Council Calls for Investigation of CalPERS CEO Marcie Frost’s Hiring

By Harold Goldwhite, Executive Director

CSU-ERFSA’s State Council on October 13, 2018 approved a motion from its legislative committee strongly recommending that a letter be sent to all members of the CalPERS board, as well as to appropriate legislators, supporting the call of Board members John Chiang and Margaret Brown for an independent investigation of the hiring of CalPERS CEO Marcie Frost.

The State Council of CSU-ERFSA met in the Pollock Library on the CSU Fullerton campus. Council members from 16 CSU campuses were in attendance, together with Mark Hoven Stohs, Chair of the Fullerton Academic Senate, who welcomed the group to his campus, and Romey Sabalius, the Faculty Trustee, from San Jose.

In his President’s report Bill Blischke noted the developing relationship between CSU-ERFSA and the Human Resources division of the Chancellor’s Office. A meeting has been arranged between CSU-ERFSA representatives and HR representatives with the aim of improving the visibility of our Association in the CSU.

President Blischke also described the impact that the Soles4Souls campaign is making on a number of campuses, and in (Continued on page 9)

CFA Report: CFA Membership Rises Despite U.S. Supreme Court Decision

By Leni Cook, CSU-ERFSA Liaison to CFA

The good news from the board meeting on October 19 set the tone for the 88th CFA Assembly held in downtown Los Angeles. Dire predictions of a loss of up to one-third of dues paying members because of the recent U.S. Supreme Court decision on public employee union membership were incorrect. As of the date of the meeting, not only was there no loss, CFA membership rose significantly due to new hires among both lecturers and tenure-track faculty, and only a few members (73) dropped after the Supreme Court decision was announced.

Focus for much of the Assembly was on the November 6th election. Phone banking was available throughout the meeting days, and featured speakers for Sunday included CFA-endorsed candidates as well as position statements for some of the propositions. Various “Get Out the Vote” actions on individual campuses were described.

As a part of CFA’s emphasis on anti-racism and social justice, the organization has developed a ten-part podcast called Radio Free CSU. Each week, a new episode hosted by CFA staff person Audrena Redmond is a discussion focused on the CFA theme “Stronger Together,” with issues specific to racism and discrimination.

This and other podcasts are available at (Continued on page 9)
From the President...

Dear Colleagues,

**The Dismal State Social Class Picture.** According to a recent study, California has created a “feudalized society characterized by the ultra-rich, a diminishing middle class and a large rising segment of the population that is in or near poverty.” The treatise, authored by Joel Kotkin and Marshall T. Toplansky at Chapman University, is titled *California Feudalism: The Squeeze on California’s Middle Class.* Their research indicates that California has one of the highest inequality rates among the fifty states. It is even higher than Mexico’s and close to that of Guatemala (which I observed first-hand on my Soles4Souls trip) and Honduras. They describe the current state of our state as full of high-tech, segregated innovation with wild riches contrasted with extreme poverty. Silicon Valley and downtown LA are two very different worlds. I am painting this dismal picture in order to delineate the role of the CSU in this emerging reality.

**The Crucial and Changing Impact of the CSU.** As emeriti and retired faculty and staff, we spent most, if not all, of our academic careers in the CSU; the largest quasi-public university system in the country. I referred to it as “quasi-public” because we get less than half of our funds from State coffers. The remainder is garnered from exorbitant student tuition and unmitigated fundraising from the private sector, alumni and us. One of the essential roles of CSU-ERFSA is to lobby locally and in Sacramento to increase state monies to higher education.

One of the major initiatives of the CSU Board of Trustees and the Chancellor’s Office is to increase the four-year graduation rate. This laudatory goal is expensive and, to some extent, unrealistic. It requires substantial amounts of money for many more full-time faculty, expanded academic support services, and more financial aid. Many of our students are beyond the traditional college age, employed in one or more jobs, married, and about 10% are homeless and 25% are hungry. It is very difficult for students facing these barriers to graduate in four years, and to expect them to do so is unrealistic. Therefore, in addition to lobbying for increased funding, it is very important for CSU-ERFSA members to provide volunteer academic advising, tutoring, and other types of support services. Some of it can be done electronically by those of you who no longer live near your campus. Please contact the appropriate campus administrators or faculty to find out how you can be of help.

**State Council Meeting.** On October 13th the State Council held its semi-annual meeting at CSU Fullerton. The previous evening Harold Goldwhite and I met with the Southern California CSU-ERFSA campus affiliate presidents and had a very informative exchange of ideas and information. The meeting accommodations and meals were excellent, and we were welcomed by the CSUF Academic Senate Chair, Mark Hover Stobs. The major issues discussed at the long and sometimes contentious session are described in detail in other articles in this issue, but I want to elaborate a bit on the most important one: membership. We are engaging in a number of steps to increase our declining membership. One is to get the word out to retirees and those approaching retirement regarding our organization, its purposes, and the 20+ forms of volunteer involvement. (An up-to-date list can be found in this issue on page 5.) Barbara Sinclair and I co-chair the CSU Soles4Souls Million Shoe Project. We will be sending a letter to campus affiliate leaders in a final attempt to encourage campuses to initiate or continue this very indirect way of wearing out poverty.

**A volunteer project?** A very different and unique form of volunteering emerged from my recent trip to visit my granddaughter in Washington, DC. We stayed at a hotel in the Foggy Bottom area. The Arts in Foggy Bottom neighborhood group in this area has created a biennial front-yard display of art sculptures for the last twelve years. It is incredibly artistic and interesting. It occurred to me that our members could partner with the art departments on their campus and local community arts organizations to develop these eye-catching outdoor displays. I have contacted their curators and creative team and they are anxious to provide us with all of the background materials and advice we would need to establish a west-coast rendition of this project. If you are interested in this unusual volunteer opportunity, visit [www.csuerfa.org](http://www.csuerfa.org)

(Continued on page 6)
Health Benefits: Some Cautionary Notes
By David Wagner, CSU Sacramento, CSU-ERFA Health Benefits Director

Conclusion of Open Enrollment. Another CalPERS open enrollment period ended on October 5. This year’s open enrollment period included the unveiling of a CalPERS app allowing the user to review health plan information from a mobile device. CalPERS negotiated its lowest overall health premium increases in 21 years. Historically, only a small percentage of retirees change plans during open enrollment. However, there were several changes in plan availability in certain counties, and these meant that some members needed to enroll in a new plan. Remember, if you have changed plans, the effective date of the change is January 1, 2019.

New Shingles Vaccine. A new shingles vaccine was approved last year which has demonstrated an increased effectiveness in preventing shingles. Two doses administered two to six months after the first injection are the usual protocol. This recombinant Zoster vaccine is in short supply, so you may have to wait to receive it. It is best to check with your medical provider on the current availability of the vaccine. If you wish additional information, you may visit the CDC website at www.cdc.gov/vaccines.

Medicare Part B Premiums and IRMAA. Your Medicare Part B Premium consists of two parts - the basic monthly premium that everyone enrolled in Medicare pays, and an extra amount if your income for the previous year exceeded a certain level. The extra amount is called the Income-Related Monthly Adjustment

Amount - the IRMAA. CalPERS automatically reimburses you for the basic monthly Medicare Part B premium. If you are subject to the IRMAA, you may be eligible to receive full or partial reimbursement for it from CalPERS. Each month the CSU contributes a fixed amount to your CalPERS healthcare account. This is used to cover the cost of your basic Medicare Part B reimbursement, the cost of your Supplement to Medicare policy and the costs of dependent health care plans, if any. The difference between the CSU contribution and these costs is the amount available for the IRMAA reimbursement.

However, CalPERS does not automatically provide the full or partial IRMAA reimbursement that you are entitled to. You must apply for the IRMAA reimbursement. In November you will receive a letter from Social Security that will tell you what your basic Medicare Part B premium will be for the coming year, and what your IRMAA - if any - will be for the coming year. It is important that you save this letter.

You will need to submit a copy of this letter to CalPERS to have them calculate how much your IRMAA reimbursement will be. You can upload this via your my/CalPERS or mail in a copy of the letter from Social Security with a barcoded cover letter which you can print from your my/CalPERS account, or attach the copy to:

Pre / Post-Retirement Report: CalPERS & Private Equity
By Tom Donahue, SDSU, Chair, Pre- and Post-Retirement Concerns Committee

Q: What do you think of the CalPERS policy to continue with investments in private equity firms?
A: In its latest news releases, CalPERS reports on its continuing policy to move forward with private equity (PE) investments: for 2018 the plan is to place 8% to 10% of its funds in such positions. There are two views of what private equity practices do and produce for investors: in the ideal case a PE firm takes over a business, streamlines its methods and procedures, and finally yields a leaner, more productive, and more profitable company for investors. In reality, PE firms operate in a way that is extremely complex and substantially more controversial.

There is a fascinating discussion of such PE procedures reported closely by Brian Alexander in his book Glass House (New York: St. Martin’s Press, 2017), which presents an account of the steps followed by Cerberus Capital Management from 2004 – 2007 and Monomoy Capital Partners from 2007 – 2015 in their ownership of the Anchor Hocking Glass company in Lancaster, Ohio. If one may generalize about such PE procedures, one can trace the following steps:

1. A PE firm always begins a project with its own amount of investable capital. The first step is to augment this initial sum with a large amount of capital solicited from investors.

2. The PE firm next buys a company characterized as in need of reorganizing and restructuring. Anchor Hocking and a picture frame business called Burnes of Boston were acquired by Cerberus for $310 million in 204. The PE executives then proceed with these steps:

A. The acquired company’s pension system is converted to a 401(k) arrangements, which may then be unfunded in a very brief time.

B. The company’s Health Maitenance Organization becomes underfunded, or unfunded entirely.

C. Worker’s pay raises are cut, with a canceling of any promise of future raises.

D. Previous plans for maintenance, repair, and replacement of equipment are cancelled.

E. Substantial worker layoffs begin. In the case of Anchor Hocking, illegal immigrants were brought in and paid lower wages (one worker noticed “they all had the same social security number” (Alexander, p. 143.”))

F. Less profitable product lines are identified and removed, and layoffs increase.

G. If a competitor can be identified, a merger is attempted, and new investors

(Continued on page 4)
CalPERS is required by statute to verify dependents again after going through the whole process just a few years ago. Whoever wrote the law inserted a clause requiring dependent verification every three years, so save your marriage certificate in a safe location, not like your editor, who has lost his. Can we all say "frustration" at this requirement and for the need to resubmit documents already provided three years ago.

On this occasion (for a spouse), you will be asked to submit the same marriage license that you submitted before – plus either a federal or state tax return confirming your spouse as your dependent or a copy of a document dated within 60 days showing current relationship status, such as a recurring household bill or joint statement of account. The latter document must list your name, the name of your spouse, and your address.

There are required documents for other dependents also listed on the web site below.

Pre and Post Retirement Concerns Committee: CalPERS and Private Equity

(Continued from page 3)

are solicited. In 2011, Cerberus was replaced by the PE firm Monomoy Capital Partners II, and they brought in CalPERS and six other investment groups to invest $420 million in the project (Alexander, p. 146.) The new PE firm then acquired Oneida Corporation.

H. If possible steps A-D are repeated with the new acquisition, a move which proved to be impossible in this instance.

I. Assess the company or companies management fees at all possible steps in the acquisitions.

J. Near the end of the restructuring, borrow as large a sum from a variety of outside sources and attach the sum as debt to the new company.

K. Offer the new and trimmed, but also newly indebted, company for sale.

L. Distribute to investors the profit from the management fees, the sale of the company, and a large fraction of the borrowed sum. These funds as received by the investors are taxed at a lower rate as capital gains.

The story does not end once Monomoy extracted as much as it could from the company. A PE firm, in pursuit of fees, assessments, sales profits, and surplus value and plain ordinary looting of all sorts, is continuously at risk of driving the acquired business into bankruptcy, and this, naturally enough, makes private equity ventures very risky. According to the website discussing Anchor Hocking, the credit reporting company bdcreporter.com mentions that the glass company entered bankruptcy in 2015. The PE firm Main Capital Partners then took over and has since then been attempting to retire a debt of $300 million, but as of 2018 little financial information has been made available.

Any report on transactions such as these should contain a mention of the impact of such business practices on the local community. The area around Lancaster, Ohio, is deep in the heart of America’s opioid crisis—which has been exacerbated through difficulties in unemployment and underemployment. For those who don’t know the statistics, in 2017 nearly as many Americans died from opioid abuse (54,000) as perished in all the years of the Vietnam War (58,220). If you feel a bit smudged up that CalPERS was present for some of this, that feeling is appropriate.

Send questions for this column to Tom Donahue at donahue_thomas@ymail.com

The timing of the process depends upon your birth month and began last July. Here is when you will receive your first notice, arranged by birth month:

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For each group, you will receive a second notice one month after the first, a third notice one month after the second, and a deletion notice regarding your dependent a month or two after the third notice.

There is more information about dependents other than spouses at the CalPERS web site devoted to this project at https://tinyurl.com/vbq8pedq.

CSU-ERFSA Notices

csuerfsa@csun.edu is now the primary email address for CSU-ERFSA. Any email sent to the old address, csuerfsa@csun.edu, will be forwarded automatically.

Change of Address. If you move, please notify the CSU-ERFSA office at the address on the masthead, on page 2. Thank you.

Pocket Calendar.

IMPORTANT NOTICE:

The pocket calendar for 2019 will be the last one sent to all members (except those who have already opted out).

For 2020 and later, the calendar will be sent ONLY to those who have opted in - please notify the office at the email or phone or address on page 2 of The Reporter if you would like the calendar to continue.
ASCSU Report: Budget Issues Still At The Forefront
By Jay Swartz, CSU-ERFSA Liaison to the CSU Academic Senate

Much of the discussion of the first meeting of the academic year at the statewide Academic Senate September 5-7 centered around monetary allocations to the CSU, how the funds would be implemented, and how to better advocate strategies going forward.

New Chair’s Report. New ASCSU Chair Catherine Nelson (Sonoma) reported the extended executive committee met with Chancellor White focusing on issues of student success. There was consensus that the academic master plan is outdated. Suggestions were advanced to consider multiyear budgets with the state legislature to reduce stress on campuses.

Academic Affairs Committee. The academic affairs committee is working on a white paper focusing on operational definitions of what exactly student success means and how it might be measured. The committee is also studying performance gaps along racial lines.

Academic Preparation and Education Committee. The academic preparation and education policy committee is focusing on ways to improve recruiting metrics for faculty candidates of color.

Faculty Affairs. The faculty affairs committee is looking into exactly where the $25 million earmarked for additional faculty hires is going statewide.

Fiscal and Government Affairs. The fiscal and government affairs committee has begun to look into new models for government lobbying.

Faculty Trustee’s Report. Faculty Trustee Sabalius thanked senators for helping to get an additional $100 million in state funding above the Governor’s May revise recommendation.

The ASCSU completed a first reading resolution recognizing two decades of advances in service learning and community engagement practices statewide.

CFA Report. CFA President Eagan urged support toward Gavin Newsom for Governor and Tony Thurmond as Superintendent of Public Instruction.

Chancellor’s Report. Chancellor White reported having discussions with UC leadership regarding a joint bond with the state legislature earmarked toward capital improvements and updating aging infrastructure. He also reported there would be no tuition increases in the near term.

AVC Minor reported that 26 faculty members statewide were granted faculty leadership and innovation awards.

CSU-ERFSA Report. CSU-ERFSA President Blischke delivered a report about the dozens of ways retired faculty and staff can assist current campus efforts.

CSU-ERFSA Volunteer Activities
By Bill Blischke, President, CSU-ERFSA

The CSU-ERFSA office recently surveyed the 23 campuses in order to delineate the various ways in which our members remain involved in their campus. We discovered that there are twenty-one types of contributions. For those of you who do not live near your home campus or visit it very often, many of these valuable forms of participation can be done via the Internet. Please read the list, get involved and encourage your retired colleagues to do likewise. It gives many of us a more meaningful and rewarding retirement.

1. Serving on search committees
2. Serving on advisory boards
3. Serving on graduate theses committees
4. Tutoring students in their disciplines
5. Substituting as lecturers in classes when regular faculty are ill or attending conferences
6. Advising students on program planning
7. Assisting in the campus library
8. Assisting at the career center
9. Serving on committees revising campus policies and procedures
10. Serving on ad hoc committees appointed by administrators
11. Serving on Senate committees
12. Outreach to the community through Life-Long Learning programs
13. Contacting legislators or other officials supporting campus and CSU initiatives
14. Serving as retiree member of the Faculty Senate
15. Aiding the athletic program by serving as umpires, referees, etc. in intramural programs
16. Serving as investigator in campus discipline or grievance cases
17. Serving on committees that select student scholarship recipients
18. Enriching the intellectual enterprise of the university through continued research, scholarship and creative activities, often in collaboration with active faculty and students
19. Co-sponsoring and leading an international conference on literary and social issues
20. Voter Registration – coordinating volunteer drives
21. Soles4Souls campus shoe collections

Advertising

The CSU-ERFSA Reporter accepts advertising. If readers know of individuals or groups who might wish to advertise, please call or write the CSU-ERFSA office at the address on page 2.
How We Charge for Tuition in the CSU: A Dialog
Among CSU-ERFSA Executive Committee Members

This dialog started when the editor sent, as a matter of interest, a reference to a Public Policy Institute of California report on the cost of tuition in the University of California, CSU, and the California community college systems. The report can be found at: https://tinyurl.com/y8ps5vce

The response from Barry Pasternack was as follows:

While the overall cost of attending a CSU may not be a serious issue, the way we charge students tuition certainly is. The two-tiered system where a student pays $X if s/he takes six units or less and $Y if s/he takes more than six units is flawed in many ways. For example, if due to work, family, or other issues a student could reasonably take 9 units, the student is put in a position where s/he will only take 6 units or will register for 12 or more units since the cost is the same. In the latter case, the student may well end up dropping units, but in the interim other students who may have wanted to enroll in such classes will find that seats are not available.

While charging as we do might work well for students in the UC (where the majority of students are full-time students) such a system does not work well for the CSU and, may in fact, increase the time to get a degree. A much more logical approach to tuition would be to charge by the unit as is done in the Kansas state system.

We should be able to develop a system for charging student tuition that works far better than our current one.

My two cents.

Your editor responded briefly:

Absolutely agree. I’ve always felt the system should have examined the alternatives to the 6 unit rule.

David Elliott responded as follows:

I agree with both of you, but the other consequence of the huge cuts that were forced by the recession the shift from an essentially tenure-track faculty to one in which half of the faculty now are lecturers. The reduced state funding for our system has been disastrous.

And George Diehr responded:

I agree. Yesterday a colleague told his son to be sure to get a tuition reduction when he dropped a course taking him from 10 units to 7. I pointed out that there would be no reduction.

The fixed tuition of $Y for >6 units can also encourage students to take too many courses (even 21 units) since the marginal tuition cost of increased units is $0.

For the student taking only around 6 units, and with today’s diversity of units/course, a student can face a choice of 2 courses at 3-units each when what s/he should really be taking is a 4-unit course instead of one of the 3-unit courses. The marginal cost of that extra unit from 6 to 7 is VERY high.

Mark Shapiro added:

I also agree that a per unit charge would make more sense. Given that the C.O. wants students to graduate in 8 semesters with 120 units, the current >6 unit charge should be divided by 15 to find the per unit charge. That works out to $191.40 per unit currently on the semester campuses for students paying the full rate.

And from George Diehr:

Assuming that it is reasonable that tuition should be approximately the same fraction of the total cost to the CSU of a student at all levels of credits taken, then a simple cost/unit will undercharge the student who takes only a few units and overcharge those who take many units.

This is because while the cost of instruction is reasonably proportional to the number of units taken, the cost for student services is not—it depends heavily on number of students (headcount) as well as FTES. For example, the cost to student services for students taking 15 units will not be 5 times the cost for students taking only 3 units.

A tuition schedule which levies a fixed cost for registering plus a fixed cost/unit would come closer to meeting a goal of tuition (+registration cost) being fixed fraction of total cost. Such a cost schedule has constant marginal cost/unit but declining average cost/unit with increasing load. While it would encourage students to take more than just a single class, I don’t think it would encourage students to overload themselves.

I believe the CSU has developed reasonable estimates of the cost for student services as a function of headcount and FTES.

President’s Report

(Continued from page 2)

the Arts in Foggy Bottom website and contact me for implementation information.

Membership. As a final note, I want to update you on what I hope is a major step in terms of resolving our membership crisis. After I made my 90-second presentation at the September Board of Trustees meeting and mentioned that our organization now officially includes retired staff and administrators, a member of the Chancellor’s Office human resources staff approached me and suggested that we meet to discuss getting the word out on the campuses concerning this change.

Harold Goldwhite and I have scheduled a preliminary meeting with several CO HR administrators. We plan to follow that up with a meeting with the human resources administrators from all 23 campuses. Hopefully, this will facilitate our communication with all CSU CalPERS retirees and build our membership, participation and influence.

Bill Blischke
President CSU-ERFSA
A quick look at some of the bills signed and vetoed by Jerry Brown in September is of interest to those of us who have been observing him over the four decades spanning his first two terms as governor and his just-ending second terms.

As of September 30, the governor received from the legislature 1,217 bills for his signature. Of the total, he vetoed 16.5% (201). In 1982, he vetoed only 1.8% (30) of those sent to him.

As has been said of FDR, Jerry Brown has shown the wisdom of avoiding consistency. In his own words, he has learned to navigate the tricky rapids of California politics by the canoe paddling method of keeping the thing going by going first to the right, and then paddling to the left. To which a true canoeist could respond that there is a much better and easier stroke, one that makes going in a relatively straight line quite simple.

Among the bills vetoed were: SB 320, which would have allowed the prescribing of abortion pills in public university health centers; SB 835-6, which would have banned smoking on state parks beaches and other parks, with the comment that we already have too many rules and regulations; many of the others vetoed would have cost the state money, but not all.

Among the bills signed were: SB 822, landmark legislation on net neutrality; SB 820, placing a ban on non-disclosure agreements in sexual harassment cases, along with a couple of other “Me too” bills; AB 315, requiring that pharmacy benefit managers be licensed; and AB 1912, requiring all agencies in a Joint Powers Agreement to be fully liable for obligations to the retirement system. (An article on page 10 of this issue of the Reporter explains the context and history of AB 1912.)

And, of course, many hundreds more. Check them out for yourselves on the Legislature’s bill tracking website, located at http://leginfo.legislature.ca.gov/.

Volumes are waiting to be written about Jerry Brown’s career in California politics. At least one dissertation could be based on an analysis of bills signed and bills vetoed after this, his last legislative session. He has spoken of retreating to Colusa County, “the promised land.”

Some seers predict that we haven’t heard the last of Pat Brown’s somewhat errant son—that he may once more throw his hat in the ring for another run at the White House. Stay tuned!
George Diehr’s Testimony on the Hiring of Marcie Frost
By George Diehr, Former Member of the CalPERS Board of Administration

“My name is George Diehr, Emeritus Professor at Calif State University, San Marcos; a retired member of CalPERS; and a former Board member serving from 2003 through 2014. I am here to present my concerns about the hiring of now CEO Ms. Frost.

In brief, the key issue is Ms. Frost’s misrepresentation of her education—specifically, claiming for several years that she was pursuing a program at Evergreen State College that would lead to both a bachelor’s and master’s degree. That was and is simply not true. She started 2 writing courses but turned in no assignments from either one. She was never enrolled in a degree program there.

Ms. Frost originated this myth many years ago and repeated the claim on her application to CalPERS. The claim was posted on line by CalPERS and Board members repeated the myth to constituents. Even after she was hired she did nothing until very recently to refute or correct documents and a press release that perpetuated the myth. It seems reasonable to believe that if Ms. Frost had been truthful and completely upfront about her actual college experience she might not have been hired.

Criticism has been leveled at the original source of information about her misrepresentations—the Naked Capitalism blog—essentially charging it with “fake news.” This is shooting the messenger. The majority of NC’s assertions have been validated by Bloomberg and others. Sunday, Michael Hiltzik, a Pulitzer Prize winning LA Times journalist, wrote an article titled “Pension fund CEO’s murky hiring.” As a CSU professor put it: “Ignore Hiltzik at your peril.”

If this issue is ignored, it will return to haunt CalPERS with the next attack on public pensions—most likely when there is another downturn in financial markets.

I conclude that it is essential that a thorough investigation be conducted; and that it be conducted by an independent, external organization, not one selected by CalPERS Board, which is so heavily invested in their decision and in the CEO. In addition to the misrepresentation, the investigation should determine why, for example, a bachelor’s degree was not a mandatory requirement as is the case with most pension system CEO searches. Given the debacle in the hiring of the previous CFO, this investigation should also recommend changes in the CalPERS hiring process to ensure that this situation does not repeat.”

Editor’s Note: In spite of our and other entreaties about CalPERS CEO Marcie Frost, the Board of Administration gave her a vote of confidence at its meeting September 24, 2018, along with an $84,873 bonus. Her base pay is now $330,720. CSU-ERFSA, along with others, has called for an investigation into Frost’s hiring. Some of the Frost controversy seems to have been fueled by her urging the Board to approve a new organizational scheme for private equity investing, which some consider to lack accountability.

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CALIFORNIA’S HIGHER EDUCATION SPENDING HAS INCREASED MOST FOR COMMUNITY COLLEGES

![Graph showing the increase in spending for higher education in California from 1976 to 2017, with Community Colleges leading at $9.4 billion, University of California at $3.4 billion, and California State University at $3.7 billion.]

Source: Author’s calculations based on Department of Finance historical budget data. From: PPIC Blog, August 2018.
CSU-ERFSA
New Members

Dominguez Hills – Vanessa E. Wenzell

East Bay – Eileen Barrett*  
Susan A. Gubernat  
Aline Soules

Fresno – Paul R. Crosbie  
Patricia L. Hennings

Fullerton – Richard L. Deming

Humboldt – Michael A. Camann

Long Beach – Hiroko C. Kataoka

San Jose – Linda C. Lappin

Sonoma – Thomas S. Atkin  
Julie A. Bright

* Denotes a lifetime member

State Council Calls for Investigation of CalPERS CEO

(Continued from page 1)

the communities receiving the donations of shoes. He urged more campuses to engage in this community service endeavor.

Throughout the meeting the theme of recruitment of new members was raised energetically. CSU-ERFSA needs to increase its efforts in this direction to ensure the viability of the association.

The Council also approved a motion to amend the by-laws to make the State Council responsible for deciding whether it will meet once or twice in following years. (The current by-laws specify two meetings a year).

A highlight of the meeting was the talk by Faculty Trustee Sabalius who has been in that position for a year. He described the makeup of the Board of Trustees; its duties and responsibilities; and the special position and obligations of the faculty trustee who is, as he put it, the only “professional trustee”! In describing the upcoming Board deliberations on the CSU’s budget request for 2019-2020 he opined that the probable request by the Board for over $300 million for deferred maintenance was far too low a figure. He expects to be urging the Board to request a continuing supplement of $1 billion a year (not that radical a request considering the substantial amount of many billions of dollars in the State’s rainy day reserve) for 3 or 4 years to pay for the CSU’s estimated deferred maintenance of well over $3 billion. Given the increased student demand on most campuses, that is straining physical plant beyond its planned limits, this is a “modest” request.

Trustee Sabalius talk was received enthusiastically by the State Council.

CFA Report

(Continued from page 9)

the CFA website, calfac.org and on SoundCloud. A recent episode centered on the case of David Josiah Lawson, a Humboldt State student who was murdered near campus on April 15, 2017. To date, his homicide remains unsolved, and CFA has joined with Josiah Lawson’s family and others in urging Attorney General Xavier Becerra to take over the investigation.

Above, from the left, Faculty Trustee Romey Sabalius (SJSU) talking with Dieter Renning (Stanislaus), former President of CSU-ERFSA; Kathleen Harcharik (Long Beach) and Barry Pasternack, Vice President of CSU-ERFSA (Fullerton).

Above, Faculty Trustee Romey Sabalius, Professor of German at SJSU since 1995.
Can CalPERS Default on Your Pension? Uh, YES, It Can....

Asking whether CalPERS can default on a pension promise is the wrong question to ask the 200 former employees of the East San Gabriel Valley Human Services Consortium, a job-training organization east of downtown Los Angeles in the San Gabriel Valley. They know the answer – and it's “Yes” – CalPERS in fact can slash your pension if your agency fails to make its required pension contributions to CalPERS.

The Consortium was backed by four cities, Azusa, Covina, Gardena, and West Covina, in Los Angeles County, but when it was dissolved, the four cities refused to pay CalPERS the pension payments for the consortium's workers, and CalPERS in turn cut the employees' pensions by an average of 63%. Nothing in the contract made with CalPERS told the participating cities that they were responsible if the Consortium went out of business, and when it lost a contract and was dissolved, the cities walked away.

In September, Governor Jerry Brown signed AB1912, sponsored by Assemblyman Freddie Rodriguez (D-Pomona), which “prohibits member agencies of a Joint Powers Authority (JPA) from disclaiming the retirement liability of the JPA and requires the apportionment of retirement liability among JPA member agencies if the JPA's agreement with the Board of Administration of CalPERS is terminated.”

While the immediate bill does not help the 200 employees from the San Gabriel Valley, there is hope that something can be worked out in their case, since future instances of JPAs that disband will be covered by AB 1912. The bill overcame mostly Republican opposition, said The Sacramento Bee, with the SEIU lobbying for it.

Perez Wins in Stunning Upset of CalPERS Board President Mathur

In the September CalPERS Board election, Jason Perez, a sergeant in the Corona police department and president of the department's police officer association, defeated Priya Mathur, chair of the Board of Administration, in a stunning rebuke of CalPERS leadership.

For the second election in a row, a challenger defeated an incumbent CalPERS Board member. In fall 2017, Margaret Brown unseated incumbent Michael Bilbrey in a runoff election, receiving 53% of the vote.

Perez received 57% of a low turnout vote, while Mathur received 43%. Only 16,216 votes were cast of the approximately 275,000 eligible, meaning that the turnout rate was 6%. Low turnouts, often under 10%, have been typical of recent CalPERS elections.

Perez takes office in January, and at its January 22-24 meeting, the Board of Administration will vote for a new president. Mathur had been on the board for 15 years and had spoken to a CSU-ERFSA meeting in Los Angeles some years ago.

Two other seats were up for election this year, but neither attracted a challenger, and the incumbents were certified as elected by the Secretary of State, Alex Padilla, on June 8th. The two were Theresa Taylor, who is a state member representative and VP/Secretary-Treasurer of SEIU local 1000, and Rob Feckner, a glazing specialist for the Napa Valley Unified School District and the school member representative. Taylor works as the principal compliance representative for the Franchise Tax Board. The new terms will be Taylor's second and Feckner's sixth.

Perez was supported by board member Margaret Brown, and former board member J. J. Jelincinc, both of whom have been at odds with Mathur.

The next CalPERS board election is in 2019 for the retiree seat presently held by Henry Jones.
Is It Never Too Late To Operate? Surgery Near End Of Life Is Common, Costly
By Liz Szabo, Kaiser Health News

Kaiser Health News reported this story earlier in 2018.

At 87, Maxine Stanich cared more about improving the quality of her life than prolonging it. She suffered from a long list of health problems, including heart failure and chronic lung disease that could leave her gasping for breath. When her time came, she wanted to die a natural death, Stanich told her daughter, and signed a “do not resuscitate” directive, or DNR, ordering doctors not to revive her should her heart stop.

Yet a trip to a San Francisco emergency room for shortness of breath in 2008 led Stanich to get a defibrillator implanted in her chest — a medical device to keep her alive by delivering a powerful shock. At the time, Stanich didn’t fully grasp what she had agreed to, even though she signed a document granting permission for the procedure, said her daughter, Susan Giaquinto.

That clarity came only during a subsequent visit to a different hospital, when a surprised ER doctor saw a defibrillator protruding from the DNR patient’s thin chest. To Stanich’s horror, the ER doctor explained that the device would not allow her to slip away painlessly and that the jolt would be “so strong that it will knock her across the room,” said Giaquinto, who accompanied her mother on both hospital trips.

Surgery like this has become all too common among those near the end of life, experts say. Nearly 1 in 3 Medicare patients undergo an operation in the year before they die, even though the evidence shows that many are more likely to be harmed than to benefit from it.

The practice is driven by financial incentives that reward doctors for doing procedures, as well as a medical culture in which patients and doctors are reluctant to talk about how surgical interventions should be prescribed more judiciously, said Dr. Rita Redberg, a cardiologist who specializes in heart disease in women. “We are often not considering the chance of benefit and chance of harm, and how that changes when you get older. We also fail to have conversations about what patients value most.”

While surgery is typically lifesaving for younger people, operating on frail, older patients rarely helps them live longer or returns the quality of life they once enjoyed, according to a 2016 paper in *Annals of Surgery*.

The cost of these surgeries — typically paid for by Medicare, the government health insurance program for people over 65 — involve more than money, said Dr. Amber Barnato, a professor at the Dartmouth Institute for Health Policy and Clinical Practice. Older patients who undergo surgery within a year of death spent 50 percent more time in the hospital than others, and nearly twice as many days in intensive care.

And while some robust octogenarians have many years ahead of them, studies show that surgery is also common among those who are far more frail.

Eighteen percent of Medicare patients have surgery in their final month of life and 8 percent in their final week, according to a 2011 study in *The Lancet*. More than 12 percent of defibrillators were implanted in people older than 80, according to a 2015 study. Doctors implant about 158,000 of the devices each year, according to the American College of Cardiology. The total cost of the procedure runs about $60,000.

Procedures performed in the elderly range from major operations that require lengthy recoveries to relatively minor surgery performed in a doctor’s office, such as the removal of nonfatal skin cancers, that would likely never cause any problems.

Research led by Dr. Eleni Linos has shown that people with limited life expectancies are treated for nonfatal skin cancers as aggressively as younger patients. Among patients with a nonfatal skin cancer and a limited time to live, 70 percent underwent surgery, according to her 2013 study in *JAMA Internal Medicine*.

**When Less Is More.** Surgery poses serious risks for older people, who weather anesthesia poorly and whose skin takes longer to heal. Among seniors who undergo urgent or emergency abdominal surgery, 20 percent die within 30 days, studies show. With diminished mental acuity and an old-fashioned respect for the medical profession, some aging patients are vulnerable to unwanted interventions. Stanich agreed to a pacemaker simply because her doctor suggested it, Giaquinto said. Many people of Stanich’s generation “thought doctors were God ... They never questioned doctors — ever.”

According to the University of Michigan’s National Poll on Healthy Aging, published Wednesday, more than half of adults ages 50 to 80 said doctors often recommend unnecessary tests, medications or procedures. Yet half of those who’d been told they needed an X-ray or other test — but weren’t sure they needed it — went on to have the procedure anyway.

Dr. Margaret Schwarze, a surgeon and associate professor at the University of Wisconsin School of Medicine and Public Health, said that older patients often don’t feel the financial pain of surgery because insurance pays most of the cost.

(Continued on page 12)
Is It Never Too Late To Operate?

(Continued from page 11)

When a surgeon offers to “fix” the heart valve in a person with multiple diseases, for example, the patient may assume that surgery will fix all of her medical problems, Schwarze said. “With older patients with lots of chronic illnesses, we’re not really fixing anything.”

Finding Solutions. The momentum of hospital care can make people feel as if they’re on a moving train and can’t jump off. The rush of medical decisions “doesn’t allow time to deliberate or consider the patients’ overall health or what their goals and values might be,” said Dr. Jacqueline Kruser, an instructor in pulmonary and critical care medicine and medical social sciences at the Northwestern University Feinberg School of Medicine.

Many hospitals and health systems are developing “decision aids,” easy-to-understand written materials and videos to help patients make more informed medical decisions, giving them time to develop more realistic expectations.

After Kaiser Permanente Washington introduced the tools relating to joint replacement, the number of patients choosing to have hip replacement surgery fell 26 percent, while knee replacements declined 38 percent, according to a study in Health Affairs. (Kaiser Permanente is not affiliated with Kaiser Health News, which is an editorially independent program of the Kaiser Family Foundation.)

In a paper published last year in JAMA Surgery and the Journal of Pain and Symptom Management, Schwarze, Kruser and colleagues suggested creating narratives to illustrate surgical risks, rather than relying on statistics. Instead of telling patients that surgery carries a 20 percent risk of stroke, for example, doctors should lay out the best, worst and most likely outcomes.

In the best-case scenario, a patient might spend weeks in the hospital after surgery, living the rest of her life in a nursing home. In the worst case, the same patient dies after several weeks in intensive care. In the most likely scenario, the patient survives just two to three months after surgery. Schwarze said, “If someone says they can’t tolerate the best-case scenario — which involves them being in a nursing home — then maybe we shouldn’t be doing this.”