Carlos A. Contreras
Robert Valet

Humboldt - Jack A. Shaffer

Long Beach - Edwin Becker
Leroy C. Hardy

Los Angeles - Roland L. Carpenter

Northridge - Mary Jane L. Evans
Charles F. Sanders
William Schlosser

Sacramento - John C. Egan

San Diego - Ruth Andrus
Vince Padgett
Muriel Standeven

San Francisco - Thomas P. Lantos
John C. Tegnell

San Jose - Wilfred G. Iltis

Stanislaus - James P. Jensen

At the February CSU-ERFA Executive Committee Meeting

At right, CSU-ERFA Treasurer Mark Shapiro explains a point to Executive Director Don Cameron.

Below: David Humphers, chair of the Health Benefits Committee, at left, next to Bob Bess, chair of the Legislative Affairs Committee.

Fall Election Turnout Rate

Final results for the November 2008 election, according to the Secretary of State, show that 79.4% of registered voters turned out, the highest since 1976 but well under the record of 88.4% set in 1964. Of those ballots cast, 41.6% were cast by mail.

CALIFORNIA STATE UNIVERSITY EMERITUS AND RETIRED FACULTY ASSOCIATION
The Retirement Center
18111 Nordhoff Street
Northridge, CA 91330-8339
http://www.csuerfa.org

Have you moved? If so, please report your new address to the CSU-ERFA office at the above address.

Address Service Requested

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