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Emeritus & Retired Faculty Association

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Inside this issue:

Faculty Trustee Stepanek to Speak at April State Council

The April 25, 2015 state council meeting at CSU Long Beach will hear CSU Faculty Trustee Steven Stepanek as the keynote speaker. Chancellor Timothy White, previously scheduled, had to cancel. The meeting will begin at 10 a.m., with the faculty trustee speaking at 10:30.

Faculty trustee Steven Stepanek was appointed by Governor Brown in late 2013. He is a computer science professor from CSU Northridge who served as chair of his department until his appointment. He held several previous positions at CSUN, including academic consultant, operating systems analyst, lecturer, and assistant, associate, and full professor.

Faculty Trustee
Steven Stepanek

He has been a member of the CSUN faculty senate from 1994 and was elected faculty president from 2010 to 2013. He has served in the CSU statewide academic senate for almost a decade and on numerous campus and statewide committees involved with technology, curriculum, admissions and transfer. He earned a bachelor's degree in mathematics and a master's degree in computer science from CSUN.

The council will also consider the recommendations of the 2015

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Health Benefits Report: LTC and the Anthem Data Breach

By David Wagner, Health Benefits Director

This column has something on an old topic, information on CalPERS Long-Term Care (LTC), and something new, information on a significant data breach at Anthem, a major CalPERS health insurer.

Long-Term Care. Those who are enrolled in the CalPERS LTC program and whose coverage currently includes lifetime benefit and/or built-in inflation protection received letters early in February 2015 providing a reminder of premium increases of approximately 85 percent to be implemented in 2015 and 2016. These increases were announced several years ago and are set for implementation over a two year period – July 1 of both 2015 and 2016. The letter also provided a summary of options to reduce the impact of premium increases. There is background information on these premium increases and the CalPERS LTC program in past columns of *The Reporter*.

A pamphlet, *Making Your Long-Term Care Decisions*, accompanied the letter and is an information-rich and helpful publication which requires very careful reading. There is a good description of how the total coverage amount is calculated if you select a defined benefit period of 3, 6 or 10 years instead of continuing with a lifetime benefit. Coverage may not necessarily expire at the end of the selected time frame. Rather, "(i)t continues to be available until your Total Coverage

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From the President...

Dear Colleagues,

Faculty Trustee to Address State Council. I am really pleased to tell you that CSU Faculty Trustee Steven Stepanek will be meeting with our group at the April CSU-ERFA state council meeting. Originally we were scheduled to hear from Chancellor White, but he had to cancel after *The Reporter* went to press. Scheduling the chancellor was the result of our meeting with him last month and providing him with information about us and CSU-ERFA. The chancellor has already mentioned us to the CSU presidents, citing our abilities to assist at our various campuses. If you are interested in sharing some of your expertise, do keep in touch with your local emeriti/retiree organization.

California Senior Legislature. Also, I want to review with you a statewide organization that functions as a forum through which California seniors can have impact on legislation that affects older populations. I am referring to the California Senior Legislature, which is sanctioned by law and comprised of 120 elected members who are 60 years of age or older. The 40 senior senators and 80 senior assembly members are elected every four years by their peers. Their goal is to present legislative priorities to the state legislature.

CSL is a meaningful organization that identifies senior concerns, develops legislative proposals in response to those concerns and advocates for their inclusion in legislation. CSL amplifies the voice of seniors, and individual CSL members draft bills that could assist in meeting needs. In each October, CSL meets in the Sacramento state capitol to collaboratively review the drafts proposed by members and after extensive examination, the members adopt 10 state and 4 federal priorities. Senior legislators then seek state lawmakers to author the CSL priorities and work to obtain passage of the bills into laws.

Positive Track Record. Since its inception in 1981, CSL has had approximately 75% of its proposals actually enacted. Needless-to-say, it is a plus for California's senior population.

Legislative concern for the well-being of older adults has somewhat decreased in the last decade. However, it is quite important that we support efforts to enhance the welfare of our seniors so that the state can take advantage of their extensive knowledge, wisdom and competence. CSL is in a position to assist in this process but needs some financial assistance to do so. It receives no funding from the state. Support is through voluntary donations. These can be done via the California Senior Legislative Fund that is listed on the State income tax form.

The "Friends of CSL" organization has been inaugurated recently, and you can become a member for a $10 per year donation (or more if you are willing). Information can be found on the website at www.4csl.org. Obviously, I believe that CSL is a major innovator in meeting the needs of California's elders. I do hope you will help it do so.

Best wishes,

Barbara
Barbara P. Sinclair,
President, CSU-ERFA

New Issue of "Faculty To Faculty," the Statewide Senate Newsletter

The new issue of the "Faculty to Faculty Newsletter," published several times a year by the statewide academic senate of the CSU, is out. The message from the senate chair, Steve Filling of CSU Stanislaus, contains items on the 120/180 unit cap, a discussion of the governor's budget proposal for the CSU, and the new community college BA degree programs, among other things.

The faculty trustee report discusses the extent to which the trustees of the CSU are addressing infrastructure needs. There are also reports from the standing committees on the issues before them, as well as interviews with two senators.

The newsletter may be found on the statewide Academic Senate web site, http://www.calstate.edu/acadsen/.

CSU Celebrates Reaching 3 Million Alumni

By Aaron J. Miller, Executive Director, CSU Alumni Council

With Commencement 2015, the California State University will reach a major milestone -- exceeding 3 million living alumni.

The impact of the CSU on both the state and national level is difficult to overstate. U.S. Census data show that one out of every twenty Americans with a college degree earned that degree at the CSU. Furthermore, about one in ten employees in California has a CSU degree.

To put these numbers into context, the CSU alumni family is larger than the population of 20 of the U.S. states.

To recognize this important occasion, the university has launched a celebration called the *Class of 3 Million* that runs throughout the 2014-15 academic year concluding in June 2015. The celebration highlights the impact of CSU graduates in everyday life and demonstrates that our alumni are the fabric of society and the foundation of the economy. All CSU graduates and the Class of 2015 are members of the *Class of 3 Million*.

The celebration extends beyond just our graduates, however. It is a chance to involve all our current and retired faculty and staff—many of whom are alumni themselves—in celebrating the achievements of the students they helped to educate. This is a shared celebration by the entire CSU family.

The centerpiece of the public celebration is the *Class of 3 Million* online yearbook (classof3million.calstate.edu). It is a place where alumni can claim their spot in the celebration by creating a profile and become re-engaged or further engaged with their campus. The yearbook is also designed to be interactive and fun. Alumni can find former classmates and make new professional connections through the networking features on the site. It also visually shows that our alumni are leaders in key state and national industries.

From each individual profile, there are links back to the campus websites to encourage alumni to become involved in campus life. Alumni can also share links to their social media profiles for personal and professional networking. One of the most exciting features is the ability to earn a variety of badges on your profile by taking key actions to support the university. For example, alumni can earn the Thankful Badge for posting a thank you message to a faculty or staff member on social media or the Volunteer Badge for committing to volunteer with their campus in the next 12 months. In all there are eight badges that can be earned.

During the promotional period for the Thankful Badge we collected many heartwarming stories from alumni thanking faculty members who made a profound impact in their lives. I invite you to visit the yearbook and click on "Give Thanks" to read some of them. We were thrilled that one particularly heartwarming story was featured in the *Los Angeles Times*.

The faculty of the CSU, both current and retired, played such a vital role in the success our alumni achieved in their lives. CSU-ERFA encourages all retirees to visit the website and get in contact with former students. You can access them by campus and/or name. We are working with the CSU chancellor's office and the CSU Alumni Council to create the world's largest yearbook!

State Council to Hear Faculty Trustee Stepanek at April Meeting

(Continued from page 1)

nominating committee, consisting of Mark Shapiro as chair, Ed Aubert, Sally Hurtado de Lopez, William Taylor and Tom Donahue.

The committee is recommending William Blischke of Dominguez Hills for CSU-ERFA president, Barry Pasternack of Fullerton for vice president, Rita Jones of Long Beach for secretary, and Harry Sharp of San Luis Obispo for treasurer. Jones and Sharp are incumbents. Blischke is the incumbent vice president. Pasternack is an at-large member of the executive committee.

The committee also recommends three CSU-ERFA members for delegate-at-large positions on the state council. The members to be recommended are the three incumbents whose terms expire this year, Donald Gerth of Sacramento, Marshelle Thobaben of Humboldt, and Adnan Daoud of San Jose.

Other business before the council includes hearing health benefits and legislative reports.

President Barbara Sinclair shares new CSU-ERFA brochure with George Diehr, professor emeritus of management science (San Marcos) at the fall state council meeting. Diehr retired in January from more than a decade of service on the CalPERS board of administration and is the new CFA liaison to the state council, as well as its first San Marcos member..
Photo - Judd Grenier

No "Selfies" Here

By Dave Elliott, San Jose State University

Our children and grandchildren did not invent the "selfie." Credit for that should go to Narcissus, of Greek mythology, who couldn't stop looking at himself. And whether our young people, especially those who are deeply invested in what are called "social media," are afflicted with narcissism, the personality disorder that is named for Narcissus, is an open question.

I am troubled by the fact that only 36.4% of the American people turned out to vote and here, in sunny California, only 30% bothered to vote. Even more troubling is the Brookings Institution report that the participation of our young people (the 18-29 cohort) dropped by 6% in this most recent election. I fear that too many of them are completely turned off by American politics and have decided to drop out, becoming selfies who focus most of their energies on their own interests.

But I know this is not true of our generation. We have given our lives to serving others, and it's just not our way to forget about them now, even though many of us could probably justify doing so. As an old pension defender, the "others" I am concerned about now are our younger brothers and sisters in the university, who are still striving to make a difference in this world through scholarship and teaching. But I am even more concerned about future colleagues, not yet hired, who will face challenges that never crossed our minds when we started our careers in the CSU.

The fractious, ideologically charged mayoral election campaign we have suffered through here in San Jose is finally over, and although I would normally urge that that both sides simply accept the outcome and move on as gracefully as they can, this is not possible for me in this case, and I know many others feel the same way. In some ways, this election simply signaled the beginning of a whole new struggle.

The winner, Sam Liccardo, and his opponent, Dave Cortese, are both Democrats and hold similar positions on most of the issues facing San Jose. But, they are worlds apart on pension reform. Most of us thought Superior Court Judge Patricia Lucas had driven a stake through the heart of Chuck Reed's Measure B when she declared the parts of it that renege on promises to current employees unconstitutional, but Liccardo campaigned on a promise to appeal this ruling and won by about 3,500 votes.

Cortese promised new negotiations with city employees on these Measure B issues, but in spite of strong support from labor, both here and from beyond the state, he was unable to prevail. Chuck Reed, the outgoing mayor who promoted Liccardo's candidacy, obviously realizes the city probably can't have its way with its workers without an amendment to the California Constitution, and is planning to introduce a pension busting amendment though the Initiative process in 2016. Over 70% of the San Jose electorate voted for Measure B, suggesting that Reed's chances of prevailing with his initiative might be fairly good.

Wall Street billionaires invested close to a million dollars in the election of Sam Liccardo, for obvious reasons. They believe a successful appeal of Judge Lucas' ruling, or a pension-busting amendment to the California Constitution, could create a precedent that would enable all public employee agencies everywhere to roll back pension promises for existing employees and, eventually, force all of them into 401(k) plans, where public involvement is minimal and Wall Street is King.

Although we who are already retired are probably beyond the reach of these developments, they could pose a serious threat to the pensions of current and future CSU faculty, and I believe we should oppose them.

No selfies here, I hope.

CSU-ERFA Foundation Awards Prof. Mary White $2,000 Research Grant

The CSU-ERFA Foundation is pleased to announce that Prof. Mary B. White of San Jose State University has received a grant for $2,000 from the CSU-ERFA Foundation grant program in the 2014-15 cycle. Her topic is entitled *Hot Spots: California Art Glass Movement: 1962 to Present* and is both interesting and intellectually inspiring. Her project proposal was well-organized and included both detailed information and supporting material.

The project highlights many glass movement artists, as well as California higher education's role in the development and expansion of the national art glass movement since 1964. The project includes interviewing key CSU faculty and alumni glass artists. The final product is the mounting of a six-day exhibition of 20 to 25 glass sculptural pieces, a symposium, and an on-line catalogue. The Association of California Clay and Glass Artists have agreed to co-sponsor the exhibition and will pay for insurance, along with in other in-kind support.

White anticipates that the research project will bring prestige and recognition to the CSU for its role in and contributions to the glass art movement.

CSU-ERFA Charitable Foundation Receives Fourth Challenge Grant:

The CSU-ERFA Charitable Foundation recently received a fourth $500 challenge grant from a member. The donor will match all donations from individuals received by the foundation through June 30, 2015 up to a total of $500. The three previous challenge grants were met or exceeded by member donations.

The CSU-ERFA Charitable Foundation is a 501(c)(3) organization that provides competitive grants to CSU-ERFA members to support their research and scholarly activities. Donations from both CSU-ERFA members and the general public are welcome. Donations to the foundation generally are deductible from state and federal income taxes.

You may donate to the foundation by sending a check made out to the "CSU-ERFA Charitable Foundation" to CSU-ERFA, 18111 Nordhoff Street, Northridge, CA 91330-8339. Alternately, members can choose to donate to the foundation monthly through a deduction from their CalPERS pension warrant. If you wish to contribute through a deduction from your CalPERS pension warrant, please download our donation agreement form (http://csuerfa.org/pdf/Donation-Agreement.pdf), fill it out and return it to the foundation at the above address.

ASCSU Report: Highlights of the January Plenary

By Bill Blischke, CSU-ERFA Liaison to the ASCSU, and Barry Pasternack, CSU-ERFA Voting Member of the ASCSU

The Thursday, Jan. 22nd plenary session of ASCSU was devoted primarily to presentations and Q&As by an impressive group of chancellor's office administrators and representatives of key CSU groups. They included Steven Stepanek, CSU faculty trustee; Gerald Hanley, assistant vice chancellor for academic technology services, accompanied by Eric Forbes, from student academic support; Miles Nevin, CSSA executive director; William Blischke (of all folks), CSU-ERFA liaison; Ed Sullivan, assistant vice chancellor, academic research & resources; Lori Lamb, vice chancellor of human resources; and Dean Kuliju, financial aid and scholarship programs.

3 Million Graduates. Kristin Crellin, president of the Alumni Council and Aaron Moore, CO director of advancement, described the 3 million graduates program. (See the article on page 3 of this issue.) These presentations and discussions reflect the commitment of Chancellor White to shared governance or, as he prefers to call it, shared leadership.

Chancellor White met with the ASCSU for approximately 35 minutes on Friday morning. He responded to questions on issues such as faculty staying in touch with former students via the 3M Grad initiative and the impact this might have on fundraising, academic freedom (in light of the resolution passed), the low dollar value of the RFPs that have been coming out of the Chancellor's Office, and the difficulty in recruiting and hiring faculty given our budget constraints.

Resolutions passed included:

• **AS-1897, "The Need for a Comprehensive California State University Policy on Academic Freedom."** This resolution (one of many passed by the ASCSU on this topic) called on the CSU's statement on academic freedom to include a missing third area that is covered in the AAUP policy.
• **AS-3199, "Non-Tenure Track Faculty and Shared Governance in the California State University."** This resolution called on campuses to ensure both full and part-time lecturers to have, where permitted by the faculty collective bargaining agreement, involvement in the campus governance activities.
• **AS-3200, "Appreciation of Support for Passage of AB 2324 (Williams) Trustees of the California State University: Faculty Member of the Board."** This resolution commended the individuals involved in getting legislation approved that enables the current faculty trustee to stay in the position for up to one year if the governor fails to select a faculty trustee in a timely fashion.
• **AS–3201, "Call for Withdrawal of the Proposed 2015 Teacher Preparation Regulations under Title II of the Higher Education Act."** This resolution puts the ASCSU on record opposing tying student success on standardized tests to the implied abilities of a classroom teacher.
• **AS–3209 "Commendation of the CSU Academic Conference 2014."** This resolution thanked those who were involved in planning, funding and delivering the Academic Conference.

We had a first reading of **AS–3202 "Opposition to Unnecessary Bundling of Online Academic Journal Articles."** This resolution called for faculty to consider boycotting Wiley textbooks if the company does not relent on requiring the bundling of unwanted electronic journals, thus resulting in a large increase in the cost to the CSU.

CSU-ERFA New Members

Bakersfield – Merry M. Pawlowski

Chico – Margaret A. Dufon

Dominguez Hills – Sharon J. Tipple

Fresno – Mariamma K. Mathai
Daljit Singh*
Alan Waters

Fullerton – Gerald C. Marley
Michael Newby
Judith V. Ramirez
William R. Smith

Humboldt – Ann C. Diver-Stamnes
Saeed Mortazavi

Long Beach – Robert Berdan
Ella Lou Pass
Carol Riley
Sam Torres
Skyne Uku-Wertimer

Maritime Academy – Paul Leyda

Monterey Bay – J. Ken Nishita*

Northridge – Merry A. Ovnick

Pomona - Genevieve Crean,
Charles E. Loggins
David R. Smith
Norman Gregory Young

Sacramento - Claudia M. Bridges
Joan E. Dworkin
Mridula Udayagiri

San Bernardino – Daniel F. Fahey
Richard H. Hobson

San Diego - William F. Eadie
Mary L. Kelly
Patricia Patterson
Bill Stumph

San Francisco - Caroline D. Harnly,*
Shy-Senq Liou
Stanley C. Williams

San Jose – B. Burt Gerstman
Heidi Pendleton

San Luis Obispo - David J. Kann

Stanislaus - Kweku M. Smith,
Nancy Jean Smith

* Denotes lifetime member

Health Benefits Report: LTC, Anthem Data Breach

(Continued from page 1)

Amount is completely used to pay for your long-term care or until you stop paying premiums." (p. 3).

If you decide to drop built-in inflation protection, you will be given future opportunities to increase your daily benefit amount to keep pace with inflation, and by so doing you will increase your total coverage amount. Of course your premiums will increase if you take advantage of these offers. This "benefit increase option" (BIO) will be considered every three years by CalPERS. The earliest it will next be available is 2016. Past BIOs allowed for the purchase of an additional 15 percent of coverage with an increase in premiums. There are two important caveats to these BIOs. First, "(t)he increase in coverage may be purchased as long as the participant is not currently receiving benefits." (p.6). Second, "(i)f you decline the BIO to increase your coverage twice during your participation in CalPERS LTC, no additional BIO offers will be made to you." (p.6).

Only you can decide the type of LTC coverage you need. CalPERS notes that the average time in claim for CalPERS LTC policy holder is 3.4 years. Only 1 percent required coverage for longer than ten years. If you remain unsure about your choices, it is a good idea to discuss your options with trusted advisers. The CalPERS LTC customer service center is open Monday through Friday from 8:00 a.m. to 5:00 p.m. and may be reached at (888) 877-4934.

CalPERS will mail you a letter on April 1, 2015 with details on the specific options available to you to avoid the premium increases. If you want to select one of the options, your signed response is due May 1, 2015. If you take no action your coverage will remain the same and the premium increase will be effective July 1, 2015. Still cannot decide? If you do not select one of the alternatives by May 1, 2015, you will pay the 36 percent premium increase for 2015 and be given an opportunity in spring 2016 to select options to avoid the 36 percent increase for July, 2016.

Anthem Data Breach. Anthem Inc. revealed on February 4th that its data base was hacked between December 10, 2014 and January 27, 2015. While there is no current evidence that medical or credit card information was stolen, the Associated Press reported that hackers gained access to "names, birthdates, email addresses, employment details, Social Security numbers, incomes and street addresses." It has been estimated that over 78 million customers of Anthem may be affected by the data breach. This number includes those whose files may have been viewed but whose information may not necessarily have been stolen by hackers. Anthem has indicated that letters to affected customers will begin to be mailed in early March.

In an email to stakeholder representatives on February 5, 2015, the CalPERS office of stakeholders relations informed us that "Anthem will individually notify current and former members whose information has been accessed and will provide credit monitoring and identity protection services free of charge so that those who have been affected can have peace of mind going forward." This notification will occur by mail. Anthem warns policyholders to not respond to emails or phone calls purportedly from Anthem representatives asking for disclosure of sensitive information. The Associated Press on February 14th reported that Anthem will provide two years of free credit monitoring and identity theft repair assistance to all current and former customers since 2004.

An Anthem representative answered questions at the February 12, 2015 CalPERS stakeholder engagement briefing. He noted that there is an ongoing investigation into the breach involving both federal and state law enforcement agencies. He also indicated that it was believed that information on customers over the past six years may have been hacked. The full scope of the breach was still under investigation.

We were also informed by CalPERS that "Anthem has also established a website – www.anthemfacts.com – where members can access information about the situation as well as a dedicated toll-free number for questions about this incident: (877) 263-7995." The website provides information on the credit monitoring offer, customer notification, and a set of FAQs on the data breach. CalPERS is also promoting this information through its own social media channels. The Anthem website may be the best source of updates on this developing situation.

UPDATE: CSU-ERFA members most likely to be affected by the data breach are those who are or were enrolled in a PersCARE, PersCHOICE, or PersSELECT basic or supplement to Medicare PPO plan that was managed by Anthem or Blue Cross. If you were, you do not need to wait for the receipt of a letter from Anthem to enroll in the identity theft repair and credit monitoring protection being provided by Anthem at no charge for two-years. Go to https://anthem.allclearid.com/ and enter your name and a valid email address.

AllClear ID will send you an email with a telephone number you can use to contact the identity theft repair service if you discover that your identity has been stolen. You are not required to provide any other information for this service.

However, the email also will include an enrollment code and instructions for enrolling in the AllClear PRO service, which includes credit monitoring and a $1,000,000 identity theft insurance policy. While there is no charge for two years for the AllClear PRO service, you will have to provide some personal information to complete the enrollment.

CalPERS Dependent Eligibility Project Removes 15,000 Ineligible Dependents

The almost-completed dependent eligibility project undertaken by HMS Employer Solutions, a consultant, for CalPERS has resulted in some 15,000 ineligible dependents being removed from health coverage either in the program's amnesty period in 2013 or through the verification cycles.

CalPERS covers nearly 1.4 million members and dependents for health coverage, meaning that the ineligibility rate was a bit less than 1.1 percent. CalPERS estimates that the 15,000 ineligible dependents would have consumed some $106.3 million in health costs in the future.

Are Health Benefits a Vested Right for CSU Retirees?

By Mark Shapiro, CSU-ERFA Webmaster

The U.S. Supreme Court recently ruled unanimously in a case from West Virginia (M&G Polymers USA v. Tackett, No. 13-1010) that in the absence of specific language in a union contract granting retirees free lifetime healthcare benefits, the company might be able to require the retirees to contribute to the cost of their health plan, thus overturning the decision of a lower court in favor of free lifetime healthcare for the retirees.

The case has been sent back to the lower court to determine the intent of the contract using principles of contract law. This brings up the question of the status of the healthcare benefits for CSU retirees. Are these benefits a "vested right" and if they are, exactly what does that mean?

Pensions vs. Health Benefits. First, it's important to distinguish between retiree pension benefits and retiree health benefits. California public employee pension benefits are considered a vested right (http://www.calpers.ca.gov/eip-docs/about/pubs/vested-rights-members.pdf) and cannot be reduced for current retirees, though they can be reduced for new employees through state law, and for current employees through the bargaining process. Pension benefits are determined by formulas, as are cost-of-living adjustments, so public employees know exactly what their pensions will be when they retire and how they will be adjusted for changes in the cost of living.

On the other hand, public retiree health benefits are not so clearly defined. In fact, not long ago Orange County active employees voted for a new contract that reduced retiree health benefits, and the courts ruled that was a valid action. (http://www.calpublicagencylaboremploymentblog.com/retirement/court-finds-no-implied-promise-of-continuing-retiree-medical-benefit/.) But contracts for state employees and CSU employees mention a "vesting period" after which retirees receive full health benefits. This would imply that CSU retirees are entitled to receive "full health benefits" for life. But what exactly does this mean?

Funding of Healthcare Benefits. Unlike the CSU pension benefit, which is to a large extent prefunded by employer and employee contributions and is well-defined, the healthcare benefit is funded out of current revenue and consists of a monthly payment from the CSU to CalPERS for each employee and each retiree. For active employees and retirees under the age of 65, CalPERS negotiates with various providers to offer a number of HMO plans for employees and retirees that include hospital, medical, and pharmacy benefits. In addition, CalPERS offers three PPO plans and a pharmacy plan for employees and retirees under 65 who prefer fee-for-service healthcare. The monthly payment from CSU to CalPERS may or may not cover the entire cost of the chosen plan depending on the number of dependents if any enrolled in the plan. The employee or retiree is responsible for the additional cost, as well as any co-pays required by the plan.

Medicare. Several years ago CalPERS required all eligible retirees and their eligible dependents who had reached the age of 65 to enroll in Medicare Parts A & B, and more recently in a CalPERS Medicare Part D plan (Part A covers hospital, Part B medical, and Part D pharmacy benefits) or to enroll in one of the Medicare Advantage Plans offered by CalPERS that provide similar hospital, medical, and pharmacy benefits. In this case the monthly payment from the CSU is used to cover any additional Medicare Advantage premium above the amount paid to the plan directly by Medicare, or for retirees in traditional Medicare, it is used to pay the basic Part B premium and the basic Part D premium and the premium for a PersCARE Supplement to Medicare plan. (Under some circumstances, retirees who are required to pay an income-related additional Medicare Part B premium also may be reimbursed fully or partially.) The CSU monthly contribution also may be used to cover all or part of basic plan premiums for dependents not eligible for Medicare.

The healthcare benefit itself is a "moving target" for both active employees and for retirees. Just about every year there are changes in the plans available and what they cover, though they all must meet the basic requirements of the Affordable Care Act. This is true particularly for the pharmacy benefit, where the formulary of available drugs changes on an annual basis, as may co-pays. And, clearly, those retirees over 65 don't have the same choices of healthcare plans that active employees and younger retirees have.

In this environment what does it really mean to say that healthcare is a "vested right" for CSU retirees? It obviously doesn't mean that CSU retirees are entitled to the same healthcare choices they had on their retirement date. More likely – in this writer's opinion, California courts would rule that they are entitled to health coverage that is substantially equivalent to that being received by active CSU employees. This would imply that the

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In Memoriam

Chico – Frank Ficarra
Carol L. Hardy
Walter O. Dahlin

East Bay – Ricardo L. Singson

Fresno – Earl Bassett
James Snider

Humboldt – Kenneth H. Humphry

Long Beach – Kenneth T. Bartlett
Robert A. Pestolesi
Richard C. Potter

Los Angeles – H. Randall Butler

Northridge – Jean Daniels
John Lindsay
DeWayne Johnson
William Huling

Pomona – Gus Gerson
Shepperd B. Gold

Sacramento – Sharon J. Baker
David Humphers
Thomas Knutson

San Diego – Norman F. Dessel
Harold Moore
Doris G. Murdock

Stanislaus – Nancy J. Clark

Pre and Post-Retirement Concerns: On Michael Lewis

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

Q. Following your discussion of risky investment bets last time, you should look into the books of Michael Lewis.

A. You refer to: *Liar's Poker* (Norton, 1989), *The Big Short* (Norton, 2010), and *Flash Boys* (Norton, 2014), abbreviated below as LP, BS, and FB. In order, these books discuss Michael Lewis' years with Salomon Brothers in the early 1980s, then the behavior of bonds traders and stockbrokers, and the policies of trading firms during the savings and loan crisis and the crash of 1987 and the lead-up to the Great Recession of 2007. What I now hear journalists say as their conclusions from these books about stocks and bonds are the following:

- The person selling you bonds is typically a young person in his early or mid-twenties, working to surface in adult life after a prolonged adolescence, and poorly trained by his first employer.
- To make sales, this trader depends upon begrudged advice given in his office by a more successful person a year or two his senior, together with his own "flair, persistence, and luck" (LP, 51.)
- Successful younger persons come up with new product packages designed to generate short term income, but with no analysis of the ultimate effect of these products on his employer or on the market. In fact, it is rare that the salespersons hired in these firms have been employed for the thinking skills, or for the mathematical or economic training necessary to foresee the long term impact of their products (this is the substance of BS.)

Pause and consider this fugitive thought: does this sound like the sort of person whose papers you used to help edit and write in undergraduate school? Back when you were a freshman and they were sophomores or juniors? Now they want to advise you about money.

While the new products are vigorous and adventurous (for almost thirty years these schemes cannot – CANNOT – resist repackaging for sale bundles of home mortgages) senior management in the trading firms may choose to remain in the dark about the details of the schemes, a tactic which affords them plausible deniability in the future.

Emblematic of the shortcomings of these products is the argument presented in FB: firms with the shortest trading time in these firms have the advantage of knowing what products are for sale, and then can exploit this advantage to reduce sales prices, or to run them up, in the moment before firms without this advantage can react. This is of course the crassest kind of manipulation, but it seems to be impossible to constrain it.

In order to protect the investments within a firm itself, one division of a firm can offer a product for sale with the most excited recommendations, at the same time that another division may offer products which will undermine or "short" the same product.

No one in the business entertains the value that such utilitarian schemes are fundamentally amoral; that particular insight may never come up for discussion.

It is it any wonder that CalPERS is returning to a set of conservative, back-to-basic practices? CalPERS obviously has become more sensitized to matters of the sort described above since its plummet to $140 billion dollars in value a few years ago. It seems that we are all much the better for their reworked policies.

Please direct any questions for this column to Tom Donahue at donahue_thomas@ymail.com

CFA News

By Harold Goldwhite, CSU-ERFA Liaison to CFA

The next CFA delegate assembly will be in the spring and will be reported on in an upcoming article. Meanwhile here are a couple of CFA activities of interest and concern to CSU-ERFA members.

CFA is producing a thought- provoking series of "White Papers" on "Race to the Bottom," the first of which has just appeared on the CFA website.

This analysis of the failures of both the CSU and the State of California to adequately support the faculty and the students of the CSU echoes themes you have heard before, but the disparities in support of faculty are now extreme. CFA will be lobbying actively at upcoming legislative budget hearings in Sacramento.

The negotiated (and very modest) pay increases for faculty should finally be showing up in pay warrants in March 2015.

More details of these and other CFA activities can be accessed through the CFA website: www.calfac.org.

David Humphers, former Reporter Columnist, Dies

David Humphers, whose health benefits columns graced *The Reporter* for several years, died December 28, 2014 in Sacramento. David's columns were known for his liberalism and strong support for the Affordable Care Act, but Alan Wade, his colleague at the School of Social Work, shared that David, a healthcare administration specialist, was actually a part-time cowboy: "He raised cattle on jointly owned ranch-land in the foothills near Placerville for many years, and served as the major hands-on steward of our conserved 260 acres." David Elliott of SJSU summed it up: "For me, he was always a kind and gentle person — with a fierce determination to protect the rights of others. CSU-ERFA will always be in his debt."

Our Wonderful COLAs: Social Security and CalPERS

By John G. Kilgour, ERFA, CSU East Bay

We are so fortunate! We not only have a CalPERS defined benefit (DB) pension plan with retirement and health benefits for life; we have Social Security benefits too. A dwindling number of private sector employees have DB pensions and many public sector employees are not covered by Social Security (including K-12 teachers in California and 14 other states). Moreover, both Social Security and CalPERS have cost-of-living allowance (or adjustment) (COLA) provisions that protect us from price inflation.

Social Security. The Social Security Amendments of 1972 established automatic cost of living adjustments for Old Age, Survivor and Disability (OASDI) benefits as of 1975. Before that, Congress increased such benefits by special legislation as deemed necessary.

OASDI benefits are indexed to the Consumer Price Index for Urban and Clerical Workers (CPI-W). Specifically, they are determined by comparing the price levels for the third quarter (July, August and September) of each year with those of the same period in the previous year. Since 1984, the benefit adjustment is effective with the January payment. Before that, benefits were payable on the July check.

The OASDI COLA for January 2015 was 1.7%. COLAs have ranged from a high of 14.3% in 1980 to a low of 0.0% in 2010 and 2011. Due to the Great Recession that began in the fourth quarter (Q4) of 2008, the CPI-W declined during that quarter and Q1 of 2009. However, since the COLA was based on Q3 of 2008 as compared to Q3 of 2007, there was a 5.8% increase effective January 2009. The increase was paid to offset price inflation that had not occurred. Indeed, it was negative. When price inflation is negative, benefits are not reduced. However, they are not increased again until the CPI-W surpasses its former high. In January 2012 a positive COLA of 3.6% took effect. Since then the COLA has been 1.7% in 2013, 1.5% in 2014 and 1.7% in 2015.

CalPERS: COLA. The cost of living allowance for most state of California and CSU retirees is limited to the lesser of 2% or the actual rate of inflation. A widely held misconception is that the up-to 2% is applied to the current gross retirement benefit each year and that when the rate of inflation is above 2%, the difference is "banked" to be drawn upon in future years when the inflation rate is below 2%. That is not quite how it works. It is a little more complicated than that.

There is no COLA in the first year of retirement. It starts in the second year after retirement and is then calculated annually and applied each May 1 thereafter. CalPERS calculates the compounded 2% maximum each year as follows: (1.02 X 1.02) -1 = .04; (1.02 X 1.04) -1 = .061; (1.02 X 1.061) -1 = .082, etc. (rounded). The result is then compared to the actual rate of inflation, also compounded.

CalPERS. CalPERS uses the Annual Average of the All Urban Consumer Price Index (CPI-U), one of the many CPIs available from the Bureau of Labor Statistics (BLS). Specifically, CalPERS uses the CPI-U based on 1967 (1967 = 100). I was unable to find that. The BLS currently publishes CPI data based on 1982-1984. CalPERS then compares the two compounded numbers and applies the lesser of the two to the retiree's basic (initial) benefit. For those of us who have been retired for more than a few years, this means an annual 2% increase, even when the inflation rate is less than that. Until recently, the rate of inflation has been well above 2%. In 2010, it was a negative 3.57%. Participants who had retired in 2005 or earlier received the full 2% effective May 2011. Those with retirement dates in 2006 and 2007 received slightly less. And, those who retired in 2008 and 2009 received 1.27% and 1.64% respectfully.

CalPERS: PPPA. CalPERS provides another benefit adjustment called the Purchasing Power Protection Allowance (PPPA). The PPPA is separate from and in addition to the COLA. The calculations are similar. When the purchasing power of the retirement benefit falls below 75% of the basic benefit, it is restored to the 75% level.

CalPERS used to say that the PPPA kicked in 10 or 12 years after retirement. Given the low levels of inflation after 2008, that is no longer the case. It may be more like 20 years now. Since 2012, the PPPA adjustment is made effective May 1, to coincide with the COLA. Before that it was January 1.

How Do We Compare? CalPERS also provides pension services to local government agencies. They may contract (and pay) for COLA rates of 2, 3, 4 or 5%. Obviously, we do not compare well with those local governments with more generous arrangements. The University of California retirement plan (UCRP) COLA equals 100% of the first 2% of inflation and 75% of the next 4% to a maximum of 6%. The UCRP also makes periodic benefit adjustments to restore purchasing power to the 75% level. The California State Teachers retirement system (CalSTRS) provides a flat 2% adjustment annually. CalSTRS inflation protection kicks in at 85%. That's appropriate since teachers in California are not covered by Social Security with its 100% inflation protection. And, sadly, if we compare ourselves with our not-yet-retired CSU colleagues, who have essentially gone for seven years without a general salary increase, our COLAs look great.

The Wisconsin Legislative Council's (biennial) Comparative Study of Major Public Employee Retirement Systems (released December 2013) reports that of the 87 plans studied, 30 had COLAs indexed to the CPI, 24 had automatic percent increases, 5 had COLAs based on investment surpluses, and 21 had ad hoc increases by the state legislature or other decision-making body. Six had no COLA provisions at all. The maximum allowed adjustments and other specifics vary widely.

Conclusion. Is the glass two-thirds full or is it one-third empty? Compared to the UC and many local government agencies, our 2% cap looks rather paltry. Compared to CalSTRS it looks rather good. Compared to almost all private sector DB pension plans, it looks great. The glass is two-thirds full. Maybe more.

Reflections on the Evening News

By Barry Pasternack, the Frugal Ferper

With the six month suspension of Brian Williams from the NBC Evening News, the announced retirement of Jon Stewart from the Daily Show, and the death of Bob Simon of CBS News, there has recently been much news about the evening news. I personally watch the CBS Evening News. I am not sure if this is due to my uncle having been an engineer with CBS, or if I just started watching Walter Cronkite in my teens and have been too lazy to change channels, but when I have tried the other two networks I found the anchors a bit frantic in their delivery of the news.

What I find interesting about the news is the sign off of most anchors and the companies placing commercials on the news. In terms of sign offs, Scott Pelley typically signs off with "I'll see you tomorrow." I know I will see him, but I have often wondered how he will see me. Is the sign off a nod to a future "big brother state" or are our television sets already equipped with a hidden camera. As strange as I think Mr. Pelley's sign off is, it is not as troublesome as the one used by Jim Axelrod (anchorperson for the Saturday broadcast). He signs off with "For now, I'm Jim Axelrod." When I hear this, I wonder: if he is Jim Axelrod now, who is he going to be later?

The commercials on the news are often enlightening. One can easily deduce that young people are probably not watching too much network news as the products and services advertised there tend to be overwhelmingly health-related or aimed at people with disposable income. When I was younger, I used the ads to get an insight into what my maladies would be as I age. Now that I am in the target age group I no longer find the ads all that interesting (thanks to DVR's one can skip most of these commercials).

Being from a quantitative discipline, I decided to look at a week's worth of commercials to get a handle on how these advertisements break down. For the week of February 15th the commercials were as follows:

Sunday. Medical related: Aleve PM, Dulcolax, Crestor, Depends, Smith & Nephew (hip and knee replacement), HepC.com (a website sponsored by AbbVie), Symbicort (COPD), Aleve (in case you were in pain during the daytime), Mucinex, CertifiedNurses.org, Biotene (dry mouth), Alka-Seltzer Plus, and Sunsweet prune juice. Non-medical advertisers were USAA, HomeAdvisor.com (a competitor to AngiesList).

Monday. Medical related: Shingles vaccine (Merck), Claritin B, Advil, Walgreens, Salonpas (pain relief patches), Anoro (COPD), Brisdelle (hot flashes), Mucinex DM, and Aleve. Non-medical advertisers were Safelite (windshield repair), Eggland's Best (eggs), Microsoft Cloud, Citizenfour (a movie), Trivago (travel website, and Liberty Mutual (insurance).

Tuesday. Medical related: Restasis (dry eyes), Linzess (constipation), Jublia (toenail fungus), and Shingles vaccine. Non-medical advertisers were Cinderella (a movie), Safelite, Trivago, Beneful (dental treats for dogs), EnergyTomorrow.org (why hydraulic fracking is great for the US), and Liberty Mutual.

Wednesday. Medical related: Anoro, Cialis (now for bladder control in addition to erectile dysfunction), Symbicort (COPD), Claritin D, and Xarelto (A-Fib). Non-medical advertisers were Safelite, Voya.com (insurance and financial planning for retirement), EnergyTomorrow.org (in case you still were not sure about fracking), Stater Brothers, and Trivago.

Thursday. Medical related: MiracleEar, Shingles vaccine, Claritin D, NamendaXR (Alzheimers), Zantac (heartburn), Sunsweet prune juice, Eliquis (A-Fib), AlevePM, Victoza (Type 2 Diabetes). Non-medical advertisers were Edward Jones (financial planning), Safelite, McFarland USA (a movie), Beneful, Consumer Cellular (cell phones), and Voya.com.

Friday. Medical related: Botox (for bladder relief), HepC.com, Nexium (acid reflux), MiraLAX (when prune juice alone will not work), Biotene (dry mouth), Alka-Seltzer Relief Chews, HepC.org, Tena (bladder protection), Smith&Nephew, Restasis, and Dr. Scholl's (foot pads). Non-medical advertisers were Viking River Cruises, Voya.com, Progressive (insurance), Beneful, Jack in the Box, and Liberty Mutual.

Saturday. Medical related: Phillips Fiber Gummies, Farxiga (type 2 diabetes), Claritin D, Aleve, Sunsweet prune juice, BreatheRight strips, Zantac, Botox, MiraLAX, Walgreens, Symbicort, and Bayer Back and Body. Non-medical advertisers were EnergyTomorrow.org, Gain (laundry detergent), and USAA.

So what did I deduce from a week's worth of commercials? Those not medically related were primarily geared towards the perils of winter driving (e.g. Safelite and the car insurers) or towards people who had the means to travel, invest, or pamper one's pet (even the Gain commercial had a dog in it).

The majority of the commercials were indeed medically related, and while one might expect commercials aimed at pain relief during the cold and flu season, most of the medical commercials were aimed at maladies typically faced by older Americans. Watching the medically related commercials, one might wonder if the typical older American has dry mouth and eyes, type 2 diabetes, acid reflux, COPD, constipation, and incontinence, and if it is only a matter of time before contracting shingles and needing a hip replacement. So, if you have yet to experience some of these maladies, consider yourself lucky and thank your unfortunate colleagues for helping to underwrite the cost of the evening news.

CSU and UC Hispanic-Serving Institutions

An Hispanic-Serving Institution is an institution where at least 25 percent of the student body is Latino, and UCSB became the first member of the elite Association of American Universities, an organization of 62 leading research universities, to receive the designation in January 2015. Latinos now comprise 46% of California high school graduates and about 22% of the UC and 35% of the CSU undergraduate student bodies.

Some 18 of the 23 CSU campuses have been designated Hispanic-Serving Institutions. In 2010 the average percentage of Latino enrollment in the CSU was 28%; this rose to 35% by 2013. CSU Los Angeles has the highest percentage at 60%, followed by CSU Stanislaus (45%) and CSU Fresno (42%).

50 Years Ago: 1.8% Salary Dispute Disrupts CSC Harmony

By Judd Grenier, CSU-ERFA Archivist

The independent California State College system came into existence with the passage of the Donahoe Higher Education Act in the spring of 1960. The CSC's first few years (1960-63) occupied the efforts of both faculty and administration in converting what had largely been a group of independent teachers' colleges into a coordinated whole, including the establishment of a governance system and of academic senates statewide and on each campus. In the process, debates erupted, but the joint venture in building a new institution created a certain amount of harmony.

That harmony was shattered by a brouhaha over salaries in 1964-5, now forgotten. In 1964 the legislature appropriated $2.9 million for a salary increase. The Trustees received enough money for a 5% pay raise for everyone, but they chose to distribute it selectively – some employees received 2%, others up to 7%. However, the chancellor's office underestimated the amount needed for salaries, a deficiency that could have been covered by transferring funds from other accounts, but the state department of finance vetoed such a move. Thus the chancellor and the trustees agreed that top-level faculty and others would take a 1.8% cut in their salaries until the Legislature supplemented the funds. Such a bill was introduced to restore $281,052 in pay cuts.

However, the bill stalled in committee in part because legislators (along with the general public) became distracted by the turmoil taking place on the University of California's Berkeley campus known as the "Free Speech Movement." CSC faculty pressured Chancellor Glenn Dumke to intervene with the Legislature, and a faculty committee took out advertisements accusing the Legislature of "gradually starving" the colleges. Local academic senates and councils protested the whole affair. But the salary cuts stuck, and the "1.8% incident" led to legislative examination of the CSC's fiscal controls.

Eventually, the legislature granted the system some flexibility in transferring funds "within budgetary functions," and the salary irregularities were ironed out the following academic year, but a general skepticism rose in faculty circles about the competence of the CSC administration and the degree to which it would go in defending faculty rights and just monetary compensation. Coupled with ongoing tensions at the University of California, this "incident" played a role in compromising congruity in the California State Colleges fifty years ago.

Implications of last November's Low Voting Turnout

The number of signatures required for an initiative statute or law in California is 5% of the votes in the last statewide election for governor. One implication of the extremely low turnout both nationally and in California in last November's election is that the number of signatures for initiatives and referenda are down substantially for elections from 2015 to 2018.

November 2014 saw 7.318 million votes for governor, a 30% turnout of the voter-eligible population. Five percent of the 7.3 million votes is 365,880 signatures, down from over 500,000 prior to 2015. The same number of signatures is required for a referendum, where the voters approve or disapprove of a bill previously passed by the legislature.

For an initiative constitutional amendment, the requirement is 8% of the votes in the previous gubernatorial election. Prior to 2015, this was over 800,000 signatures, now reduced to 585,407.

Of course, smart campaigns collect substantially more signatures, since many voters sign on the wrong county's form or with a name that does not correspond with the name under which they are registered. Collecting over a million signatures was not unusual under the old rules, and probably some 30% or more extra signatures will not be unusual under the new rules.

And, of course, the direct result will probably be more initiatives on the ballot and a more complicated ballot to decipher.

CalPERS News

Nominations Open for Retired Member Seat on CalPERS. Nominations are open for the retired member representative position on the CalPERS board of administration as of March 23, 2015. The incumbent in the seat is Henry Jones, whose term expires January 15, 2016. The new term will begin on January 16, 2016 and run through January 15, 2020. Nomination petition information and instructions for candidacy will be made available on the CalPERS website on March 23, 2015. Nomination petitions must be submitted to CalPERS no later than May 14, 2015 at 5:00 p.m. to meet the deadline.

Changing Your State or Federal Tax Withholding? CalPERS now offers the ability to change your state or federal withholding amounts online, through

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Are Health Benefits Vested for CSU Retirees?

(Continued from page 7)

CSU must contribute the same monthly amount to pay for a retiree's health plan options as it does for an active employee. Whether or not the federal courts would rule this way is an open question.

Prefunding Healthcare Benefits. Recently, CalPERS gave public employers in California the option of prefunding healthcare for their retirees through contributions to an investment program. So far, some 440 public employers in the state are contributing to the CalPERS optional California Employers' Retiree Benefit Trust (CERBT), including the State of California, which contributes on behalf of three employee bargaining units that have agreed to prefund retiree health benefits. Public employer contributions to CERBT send a strong signal to both the state and federal courts that these employers consider their retiree healthcare a lifetime benefit.

In this writer's opinion, it would be prudent for all public employee bargaining units in the state including the CSU bargaining units to join in prefunding retiree healthcare benefits. That would clarify that retiree healthcare benefits are intended to be a lifetime "vested right."

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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CSU ERFA

California State University
Emeritus & Retired Faculty Association

Personal and Professional

Harold Goldwhite (Chemistry, Los Angeles) is the co-author, with Cathy Cobb and Monty L. Fetterolf, of a new book *The Chemistry of Alchemy*, published in June 2014 by Prometheus Books as both a hardback and an ebook. In May 2014 Professor Goldwhite gave a talk, illustrated by pictures and musical excerpts, on *Gilbert and Sullivan Part 3: Triumph and Tragedy*, at Villa gardens in Pasadena.

The Historical Society of Southern California has just published a biography titled *George Carson: Los Angeles Pioneer* written by **Judson Grenier**, CSU-ERFA archivist and professor emeritus of history at CSU Dominguez Hills. The book traces the career of a NY youth whose subsequent leadership shaped the growth of Los Angeles in the 1800s.

Ted Anagnoson, *Reporter* editor, gave a recent talk on “Teaching Large Classes” to the teaching assistant training class in the political science department at UCSB.

CSU-ERFA Calendar of Events

April 25, 2015 - State Council meets at CSU Long Beach. CSU Chancellor Timothy White to speak.

August 29, 2015 - Executive Committee meets in Torrance, CA.

October 17, 2015 - State Council meets at CSU Fullerton.

April 2016 - State Council to meet in northern California.

CalPERS News

(Continued from page 11)

MyCalPERS. Paper transactions that used to take months can now be done online and be implemented relatively quickly.

Medicare Part B Reimbursement. As you may know, CalPERS reimburses the basic Medicare Part B monthly premium ($104.90 for 2015) for its retirees who are in Medicare. If you are subject to the Income-Related Monthly Medicare Adjustment (the IRMMA) because your annual total adjusted income exceeds certain limits, you may be eligible to have part or all of the IRMMA reimbursed by CalPERS as well. The amount of additional reimbursement varies. If you fall into this category, notify CalPERS in writing at: CalPERS Health Account Services, Medicare Administration, P.O. Box 942714, Sacramento, CA 94229-2714. Include a copy of your annual letter from the Social Security Administration describing your benefits for the coming calendar year, including the amount of your IRMMA. You should hear back within a few weeks.