



# REPORTER

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

## SPECIAL ELECTION ISSUE

### EDITORIAL YES ON PROP 162

Proposition 162, the Pension Protection Initiative, qualified for the ballot with a record 1.2 million signatures, the largest number of valid signatures ever in California. It is designed to amend the constitution to protect PERS, STRS, 21 county pension systems, 30 city retirement systems, 59 special district pension systems, and systems for employees of University of California, judges, and state legislators.

Ex-Governor Brown and Deukmejian and Governor Wilson have all tried or succeeded in raiding the PERS pension fund. Last year Governor Wilson took 1.9 billion dollars of employee-contributed pension funds to balance the state budget. He also tried to change the law in order to pack the PERS board with political appointees. Wilson and the legislature then passed AB 702, with the objective of forcing PERS to use a governor-appointed actuary who takes over the power to set employer contributions, potentially below a level adequate to preserve the pension fund and to pay the limited and uncertain inflation adjustment promised by AB 702.

By undermining the long-term financial security of pension funds, these pension raids threaten to burden taxpayers in the future with massive tax increases to pay back the money taken by the politicians.

Specifically, Proposition 162 does four things:

1. It preserves the authority and independence of the elected pension system boards to manage the investments and the administration of the systems.
2. It prohibits the governor and the legislature from changing the makeup of the boards for pension funds without a public vote.
3. It gives the governing boards sole responsibility for hiring actuaries, the accountants who set the amounts that employers owe the pension funds.
4. It re-affirms the policy that the pension funds are a trust and must be managed for the exclusive benefit of the beneficiaries of the trust fund. (This is the top priority for the managers of the trust.)

Proposition 162 does *not* take away the legislative  
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### EDITORIAL NO ON PROP 165

At the Executive Committee meeting on September 26, the membership voted unanimously to ask all CSU-ERFA members not only to vote no on Proposition 165 this coming November 3, but also to ask them to work vigorously to persuade others to vote no. What is Proposition 165 and why does the Executive Committee believe so strongly that it must be defeated?

#### WHAT IS PROPOSITION 165?

Proposition 165, a twenty-seven page single spaced proposition that, unfortunately, very few voters will read, will reduce or eliminate funding to any state-funded program not protected by the constitution anytime the governor's own Department of Finance appointees declare the State faces a fiscal emergency. Among the programs that could be affected are the CSU, PERS and STRS, public health services, AIDS prevention, home care, and services essential to the disabled and the elderly.

It proposes "reductions in expenditures that will automatically be implemented thirty days after July 1 if the Legislature does not pass an alternative by a 2/3d vote, and the governor does not sign the alternative."

It disregards any budget priorities that the Legislature may establish.

It authorizes the governor, whenever his appointed Department of Finance declares a fiscal emergency, to make five per cent cuts in the pay of state employees who are not covered by bargaining agreements.

It eliminates aid to pregnant women, cuts AFDC grants by up to twenty-five per cent, terminates the cost of living allowances for the aged and blind and disabled who receive Supplemental Social Security Income, eliminates the cost of living adjustment for 85,000 medically needy seniors and 17,000 disabled who receive in-home support services, and increases the cost to seniors for Medi-Cal health coverage.

It enables to governor to manipulate Proposition 98 so

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## EDITORIAL

### YES ON PROP 167

Proponents of Proposition 167, The Economic Recovery and Tax Relief Act, include California Tax Reform Association, Congress of California Seniors, California Senior Coalition, California Faculty Association, CSFA, CTA, and California Parent Teachers Association.

This measure will close loopholes, increase taxes on the super-rich, give sales tax relief to the ordinary taxpayer, and provide funding for schools, higher education, and other vital public services. It will make the tax system more equitable and raise substantial amounts of desperately-needed state revenue--according to the Legislative Analyst: \$435 million this year; \$1.5 billion in 1993-94; and \$4 billion by 1996. It is a better, fairer solution to the fiscal crisis in California than Governor Wilson's power grab Proposition 165.

The major provisions of Proposition 167 would

1. repeal the sales tax on newspapers, magazines, snacks, and bottled water, cutting the overall sales tax by one-fourth per cent;
2. restore the renters' credit;
3. establish a new 12 per cent tax bracket for joint taxable income over \$500,000 and single income over \$250,000;
4. tax excessive executive compensation;
5. establish a 3 per cent oil severance tax;
6. close the change of ownership loophole (via stock transfer) so that corporate property is reassessed when majority ownership of a corporation changes hands;
7. increase the bank and corporation tax rate by one percentage point, thereby restoring the former rate;
8. end some tax privileges for multinational corporations, lessening the incentive for investing outside the country;
9. deny small business benefits to corporations with assets over ten billion dollars; and
10. double-weight the sales factor to reward companies that keep California jobs.

The major opponent is the California Taxpayers' Association (big corporations). They argue that increasing taxes on business will adversely affect jobs. In reply, proponents state the additional state revenue will be quickly spent on education, public works, and other vital public services, thereby providing immediate stimulus to the California economy and creating more jobs for Californians. Another argument is that the severance tax will raise gas prices. However, the Rand Corporation claims that an oil severance tax twice the rate set in Proposition 167 would not affect consumer prices. Also, the additional tax on corporate income is not likely to be passed on to consumers in the current competitive economic environment. Further, state income taxes are federally deductible, whereas sales taxes are not.

Billions of potential revenue has been lost because of tax loopholes, while taxes on ordinary taxpayers have gone up and services cut. To restore equity and bring in needed revenue, vote YES on Proposition 167.--Krebs

that he can cut billions from education.

It gives the governor the power to destroy California's anti-pollution enforcement funding, coastal protection, and thousand of other programs that he may not like.

#### WHY DOES CSU-ERFA VIGOROUSLY OPPOSE THIS PROPOSITION?

Although CSU retirees of good will may disagree about some of the provisions of this proposition, all should recognize that it seriously threatens the safety of their PERS pension. In this state, whenever two propositions pass by the electorate conflict, the one that was passed with the greater number of votes prevails. Should Proposition 165 pass with more votes than Proposition 162, the pension protection initiative, then Proposition 165 could prevail during a fiscal emergency, as declared by the governor's appointed Department of Finance. In such cases, the Governor can refuse to pay the state's share of the funds the state is obligated to place in the retirement fund each year, thereby seriously depleting the needed equity. One might ask, would the governor do this. Well, he did it last year: took 1.9 billion dollars from the fund and failed to pay the state's share to PERS.

Additionally, the CSU-ERFA Executive Committee observed that it believes the passage of Proposition 165 would lead to bad government. This proposition would give the governor so much power that the will of the people could easily be ignored and the views of the legislature disregarded.

Many opponents see this proposition as an attempt by Governor Wilson to engineer a "constitutional power grab at the expense of California's neediest citizens."

Opponents of this proposition quite appropriately call it "the taxpayer deception act." The ballot information bulletin indicates that the passage of this proposition will save the state considerable money each year and facilitate the passage of the budget--both very popular goals. Unfortunately, the governor's "power grab" is not readily apparent.

One might ask, how can this proposition be legal in a state where the constitution says that initiatives must be concerned only with a single issue? This proposition was challenged, and, even though most lay people would easily recognize its dual character, the State Supreme Court was unable to perceive this rather obvious dual nature.

The CSU-ERFA Executive Committee urges the CSU-ERFA membership to vote no on Proposition 165 and to ask colleagues, friends, and neighbors to vote against it.--McMahon (The information in this story is based on information provided by the "No on 165 Committee" and the published version of the proposition.)

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## JOIN CSU-ERFA

## MESSAGE FROM PRESIDENT DOBKIN

Are you "on board" yet?

If not, the "Pension Protection Act" campaign (**Yes on Proposition 162, No on Proposition 165**) needs YOU!

At its expanded Executive Committee meeting on September 26, 1992, CSU-ERFA acted to follow on your highly successful petition signature campaign by urging all of us to campaign vigorously on these two inseparably linked propositions whose November fate is so critical to the future of PERS and STRS funds and administration.

Discussion about the campaign yielded many suggestions for personal action by CSU-ERFA members:

\*Key individuals were identified at each campus who will serve as contact persons for campaign information and organization. (Call your campus retiree organization or the CSU-ERFA office for the person's name at your campus.)

\*If you are not a member of a campus group or are otherwise "detached" (perhaps you do not live conveniently near a campus), call Wilma Krebs or Jack Byrom. (See your CSU-ERFA pocket calendar for phone numbers.)\*

\*The first priority should be to reach CSU retirees, whether or not they are CSU-ERFA members. However, the state-wide campaign needs to reach as many voters as possible--so if you have the time and energy, please go beyond "our own."

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authority to set the level of pension benefits for public employees. The California Taxpayers' Association (made up of large corporations) has argued that the proposition will reduce the obligation to minimize employer contributions. The history of the PERS Board shows that every year for the past ten years the Board has reduced employer contributions. Such reductions have also been typical of other public pension systems. Substantial employer representation on the PERS Board is sufficient to maintain this goal. Proposition 162 does not promote "pension abuse." All members of the PERS Board are personally liable if they break the law, a powerful deterrent. Also, less political meddling should help to reduce this type problem.

We must protect the 1.4 million retirees and their dependents who rely on their pensions after years of devoted public service. We must stop the pension rip-off. Vote YES on Proposition 162.--Krebs

\*Contact your campus CSEA group. (What are they doing for the active staff?)

\*Is there a campus or other local RPEA organization? They and CSU-ERFA were the most effective signature gatherers for qualifying the initiative. Their campaign is under way. Offer to work with them (particularly if your campus retiree organization is not "in gear.")

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If you have not already joined CSU-ERFA, we encourage you to do so. Every month our membership grows; and as our membership grows, so does our influence in Sacramento and within the CSU system. Dues are nominal and are explained in the membership application below.

If you *are* a member, either the letter "y" or the letter "m" appears in the top line of the mailing label affixed to this mailing. If one of these letters does *not* appear on you label, please consider joining and aiding our mutual efforts. Thank you very much.



(Please Print)

### CALIFORNIA STATE UNIVERSITY EMERITUS AND RETIRED FACULTY ASSOCIATION

### Membership Form

**ERFA**

Last Name	First Name	Initial	Social Security Number
Home Address — Number and Street		City	State
Date Retired		CSU Campus	Department
		( )	Home Phone

Please enroll me as a retired ERFA member. I hereby authorize deductions to be made from my retirement warrants by Public Employees' Retirement System for the payment of dues to the Emeritus and Retired Faculty Association. I further agree that ERFA act as my agent in payroll deduction agreements and transactions between myself, ERFA, and the Public Employees' Retirement System. This authorization will continue in effect until I submit a timely written notice of cancellation to the ERFA office.

Monthly Retirement Payment:	Recommended Dues	Check One
\$1599 and under.....	\$2.00 per month	<input type="checkbox"/>
\$1600 to \$2299.....	\$3.00 per month	<input type="checkbox"/>
\$2300 and more.....	\$4.00 per month	<input type="checkbox"/>
Contributing Member.....	\$5.00 & up per mo.	<input type="checkbox"/>
	Amount \$_____	<input type="checkbox"/>

Please mail the completed form to:  
**CALIFORNIA STATE UNIVERSITY  
 EMERITUS AND RETIRED FACULTY ASSOCIATION**  
 9010 Reseda Boulevard, Suite 224  
 Northridge, CA 91324

Signature \_\_\_\_\_ Date \_\_\_\_\_

# REGISTER TO VOTE AND BE SURE TO VOTE

## VOTING BY ABSENTEE BALLOT

If you are unable to get to the polls on November 3, 1992, vote by absentee ballot.

With your sample ballot pamphlet the Registrar of Voters will send you, sometime in October, a printed request form for an absentee ballot. Complete this form and return as directed or you may request the ballot by writing your local Registrar of Voters. You must sign your name and give your address as it appears on your voter registration. Be certain to state where you want the ballot sent.

**Remember: Yes on 162, No on 165, and Yes on 167**

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\*Need bumper stickers? envelope stickers? Call CSU-ERFA or RPEA for these items.

Need materials to help you speak on these initiatives? Call Wilma Krebs, Emmett Long, or Bob Maurer (See CSU-ERFA calendar for numbers.)

Do you know of facilities which may be available for "phone bank" use? Can you spend some time phoning from home or elsewhere? Reach your campus contact or one of the others mentioned above.

\*Does your community permit lawn signs? Put one in front of your residence. (Yes on 162; No on 165).

\*Encourage your friends to vote by absentee ballots. Whatever you have done, are doing, or will do, let us know. Pension Protection campaign committee needs to know what activity is taking place.

If you need any answers to opposition arguments, voter questions, and the like, call any of the people mentioned herein. If they do not know the answer, they will get it for you.

Did you know that the typewritten draft for 165 is 27 pages, single spaced? Some initiative! Some constitutional amendment! Some gubernatorial power!

My best wishes to all of you and my thanks in advance for a successful campaign.--M. Dobkin

## FERPERS

Have you filed for unemployment compensation? Laid off FERPers are already applying for it (See August 1992 edition of the *CSU-ERFA Reporter* for complete information). You are eligible to receive \$230 each week for twenty-six weeks.

## RECOMMENDATIONS

The California Seniors Coalition, of which CSU-ERFA is a member, makes the following recommendations on the indicated ballot propositions: 155, yes. 156, yes. 158, yes. 159, yes. 160, yes. 161, neutral. 162, yes. 163, neutral. 164, no. 165, no. 166, no. 167, yes. The CSU-ERFA takes no position on these propositions other than those discussed in this issue of *CSU-ERFA Reporter*.

## SAVE YOUR PENSION: VOTE

The *CSU-ERFA Reporter* is a publication of the California State University Emeritus and Retired Faculty Association. President: Milton Dobkin. Executive Director: Jack Byrom. Office Manager: Byrd Ehlman Office: 9010 Reseda Blvd. #224, (818)886-1196. Editor: Fred McMahon, 716 S. Catalina #1, Redondo Beach, CA 90277, (310)540-1111. All rights reserved.

# VOTE

### THE ERFA REPORTER

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### ADDRESS CORRECTION REQUESTED

HAVE YOU MOVED? If so, please  
complete and return to ERFA:

Name \_\_\_\_\_

Address \_\_\_\_\_

