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Pension Battle on Hold

By Alan D. Wade, Legislative Committee Chair

Governor's reform plan. The February 15th meeting of CSU-ERFA's executive committee devoted some time to discussing the legislative committee's report on Governor Brown's Twelve Point Pension Plan. Believing we still had a battle on our hands, our report recommended opposition to the so-called "risk sharing" or hybrid proposal which represents a step away from our current defined benefit program toward a defined contribution program for new public agency hires. In addition, we opposed two other proposals and agreed that many of the others could be subject to negotiation and discussion through the legislative process and collective bargaining.

It was thought by some that much of the steam behind the attack on public pen-

sions may have dissipated, and we agreed to watch and wait. The next day, February 16, the *Sacramento Bee* essentially declared the current battle in the pension war to be at an end.

It ended not with a bang, but a whimper. Brown's so-called plan was not a plan at all, but a wish list. The public furor over pension abuses seemed to have abated, and many voters apparently felt that an attack on public employees through the initiative process was counter-productive. The two major ballot initiatives proposed were both withdrawn by their supporters when it became apparent that big money (and/or public fervor) was not available to fund signature gathering. The attorney general was blamed for adding language

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State Council to Meet in April, Keynote: "De-clutter 101"

CSU-ERFA's State Council will meet Saturday, April 21, 2012 at 10 a.m. on the CSU Long Beach campus for its semi-annual meeting.

The keynote speaker will be Dr. Regina Lark, the founder and CEO of "A Clear Path," a professional organizing business. Dr. Lark is known for using humor and information to present interactive decluttering workshops. Dr. Lark's topic will be "De-clutter 101."

Dr. Lark obtained her BA and MA degrees from CSU Northridge, where she was "Woman of the Year" in 1999. She has a Ph.D. in history from the University of Southern California and holds several certificates in organizing from the Institute for Challenging Disorganization.

Dr. Lark is the director of UCLA's program in humanities, science and languages and was previously assistant director of the women's study program and director of the same program at Mt. St. Mary's college. She has been a lecturer at Pierce College since 1992.

This will be the organization's first visit to the Long Beach campus. Delegates are expected from each of the organization's 18 campus affiliates.

Other items on the State Council agenda include:

- The election of three CSU-ERFA members for at-large positions on the State Council.

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**CSU-Emeritus and Retired
Faculty Association**
www.csuerfa.org
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2010-2011

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From the President..

Dear Colleagues,

I am a firm believer that the emeriti and retired faculty associations at various California State Universities are of great value not only to those who are no longer full-time faculty but also to the universities themselves. I am equally convinced that the statewide emeriti and retired faculty association is similarly important. The former undertakes functions appropriate to the individual campus, and the latter is involved with activities that concern all of us. Given these perspectives, there are significant happenings within CSU-ERFA, and I want to share just a few.

First is the possibility of emeriti involvement with the system as a whole. An *ad hoc* committee composed of Barry Pasternack, Bill Blischke, Harold Goldwhite, Don Cameron, and me, and later the full executive committee, met with several of the vice chancellors to discuss myriad possibilities; we were well received. Vice Chancellor Ron Vogel noted that until this point there had been little interaction between the chancellor's office and CSU-ERFA, and he welcomed the opportunity to "explore, develop and collaborate on collective initiatives." Discussion will continue on a number of planes, but one of the most intriguing possibilities is the establishment of an office for emeriti faculty at the Chancellor's Office in Long Beach. We will keep you informed.

Our CSU-ERFA executive committee had an interesting discussion regarding the privileges granted by various universities to emeriti faculty. They aren't all the same, and we agreed to survey all of our campuses and assemble a comparison of benefits. Tom Donohue, chair of the committee on pre- and post-retirement concerns, will work with his committee to revise an initial review. This will then be discussed with individual campuses and the Chancellor's Office.

CSU-ERFA continues to handle situations important to our members. For example, investigation of individual difficulties with health care benefits through CalPERS; updates on actual or potential changes in Medicare coverage; overviews of pension reforms being considered within the state; identification of issues involving the academic senate of the CSU and review of applications for grants provided by our

CSU-ERFA Foundation.

Much of the work associated with such activities and keeping the organization informed about them is accomplished by members David Humphers (health benefits), Alan Wade (legislative affairs), Mark Shapiro (webmaster), Ted Anagnoson (editor of *The Reporter*), and Bill Blischke (vice president).

Of great importance to us is the reappointment of Don Cameron as executive director of CSU-ERFA. I believe that Don has done a superb job during the four years he has been in the position and I have no doubt that he will continue to provide meaningful and important direction for us in the next two years.

I am proud to be associated with CSU-ERFA, and I invite you to be in touch with me if you have questions, comments or just want to say hello.

Barbara Peterson Sinclair, President

P.S. As a follow-up to my column in the last *Reporter* (November, 2011) it is with a heavy heart that I share with you that my husband, John, passed away two weeks ago. He never recovered from the damage of the fall that, in addition to his heart problems, required him to stay in a skilled nursing facility. Once again, I am sharing my personal situation with you as a means of encouraging you to complete necessary health care planning (see pp. 9, 11). As sad as I am, I am grateful to have done so.

State Council Meeting April 21st

(Continued from page 1)

- Ratification of the re-appointment of Don Cameron as CSU-ERFA executive director, and

- An important report from CSU-ERFA's legislative committee on the likelihood of pension reform in Sacramento.

The State Council is the governing body of CSU-ERFA. The State Council consists of the officers, executive committee members-at-large, delegates from campus affiliated organizations, state council delegates-at-large, standing committee chairs, and ex officio members of the State Council.

Editorial: "Governor Brown's Pension Proposal"

Last month we discussed the more controversial elements of Governor Brown's pension proposal. This month we discuss the rest of the proposal. As before, this editorial reflects the opinion of the editor and is not a CSU-ERFA official position.

Three year averaging. Change all state employees to the highest three years instead of the highest one year, which some have and others do not. Good idea.

Define base pay to exclude unused leave, overtime, and other extra income. CalPERS did this in 1993; the recent abuses where we have government officials retiring with these factors added in, resulting in retirement pay well above their \$150,000+ salaries, have all been in local retirement systems outside the CalPERS framework. These systems should all be abolished with their employees rolled into CalPERS, but as a first step, this move goes in the right direction.

"Double dipping" limits – sets a 960 hour limit on how much you can work after retiring. We have examples of local government retirees who come back full time to their old agencies, not to mention those who work full-time for another local government with another retirement system. We should have a uniform rule that affects everyone. The state already follows this rule (and FERP is OK under it).

If you want to think of the most extreme example of the abuse of this kind of provi-

sion, think Rick Perry, the Republican governor of Texas who ran for president last fall. Perry has increased his governor's salary and take-home pay by more than \$90,000 per year by taking advantage of a provision under Texas law that allows elected officials to retire and take retirement pay from previous positions *while they still work*. Nice job, Texas!

Pensions for criminals. This appears to be our state version of the federal "Son of Sam" rule, which prevents convicted felons from receiving Social Security while they are imprisoned. We have to word this carefully, though, so as not to affect their families, some of whom may be thrown into poverty without the income.

Retroactive pension hikes – would be prohibited. A no-brainer. (This provision does not affect COLAs.)

Pension "holidays" – where government skips its contribution to the pension plan on the assumption that the plan is so flush it does not need it. Prohibiting holidays under any conditions is probably too rigid a rule, but some restrictions should be made.

No more "air time." Buying air time, that is, up to 5 years of pension coverage at CalPERS rates, on the assumption that CalPERS will continue to make 7.75% on its investments, doesn't strike us as being as bad as others think it is. But it drives political conservatives insane. This provi-

sion seems to be in everyone's pension reform plan. We are neutral. And, no, I never bought any "air time," which never struck me, even at 8%, as a good deal. Who knew?

All in all, we see the three year averaging, the redefinition of base pay, the double-dipping limits, and eliminating pensions for criminals, pension holidays and air time provisions as good ideas that would eliminate abuses, project a more favorable public image for public pensions in California, and help the state fiscally.

Unfortunately, as our lead story on page one indicates, pension reform is probably dead this year. It doesn't seem very high on the governor's priority list, and it definitely isn't a high priority for the Democratic side of the legislature. The Republicans in the Assembly and Senate have signed on to the governor's plan 100%, but their main intent is not to enact reforms but to embarrass the Democrats.

And they wonder why no one respects Sacramento and the legislature.

--Ted Anagnoson

To the editor:

In the November issue of the CSU-ERFA Reporter Alan D. Wade casually referred to the Patient Protection and Affordable Care Act as "Obamacare." I most strongly object to the use of this pejorative term in an article that claims to be "Two Reports on the October State Council Meeting." If Alan Wade wishes to write an opinion piece on health care reform and CSU-ERFA chooses to publish it that would be a different situation. In any case if CSU-ERFA continues to confuse opinion with fact I will have to terminate my membership in this organization.

Marty Epstein
Professor Emeritus
Cal State L.A.

Reply from Alan Wade: The term may or may not be "pejorative," depending on one's perspective. Nonetheless, it is in common parlance, and it is the term used in our discussion at the State Council meeting, on which I was asked to report. Thanks to Professor Epstein for his observation.

Letters to the Editor

[Note to readers: we are including this letter because it raises issues that may affect some CSU-ERFA members. When we circulated the letter among CSU-ERFA executive committee members, several pointed out that they had personally received good service from TIAA/CREF. Nevertheless, the issue is important, and it may well affect companies other than TIAA/CREF. The letter does not represent an official opinion of CSU-ERFA.]

To the editor:

Some CSU-ERFA members probably have, as I do, a leftover TIAA/CREF account from earlier years. Mine is from teaching one year at the University of Michigan 44 years ago. Arranging to get payouts from

this account that fit well with my projected IRA payouts was an ungodly mess. CSU-ERFA members who have similar TIAA/CREF accounts should be warned about problems they will encounter. To start there is an internet data file of complaints about TIAA/CREF, with some 207 pages of complaints and comments (Ed.: see <http://www.consumerismcommentary.com/problems-with-tiaa-cref/#comments>).

First, the service and support of owners of these oddball TIAA/CREF accounts is horrible. For instance, being given bad information and sent the wrong forms were in many complaints. Both happened to me. Second, heirs of accounts had great difficulty getting payouts.

(Continued on p. 10)

CFA Report: “Tensions Increase”

By Dave Du Fault, CSU-ERFA Liaison to CFA

For CFA and CSU, November 2011 proved to be a significant and tension-filled month, a condition that continued into 2012.

Concerted action. On November 17th CFA held two single-day strikes at CSU Dominguez Hills and CSU East Bay. At Dominguez some 2,000 people picketed the gates to the university, causing the cancellation of many classes, while East Bay saw about “93% of classes cancelled.” Commenting about these successful actions, CFA President Lillian Taiz remarked that “the CSU community is tired of seeing the chancellor move huge raises to executives while student fees are hiked, faculty pay is stagnant, class sizes keep growing, and faculty jobs are eliminated.”

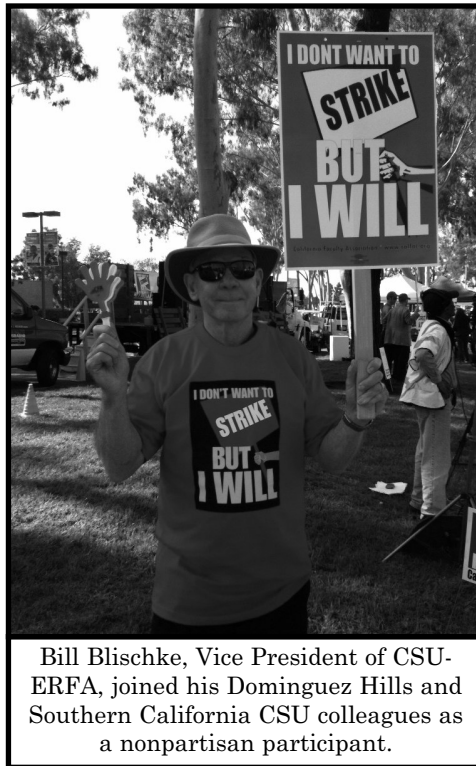
Bargaining impasse. Following the bargaining session on November 18th, faced with an unresponsive CSU and yet another take-back, CFA moved quickly to declare impasse. At this point CFA believed that CSU was “not interested” in reaching an agreement. With this development CFA and CSU move automatically to the next statutory step in the bargaining process, mediation. Under California’s labor law, the state mediation and conciliation service now names a mediator to help the parties find resolution to their disagreements. Once made, the mediator’s recommendation allows either side to reject the decision. In early 2012 both parties met with the mediator. If the mediator cannot find common ground, then the two sides will enter the “fact finding” stage of the process.

Trustees meet. Also during November, the CSU trustees met to approve a 9% increase in student tuition for the 2012-13 academic year. At the meeting a number of students and faculty made statements about the increase. Soon the meeting became “chaotic” with some in the audience chanting “we are the 99%.” At this point, the trustees left the boardroom and the police “herded” the audience outside. What happened next is still contested. Protesters were outside the large glass entrance doors while police were inside. Then the doors shattered, and police used pepper spray. The trustees proceeded to another room and there, out of the public’s view, voted 9-6 to approve the tuition

increase. Lt. Governor Gavin Newsom, a board member, called this action “alarming” because the trustees conducted a vote without witness.

Following the incident described above, the trustees scheduled another meeting 19 days later to take up the controversial issue of executive compensation.

As public pressure built about the issue of executive compensation, the trustees soon rescheduled the issue for their meeting in



Bill Blischke, Vice President of CSU-ERFA, joined his Dominguez Hills and Southern California CSU colleagues as a nonpartisan participant.

January 2012. State Senator Ted Lieu urged the trustees to abandon their “flawed policy” on presidential compensation. Reacting to political pressure, the trustees finally limited executive compensation increases. For example, newly hired campus presidents would receive starting salaries a “maximum of 10% more” than their predecessors. While the pay struggle was going on, the CSU administration heeded the advice of California state officials and appointed a “special investigator” to review the troubled events at the chancellor’s office on November 16 surrounding demonstrations about tuition increases.

Strike vote pending. While mediation efforts continued in February, CFA’s board

approved “a vote by its members on whether or not there should be a faculty strike should mediation and fact-finding fail to yield a fair settlement.” The vote will take place on campuses between April 16 and 27, 2012. A majority of CFA members must vote in favor for approval.

CFA leadership proposed the vote to approve job actions (strike) because of management’s several take-back proposals during previous negotiations. These included:

1. Increasing the campus president’s power in many areas such as evaluations, sabbatical approval, retention of lecturers, and the order-of-layoff.
2. Moving additional classes to CSU’s “for profit organizations” and increasing classes in “Extended Education/Continuing Education.” When these proposals are implemented, faculty will be paid less, lecturers will lose “preference for work rights,” and class size will grow and workload increase.
3. Holding wage increases to zero in the first year, with only minimal increases in later years.

CFA President Taiz summed up, “. . . our faculty contract has been an important protection not just for the faculty and the work we do, but for quality education.” The union does not want, she continued, “a lower-quality CSU for our students, a diminished role for faculty... and a degraded institution for the state.”

Of course, the background to the increasing differences and tensions between the union and CSU management is the difficult financial situation of the state and the continuing threat of additional cuts in the CSU budget.

In addition, the chancellor’s office appears to be using the state’s financial status as an opportunity to attack the concept of “shared governance” and restructure the organization of higher education in the CSU.

ASCSU Report

By Bill Blischke, CSU-ERFA Liaison to the ASCSU

The January meeting of ASCSU was held on the 19th and 20th at the Chancellor's Office in Long Beach.

Chancellor Reed. CSU Chancellor Charles B. Reed launched the Thursday plenary session and spent an hour with the Senate. He stated that there are five current presidential openings in the CSU, and that there had been more turn-downs by candidates or potential candidates in the last year than there had been in his previous twelve years as chancellor. He attributed this to non-competitive compensation packages and the dismal budget situation in the CSU. In terms of the budget, he pointed out that we have endured a 30% cut in the last few years, and that the budgetary situation is now equivalent to what it was in 1996 despite the fact that we serve 96,000 additional students.

He suggested that higher education is not an important priority in Sacramento: Governor Brown did not mention higher education in the "State of the State" address, and the California prison budget is more than that of UC and CSU combined. He answered a number of questions from senators including whether or not closing one or more CSU campuses would be on the list if we have drastic additional budget cuts. He stated emphatically that closing a campus is one thing that is not on the table.

Ben Quillian. The executive vice chancellor for business and finance stated that if the governor's tax initiative does not pass, CSU will take another \$200 million hit. He stated that his counterparts in the East and Midwest consider California the poster-child for turning your back on higher education. Finally, he informed the ASCSU that the board of trustees has created four presidential task forces to review alternatives to the formulaic approach to budgeting. What they recommend will bear close monitoring and scrutiny.

Committee of the whole. ASCSU went into a committee of the whole in order to have a less structured discussion of two major issues: shared governance and the senate budget. The latter has endured significant cuts like every part of the CSU. Interim meetings of Senate standing committees went "virtual" this year. The origi-

nal Chancellor's Office budget proposal for ASCSU would have made it essentially inoperable. Associate vice chancellor for academic affairs Ron Vogel, with support from others, restored the senate budget so that bi-monthly plenary sessions could be face-to-face (what an old-fashioned idea). With the prospect for additional cuts, who knows what the future of the ASCSU is!

Shared governance. The other issue discussed in the committee of the whole is euphemistically called "shared governance." Many senators have serious concerns that the faculty at both at the system and campus levels are not being included in the formative stages when major curricular matters are proposed. A resolution titled, "Early Faculty Involvement in CSU Initiatives" [AS-3051-11/FA (Rev.)] was passed, and an ASCSU shared governance task force was created. I requested CSU-ERFA representation on the task force since many of us are walking history books on this never-ending controversy. The senate granted my request and CSU-ERFA president Barbara Sinclair asked me to represent CSU-ERFA. I would appreciate emails regarding any ideas or comments that you might have to help me represent us.

Online instruction. There were a number of important first-reading items on the agenda that will be acted on at the March meeting. The most important concerns online education, where a draft white paper is available on the ASCSU website. Since shifting from classroom instruction to online courses and programs will fundamentally change the role of the faculty, I urge you to review the document and share those thoughts with me.

Please feel free to contact me at wblischke@csudh.edu. As always, go to the ASCSU website for further information on the topics cited above or send me an email.

CSU-ERFA Foundation Grant Committee Makes Two Awards

The CSU-ERFA Foundation grant committee has made two awards for the 2011-12 grant cycle. Alfred B. Evans of CSU Fresno won for his project "Protest in Russia: Extending or Replacing the Frame?" and David Maciel of CSU Dominguez Hills won for his project, "The Contemporary Cinema of Mexico (1965-2012)."

Evans' project involves interviews with leaders of social movement organizations, as well as officials, researchers and journalists in Moscow. Maciel's project involves the completion of an interpretive book about Mexican cinema, placing it within the context of social, cultural, economic and political considerations.

The CSU-ERFA web site (see p. 2) has information on each cycle. Applications are generally due in January of each year.

In Memoriam

East Bay – Richard B. Rice
Robert C. Whitney

Fullerton – Wayne V. Huebner

Chico – Donald Aus

San Diego – Dorothy J. Tollefsen

San Jose – Lowell M. Walter

Stanislaus – Agnes Bennett
U. Rao Cherukuri
Max C. Norton

Pomona – Robert R. Schneider

Sacramento – Wanda Collins

Mistake in the CSU-ERFA Calendar in August 2012

One of our sharp-eyed members found the error, which is that the printer printed the 19th and 20th of August 2012 twice and then started the first of August on

Tuesday instead of Wednesday. We apologize – please correct your calendar or disregard August.

Health Benefits Report

By David Humphers, Health Benefits Chair

National health reform. The U.S. Supreme Court announced on December 19, that it would hear three days of arguments in late March 2012 on the constitutionality of the federal health reform legislation. A few days later, according to *The New York Times*, the Obama administration surprised both supporters and critics “when it decided to let states define the essential health benefits that must be provided to their citizens under health care reform.”

The *Sacramento Bee* characterized the Obama administration’s response as a “race to (the) bottom for health benefits.” On December 16, the Obama administration announced that it would not require the states to adopt a single list of services that must be provided by insurers; instead the states will have the flexibility to define their own “essential health benefits” by selecting from four “benchmark plans” offered by employers within the state.

The California Public Employees Retirement System (CalPERS) submitted on January 13 a “friend of the court” brief to the US Supreme Court in support of the constitutionality of the Patient Protection and Affordable Care Act (PPACA). The brief argues that PPACA requirement that individuals purchase health insurance is a valid exercise of congressional power under the commerce clause because:

1. The “individual mandate” demonstrates a principle of cooperative federalism to expand and enhance health insurance coverage.
2. The individual mandate is an essential part of congressional regulatory authority over the health care services market.
3. The decision of individuals not to purchase health insurance is an economic decision, and these decisions have a substantial effect on interstate commerce.
4. The imposition of the individual mandate by Congress is a rational choice for dealing with the problem of the uninsured.

Insurance Exchanges. Insurance exchanges are the federally subsidized private health care coverage. Robert Pear writing for *The New York Times* (Feb. 27,

2012) reported that many states are waiting for a decision from the Supreme Court or the fall election before spending time and money on developing insurance exchanges. For example, Nebraska Governor David Heineman, chair of the National Governors Association, said, “It would be a costly mistake to spend millions of tax payer dollars before the Supreme Court issues its decision...expected in late June.”

According to Robert Pear, a few states, California, Maryland, Oregon, Connecticut, Vermont, Rhode Island and Washington, are working quickly to establish insurance exchanges. The nonpartisan Urban Institute found that 14 states had made important progress toward creating insurance exchanges; 16 states made little or no progress in creating exchanges; 20 states were somewhere between the two. Last year Wisconsin Governor Scott Walker issued an order to begin planning an insurance exchange. Last month Walker withdrew the order and informed his staff to stop work on the insurance exchange.

While the health insurance companies fought against health reform legislation, they surprised both Democratic and Republican state officials by urging them to set up insurance exchanges without waiting for a Supreme Court decision or the fall election. The insurance firms prefer state regulation rather than federal, and they stand to gain immediately because the federal government will send subsidy payments directly to the insurance companies on behalf of the low and moderate income people who enroll in health plans offered by the exchanges.

Medicare improvements under the federal health reform legislation.

Significant improvements in Medicare’s preventive services were reported by the *Wall Street Journal*. Effective January 1, Medicare is covering the full cost of almost two dozen prevention services (without co-payments or deductibles). The rationale for the new program is to prevent disease and illness that can lead to increasing health care costs. “Medicare recipients may have an annual screening for colon cancer. Women are entitled to regular mammograms and Pap smears; men are

eligible for prostate cancer test. Medicare participants can request a free battery of blood tests, including a cholesterol test.” Participants whose physicians find them at risk for “aortic aneurysms and diabetes” can make referrals for free screening. Some may qualify for free hepatitis-B vaccines, nutrition or smoking cessation programs and bone-mass density exams. Recently added benefits: screening for blood pressure, body mass index, depression, and alcohol misuse, and counseling for the obese and those at risk for cardiovascular disease, depression and problems with alcohol. Some Medicare beneficiaries may also qualify for testing for sexually transmitted infections. Some of these procedures may be included in the annual “wellness” examinations that Medicare makes available free of charge.”

The absence of co-payments and deductibles removes the financial barrier that prevented many Medicare beneficiaries from utilizing Medicare’s prevention services.

The California Partnership for Change is changing. CalPERS’ staff member James DeBenedetti informed the constituent work group on February 9th that the California Hospital Association (CHA) has terminated its membership in the California Hospital Assessment and Reporting Taskforce (CHART).

The CHART Partnership for Change was established in 2005 by the California Health Care Coalition, the Pacific Business Group on Health, CHA and CalPERS with the aim of creating a standardized “report card” on hospital quality and patient-safety measures, and to moderate hospital costs.

The California Hospital Association Board has withdrawn its endorsement of hospital participation in CHART because CHART has been unable to establish a mutually agreed upon model for the standardized “report card.”

The California Hospital Association termination of the Partnership may also have been prompted by the Obama administration decision to allow states to define their own “essential health benefits.”

CSU-ERFA New Members

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

Chico – Kathleen E. Kaiser
Sharon C. Salcido

Humboldt – James D. Johnson

Los Angeles – E. Frederick Anderson
Adam V. Reed

Long Beach – Catherine C. Goodman

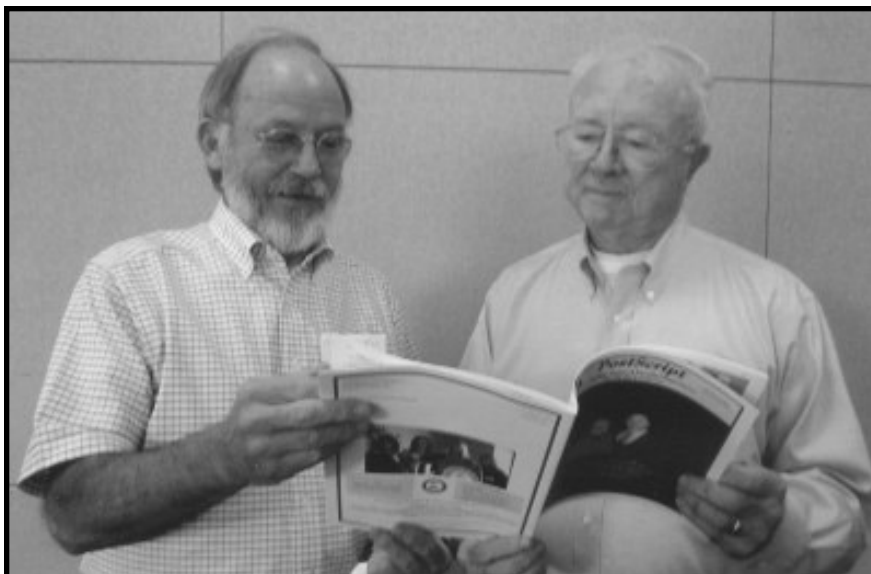
Pomona – Donald F. Hoyt

San Francisco – Ben Kobashigawa

San Jose – Nancy C. Lu
Susan J. Meyers
Marian K. Yoder

Sonoma – Noel T. Byrne

Stanislaus – Linda Bunney-Sarhad



CSU-ERFA executive director Don Cameron (right) reviewed a recent newsletter with L. Maynard Moe, the first representative from CSU Bakersfield to serve on the CSU-ERFA state council, at the fall 2011 state council meeting. Moe was elected to a three-year term on the council following his recent retirement as professor of biology. Reared in Yosemite, he is an expert on the plant species of Kern County and has won numerous faculty awards during his 34 years at Bakersfield.

Legislative Report: Pension Battle on Hold

(Continued from page 1)
that made it clear that the initiatives' impact would fall on police, fire fighters, and nurses. Californians for Retirement Security (CRS) played a major behind-the-scenes role in getting the facts before the public. The retiree organizations, including CSU-ERFA, helped in getting information to the public.

Pension reform initiatives dead?

Further, the big money stayed out of the fight for two reasons—the initiatives proposed would have had no immediate effect on the state budget, and “they” could get a bigger bang for the buck by throwing money at the “paycheck protection” initiative, which would strike directly at public employee unions' ability to raise funds and, incidentally, to wage future campaigns against pension reform efforts.

Are the pension wars over? Have we dodged a bullet? Well, yes and no. The anti-public employee initiatives were not aimed at current retirees, but would have made it much more difficult in the future to nurture a strong public service system. (Don't believe for a minute that these folks are not interested in our pensions—they

just haven't found a legal way to get at them!)

The Republicans and pension reform.

Meanwhile, Republican legislators have (cynically?) announced that they will embrace Brown's pension reform proposals, since the Democrats have put them on the back burner! Such an effort seems at this time to be a bit whimsical, to say the least. The downside of the apparent end to this battle in the pension war is that some truly needed reforms—those aimed at eliminating some of the abuses that have created so much negative publicity—are not likely to be enacted and implemented. Since most of these arose in some of the scores of local pension funds, any changes will have to wait. (See p. 3 editorial for more about needed reforms.)

The November ballot. We need to prepare for the next big struggle—the most critical being the tax-hike measures currently in circulation for the November ballot. Some six dozen initiatives on a range of topics are currently qualified for signature gathering, and there may be more. We have urged you in the past not to sign any petitions, unless you are well-informed about the issue and its supporters.

There is one exception that your committee suggests—**sign Governor Brown's proposal!**

While the regressive features of the sales tax portion of the Brown proposal give some of us qualms, spreading the costs to consumers along with increasing taxes on higher incomes seems more likely to be supported by voters. There is some fear that the focus of the two competing initiatives on soaking the rich would bring big bankrolls into the fight to oppose them.

There are two others, both well-intentioned and widely supported, primarily based on taxing the rich with the main proceeds going to K-12 education. While they are tempting, we do not recommend that you sign them.

For all that you wanted to know and more about the ballot measures, go to the Secretary of State's website and click on the “elections” tab.

We will have more information and recommendations for you in the next few months, and anticipate undertaking a full-blown action program on the ballot initiatives after Labor Day.

Volunteers Needed for Study of Pre- and Post-Retirement Professional Development

Thomas Chan, a doctoral student at Claremont Graduate University, is undertaking a study of the connections between retired professors' past academic activities (teaching, research, advising) and current life. He states that little is known about the issue. He is interested in understanding how past vocational activities and the current lives of retirees correlate. He hopes the results will help improve the quality of life of other retirees.

CSU-ERFA members can participate by going to the following web site, or by going to the CSU-ERFA web site

(<http://www.csuerfa.org>) and clicking on "News/Views" at the top. The link is

<http://edu.surveygizmo.com/s3/789305/Retired-Academics-Development-Survey>

The survey should take about 15-20 minutes. Chan states that all results are confidential. Any identifying information collected such as name, email address, or IP address will never be associated with your survey response, and that the survey is completely voluntary, with no penalties associated with choosing not to partici-

pate.

Chan has a master's degree and is a Ph.D. student in positive development psychology at Claremont.

His advisors are Drs. Jeanne Nakamura and Mihaly Csikszentmihalyi, co-directors of the Quality of Life Research Center at Claremont Graduate University.

If there are any questions or concerns about the study, Chan may be contacted at thomas.chan@cgu.edu.

Retiree Asset Income At Death

By Ted Anagnoson, Editor

Most studies of retiree assets concentrate on the period just before retirement, focusing on the question of whether the potential retirees have sufficient assets to retire. Recent data at the end of retirement, at death, indicate that many retirees have few assets left before they die.

About half the seniors living alone and a third of senior couples have less than \$10,000 in their savings and investment accounts when they die.

The data, from a nationally representative survey of senior citizens, indicate that for seniors living alone, in the years before they died:

- 57% had less than \$10,000 in financial assets.
- 57.1% had no home equity.

For senior two-person households:

- 31.7% had less than \$10,000 in financial assets
- 20.4% had no home equity.

The data confirm the dependence of many senior citizen households on Social Security and reinforce the need to maintain the firm security net that Social Security provides to most middle and lower class households. The August 2011 Social Security factbook, "*Fast Facts and Figures About Social Security, 2011*," indicates:

- Social Security is now the largest share of all retirement income, 38% of the total income of those 65 and older, up from 30% in 1962.

- The second largest share is earnings from work (29%)

- Social Security is 50% or more of retirement income for 2/3rds of Americans 65 and older in 2009, up from 64% in 2008, presumably from the economic crisis.

- More than a third of all retirees receive 90% or more of their income from Social Security.

- Only 53% of all Americans have any asset income at all in retirement, a proportion unchanged since 1962.

The study of assets in the years before death was done by economists James Poterba at MIT, Steven Venti at Dartmouth College, and David Wise at Harvard University.

It is available on the web site of the Financial Security Project at the Center for Retirement Research at Boston College, <http://fsp.bc.edu/for-many-elderly-little-left-as-life-ends/>.

If you go to <http://fsp.bc.edu>, choose the option for the "Squared-Away Blog" at the upper right to find the entry, dated February 23, 2012.

SPSS Access Restored to CSU Emeriti Faculty

Retired faculty had, until the most recently negotiated contract, been included among CSU faculty who had access to the SPSS (Statistical Package for the Social Sciences) program. Probably a limited number of retirees take advantage of the program, but when retired faculty were dropped from coverage, several affected retired faculty expressed their outrage to CSU-ERFA executive director Don Cameron.

When associate vice chancellor Ron Vogel met with the CSU-ERFA executive committee on February 15th, we were prepared to discuss the issue with him, but he informed us, in his introductory comments, that plans were underway to revise the contract to include, once again, retired faculty.

Within two days, it was announced that retired CSU faculty were again included among CSU faculty who had access to the SPSS, at no cost to the individual.

Executive director Don Cameron stated that colleagues who use this program should communicate their appreciation to associate vice chancellor Vogel for his assistance in addressing this matter in such a timely manner.

Highlighting Chapters and Affiliates

The Sonoma State Memory Book

Sonoma State University's 50th birthday was celebrated last year with the publication of a book titled *Sonoma State University: Memories and Historical Highlights 1961-2011*. The book emanated from many informal discussions at luncheon meetings of the Sonoma State chapter of ERFA, as we recalled and shared favorite memories of our association with the university. Two CSU-ERFA foundation research grants and substantial support from SSU made it possible to produce a handsome keepsake 208 page volume. The publishers did an excellent job of producing the book.

For four years a committee of retired faculty and staff worked to create the book: Barbara Biebush, Janice Hitchcock, Lucy Kortum, John Palmer (Chair), and Sue Thomas (Secretary), with valuable assistance from SSU Associate Vice President Susan Kashack. They solicited memories from faculty, staff and alumni. They also wrote three chapters that describe early and later historical events. Photographs were selected to illustrate the fascinating fifty year span.

Sections describing the buildings on campus and other unique compilations of

information inserted throughout the book serve to highlight additional memories. There are short "Did You Know" inserts throughout the memories. For instance, "Did You Know" that actor Raymond Burr taught a theatre arts class for a short time in the 1980's?

The memories contributed by sixty-one faculty, staff and graduates personalize the history and make it come alive. It is hoped that as others come to realize the significance of their own memories, more can be added to the planned web site.

A further benefit of the publication is an increased interest in the campus ERFA chapter. There is now an ERFA representative as a voting member of the academic senate, plus revitalized plans to bring to the attention of new retirees the local and statewide benefits of ERFA membership.

CSUN's Association of Retired Faculty

By Nancy Owens, President
Association of Retired Faculty (ARF)

A large number of ARF members are involved in one of three book clubs, a birding group, a theater group, two film clubs,

a bridge club, a photography group, a needle arts group, the Retired Professors' Golf Association, and an adventurous eating group.

Members keep in touch officially through newsletters, post cards announcing meetings, the annual directory, and the ARF website (csun.edu/arf). Current membership is 285. Many members are involved in service projects in their departments and elsewhere on campus and have received service awards from the associated students, including CSU-ERFA's own Don Cameron. An ARF representative serves on the faculty senate. Retired and emeritus faculty have recently been offered free memberships in the newly opened student recreation center.

ARF presents five Wednesday afternoon programs each year. In September President Nancy Owens discussed selected items from the historic costume and textile collection housed in the department of family and consumer sciences. Many of these items have been donated by individuals connected to CSUN so they have special connections to ARF members—the late Mary McEdwards' grandfather's baby clothes from the 1850s, for example. In October, Peter Edmunds of the biology department shared his experiences in studying coral reefs in the South Pacific, showing images of changes that he and his students have noted over the years in conducting their reef species studies. Mike Dee, retired curator from the LA Zoo, hilariously described some of his professional experiences in "I Collect Feces from Endangered Species" in November.

In February, the group was honored to welcome Judge Martin Monsalve Fuencerrada of the Superior Tribunal of the Federal District of Caracas, Republic of Venezuela, 1948—AKA Charles Macune, emeritus professor of history. Charles is notorious for appearing as a variety of historic personages in his classes. This time the "judge," in full costume including a white wig, presented the case of Ligia Parra Jahn, the blonde with the Smith and Wesson. One of the attendees recalled being in Venezuela at that time and the stir that the trial caused (reminiscent of the O. J. trial—minus the DNA—but she lost). Helen Cox from the Department of Geography will be



Authors of the Sonoma State University Memory Book, from left, are: John Palmer (Chair), Barbara Biebush, Sue Thomas (Secretary), Lucy Kortum, and Janice Hitchcock

(Continued on page 10)

Highlighting Chapters and Affiliates

CSUN's Association of Retired Faculty CSUDH's Emeriti Faculty Association

(Continued from page 9)

presenting her research on climate change truths and myths in March.

The January "Thank God the Holidays Are Over" banquet brought out a record number of members and guests. After much conversation and delicious food at the University Club, three performers from the Center Stage Opera, two of whom were CSUN opera graduates, shared a variety of musical renderings.

The group will be taking its annual field trip in April, this time to the La Brea Tar Pits/Page Museum. At the annual May memorial luncheon ARF will present four \$1500 scholarships to graduate students to assist with their research in memory of deceased colleagues. Attendees always enjoy hearing the students present their research. We follow these students and find it rewarding that their successful careers have been helped by our scholarships. The final event of the year is the annual picnic and business meeting, which will be at a member's house in early June.

Letter to the Editor

(Continued from page 3)

Third, TIAA Traditional Life Annuities are seriously overpriced. I had noticed that Vanguard has much better priced annuities. There were many comments about TIAA having abandoned its original mission to provide attractively priced annuities to educators.

Fourth, there were many complaints that TIAA transfer payout annuities and the life annuity payments dropped to the required minimum after two years.

[Balance of letter omitted for space reasons.]

David Burdick
San Diego State University
San Diego, CA



One of the tables at the CSU Dominguez Hills' Emeriti Faculty Association's Ethnic Dinner, 2012

The Dominguez Hills Emeriti Faculty Association has 210 members and hosts four annual events. The year begins with the Fall Colloquium featuring a speaker, usually drawn from the ranks of our emeriti faculty. Most recently, Gila Hirsch delivered a talk titled "Confessions of a Multi-hatted Artist."

December is, of course, reserved for the Holiday Potluck. The evening is spent visiting with other retired colleagues and enjoying a variety of dishes and a glass of wine.

Mid-winter is the time for the Ethnic Dinner at a local restaurant. This year's Indian buffet featured specialties such as the Tandoori chicken, veggie samosas, and goat curry. Fresh fruit and the mango pudding closed the meal.

May sees the Honors Luncheon. Last May, special education and mathematics education students were selected by a chapter EFA committee to receive Leo F. and Margaret B. Cain scholarships for the 2011-2012 academic year. A MA student in biology received a science scholarship for 2011-2012 endowed by professor emeritus Lois W. Chi. Another chapter EFA committee selected newly appointed professors in biology, dance, interdisciplinary studies, and psychology for faculty legacy

awards that provide funds to assist in completing research leading to tenure.

The chapter also publishes a newsletter three times a year, increasingly delivered electronically. The newsletter includes updates on faculty activities, achievements, campus and statewide senate actions, and other news from campus such as a new library addition and CFA activities. Members contribute articles, book reviews, humor, travel pieces, and remembered campus anecdotes from the distant past.

Finally, in addition to providing volunteers for various services on campus, our EFA chapter helps link retired faculty looking for volunteer opportunities with non-profit organizations looking for special skills. A partial list includes the Reading Education Assistance Dogs [READ] program, the Osher Lifelong Learning Institute program, volunteering at animal shelters, serving on national, state, and community boards and emergency response teams, keeping accounts and filing IRS reports, and volunteering at hospitals, libraries, museums, and theaters.

e-Reporter?

Notify the CSU-ERFA office at csuerfa@csun.edu if you wish to receive *The Reporter* electronically only.

More on the CalPERS Investment Philosophy

By Tom Donahue, Chair, Pre/Post Retirement Issues Committee

Q. You were rather easy on CalPERS and its investment practices last time, particularly in view of the current news that the agency only earned a 1.5% return on its investments last year. What is really going on?

A. The 1.5% return is an average figure for the three years since 2008. As of this writing, these figures aren't available on the basic CalPERS website, so you will have to go to <http://www.calpers.ca.gov/eip-docs/about/pubs/comprehensive-annual-fina-report-2011.pdf>, and check page 93.

There you will see that:

- **In 2011 CalPERS earned 21.7% on its investments, but the average return for the three years ending in 2011 is indeed 1.5%**, and that claimed for five years is 3.4% and for ten years, 5.4%.

- **The average is low when the results are calculated to include the calamitous crash years of 2008 and 2009.**

- The real-world result, separate from the figures discussed so far, was reported by chief investment officer Joseph Dear on February 13, to be a 1.1% total for all of 2011, which includes the first six months of the current fiscal year.

Let us return to the statements CalPERS has made to prepare for this. It is interesting to notice that ordinarily the reports from CalPERS do not try to hide any missteps, but the interested person should examine their investment paths very carefully. **In fact, it is a good idea for all annuitants to read intently the Comprehensive Annual Financial Report available for the Fiscal Years ending June 30, 2010 and June 30, 2011.** A lingering look at these reports provides some fascinating details about current CalPERS investment practices.

Here are some of the pertinent figures found in the financial report for 2009-2010 at <http://www.calpers.ca.gov/>.

- **The market value of CalPERS assets on June 30, 2010 was \$201 billion [at present, 20 months later, it is \$229.6 billion.]**

- In the 12 months leading into June 30,

2010, the assets of our Public Employees Retirement Fund increased by \$22.7 billion, for an overall 12.7% return--a healthy result when our pension payout sum for the year was \$13 billion.

- **The best-performing CalPERS assets were domestic debt securities,** mostly government bonds, returning 21.7% on the initial investment, and "Alternative Investments" that returned 23.9% on the initial investment.

It is the "Alternative Investments" category which rivets the reader's attention. The sum invested in this category was \$21.8 billion in 2008-2009, and this total was increased to \$28.7 billion in 2009-2010. What is contained in this group of investments?

- The answers are to be found in Note 2, p. 50, under funds that "employ specific strategies," which include "but are not limited to Directional Trading, Event Driven, Fund of Hedge Funds, Multi-Process, Security Selection, and Specialist Credit strategies."

- And down the page: "leveraged buyouts, venture capital, growth capital, distressed investments, and mezzanine capital."

- Later in this discussion, Note 4, p. 55, includes the following for this group under "Derivatives": "swaps, options, futures, rights and warrants, and . . . foreign currency exchange and to-be-announced security contracts."

- At year's end, 14.1% of CalPERS assets had been invested in these venturesome instruments.

Let's move to the next accounting report. In the figures for July 2010-June 2011, the most recent of these reports (presently found at <http://www.calpers.ca.gov/eip-docs/about/pubs/comprehensive-annual-fina-report-2011.pdf>), the amount placed in alternative investments had increased by \$5.7 billion, from \$28.7 billion to \$34.4 billion. With this additional amount, obviously CalPERS has a sustained confidence in these sums and in the risk involved through a continuing practice of investing them in this way.

At the end of the first report we see the figures for the **real estate investments for 2009-10.** The results for domestic real estate investment show a considerable

loss. CalPERS has recently rehired a consultant, the Pension Consulting Alliance, advise the staff in this area. For the year in question, there was a 36% loss in domestic real estate. Specifically, the listed net cost for CalPERS domestic real estate investment assets was \$18.4 billion, but the market value was only \$11.8 billion.

The international real estate values showed a 5% loss: those had a book value of \$2.6 billion, with a market value of \$2.4 billion. Other major kinds of real estate investment showed gains: domestic real estate investment trusts had a book value of \$2.8 billion and a market value of \$3.1 billion. International real estate investment trusts had a book value of \$211 million, and a market value of \$460 million. In a brief follow-up, a CalPERS e-mail report of December 21, 2011 praises the work for the current year of its new Pension Consulting Alliance, and asserts that the domestic portfolio stood at \$19.1 billion, a 26% increase over the results reported above for 2009-10, a figure which may include the market value of the domestic real estate investment trusts.

For the fiscal year 2010-11, CalPERS real estate specialists made an intense effort to re-formulate the agency's real estate strategy, with an attempt to focus on what is called "core, income-generating properties." As given in the 2010-11 report, the figures on domestic and international real estate are bundled together. Real estate investments are reported at a little over \$31 billion, with nearly a \$12 billion debt; this is represented on page 90 as a 10.2% gain.

Altogether, CalPERS has proceeded with a sustained practice of using alternative investments to generate considerable returns, and it has retrenched, after devising a re-evaluated approach to its real estate investments. At the same time it shows confidence in pulling out of and then away from the jarring setbacks that began in 2008.

I am quite curious to see how others react to the most recent CalPERS financial documents. Please have a look, and send me an e-mail saying what you think to: dunnie10@sbcglobal.net.

Forecasting Team Seeks Participants

The SPADE team is seeking participants for a unique online, federally funded, paid research effort directed at improving current forecasting methods.

This is a federally funded research effort sponsored by the Intelligence Advanced Research Projects Activity (IARPA) to learn how judgments made by a widely dispersed and diverse group of individuals may be used to increase forecast accuracies.

Participation will include providing forecasts to questions relating to economic, political, cultural, and global security domains via an interactive website. Predictions to these questions may be based on individual knowledge or based on available information provided by other research participants.

The success of this project is largely dependent upon the 1,000+ individuals that will comprise the participant pool. The ideal participant is interested in and well-informed about current events per-

State Establishes Web Site to Assist With Long-Term Care Issues

A new state web site has been launched to help Californians plan for the possibility of long-term care. The site is called <http://rureadyca.org>, created by the Partnership for Long-Term Care, a state Department of Health Services organization.

It contains a straight-forward look at the facts, costs and emotional challenges of

taining to one or more of the following topics: politics, science and technology, economics, the environment, and the military. More information can be obtained from the study's website: www.iSPADE.net. Participants are paid an honorarium.

U.S. citizens 18 years of age or older with expertise in specific subject matter may be eligible to participate. Additionally, individuals from diverse educational levels (e.g., bachelor's degrees to Ph.D.s) across a range of disciplines are preferred. The research study commenced in the summer of 2011 and is expected to conclude in 2014.

long-term care and is focused on solutions relevant to California. The most common statistic about long-term care is that two-thirds of Californians will utilize some long-term care at some point in their lives.

Planning tools provided include a cost of care calculator, a self-insuring calculator, monthly income, expense and asset worksheets, a policy premium calculator, and the costs of long-term care in the different California counties.

There is a discussion of the various options open to individuals, including doing nothing. With most long-term care being provided by friends and family members, consulting a site like this is a good step, even for those enrolled in CalPERS long-term care insurance..

Change a lightbulb?

Q: How many vice-presidents does it take to change a light bulb on a college campus these days?

A: One more than they already have.

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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