



REPORTER

A publication of the California State University Emeritus and Retired Faculty Association

PERS LONG TERM CARE PLANS UPDATED

At the PERS board meeting on June 15 the staff reported that the Long Term Care interest survey of more than 18,000 PERS members received a very high response rate of forty per cent (thirty-three per cent for active employees and sixty-five per cent for retirees). The responses revealed a higher degree of interest in purchasing LTC insurance than was anticipated. Public employer response was also strong and positive.

The PERS staff indicated that it hoped to bring the final LTC plan design to the Board for approval at the August 16-17 Sacramento meeting. Meanwhile, negotiations to include the California Partnership for LTC asset protection option in the PERS program are proceeding on schedule. The staff believes it can have policies available for members, spouses, parents, and parents-in-law by January 1, 1995.

CSU-ERFA NEW SURVEY OF MEMBERS

In April 1990 CSU-ERFA conducted its first survey of members' interests. Since then, the organization has doubled in size and some conditions for retirees have changed—some better, some worse.

Work has gone forward on a new survey, somewhat streamlined from the first "omnibus," but with one other new feature: the support and interest of the chancellor's office which wants to learn what sort of "talent bank" may exist among faculty retirees willing to serve as consultants.

CSU-ERFA's long standing policy protects the security of its members by keeping all individual information confidential **unless the retiree gives CSU-ERFA permission to release such information.** When members receive a copy of the 1994 survey, they will find that they are asked whether or not they are willing to have their responses on consulting released to the chancellor. All other information will be published only as aggregated data.

Vice-Chancellor June Cooper and her assistant Jeanne Picard have arranged for coverage of printing and mailing costs for the entire survey. Members are asked to send their responses to CSU-ERFA and to observe the deadline of August 1, 1994.

LEGISLATIVE UPDATE

SB 2054 (Alquist), which would have provided a permanent source of funding for maintaining retirement al-

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CSU-ERFA OFFICERS FOR 1994-95 ELECTED

At the state council meeting in May, the following officers were elected to the position indicated: President—Emmett Long (Ful); Vice President—Corwin Bjonerud (SF); Secretary—C. Dale Johnson (SD); Treasurer—Edwin Bartenstein (Nor); Past President—Milton Dobkin (Hum). Committee Chairs—Legislative, Wilma Krebs (Sac); Pre- and Post-Retirement, William E. Schlosser (Nor). Liaisons—CFA. Mary Gormly (LA); CSU Academic Senate, Don Moore (LA). Members-at-Large—Kurt Bohnsack (SD), Betty Brady (Nor), William Gustafson (SJ), John Houk (LA), Robert Maurer (Chico), Max Norton (Stan), William Smith (Pom), James Ryan (LB), Mark Van Akin (Hay).

CALIFORNIA HEALTH CARE INITIATIVE AND ITS IMPACT ON RETIREES

As of June 16 it had yet to be determined whether or not the California health security initiative had qualified for the ballot, but according to several reports, it soon will. This initiative would provide a Canadian single payer type medical plan for California. So far, the PERS board has not taken any position on this proposal. However, both the PERS staff analysis and the legal opinion of the PERS general counsel raise serious problems about the impact of the initiative on PERS members:

1. They agree that the initiative would in all probability eliminate the PERS PEMHCA (Public Employees Medical and Hospital Care Act) benefits programs. The state has a choice to remain outside the statewide single-payer system, but the state would have strong financial incentives to put all employees and retirees in that system.

2. Overall, PERS members might have a reduction in benefits. For example, adult dental services, other than preventive, would not be included.

3. PERS members would have to pay a new state income tax of 2.5 per cent on taxable income.

4. Because the state would be required to pay only 8.9 per cent of payroll costs into the new system, the state contribution to premium costs would be substantially reduced.

5. Cost-controls under the new single-payer system might not be very effective. Because there would essentially be no co-pays or deductibles regardless of the provider chosen, it is anticipated that most Californians would select the more expensive fee-for-services providers rather than HMOs,

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SPECIAL "QUEST" DEAL FOR CSU-ERFA

CSU-ERFA Executive Director Jack Byrom reports CSU-ERFA has obtained "an incredible deal for its members": the opportunity to purchase a *Quest* membership for only \$29.95 per year, normally \$99. *Quest* is an organization that provides its members with a fifty per cent discount on room rates at 2000 hotels and motels, as well as a twenty-five per cent discount at participating restaurants and a \$100 dollar deduction on air fare.

Those who take advantage of this offer will pay for its use if they use the membership only once or twice a year. Use of the membership several times can save one hundreds of dollars in a year.

With this issue of the *CSU-ERFA Reporter* is a brochure that explains the *Quest* program. Please read this explanation and take advantage of the offer. Those who are not already CSU-ERFA members may take advantage of this offer if they also join CSU-ERFA by returning the prepaid membership application.

CSU-ERFA FUTURE FINANCING

CSU-ERFA has asked a committee to grapple with questions of future financing for the organization.

"CSU-ERFA has ambitious plans," according to Milt Dobkin (Hum and CSU-ERFA past president). "The organization has reached a size which will probably mean the professional volunteers and the organization's clerical assistants will need to be coordinated by a compensated executive director. The organization will, therefore, need more money than it now has coming to the treasury."

"I think," Dobkin adds, "that a good part of this problem can be solved if each of the current members would sign up one new member."

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where PERS has been most successful in keeping down costs. Moreover, the standard for covered services would be more permissive, excluding only those who "have no medical indication." If costs rise, benefits would have to be scaled back and/or taxes would have to be increased.

6. Retirees who live out-of-state could have a serious loss of benefits since only California residents would be covered. There could be substantial immigration to California of those who want to qualify for the health benefits, especially if residency standards are easy to meet.

7. PERS members would lose the responsiveness of the PERS board and staff.

It would appear that the PERS board would have a fiduciary duty to try to preserve member health benefits provided by PEMHCA, unless, of course, the board becomes convinced that the proposed initiative would provide equal or greater benefits to members for equivalent member cost.

CSU-ERFA has a committee to develop a position paper on this initiative for CSU-ERFA, consisting of June Pollak (Ful), Sandy Kindell (Fres), and Wilma Krebs (Sac). The committee asks that CSU-ERFA members let the committee know their thoughts about this initiative.—story based on information from W. Krebs.

MESSAGE FROM PRESIDENT LONG

The May 14 spring meeting in Los Angeles of the CSU-ERFA State Council was noteworthy for excellent attendance and a full agenda. Highlights included continuing dialogue on health care issues, plans for the survey of the membership, and an update on efforts to secure the right for all CSU retirees to continue to be active on their campuses.

At the end of the discussions on health care, the council appointed an ad hoc committee (Wilma Krebs, <Sac>; June Pollak, <Full>; and Sandy Kindell, <Fres>) to address two issues: (1) What should be CSU-ERFA's position on the financing of universal health care and (2) its position on the California single-payer initiative? On a separate matter, the council confirmed that the PERS long-term care program is on track and will include the Partnership option.

Max Norton (Stan) and Milt Dobkin (Hum) presented their draft of a position paper on retirees and professional activity, which was approved. CSU-ERFA will continue its efforts to reverse the 1992 legislation which prohibits "golden handshakers" who retired under that law from ever returning to serve their campuses. The issue is difficult, but the association will continue to work on it. CSU-ERFA has also learned that the legislature recently passed AB 1470, a new "golden handshake" bill for current faculty eligible for retirement, and sent it to the governor, who vetoed it..

The 1994 CSU-ERFA membership survey was mailed to members on June 20. Please respond immediately, using the postage-paid envelope. Members are urged to add any comments to the questionnaire. CSU-ERFA is eager to know members better and is seeking their views on what it is doing or should be doing. CSU-ERFA will also be assessing members' backgrounds and interests in consulting possibilities. Any member who does not receive a copy should contact the CSU-ERFA office.

As members know the association has a long-range plan which it is moving forward as rapidly as possible. Having recovered from the earthquake losses, CSU-ERFA now has two part-time secretaries and a new office in Northridge.

The council approved a new budget for the fiscal year, beginning July 1. It foresees continuing growth of programs and the promise that the association can accomplish most of its goals. CSU-ERFA is concerned about the need for additional funds in the future for the executive director who currently serves without remuneration.

As the organization approaches its tenth anniversary

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lowances at seventy-five per cent of purchasing power, failed to pass.

SB 2061 (Hart), which allows local governmental agencies to include domestic partners as part of family coverage in health benefit programs, passed the senate and goes to the assembly. This bill does not now include the state or the CSU, but some effort to amend the bill accordingly is expected.—W. Krebs.

IN PRAISE OF WILMA KREBS, AGAIN

Elsewhere in this issue of *The CSU-ERFA Reporter* members will read about the recent developments in the PERS long-term care proposals. At the PERS May meeting, Wilma Krebs (Sac and CSU-ERFA legislative consultant) asked Jack Byrom (Nor and CSU-ERFA Executive Director) and Milt Dobkin (Hum and CSU-ERFA Past President) to participate with her in the lobbying—Byrom contacted individual board members and Dobkin made a brief statement at the formal hearing.

However, according to Dobkin, "Wilma Krebs gave a stellar performance as the premier witness who carried the day, over the objections of some of the PERS staff in persuading the PERS board to include in the long-term care program provisions for the Partnership option. All of us are in debt to Wilma." (Note: the Partnership program, explained in a previous issue of *The CSU-ERFA Reporter*, is of great importance to those who are in the financial middle class, probably most members of CSU-ERFA; briefly, the Partnership Plan enables those who purchase LTC insurance to save for their heirs a designated amount of their estate and thereby still qualify for MediCal subsidy in the event of the need for LTC.)

PERS MAY MAKE EQUITY LOANS

PERS recently announced that it has under consideration providing a home equity conversion program. These programs provide a special loan that enables seniors to tap the equity value of their home. The senior can receive a monthly check from the mortgage company, a sum of money up front, a line of credit, or some combination of these. Usually, the senior receives the fund until s/he sells or moves from the

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THANKS FROM CSU-ERFA STAFF

The CSU-ERFA central office thanks all members, individuals and organizations who were so generous during the earthquake recovery period. As most know, CSU-ERFA rented desk space in a real estate office while waiting to return to the office at CSUN. When the organization learned that it would be impossible to return, the staff decided to rent the present office space.

Of course, the new office had to be completely furnished—desks, chairs, file cabinets, phones, fax, computer, etc. As things worked out, the staff was able in late May to retrieve the copying machine and many records from the condemned office.

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this fall, CSU-ERFA has become a vibrant and vital organization in its representing the interests of retirees. It will consider further expansion of its financial base and implementation of new programs at the September meeting of the executive committee.

At its May meeting the council elected new officers for 1994-95. (See story on p. 1 of this issue of the *Reporter*.) I am pleased to serve a second year as your president.—Emmett Long (Ful)

CSU ACADEMIC SENATE REPORT

Chancellor Munitz reported to the CSU Academic Senate that the pending transfer of property at Monterey relating to the new CSU campus should occur either in May or June unless federal funds are not available.

The CSU Academic Senate again considered the proposal to include a faculty retiree as a voting member of the senate, and the proposal failed again. One reason for the failure, some believe, is the reluctance on the part of the senators to approve any measure that might involve a constitutional change, thereby making the proposal subject to trustee approval and opening up for trustee reexamination the structure of the senate; some trustees would like to reduce the size of the senate, according to several senators.

The senate is also undergoing a self-study. The self-study report recommends the following: 1) reduce senate committees to two in addition to the executive committee, i.e. faculty affairs and academic affairs. 2) use specialists to do the work of some existing committees in areas such as legislation, teacher education, study abroad, extended education, etc. 3) cut travel expenses by reducing the number of meetings from five per year to three. 4) reduce the number of senators from 4-3-2 to 3-2-1.—D. Moore, CSULA.

GOLDEN HANDSHAKE A "LEAD BOOT"?

At San Francisco State University some 1992 emeriti are calling the 1992 four year credit "Golden Handshake" the "Lead Boot." Although not all retirees share this attitude, many do.

At CSU Domingues Hills the campus emeritus faculty association unanimously requested CSU-ERFA to work with the legislature to remove the special restrictions on 1992 retirees so that they, like other CSU retirees, may teach on occasion in regular or self-supported academic programs or serve as paid consultants to CSU campuses.

San Francisco's retirees were also supported by a resolution unanimously adopted by its campus academic senate.

As a consequent of these resolutions and other requests the December 1993 CSU-ERFA State Council asked that CSU-ERFA draft an association position paper on the post-retirement professional activities of faculty as continuing members of the academic community.

Max Norton (Stan) volunteered to prepare the first draft. He sent it to Milt Dobkin (Hum) and Emmett Long (Full) for review. After some revisions it was submitted to Henry Peterson (Chico and chair of the CFA Committee on Retired Faculty) for comment and consideration for possible CFA indorsement. The third revision was presented to the spring delegate assembly of CFA (CSU-ERFA council had yet to meet). Unfortunately, because of a lengthy agenda, CFA lost its quorum before the white paper could be considered; however, among the thirty delegates still remaining there were several speeches in support of the white paper, and no one voiced any objections.

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house, at which point the loan is due. This plan is also called a reverse mortgage. Some recent plans extend the payments past the date of sale of the house through an annuity.

The amount that the borrower can get depends on the borrower's age, life expectancy, age of spouse, and value of the house. Interest is charged on the loan; there are closing costs, but these can often be financed and spread out over the life of the loan in return for lower monthly payments; inflation protection can also be obtained. One can also arrange for a growing reserve account to take care of special needs when one finally leaves the house or to provide for heirs. Some part of the equity can be held in reserve; home appreciation is often shared between borrower and lender.

Cautions: The monthly checks are considered as loan proceeds and are not subject to income tax, but annuity

PERS HEALTH RENEWALS FOR AUGUST

A recent article in the *Los Angeles Times* reports that PERS has "negotiated a 1.1% decrease in the cost of health insurance for 920,000 Californians...for 910 public employers." These reductions will begin August 1. "CalPERS has limited premium increases to 6.4 per cent cumulatively over the past three years. . . . without any benefit changes and without increases in co-payments to members."

Have you ever wondered how the state health care contribution for retirees is determined? The state contribution is based on the weighted average premium of the four largest plans. These have been Kaiser-North, Kaiser-South, Foundation, and PERS-Care, measured by enrollment in the basic plan. The formula provides one hundred per cent of this amount for the employee or retiree and ninety per cent for family members.

For 1994-95 Kaiser-North will have a Medicare-Risk plan, meaning a managed care plan where the HMO has contracted with the Federal government to provide all the care for its enrollees; the government will pay a fee to the HMO. Members will no longer be able to go outside the HMO for medical services and be reimbursed by Medicare. Kaiser-South already has this system; soon, probably, all HMOs will have it. The gain is in lower premiums. As employer costs go down, members might gain some new benefits, such as coverage for hearing aids or more vision care.—W. Krebs

checks are taxable. The once in a lifetime homeowner capital gains exclusion may affect one's tax liability.

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At the May CSU-ERFA State Council the white paper was approved, with only one no vote. At about the same time the state legislature had under consideration AB1470 (Canella). AB 1470 proposed a new "Golden Handshake" for CSU employees, and this bill **did not place any work restrictions on those who would retire under the provisions of this legislation.** On May 20 Governor Wilson vetoed the bill, asserting that no savings to the state budget would occur and that the proposal would cost the state many millions. He added that it would "accordingly detract from the level of service state government provides to the public."

Even though AB1470 was vetoed, that it did not preclude those who would have retired under its provisions from part-time work in the CSU prompts CSU-ERFA leadership to believe that the legislature and the governor may be willing to delete that restriction from the 1992 legislation. Dobkin and Norton will soon set up a meeting with Assemblyman Canella to discuss this possibility.

IN MEMORIAM

The CSU-ERFA Reporter has learned of the deaths of the following: Chico—Ruth Rowland Taylor; Los Angeles—Richard Stone and Maryo Van Deman; Northridge—George Hawkes, Earl Segal, and Ann Stitt; Pomona—Ted Cullen, Samuel Gendelman, James Griffin, Edwina Larson, Bud Ogle, and Milton R. White.

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