CSU ERFA REPORTER

California State University
Emeritus & Retired Faculty Association

August, 2007

Publication of the California State University Emeritus and Retired Faculty Association

Inside this issue:

A Forum on Public Employee Post-Retirement Health Benefits

Retiree health benefits have recently been featured in the news in California. The Governor's Public Employee Post-Employment Benefits Commission has held hearings around the state featuring the problem and seeking input from both governmental and non-governmental sources. Its report is due in January 2008.

In addition, the Government Accounting Standards Board (GASB) adopted new standards for the financing of post-employment benefits. Governments throughout the nation have been required to have a framework for funding these benefits as a part of the cost of providing public services today. And Keith Richman is circulating another initiative to cut public pensions substantially. He needs 694,000 signatures by January 10, 2008.

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State Council to Meet October 13th, not 20th

The CSU-ERFA State Council will meet on Saturday, October 13, 2007, rather than October 20, as previously announced. The reason for the change was a problem with the hotel arrangements.

CalPERS Election Notification Has Your SSN On It

As this issue went to press, members of the CSU-ERFA Executive Committee reported that the CalPERS brochure announcing the special election for the retired members's representative on the CalPERS Board had each recipient's Social Security Number, without hyphens, just above the name and address. The Sacramento Bee reported on August 22 that some 445,000 retirees received the brochures, containing "all or a portion of each person's" SSN.

CalPERS responded with a letter to each recipient explaining the breach and apologizing. The letter outlines responses recipients can take, including notifying credit agencies, placing fraud alerts, and checking on possible fraudulent credit activity. CalPERS has also launched an internal review designed to minimize the possibility of a recurrence. CalPERS is also giving consideration to eliminating the use of the SSN as each member's identifier. For more information, call CalPERS at 1-888-225-7377 or consult their website (www.calpers.ca.gov).

CalPERS News from the August Health Benefits and Board Meetings. The most notable event from CSU-ERFA's perspective is the report that the Long Term Care Program rate increases had a much smaller impact than expected. Fewer than 1,000 enrollees chose not to continue their coverage. Staff are continuing to address remaining issues on a case by case basis, and in fact, *The Reporter* knows of one person who in August is making her choices on future enrollment in the program, something required, in theory, in April. (In this case, there were extreme medical extenuating reasons.)

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Editorial: Henry Jones for CalPERS

Retired CalPERS members will vote in an election for the retired members' seat on the CalPERS Board between August 20 and September 28, 2007. CSU-ERFA's Executive Committee has endorsed Henry Jones for this election, and we strongly support your voting for him. On the next page is a “Q&A” with Mr. Jones based on questions sent to him by CSU-ERFA Vice President Dieter Renning and your editor. Please read his answers. He will look out for our interests and bring a broad range of experience relevant to the needs of the CalPERS Board. --Ted Anagnoson

Editorial: The Community College Initiative on the Jan. 2008 Ballot

California's community colleges and their supporters have qualified an initiative that would amend the California state constitution to provide minimum levels of state funding for community college districts, amending Proposition 98 and giving the community colleges a separate funding guarantee. Community college fees would be locked in at $15 per unit per semester, and future fee increases would be limited.

The impact is substantial - some $135 million more than the existing budget in 2007-08 (presumably in the second half of the fiscal year), $275 million more in 2008-09, and $470 million more in 2009-10. The impact thereafter is officially "unknown."

At this point, most of the state budget has been locked in by propositions and initiatives, the most substantial being Proposition 98 that guarantees the public schools and community colleges a minimum of the state budget. Other propositions limit tax increases or set aside funds for things like anti-smoking campaigns, transportation projects, and after-school projects. Federal rules regarding health programs, in particular Medi-Cal, mandate certain expenditures and rules in order for a state to receive federal reimbursements for its expenditures (for every dollar California spends on Medi-Cal, the federal government contributes another dollar).

What is left consists of two parts of the budget: higher education and corrections. Corrections seems so poorly funded for the number of inmates now incarcerated in California that federal judges have threatened to take over all or part of the corrections system, so it is not likely that it will be the source of the needed funds. In the early 2000s, the CSU lost approximately $500 million of its base budget through budget cuts, resulting in increased class sizes, continued extensive use of part-time faculty (see page 8), and a lack of support for faculty development throughout the system. The compact with the governor that would partially restore those funds over sevral years would seemingly become increasingly difficult to honor with the passage of this initiative. Student fees, already increased substantially since 2000, would increase even further. Making the CSU a more difficult hurdle for students at a time when both students and employers need the degrees and training that the CSU provides is a disservice to both groups and to the state.

The justification for this initiative is good: the community colleges are not well funded, and support services in particular badly need increases. But locking in a formula for funding them into the state constitution is just another bad idea that keeps resurfacing in California. We sympathize with our community college colleagues, but taking money from UC and CSU is not the answer. We urge you to vote against this initiative. --Ted Anagnoson

A Note on Editorials:
Editorials are the opinion of the author and do not necessarily reflect the opinions of CSU-ERFA, its leadership, or its Executive Committee. Letters to the editor are welcome; send them to tanagno@calstatela.edu or to the CSU-ERFA office.

CalPERS Board Election Aug. 20-Sept. 28, 2007 Q&A with Henry Jones, CSU-ERFA Endorsed

By H. Dieter Renning and Ted Anagnoson

Background: Henry Jones is the CSU-ERFA-endorsed candidate for the CalPERS Board election being held in late August and early September.

In addition to CSU-ERFA, he has been endorsed by CalPERS Board President Rob Feckner, CalPERS Board Member George Diehr, Retired Public Employees Association, AFSCME, California School Employees Association, SEIU-State Council, California Association of Highway Patrolmen, California Association of School Business Officials, California Professional Firefighters, California Faculty Association, California Association of Professional Scientists, California Association of Psychiatric Technicians, Peace Officers Research Association, Associated Administrators of Los Angeles, and the Association of California School Administrators Retired Chapter-Region 16.

1. Q: What made you decide to run for the CalPERS Board? Couldn't you just as well enjoy a leisurely retirement instead?

A: While I do enjoy traveling and playing golf, I chose to run for the CalPERS Board because I want to ensure that the state of California keeps its promise of defined benefits and healthcare to public retirees and employees. I firmly believe that the attacks of 2005 against public employee benefits as well as the initiative being advanced by Keith Richman will continue. We need to elect a strong, thoughtful and experienced representative to the Board who has demonstrated leadership and fiscal responsibility to ward off these attacks and to help ensure that California keeps its promise to its more than 1.4 million members.

I believe that I am the best candidate to represent retirees because of the diversity and breadth of my financial expertise and because of my strong commitment to retain and improve public employee retiree pension and health benefits.

2. Q: Could you give us a thumbnail sketch of your career as a public employee?

A: Throughout my 37 year career with Los Angeles Unified School District (LAUSD), the nation's second largest school district, I served the children, community and employees of the District in a number of capacities including: Custodian, Plant Manager, Area Operations Director, Administrative Services Officer, Principal Financial Analyst, Deputy Budget Director, Budget Director and finally, Chief Financial Officer (CFO).

As CFO, I oversaw the District's near $7 billion budget, restored sound financial conditions following budget cuts in the early 90's, achieved a bond rating upgrade - potentially saving taxpayers more than $90 million and safeguarded the District's assets by instituting fraud detection and multi-year financial forecasting programs (as verified by a 1998 unanimous resolution of the LAUSD Board of Education).

During my career as a public employee, I also served as CEO, Annuity Reserve Fund Board (ARFB), a Member and Treasurer, Council of Institutional Investors, Board Chairman, Schools Federal Credit Union, State Finance Chair, Association of California School Administrators, and Associate Professor of School Finance at California State University-Los Angeles,

3. Q: What qualifies you for serving on the CalPERS Board?

A: My service at multiple levels of LAUSD as well as an Associate Professor of School Finance at California State University-Los Angeles, confirmed for me that all public retirees and employees, from custodians to managers, electricians to bus drivers, professors to first responders, have the right to a defined benefits pension that is preserved and protected by the State of California.

As much as this was underscored for me by personal experiences, it was further validated when I served in the following elected/appointed positions: State Finance Chair, Association of California School Administrators; CEO, Annuity Reserve Fund Board (ARFB); Board Chairman, Schools Federal Credit Union; Member and Treasurer, Council of Institutional Investors (CII is a shareholder-rights organization of, at my time of service, more than 100 labor, public and corporate pension funds with assets that exceeded $1 trillion); and as Management Consultant, PricewaterhouseCoopers.

4. Q: Do you think that we as CalPERS retirees should be satisfied with the way our retirement system is being run? In particular, do you consider the current level of customer service at CalPERS satisfactory?

A: CalPERS is one of the most profitable public employee pension systems in the Nation as recent investment returns indicate. As with all organizations, constant evaluation of best practices must be done to ensure the efficacy of the system.

I think that we should be generally satisfied with the way CalPERS is being run with eyes towards improving services and customer relations for our members, the shareholders. Specifically, my goal is to develop stronger coalitions among associations, labor unions and CalPERS to make recommendations on policy.

5. Q: What do you think of the CalPERS web site and its organization?

A: The website has improved over the past several years. I am very pleased with the recent implementation of MyCalPERS for members to have a one-stop shop for conducting all of their personal financial planning activities. I would support enhancements to the systems such as retirement applications on line, a link to view information about health plans and online payments for service credits. The overriding requirements for all of these initiatives are ensuring that personal information remain confidential.

(Continued on the next page)

Henry Jones Q&A

6. Q: CalPERS has just reported a spectacular return of 19.1% on its investments for the last fiscal year. However, CalPERS invests from 4% to 6% of its assets in hedge funds, which undoubtedly are responsible for a portion of the increase. Do you consider hedge funds an appropriate investment for CalPERS, one of the largest retirement funds in the nation?

A: I applaud CalPERS for seeking the highest investment returns while managing the associated risk for its members and am pleased that our investment returns are increasing. Hedge funds being a relatively new investment program for CalPERS, since 2002. I believe it is an appropriate investment for CalPERS provided that the allocation portions of its assets remain small in the 5% range, and that all best practices of monitoring before and after investing are carried out and risk management is transparent.

7. *Q: In your view, what kinds of challenges will our retirement system face in the foreseeable future? In particular, what effects do you think the current review of post-employment benefit costs (the governor's commission) will have on employee and retiree costs and benefits?*

A: As underlying investments continue to be more global and reaching all corners of the world, there will be increased challenges on CalPERS' due diligence to deal with uncertainties regarding the actions of foreign countries.

With respect to the Governor's Commission, I believe we should wait to see what recommendations come out of the commission in order to evaluate their impact on public retirees and employees. However, my position on any recommendation will be that it must honor the retirement and healthcare promises California made to public retirees and employees.

I also believe we should abandon the 'pay as you go system' which covers each year's health cost without setting aside money for the future. CalPERS has already set up a Trust Fund for state and local government to begin setting aside funds for future health costs. This contribution should be a requirement and not an option as currently exists.

8. Q: Are there any particular problems or issues on which you yourself would like to concentrate as a CalPERS Board member?

A: My highest priorities are:

--To discharge my duties on the CalPERS Board solely in the interest of, and for the purpose of, preserving defined benefits pensions for employees, retirees and their beneficiaries and providing other related support programs.

--To create partnerships with state leaders, labor unions, healthcare entities and other stakeholders to develop strategies and solutions to address the escalating cost of healthcare.

--To develop preemptive strategies to defend against attacks on defined benefits (including widows and survivors benefits) and retiree healthcare programs. My goal is to build coalitions that increase awareness among public employees, business, labor, and retirees about the positive economic effect on the State of California when retirement benefits are paid as promised to retirees.

CSU-ERFA Affiliate News and Events

Humboldt: HSU's affiliate is small but active. Robert Rasmussen reports that about 25 members meet the second Tuesday of each month during the academic year for lunch. They usually have a speaker from the community or campus. Recent speakers include: Dr. Rosamel Benavides-Garb of the Department of World Cultures and Languages, who described the university's new cooperative program with Xi'an University of International Studies, in Xi'an China. HSU now has a college within XISU. We teach six courses a year there. This fall semester sixteen students from XISU will enroll, for two years, at HSU. These students, all sophomores, will return to XISU as seniors, where they will be eligible to finish their studies and to graduate with degrees from both institutions. The program excited considerable interest among HSU ERFA members. The result was a China tour in early July, for HSU ERFA members under the aegis of our Department of Extended Education and the Department of World Cultures and Languages.

Though we started with a larger number, the tour finally included only four ERFA members and two family members. (Prof. James Johnson and Carol Johnson, Prof. Robert Rasmussen and Frances Rasmussen, and Profs. Robert Burroughs and John Pequegnat) We hit the major tourist sites of Beijing on our way to Xi'an. In Xi'an, we gave five formal presentations to the student body. We also invited the exchange students to dinner for an informal discussion and exchange of views. We also met with members of the faculty and administration of XISU. A senior faculty member graciously gave us four private lectures on Chinese culture and history that were geared to our sight-seeing itinerary. The Chinese students are now on campus undergoing a week of orientation. The ERFA tourists maintain an interest in their well-being and occasionally meet with them individually and as a group during their tenure at HSU.

Last Spring, HSU ERFA made its annual grants to junior faculty who needed financial help in progressing toward promotion. These awards, usually five hundred dollars or less, generally finance research, publication, or travel to meetings. Preference is given to projects that involve undergraduate participation. This year was notable for the large number of applicants, particularly for projects that, by rights, should have been met by university or departmental funding. This is a sad symptom of the state of funding from the state and federal government. It also reflects poorly on the budget priorities of the campus administration, according to its critics.

Los Angeles: The LA Chapter had a busy spring schedule, including an Executive Committee retreat in March to identify better ways to serve retired faculty and the university, and a spring luncheon and annual meeting in May featuring Don Dewey, President of CSU-ERFA, who spoke on the topic "What's an ERFA Anyway?" New officers were elected in May, including Harold Goldwhite, former faculty trustee, as Emeriti Association President. University President James M. Rosser will be the keynote speaker at our fall luncheon in October, when Emeriti Fellowships will be awarded to deserving students from a

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Basic Information About LTC, Part II

By CSU-ERFA

Cautionary note: Please note that the following is intended only to provide general background information about long-term care options. While the information is believed to be reasonably accurate, you are cautioned and encouraged to discuss the purchase of any long-term care insurance policy or other type of long-term care program with a qualified, licensed financial advisor who is aware of your individual situation. CSU-ERFA is not responsible for the content of linked web pages, and cannot guarantee the accuracy of those pages.

Part I in the June issue contained the following sections: Introduction, the CalPERS Long-Term Care Program, and Claims Experience. In this issue we continue with options for LTC, tips for those considering the purchase of LTC insurance, and some supplemental resources.

Part II
Alternative and Supplemental Options for LTC:

Self-Insurance: Those with substantial financial resources may choose to simply set aside sufficient assets to cover the potential costs of LTC, realizing that the majority of those who purchase LTC policies never use them.

Reverse Mortgages: Those who have substantial equity and who want to remain in their home might consider using a reverse mortgage to provide extra cash to pay for in-home care. While this choice will reduce the equity in the home, it will help to protect other assets. A reverse mortgage can be used in combination with some LTC insurance coverage to provide a higher level of in-home care, or to allow a spouse to remain in the home following the death of the covered individual.

Continuing Care Retirement Communities: As generally defined by the State of California, a CCRC is an age restricted residential community, usually requiring an entrance fee, plus monthly maintenance fees, in exchange for a living unit, meals, and health care coverage, including assisted living and skilled nursing. Certain other services and amenities, like regular housekeeping, scheduled transportation, swimming and exercise facilities, and 24 hour security are often included. This 'continuum of care', consisting of independent living, assisted living, and skilled nursing, essentially allows residents to age in place with security and peace of mind in knowing they have planned for their future.

Some CCRC's offer Life Care Contracts. In California a Life Care Contract includes the following promises:
(1) To provide all levels of care, including acute care and physicians' and surgeons' services;
(2) To provide that care for the resident's life;
(3) To provide a comprehensive continuum of care, including skilled nursing, under the ownership and supervision of the provider on, or adjacent to, the premises;
(4) That no change will be made in the monthly fee based on level of care or service; and,
(5) To subsidize residents who become financially unable to pay their monthly care fees.

Those CCRC's that are not Life Care Communities may offer some, but not all of these promises in their contracts. If you are considering a CCRC that is not a Life Care facility, be sure to read and understand the contract you are offered. The choice of a CCRC may be attractive to those who have a comfortable level of secure income to pay the monthly maintenance fee and a source of funds to pay the entrance fee.

Medi-Cal: While Medicare provides only very limited nursing home benefits [4], Medi-Cal provides LTC benefits indefinitely for California residents. However, Medi-Cal eligibility is restricted to those who are essentially indigent. This means that one's assets will have to be spent down first to qualify for Medi-Cal (there are certain exemptions that apply to spousal assets.) A greater level of asset protection can be obtained by purchasing a "Partnership" policy from the CalPERS LTC Program or a private insurer.

Under the "Partnership Program" LTC costs first are covered by the insurer up to the limit of the policy, then Medi-Cal takes over. The insured receives a dollar of Medi-Cal asset protection (in addition to the spousal exemption) for each dollar of benefits paid by the insurer.

Partnership policies are particularly attractive for those who have or will have limited retirement income.

Some Tips for Those Considering the Purchase of LTC Insurance:

(1) Discuss LTC with your family members and financial advisor. Make sure that your family understands your wishes regarding long-term care and how you intend to finance it if it becomes necessary. Your financial advisor can help you determine how much LTC insurance you will need.

(2) Buy at an early age. There are two reasons to purchase LTC insurance well before you think you will need it. First, you are much less likely to be turned down for coverage on account of preexisting conditions. Second, your premiums will be much lower.

(3) Include inflation protection. The cost of LTC rises at about 5% per year. Thus, you should give strong consideration to policies that include inflation protection. These policies provide increased benefits over time with no increase in premium for the increased benefit (except for general premium increases needed to maintain solvency).

Carefully consider the level of protection that you need. Many LTC plans allow the purchaser to choose the level of daily benefit that will be paid. Currently (April 2007) daily costs for nursing home care in California average approximately $200. However if you have a secure source of retirement income, you may opt to purchase insurance that provides a lower daily benefit and to cover the remaining cost from your income. If your income is low, it may be advantageous to consider a "Partnership" plan that combines long-term care insurance with Medi-Cal long-term care benefits.

Be aware that premiums can increase over time. Insurers are allowed to increase premiums in order to maintain the solvency of their LTC programs though this usually requires approval from state regulators.

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CFA and the Budget

By H. Dieter Renning
CSU-ERFA Liaison to CFA

Since the successful conclusion of contract negotiations and ratification of the new agreement, CFA members have been able to breathe easier. It should be expected, of course, that sooner or later there may be some disputes between the CSU faculty and Administration regarding implementation of some contract provisions. However, the one problem which has arisen so far was not caused by disagreement within the CSU.

The problem: a delay in the negotiated salary increases for CSU faculty (1% effective June 30, and another 3.7% effective July 31), because of the budget impasse in the state legislature. As everyone knows, adoption of the 2007-08 state budget was - "as usual, " unfortunately - way overdue. The budget in fact was not adopted until August 21.We still don't know know how the CSU portion of the budget will fare in the end. CFA has urged its members to contact their legislators in support of CSU funding (i.e., of keeping the 4% increase, promised by the Governor, intact). Already before the vote in the State Assembly CSU faculty, students, and staff had made many hundreds of phone calls and sent messages, which, it is believed, helped in preventing cuts to the CSU funding in that body. It is hoped that this campaign will ultimately have the same result in the end.

Related to this issue was an op ed piece by CFA President Lillian Taiz, which appeared in mid-June in six Bay Area newspapers. Its focus was on the importance of higher education in California and the need for adequate funding of the state's public universities. A month later the same theme dominated a press conference in Sacramento, jointly (!) conducted by President Taiz and Chancellor Reed, in which they emphasized the importance for the CSU, California's students and, ultimately, for the state's economy, of keeping the Governor's CSU budget "compact" intact.

Also in June, CFA leaders joined more than one thousand nurses, educators, and state employees in a Sacramento rally in support of the single-payer healthcare reform bill, SB 840. And down south CFA members were encouraged, in accordance with a resolution passed unanimously by the April CFA Assembly, to support the United Food and Commercial Workers Union (UFCW) in Los Angeles in its efforts to reach an agreement with several major grocery chains over wages and benefits.

For more information go to http://www.calfac.org.

New Members

Welcome to the following new members of CSU-ERFA:

Bakersfield	Janis Ruiz
Chico	Lionel H. Brooks
Dom. Hills	Donn E. Silvis Rich W. Turner
East Bay	William R. Nico
Fresno	Alfred B. Evans, Jr.
Fullerton	Robert C. Belloli Ashley L. Bishop Margaret E. Elliot Wayne K. Hobson Carolyn E. Johnson Timothy W. Lancey Zena Pearlstone Chen Shu-Jen Ronald L. Witchey
Humboldt	Milton J. Boyd
Los Angeles	Richard W. Hurst
Northridge	Donna F. Hardy Linda Huetinck
San Bern.	Sue Greenfield
San Diego	Bruce A. Casteman, Phillip T. Gay
San Jose	Yoko Karjala
Sonoma	Victor Garlin
Stanislaus	Roberta T. Anderson William D. Crist Cynthia Morgan

Affiliate News

(Continued from page 4)

variety of majors. New Emeriti will also be invited and recognized.

San Bernardino: Jerry Pritchard, President, reported that the CSUSB Retirees Association had a very successful year of recruiting new members and building the retiree organization. Membership increased to 113 paid members, a 92% increase from the previous year.

Activities included: (1) holding quarterly luncheon meetings with special guest speakers presenting information about campus developments and activities of new institutes and centers, (2) providing two scholarships through the campus' 40th Anniversary Fund, (3) sponsoring a retirees night at a basketball game, (4) obtaining faculty parking privileges for FERP faculty, (5) participating in a special pre-performance reception followed by attendance of Retirees Association members at a music theatre production written and produced by one of the faculty retirees, William Slout, and of the very successful CSUSB graduates, Val Limar Johnson, as part of a program to increase the scholarship endowment of the Theatre Arts department.

News of "Campus Affiliate" activities should be sent to Ted Anagnoson, Editor, *The Reporter*, at tanagno@exchange.calstatela.edu.

Next deadline: October 20, 2007.

Assistant CSU-ERFA Webmaster Needed

CSU-ERFA Webmaster Mark Shapiro is looking for an Assistant Webmaster to upload links to documents of current interest when he travels.

If you are interested in helping out, email mshapiro@fullerton.edu.

Basic Information About Long-Term Care, Pt II

(Continued from page 5)

Be aware that LTC polices have a deductible period. Deductible periods for private LTC policies range from 20 days to 120 days. The deductible period for the CalPERS LTC Comprehensive Plan and the CalPERS LTC Facilities Only Plan is 90 days, while the deductible period for the CalPERS LTC Partnership Plan is 30 days. Maintain sufficient financial reserves to cover care during the deductible period.

Consider carefully benefit duration. Relatively few people use LTC for more than six years; however, the premiums for unlimited duration benefits typically are about 25% higher than for a policy that provides six years of benefits.

Have an advocate who can work on your behalf. At the time you need LTC benefits you may not be in a position to deal with the complexities of the claims procedure. It's very helpful to have a family member or other advocate who can assist you both to obtain benefits and to help ensure that the long-term care you receive meets your wishes.

Other Resources:

--**The CalPERS web site** contains descriptions of the CalPERS LTC program, a description of the program's plans and benefits, and other information (http://www.calpers.ca.gov, then choose "For Members," and then the LTC program).
--**The California Department of Health Services** has several brochures about long-term care and the California Partnership for Long-Term Care (http://www.dhs.ca.gov/ and then search for "long term care" for several brochures and other information).
--**The California Health Care Foundation** has several articles and brochures about Medi-Cal, including "Understanding Medi-Cal: Long-Term Care (http://www.chcf.org/documents/policy/UnderstandingMedi-CalLTCRevisedEd.pdf).
--**The State of California Department of Social Services** has a web site with considerable information about Continuing Care Retirement Communities (http://www.calccrc.ca.gov/).
--The **Federal Trade Commission** has cautionary information about reverse mortgages on its site (http://www.ftc.gov/bcp/conline/pubs/homes/rms.shtm).

References:
[1] Charles Duhigg, "Aged, Frail, and Denied Care by Their Insurers", **New York Times**, March 26, 2007.
[2] P. Kemper and C.M. Murtaugh, "Lifetime Use of Nursing Home Care", **New England Journal of Medicine**, Vol. 324 No. 9, pp. 595-600, February 28, 1991.

[3] Email from Stephen K. Holland, MD, Senior Vice President and Medical Director, Long Term Care Group, Inc. to David Humphers, CSU-ERFA Health Care Committee Member dated April 12, 2007.

[4] Medicare covers skilled nursing facility care only after a three-day inpatient hospital stay for a related illness or injury and only for a maximum of 100 days, when the patient is expected to recover fully.

This Issue Electronic Only

This single issue is provided only in electronic format in response to fiscal problems that will be discussed in full at the October State Council Meeting. Hard copies will be provided for CSU-ERFA Archives and files, for membership recruitment efforts, and for members who inform us that they do not have access to the Internet. This will be announced at the State Council meeting.

In Memoriam

Chico	John R. Hetherington, Winston W. Hill
Dom. Hills	Quentin C. Stodola
East Bay	Howard L. Cogswell
Fresno	William H. Murray, Sr., Francis A. Wiley
Fullerton	E. A. Myers
Los Angeles	Helen Brocklehurst, Harold D. Hall Donald G. Mortensen
Long Beach	Ottis L. Castleberry, Nadyne Gibson, Robert D. Routh
Northridge	Earle Field, Harriet W. Foster, Loren Grey
Sacramento	Allan Hinderstein, Paul Huber, Ove J. Preus
San Diego	James E. Harmon, Andrew J. Karoly, Richard C. Kohler, Andrew Szabo, Louis A. Westcott, James L. Wood
San Francisco	A.J. Braver, Jr., Alice E. Wallace
San Jose	Theodore J. Balgooyen
SL Obispo	Mary Lou White
Sonoma	Verna R. Beatty
Stanislaus	Vladimir S. Tuman

Faster Delivery of *The Reporter*?

We put *The Reporter* up on the CSU-ERFA web site the day it goes to the printer, and at that point, we notify the members of the Executive Committee, the State Council, and the Chairs/Presidents of each campus retired faculty affiliate that the issue is available as a PDF file.

We are happy to extend this service to members. If you would like to be notified by email that *The Reporter* is available on our web site, send an email to the editor, Ted Anagnoson, at tanagno@calstatela.edu. With your email, please indicate whether you would like to be included on the CSU-ERFA listserve. We use the listserve to notify interested members of current events of note. Members receive perhaps a half dozen emails per year.

RAND Study Finds Senior Drivers Less Likely to Cause Accidents

A RAND Corporation study released in August 2007 found that drivers 65 and over are only one-third as likely as drivers 18 to 25 to cause auto accidents, and only a little more likely than drivers 26 to 64. "While driving ability declines with age for most people, those seniors who continue to drive appear to be safer drivers than the general public might think," said David Loughran, a RAND senior economist and professor at the Pardee RAND Graduate School who is the lead author of the study. "By far, it is the youngest drivers who pose the greatest risk to traffic safety."

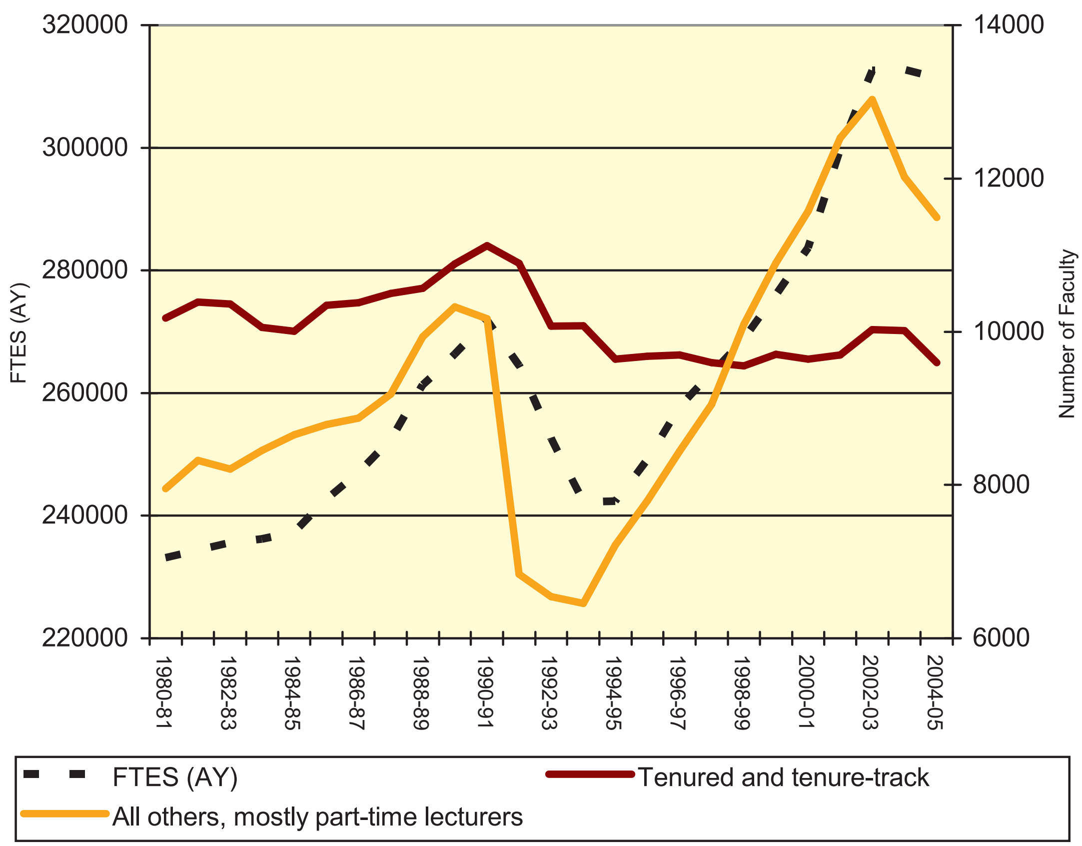
Researchers found that in 2001, people 65 and older accounted for about 15 percent of all licensed drivers but caused only about 7 percent of all accidents in the United States. By contrast, people ages 18 to 25 accounted for just 13 percent of all licensed drivers, but caused 43 percent of all accidents. The study estimated accident risks by examining more than 170,000 fatal traffic accidents crashes around the United States between 1976 and 2003 among adult drivers in three age groups: 18 to 25; 26 to 64; and 65 and older.

Because senior citizens are generally in poorer health and more frail than younger people, drivers 65 and older are at much greater risk of serious injury or death when they do have an accident, according to the study by RAND, the Santa Monica-based nonprofit research organization. Senior drivers are nearly seven times more likely than younger drivers to be killed in a two-car accident. "Seniors who drive pose a much larger risk to themselves than to others," Loughran said. "As the U.S. population ages, injury rates will increase - not because seniors cause more accidents, but because seniors are more vulnerable to injury when they get into an accident."

It is projected that by 2025, drivers 65 and older will represent 25 percent of the driving population, compared with 14 percent in 2001. Previous research has shown that as people age, their driving ability becomes impaired. "Seniors appear to make fairly sound decisions about when to reduce the amount they drive or stop driving altogether," Loughran said. "Not only do seniors drive much less than younger drivers, but they drive at safer times during the day and avoid poorer road conditions."

The report is titled "Regulating Older Drivers: Are New Policies Needed?" It was funded and produced by the RAND Institute for Civil Justice and is available at www.rand.org.

Changing Numbers of Full-Time Equivalent Students, Tenured and Tenure Track Faculty, and Lecturers in the CSU, 1980-2005



Members of the CSU-ERFA Executive Committee recently had an email discussion concerning the numbers of tenured and tenure track faculty in the CSU. This chart, from the Statewide Academic Senate report entitled “The CSU in the 21st Century,” provides the history from 1980 to the present of full-time equivalent students (the dotted line), tenured and tenure track faculty (the dark line that moves horizontally across the graph) and the number of lecturers (the light gray line that parallels the line on the number of FTE/S.

The full report may be accessed on the Statewide Senate web site (http://www.calstate.edu/AcadSen/) under “Reports.”

The report is now six years old, but updated charts may be obtained from the Editor of The Reporter at tanagno@calstatela.edu.

Forum: How Should California Handle Public Employee Retiree Health Costs? (From p. 1)

30 Year Unfunded Retiree Health Care Cost Estimate

Governmental Organization	Retiree Health Costs	Total Yearly Budget	Retiree Health Costs As Percent of Total Yearly Budget
	($ Billions)	($ Billions)	
State of California	$48.00	$131.00	37%
Los Angeles County	$16.00	$21.00	76%
LA Unified School District	$10.00	$11.20	89%
City of San Francisco	$4.90	$5.70	86%
City of Los Angeles	$3.20	$6.70	48%
San Diego County	$1.38	$4.37	32%
San Mateo County	$0.47	$1.60	29%
Totals:	$83.95	$181.57	46%

Source: Wildermuth, John, and Robert Selna. "S.F. Incurs Huge Costs for Public Retirees, Governments Begin to grapple with Unfunded Health Care." San Francisco Chronicle, July 5, 2007, p. 1. Percentages above calculated by the editor, The Reporter.

GASB. The GASB standards require annual costs to be based on an actuarially determined amount that would provide sufficient resources to pay these benefits as they come due. These contributions, for some governments, could be much higher than the level that is being funded at present. Credit ratings for governmental units may be affected by how these liabilities are managed.

The San Francisco Chronicle's article on the city of San Francisco's unfunded costs for retiree health care included a chart with the estimates for 30 year unfunded retiree health benefits and the annual budget for seven governmental units in California: the state, three counties (LA, San Diego, and San Mateo), two cities (LA and San Francisco), and LA Unified School District. Each of these has an annual budget of $1 billion or more, ranging up to the state's $131 billion. Except for San Mateo County at $469 million, each has a 30 year unfunded retiree health care cost estimate of $1 billion or more.

In order to have some basis for comparing these differently sized governmental units, CSU-ERFA has calculated the proportion of the annual budget that the 30 year unfunded retiree cost estimate constitutes. The chart is above and shows that the liabilities are 29%, 32% and 37% for San Mateo County, San Diego County, and the State. The City of Los Angeles is just under 50%, at 48%. Much higher liabilities are found for Los Angeles County at 76%, San Francisco at 86%, and LA Unified School District at 89%. While the State's liabilities are relatively low at 37%, each of these governmental units faces severe limits on the revenue side from Proposition 13 and the expenditure side from numerous sources. No governmental unit will find it easy to increase its expenditures for retiree post-employment benefits to the level needed to fund these benefits appropriately.

Richman Initiative. On top of these problems, former Senator Keith Richman is preempting the Governor's commission report by collecting signatures for an imitative that will cut public pensions and post-retirement benefits substantially.

Included are provisions to raise the minimum retirement age for new employees, including CSU, to the full retirement age as defined by Social Security (67 for those born after 1960), limit new employees subject to Social Security (including the CSU) to a 1% benefit factor (as opposed to the current 2.5% at age 63) times the number of years of service, prohibit public sector employers from providing retirees with inflation adjustments for the first five years of retirement, prohibit part-timers from receiving retiree health benefits, and require all governmental units to fully fund retiree health care benefits.

Forum: What is your reaction to these developments? The Reporter will publish excerpts from your reactions in the next issue. Send them to the editor, Ted Anagnoson, at tanagno@calstatela.edu.

Legislative Report-By Bob Bess

Little has changed since our June report. However, we are optimistic that with the budget adopted, there will be further positive developments. On the **health insurance** front, AB 8 and SB 48 have been merged. AB 8 has passed the Assembly and the Senate Health Committee. SB 840, which would establish a single payer universal healthcare system, has passed the Senate and the Assembly Health Committee. The Governor's plan has yet to be introduced in bill form. Public dissatisfaction with the state of health care continues to grow. Thus, it is quite possible that we will see meaningful progress on this front before the end of the two-year session. At the August CalPERS meeting, it was noted that substantial amendments would be forthcoming.

The **Compassionate Choices Act (AB 374)** has been placed in the Assembly Inactive File and may be considered in the second year of this session. **SB 235 would extend vision care** to CSU annuitants and their dependents. It has passed the Senate with strong support and is in Assembly Appropriations. Passage seems likely and there has been no hint of a veto. **Two federal bills, HR 82 and S 206,** address certain circumstances where Social Security reductions are made in relation to other retirement benefits. These have many co-sponsors, but enactment requires a readiness to forego substantial current revenue. No one is holding their breath.

The **Public Employee Post-Employment Benefits Commission** continues its work. Latest reports are that roughly 89% of future **pension** obligations are funded, and PERS/STRS performance is surpassing projections. Most observers feel that recommendations will not call for dramatic change in retirement benefits. What the recommendation will be regarding **post-retirement health costs** is uncertain. Recommendations are due January 1 and will likely focus on how funding is managed, rather than who receives what benefits. More on this issue and the Richman initiative, where early polling suggests that obtaining sufficient signatures may be challenging, in the next issue of this newsletter.

People News

Sam Wiley, 2007-08 member at large of CSU-ERFA's State Council, has been appointed interim Provost of CSU Dominguez Hills.

Judd Grenier, CSU-ERFA archivist, reports that **Sidney Albert** of CSULA has donated his personal collection of papers on the development of emeriti policy in the CSU to the CSU Historical Archives, located at CSU Dominguez Hills. The fall 2007 Reporter will contain an article on the papers.

Frieda Stahl, CSULA and a member of CSU-ERFA's Executive Committee, is the author of two entries, and co-author of a third, in the new Biographical Encyclopedia of Astronomers (Springer, 2007). These articles are on Hermann Weyl (1885-1955), Sarah Whiting (1846-1927), and Fred Whipple (1906-2004), respectively.

Send "People News" to Ted Anagnoson at tanagno@calstatela.edu.

CALIFORNIA STATE UNIVERSITY EMERITUS AND RETIRED FACULTY ASSOCIATION

The Retirement Center
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Northridge, CA 91330-8339

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