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*Inside this issue:*



# What's Really Happening With the State Budget Negotiations?

By Alan Wade, Chair, CSU-ERFA Legislative Committee

It could easily be reported as a circus, a dance, a sports event, or some other kind of entertainment, if it weren't so important for California's future. I refer, of course, to Governor Jerry Brown's ongoing efforts to fix our $28 billion budget deficit. For those who haven't been paying attention – for which one couldn't be blamed, since much of it is incredibly boring and repetitive – the governor is proposing a rather simple *quid pro quo* to the legislature.

He is proposing cuts of $12.5 billion in current state expenditures, about a third of the total to be whacked from the state's already frayed safety net for the poor, the aged, the disabled. Brown, always ambivalent about public higher education, proposes to take another $1.4 billion from the three segments of higher education combined. He also has a number of proposals to shift costs to the localities, and urges the elimination of "enterprise zones" and funding for redevelopment agencies.

Left out of the cut side of the equation thus far are two huge cost centers: K-12 education and prisons/corrections. The latter is too hot to touch, the former will be on the block if the other part of the governor's bargain—the five year extension of temporary tax increases—is either not

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# Jelincic to Speak April 23rd at State Council Meeting at LAX

CSU-ERFA's State Council will meet Saturday April 23, 2011 at the Crowne-Plaza Hotel at LAX at 10 a.m., with J. J. Jelincic, member of the CalPERS Board of Administration, as the guest speaker. The council will hear a variety of reports on the current situation for CSU faculty retirees from members of the executive committee and committee chairs. In addition, the council will elect CSU-ERFA's officers for two-year terms, starting July 2011.

The nominating committee, consisting of past CSU-ERFA president Don Dewey (Los Angeles) as chair and members David Elliott (San Jose), Larry Ianni (San Francisco), Rita Jones (Long Beach) and Judith Stanley (East Bay), recommends the election of Barbara Sinclair (Los Angeles) as president, William Blischke (Dominguez Hills) as vice president, Rita Jones (Long Beach) as secretary, and Harry Sharp (San Luis Obispo) as treasurer. Sinclair is currently CSU-ERFA's vice president, and Blischke is currently the organization's liaison to the Statewide Academic Senate.

J. J. Jelincic, member of the CalPERS Board of Administration, and the guest speaker for the April 23rd State Council meeting.

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# From the President...

**Headlines.** Budget deficits. Spending cuts. Tax rate extensions. Program deletions. Public sector employment reductions. Public employee pension reforms. That's what headlines are made of these days. (Not to mention the political turmoil in Egypt, Libya, Yemen, etc.)

**Affecting us?** It would be nice if retired faculty were not affected by those issues. In fact, most of them don't have any direct bearing on us. But – what about retirees and emeriti of the future? It's highly unlikely that their retirement benefits will look the same as ours. The question then: Is there anything CSU-ERFA, as an organization of public sector employees, can do about it?

**Our position?** This question was addressed at the February meeting of the executive committee, and the decision was made for our organization to take positions on some of the most important public sector issues in the state of California – and make them public.

The task to develop statements to that effect was assigned to CSU-ERFA's legislative committee. You will see the results of their work in a resolution for the State Council meeting in April.

As a retiree organization we have, of course, taken positions before on policy issues, but in doing so our focus has been on matters pertaining to health benefits and on legislative proposals specifically related to the concerns of our members.

And we are of course constantly monitoring the performance, program developments, and administrative changes of CalPERS, as well as sharing our concerns with the appropriate CalPERS officers or personnel.

When discussing the question of taking a public stand on the current state budget problems, the executive committee was fully aware of the fact that complete unanimity on political issues like this one among our members is unlikely. However, there was complete agreement that the current budget situation and the consequences of how it will be dealt with in Sacramento require us to take a position.

All of this will, of course, be open to discussion at the April meeting of the CSU-ERFA State Council.

H. Dieter Renning
President, CSU-ERFA

# State Council Meeting in April to Feature J. J. Jelincic as Keynote Speaker

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In addition, three at-large members of the state council will be elected for three-year terms. The committee recommends the election of Joan McCauley (Long Beach), Maynard Moe (Bakersfield), and Barry Pasternack (Fullerton).

At-large members whose terms continue are Adnan Daoud (San Jose), Donald Gerth (Sacramento), and Marshelle Thobaben (Humboldt) until 2012; and Judith Hunt (Sonoma), Larry Ianni (San Francisco), and Robert Maurer (Chico) until 2013.

The main speaker, J. J. Jelincic, was elected to the CalPERS board in December 2009 to represent all CalPERS members and is currently vice chair of the policy subcommittee of the investment committee and serves on the finance and health benefits committees as well. He is a veteran employee of CalPERS with a wide range of investment experience, having worked in the global equity, fixed income, and real estate units of the investment office.

Jelincic is also the past president of the California State Employees Union (CSEA), which represents 140,000 active and retired state employees. He served in 2004 on the California Performance Review, which developed a long series of proposals to reform state government. He has a bachelor's degree in economics from St. Mary's College and an MBA from Golden Gate University.

# Editorial: "The Unfolding Drama,"

## By Dave Elliott, CSU-ERFA Past President and Member of the Legislative Committee

The unfolding drama in Sacramento promises to be interesting in the coming weeks. Our new veteran governor has proposed balancing the next state budget with equal portions of cuts and tax extensions, and the Republicans have decided to hold it hostage until it's "ransomed" by major pension reforms. Not to be outdone, the governor has predicted a complete evisceration of the state's K-12 schools as the inevitable consequence of a failure to extend the taxes he has proposed.

Those of us who are already retired can afford to ignore this drama, because our pensions are secure, but I assume most of us are concerned about the rights of the next generation of faculty and the long-term viability of our great university. Some cost saving adjustments have already been made to the present system, and the employee organizations have agreed to others. But the Republicans in the legislature and their anti-tax allies probably won't settle for anything less than the replacement of our defined benefit system with a 401(k) style defined contribution arrangement.

Ironically, the politicians who oppose the tax extensions accuse the governor of holding the schools hostage. They say it is his refusal to consider serious pension reform that threatens our schools. They charge that our "huge" pensions are siphoning billions away from the schools and are placing the future of an entire generation of California children in jeopardy.

In response to this charge, I would observe first that we are currently experiencing the worst recession our nation has seen since the Great Depression, and our pensions did not cause it. The securities and banking interests that often oppose decent pensions for public employees are the ones who created this mess. In addition, thanks to the crippling effects Proposition 13 has had on local property tax revenues, the state is now obliged to pay two-thirds of the costs of K-12 education. Prior to Proposition 13, the state's contribution was usually around one-third. And, as a consequence of this enormous shift of responsibility for school funding to the state, our K-12 schools now account for over 40% of the state's total spending. According to CalPERS, public employee pensions account for only 2.5%.

In response to claims about how inflated public employee pensions are, we need to ask people to look at ALL of the facts. It is a fact that 9,111 CalPERS members receive an annual pension allowance of over $100,000, and this does complicate efforts to defuse concerns about the costs of public pensions. But it is also a fact that the average CalPERS allowance is only $2,500 per month ($30,000 per year, not $100,000). Those who receive $100,000 or more constitute a mere 1% of CalPERS retirees, and 50% of its annuitants receive less than $1,600 per month.

We should not minimize the problems still facing our venerable retirement system. The fund has sustained substantial losses and getting things back on track will take time and commitment. But I think we should demand facts, not hysterical claims, from those who are trying to force future public employees to invest their trust in the vicissitudes of the market. The current recession has taught millions of Americans that a lifetime of investment earnings can shrink drastically just when they are needed most.

For more information about the fiscal health of our retirement system, check out "Myths vs. Facts" at the CalPERS web site at: <www.calpersresponds.com>.

# Letters to the editor...

**To the editor:**

PERSCare and Anthem/Blue Cross have directly opposing requirements resulting in a Catch-22 situation for some California retirees facing serious health care needs. It seems to me that the policies now in existence should be reviewed carefully to ensure that others do not become overwhelmed when dealing with life threatening health problems.

My dilemma occurred last August after a knee replacement became infected that could have resulted in the loss of my leg. After Medicare had reviewed my case, Anthem/Blue Cross indicated that they would not cover the expenses for antibiotics because I did NOT have Medicare Part D. CalPERS, however, tells us that we must NOT enroll in Medicare Part D. Neither

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# Letters to the editor

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would cover payment for the necessary 4th round of antibiotics.

Since the infection was very aggressive, I was sent home from the hospital a second time with a PICC line in my arm and forced to pay $796 out of my own pocket for the two weeks' supply of Vancomycin. Then I was billed an additional $530.40 (that later turned out to be an erroneous charge). Had this happened to someone in less robust financial condition, the outcome could have been disastrous.

[Ed. note: a PICC is a peripherally inserted central catheter used for extended chemotherapy or antibiotic therapy.]

The resulting medical and insurance difficulties prompted me to contact David Humphers, our CSU-ERFA health benefits chair, who was instrumental in providing guidance and assistance for me as I navigated the muddy waters of PERSCare and Anthem/Blue Cross health insurance coverage. David wrote an article about my situation for the November issue of *The Reporter* and, since the final reimbursement check arrived today, January 24, 2011, I thought it appropriate to write this letter to encourage continued efforts to clarify the opposing requirements and to bring you up-to-date on my condition. Now that the infection has cleared, I have begun physical therapy and have become strong enough to drive again.

Those of us in CSU-ERFA are of an age where we are faced with ever more serious health issues and we need to be supported by our health insurance – not blocked from obtaining the care we require. My thanks go to David and the CSU-ERFA team, Without CSU-ERFA there to help me, I might have fallen prey to the attempts to wear me down and lost my leg in the process. I hope that CSU-ERFA will be able to continue to remind CalPERS where their responsibility lies - to their constituents, the retired public employees of the state of California.

Janet C. Fisher-Hoult
Professor Emerita, CSULA

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**To the editor:**

Just a note to say how much we have appreciated your appraisal of the 2010 ballot measures. They are the most clear and thoughtful assessments that we have seen. We refer back to them when measures are being discussed these days on television and in the press.

Thanks.

Susan McKillop, Art and Art History
Sonoma State University

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**To the editor:**

Here is a correction to the article about the New Health Law and CALPERS Health Plan. On p. 8 under "Medicare Advantage Plans" it stated that only Kaiser is a Medicare Advantage Plan in CalPERS. Not true – Blue Shield HMO became a Medicare Advantage Plan in 2010.

Diana Wolff, Teacher Education
CSU Dominguez Hills

**Response**: As usual in the health policy world, reality is much more complicated than it seemingly needs to be. Prof. Wolff is correct – for Los Angeles county. The Blue Shield supplemental plan for those on Medicare is a Medicare Advantage Plan for parts of Fresno, Kern, Madera, Riverside and San Bernardino counties, and for all of Los Angeles, Orange, San Luis Obispo, and Ventura Counties.

For the other 49 counties in the state, it is the same Medicare employer supplemental plan that it has been in the past.

Many thanks to Prof. Wolff for the correction.

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**To the CSU-ERFA executive director:**

I wish to express my appreciation to the CSUERFA for its financial support to my research project entitled "Evaluation of APEC's 2011 Agenda compared to findings in the development literature."

While I'm grateful for the financial contribution I'm even more grateful for the fact that my retired CSU colleagues have given me "a pat on the back." That's an especially important aspect of the Association's program.

I will send a progress report in early June and a final at the end of November of 2011.

Best wishes and thanks again,

Robert (Bob) Curry

(**Ed. note:** See p. 7 for related story)

## CSU-ERFA New Members

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

**Chico** – Karl J. Wahl

**Dominguez Hills** – Jeffer S. Badrtalei
Iris A. Baxter
Carole A. Shea
Avrum M. Turk

**East Bay** – Benjamin Bowser
Stephen Philibosian
Henry F. Reichman

**Fullerton** – Earl E. Gotts, Jr.
Frayda D. Hoffnung
Roberta E. Rikli

**Long Beach** – Dixie A. Grimmett
Bonnie J. Rader

**Northridge** – Corinne Barker

**Sacramento** – Alice W. Carney
Guy E. Deaner

**San Diego** – Ronald J. Gervais

**San Jose** – Patricia R. Burns
Charles J. Bryne
Isaac Cohen
Kenneth R. Haycock
Kathryn J. Linholm-Leary

**Sonoma** – Carolyn Saarni

**Stanislaus** – J. Sue Fletcher
Gary D. Novak

# The Case Law Supporting Pensions in California

## By Tom Donahue, Pre- and Post-Retirement Concerns Committee

**Q: Please discuss for us layperson non-lawyers any additional examples of case law supporting our CalPERS retirement provisions.**

A: The internet contains an extremely useful discussion of case law from the CalSTRS meeting of September 3, 2010. This resource, which contains a meeting handout presented by Brian J. Bartow and Harvey L. Leiderman, has a forbiddingly complicated web address, but you can find the site if you Google the following: “teachers retirement board regular meeting funding issues” (without the quotes). The document will come up as a PDF. The middle portion is devoted to "State Contributions," followed by "Legal Limitations on Modification of Member Benefits" (pp. 4-8).

Most important for members of CalPERS is the discussion in the appendix of the document, with separate lists and comments for “Vested Rights Cases,” including *Betts vs. Board of Administration*, discussed in the last issue of this newsletter, and "Funding Obligation" cases. Most of the decisions listed there can be pursued further by using the Google search engine if desired.

Of particular interest is Kern v. Long Beach (1947), in which Mr. Kern sued to make the City of Long Beach pay him a pension under a provision of the city charter that was repealed shortly before he was to retire. The decision confirms that the right to a pension vests on acceptance of employment and that pensions are protected by the contract clause of the U.S. constitution, which holds in Article 1, section 10, clause 1, that "No state shall pass . . . any law impairing the obligation of contracts." The specific language in this case is: "We conclude that petitioner has a vested pension right and that respondent city, by completely repealing all pension provisions, has attempted to impair its contractual obligations. This it may not constitutionally do."

In *Miller v. State of California* (1977), plaintiff Miller, required to retire at age 67, sued for a pension sum which he believed was promised to him through his intent to work in his state position until the age of 70. The court found against Miller, but did confirm the earlier decision that “upon acceptance of public employment plaintiff acquired a vested right to a pension based on the system then in effect.”

Affording all a sigh of relief in addition is *Board of Administration v. Wilson* (1997). In the 1990s CalPERS sued to stop a scheme in which the legislature would allocate pension funds “in arrears”—a fiscal year later than the time of an employee’s work service. The court found, as Bartow and Leiderman phrase it, that on the state level “a ‘fiscal emergency’ did not justify failing to pay required contributions to CalPERS,” and that “'in arrears' public pension financing was an unconstitutional impairment of contract.”

If you have questions for this column, please e-mail dunnie10@sbcglobal.net.

## April 6 - 50th Anniversary of Two CSU Milestones

The CSU on April 6th of this year celebrates the anniversary of two important steps on the road to governance taken by the new Board of Trustees fifty years ago.

At that meeting the Board (1) named Buell Gallagher, then president of City College of New York, the first Chancellor of the California State Colleges, and (2) affirmed that it was Board policy that “a representative faculty body be established at each state college for the purpose of participating in the determination of educational and professional policy.”

By naming a nationally respected educational leader to head the new system and establishing a role for faculty in college governance, the trustees were optimistic that the basis had been established for development of a fully functioning academic enterprise.

(Continued at right)

Unfortunately, Gallagher’s tenure as Chancellor was to last only 10 months, and wrangling over the specific responsibilities of faculty on campuses and within the system was to continue for the foreseeable future.

## What’s Really Happening With the State Budget?

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accepted by the legislature, or makes the June ballot but is defeated by the voters.

The legislature must accept both the proposed cuts and the ballot initiative by mid-March. Democrats are balking at the severity of some of the cuts, but the Republican minority remains in control with their sworn ideological commitment to no tax increases. The minority, it is now rumored, is demanding that the governor add pension reform to the bargain. He may not be able to resist, given the huge national push to blame public services and public employees for the state of the economy—a convenient smoke screen under which the real culprits can hide their plan to destroy the middle and working class by transfer of total control of public pension funds to the private financial system.

Pensions of current retirees are probably safe at the moment. The CSU system may endure, but students will either be turned away, pay higher tuition costs, or by default turn to publicly-subsidized commercial educational enterprises. Even the current cuts in the social safety net will have huge consequences—people will die. And these all assume passage of the tax extension!

If not, then what? Well, the world won’t come to an end. But the California that we have known will be drastically altered. The next big circus will come by 2012, when the re-districting reforms kick in and legislators can no longer choose their own constituents.

# ASCSU Report - Still No Faculty Trustee

## By Bill Blischke, CSU-ERFA Liaison to the Statewide Academic Senate

**I reported on CSU-ERFA.** In the eighteen months during which I have served as liaison, other CSU groups representing the faculty union (CFA) and the students (CSSA) have been a formal part of the Statewide Senate agenda and have provided reports on their organization's activities and initiatives. For the first time in my tenure as liaison, I was invited to do so on behalf of CSU-ERFA. Since a number of Senators were either uninformed or ill-informed about CSU-ERFA, this was a very valuable opportunity. I gave them a "CSU-ERFA 101" overview and answered a number of questions.

**Faculty representative on the board.** Before I encapsulate the major action items from the plenary session, I would like to mention several non-agenda items that were discussed. First, during these unparalleled and challenging budgetary times, the faculty remain without a faculty representative on the board of trustees. Our new governor has not as yet corrected his predecessor's negligence. Hopefully, he will do so shortly. At any rate, that representative's two-year term is almost over, and the senate has initiated the process for nominating his successor.

**No Chancellor Reed.** Secondly, Chancellor Reed has seldom met with the Senate at a plenary session. A number of other chancellor's office administrators (most of whom have been very informative and responsive to questions) have been on the agenda. However, it is a continuing and publically-expressed concern of many Senators that the chancellor has seldom attended Senate meetings in the last few years.

**Budget situation.** The third general issue, not surprisingly, was the budget. As most of you know, the Governor's budget includes a $500 million cut from each of the CSU and the UC. If Governor Brown's proposal to extend several existing taxes for five years is not placed on the June ballot and/or does not get approval from the voters, another half billion dollar reduction for each of the two senior higher education systems in California will be required. The CSU has lost over 1,700 FTEF in the last few years. This has resulted in a significant increase in class size and in the proportion of non-tenure-track faculty. Given the fact that it takes a two-thirds vote of the legislature to place the item on the ballot, a simple majority of the voters may never have the chance to decide the issue. (An editorial observation: one of the basic tenets of democracy is control of an organization or group by the majority of its members. Our state and country have drifted into control by the minority. Whether it is voting to put this proposition on the ballot, passing a state budget or ending a filibuster in the U. S. Senate, 33% to 40%, depending on the body, can block the decision. I respectfully recommend that CSU-ERFA and all other organizations in which each of us is involved stand up for majority rule.)

**Support for the Statewide Senate.** In terms of the Senate action items at the January meeting, thirteen resolutions were approved and there were a number of first-reading items that were carried over to the March session. As usual, I will highlight a few of them and refer you to the Senate website for additional information. One item concerned support for the CSU Academic Senate's operations (AS2981-10). The staff has been downsized, and teleconferencing has been used increasingly for committee meetings to reduce travel costs. Additional cuts will make it very difficult for ASCSU to effectively represent the faculty regarding non-union issues.

**On-line courses.** On-line courses and programs have proliferated in the CSU (and throughout higher education) in recent years. In order to utilize this marvelous new technology, compete with for-profit internet programs, and, in some cases, in order to cut costs, all CSU campuses have developed this rapidly-evolving pedagogical modality. AS2989-10 recommended the creation of a task force to develop systemwide policies regarding on-line programs in order to assess and ensure the quality of these distance-learning degree programs.

**Increase in lecturers.** As noted above, an increasing percentage of CSU courses are being taught by part-time faculty. This significantly increases the advising, committee responsibilities, and other non-teaching workload of the diminishing proportion of permanent, tenure-track and tenured faculty. A joint board of trustees, administration and faculty commitment to reverse this trend was central to "Access to Excellence," "Cornerstones," and more specifically, in "A Plan to Increase the Percentage of Tenured and Tenure-Track Faculty in the CSU." The Senate resolution (AS2991-10) strongly urged the chancellor and the BOT to "advocate aggressively with the Department of Finance, the legislature and the governor's Office to implement fully the goals jointly agreed-upon." Given the budget difficulties this will be extremely difficult. However, the action is central to the future of the CSU. Action item AS2992-10 focused on the unauthorized commercial use of class materials (cf. the NoteUtopia website for a prime example of this). The board of trustees and the chancellor's office have been pushing prematriculation remediation programs under the rubric of "Early Start." The Senate is concerned about the cost of these programs to the students and the campuses as well as their effectiveness. AS2995-10 requests an interim progress report on Early Start programs.

**Decision making in the Statewide Senate**. The last major issue that simmered off and on during this two-day meeting concerned the decision-making processes within the Senate itself. In the more than one-hour of sometimes vitriolic exchanges, veiled accusations of cronyism, oligarchy and non-inclusiveness were directed at the Senate leadership. The major change that was proposed was that standing committee chairs be elected by the Senate instead of appointed by the chair of the Senate. The ultimate temporary resolution of this and other related issues was to create a taskforce to review the ASCSU bylaws as a whole. It wasn't clear who would be selecting members of the task force, how many members it would have, how its chair would be selected, etc. This seems to be to be an example of the classic "sweep the dirt under the rug" approach. Stay tuned!

I want to conclude with a tease that might help bring you back to this column in the next issue of *The Reporter*. There was a first-reading item on "student response systems" or "clickers." If you are curious, "Google" it in your spare time.As always, for more information, go to the ASCSU website or email me at wblischke@csudh.edu.

## Health Benefits Report

# Caveat Emptor: LTC Insurance

By David Humphers, Director, Health Benefits, and Chair, CSU-ERFA Health Benefits Committee

We are living longer and will need help. Buying long term care (LTC) insurance is not enough. Be sure to ask your long term care provider about the quality, availability and timeliness of "customer service" before you need help. This brief report is the result of the third request for help from three different California locations seeking the attention of CalPERS Long Term Care (LTC) program that I have received in the past four months.

Professor and Mrs. John Doe are residents of that great city in the shadow of the San Gabriel mountains. One is age 93; the other 83. They have been paying the LTC premium since CalPERS initiated the program.

Three months ago he had a stroke. She has his "power of attorney." The LTC program informed her that he had been approved for care. That was the good news. The problem began when she tried telephoning LTC for information and help; no response. The Minnesota LTC insurer sent her a letter requiring that she collect and submit full documentation of her husband's care within 30 days of the dated letter. Full documentation means identification of his care, identification of care takers, their fees, copies of checks and receipts, etc. The postal date on the envelope was a week after the date on the letter-head; she received the letter the third week after it was written. LTC required that full documentation must be on the desk in Minnesota within thirty days of the dated letter.

Overcome with frustration after two months of unanswered calls to the LTC program headquarters, she tried telephoning CalPERS for help. She found the CalPERS automated telephone system unfriendly. She said "Every time I entered my husband's Social Security number, the telephone line disconnected." She is considering not paying the quarterly LTC premium in March because she cannot get any help from the LTC customer care.

Most of us will require some help in our senior years. It appears that paying the LTC premium will not automatically result in responsive customer service. Ask your LTC insurer what kind and quality of customer service will be provided before you need it.

# CSU-ERFA Grant Committee Makes 7 Awards

The CSU-ERFA grant committee, consisting of Sally Hurtado de Lopez of Sonoma as chair, Judith Hunt of Sonoma, Beatrice Pressley of East Bay and Iris Shah of Northridge, announced in February a total of $4,000 in awards to seven applicants.

The awards are for CSU-ERFA members pursuing scholarly research, creative projects, and publications. Reports on the projects are due in approximately one year.

The awardees and their projects are:

• **Helen Jaskoski of CSU Fullerton**, to complete a book, tentatively entitled *Coyote in the Air with Birds*, analyzing translation and its effect on meaning in selected American Indian texts.

• **Terry Christensen of San Jose State University**, to support a community campus project to create an urban, linear park on an abandoned railway line. Students will help clean up the trail and paint a mural on a wall adjacent to the trail.

• **Daniel Kessner of CSU Northridge** to support a concert performance of 'Tempo', The Epicenter Music Performance Organization, an ensemble of CSUN faculty and alumni, specializing in music of the 20th and 21st centuries.

• **Robert L. Curry of CSU Sacramento** to evaluate the Asia Pacific Economic Cooperation's 2011 agenda to stimulate economic development in comparison wtih the findings in the literature.

• **Phillip Timothy Gay of San Diego State University** for a film documentary on overcoming obstacles to post retirement professional intellectual and personal growth among professors emeriti.

• **Norma B. Tarrow of CSU Long Beach** for a study of Nevgev Bedouin Access Program, focusing on the gender gap that shows boys dropping out of school at high rates.

• **Donald Wort of CSU East Bay** to present his current research on bank mergers at a conference.

# CSU Retiree Member of the Statewide Academic Senate to be Selected

All CSU faculty retirees are eligible to be selected as the CSU faculty retiree member of the Statewide Academic Senate. Nominations are due by May 2nd. The term is for three years, starting July 1st.

Membership in the CSU Academic Senate (ASCSU) includes two senators from each campus plus an additional senator from each of the seven largest campuses. To these numbers are added the past chair if he or she is not an elected member; the chancellor or his representative, currently executive vice chancellor Ephraim Smith; and "one emerita/emeritus selected by the CSU Emeritus and Retired Faculty Association," currently Dr. Harold Goldwhite, emeritus professor of chemistry and biochemistry at Cal State LA.

Nominations must include a personal statement that the nominee will serve the three year term and make periodic reports for CSU-ERFA, a brief summary of the nominee's resume, a statement from the nominee describing why the nominee would be an appropriate choice, and at least three references. Nominations go to the CSU-ERFA office at the address listed on page two of *The Reporter*. Complete application details are available from the CSU-ERFA office or from the web site: http://www.csuerfa.org.

The selection committee consists of Profs. Dieter Renning, President of CSU-ERFA, two members of the CSU-ERFA Executive Committee, Judith Stanley of East Bay and Ted Anagnoson of Los Angeles, two members of the State Council elected by that body in April 2011, and Dr. Don Cameron, CSU-ERFA executive director, who serves as non-voting staff to the committee.

# Has President Obama's New Health Reform Law Been Repealed?

By Ted Anagnoson, Editor

Drew Altman, President and CEO of the Kaiser Family Foundation, addressed this question in his monthly blog on the new health law. What does the public think the current status of President Obama's health reform law, the Patient Protection and Affordable Care Act (PPACA), is?

The exact question asked in the latest Kaiser Family Foundation Health Tracking Poll was: "As far as you know, which comes closest to describing the current status of the health reform law that was passed last year?"

The answers:

- 52% of the American public think "it is still the law of the land."
- 22% think "it has been repealed and is no longer law."
- 26% "Don't know / Refused."

Astoundingly, almost half of all Americans either don't know the law's current status or they think that the law has been repealed.

They obviously are responding to the Republican rhetoric that the law should be repealed, a major component of their election campaign last fall, or to the House of Representatives vote in January to repeal the law. Of course, the House vote is only symbolic – even if the Democratic-controlled Senate were to pass the bill, President Obama would veto it, and you need a 2/3rds vote to overturn a Presidential veto.

For a political scientist (your editor), these are very discouraging results, even for someone who constantly tells friends and classes that Americans are at the most fundamental level not very interested in politics, don't pay close attention to politics, and are really interested in other things. And then we have the partisan differences – only 12% of Democrats think the law has been repealed, while 30% of Republicans do. (Of course we know that almost half of those who consider themselves Republicans either don't know or think that President Obama was born abroad – again provoking the same question!).

As of this point, we have five federal judges who have weighed in on the law, with three finding it constitutional and two unconstitutional in part. Obviously the Supreme Court will have the final say. Should they rule the law unconstitutional, there are other ways to provide universal health care (single payer, for example), but they were all less politically feasible in 2009-10 than the individual mandate approach chosen, when the Congress was less politically conservative than it is now. Short of stronger Democratic majorities in both houses, they probably can't be enacted in the short run.

My reaction to this public opinion finding is the same as Drew Altman's. He writes, "As someone who once taught a course called "The Policymaking Process" in a political science department at a major university, it is a little jarring to learn that almost half the American people do not know the difference between a symbolic repeal vote in the House and the actual repeal of the law."

# CFA Report: Tough Times for Collective Bargaining

By Dave DuFault, CSU-ERFA Liaison to CFA

Immediately following Governor Brown's budget proposal for 2011/12, CFA President Lillian Taiz drew attention to the $500 million proposed cuts to the CSU and said "While we are well aware the state must put its fiscal house in order…it is clear that the proposed cuts, if enacted could have a devastating impact on faculty and students." Taiz also stated principles for the CFA in bargaining.

As the governor announced his proposed budget, CFA resumed collective bargaining on the 2011-12 successor contract. CFA stated that its goals for bargaining were to stabilize the teaching force, defend quality education and protect jobs and teaching conditions affecting faculty and students.

In response to the grim budget situation, the CSU administration offered several serious contract take backs. According to CFA these are in three areas, job security and workforce stability, "an administrative power grab, and an attack on due process rights."

**Take backs**. In the first category, "job security and workplace stability," CFA believes these suggested changes point to the CSU's continuing preference for temporary over tenure-track appointments" and to an attempt "to transfer the. . . faculty into an at-will force."

The requested "take backs" include:
1. An exception to the order of layoff rules by which a president "could ignore seniority" of a faculty member who "did not possess, in the president's opinion, "the appropriate specialty."

2. Cancellation of "the right to a three-year assignment after six years of continuous, satisfactory service."

3. Taking back "various preferences for work rights" won in previous contracts.

4. Eliminating "a faculty member's right to (temporary) unconditional full-time appointment." Appointment would be at the "discretion of the campus president."

5. Denying coaches "unconditional full-time appointments…."

The second category of take backs, called by CFA an "administrative power grab," included:
1. New authority for presidents to control the frequency of student evaluation of faculty and other aspects of the evaluation process.

2. Expansion of presidential discretion "over appointment rights for non-tenure track faculty" and the weakening of "their entitlement rights."

3. Weakening of CFA's "ability to represent the faculty by charging CFA more" for reassigned time, thus decreasing the union's ability to defend the contract.

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# Complications Involved in Reforming Medicare

By Ted Anagnoson, Editor

*This is the first of an occasional series of articles on the complications involved in reforming Medicare and Social Security.*

Eugene Steuerle of the Urban Institute is one of America's premier "public sector" economists. He and Stephanie Rennane have calculated how much an average couple pays in to Medicare while they are working, compared with how much their health benefits will cost if they live the average number of years (17-20) after 65.

**An average family**. Let's think about an average wage dual earner family earning a total of about $89,000 per year. If they both retired in 2011, they would have paid $114,000 in the 2.9% Medicare payroll tax (half paid by the employee, half paid by the employer) during their careers.

However, their medical costs in retirement are expected to be approximately $355,000, about three times what they paid in.

**3:1 ratio**. That 3:1 ratio is about the same for low wage single earner couples, median wage couples, and high wage couples. For some it is a little higher, for some, a little lower.

But the disparity between the prevailing opinion among retirees that they have "paid" for their benefits and the actual financing of Medicare is one of the factors that make reforming Medicare one of the difficult political puzzles facing American society.

**Social Security.** For the Social Security program, the ratio is much closer. The same hypothetical couple retiring in 2011 will have paid $614,000 in to Social Security, and if they live the median number of years for 65 year olds, they should collect about $555,000 in benefits.

**Difference in taxes.** The difference in the size of the Social Security numbers compared to Medicare reflects the difference in the taxes paid: for Social Security, workers and employers each pay 6.2% of wages to a maximum of $106,800; for Medicare, workers and employers each pay 1.45% of all wages with no maximum.

*The belief is far less prevalent now than it was 30 years ago, but we still have sizeable numbers of workers who believe that their Medicare taxes are for their own health insurance, rather than paying the insurance of those who are currently retired and on Medicare.*

**Out-of-pocket costs.** A second complicating factor concerns Medicare's out of pocket costs. CalPERS retirees don't generally see these kinds of costs since their employer supplemental insurance coverage is among the best available for retirees in the U.S., but for the average Medicare beneficiary, out-of- pocket spending on health care is about 16.2% of income (in 2006), according to a recent analysis by the Center for Medicare Advocacy.

Data in the journal *Health Affairs* from the mid-2000s show the average Medicare out-of-pocket amount at $250 to $300 per month.

**16.2 percent.** The 16.2% has substantially risen from 11.8% in 1998 and is roughly twice what working Americans, below the age of 65, pay out-of-pocket for their health.

It's higher for women (19%) compared with men (15%), in spite of the fact that women are more likely to have supplemental insurance for Medicare. It's higher if your income is less. It's higher if you have a chronic condition.

**Effects of chronic conditions**. Those with chronic conditions pay more than those who are healthier, and many Medicare beneficiaries have at least one chronic condition. Having a condition like cancer or Alzheimer's disease means that your out- of-pocket costs are about 22% of your income. While the exact data vary, the fact that most retirees are enormously dependent on their Social Security checks provides an additional complication.

For about a third of those on Social Security, the monthly check is 90% or more of their income, and for another third it is anywhere from 70% to 90%. Out-of-pocket costs for Medicare are major expenditures for this group.

The average Social Security check was about $1,164 in December 2009, replacing about 40% of the average worker's pre-retirement pay.

*Thus, substantial increases in Medicare's out-of-pocket costs, the most obvious way to make Medicare more financially feasible, are not feasible for many retirees.*

*The author teaches courses on the health and retirement policy, the politics of aging, and Social Security and Medicare reform. He was a health policy analyst in the U.S. Department of Health and Human Services from 1995 to 1997.*

# In Memoriam

**East Bay**- James D. Perrizo

**Fresno** – Leta J. Lewis

**Fullerton** – L. Jack Bradshaw

**Dominguez Hills** – Harold S. Marienthal

**Humboldt** – Wallace D. Bazemore

**Los Angeles** – Louis A. Hansen
Carol J. Smallenburg

**Long Beach** – Kee K. DeBoer

**Northridge** – Willard F. Bellman
Alvin E. Ford
Mortimer N. Moore
Norman E. Tanis
Brenda Timmerman

**Pomona** – Howard S. Brown

**Sacramento** – Barbara R. Hoadley
Dennis L. Kennedy

**San Bernardino** – Michael G. Weiss

**San Diego** – Engbert J. Kiewietdejonge
Alexander L. Srbich

**San Francisco** – Gerard L. Cook
Jane Gurko
Mary Anne Warren

**San Jose** – James E. Noah
Alice G. Scofield

**Sonoma** – Richard Bellamy
Hobart F. Thomas

# Little Hoover Commission Weighs In on Public Sector Pension Debate

By Ted Anagnoson, Editor

Weighing in on the state and local government employee pension debate now simmering in Sacramento, the state's Little Hoover Commission recommended limiting pensions for current state workers, combining a much lower defined benefit pension plan with some sort of 401(k), and extending Social Security benefits to the half of state and local workers not already covered by them.

The Commission's report, issued February 24, 2011, drew immediate responses from both CalPERS and Californians for Health Care & Retirement Security, a coalition of public employee unions and other groups.

**The Hoover Commission's recommendations** include:
• Uniform standards for the 85 defined-benefit pension programs in California.
• A cap in the $80,000 to $90,000 range on the maximum salary that could be used to calculate pension benefits.
• High enough eligibility ages for retirement to discourage workers from retiring "early," although no specific age is given.
• A requirement that employees and employers "share the normal costs" of funding pensions.
• "Clear definitions of final compensation to prevent 'spiking'."
• Ending contribution holidays when employers do not contribute to their pension plans.
• Banning retroactive pension increases.
• Improving accountability and transparency.

**Other recommendations** include ending the purchase of "air time," eliminating pension coverage for any time spent in elected office, restructuring pension boards so that the majority of members represent the public at large, and submitting all proposed pension increases to the voters.

Republican office holders have been supportive of recommendations similar to those of the Little Hoover Commission; Democratic officials have generally been skeptical of the more far-reaching recommendations.

**CalPERS response.** Immediate responses to the report included a CalPERS statement that pensions are important to employees and that changes "must honor the promises made to all public servants." The agency stated that it looked forward to "engaging with…decision-makers who must rely on all the facts when confronting these important issues and recommendations."

**More critical commentary** came from Californians for Health Care & Retirement Security, a broad-based coalition of public employee unions and organizations, which called the recommendations off "the mark….Rather than presenting a reasoned and constructive analysis, the Commission attempts to wipe away more than 50 years of legal and financial precedent by joining the chorus of doomsayers who seek to undermine retirement security for millions of Californians."

**"...The trend away from defined-benefit pensions is likely to affect most younger public employees, as it already has their counterparts in the private sector. The retirement safety net will thus become a little more frayed" -- Floyd Norris in The New York Times**

Calling the report full of "rhetoric… designed to inflame fear rather than to generate reasoned solutions," the coalition noted that:
• The average pension payments for public employees are some $24,000 per year,
• The report has "barely an acknowledgement of the role the recent market crash has played in the challenges facing state and local governments,"
• The coalition points out that "…retirement funds for public employees were fully funded in the 1990s, and in 2007 most California funds were very healthy. The Wall Street banking fiasco pummeled the earnings of all Americans, wiping out savings and 401k accounts and causing pension funds to lose billions of dollars."

**Local government reform efforts.** Meanwhile, at the local level of government, efforts continue to deal with the pension problem. In San Diego, after voters refused to raise the sales tax one-half cent in November, the mayor is urging the city to switch all new employees to a 401(k) style plan.

In San Jose, as has happened in other cities, voters approved small changes that should make the city pension system more financially solvent, in this case approving the reduction of arbitrator power to determine city employee contracts and allowing the city to create a second tier of benefits for new workers.

In Oakland, city officials are dealing with the aftermath of the issuance of pension obligation bonds that have earned only half of what they were projected to earn, allowing the city to avoid any pension contributions for over a decade. The *San Francisco Chronicle* noted that "an actuarial study commissioned by City Auditor Courtney Ruby estimated that Oakland has lost $250 million dollars by issuing bonds rather than by simply making regular payments into the pension fund."

**Skelton's take.** George Skelton's column in the February 24th Los Angeles Times points out that the change in the pension structure for private sector employees that has resulted in so many of them having either no pension plan at all or a poorly funded 401(k) has produced a situation where many in the private sector feel that it is the public sector's turn to suffer. He calls it "sort of an American civil war between government and non-government families." He notes a January 2011 Public Policy Institute of California poll that found 70% of likely voters, "including 61% of Democrats, favored changing government retirement benefits from pensions to 401(k)-type plans."

**Legislative Analyst's Office.** And just as ominously, the Legislative Analyst's Office came out in February in favor of pension reform that would involve either

1. A "share the pain" system where both employees and employers would pay more in tough economic times, or
2. A "hybrid" retirement program along the line of the Little Hoover Commission's

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# Spring CalPERS Board Election for At-Large Seat CSU-ERFA Endorses Donna Snodgrass

CalPERS is holding an election for one of the two at-large board of administration seats between April 21st and May 19th of 2011. The seat is the one held by Kurato Shimada and vacated when he resigned in August 2010. *The CSU-ERFA executive committee voted unanimously in February to endorse Donna Snodgrass for the seat.*

**Ballots** will be mailed to all eligible active and retired members on April 21st; they are due back to CalPERS by May 19th. If a runoff election is needed, the ballots for the runoff will be mailed June 30th and will be due back to CalPERS by July 28th. All active and retired members are eligible to vote in the election. Members eligible to vote are those on active status as of March 1, 2011 or those retired before March 1st. Survivors and beneficiaries are not eligible to vote.

**Eight candidates** are vying for the election. They are, with their occupations and agencies:

• **Michael Bilbrey**, bookstore operations coordinator at Citrus Community College.
• **Leslie A. Campbell**, director of administration for the San Diego Association of Governments.
• **Tom Johnson**, secretary, California Department of Veterans Affairs.
• **Mischa Lorraine**, principal personnel analyst for the San Francisco BART district.
• **David Miller**, senior hazardous substances scientist at the California Department of Toxic Substances Control.
• **David Pollock**, senior director for program development at the California School Boards Association.
• **Richard H. Ross**, CEA-Deputy Director, Compliance division, for the Gambling Control Commission.
• **Donna J. Snodgrass**, telecommunications systems analyst with the California Department of Forestry.

Bilbrey, Pollock and Miller are actively employed; the others are retired.

**The CSU-ERFA executive committee endorsed Donna Snodgrass** because of her 30 year experience in a variety of positions in state government as well as her cogent answers to a series of questions posed by the executive board of the Retired Public Employees Association. She has had considerable experience at CalPERS board meetings, where she was responsible, as vice president of the California State Employees Association, for representing CSEA workers. More information about her can be found at her web site: http://www.donnaforcalpers.org/.

In addition to CSU-ERFA, Snodgrass has been endorsed by the Retired Public Employees Association, the California State Employees Association Retirees, Inc., California Association of Highway Patrolmen, California Department of Forestry Firefighters IAFF Local 2881, and the Riverside City Firefighters.

**For more information** about the candidates, consider attending or watching via the web, the PERSWatch-sponsored "CalPERS Candidates' Forum," moderated by the League of Women Voters of Sacramento county, on Tuesday, April 26th from 6 p.m. to 8 p.m. The forum will take place in the CalPERS Auditorium in Sacramento. Videos of the forum will be available after April 26th on the PERSWatch web site, http://perswatch.net.

## Hoover Commission Report on Pensions

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recommendation, a less generous defined benefit retirement plan combined with a 401(k) type plan.

It is generally acknowledged that the hybrid plan would reduce government contributions and obligations substantially, but to achieve present retirement income levels, employees would have to contribute substantially more of their salaries to the 401(k) type plan, perhaps more than 15% in the judgment of your editor.

At the same time the context of all this political ferment is in a nation and state where the very wealthiest taxpayers, those in the upper 5% or 10%, have gained substantial income in the last decade or more while everyone else has remained stagnant or declined.

Floyd Norris, who writes on economics issues in the New York Times, summed up the result of the current ferment as follows: "In the end, I suspect ways will be found to abrogate some pension promises. But even if that does not happen, the trend away from defined-benefit pensions is likely to affect most younger public employees, as it already has their counterparts in the private sector. The retirement safety net will thus become a little more frayed."

## *Transportation Sexual/Senior Abuse*

By Janet Fisher-Hoult

The Transportation Security Authority
Which says our safety is its first priority
Should give their process a good close look
And consider changing the book
Personnel now are required to use
Which can lead to a charge of "Sexual Abuse"
To the elderly it is already clear
When we travel by air, TSA we must fear
Little old grandmothers with replacement parts
Have wands moving over bodies and hearts
Then finding that what we said was true
They're not satisfied and continue to do
Their "search" patting bodies bottom to top
Threatening to arrest us if our tired arms drop.
We've served our country in many ways –
Earned the right to respect in our golden days
Not poor treatment at the hands of our government
Leaving us shaking our heads in wonderment
TSA must change the methods they now use
For in our minds, SA also means "Senior Abuse."

# Tough Times for Collective Bargaining

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4. Requiring faculty members "to report all continuous outside employment at least every year."

5. Giving presidents "new power to approve external reviews for faculty" and to require "performance evaluations without the concurrence of the faculty member…."

The final category of CSU's take backs involved attacking faculty due process:

1.Changing grievance procedures that would "make it nearly impossible for CFA to pursue class action grievances."

2.Weakening of an arbitrator's "authority to overrule a president's decision to deny retention." This change also would increase the burden of proof for CFA.

3.Canceling coaches' rights to submit "rebuttals to negative performance evaluations."

4."Imposing discipline in certain circumstances before an accused faculty member gets a hearing by a neutral third party."

**CFA proposals for changes in the contract.** In recent negotiations, CFA has proposed to increase the number of sabbaticals, to give department's additional authority to decide which sabbaticals are approved, to extend the days of paid parental leave and "employer-paid health benefits" for those faculty taking paid professional leave. CFA also wants to extend unpaid parental leave to all faculty. In addition, CFA proposed an increase in the "amount of notice" prior to layoff and severance pay to laid off faculty. Finally, CFA wants FERP eligibility extended to "counselors and lecturers with three-year appointments," and to base FERP teaching levels on department norms.

As of now, a number of central issues have yet to appear at the bargaining table, e.g., salary, benefits, workload and academic freedom. Faced with the financial problems of the state, including the threat of an additional $500 billion cut in CSU's budget for 2011/12, a state legislature still trying to achieve a budget agreement, and a rising and misplaced public furor about state workers' pensions, CFA will have a difficult time achieving a sound successor ontract.

# Personal & Professional

**Harold Goldwhite** (Chemistry and Biochemistry, Cal State LA) gave a series of lectures on history and philosophy of the natural sciences in the Lifelong Learning Program at the Adult Center in Griffith Park, Los Angeles, in January 2011.

**Ted Anagnoson** (Political Science, Cal State LA) will be a visiting professor at UCSB in Spring 2011, teaching a course on "The American Presidency."

Officer Lucia Wade, daughter of **Alan Wade,** CSU-ERFA legislative committee chair, is now officially retired from the Santa Rosa Police Department as the result of on-duty injuries received in foot pursuit of a robbery suspect in October, 2009. She is still undergoing treatment for her injuries, but expects to recover. She and Alan wish to thank all of our friends who have supported her in so many ways during her long period of return to health.

**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.

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