



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

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CalPERS CIO Departs Under a Cloud

By Robert Girling, Director of Legislative Affairs

On August 5, 2020, Ben Meng, Chief Investment Officer of CalPERS, abruptly resigned. According to *Chief Investment Officer*, “An emergency meeting of the California Public Employees’ Retirement System (CalPERS) board members ... [was] held on Aug. 17 as state regulators examine whether CalPERS CIO Ben Meng violated state law with his financial filings.”

According to California state law, public officials and employees who make influential decisions are required to file a Statement of Economic Interest (Form 700) with the Fair Political Practices Commission. A colleague of Meng’s at CalPERS told the Financial Times that “The fact that Ben could not be bothered to fill out the form {700} correctly or

amend it when the errors were first identified is a serious breach.”

Chief Investment Officer asserted that “The public forms for 2019 show that Meng allegedly failed to disclose the dates he sold 23 positions in stocks or funds. He had reported the holdings in an initial financial form earlier in the year. The disclosure forms also indicate that Meng had personal interests in the stock of three publicly traded PE [private equity] firms that did business with CalPERS: Ares Management, the Blackstone Group, and the Carlyle Group.”

The announcement corroborated an article by former Goldman Sachs banker Susan

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CSU-ERFSA Seeks Emeriti Faculty Representative for Statewide Academic Senate - Vote Oct. 27

CSU-ERFSA is seeking nominations, including self-nominations, for the position of Emeriti Academic Senator. This person is the statewide Academic Senate’s retired faculty representative. Candidates should be willing to attend the Academic Senate’s monthly meetings either in Long Beach or via video conferencing. Qualifications are a minimum of two years of prior service on the Academic Senate of the CSU (statewide Academic Senate) and an interest in the position.

The emeritus member of the ASCSU has full voting rights as any other senator. They serve on a standing committee after the first year of service and may serve on systemwide committees. Travel and other expenses are paid by the ASCSU. CSU-ERFSA expects the emeritus senator to ensure that the resolutions approved by

the ASCSU take into account the needs of retired faculty and include CSU-ERFSA in the distribution list where appropriate.

The emeriti faculty representative is responsible for keeping CSU-ERFSA informed about what actions the ASCSU has taken, doing so in part by writing a report on the senate’s work for each issue of *The Reporter*, as well as periodic reports for the State Council and executive committee. The term is three years. The faculty member may be eligible for 3 units of assigned time if in the FERP program.

The standing committees of the statewide Academic Senate are the Academic Affairs Committee, the Academic Preparation and Education Programs Committee, the

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

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2019-2020**

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Bill Blischke (Dominguez Hills) Past President
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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,

Below are highlights of activities I have been involved in on behalf of CSU-ERFSA.

ASCSU. In May 2020 the ASCSU met virtually via Zoom. For a meeting of approximately 50 individuals, I thought it went better than expected and ASCSU Chair Nelson did a wonderful job moderating the meeting. While Zoom was okay, I did feel that the normal discourse that takes place in perfecting resolutions was somewhat lacking.

AB 1460 – Required Ethnic Studies.

The main issue considered by the Senate was AB 1460 (Weber) which mandates the inclusion of an ethnic studies course as a CSU graduation requirement. While there was support in principle for inclusion of such a course, there were several issues of concern with the legislation. These included having the Legislature intrude on the CSU curriculum and the narrowness of the scope of how ethnic studies was defined in the bill. The ASCSU supported including the requirement of a social justice/ethnic studies course in the curriculum rather than a more limited ethnic studies requirement. This position was subsequently approved by the CSU Board of Trustees. As of this date, AB 1460 is with Governor Newsom who signed the bill. At this meeting there was also an election of the 2020/21 Executive Committee. Rob Collins (San Francisco) was elected as the incoming Senate chair. The new Executive Committee membership can be found on the ASCSU website.

FERP Issue. I received a letter from a FERP faculty member who is looking for an option to delay teaching via distance learning this fall. I explained to her that FERP is a contractual matter between CSU and CFA and CSU-ERFSA is not a party to the contract, thus limiting our involvement on the issues. I did, however, send a letter to ASCSU Chair Collins suggesting that emeriti faculty could perhaps serve as mentors to faculty who are teaching via distance learning or help develop distance learning resources. I also suggested the CSU might wish to establish an Office of Emeriti Affairs. I have not heard back from him in this regard.

AMBIA. I and CSU-ERFSA Executive Director Goldwhite have been participat-

ing in nearly weekly meetings with AMBIA representatives as we develop the relationship between CSU ERFSA and AMBIA. We had decided to use an “opt-out” rather than an “opt-in” model for members to be contacted by AMBIA. In hindsight this may have been a mistake, however we felt that more of our members might want the discounts and services provided by AMBIA than would not. We did notify members that they could easily opt out by contacting the CSU-ERFSA office and several members have already chosen to do so. We will continue to notify members of this option.

Discounts for CSU-ERFSA Members. I have continued trying to establish relationships with businesses that can provide products and services of interest to our members. We recently established a relationship with Willamette Valley Vineyards that will provide a discount on their wines to our members. While their vineyards are located in Oregon, they are making a push to enter the California market and have established a tasting room, Willamette Wineworks, in Folsom, California.

Once the COVID 19 pandemic is behind us I'm hoping that we can hold events at this facility and perhaps they can schedule wine tastings for local affiliates. I have been looking for a chocolate company that would provide our members with discounts, but so far have been unsuccessful in this area. I think with the discounts members get through AMBIA as well as the discounts we can negotiate with firms, the benefits of membership in CSU-ERFSA more than cover the monthly dues cost.

Loss of Emeritus Status. A recent issue that has surfaced is the revocation of emeritus status by campus presidents. It

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Pocket Calendar

For 2020 and later, the pocket calendar will be sent **ONLY** to those who have opted in - please notify the office at the email, phone, or address on page 2 if you would like to continue receiving the calendar.
Thank you.

AMBIA News

By Harold Goldwhite, CSU-ERFSA Executive Director

The AMBIA Connection. A few months ago the Association's Executive Committee approved a partnership agreement with AMBIA, a company that provides advice on your benefits and offers supplementary benefits.

What's in it for CSU-ERFSA? AMBIA will soon be recruiting actively for CSU-ERFSA by telephone calls and direct mail to retired and about-to- retire CSU employees. Many of them are not CSU-ERFSA members; they can get access to both our benefits and those offered by AMBIA by joining. We hope to obtain a good number of new members.

What's in it for You? Access now through Passport to substantial discounts on products like travel, merchandise, and supplemental insurances. Visit our soon-to-be upgraded website for details. AMBIA representatives will be contacting you by phone to analyze your benefits and suggest supplements where appropriate (unless you opt out by telling the CSU-ERFSA office that you don't want to be contacted). They will also contact you by direct mail.

What's in it for AMBIA? AMBIA is a for-profit corporation and will earn commissions on products you purchase, but their agents' primary goal is to help you strengthen your benefits portfolio.

Bottom Line. Your Association recommends that you look at the mailings from AMBIA and pick up the phone and talk to their agents when they call. You will be pleasantly surprised.

Letter to the Editor

In November 2019, my wife and I decided to book a European riverboat cruise. Unfortunately we made TWO mistakes. First, we booked our cruise with Vantage Deluxe World Travel, and second, we paid for the cruise with cash. Vantage has proven to be unable or unwilling to refund our cruise even though they cancelled it several months ago. While paying cash for the cruise allowed us a substantial savings over paying with a credit card, a credit card company would have helped us get a refund in a timely manner. Therefore, when booking a cruise make sure you pay with a credit card.

Don Wort – CSU East Bay

Ed: I've actually had some of the same problems. I booked some air tickets through an intermediary, and when I needed to change them there was a hurricane in the southeast. All the agents were tied up with the hurricane. My wife and I were scheduled to go on a cruise around the UK in late May. The cruise was cancelled, and it proved easier to get the credit card refunds than the amount I had wired. It turned out I had filled out the form for the wire refund incorrectly. Lesson here is that you have to keep calling the companies. Many cruise ship passengers say they are waiting months for their refunds.

Ted Anagnoson – CSU Los Angeles

Emeriti Faculty Senator Sought - Deadline Sept. 21

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Faculty Affairs Committee, and the Fiscal and Governmental Affairs Committee. First-year senators are welcome to observe one or more of the committees prior to their assignment to a committee for the second and third years of their term.

The CSU-ERFSA nominations committee screens the applications and forwards a maximum of two candidates for the position to the CSU-ERFSA State Council meeting on October 27th. The State Council makes the final decision. Candidates will be asked to prepare a half page biography relative to their qualifications for the position. Nominees should also address the following questions. Why are you interested in the position? What skills and experience do you bring to the position? What would you like to accomplish in terms of CSU-ERFSA while in the position?

Candidates will also have up to five minutes to address the State Council and may prepare additional information to send to State Council delegates.

The deadline for submitting this written information is 5 p.m. PST on September 21st. It should be emailed to csuerfsa@csun.edu. In the subject line please put: "Statewide Retired Faculty Representative on the ASCSU." The current retired faculty representative on the ASCSU, Barry Pasternack, will not be running for reelection.

The CSU-ERFSA nominations committee met in the spring to determine procedures and qualifications for the positions of treasurer and statewide Academic Senate retired faculty representative. Subsequent to the meeting Sue Holl of CSU Sacramento expressed an interest in the treasurer position and was approved on an interim basis by the executive committee at its meeting in August. Members of the committee are Barry Pasternack (FU), chair, Harry Sharp (SLO), and Ted Anagnoson (LA).

State Council Meets Oct 27 Via Zoom

CSU-ERFA's State Council will meet via ZOOM on Tuesday October 27 at 1 p.m. Members will be sent a link before the meeting. Members of CSU-ERFSA who wish to observe the meeting can obtain the link by emailing the office.

In addition to the usual reports from the organization's leaders, officers, and committee chairs, members of the council will vote on the next Emeriti Academic Senator for the statewide Academic Senate and for the next Treasurer of CSU-ERFSA. The executive committee has installed Sue Holl of CSU Sacramento as the interim treasurer and is recommending her election. The organization's nominating committee will be screening applicants for the emeriti academic senator position and recommending two to the council for its consideration as per the bylaws.

Other items on the agenda include a short presentation from AMBIA, a possible discussion of the current state of CalPERS, and other items.

CFA Report: CFA Celebrates AB 1460 Signed Into Law!

By Jay Swartz, CFA Liaison With CSU-ERFSA

After more than two years of legislative debate and extensive communication amongst the 23 CSU campuses, their academic senates, and the statehouse, Gov. Gavin Newsom has signed AB 1460 into law.

The legislation, which mandates a required ethnic studies course prior to graduation for all students throughout the CSU system, faced considerable pushback from various constituencies as the bill sponsored by Dr. Shirley Weber, a former San Diego State University professor, eventually won favor through both chambers of the state legislature.

This summer the CSU Board of Trustees conferred on the matter and concluded on a split vote that the requirement fell short of total inclusion, primarily because curricular recommendations failed to include a choice amongst Muslim and GLBTQ studies. In response, CFA labelled the BOT concerns an example of white supremacist thought.

Among earlier concerns were those of various faculty and aca-

demie senate members who believed that the requirement would squeeze out other coursework in such areas as history, anthropology, philosophy and related offerings traditionally listed in liberal arts, humanities, and social science programs.

CFA also has been active since the COVID-19 outbreak in its attempt to curb furloughs and other faculty reductions as university enrollments and budgets have been reduced. Lecturers, in particular, have been affected by campus cutbacks.

Among other CFA actions the faculty union is calling for free tuition for black students and those hailing from tribal communities throughout the system, as well as demanding the removal of campus police carrying firearms on the 23 campuses.

“The United States is a radicalized society based on white supremacy where opportunities, resources, power and human rights are structured by race to privilege whiteness,” reported Sharon Elise, CFA Vice President, a professor of women’s studies at Cal State San Marcos.

Beware of COVID-19 Tracing Scams

Scam artists are attempting to use the coronavirus outbreak to swindle Californians into giving up personal information. One of the newest scams is contact tracing scams. In these scams, fraudsters may attempt to contact you while posing as COVID-19 contact tracers. They will ask for your personal information, such as your Social Security number or banking information. Do not give it to them. This is a scam!

Contract tracing is an important tool to fight the spread of the virus. It enables local public health departments to track down people who may have come into contact with the coronavirus without being aware of doing so, and allows them to then take proper precautions. Contact tracers will ask for medical symptoms and about anyone with whom you’ve had contact. They will NOT ask for personal financial information or your Social Security number.

“These scammers use phone calls, email and texts to ask for personal information,” said Sandy Morales of California Health Advocates’ Senior Medicare Patrol. “And they are ruthless. Preying on older adults at anytime is unacceptable and especially during a pandemic”

If anyone asks you for your personal information and claims to be a contact tracer,

hang up or do not respond. This is a scam. Some additional COVID scams to watch for include those that:

- Sell you fake respiratory masks, COVID-19 testing or vaccine kits, or COVID-19 cures.
- Promise direct deposit of your stimulus check.
- Tell you your Social Security check has been cancelled due to COVID-19 and try to get your personal information to verify.
- Contact you pretending to be from the WHO, CDC, or a volunteer agency.

If you come across any such scams, report them to California Health Advocates’ California Senior Medicare Patrol (SMP) at 1-855-613-7080.

If you are reading *The CSU-ERFSA Reporter* online and are **not** a member, welcome!

We are glad you are here.

However, we very much need more members. Please consider joining our organization. See “Membership Information” at <https://www.csuerfsa.org>

CSU-ERFSA New Members

Bakersfield – Rose A. McCleary

Dominguez Hills – John W. Roberts

East Bay – Calvin F. Lee

Fullerton – Vennita A. Jackson
John A. Lawrence
Virginia (Ginny) Pace

Long Beach – Barbara C. George

Northridge – Gregory Velazco y
Trianosky

San Jose – Deborah N. Wood*

SLO – Anita A. Biggs

Sonoma – Noel T. Byrne

Stanislaus – June L. Boffman
Enrique López-Contreras
Dennis Shimek
John W. Weddle

* Denotes lifetime member

Legislative Affairs: CalPERS and Social Equity?

By Robert Girling, CSU-ERFSA Legislative Director, Sonoma State University

In view of the extreme economic inequities that are fundamental to our economy, we ask what CalPERS is doing to address issues of social inequity and environmental risks. A recent editorial in *Chief Investment Officer* questioned, “How long can an investment landscape remain fertile while chronic and systemic problems [i.e. racism and income inequality] continue to grow worse?”

The author, Tony Waskiewicz, an award-winning financial manager of Mercy Health, wrote, “...if we are truly long-term investors and if our respective organizations seek to exist in perpetuity, will silence on these issues be the proper response? Will ‘do nothing’ help improve long-term investment opportunities or set up our institution for long-term sustainability? Probably not. Without a change in course, these forces will continue to exert enormous pressure on the current system

until a tipping point is reached...Will these gaps eventually put our institutions and our portfolios in peril?”

CalPERS directs large sums of capital on our behalf. If “money moves the world” and CalPERS is moving our money, we can hopefully expect that CalPERS makes a difference in using our money to address and correct social injustices. Waskiewicz similarly concludes, “Correcting social injustices is not only the right thing to do, it will also give all people, our country, our institutions, and our investment landscape the best chance to thrive. Fairness, safety, and security lead to stability. Stability is an important condition for sustainability and better investment opportunities. Don’t we owe it to our next generation, our country, and the institutions we serve to work toward stability and sustainability? I believe we do.”

This begs the question “What is CalPERS doing to correct injustice and protect our long term asset values?”

A review of the CalPERS’ corporate governance program shows that 53% of companies engaged by the pension plan in the 2019 proxy season added diverse members to their boards of directors. The number of companies that added at least one diverse director were 361 out of 682 engaged, Simiso Nzima, CalPERS corporate governance director, told the system’s investment committee on November 18, 2019. Those companies that don’t work with CalPERS on diversity efforts to add woman and minorities are seeing direct action by the pension plan. Under new guidelines implemented several years ago, the largest U.S. pension plan began voting against the reappointment of some board

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Willamette Valley Vineyards Discounts

Calling all CSU-ERFSA wine enthusiast members — we have an exclusive offer just for you!

Enjoy classic Oregon wines from Willamette Valley Vineyards with an exclusive member discount! Use coupon code **ERFSA10** at checkout and you'll receive 10% off your wine purchases. Enjoy complimentary UPS Ground shipping on purchases of \$150 or more when shipped to a single address in the continental US. Offer selected at check-out. Excludes AK, AL, DE, HI, IN, KY, MS, NH, NJ, UT and WV.

Shop online or call (503) 588-9463 to redeem.

Or, become a Willamette Valley Vineyards Wine Club Member by 12/31/2020 and you'll receive 20% off and 6 months of complimentary ground shipping on your first club shipments!

Membership provides the opportunity to expand your cellar, increase your knowledge of Oregon varietals and receive wonderful benefits from Oregon's landmark winery, including 20% off your wine purchases! Choose from four tiers of membership, each catering to different wine preferences. There is no cost to join and there are no annual dues. Learn more about the benefits here: <https://www.wvv.com/Wine-Club>

If interested, please email wineclub@wvv.com or call 503-588-9463 and let them know you're a CSU-ERFSA member to receive this special offer.



Health Benefits Report: Open Enrollment & LTC Rates

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

Although many CalPERS employees are still working from home there are still board meetings and stakeholders briefings on a regular basis. It is a bit more difficult with stakeholder briefings since the interactions are audio only. However, the commitment of CalPERS to keep us informed and involved in the decision process is greatly appreciated.

Contacting CalPERS. If you have a question on a CalPERS related topic, including benefit coverage, and you cannot find a ready answer online, I urge you to contact the CalPERS Message Center at 888-225-7377. Hours are Monday-Friday 8:00 AM – 5:00 PM. CalPERS' offices are also receiving and processing mail.

PERSPECTIVE Newsletter. Waiting for a copy of the Fall CalPERS newsletter to arrive in your mailbox? Hoping to read a piece of mail which is not a bill, a plea for support, or a political ad? Don't hold your breath in anticipation. The good news is that the absence of the newsletter has nothing to do with the gutting of the postal service! Print copies of the Spring and Fall newsletters have been a victim of COVID-19. The state printing office is closed, and CalPERS was not able to secure a waiver to have an outside vendor do the printing. Material and articles usually printed in the newsletter are available on the CalPERS website.

Open Enrollment – Coming Soon. This year's health plan open enrollment period is a week later than usual. It runs from September 21, 2020 to October 16, 2020. Go to the main CalPERS page (<https://www.calpers.ca.gov/>); there will be a link to find more information about health plan rates, co-payments, services, in-network hospitals and physicians by the middle of September. If you opted in to receive enrollment information by mail, material will be sent on September 14. September 14 is also the day material will be posted online.

Historically, most retirees do not change health plans. However, if you do change plans, please remember that the effective date for any change is January 1, 2021.

Pharmacy Benefit Manager. OptumRx is the current Pharmacy Benefit Manager

(PBM) for a majority of CalPERS health plans and administers the prescription drug benefits for almost 500,000 members and their families. The five-year contract with Optum is set to expire at the end of 2021 and CalPERS is gearing up to invite proposals from PBMs. There are three major national PBMs, and over the past three contract cycles each has held a contract with CalPERS. I have been involved on CSU-ERFSA's behalf with each prior contract cycle. It is much messier than watching either sausages or my special organic pasta sauce being made. Progress reports will be forthcoming as the process unfolds over the next months.

Long-Term Care Premium Rates.

There may likely be significant premium increases for those in the CalPERS long-term care (LTC) program. The primary reason appears to be the poor performance of the investments held by the LTC program. The primary holdings are lower yielding fixed income investments which have seen a significant reduction in interest generated. Thus, there is a reduced flow of income to support the LTC program. The investment pool for LTC is not

the same as the investment pool for our retirement pensions.

As occurred in the past, there may also be options to reduce coverage or services to mitigate the price increase.

Status of Long-Term Care Class Action Litigation.

It is a truism that Justice moves slowly. During a pandemic it slows to a snail-like pace. It has been a number of years since a class action lawsuit was filed against CalPERS for premium increases to Long Term Care (LTC) policies with inflation protection. Mediation between the parties continues, and, as expected, there is no comment from either party on the status of discussions.

On July 27, 2020 the judge set a jury trial date of March 29, 2021. After a series of judicial rulings, the contract interpretation issue for the jury is clearer. CalPERS could increase premiums based on assessment of different risk pools but could not increase premiums if the increased liabilities were a result of inflation protection benefits. That is the factual issue to be decided at trial.

CalPERS and Social Equity

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members at all white, male boards. Nzima said the approximate \$380 billion pension plan voted against 225 directors of 97 companies in the last proxy season.

Last year CalPERS and investment management firm Wellington Management launched a framework designed to help companies assess and disclose the potential risks of climate change on their business. The framework is intended to improve how companies disclose their physical vulnerabilities and help asset owners and investment managers better evaluate how companies they invest in will adapt to risks.

Isn't it time for a framework for assessing social risks from discriminatory practices and social injustice related to CalPERS investments?

If you have views and suggestions for

CalPERS about its investment strategy, please share your views with Chair of the CalPERS Investment Committee Theresa Taylor. She can be reached at Theresa.taylor@calpers.ca.gov or CalPERS_stakeholder_relations@calpers.ca.gov.

Soles4Souls News

By Bill Blischke, Past President

One of the very few advantages of the current pandemic is that many stay-at-home folks are cleaning out their closets and storage spaces. As a result, they are finding many pairs of shoes they never wear or don't need. Given the effect of this crisis the need for footwear is greater than ever before.

I have had a number of groups call me

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Grant Program Deadline: Oct 31

By Marshelle Thobaben, Chair, Grants Committee

The deadline for the CSU-ERFA Foundation small grant program is October 31. Applications must be received by 2 p.m. PST that day.

CSU-ERFA Foundation research grants are available to CSU-ERFSA members to support research and creative projects that are in accordance with one of 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 University 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.

CSU-ERFSA encourages members involved in research and creative projects to apply for a grant. The small grant program is competitive, with past awards generally ranging from \$100-\$1,000, depending upon the number of proposals and the amount of money made available by the CSU-ERFA Foundation. Preference is given to first time grant applicants when grant proposals are of equal merit.

Applications should be sent electronically to the CSU-ERFSA office at csuerf-sa@csun.edu no later than 2:00 p.m. PDT October 31, 2020. Awards will be announced in December 2020.

Grant applications and guidelines can be downloaded at the CSU-ERFSA website, by calling the office at (818) 677-6522, or by emailing your request to csuerf-sa@csun.edu.

If you have questions about the grant proposal application, contact Marshelle Thobaben, Chair, CSU-ERFSA Grants Committee, at mt1@humboldt.edu.

Voting by Mail This Fall

Here are California’s deadlines for the balloting this fall:

- Registration – October 19, 2020 – by mail or online through the Secretary of State’s website – <http://www.sos.ca.gov>.
- At <https://voterstatus.sos.ca.gov/> you can check whether you are registered to vote, your party preference, language preference, or status of your vote-by-mail or provisional ballot. However to change your registration information, you will need to re-register by filling out the online form. It should be noted that this system requires that you have a California driving license.
- After October 19, 2020, You can “conditionally” register and vote at your county elections office.
- You may also register at the polls on election day.
- October 27, 2020 – your vote-by-mail ballot request must arrive by this time if you make such a request (all registered voters will receive an automatic ballot this year). Your ballot will be counted if it is postmarked by election day and delivered by November 20th. You may also drop your ballot at county election office election centers; each

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CSU-ERFSA Notices - Email Updates Needed

Please add csuerf-sa@csun.edu to your safe sender list for your email. This will prevent rejections and bounce backs that are not legitimate.

If you have not been receiving email alerts from the office, we probably don’t have a good email for you. Please EMAIL the office (csuerf-sa@csun.edu) so that we may update our records. For this email, the subject line should be “Email Address Update.”

In the body of email, please include your name and email address. We need your name to find you in the email address database, which lacks a search capability. Thank you.

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

From the President

(Continued from page 2)

seems that on many campuses the president has the final authority to take away emeritus status if he or she feels this is warranted. I personally think there should be an appeals process that would involve both active and emeriti faculty and I have referred this issue to the Pre- and Post-Retirement Concerns Committee. Thank you to Marshelle Thobaben (Humboldt) for bringing this matter to my attention.

CalPERS Long-Term Care Program. Another issue deals with CalPERS long term care and the necessity to use the benefit monies only at approved care facilities. Due to COVID-19 one of our members expressed a concern about going to such a facility and wants to use the funds for covering the cost of care at her daughter’s home. This item was referred to the Health Benefits and Pre- and Post-Retirement Concerns Committees for follow-up.

More Turmoil at CalPERS. As reported on page 1, Ben Meng, Chief Investment Officer for CalPERS, recently announced his resignation, ostensibly for health and family reasons. This is the latest of several issues that have arisen with CalPERS, and it seems clear that we need to take a more active role in monitoring its operations. I am pleased that we have Bob Girling (Sonoma) attending CalPERS Board meetings and that Bob is willing to ask tough questions about their operations.

Thank you. I would like to conclude by thanking our our members as well as our Executive Director Harold Goldwhite, Office Manager Melanie Mamakos, and Webmaster Mark Shapiro for their dedication and diligence. The organization relies on your service and it is much appreciated.

Barry

Legislative Report: Meng Departs CalPERS Under Cloud

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Webber (writing under the pseudonym Yves Smith) on the website *Naked Capitalism* stating Meng's sudden resignation is apparently related to his failure to disclose personal stock sales and that he had a potential conflict of interest by holding shares in three private equity (PE) firms that did substantial business with the pension system.

According to *Naked Capitalism*, "The people immediately responsible are Marcie Frost, who per CalPERS' own policy was tasked to review Meng's Form 700, and the head of compliance, Marlene Timberlake D'Adamo. Timberlake oversees the personal trading policy and has, or should have had, records that showed Meng's 2019 Form 700 was incomplete.

Timberlake reports directly to CEO Marcie Frost."

Meanwhile according to Webber "the CalPERS board is ultimately responsible for not holding Frost, Timberlake, and other key staff members responsible for past compliance failures including:

- The massive spike in personal trading violations earlier this year,
- The wholesale copyright violation of tens of thousands of news articles, which cost the pension fund millions of dollars to settle,
- The failure to vet the claimed qualifications of Charles Asubonten, the fund's former CFO, who was fired after grossly embellishing his work experience, and
- The similar failure to vet the claimed educational endeavors of CEO Marcie Frost, who lied by saying she was enrolled in a non-existent joint bachelor's/master's degree program, when in fact she had never matriculated anywhere."

If these allegations are true, they seem to suggest a failure of integrity and ethics in the management of the huge CalPERS pension fund.

Consequently, CSU-ERFSA is calling on Governor Newsom to investigate CalPERS' management and governance and set up an independent inspector general to review CalPERS governance. We recommend placing the CEO Marcie Frost on administrative leave while undertaking this impartial investigation. The inspector general should provide:

1. An independent, outside investigation of the issues, including the seeming failure of built in safeguards and the organizational culture which allowed it to happen, and

2. Recommendations for policy changes to avoid this type of failure in the future including appropriate personnel actions to be taken based on the findings.

According to *Naked Capitalism*, Meng's sudden resignation was due to failure to disclose that he had a potential conflict of interest by holding shares in three private equity firms that did business with CalPERS

The report and its recommendation should be made public.

As *Naked Capitalism* pointed out, "[Such] conduct is deeply corrosive. It telegraphs to employees that something is deeply wrong. People whose job it to tell the truth think there is no payoff for doing the right thing, only punishment. This

message has been powerfully reinforced by Frost and Meng forcing out some of the few remaining competent executives: Elisabeth Bourqui, apparently for questioning a "private equity new business model" that eventually died under the weight of its own contradictions, and then two highly regarded investment professionals, Ron Legnado and Paul Mouchakka" (emphasis added).

CalPERS Board President Henry Jones called a special meeting of the pension plan's board for Aug. 17 only after California Controller Betty Yee, who sits on the CalPERS board, called for an emergency meeting. "I am incredibly disappointed to hear about the former CIO's lapse in both judgment and adherence to standard conflict-of-interest policies," she said in a statement to *Chief Investment Officer*. "I have called for an emergency board meeting to discuss this situation, review these policies, the CEO's oversight and implementation of these policies, and

any additional safeguards necessary to ensure this does not happen again."

In a previous CalPERS scandal involving a former CalPERS CEO, the Honorable Charles R. Breyer, United States District Judge, in his sentencing stated the defendant's conduct amounted to "a spectacular breach of trust for the most venal of purposes" adding that, "without trust, our public institutions cannot function." CalPERS board member Margaret Brown said, "Mr. Meng's reported conflicts of interest and lapses in judgement are serious violations of his fiduciary duty to two million CalPERS beneficiaries."

In his resignation Meng stated, "It's important for me to focus on my health and on my family and move on to the next chapter in my life." He told the *Financial Times*: "My health has been deteriorating for six months." He said that his sudden departure would allow a "quicker and cleaner transition...."

Chief Investment Officer added "Meng's resignation comes at a difficult time for CalPERS. The pension plan only earned a 4.7% return for the 12-month fiscal year ending June 30, 2.3 percentage points short of the 7% return expected return CalPERS shoots for annually. **In all fairness, though, its [CalPERS] performance is a lot better than most.** Comparatively, public fund plans witnessed a 3.8% total plan loss year to date and a 1.9% 12-month return at the median, according to Northern Trust Universe, which tracks the performance of more than 320 large U.S. institutional investment plans" (emphasis added).

Voting by Mail

(Continued from page 7)

county will have a list of these.

- Personally delivered ballots – must be delivered by the close of the polls on November 3rd.

At <https://tinyurl.com/y54hq94f> you can sign up to be notified when your county mails your ballot, receives your ballot, counts your ballot, and whether there are any issues with your ballot. Notifications are by email, text, or voice call. Not every county has this service. There is a list on the website.

Pre- / Post-Retirement Concerns: Heritage Values or Fugitive Values?

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

Q. You were speaking recently of something interesting you learned about pensions. Please tell me more.

A. Thanks for asking. In Professor John Resch’s book *Suffering Soldiers* (University of Massachusetts, 1999), he describes the circumstances under which American citizens were mobilized after the War of 1812 to grant service pensions to the veterans of the Revolutionary War. At the outset there were two causes: the first was the active support of President James Monroe, and the second was the possible influence of Adam Smith’s 1759 work *The Theory of Moral Sentiments*.

The effort to give credit to the soldiers was one of Monroe’s efforts to exert leadership during his presidential campaign. And, drawing upon the dissertation research of Sarah Purcell (*Sealed with Blood: National Identity and Public Memory of the Revolutionary War 1775-1825*, PhD dissertation, Brown University, 1997), Resch discusses Adam Smith’s belief that as a person matures emotionally and physically in the world, prudence and material success over time naturally produce benevolence and sympathy toward other people.

Here is how that is supposed to work according to Adam Smith. As an individual matures in adulthood, he (or presumably she) constructs an imagined “impartial spectator” in life, and the individual comes to understand the needs and emotions of others through that spectator. One cannot entirely comprehend the stresses of others, but the observer sees through the imagined intermediary how he or she would be affected if those stresses impacted him or her personally. And if in one’s own life the first person observer achieves comfort and success, that person comes to understand that gratitude, empathy, and benevolence toward others, develops naturally. Resch argues that Smith’s influence on our founding fathers in part naturally led the American public toward the gratitude and benevolence that yielded old age pensions for soldiers in the Revolutionary War (pp. 6-8.)

A reading of a modern edition (Adam

Smith, *The Theory of Moral Sentiments*, Introduction by Herbert Schneider, Digireads.com, 2018) shows that Professor Resch does not put a strain on Adam Smith’s views. Key to understanding Smith’s discussion are the concepts of “self-love” and the impartial spectator. Smith argues that the individual is influenced by a drive toward “self-love,” or self-respect in modern terms. The impartial spectator, which functions like a conscience in our modern sense, speaks to the individual who has matured emotionally, and who has accumulated an understanding of the behavior of virtuous people observed in real life.

For a specific case, let us suppose there is an issue of generosity or support to the aged poor. The individual prepares the impartial spectator with an analysis and evaluation of human motives: first, a sympathy with the observed motives, and a sympathetic understanding of the benefits passed on to a real person. Next, the motives must be widely generalizable, and the observer must understand how the general motives affect either an individual or society overall. (Smith, Part VII, Section IV) In the specific instance, out of personal maturity and self-respect, an individual concludes that the provision of pensions for the needy is an appropriate societal response. But we notice generally that over a lifetime’s experience the impartial spectator directs an individual to a significant array of personal virtues: beneficence, gratitude, humanity, magnanimity, justice, duty, self-command, moderation, prudence, kindness, modesty, fortitude, intrepidity, vigilance, circumspection, temperance, love of countrymen, constancy, and firmness. (Smith, VII, III, and seriatim)

Adam Smith’s discussion here is not only a character portrait of the eighteenth-century English gentleman, but a preview of the homo economicus described by John Stuart Mill at the beginning of the nineteenth century. In any instance this is a fascinating set of heritage values from an

influential moral philosopher. The influence is profound: with Smith we have the cornerstone philosopher in our economic life, who champions self-interest, rational planning, a permissive laissez-faire attitude in our system of economic rules, an absence of outside coercion, and a respect for a simple economic system and the way that rules play out automatically. But we are brought up short when we see there is a clash over moral sentiments at present: our current leadership is motivated not by beneficence or the other classic virtues, but instead resentment, disrespect, contempt, and spite. How can this happen?

Adam Smith had an answer. As people mature socially and emotionally, there comes a time when an individual can choose between the influences of benevolence and resentment in their lives. Everything in one’s developing character up until that point directs a person to benevolence; yet, as Smith treats in (II, I) a rare individual may choose to be dominated by feelings of resentment. This can come about either because one has only partially learned those social lessons affecting everybody else, or because one chooses resentment as the basic emotion in his life. If the latter is the case, the individual has made a conscious choice because he may gain something from resentment as a mode. If that is true, the person is defective, certainly an outlier; Smith believed that such an individual is an “artful knave” (III, V, and VI, I) who has an “erroneous conscience” (II, I.)

If Smith’s analysis is true, then our current political difficulties derive from the loss of hidden values, however classic and traditional, that have been put to flight and replaced with false values given to us by artful knaves. It seems that an important clarification has reached us from the eighteenth century.

If you have questions or comments for this column, please write donahue_thomas@ymail.com

Our current leadership is motivated not by beneficence or the other classic virtues, but instead resentment, disrespect, contempt, and spite. How can this happen?

CalPERS Reimbursement of Medicare Part B Premiums

By John G. Kilgour, CSU East Bay

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 became effective 1/1/06. Part II of the Act modified the (Part C) Medicare Advantage (a/k/a Senior Advantage and Medicare Supplement). It also changed the way in which Medicare Part B premiums were calculated by introducing the Income-Related Monthly Adjusted Amount (IRMAA).

Beginning in 2007, Medicare Advantage beneficiaries earning more than specified amounts in Modified Adjusted Gross Income (MAGI) would pay more than the standard premium for coverage. The MAGI consists of the Adjusted Gross Income from our income-tax filings plus any tax-free interest or earnings.

The IRMAA thresholds first established in 2007 were indexed based on the percent increase in the Consumer Price Index (CPI). Since the Great Recession of 2008, price inflation has been quite low. For 2020 it was 1.6%%.

The IRMAA is paid in addition to the standard Medicare Part B premium which is \$144.60 per month for 2020. The thresholds and IRMAAs (monthly) in 2020 are:

Single, Widower, etc.	Married Filing Jointly	Part B IRMAA	Part D IRMAA
\$87,000-109,000	\$174,000-218,000	\$57.80	\$12.20
109,000-136,000	218,000 - 272,000	144.60	31.50
136,000 – 163,000	272,000 – 326,000	231.40	50.70
163,000 – 500,000	326,000 - 750,000	318.10	70.00
More than 500,000	More than 750,000	347.00	76.40

These data are provided on page 3 of the annual Social Security Administration benefit notice mailed to each Part B enrollee (and spouse) every November. They are adjusted (usually increased) annually based on the change in the CPI in the third quarter of the current year compared to the same period in the previous year. I don't know if they will be reduced this year due to the COVID-19 recession. We'll find out in November.

The notice also includes a Part D (prescription drug) IRMAA, shown above, but this is not discussed here as it is not reimbursed by CalPERS.

The 1997 Balanced Budget Act requires

that the beneficiaries pay 25% of the cost of Medicare Part B. The remaining 75% comes from the federal General Fund. To achieve this, the Center for Medicare and Medicaid Services (CMS) updates the threshold amounts each September for the following year.

CalPERS reimburses State and CSU retirees automatically for the \$144.60 per month standard Part B premium (\$289.20 for a couple). However, it does not automatically reimburse us for the additional Part B IRMAA premium. We have to make the initial application. After that, CalPERS sends us an annual reminder letter. However, we have to reapply each year.

If your MAGI is over \$87,000 (individual) or \$174,000 (married, filing jointly) in 2020, and you apply for an IRMAA reimbursement, the increase will appear as a credit on the left side of your CalPERS pension benefit warrant. It is labeled

CSU retirees automatically receive \$144.60 per month to reimburse the standard Part B premium, but it does not automatically reimburse us for the additional Part B IRMAA premium. We have to apply for that each year.

To apply for the IRMAA reimbursement, write a brief cover letter requesting reimbursement for the Part B premium over the standard premium adjustment and send it, along with the SSA's annual benefit notice (all of it) for you and your spouse to: CalPERS Member Account

Management Division, Attention Medicare Program; P.O. Box 942715; Sacramento, CA 94229-2715.

If you tossed or misplaced all or part of the annual Social Security benefit notice (as I once did) you can get a replacement copy from your local

SSA office. (I used the SSA office at Southland Shopping Center in Hayward. They were very helpful. No hassle. No charge.)

Yes, you can apply retroactively for IRMAA reimbursements for past years for which you were eligible but did not apply. (I don't know whether a local SSA office can provide benefit notices for past years).

If you have not yet applied for an IRMAA reimbursement, and your MAGI is over \$87,000 (individual) or \$174,000 (couple), go for it. Thank you, CalPERS.

Soles4Souls

(Continued from page 6)

with carloads of shoes. As a result, I have garnered more than 27,000 pairs! I have also been honored by Soles4Souls and given the title of "South Bay Soles4Souls Ambassador." I never dreamed of acquiring that title.

I am also implementing a program in a CSUDH course that requires community service by encouraging the students to work with local organizations via Zoom to set up shoe drives. I am trying to get the funds to pay the students to do so. Contact me at wblischke@csudh.edu if your organization is interested in fighting poverty in this indirect way.

"MEDICARE REIMBURS." If you apply late and/or if it takes a while for CalPERS to process the request, there may be an additional entry preceded by an asterisk indicating that it is a "one-time adjustment for earlier months."

The amount of the reimbursement may not exceed the difference between the maximum employer contribution and the higher of either (1) the amount of premium for the health plan in which you are enrolled, or (2) the Medicare Part B premium. The premiums vary by location. The IRMAA reimbursement does not apply to any late fees, penalties or interest. Nor is it available to other than State and CSU CalPERS members.

Legislation: CalPERS Bill Rejected...For This Year

By Robert Girling, Sonoma, CSU-ERFSA Legislative Director

AB 2473, Public Investment Funds. Existing law, the California Public Records Act (CPRA), requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. CalPERS proposed an amendment to the act, AB 2473, which would have created an exception to the California Public

Records Act to facilitate direct private lending by the California Public Employees' Retirement System (CalPERS) or the California State Teachers' Retirement System (CalSTRS)

CalPERS staff argued that this bill was necessary to open opportunities for CalPERS to participate in direct lending with parties in private markets who otherwise would be unwilling to work with CalPERS if their information was subject to CPRA disclosure. The state Senate Committee on Labor, Public Employment and Retirement, on the other hand, determined that that access to information concerning the conduct of the people's business is a fundamental and necessary right of every person in this state, mindful of the right of individuals to privacy.

CSU-ERFSA filed an objection to this bill, as did the Retired Public Employees Association, arguing that pension funds already can and do invest in private lending through external investment managers and with borrowers willing to be subject to existing CPRA. The two groups argued that there was no reason to sacrifice the public's right to access CalPERS' investment activities in direct lending. Creating a CPRA exemption for this asset class makes CalPERS' activities less transparent, creates additional risk, and makes the system more susceptible to misuse or fraud because the public cannot monitor potential conflicts of interest.

The committee noted that AB 2473 presented a conflict between two important values in California constitutional law: 1) the right of the people to know what actions their government is taking and 2) the independence of public pension funds to make prudent investments to ensure the retirement security of public employees while minimizing costs to the taxpayers. The Committee determined that transparency and public oversight are critical checks on potential fraud and abuse of public funds and rejected AB 2473.

However, CalPERS staff informed us that despite opposition by its stakeholders they would seek to reintroduce the bill in 2021.

AB 857, Public Banks. California legalized public banking in late 2019, setting

the stage for more affordable housing. Cities and counties in California will be allowed to create their own public banks, making the state one of just two to legalize institutions of this kind.

The banks will, in turn, provide public agencies access to loans at interest rates lower than they can find at private banks. Supporters say the change sets the stage for funding infrastructure demands or providing loans to developers to help meet affordable housing needs. Assemblyman David Chiu, who co-authored the legislation with Assemblyman Miguel Santiago, said the bill's "signing sends a strong message that California is putting people before Wall Street profits."

Public banks have existed for 100 years, originating in North Dakota where low population density made it both difficult for financial institutions to grow and loans tough to come by. In 1919, the Bank of North Dakota was born, which today is the nation's only public bank.

Supporters said public banks benefit local communities because they aren't driven to seek ever-higher profits, allowing government agencies access to low-interest loans for projects that benefit the public. As they do in North Dakota, public banks in California would also partner with private banks to offer loans to businesses and students.

AB 310, California Infrastructure and Economic Development Bank. AB 310, considered in the Assembly and state Senate in 2019 and 220, has been put on hold in the Senate, not having passed either house. The bill would have created a state infrastructure bank that would loan funds to city governments and small businesses. It gained some traction during the extended legislative recess in 2020.

The bill, authored by Assemblyman Miguel Santiago (D-Los Angeles), would have established an infrastructure bank, called the I-Bank for short. The I-Bank would have been allowed to accept deposits and join both the Federal Reserve System and the Federal Home Loan Bank System. The bank would act like a credit union for local governments and small

(Continued on page 12)

In Memoriam

Chico – Jules R. Vautrot

East Bay – Helen Botnarescuc

Humboldt – Thomas H. Allen

Long Beach – Lloyd Kramer
Ruth Mullins
David C. Opheim
Stephen B. Ross

Los Angeles – Thomas Annese
Gerald Haines

Northridge – John F. Crowther
Philip Reid
Donna Ruedy
Donald E. Salter
Leonard Wurthman

Pomona – Mae Augarten
Irene M. Lovewell
Marvin J. Siddel

Sacramento – Robert M. Kloss

San Diego – Roberta L. Null

San Francisco – Stephen Arkin
Richard F. Axen
Rachel Kahn-Hut
Margaret Lepore
Myron Lunine

San Jose – Virginia C. Barnes
Gerald Shreve

SLO – Christina Bailey
Rodney G. Keif

Sonoma – David S. Walls

Stanislaus – Ralf Parton

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

The Retirement Center
18111 Nordhoff Street
Northridge, CA 91330-8339

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



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

**Foundation Receives
13th Challenge Grant
By Mark Shapiro, CSU-ERFA
Foundation Treasurer**

The CSU-ERFA Charitable Foundation recently received its thirteenth \$500 challenge grant from a CSU-ERFSA member. The donor will match all individual donations received by the foundation through December 30, 2020 up to a total of \$500.

The CSU-ERFA Charitable Foundation (<https://tinyurl.com/erfa-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.

You may donate by sending a check made out to the CSU-ERFA Charitable Foundation at CSU-ERFSA, Mail Stop 8339, 18111 Nordhoff Street, Northridge, CA 91330-8339. Or you may donate by credit card, debit card, or PayPal by going

**CSU-ERFSA
Calendar of Events**

October 27, 2020 - Tuesday, 1 p.m. CSU-ERFSA Fall State Council meeting via ZOOM. See page 3.

October 31, 2020 - CSU-ERFSA Research Grant Awards Due - see page 7.

to our PayPal page at <https://tinyurl.com/erfsa-donate>.

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.

CalPERS Legislation Rejected

(Continued from page 11)

businesses, with around \$9.9 billion being funded into the I-Bank from California's Pooled Money Investment Account to allow for loans and credit.

The bill would have been able to address the effects of the pandemic and ensuing economic crisis that has hurt local governments and small businesses.

Assemblyman Santiago said, "Let's take 10% of the money that California already holds in its checking account, and let's help Main Street.... We can structure a bank that actually is accountable to the people and does what the people want it to do." The bank would have helped those hurt in the current crisis "by lending to small businesses at reasonable rates and providing local governments with a stable source of financing."