CSU ERFSA Reporter

California State University Emeritus and Retired Faculty & Staff Association

March 2019

Publication of the California State University Emeritus and Retired Faculty and Staff Association
https://www.csuerfsa.org

Inside this issue:

CalPERS Retiree Seat Election to be Held in September 2019

The CalPERS board has six elected members and seven either appointed or *ex officio* members. Of the six elected members, CSU-ERFSA members vote for three – two members who are elected by and from all CalPERS members, both active (working) and retired, and one who is elected by retirees only. The current retiree member is Henry Jones, recently elected board of administration chair, and his seat is up in 2019.

The terms of elected board members are four years each, staggered to provide continuity. In 2018, three seats were up for election. Two of these attracted no opposition to the incumbents, Theresa Taylor (state member), and Rob Feckner (school member). The third seat (public agencies) was Priya Mathur's, and in spite of her having been elected chair of the board of administration for 2018, she was upset by Jason Perez, who was elected with 56.8% of the votes.

The most interesting thing about CalPERS elections is the turnout rate, which in recent elections has rarely exceeded 10%. In 2018, 258,899 members were eligible to vote, but only 16,586 did so, a startlingly low turnout rate of 6.4%. This is especially so since all members receive sample ballots and information, and members can vote online, over the phone, or by sending back the ballot. Eligible members have a full month to

(Continued on page 5)

State Council Meeting in April Features Address by ASCSU Chair, Debate on Number of Meetings/Year

The Spring 2019 meeting of CSU-ERFSA's State Council will convene at 10 a.m. on Saturday, April 6th at the Loker Student Union on the CSU Dominguez Hills campus. The main speaker will be Dr. Catherine Nelson, Chair of the Academic Senate CSU and Professor of Political Science at Sonoma State University. In addition, Faculty Trustee Romey Sabalius, who spoke at the fall State Council meeting, will briefly address the council after lunch.

Delegates will vote on the recommendations of the nominating committee. The committee, chaired by Tom Donahue, consisted of Donahue, Bill Blischke, and Harry Sharp. It recommends the following slate for the two year period beginning July 1, 2019: for President Barry Pasternack (CSU Fullerton), Vice President Ted Anagnoson (Cal State LA), Past President Bill Blischke (CSU

(Continued on page 11)

Pocket Calendar.

IMPORTANT NOTICE:

The pocket calendar for 2019 was the last one sent to all members (except those who have already opted out). For 2020 and later, the calendar will be sent ONLY to those who have opted in - please notify the office at the email, phone, or address on page 2 of *The Reporter* if you would like the calendar to continue.

CSU-Emeritus and Retired Faculty and Staff Association
www.csuerfsa.org

Executive Committee 2018-2019

William Blischke (Dominguez Hills) President
Barry Pasternack (Fullerton) Vice President
Rita Jones (Long Beach) Secretary
Harry Sharp (San Luis Obispo) Treasurer
Mark Shapiro (Fullerton) Webmaster
Barbara Sinclair (LA) Past President
Marshelle Thobaben (Humboldt) Chair, Grant Awards Committee
Alan Wade (Sacramento) Chair, Legislative Affairs Comm.
David Wagner (Sacramento) Chair, Health Benefits Committee
Edward Aubert (Stanislaus) Chair, Membership Committee
Thomas Donahue (San Diego) Chair, Pre- and Post-Retirement
Ted Anagnoson (LA) *Reporter* Editor
Harold Goldwhite (LA) Executive Director

Archivist
Joanna Dunklee (Dominguez Hills)

Liaisons
Leni Cook (Dominguez Hills) CFA
Jay Swartz (Pomona) CSU Academic Senate

Administrative Staff
Melanie Mamakos, Office Manager
The Retiree Center
18111 Nordhoff Street Northridge
CA 91330-8339

Phone: (818) 677-6522
Fax: (818) 677-6511

Email: csuerfsa@csun.edu
Web site: www.csuerfsa.org

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

tanagno@calstatela.edu.

From the President...

Dear Colleagues,

A Personal Note. On Feb.8th Dominguez Hills held the investiture of the 11th President of my home campus. I was so pleased that Chancellor White and 6-8 CSU Board of Trustees members attended the inauguration. The ceremony was chaired by CSU Trustee Wenda Fong. Her remarks, those of the chancellor and the other speakers as well as all of the pomp and circumstance made this incredibly memorable. I have been at CSUDH during the tenure of all eleven presidents, and this was an unparalleled event. I was especially pleased to see and talk to former CSUDH and CSU Sacramento President Don Gerth and his wife Bev at the event. Don recently entered his 91st year on our planet and still serves as a CSU-ERFSA representative from CSUS on our State Council!!!

Board of Trustees and Chancellor's Office. During the public session segment of the January Board of Trustees meeting I gave a very brief review of CSU-ERFSA's activities in the 60 seconds allowed me. Our association is of sufficient importance to the CSU that we should be given at least a short (say 5 minutes) but permanent position on the board agenda, rather than being lumped in with other public speakers. I think we should continue to advocate for such inclusion.

Several important offices at Golden Shore have reached out to us recently. Both the academic administrators and those in human resources at the Chancellor's Office have initiated communications and met with us. One of the results is that I am going to travel to one of my favorite campuses, San Luis Obispo, to meet with the provosts and academic affairs VP's from the 23 campuses on February 28th. I have been given a time-certain and will present using a PowerPoint describing the purposes of CSU-ERFSA, the expansion of our membership base, as well as the monetary contributions and volunteer activities through which our members continue to contribute to their campuses. This is a very important opportunity since so many of them know little about our purposes and activities. We are in the process of planning a similar meeting with the campus human resources folks in the next few months. With the new brochures in the hands of retirees and the recently created signs that will be posted at the campuses, we will have the visibility and recognition that we have lacked in the past.

CSU Students' Lives. The most unbelievable statistics I have come across recently is that 10% of the almost one-half million students at our 23 campuses are essentially homeless and about 25% are hungry. That means that about 50,000 do not have a regular roof over their heads, and almost a quarter of a million CSU enrollees do not have access to three solid, nutritious meals each day. This is another potential area in which we can partner with Soles4Souls. A number of our campuses have been collecting new and slightly used shoes for the last year or two. If your campus has not initiated this project, I once again encourage you to do so. I can meet with interested folks via the Internet to help set up the collection process. I have been receiving free boxes for the shoes from The Home Depot and free shipping to the S4S warehouse in Wadley, Alabama, via UPS from Zappos-for-Good (the non-profit wing of the Internet sales company). This makes it very easy to dispose of them after collection. Due to the widespread food problem among our students, all of the campuses have created Food Pantries. These students are very likely to lack adequate footwear as well as food. When they pick up their meals, they could also order a pair of shoes by indicating the size and type of shoes they need. I am working on pre-testing this with the administrators and staff members involved with the Food Pantry at CSUDH. If and when we work out the kinks, I would like to spread it to other CSU campuses. We will need retiree volunteers to staff this process. This is one more way in which you can be of assistance at your home-away-from-home!

Reading Assignment. I want to close by briefly describing a recommended reading for your leisurely days. One of our emeritus colleagues and a fellow sociologist, Benjamin P. Bowser from CSU East Bay, has authored a book with a very explanatory title and subtitle: *The Abandoned Mission of Public Higher Education: The Case of the California State University*. I was originally asked to write a summary and review of this book as a separate article in this edition of *The Reporter*.

(Continued on page 11)

Retiring Abroad on CalPERS Health Coverage, Part I

By Dr. Jerry Drawhorn, Anthropology, Sacramento State University

This article is the first of two parts. Part II will appear in the June 2019 *Reporter*.

There is increasing interest by retiring faculty and staff in the option of moving abroad. CSU retirees may wish to do so because they want to live in an affordable paradise, to continue to do work in an area they visited while a younger researcher, or to establish a base from which to travel the world. Each foreign land has a set of different attractions, as well as regulations relating to retirement visas and owning property, crime rates, etc. But the one great impediment for retirees is the potential loss of medical coverage if one moves permanently out of the USA.

This hurdle may not be as high as people once thought. True, one cannot receive Medicare if one resides permanently abroad. Neither can one be on a CALPERS Medicare Supplement Plan. But CALPERS membership offers an alternative pathway to healthcare coverage to those that choose to live abroad.

The Blue Cross/Blue Shield Global Core Benefit. CALPERS Basic Plans are mandatory for those with a permanent foreign address. These plans actually offer a wide-reaching Blue Cross/Blue Shield Global Core benefit that covers up to 80% (PERSChoice) to 90% (PERSCare) of the costs for most of the elective, urgent and emergent care issues that one would face abroad. And both programs offer 100% coverage for most preventative treatments and diagnostics (see pp. 13-15 of the PERS Choice Evidence of Coverage booklet). The program is generally paid via reimbursement, although some foreign hospitals and doctors are networked to directly bill ANTHEM via BC/BS Global Core (http://bcbsglobalcore.com).

Given the lower health costs abroad, particularly for expensive surgeries, hospitalization and pharmaceuticals, both insurer and covered member may benefit financially from the Global Core program. Medical tourism is a growing field, and many hospitals and specialty clinics offer Western-trained, English-speaking specialists with better care than can be found in many US hospitals. The Blue Card seems ideally adapted for such programs,* at least for those who have a foreign address. With my Blue Card, and the fact that I am domiciled abroad, I can travel at will and receive nearly the same coverage that I would receive with the Basic Plan in the United States.

And if you maintain your foreign address and are traveling within the U.S. to visit friends and relatives, the Basic Plan will still cover your medical costs.

Of course, which Basic Plan program one wishes to enroll in depends upon the desired coverage, deductibles, and co-pays. One should examine local costs of healthcare in the resident country, as well as one's personal health to determine which option is most reasonable. If retail cost of healthcare is high, one might opt for the more expensive PERSCare (90% cost coverage). PERSChoice (at 80% cost coverage) would likely be the better option where medical costs are low and visits infrequent.

(In the sequel to this article, Dr. Drawhorn will discuss the pros and cons of retaining Medicare Part B while living overseas.)

*Someday those developing the regulations for Medicare may realize that it would be far cheaper to the patient and survivability of the program to allow Medicare portability abroad. A hip or knee replacement surgery in a specialty hospital in SE Asia costs about US$5,000. The same surgery in the US will bill about ten times that. After deductibles and co-pays, the patient pays 20% ($10,000) and Medicare 80% ($40,000). If these procedures had been done abroad, the cost would have been $1,000 and $4,000, respectively. There have been an estimated 3,071,428 hip and knee surgeries in the US between 2012-2016. Most are performed on those receiving Medicare. The cost savings and health benefits to allowing Medicare to subsidize "health tourism" are ludicrously obvious.

Legislative Report: New Governor / Legislature; CalPERS Developments

By Alan Wade, Sacramento State University, CSU-ERFSA Legislative Director

The 2019 session of the California legislature is underway, with Democrats holding a super-majority in both houses—60-20 in the in the Assembly, 29-10 in the Senate. The deadline for introduction of new bills is February 22, two days from the writing of this report. Hence, we cannot yet report on bills of interest to us, those affecting our pensions, health benefits, and higher education. Although the Democratic majority is disinclined to introduce legislation opposed to our interests, there is unlikely to be dramatic change from the previous session.

We have a new governor, who is expected to be more progressive than good old Jerry Brown, to whom we have become accustomed over what seems like the bulk of our adult lives. It is expected that Gavin Newsom will be cautious about spending, although probably not sharing in Brown's virtual fetish for parsimony. (The older generation of CSU-ERFSA still remember the infamous "psychic income" he allocated to us in his first term as governor.)

The new governor has already been tagged with an uncomplimentary nickname by the press—Governor Gaslight—for his shadowy plan to cut back, and yet maybe not, on Jerry's legacy "Bullet Train." It will be of interest to see if that sticks with him as long as the "Governor Moonbeam" nickname assigned to Brown in the 1970's. California politics is endlessly fascinating and volatile. We'll continue to keep you informed about issues of concern that tend to escape the regular media.

For example, behind the scenes developments at CalPERS. Yesterday (February 19) my colleague Sue Holl and I attended

(Continued on page 10)

A New Tuition Policy for the California State University?

By Barry Pasternack, CSU Fullerton, CSU-ERFSA Vice President

A new study of tuition policies at 84 systems of higher education in the 50 states finds that the CSU's method of charging tuition (charging a certain amount below seven units and a higher amount for those taking seven units or more) is used by only five of the systems. Most of the systems use an approach where part-time tuition is exactly proportional to the number of units taken.

The five campuses are in three states: California (UC and CSU), Arizona (Univ. of Arizona, Arizona State Univ.), and Georgia. In 55 systems across the country, in contrast, the tuition paid by part-time students increases at the same rate as the number of units. The balance of the campuses, some 24, use alternative methods of billing students, ranging from systems where there is a range of units where the tuition charge stays the same to those where everyone, not just part-time students, pays tuition based on the number of units taken. (Systems can have more than one designation; see the analysis and Appendix online.*)

Perhaps the major shortcoming of the tuition system currently in use by the CSU is the impact it has on part-time students. Because many of the students attending the CSU have jobs and family commitments, it may not be possible for a student to attend the university full-time, and taking classes part-time can result in the student facing an enrollment dilemma. To illustrate, consider a student at CSU Fullerton who, due to outside time constraints, should be enrolling in nine units a semester. The tuition cost for the student enrolling in nine units would be $2,871.00. However, if the student were to only enroll in six units the tuition cost would be $1,665.00. That is, the student would pay $1,206.00 (=$2,871-$1,665) for the additional three units. Thus, on a per unit basis, the student pays significantly more than if taking only 6 units.

Alternately, the student may decide since s/he is paying for paying for taking 7 units or more, s/he should try to initially enroll in 15 units and decide before the census date (the last date the student can drop classes without any academic penalty), which, if any classes, to drop. The problem from the standpoint of the institution is that it may not be possible to get students to enroll in these classes at that late date, and even if another student could be found to take this student's place, missing the first two or more weeks of the term can result in the student having difficulty in the class. In this case, students who could have benefited from taking the course may find no class sections available and, as a result, have their graduation delayed.

We note that if the student decides that it is not worth the additional cost of $1,206 for the extra three-unit class and chooses to only enroll in six units, assuming a 120-unit degree, it would mean that the student will take 20 semesters (=120/6) or ten years to graduate. Had the student enrolled in nine units per semester, she/he would be able to graduate in seven years. This is a significant delay in one's graduation. For the student who would only like to take three units per term, the financial penalty is even more daunting. This student will pay twice the amount of tuition as the student who takes six units per semester due to the extra time it will take for the student to complete the degree.

The time to degree is important for two reasons. First, a student will typically have limited income while s/he is earning a degree when compared to what a student who has a degree would earn. Second, the campus-based fees are independent of the number of units the student is taking and can substantially increase the total cost of the student's college education.

For these reasons, moving to a per unit tuition cost is far more equitable to students who pay tuition and are trying to enroll in courses that make sense given their time constraints. In fact, one of the recommendations listed in the Quality and Affordability paper** is to continue fee structures that differentiate for part-time and full-time study. The difficulty with the current CSU tuition policy, however, is that the method of differentiation is rather Draconian from the standpoint of many part-time students.

One fact that mitigates the unfairness of the CSU tuition policy is that the majority of students do not pay any tuition. As reported at the Board of Trustees meeting in January 2019, 59% of all CSU students in the 2017-18 academic year had their tuition costs fully paid by non-loan aid in the form of grants, scholarships or waivers. While these students may not be directly impacted by the current CSU tuition policy, 41% of the students in the CSU are impacted, and due to the size of our student body, this is a large number of students (roughly 180,000).

Given the key role that tuition plays in the funding of our system and the impact such funding will have on our students, we suggest that the time is right for a broad-based look at tuition policies by an ad hoc committee consisting of students, faculty, and administrators.

* See Barry Pasternack, "A New Tuition Policy for the California State University System," and Appendix A Tuition Policies at U.S. Public University Systems, A study of in-state tuition in the 50 states – Fall 2018," both available on the CSU-ERFSA web site with the March 2019 Reporter.

** See Quality and Affordability: Policies for Pricing and Strategies for Paying that accompanied Executive Order (EO) 1054 see http://www.calstate.edu/eo/EO-1054.html.

Involuntary Job Losses After Age 50 Common

A new study from Washington, D.C.'s Urban Institute finds that one-half of the full-time, full-year workers aged 51 to 54 experienced an involuntary job separation after age 50 that substantially reduced their earnings or led to long-term unemployment. Instead of steady earnings to save and prepare for retirement, the earnings disappear, changing retirement expectations and lowering long-term incomes. For more information, see Richard W. Johnson and Peter Gosselin's study, "How Secure is Employment at Older Ages?" at http://tinyurl.com/y43zwj8d

Health Benefits: Price Hikes, Chronic Care Developments

By David Wagner, CSU Sacramento, CSU-ERFSA Health Benefits Director

It has been relatively quiet on health benefits issues from CalPERS. Activity will increase with the start of the new year and the return of the legislature to Sacramento. For the first *Reporter* of 2019 let's discuss something old and something new.

Big Pharma Price Hikes. In the something old category, the cost of drugs and discussions on how to lower prices to the consumer are becoming a January tradition. No sooner did we put away our party hats and clean up after New Year's eve celebrations than pharmaceutical companies announced price increases on hundreds of drugs across all categories, brand names, generics, and specialty. The usual justification given for what now seems to be an annual announcement is that price increases are necessary to continue funding research and development. *The Wall Street Journal* (02/06/2019, p. B10) notes a change in messaging. Large drug companies now indicate that the problem is with pharmacy benefit managers and health plans not passing on rebates and other pricing discounts to the consumer.

This again will be a political football in 2019. The upcoming battle will pit the consumer against drug companies and care management entities. Democrats are renewing calls for action on drug pricing and held a hearing in the House a few weeks ago. The Trump administration has also called for something to be done. The Wall Street Journal reports that the administration's current proposal would limit rebates to health plans and pharmacy benefit managers in federal pharmacy programs "in hopes list prices will fall and savings will be steered to consumers." Those are two very large assumptions.

Because of the pervasive rebate and discount system noted above, any announced price increase may not automatically translate into a similar increase in the price you will pay for your prescriptions. There is not a direct correlation between a manufacturer's price increase and what any of us will pay at the pharmacy.

Health Care Regions. CalPERS divides the state into health care regions for purposes of setting rates. In December the CalPERS Board officially adopted a new set of health regions for public agencies and school districts that purchase CalPERS health care for their employees. Health premium rates will be set for each region. These changes will take effect in January of 2020; there will be no impact on the rates that are going into effect on January 1, 2019. The number and borders of the regions are being reduced from the current five down to three. I mention this because you may read articles on this and wonder if it impacts CSU retirees. **It doesn't.** The regions are established for contracting agencies, not the State of California or CSU. The regional rate structure also does NOT apply to Medicare programs.

Federal Chronic Care Statute. A new federal Chronic Care Act became law on February 9, 2019. It authorizes additional support for those with chronic conditions who are on Medicare. Extra benefit coverage is through Kaiser, UHC, and Anthem Advantage plans. CalPERS is currently collecting information from these providers and the results will be shared at future Health Benefit meetings. The bill may be accessed at: http://tinyurl.com/y5uobnpb

California Pharmaceutical Collaborative. This final note brings us full circle on the topic of drug pricing. In January, 2019, the Governor established a California Pharmaceutical Collaborative (CPC) group. One goal is to identify strategies to lower the cost of drugs purchased by state and local governments. CalPERS is part of this initiative. A mid-May report to the Governor will identify those drugs which are most likely to provide discount savings to the government. Additional information on the CPC may be found at: http://tinyurl.com/y5bcw2kf

CSU-ERFSA New Members

Fullerton – Bradley E. Starr

Humboldt – Barbara B. Curiel
Teresa J. Stanley

Long Beach – Susan Luevano
Dean Toji

Northridge – David M. Schwartz

Sacramento – Julita Lambating

San Bernardino – Davida Fischman

San Diego – Brian Spitzberg

San Jose – Alan Finkelstein
Shahin Gerami
Seiichiro Inaba

San Luis Obispo – Barbara E. Ciesielski

CalPERS Election for Retiree Seat

Continued from page 1

cast their votes.

This year, the understanding presented at the February SCORE meeting was that Henry Jones would be running for re-election, and that J. J. Jelincinc, a former board member, would be running as well. Nominations do not close until May 16, 2019, so other candidates could present themselves. Voting is from August 30 to September 30.

Prior to his retirement in 1998, Henry Jones was CFO of LA Unified School District. He is currently a personnel commissioner for the LA Community College District and is on the governing boards of the Robert Toigo Foundation and the Pacific Pension and Investment Institute, for which he serves as the secretary.

J. J. Jelincinc was a rank and file investment officer for CalPERS and a past president of CSEA. He served on the 2004 California Performance Review Commission. He was a past member of the CalPERS board for two terms, ending in early 2018. He became increasingly outspoken about CalPERS practices during his terms on the board.

ASCSU Report: January Plenary Report

By John Tarjan, CSU Bakersfield, Member of the ASCSU

The statewide Academic Senate met January 17th and 18th in Long Beach. The group heard from the Chancellor, Trustee Peter J. Taylor, and Faculty Trustee Romey Sabalius, among others. The following is a summary of the resolutions passed in this meeting. Copies can be found at http://tinyurl.com/y5ndqnbs

• Adoption of **Tenets of System Level Governance in the California State University** was vetted by the campuses and much feedback was received. The resolution was discussed at length in the ASCSU over past few months and several changes were made to perfect the resolution.

• **A Call for the Inclusion of Tuition in the Cal Grant B Award Program for Freshman Students in the CSU** This program currently does not provide funds to low-income freshmen to cover tuition.

• **Increased Funding for the Electronic Core Collection (ECC).** Not only is this collection used by all 23 campuses, but this approach to acquisitions continues to save our campuses significant resources every year. The system allocation for this collection has not been increased in almost 10 years, despite rising costs.

• **Closing the Achievement Gap and Increasing College Completer Outcomes and Success for All CSU Students** supports this goal, commends the CSU's commitment to achieving this goal, applauds the GI (Graduation Initiative) 2025 initiative for its commitment to the goal, commends the CSU Institute for Teaching & Learning for its support in reaching this goal, lists factors affecting equity, and asks that additional analyses be conducted to look at equity in other outcomes such as major selection and employment experiences after graduation.

• **Encouraging Responsible Curriculum Development and Modification Under the Higher Education Employer-Employee Relations Act (HEERA).** Expresses concern about the flawed approach to shared governance evidenced in the development and implementation of EOs 1100(rev.) and 1110, laments that this approach to governance may stifle experimentation and adoption of best practices, encourages campus senates to exercise their control over the curriculum, and encourages the CSU administration to engage in data-driven and genuine consultation regarding the future of these two executive orders.

• **Requirements for Faculty Discipline Review Group (FDRG) Membership in Support of the Development and Oversight of Transfer Model Curricula** clarifies the criteria, terms, and process for these appointments. These individuals oversee the Transfer Model Curricula (TMCs) that can be incorporated into CCC campus Associate Degrees for Transfer and the content of the courses which populate these degrees.

• **Examining the Impact of Attrition and Enrollment Growth on the Number of CSU Students** asserts that increasing graduation rates, in and of themselves, may not increase the number of graduates over time, encourages the CSU to recognize the impact of student attrition, urges the creation of a task force to examine student attrition, and supports the request of additional state funding to fully support an increase in the number of students served by the CSU. Background information related to this resolution can be found at http://tinyurl.com/y4l4nryh

• **Apportionment of Academic Senate CSU (ASCSU) Seats** addresses our mandate to ensure that the 7 largest campuses (based upon FTEF) are appointed a third seat on ASCSU during the coming year. No changes are required for next year's apportionment of senators across campuses.

• **Response to the Governor's 2019 Budget Proposal** expresses appreciation for the Governor's proposed budget and expresses the need for more funding to adequately address additional priorities including more enrollment growth and deferred maintenance. This budget, if adopted, is likely the largest increase in combined base and one-time funding in the history of the CSU.

First reading resolutions were introduced in preparation for their second reading at the March plenary sessions. These included the following:

• **The Impact of Artificial Intelligence (AI) on Higher Education** endorses a white paper on the impact of AI on employment, education, etc. and calls for the creation of a task force to study the implications of the themes from this white paper and to develop possible recommendations to address them.

• **Border Issues and Separation of Families: Impact on Students, Faculty and Staff in the CSU** calls upon the CSU to continue to support immigrant students, faculty and staff to increase programs to support these communities.

Trustee Peter J. Taylor shared his extensive background in higher education, state government, energy and investments, and in the non-profit sector (foundations). He came to the board after being the UC chief financial officer for five years. He is currently Chair of the Committee on Educational Policy. He solicited feedback on online education, particularly undergraduate online education and the role of artificial intelligence in education. He also asked for our perspectives of the relative roles of a system office and the twenty-three universities. He worries about using undergraduate tuition to subsidize graduate programs. He was surprised at how low the CSU tenure density is. He is relieved that we have enough funds proposed in the Governor's proposed budget to make a dent in addressing needs like increasing tenure density. Quality education cannot be achieved "on the cheap." This is the reason why he advocated for the last tuition increase during difficult financial times. Trustee Taylor was very receptive to concerns expressed about educational quality, the insufficiency of resources to support it, and policies that might not be optimal to achieve our student outcome goals.

Chancellor Tim White addressed the senate. Among the topics discussed were student success programs, the Governor's

(Colntinued on page 9)

The Student Loan Problem

By John G. Kilgour, ERFSA/CSUEB

About 2015 a new employee benefit emerged: employer-provided student loan repayment programs. The Society for Human Resources estimated that by 2017, 4% of employers, and 8% of large employers (with 40,000 or more employees), had adopted some form of student loan repayment (SLR) program in response to a massive and growing problem of student debt. Such programs were not tax-favored. The employer could not deduct their cost as a business expense and the recipient employee had to pay personal income tax on the amount received.

In August 2018, in a deft piece of reasoning, the IRS issued a private letter ruling (PLR) to Abbott Laboratories approving an amendment to its traditional 401(k) plan to include a student loan repayment (SLR) program. If the employee makes a 2% payment on his or her student loan, Abbott Labs would make a 5% nonelective contribution to the 401(k) plan.

About 70% of recent college graduates have student debt. By one often-quoted estimate, the average debt (for those with student loans) was $39,400 in 2017, up from $35,000 in 2015.

I get somewhat lower numbers. By my calculations for 2017, the average was $32,087 (up from $18,233 in 2007). Total debt was $1.4 trillion (up from $516 billion in 2007). The unweighted mean rate of growth over the 10-year period was 5.5%, 2½ times the increase in the CPI-U. Of course, averages often conceal as much as they reveal. In 2018 Q3, 2.0 million borrowers owed an average of $136,350 and 700,000 owed an average of $282,229 (author's calculations).

Much of the recent attention to the student loan problem has focused on the Millennial Generation (a/k/a Generation Y) born from 1981 -1996 (now aged 22 – 37). Its leading edge began entering the post-college job market in 2003. However, the student-loan problem is not limited to the Millennials. Many older Americans carry substantial student debt of their own or in the form of federal Parent PLUS loans or as cosigners of private student loans for their children. In 2018 Q3, 9.4 million borrowers age 35 – 49 owed an average of $39,457; 3.8 million age 50 – 61 owed an average of $40,579; and 900,000 aged 62 and older owed an average of $40,222 (author's calculations).

About 90% of student debt is owed to the federal government. The remainder is owed to private-sector lenders, much of it in the form of refinanced federal and other loans.

Federal student loans cannot be discharged in bankruptcy. However, there are a number of ways to have to have the remaining balance forgiven after making payments for 10 years. Over the years, student loans have evolved into a huge and complex program that is second in size only to mortgage debt. The amount of student debt has now surpassed credit card debt.

About 70% of recent college graduates have student debt....The average debt...was $39,400 in 2017, up from $35,000 in 2015.

There are also a number of student loan forgiveness programs for certain occupations (doctors, nurses, teachers) or certain types of employers (governments, not-for-profit organizations).

The cause of the problem is somewhat circular. As the cost of higher education increased and as state and municipal governments found themselves strapped for revenue (especially during recessions) they found that they could transfer an increasing part of the cost of higher education to the students who had access to easily-obtained student loans. As the demand for student loans grew, the federal government made more money available...until recently.

The rate of growth of student borrowing has declined in recent years from a high of 14.1% in 2010 to 5.8% in 2017 and the rate of growth of unduplicated recipients has declined from a high of 7.4% in 2009 to 0.7% in 2017. This was largely due to the automatic budget reductions (called "sequestrations") adopted in response to the Great Recession of 2008-09. It was also affected by the limit of subsidized undergraduate loans to half of the advertised number of years to complete the program (six years for most baccalaureate degrees) and to an increased public awareness of the problems caused by excessive reliance on student-loan financing.

Those problems caused by excessive reliance on student loans include delayed marriage and family formation, inability to purchase a home and not saving enough for retirement during the early years of one's career and thus missing out on those years of compound asset growth.

Student loans are not always bad. They have allowed many millions of students to obtain higher education they might not have otherwise received. When the student borrower uses such debt judiciously, chooses a sound educational institution and a sensible course of study and completes the degree requirements that lead to remunerative employment, they are wonderful. The problem is that so many have not done that and subsequently find themselves encumbered with large amounts of debt that that will haunt them for many years.

The recent IRS private letter ruling for Abbott Labs is encouraging. While a PLR technically applies only to the recipient employer, other employers are now crafting similar student loan repayment programs within their 401(k) plans. That will be of great help to their employees. However, for the millions of former, current and future students encumbered with large student debt, who do not work for such employers, it will do nothing.

Source: Derived from Kilgour, J.G. "*Employer-Provided Student Loan Repayment Assistance Benefits*," Compensation and Benefits Review, 49:4, pp.206-20; and "The 401(k) Student Loan Repayment Benefit Program," (published on line, hard copy forthcoming), same journal.

Pre/Post-Retirement Report: Unfunded Pension Liabilities

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

Q: What are "unfunded liabilities" in a pension system and how can these be fixed?

A: The term "unfunded liabilities" refers to a shortfall in the assets in a pension system, based upon the obligation to meet a total contracted payout to all of those who are presently members of that system. The two scenarios to consider when a pension system comes under severe stress are the cataclysmic view and the "normal" view. The cataclysmic view: suppose a system has to meet all payout obligations at once because there has occurred some entirely unlikely and wholly unimaginable Old Testament or Sci-Fi catastrophe—with the result that all contributing governments, institutions, and agencies would be closed at the same time. Of course no pension system is funded to handle this situation.

The second scenario, the "normal" view, plays out in those states and cities which have supported their pension systems continuously. In these places, the pension system plugs along from year to year, receiving revenue from members, the state, and/or other public entities before they retire, investing the proceeds as wisely as possible, and meeting all obligations to the retirees. Here a different controversy emerges.

The debates center around first, the percent of funded liabilities present that will meet an eventual hundred per cent payout, and second, what state providers might do to move reduce a given fund's unfunded liability. Estimates differ from various reliable groups on how to measure the unfunded liability in any system.

At the outset, Zacks Finance website declares that "Pension assets minus pension obligations equals pension liability," but then tells us that "Over time, many things happen to a defined benefit pension plan. Each year benefit levels, investment returns, employee and employer contributions, and plan expenses are subject to change. The present value of these future pension benefits is complicated and calculated by actuaries trained for this task" (https://finance.zacks.com/).

Yet the calculated results and the yielded meaning can differ. For public-supported defined benefit systems, as recently as 2011 Fitch recommended 70% or greater funding, with an annual long-term average investment return of 7% (https://tinyurl.com/y24n3y3t). Standard and Poor's recommends an 80% or greater funding level, with levels below 60% being weak, levels between 80% and 90% being strong, and levels higher than 90% being above average (https://tinyurl.com/y6m2ebfr). The American Academy of Actuaries Society, tolerating no soft-line shilly-shallying on the matter, recommends 100% (https://tinyurl.com/y6pqb3py).

For CalPERS, Governor Newsom's new budget reports the state's unfunded liability at $58.7 billion, for a funded status of 67%. To improve that figure, the budget language first counts a $6 billion loan offered last year by Governor Brown, and then adds a $3 billion "cash supplemental payment." The budget also states that next year's figures include $727.5 million in California State University retirement costs. In these we see that the current state administration at the very least recognizes that there is a difficulty in this matter.

The significant point in the midst of all these varying estimates of what should be done is that there must be a political will, and a fiscal capacity, to raise the funded liability percentage. As reported by the AARP—a reliable source on this issue—a general overall understanding among some pension fund actuaries holds that immediate measures must be taken if the unfunded liabilities are at 80% or below (https://tinyurl.com/yywtcz6v). Once more, eternal vigilance on our part is required!

Special thanks to Professor Emerita Leni Cook of CSUDH for reference to state budget materials.

Foundation Receives 10th Challenge Grant

The CSU-ERFA Charitable Foundation (https://tinyurl.com/y49zvmmn) recently received its tenth $500 challenge grant from a CSU-ERFSA member. The donor will match all individual donations received by the foundation through June 30, 2019 up to a total of $500.

The CSU-ERFA Charitable Foundation is a 501(c)(3) organization that provides competitive grants to CSU-ERFSA members to support their research and scholarly activities. Donations in any amount from both CSU-ERFSA members and the general public are welcomed. Donations to the foundation generally are deductible from state and federal income taxes.

The CSU-ERFA Foundation has received a Platinum rating for transparency for 2018 from GuideStar.

You may donate by sending a check made out to the CSU-ERFA Charitable Foundation at 18111 Nordhoff Street, Northridge, CA 91330-8339.

Or you may donate by credit card by going to our GuideStar page (https://www.guidestar.org/profile/30-0109115) and clicking on the "DONATE" button in the upper right corner of the page. (Credit card donations are handled through the Network for Good. There is a small fee for this service.)

CSU-ERFSA members also have the option of setting up a regular monthly donation to the foundation from their CalPERS pension warrant. Please contact the CSU-ERFSA office to set up a monthly donation.

CSU-ERFA Charitable Foundation Funds Six Research Grants

By Marshelle Thobaben, Humboldt State University, Chair, CSU-ERFSA Grant Committee

The CSU-ERFSA grant committee, composed of Professors Marshelle Thobaben (HSU, chair) Judith Hunt (SO), and Beatrice Pressley (EB), recommended that all five applications received in the current grant cycle be funded. The CSU-ERFSA executive committee concurred with the recommendation. The following were awarded a total of $6,000, the amount available this year:

Professor Britten Dean, CSU Stanislaus, translated the Japanese novel Arano (in English, The Wasteland) by Takahashi Takako (1932-2013), a female Christian writer well-known in Japan but not very well-known in the West. Dean's book includes an introduction in which he discusses works by Takahashi and contemporary scholars dealing with modern Japanese feminism and society, as well as works interpreting the Old Testament book of Hosea. The book will be published by Cornell University's East Asia Program.

Professor Debora Hammond, Sonoma State University, is editing and publishing a book, Education for an Engaged Citizenry: The Hutchins School of Liberal Studies at Sonoma State University. It is a collection of essays, poems, and reflections from current and former faculty, as well as alumni and current students, about the value of the Hutchins seminar-based interdisciplinary liberal arts program. Prof. Hammond is also the author of one of the essays. It will be available for the 50th anniversary celebration of the Hutchins School of Liberal Studies, a unique program in the CSU system.

Professor Isabel Kaprielian-Churchill, CSU Fresno, received funding to help her finish her book, Orphan Diaspora: The Dispersal of Armenian Orphans of the Genocide. The book examines the movement of child survivors during the 1920s. She will hire a professional to copy edit the manuscript, organize photographic reproductions, and arrange layout. She has been the recipient of two previous CSU-ERFA Foundation grants.

Professor Elizabeth Kenneday-Corathers, CSU Long Beach, book will emulate a field guide, relating the information about plants growing along the roadside, etc. that are often considered weeds. Her illustrations will reveal the beauty of these often-disregarded plants following the tradition of botanical illustrators such as Maria Sibylla Merian and Anna Atkins, but using the contemporary medium of photography and twenty-first century sensibility in the crafting of the images. She will be using Japanese Washi-style ink jet printing paper, with signatures sewn in Japanese stab-style stitching. Her plan is to have the book edition finalized by middle of 2019, displaying it and giving talks in a series of local libraries and the visitors centers in the Eastern Sierra during the summer tourist season.

Professor Daniel Kessner, CSU Northridge, has been invited by the Directors of the Festival Forfest Czech Republic to perform a recital as part of the Duo Kessner (Daniel Kessner - flutes, Dolly Eugenio Kessner - piano), including a number of his own compositions, at the 30th Anniversary of the Festival Forfest Czech Republic on June 22-27, 2019. Other compositions of his will also be performed during the festival. He has been the recipient of two previous CSU-ERFA Foundation grants.

In Memoriam

Chico – Karl J. Wahl

Dominguez Hills – Muriel Carrison

East Bay – Peter J. Claus
Marian Whitehead
Warner B. Wilkerson

Fresno – Theresa Perez

Humboldt – Robert W. Frye
John P. Turner

Long Beach – Elbert Sleeper

Los Angeles – Roger Brandt
Morris Mano
Thomas P. Onak
Marian Schilling

Northridge – Betty Bailey
Harold Giedt

Pomona – James Pomerening

Sacramento – James L. Butera
Robert Heilman
Ernest J. Isaacs
Shirley J. Kammeyer
Arline Prigoff
Marcus Tool

San Diego – David V. DuFault

San Francisco – James V. Compton
Mitsuko Duerr
Ramona First
Eric Solomon

San Jose – Roberta K. Eyler
Lorene Hofstrand
Harry Meserve
Harry Powers

SLO – Howard Steinberg

Sonoma – Laurel Freed

ASCSU Report

(Continued from page 6)

favorable budget, access to the CSU, and the possibility of a facilities bond issue that would go on the ballot in 2020. In response to questions, Dr. White stated that he supported the "Tenets of Shared Governance" document.

The Chancellor's Office is looking at the possibility of moving increased numbers of faculty from contingency to tenure track status. They are continuing to look at potential conflicts of interest regarding the adoption of instructor-authored course materials.

The CSU needs to balance the need for universities to address difficult issues and questions, said Dr. White, with the desire to be supportive and inclusive of our diverse community.

Legislative Report

(Continued from page 3)

the February SCORE meeting. SCORE is a loosely organized group of seven statewide retiree organizations that meets monthly for a couple of hours each time the CalPERS Board meets in Sacramento. We have a written agenda, but no officers, no minutes, and take no actions as a group. The late Wilma Krebs, an economics professor at Sacramento State, was CSU-ERFSA's first SCORE representative and a founding member of the group. We get together to confer as openly as possible about CalPERS politics as they affect all retirees and receive regular updates from CalPERS public outreach personnel.

Here are some highlights from the February 19th meeting:

• **Private Equity**. Lots of controversy. Staff and current board members are determined to help CalPERS make more money by finding a home for some $17 billion in the somewhat obscure PE investment field. Retiree groups urged the CalPERS Investment Committee to slow down the rush to decision. CalPERS was ready to adopt the staff recommendation in December, but stiff opposition from some of us slowed the process a little. A former CalPERS board member described the proposal this way: "Imagine your financial advisor telling you that he has a foolproof way of making a ton of money for you, and he needs you to shell it out now—but where he intends to put this money cannot be revealed." A good analogy, since CalPERS money is really our money, and the PE scheme is based on secrecy.

• **Marcie Frost**. Not a word about Marcie Frost, CalPERS CEO, who seems to be hanging in there despite the revelations about her hire that got so much media attention last fall.

• **Sanchez vs. CalPERS**. The long-term care class action suit. To be heard in court starting early summer. A victory for the class members would mean a financial hit to CalPERS. Since the program is self-supporting, a victory would be manifested in an increase in LTC premiums.

• **CalPERS Unfunded Liability Clarified**. Well, somewhat. Turns out it's not a clear and present danger, but will nonetheless will continue to be used as a club against public service retirement if not ultimately eliminated or improved.

• **Access to Health Care Insurers and Providers**. Access is for member problem-solving. Attendees urged the staff to make sure that insurance provider staff be available for discussion of member access problems at the regular stakeholder meetings. Unclear as to why they are no longer invited. Robust discussion followed about how to address problems that individual members have with health care delivery—how to address problems and whom to contact—CalPERS or the provider? Staff present agreed that health care issues are important enough to warrant further discussion of a medium for providing direct access for retiree advocates to providers.

• **Critical Board Election**. Henry Jones and J. J. Jelincic are the currently declared candidates for retiree representative on the CalPERS board of administration. More may follow. This election could be of more direct, personal importance to us as retirees than any other. Turn-out and interest are always embarrassingly low (see p. 1). We need to change that. The election is in September, so you have plenty of time to make up your minds on the best candidate for your interests at a crucial time in CalPERS history. The two announced candidates are well-known to us. Henry Jones is current Board president. "JJ" is a recent member, who returns to the fray as a retiree. More later.

Prepared by Alan Wade, with the help of Sue Holl. Sue has recently retired as Chair of the CSUS Mechanical Engineering department. She has just been installed as the new president of our campus retirees association.

Personal & Professional

Siegrun Freyss (Political Science, CSU Los Angeles) is the editor of the Section on Public Sector Human Resource Management of the *Global Encyclopedia of Public Administration, Public Policy, and Governance,* published by Springer. She is also contributing several entries.

The 7th edition of *Governing California in the 21st Century* has just been published by Norton. Among the seven authors are **Ted Anagnoson** (Political Science, CSULA) and **J. Vincent Buck** (Political Science, CSU Fullerton).

CSU-ERFA Foundation Announces 2019 Small Grants Award Program

Applications are due in CSU-ERFSA Office no later than October 31, 2019. Awards will be announced in December 2019. CSU-ERFSA grants are available to members to support research and creative projects in accordance with the following goals:

• Scholarly research on issues important to the retiree as a continuing member of an academic discipline or community,

• Research and scholarly projects that contribute to the quality of life of the retirees in the CSU system,

• Research pertaining to the retirement concerns of faculty/staff/administrators within the California State University System, and

• Research and creative projects that contribute to a given academic discipline.

The CSU-ERFA Foundation encourages CSU-ERFSA members involved in research and creative projects to apply for a grant. The small grant program is competitive, with past awards ranging from $100-$2,000, depending upon the number of proposals and the amount of money available. Preference is given to first time grant applicants when grant proposals are of equal merit.

Grant applications and guidelines can be downloaded at https://tinyurl.com/y5ol6at2 by calling the CSU-ERFSA office at (818) 677-6522, or, by emailing your request to csuerfsa@csun.edu

Note: Grant Recipients are required to submit a final report of their Research/Creative Activities one year from receiving a grant. Failure to submit a report will exclude an applicant from future grant awards. The final report template can be found using the sources above.

CSU-ERFA Foundation welcomes tax-deductible contributions. See https://tinyurl.com/y49zvmmn for more information.

The CSU-ERFA Foundation is a 501(c)(3) charitable organization.

State Council

(Continued from page 1)

Dominguez Hills), Treasurer Harry Sharp (Cal Poly San Luis Obispo), and Secretary Rita Jones (CSU Long Beach).

An additional issue is a recommendation for the next academic year that the council meet only once, in the Spring.

Catherine Nelson, one of the two speakers, joined the Sonoma State University Political Science Department faculty in 1996. She teaches political theory and American government courses and the department's capstone senior research seminar. She specializes in contemporary political theory and race, gender and politics. Her current research investigates the presence of neoliberal ideology in political campaign commercials. She has served as chair of the political science department, the SSU academic senate's budget subcommittee and the SSU academic senate. She currently serves as chair of the Academic Senate CSU.

New CSU-ERFSA Website

Our CSU-ERFSA website recently has undergone major revisions and updates to make it easier to access on smartphones and tablets as well as on traditional laptop and desktop computers. The new site was built using a modern content management system called Joomla, which allows for easy maintenance and updating. In addition, several security features have been incorporated in the new site. These include support for the Secure Socket Layer (SSL) communication protocol, which encrypts all communication between your browser and the site, and restrictions on content to reduce the possibility of malware.

A new, larger typeface, 12-point Tahoma, was chosen for site content to make it more comfortable for aging eyes to read even on a smartphone. We have taken advantage of the built-in features of the Joomla content management system to organize information on the site into five easy-to-navigate categories; namely About CSU-ERFSA, CSU-ERFSA Organization, Retirement Planning, CSU-ERFSA News & Views, and Retiree Links. Within each category (menu) are one or more individual articles related to the category.

Because of the stricter security in Joomla, the CSU-ERFSA news box feature from our old website could not be moved to the new site. It has been replaced by a News & Views page (use the "Latest CSU-ERFSA News" menu item to access this page) where current, important news items are posted. On this page you will see a series of news item headlines. Following each headline is a "read more" button, which when clicked or tapped brings up the text of the article.

To the right of each headline you will see another button. When this button is clicked or tapped it brings up a version of the article properly formatted for printing either to a hard copy or to a pdf document. This feature is available for all articles on the site.

Another useful feature of the new website is a search box with the words "Search CSU-ERFSA" located at or near the top of the page (depending upon your device). Just enter a search term in the box and hit enter to find related site content.

Visit our new website: https://csuerfsa.org – if you spot any errors or problems, or have any other comments about the new site, send them to the webmaster, Mark Shapiro at mshapiro@fullerton.edu.

From the President

(Continued from page 2)

However, since so many of my colleagues are prolific writers, our editor ran out of space and suggested that I briefly summarize it and recommend it for your perusal. I feel qualified to do so since I wrote my dissertation on the ten years before and after the legal adoption of the Master Plan for Higher Education when I was a research associate at the UC Berkeley Center for the Study of Higher Education. The Master Plan created the tri-partite system of community colleges, CSU and UC. All high school graduates would have tuition-free access with the top 12.5% eligible for UC, the top one-third could enroll in the State Colleges (as they were then called) and all others who completed high school could attend a community college and transfer to the UC or CSU for upper division.

Bowser delineates a number of major ways in which we have abandoned these 1960 commitments: Guaranteed admissions no longer exist, tuitions have skyrocketed, faculty salaries are no longer competitive, part-time faculty have replaced full-time tenure-track faculty, and faculty leadership in academic affairs has been substantially eroded. The overall result of these and other changes has been, what he calls the "privatization of public higher education." The CSU currently receives less than half of its budget from public funds! The remainder comes from student fees that have quadrupled since 1992/93 (that's the main reason we have so many homeless and hungry students) and from our University Advancement Offices being burdened with raising many millions each year from corporations and foundations.

Let me conclude by quoting Bowser, "If nothing is done to redress both the budget cuts and the new powers of budget-wielding politicians, public higher education's days are numbered in California and whatever other states that follow this lead. Apart from its (UC) flagship campuses, only a hollow presence will remain of the CSU and CCC." I strongly encourage you to read Bowser's book.

Another Personal Note. When I write my final "From the President" article in our next issue after which I become the "Past President," I plan to explain the new "ism" that has evolved in my ancient brain. It is not communism, socialism or capitalism. Hopefully, this intriguing pre-notification will bring you back to The Reporter's next edition.

Bill "The Shoe Man" Blischke
President, CSU-ERFSA

CALIFORNIA STATE UNIVERSITY
EMERITUS AND RETIRED FACULTY
AND STAFF ASSOCIATION
The Retirement Center
18111 Nordhoff Street
Northridge, CA 91330-8339
https://www.csuerfsa.org

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

Address Service Requested

California State University
Emeritus & Retired Faculty and Staff Association

Exec Meets Via Zoom

By Harold Goldwhite

The Executive Committee came into the 21st. century on January 18 2019 by holding its meeting via Zoom, a computer conferencing application supported by the CSU. Aside from a few minor technical challenges the meeting went smoothly. With reports submitted in advance, a meeting that has taken four hours was finished in 1.5. The savings to the Association were substantial. Instead of the roughly $2,000 that an in person meeting costs, because of members' travel expenses, this meeting cost nothing!

Planning for the April 6, 2019 meeting of the State Council at CSU Dominguez Hills is almost complete, and State Council members have received initial information about the logistics. That meeting of the State Council will determine, in accord with the recent changes to the Constitution and By-Laws, whether there will be a Fall 2019 State Council meeting.

The Spring State Council will have as speakers Catherine Nelson, Chair of the Academic Senate, CSU; and Romey Sabalius, Faculty Trustee.

This Zoom meeting was so successful that the Executive Committee agreed to hold its August 2019 meeting by Zoom.

CSU-ERFSA Calendar of Events

April 6, 2019 - Spring State Council meeting at CSU Dominguez Hills.

May 16, 2019 - Last day to file to run for the CalPERS Board of Administration.

August 17, 2019 - Executive Committee meets electronically.

August 30 - September 30 - Vote for the CalPERS Board retiree candidate of your choice.

How Long Will Savings Last?

Vanguard's new online calculator will help you estimate how long your savings will last. The estimator can be found at http://tinyurl.com/yazve7s. A longer article in the June *Reporter* will discuss the estimator.

CSU-ERFSA Notices

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

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