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CSU-ERFA Endorses Jelincic and Robinson in CalPERS Elections

CSU-ERFA's executive committee voted unanimously to endorse J. J. Jelincic for position A on the CalPERS board of administration election in September 2013, adding Jelincic's name to the already-endorsed Harvey Robinson for seat B, announced in the *May Reporter*. Both positions begin with the January 16, 2014, CalPERS board of administration meeting.

Candidates for both positions are elected by, and represent, all CalPERS members including retirees and those still active in the workforce from state, school and public agency employers. CalPERS members active as of July 1, 2013, and retired members with an effective retirement date on or before July 1, 2013, are eligible to vote. Ballots will be mailed to eligible voters on

August 30, 2013. The voting period runs August 30 - September 27, 2013. The elections are separate; candidates must file for either position A or position B.

For position A, the candidates include Joseph "JJ" Jelincic, a CalPERS investment officer, who is the incumbent, and Andrew Hopkins, retired project manager with the city of Oakland; Lorenzo Rios, a retired utility maintenance worker with Rancho Community College District; and Kumar Sah, data processing manager in the California state controller's office. The CSU-ERFA endorsement went to Jelincic on the basis of his experience and support for positions close to CSU-ERFA's.

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Health Benefits Report: DOMA and Long-Term Care Changes Affect CalPERS Beneficiaries

By Juanita Barrena, CSU-ERFA Health Benefits Director

DOMA and health plan enrollment of same-sexed spouses: in light of the June 26, 2013 U.S. Supreme Court decision declaring parts of the "Defense of Marriage Act" unconstitutional, CalPERS has approved a one-time exception enrollment period for employees and retirees who may have previously chosen not to enroll their same-sex spouse or eligible dependent children because their marriages were not federally recognized under the act.

This exceptional enrollment opportunity is limited to same-sex couples who married in California during the period in 2008 when the state first issued same-sex marriage licenses and also applies to members who married a same-sex spouse in another

state where same-sex marriage was legal prior to June 26, 2013. If you are interested in taking advantage of this opportunity, you should visit the CalPERS website, which has a dedicated link to information on the subject. Members who miss this opportunity may add their spouse during a future open enrollment period, or when a qualifying event occurs, such as a loss of coverage. The enrollment parameter for all newly married couples is the same as it always has been: a person may add a new spouse (regardless of gender) and eligible dependent children to his or her health plan within 60 days from their marriage date.

Long-Term Care and DOMA. Ah, yes,

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**CSU-Emeritus and
Retired Faculty Association**
www.csuerfa.org
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2013-2014

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The Reporter welcomes submissions by members of CSU-ERFA or other appropriate individuals of advertisements for academically oriented materials or services, to be printed at the discretion of the editor.

From the President..

Dear Colleagues,

I thought I might take this opportunity to share with you some of the circumstances I've run across as I investigate issues that could involve CSU-ERFA, California State University, and higher education in general. However, before I get into all of that, let me tell you that the chairs of our various committees are doing a really good job, so good, in fact, that I mention it here so that you know how hard they are working to provide you with information affecting your retirement and also their efforts to protect your rights and privileges. It is more and more apparent that CSU-ERFA is a positive force in representing the well-being of emeriti and retired faculty. Our executive director and staff work diligently to support the organization and its members.

Quarters or Semesters? One of the most interesting matters that caught my attention is the effort to have the six CSUs on quarter systems convert to semester offerings. Chancellor White believes this will support a stronger learning environment for both students and the system as a whole and, as a result, is willing to assist with the financial effort required to make the change. There are six schools involved, and it is suggested that they will convert by twos with Los Angeles and Bakersfield initiating the change. LA believes it will take three years to implement conversion while Bakersfield considers a possibility of two. When they jointly agree upon a plan, it will serve as a framework for the other schools to follow. The second duo includes East Bay and San Bernardino, followed by Pomona and SLO (by the way, SLO is anti-conversion at this time). It is recognized that different majors may need different parameters to implement change – some easy and others complicated. We will keep you posted when we have more information.

Emeriti Volunteer Services. CSU-ERFA is still working with the CSU chancellor's office regarding volunteer activities by emeriti. You will hear from us when we have more definitive information—soon, I hope. Also, we look forward to having Chancellor White meet with us. I understand how busy he has been but I'm told that we are moving up on his agenda. I'll keep you posted.

recently that CalPERS has opened a special enrollment window during which an employee or retiree who married a same-sex spouse in California or another state where same-sex marriage was legal prior to the June 26, 2013, DOMA ruling can enroll their spouse and eligible dependent children onto their CalPERS health plan. This has been implemented because of the U.S. Supreme Court ruling on the Defense of Marriage Act, and the enrollment window will remain in place until December 31, 2013. CalPERS should be contacted regarding questions or procedures.

Go to College Free? I just read about an interesting higher education idea being discussed in Oregon. When students at Portland State University were completing a capstone course, they were quite concerned about student debt. They came up with a radical plan to forgive tuition for students who, after graduation, begin to work and are willing to pay a small portion (3%) of their income to the university for approximately twenty to twenty-five years. They invited the chair of the education committee in the Oregon state assembly to discuss this with them, and he was greatly impressed with their idea. He introduced a bill to formally investigate such a plan, and significant numbers of the legislators evinced interest. Some suggested that such an option could become a model for the nation. The Higher Education Coordinating Commission was asked to develop a pilot program which, in turn, will be sent back to the legislature for possible action. Personally, I see a number of potential problems. For example, what happens if the student doesn't finish school or becomes ill and can't work, or an economic downturn exists for a significant period, or the costs of higher education unexpectedly increase, or—or—or! Even so, it is interesting, and I will keep an eye open for future developments. By the way, do you think this would work in the CSU system?

Scholarship Bequest at CSUN. I was absolutely amazed when I heard that a deceased emeritus faculty member at CSU Northridge left a grant of approximately \$800,000 for student scholarships in the School of Education. Wow! The university asked CSU-ERFA to assist in defining the grant parameters and handing the

(Continued on page 4)

Same-Sex Spouses. It was announced

Death of Robert (Bob) Maurer, Who Was Instrumental In Creating the CSU-ERFA Foundation

Edward Robert (Bob) Maurer passed away on July 30, 2013 at age 92 in Chico, CA. He served in many positions in CSU-ERFA, including several years as president, and was instrumental in creating the CSU-ERFA Foundation.

Following service with the U.S. Navy during World War II, Maurer attended Stanford University where he earned a B.S. degree in chemistry and M.S. and Ph.D. degrees in physical science. He joined the geology and environmental science department at Chico State University in 1952. He was promoted to the rank of full professor in 1965. While at Chico he served as chair of the faculty senate, department chair, and dean of the school of professional studies.

He entered the faculty early retirement program in 1983 and continued to teach until 1991. Maurer was a fellow of the American Association for the Advancement of Science and a member of the Society for the History of Alchemy and Chemistry, the Society of Sigma Xi, and the British Society for the History of Science.

Robert Maurer succeeded Emmett Long (Fullerton) as president of CSU-ERFA in 1997 and served six consecutive terms from 1997 to 2003. He served three consecutive terms as CSU-ERFA treasurer from 2004 to 2007. Bob served as an at-large member of the CSU-ERFA executive committee for many years.

Bob was instrumental in the creation of the CSU-ERFA Charitable Foundation. He was one of the five directors of the Foundation when it was established in 2001. (The other original directors were Ron Kroman, Dominic Perello, Emmet Long, and Max Norton). He served as

treasurer of the Foundation from its inception until 2013. Bob also was a member of the CSU-ERFA state council from 1997 to 2013.

Upon learning of Bob's passing, Dave Elliott remembered that "Bob Maurer, Bob Kully, and Emmett (Shorty) Long were the main leaders upon whom we relied during my early years with CSU-ERFA, and I will always be grateful for what Bob Maurer taught all of us. He was especially gifted, I thought, as a presiding officer. He never failed to make our state council meetings graceful and entertaining experiences for everyone."

In recognition of his many contributions to CSU-ERFA, Maurer was awarded an honorary life membership in 2013. Donations in Bob's memory may be made to the CSU-ERFA Charitable Foundation, 18111 Nordhoff Street, Northridge, CA 91330.

Upper right: Bob Maurer with Milt Dobkin, two of the CSU-ERFA founders, pictured in San Jose in 2011.

At right, Maurer presiding over a CSU-ERFA Charitable Foundation meeting.

Below, Bob Maurer presiding over the Foundation board meeting in July 2004 in Los Angeles. Board members were, from left, Emmett Long, Jerome Beamish, Maurer, Max Norton, and Eleanor Price.



Legislative Report: Election for the CalPERS Board

By Alan Wade, Legislative Committee Chair

The first half of the California legislature's session has been low-key as far as CSU-ERFA's vital interests are concerned.

Some bills are in the works to clean up loose ends in last year's PEPRA (pension reform act). Rear-guard actions by a few Republicans to cut back public employee pensions and benefits will most likely die in committee. Fears of runaway taxing and spending by liberal Democrats in both houses are being assuaged by common sense and anticipation of a firm stand by the governor—except when it comes to the big-water project and high-speed rail.

MOOCs: In matters closer to our interests, the proposal to fund and encourage MOOCs in the CSU has been set aside until next year. MOOC stands for "Massive Online Open Courses." (Until last April's CSU-ERFA state council meeting, I had not heard this term and had no idea what it stood for.) Now, pushed by big money (such as the Gates foundation), it is

hard to escape discussions of the concept in the media.

Our state council had a good open talk with Senator Carol Liu (Senate education committee chair) during her guest appearance at our April meeting. Perhaps both supporters and opponents will find evidence-based common ground for a more rational exploration of the benefits and costs of online education as time goes on. We trust that its support by powerful legislators is more than just an effort to dumb down higher education and save money by hiring fewer qualified teachers.

CalPERS Election. We have a critical opportunity in September to vote in the CalPERS board election for CSU-ERFA-endorsed candidates for board positions A and B. John ("JJ") Jelincic is the incumbent for the first open position, and we have endorsed him. Harvey Robinson, President of the Retired Public Employees

Association and a retired employee of CalPERS, is our endorsed candidate for Position B. We know Jelincic and have had the opportunity to observe him at work on the board for the past several years. Harvey Robinson is also well known to CSU-ERFA members active in state government. We believe his election is important to our interests since he is well-acquainted with and sharply attuned to the interests and needs of retirees.

Your ballots for these positions will be arriving in the mail after August 30, with a September 27 deadline for their receipt. There are few elections in state government which have greater potential impact on our own key interests than do those for the CalPERS Board of Administration. And yet, last time, only about 15% of those eligible actually voted. So, look for your mail ballots in September and PLEASE VOTE. The future of our pensions and health benefits is always at risk.

In Memoriam

Chico – Judith Zachai
Edward Robert "Bob" Maurer

Dominguez Hills – Robert Fischer

East Bay – Donald J. Strong

Fullerton – Orrington Ramsay

Long Beach – Doris Tabor Schroeder
L. Lavonne Stock
Robert J. Swan

Northridge - Milton Gordon
Stanley L. Singer
Robert Yost

Pomona - George F. Sheets
Robert L. Simon

Sacramento - Hortense Simmons
Jo A. Lonam

San Diego - Arthur W. Schhatz

Sonoma - Ida Rose Reed

Stanislaus - Leodoro Hernandez

From the President

(Continued from page 2)

account. When I thought further about this, I decided to make a concerted effort to urge our emeriti to consider contributions to support student and faculty grants (not gifts of \$800,000, of course, but small amounts that are possibilities for many of us). We have our CSU-ERFA Foundation that could handle this, and if you have any questions or are able to contribute any amount, we would love to hear from you. Remember, the foundation is a 501(c)(3) organization, meaning that donations to it are tax deductible. More information about donating to the CSU-ERFA Charitable Foundation is on page 7.

New CSU Presidential Salaries. Speaking of money, the CSU board of trustees just set salaries for the six most recently appointed CSU presidents. The salaries started at \$270,000. They were not hiked – probably due to the opposition from the public, Gov. Brown, state lawmakers, students, and faculty that resulted when the last incoming president had a very significant salary elevation in 2011. At that time, former Chancellor Reed argued that higher salaries were needed to attract well-qualified executives. After the

resulting furor subsided, the trustees adopted a policy to freeze compensation while allowing a 10% increase from private donations. In 2012 Chancellor White requested that the state-funded portion of his salary be reduced by 10%.

CSU-ERFA Survivor's Guide. Please let me remind you of the recently revised CSU-ERFA Survivor's Guide. It is a well-planned and edited document that allows you to indicate your preferences regarding final health care and the eventual handling of your estate. Granted, we don't like to talk about death, but it is inevitable, and one would not want to place a huge burden on children, other relatives or friends by not having affairs in order. The guide helps you to organize your materials while you are in your active years and includes very positive directions and information. It is available from the CSU-ERFA Office for \$5.00. You can call or email to order copies. I wish you well and again ask that you invite your retired university friends to join us as members of CSU-ERFA. Please give us a call if you have any questions or comments.

Regards,
Barbara

CFA Report: Budget and Bargaining

By David DuFault, CSU-ERFA Liaison to the California Faculty Assn.

As the academic year 2012-13 ended, the California Faculty Association (CFA) faced two important and related issues, the approval of the California state budget and the resumption of collective bargaining. With the final agreement on the state budget for the 2013-14 fiscal year, the CSU received a \$125.1 million increase. The budget also included a five percent planned addition for 2014-15 and four percent for each of the following two years.

CFA President Lillian Taiz appreciated the reinvestment “in public higher education.” However, she added that “this is just the beginning of what is going to be a long process to turn around a decade of disinvestment in the CSU.” In cooperation with other organizations, CFA attempted with some success to influence several of Governor Brown’s earlier suggestions about uses of the new CSU funding. For example, CFA successfully opposed the governor’s idea to increase higher employee contributions to health care costs.

In addition, Governor Brown withdrew a proposal to cap the “number of state-subsidized units a student could take towards” degree completion. And the budget now includes a “commitment” for a scholarship program for “middle class” students and modifies the governor’s desire to tie funding to “performance metrics.” These metrics included graduation rates, numbers of transfer students from community colleges and the number of degrees completed. Another funding measurement was to include a reduction of the “cost per degree.” These metrics now are for “reporting purposes only” and are not tied to “loss of funding.”

Despite the above alterations of the governor’s ideas and budget, CFA noted with reservations the use of \$10

million in the budget for online learning. As noted in a previous *Reporter*, CFA has questioned many of the assumptions about the use of online technology to instruct large numbers of students. Experimentation in offering these so-called MOOCs (Massive Open Online Courses) continues at San Jose State University. However, CFA influenced the insertion of budget language stipulating that funds may be used only to fund “public use” and not for “private” course providers.

Many faculty have commented about the online delivery of these large “bottleneck” courses. At a history

department commencement ceremony at San Jose State, Professor Pat Lopes Don summed up the questions of many faculty. She said that “the goal [of the MOOCs] seems to be less about quality of education and more about distributing the education we already have in order to, ostensibly, reduce the cost of educating students in public higher education.”

Bargaining. As the back and forth about the state’s budget went on, CFA also prepared for yet another series of bargaining talks. Left over from the contract approved in 2007 was the matter of the “two-year equity pay” program. This provision attempted to correct the issue of “pay inversion” created when recently hired faculty received higher beginning salaries than the pay to those who had taught for years.

Although the correction for the first year of the “equity pay” program (2007) was funded, Chancellor Reed refused all raises for 2008. Then incoming Chancellor White announced in 2013 that he would implement the second equity

year (2008-09). Thus about 3,000 faculty will finally be provided with an increase in pay negotiated in 2007.

CFA also began “reopener” bargaining with the CSU on pay raises for the contract year 2013-14. With the approval of the new state budget in June 2013, Chancellor White announced a \$38 million allocation for employee pay raises (with the exception of some of the “senior managers”). Of course, collective bargaining would decide the types and amounts of the compensation. Reopener bargaining for CFA began in early July 2013.

Finally, because the present contract expires in June 2014, the CFA must now prepare for bargaining beginning “as soon as October 2013,” when “successor” contract bargaining starts on all issues open for negotiation. Obviously, the coming academic year will be a challenging one for the CFA.

“This is just the beginning of what is going to be a long process to turn around a decade of disinvestment in the CSU.” - CFA President Lillian Taiz

CSU-ERFA New Members

- Dominguez Hills** – Patricia H. Cherin
- Long Beach** - Jean J. Jura,
Leland S. Vail
- Los Angeles** – Andrew J. Winnick
- Northridge** – Heidemarie Lundblad,
Donald W. McCormick
- Sacramento** – Robert A. Buckley
- San Bernardino** – Ronald L. Escobar
- San Diego** – John R. Weeks
- San Jose** – John K. Athanasiou,
Irene Carrion-Upson
- San Luis Obispo** – Cynthia D. Moyer,
Michael J. Selby*
- Sonoma** – Martha J. Frankel
- Stanislaus** – April A. Hejka-Ekins,
James A. Wakefield, Jr.

* Denotes lifetime member

The CSU-ERFA Grant Cycle, 2013-14

The CSU-ERFA Foundation is accepting grant proposals beginning May 20, 2013. Research-grant deadline is December 16, 2013. Information may be downloaded from the CSU-ERFA website (see page 2) or call the office at (818) 718-7996.

Social Security is Going Broke, and Women Are to Blame, By John G. Kilgour, CSU East Bay

(Caution: read full article before exploding.)

[John G. Kilgour is professor emeritus in the department of management and finance, CSU East Bay. He has written widely about pensions and benefits.]

What we usually think of as “Social Security” is also known as the Old Age, Survivors and Disability Insurance (OASDI) trust funds. Actually the OASI and DI are separate funds; however, it is widely assumed that when the DI trust fund runs out of money, dollars from the OASI fund will be shifted to it as was done in 1994. The Social Security Act contains numerous other programs including Medicare and Medicaid, with each program having a separate funding source.

One measure of trust fund solvency is the trust fund ratio (TFR). This should not be confused with the funded ratio of defined benefit pension plans (assets ÷ liabilities) that measures the percent funded. The TFR is calculated by dividing the fund assets (balance) at the beginning of the plan year by the expected expenditures for that year. It is expressed as a percentage which easily converts to the number of years the funds can pay full scheduled benefits. The 2012 Trustees Report (p.13) gives the exhaustion date for the combined OASDI trust funds as 2033 if nothing is done before then. Once the trust funds are exhausted, they will only be able to pay about 75% of the scheduled benefits. This problem should have been dealt with years ago. The longer we wait, the more difficult the needed reforms will be: increasing payroll taxes (revenue) and/or cutting benefits (expenditure).

Who Caused This Mess? Women. They live too long, work too much, and don't have enough babies. In addition, they earn almost as much as men!

Life Expectancy. In 1950, age-specific life expectancy at age 65 was 12.8 years for men and 15 years for women. By 2009, it was 17.6 years and 20.3 years respectively. The differential had gone from 2.2 years to 2.7. That is, women live and collect OASDI benefits for 2.7 years longer than men. Clearly, women are living too long. If they had the good manners to live

only as long as men, it would greatly help the Social Security system.

Labor Force Participation Rates. To make matters “worse,” more and more women are working and accruing OASDI benefits. Between 1950 and 2009 the labor force participation rate (LFPR) for women increased from 33.9% to 62.4%. The men's rate dropped from 86.4% to 73.2%. The percent of the labor force comprised of women increased from 29.6% in 1950 to 49.8% in 2010. That is revolutionary. Currently, 56% of OASDI benefits go to women. That number will increase in the years ahead. We know that. This means that more of the people who are living too long will be collecting OASDI benefits.

Fertility Rates. In 1950, the fertility rate of American women was 106.2 (number of live births per 1,000 women ages 15 through 44). It peaked in 1957 at 122.7, at the height of the baby boom (defined as those born between 1946 and 1964). In 2011 the fertility rate was 63.2, a record low. It is likely that it will continue to decline. We are following Europe and Japan in failing to replace ourselves. It takes 2.1 births per woman in her lifetime to maintain population size. The United States is now at 1.9; several European nations are below 1.5.

The leading edge of the baby boom became eligible for early retirement benefits at age 62 in 2008 and for full benefits in 2011. There are 10,000 boomers per day reaching retirement age. This will continue until roughly 2030.

In 1950, when Social Security was relatively new, there were 16.5 covered workers (contributors) per OASDI beneficiary. That dropped to 3.7 in 1970 and to 2.9 in 2011. It is projected to continue to decline to 2.0 in 2040. Another way of expressing this is that in 1950 there were 6 people collecting OASDI benefits for every 100 contributors. Today there are 35, and by

2090 there will be 52.

Earnings. In the late 1970s, the rallying cry of the National Organization for Women was the “59 cent dollar.” Remember that? It was based on the fact that women on average earned 59% of what men on average earned annually. Such data overstate the point a bit. They take no account of hours worked or PT/FT status, education level and college major, job mix and years of experience. However, there is no question that there was egregious and widespread pay discrimination. There was also the generally accepted concept of “women's work” that resulted in “pink ghettos.” Consequently, we had very cheap and very good teachers, nurses and secretaries. Then came the civil rights movement.

The combination of the Equal Pay Act of 1963, the Civil Rights Act of 1964 and Executive Order 11246 (origin of affirmative action) was the “game changer.” So was the washing machine, drier, microwave and “the

pill.” By 1980, women were earning 64.2% of what men made on a full-time weekly basis. By 2011, it was 82.2%. About two-thirds of university students are now women. Moreover, they are now majoring in a wide range of fields once thought to be the preserve of men. The “pay gap” will continue to shrink. By about 2040 women's weekly earnings will surpass those of men (author's calculations).

Conclusion. Of course, longer life expectancies, higher labor force participation rates, lower fertility rates (within reason) and higher earnings are viewed as positive developments by women and by those of us who love them. Nobody wants to go back to the old days. However, one of the results of these blessings is that they are raising havoc with the Social Security system. Now you know whom to blame.

“Another way of expressing this is that in 1950 there were 6 people collecting ... [Social Security] benefits for every 100 contributors. Today there are 35 and by 2090 there will be 52.”

The CSU-ERFA Charitable Foundation

By Mark Shapiro, CSU-ERFA Charitable Foundation Treasurer

What's the difference between the California State University Emeritus and Retired Faculty *Association* and the CSU-ERFA Charitable *Foundation*?

Both the *Association* and the *Foundation* are non-profit organizations, but only the *Foundation* is an official 501(c)(3) organization. The *Association* was established to advance the interests of retirees from the CSU system as well as to protect the interests of individual members. The *Association's* constitution and bylaws permit activities such as making endorsements of candidates for CalPERS board of administration seats and taking positions on statewide ballot measures that affect our members. Dues and donations to the *Association* generally are not tax-deductible because of this political activity.

The CSU-ERFA *Foundation*, on the other hand, was founded to support strictly charitable and educational activities by our members. To this end each year the *Foundation* invites proposals from our members to support their research and scholarly activities. Each year several grant awards are made to members whose proposals have been recommended for funding by the CSU-ERFA grant awards committee. Because the *Foundation* supports work which is strictly charitable or educational in nature, it meets the requirements for, and was organized as a

501(c)(3) under federal tax laws.

Because it is a 501(c)(3) organization, donations made to the *Foundation* generally qualify as deductions on both federal and state income tax forms, though you should check with your tax adviser to be certain depending on your individual circumstances.

The *Foundation* has two sources of income. At the end of each fiscal year the *Association* makes a donation of \$50 in the name of each member who has passed away during the fiscal year just ending. In addition, members, their friends and relatives, and members of the general public can make contributions to the *Foundation*. Often these donations are made in memory of a member who has passed away. They also can be made to honor a member who has reached a significant milestone such as a birthday or wedding anniversary.

The *Foundation* encourages donations in any amount. Make your check payable to the "CSU-ERFA Charitable Foundation" and mail it to CSU-ERFA, 18111 Nordhoff Street, Northridge, CA 91330-8339. Please be sure to include the complete zip code. Also, indicate the person the donation is honoring or memorializing, if applicable. All donations will be acknowledged in writing.

Some Facts of Life About California's Sales Tax...

Here are some facts of life about California's tax system, focusing on the sales tax. From a Legislative Analyst's report, *Why Have Sales Taxes Grown Slower Than the Economy?* August 5, 2013.

"The sales and use tax is a major source of revenue for the state and many local governments. Historically, consumers spent about the same portion of their income each year on taxable items, meaning sales tax revenue grew about as quickly as the state's economy. Starting in 1980, however, consumers began to spend a growing share of their income on services, which are not taxed, and a correspondingly declining share on taxed items.

That brief details this change in consumer spending patterns, its causes, and what effect it has had on sales tax revenues. In particular, the brief discusses these major findings:

- Consumer spending on taxable items peaked in 1979, when consumers spent 53

cents of each dollar on taxable items.

- Since then, the state's sales tax base, "taxable sales," has grown 1.4 percentage points slower annually than the state's economy. As a result, consumers now spend 33 cents of each dollar on taxable items.

- This shift in consumer spending has occurred primarily because prices for services have grown four times as much as prices for goods since 1980, leading consumers to spend an increasing share of their income on services.

- Had consumer spending not shifted toward services, the sales tax would generate the same amount of revenue as it does today at a significantly lower rate—5.2 percent instead of the current rate, 8.4 percent.

- This trend in consumer spending appears unlikely to reverse, at least in the next decade.

Did You Receive Your May Reporter?

A small number of CSU-ERFA members who choose to receive hard copies of *The Reporter* were affected by a "glitch" in the software that processes the automated mail delivery system used by our campus mailroom on the CSU Northridge campus.

To the best of our knowledge, a few addresses, correct in CSU-ERFA's database, were corrupted by the CSUN mailroom's software and printed incorrectly. In some, but not all, instances where the number "5" was contained in an address (street address or zip code) that number was changed to a "6" and in other instances where the number "6" occurred in an address the "6" was deleted entirely.

Thus some mail was unable to be delivered and returned to us. About thirty *Reporters* were returned to us and were re-mailed. Fortunately, this affected relatively few of our members. The CSUN mailroom assures us this will not recur. We apologize for any inconvenience.

Pre and Post-Retirement Report: ACA & the States

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

Q and A: More on "Obamacare" and State Budgets

Q.: Last time you wrote about the impact of the Patient Protection and Affordable Care Act on state budgets. Please give more details on the act and its impacts.

A.: Estimates of the impact of the Affordable Care Act (the ACA), which is getting underway more slowly than anyone expected, are a matter of the sheerest speculation, whether one is for or against that legislation. The principal motive for the ACA was to bring health care to the neglected sixteen percent of the population who were without protection and resources to sustain the state of health that the rest of us enjoy. The most vocal of those against this effort include politically conservative groups like the National Center for Policy Analysis, the Heritage Foundation, the Cato Institute, the Republican State Leadership Committee, and online journalism sites from Forbes and the Wall Street Journal, among others. (For a continuously updated list of these, Google the question "What will the impact of Obamacare be on state budgets?" and notice how the list increases every day.)

The main thrust of these objections is this: a large portion of the ACA will be funded at the state level, through increases over time in state-supported Medicaid funds. At the same time, federal support for Medicaid will decline, and this forces state governments to make thoughtful and painful choices. As the Heritage Foundation claims: "Huge numbers of additional Medicaid enrollees and associated administrative costs will force

states to raise taxes, go into even deeper debt, or most likely, to cut spending in crucial areas like public safety or education." (It should be noted that the federal government has committed itself to covering almost all of the increased Medicaid costs through 2022; there may well be political pressure to continue this commitment beyond that date.)

The Kaiser Family Foundation, in an attempt to give a hard-numbers perspective on this matter, has shown that state costs are going up by \$8 billion totally through 2022, but that this is only a three-tenths of one per cent increase in state Medicaid costs. The administration is committed to increasing federal Medicaid spending by \$800 billion, or 21%, in the same time period.

Yet the conservative argument persists, and proceeds on the assumption that both the underlying principles and the details of medical costs are monolithic, that they threaten state budgets, that their version of the costs will go forward unanalyzed and without objection, and that the public is trapped.

Once we admit that such views as those of the Heritage Foundation are speculative, and based on a committed conservative ideology, for the sake of argument we might choose to move in a different speculative direction. It seems that passing from ideology to an experience of practical personal difficulties can sharpen the focus on medical needs, and provide a more realistic view on how those needs should be met. I share the following personal story to suggest just such a direction.

Not too long ago I shifted my balance while standing in our kitchen and my hand came to rest on a hot burner on the stove, giving me a good burn and dozens of blisters. I plunged the hand into a large tumbler of ice water and drove to the nearest emergency room of my HMO. On the way I tried some of my Ulster Scots Zen by churning through these thoughts: "I'm glad I can go to an HMO for this rather than to some office where they would charge a massive bill for this clumsiness." "But why should anyone have to pay a giant medical fee for a piece of clumsiness?" "Why should medical care profit from weakness or an accident?" "Why should there be state and federal subsidies to support profits on weaknesses or accidents?" "Why aren't there tighter controls on providers who gouge Medicaid or Medicare?"

The speculative direction in this case is that on the state level citizen-consumers who have strong but unmet needs will finally force a radical change in the whole concept of health care for profit. Notice that the state of California is looking forward to building resources to support Medicaid in the future. At the same time, notice also that Aetna and United Health are withdrawing from the individual market in California and stealing away before the ACA takes hold. We might all wish that these companies would be more open and straightforward, so that we could more fully understand the calculus underlying their business decisions in this matter.

Please submit questions for this column to donahue_thomas@ymail.com.

CSU Travel Procedures - A Commentary

This is a commentary from the editor. Now, those of you who traveled when you were faculty remember how the campus administrative types went over your travel expense claims. Here's a real story: The CSU has a risk management authority in the Chancellor's Office, and the director has some travel involved. We don't know how much, but we do know that the incumbent had travel expenses that an audit said "were often questionable in terms of their appropriateness and business necessity and did not always seem to have a clear or demonstrable benefit...to the university," which is CSU bureaucratism for this person really ripped us off. In two and a quarter years from 2010 to 2012: some \$159,000 in travel expenses, including a trip

to Kenya where the CSU paid for sightseeing to a giraffe center and a national park – submitted as taxi expenses! The employee made 82 trips to San Francisco, allegedly to work with a vendor there, but in 61 of them, the employee arrived after 4 p.m. In some of them, the employee left before 10:30 the next morning. On three occasions the employee sought reimbursement for hotels within 25 miles of the CSU headquarters where the person was employed. For a trip to Israel and Ghana in 2011, the employee claimed double the expenses as a colleague who made the same trip. CSU officials say that they are cracking down on travel procedures as a result of this case.

We won't drive the point into the ground, but one does question the need for an office when the controls on the employees are so loose and so much money is wasted.

Recent Affiliate Activities

CSU Sacramento Retirees Association

Goals. Our 2013 board began the year with a daylong goal setting meeting in which we identified three goals and 10 objectives which continue to guide our decision making. These are on the website in the "About Us" link.

New Activities. Last spring we invited all retirees to participate in a survey to gauge interest in possible new activities. As a result we have added an Apple device users group, periodic lunches out, and we are now developing book groups.

We've also organized groups to go to the symphony, a choral concert, and a local theater production. Our mainstay activities continue to be our annual spring brunch and fall dinner.

Scholarship. Last year we instituted a scholarship to be awarded annually to two undergraduates who are the children of current CSUS employees. Each recipient receives \$1,500.

We have donated an average of just over \$5,000 to campus programs in the last six years. The addition of staff and administrators to the association has brought more members and energy to the association. We're enjoying our past together and our future looks bright!

Other Recent Changes. We have implemented a new email policy to limit the number of emails that retirees receive. We instituted the policy to address frequent requests we receive to announce campus and other events. We now send only one email per month, on or around the 15th. Our retirees are happy to receive fewer

emails and to know when to expect them. The email goes to about 850 retirees for whom we have email addresses.

Website. We redesigned our website to make it more easily navigable and prettier. It can be viewed at:

<http://www.csus.edu/org/retirees/index.html>

A survey showed the "In Memory" and "Photos" links were the most popular. (We're not sure how to interpret this...).



Sacramento Retirees Association Secretary Larry Glasmire and Treasurer Jean Torcom enjoying themselves at our last fall dinner, "A Taste of Italy."

Cal Poly San Luis Obispo Retired Faculty and Staff Club

The California State Polytechnic University, San Luis Obispo Retired Faculty and Staff Club hosted three programs in the spring semester. The first featured a luncheon and tour of the construction management department's "Simpson Strong-Tie Materials Demonstration Lab" in March 2013.

The second spring program highlighted the contributions of the athletics department at a May luncheon and program. Coaches and student-athletes spoke about their specific sports and experiences. Approximately 550 student athletes represent the university at events both at home and across the nation.

The third was the end-of-school-year "June Jubilee" with dinner and entertainment for our club members and family on June

9, 2013. After dinner, we heard from a select group of student teams participating in a 12-week summer accelerator program at the San Luis Obispo HotHouse. The HotHouse is a new community space that has been created through the efforts of the San Luis Obispo Community and the Cal Poly Center for Innovation and Entrepreneurship. The goal of the HotHouse is to support students and community members alike as they work to create new innovations and start business ventures. During the 12-week summer accelerator program, Cal Poly's next generation of founders will work with mentors, take advantage of resources and absorb as much information as possible to develop their ideas into real businesses. This program had approximately 120 participants.

CalPERS Board of Administration Election

(Continued from page 1)

Several board members have seen Jelincic on the board and testify to his competence and general support for positions similar to those of CSU-ERFA members. Juanita Barrera, CSU-ERFA health benefits director, said that she had been favorably impressed by his performance on the board. She added that he was clearly prepared, has done his homework, asks good questions, frequently challenges and amends the recommendations of the staff.

For position B, CSU-ERFA has endorsed Harvey Robinson, who is

the challenger to the incumbent Michael Bilbrey. The executive committee, after an extensive review and exchange of comments, voted to endorse Robinson, with three members of the executive committee knowing him and having seen him testify and interact with the CalPERS board. Robinson is a CalPERS retiree and would be, if elected, the only member of the board of administration who is retired.

Robinson was employed by CalPERS from 1972 to 2001, partially in the benefit services division and partially in the office of long-term care. He has held several positions in the Retired

(Continued on page 10)

Affiliate Spring Activities

Cal Poly Pomona Pace Setters Are On the Move

Here's what the Cal Poly Pomona Pace Setters have been up to in the spring and summer of 2013.

- Cal Poly Pomona's southern California tasting and auction on Sunday, May 5, 2013 with a special offer for Pace Setters members only to attend at the tremendously discounted price of \$25 each (limited to two tickets for each member). Tickets are normally \$75 each. Twelve members attended.
- A Pace Setters scholarship is well on its way to becoming reality. It was announced and approved at the April 2013 general membership luncheon. Plans are underway in the summer to finalize the scholarship and begin fundraising for it.
- The CSU-ERFA volunteer survey was sent to Pace Setters members to determine volunteer interests of our members to match with volunteer needs on our campus. We are looking for a volunteer coordinator to manage our volunteer activities.

- The CSU-ERFA State Council meeting in April 2013 was hosted by the Pace Setters and Cal Poly Pomona. This is the first time the meeting has been on our campus. We were pleased to showcase our campus to the over 40 attendees and support the Kellogg West Conference Center.
- We enlarged our board of directors in 2013 to accommodate our expanding activities and services.
- We sent an invitation to Pace Setters to join Cal Poly Pomona alumni at an Angels baseball game September 20.
- We are gathering material for our electronic newsletter, published in the fall.
- We are beginning the planning of our fall luncheon and we reviewed and revised our bylaws.

CSU Dominguez Hills Emeritus Faculty Association Provides Grants for Faculty and Scholarships for Students

In May 2013 we were very pleased to award a total of six grants: three grants to faculty through our faculty legacy fund awards and three for students through the Cain and Chi scholarships.

The faculty legacy fund is awarded to CSUDH faculty by the Emeritus Faculty Association (EFA). Many of the EFA members have generously contributed to this grant that provides funding for a variety of projects. Three awards were made this year.

Anne Choi, Interdisciplinary Studies/Program for Adult College Education – Anne's project investigates the impact of the elimination of adult day health care on frail low-income older adults and their families. Anne will conduct qualitative research to evaluate how the recipients and their families perceive the change that occurred in March 2012. She and her student research assistants will conduct multiple interviews to track the course of adjustment to the change in services.

Sue Needham, Anthropology – Sue's Award was for two projects to be completed during the summer in Siem Reap, Cambodia. The first involves working to help create an 8-week ethnographic field school in Cambodia to be run in the summer of 2014. Students

will be trained in ethnographic methods that focus on home-school, formal and informal socialization and educational practices in Cambodia. The second project will dovetail with Sue's ongoing work with the shadow puppet theater of Cambodia and help support their performances in Long Beach. Sue involves her students in her research, and the whole Southern California community gets to benefit from her work in sustaining Cambodian traditions in the U.S.

Doris Ressler, Dance Program – Doris will attend the Zena Rommett Floor-Barre Certification Program to become a certified instructor in therapeutic dance technique. Although it was originally created for dancers, it offers benefits to all by utilizing movement techniques, which relieve the pressure of gravity to aid in body alignment, and strengthen joints.

There were three outstanding winners of the student scholarships. The Lois and Henry Chi Scholarship in Science was awarded to **Tamara Escajadillo**, a senior biochemistry major, who was awarded \$1500.

The Leo F. Cain Scholarship. This year there were two awards, each for \$2000. The first went to **Maria Vaquerano**, who

is in the social work master's program, and the second to **Stephanie Wagner**, who is in the occupational therapy master's program.

CalPERS Election

(Continued from page 9)

Public Employees Association (RPEA) from 2004 to the present, including president of his local chapter, health benefits director, and director of legislation and health benefits. He has testified on behalf of RPEA before CalPERS many times on enhancing and protecting member benefits. As president, he developed the "RPEA Pension and Benefit News, a free weekly compilation of news articles affecting retirees."

Beyond the August 30th to September 27th voting period, the other relevant dates are: September 30--tabulation; determination if runoff is needed. There will, however, be no runoff for position B since there are only two candidates. November 8 – runoff ballots for Seat A, if needed, to be mailed. December 9 – runoff ballots to be counted and winner designated. January 16, 2014--Newly elected members to be seated and introduced.

Health Benefits Report

(Continued from page 1)

more on long term care! Since I just talked about DOMA, I should mention that same sex spouses (only one per member, of course) will be eligible to purchase CalPERS LTC policies once the program begins offering new policies, which is expected to happen in late December 2013. OK, so that's the good news.

LTC Rate Increases. I know some of you who thought you should have received a letter from CalPERS offering you a choice of conversion to a different plan in order to avoid the 85% increase to be implemented in 2015 have wondered why you haven't received one. Not to worry – CalPERS has not forgotten you. And, no, it doesn't mean that you won't be subject to this increase. Now, you may recall that the 85% increase (to be prorated over two years) will be applied to: (1) all LTC-1 and LTC-2 policies with lifetime benefits and (2) LTC-1 and LTC-2 policies with fixed years plus inflation protection. And, if you are in the first group with life-time policies, you received a letter; but if you are in the second group, fixed year with inflation protection, you did not. The reason the first group (with lifetime) already received their letters is that they are also subject to a 5% increase in 2013 and a 5% increase in 2014 if they do not convert, whereas the second group is only subject to the 85% increase in 2015. So, rest assured, if you are in the second group, you will receive a letter in 2014 informing you of the 2015 increase and providing you an opportunity to convert.

LTC Conversions. Speaking of conversions, CalPERS exceeded its goal of converting at least 10% of life-time policies (the report I heard in June was that the conversion rate was close to 20%) with over 10,000 life-time policy holders opting to convert to the new 10 year policy. Now, this is good news, because if they had failed to do so, additional increases may have been necessary. However, when the question was posed to CalPERS staff as to whether the fact that they had exceeded the goal would result in a decrease in the original estimate of the rate increase that would be needed (i.e., the 85%), there was no answer.

LTC Help. CalPERS has a new LTC website with much information on long-term care. Univita, the company that administers the LTC program, runs it. It provides

general information about LTC, as well as industry data. You can find it at: <https://calpersltc.univitahealth.com/>.

More LTC Help. Now, if you're still confused and have several hours to spare, you could check out the tons of information that CalPERS has on its website, though I'm not sure it will help. So, if instead, if you are planning to be in Sacramento on Aug 23-24 or in Long Beach on Sep 13-14, you could drop in on one of the 2013 CalPERS Retirement Planning Fairs. I know, you are already retired, so why would you want to go? Well, my understanding is that there is to be a LTC table with about a dozen representatives from CalPERS and Univita (the company that manages CalPERS's LTC) who will answer questions. Of course, you will have to register, and that can be done online.

Dependent Eligibility Audit. CalPERS is moving right along on the audit. So far, 3,100 individuals have voluntarily removed themselves as dependents, and an additional 780 were removed by CalPERS. The amnesty period ended on June 30, and the process has been turned over to a contractor. Since there are currently 738,000 dependents to verify, the plan is to roll this out to different groups over a couple of years, beginning in July. In other words, as in the case of the LTC correspondence, not everyone will get a letter at the same time. So, not getting a letter doesn't mean that you aren't going to be checked out. In fact, every single dependent on the roll will eventually have to provide certification of eligibility or will be dropped. Both CalPERS and the state are already saving megabucks on this, and they anticipate saving gigabucks.

With regard to state savings, what is happening is that in many cases when dependents are dropped, there is also a plan change (e.g., family to individual), so the employer contribution declines. Hmm! Let's hope that these savings, along with the fact that the CalPERS investment fund achieved a rate of return of approximately 12.5% for the fiscal year ending June 30, 2013, higher than long-term target rate of return of 7.5%, will tone down the anti-pension volume.

[Ed. note: to prove that your spouse is a legitimate dependent, you will need your marriage license and the first page of your last tax return, according to CalPERS.]

Can You "Sell" Your CalPERS Pension?

There are actually companies that will purchase your pension from you, giving you a large up-front payment of hundreds of thousands of dollars in return for the monthly pension that you would normally receive during your lifetime. It's like going to Vegas and winning, except that you no longer receive that several thousands of dollars check each month. The SEC and the Financial Industry Regulatory Authority (FINRA) issued a warning in late May about this practice. The warning said that anyone with a pension should be very careful before selling the pension – there are hidden costs, and the fees can be substantial, much higher than either borrowing on your house with a home equity line or using a reverse mortgage through a major bank or mortgage broker. Experts say that your credit worthiness is irrelevant and that the fees that come with the cash become the equivalent of interest rates of 25% to 100%.

We think that CalPERS won't allow you to reassign your pension directly, but it turns out the companies have thought of ways to get around this. Stuart Rossman, director of litigation for the National Consumer Law Center, said that "by law, military pensions cannot be assigned to a third party, but these firms set up a power of attorney account in a bank where the pensioner's money goes into an account controlled by the pension buyer, and the person who had the pension can't even stop the withdrawals."

Be ye warned.

All that money

All California state retirement systems: \$33.8 billion from employer and employee contributions in 2012.

Outgo: \$28.2 billion in benefits to 874,734 retirees. CalPERS and CalSTRS account for almost all of these funds.

Collectively all the retirement systems have assets of \$430.2 billion for the 1.9 million public employee members. Investment income in 2012 was about \$14 billion.

**CALIFORNIA STATE UNIVERSITY
EMERITUS AND RETIRED FACULTY
ASSOCIATION**

The Retirement Center
18111 Nordhoff Street
Northridge, CA 91330-8339
<http://www.csuerfa.org>

Have you moved? If so, please report your new address to the CSU-ERFA office at the above address.

Address Service Requested



**California State University
Emeritus & Retired Faculty Association**

Personal and Professional

The National Association for State and Local History announced that Janice and Gerald Haslam's book *In Thought and Action: The Enigmatic Life of S. I. Hiyakawa*, has won an Award of Merit. Gerald Haslam an emeritus faculty member from CSU Sonoma.

The book is a comprehensive biography of Samuel Ichiye Hayakawa, controversial U.S. Senator, author and editor, from his Canadian boyhood, through his productive Chicago years, until his final curtain in California. Haslam explains in the book that Hayakawa played by his own rules and accomplished much.

The Senior Cheer

"What do we want?"

"Better memory!"

"When do we want it?"

"Want what?"

**CSU-ERFA
Calendar of Events**

Sept. 13, 2013 – Members not receiving a ballot should contact CalPERS board election office at 800.794.2297.

Sept. 27, 2013 – Voted ballots must be postmarked or received by this date. Reverse side of the envelope must be signed.

October 25, 2013 - Meeting of Northern California CSU-ERFA affiliate presidents, at San Jose State University.

Oct. 26, 2013 - Fall State Council Meeting, San Jose State University.

Nov. 8, 2013 – If a runoff election is necessary for either of the two CalPERS board seats, voting period begins.

Dec. 6, 2013 – Runoff election period ends. Ballots must be received or post-marked by this date.

If Your Address Changes

CSU-ERFA members who move after retirement to a location that is closer to another CSU campus should contact the CSU-ERFA office. Information will be provided about the CSU-ERFA campus affiliate at the nearby campus, and an invitation will be forwarded to participate in its activities. Please notify the CSU-ERFA office if you change address. The address is on page 2 of *The Reporter*, bottom left.