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Inside this issue:

Retiree Statewide Academic Senator to be Selected 1

The California Rule, Pension Reform, and the San Jose Initiative 1

From the President 2

Review of Diane Ravitch's "Reign of Error: The Hoax of the Privatization Movement" 3

CSU-ERFA Foundation Receives 2nd Challenge Grant 3

ASCSU Report: "Positive Developments & Challenging Issues" 4

Community Colleges to Offer BAs? 4

Health Benefits: New Long-Term Care Program Opened 5

Legislative Report: Chuck Reed's Pension Initiative, Look Up Your Pension? and Lobbying in Sacramento 6

CSU-ERFA Research Grants Awarded to Three.... 6

Retirement Can Be Less Taxing, by the Frugal Ferper 7

The Story of the American University of Phnom Penh 9

In January PPIC Survey, Californians Support Pension Reform 10

Pre and Post-Retirement Report: What Have We Learned From the Battle Over Social Security? 11

Retiree Statewide Academic Senator to be Selected

All CSU faculty retirees are eligible to be selected as the CSU faculty retiree member of the statewide Academic Senate. Nominations are due by March 21, 2014. The term is for three years, starting July 1st.

Membership in the CSU Academic Senate (ASCSU) includes two senators from each campus plus an additional senator from each of the seven largest campuses. To these numbers are added the past chair if he or she is not an elected member; the chancellor or his representative; and "one emerita/emeritus selected by the CSU Emeritus and Retired Faculty Association," currently Dr. Harold Goldwhite, emeritus professor of chemistry and biochemistry at Cal State LA.

Nominations must include a personal statement that the nominee will serve the three year term and make periodic reports for CSU-ERFA, a brief summary of the nominee's resume, a statement from the nominee describing why the nominee would be an appropriate choice, and at least three references. Nominations go to the CSU-ERFA office at the address listed on page two of *The Reporter*. Complete application details are available from the CSU-ERFA office or from the web site: http://www.csuerfa.org.

The selection committee consists of Profs. Barbara Sinclair, President of CSU-ERFA, two members of the CSU-ERFA Executive

(Continued on page 10)

The California Rule, Pension Reform, and the San Jose Initiative, by John G. Kilgour, CSU East Bay

The California Rule. In the private sector, vested pension benefits are protected; however, employers may change or terminate pension plans prospectively at any time. In most states, that is also the case in the public sector.

In 1889, in a case arising in California (Pennie v. Reis), the U.S. Supreme Court held that pensions were a mere gratuity that the employer could modify or terminate at any time. All but two states disagreed and adopted constitutional or statutory provisions based on contract or property rights that protected vested pension benefits. California took it a step further.

In 1917, in O'Dea v. Cook, a California appellate court ruled that pensions were not a gratuity because the California Constitution prohibited granting gifts to individuals. In a sentence of dicta, the court said that pensions were "in a sense" part of the employment contract. The idea that pensions were contracts was expanded upon in 1935 (Dryden v. Board of Pension Commissioners of Los Angeles) and in 1947 (Kern v. City of Long Beach).

(Continued on page 8)

State Council Meets Saturday April 26 at CPSU Pomona

From the President...

Dear Colleagues,

Where does the time go? It seems as though I just wrote to you, and already I am sending new greetings. However, as I think about CSU-ERFA, I realize that our organization continues to investigate many situations, suggest many positive actions, and carry out a lot of work. It is no wonder that time passes quickly. I do have some interesting information that I would like to share with you.

Survivor's Guide. First, let me tell you about the positive responses we have received regarding our Survivor's Guide. As you may recall, you were informed that the guide was revised last year and was available to you for a minimal $5.00 fee. Reactions to the guide have been quite favorable, and members have mentioned that the booklet provides valuable information in a manner that is quite easy to follow. They mention the fact that important documents that everyone needs to complete are included. Because of such affirmative feedback, I am reminding everyone again about this document that is so important for all of us to have available to our loved ones. You can request a copy from the CSU-ERFA office.

California Senior Legislature. It was a surprise for me to learn that relatively few retirees know about the California Senior Legislature (CSL). This is a group whose primary mission is to identify concerns and needs of older populations, put them into formal proposals, present them to members of the legislature or Congress, and advocate for laws to be enacted that implement the ideas. The CSL is comprised of 40 senior senators and 80 senior Assembly members elected as non-partisan representatives of California's 6.4 million residents over the age of 60. The senior legislators meet annually in legislative session in Sacramento and monthly in the 33 planning and service areas that elect them for four year terms.

At the legislative session each year, ideas are polished and formed into proposals. The top ten state proposals are taken to California legislators, and the top four federal proposals are taken to members of Congress who are asked to author and carry appropriate bills in the legislature or Congress. Since its inception in 1982 over 45 percent of the CSL's proposals have been enacted into law. They impact such areas as nursing home reform, elder abuse, day health care, transportation for frail elderly, veterans' issues, crimes against the elderly, and more. The laws are certainly to the advantage of older populations.

The CSL is supported entirely by tax deductible donations. You can support this effort by checking Code 402 on side four of your California State Income Tax Form 540, entitled "CA Fund for Senior Citizens." Contributions of all amounts are appreciated and are necessary to keep this organization functional. You can get more general information at http://www.4CSL.org.

Conferences on Aging. It is interesting that there are significant numbers of conferences being offered with aging as the primary theme. Not only is the number increasing but the breadth of subjects is also increasing, and many are quite important. I attend a number of such offerings and, periodically, I wonder if any of my CSU-ERFA colleagues would be interested in some of the content. One of the presentations I heard was of great interest, and I would like to share some of it with you. Entitled "On the Path Toward Age-Friendly Banking," it discussed the offering of financial products, services, and protections that improve the financial well-being of economically vulnerable older adults.

I was quite impressed with the material presented as it discusses programs to help older adults with financial/mortgage issues and to prevent the fraud that is estimated to affect some 60% of seniors. A survey of several national banks found that they were doing very little with the aged. It was discovered that about 75% of older adults were just one event, e.g. mortgage, health problem, fraud, etc., away from fiscal deficit.

To enhance "Age Friendly Banking," it was suggested that the following be implemented: 1) training bank personnel; 2) customizing financial accounts for seniors; 3) expanding affordable financial management by offering financial education, counseling, planning, and management as needed; 4) customizing adult programs that would aid seniors; 5) accessing aging adults in their homes and community;

(Continued on page 11)

Review of Diane Ravitch's "Reign of Error: The Hoax of the Privatization Movement...."

By Bill Blischke, CSU-ERFA Liaison to the ASCSU

Anyone in public education and/or concerned about its future in the US should peruse Ravitch's book, which focuses on the privatization of K-12 schools. The dramatic shift to charter schools and vouchers is diverting hundreds of millions of dollars of taxpayer's money to private, often for-profit, schools.

NCLB and "Race to the Top." This is coupled with the testing mania forced from Washington under the rubric of the Bush administration's "No Child Left Behind" and President Obama's "Race to the Top." Teachers and administrators are being fired and entire schools labeled as "failed" based on these very limited, often invalid, measures of performance. Teaching to the test has narrowed the curriculum, and in many cases, led to the elimination of the arts, history science, literature, etc. According to the author, the destruction of teacher's unions is part of the movement's agenda.

Centralization of Educational Authority. The author presents ample, though often redundant, evidence to document these changes. She ties them to the increasing class and racial segregation in our society. I have been teaching social stratification classes for almost half a century, and I have never seen less equality of opportunity in the US. In addition, during my 20 years on local school boards beginning just before Prop. 13, I personally and painfully witnessed the erosion of local community control over schools and the transfer of authority to Sacramento. Ravitch makes a powerful case regarding the further centralization of power to the Federal government, as well as private organizations and corporations. She debunks many popular myths regarding K-12 education but suggests solutions as well. Though I disagree with her on a number of issues, her analysis is thought-provoking.

Privatizaton in Higher Education. Ravitch focuses almost exclusively on privatization in pre-collegiate educational institutions. However, this powerful social trend is extensive. It has certainly affected higher education in California. The CSU has become more and more dependent on student fees and fundraising to replace diminishing state funds. I completed my graduate work at UC Berkeley and remain very active in their local alumni chapter. The latest figure I heard is that this preeminent "public university" receives 11% of its budget from the state.

The privatization tsunami has spread into almost every facet of our society from gated communities, private security systems and gun ownership (since we don't trust public safety officials to protect us) to toll roads and, most importantly, to contracting with for-profit companies at all levels of government to provide services that used to be performed by public, unionized employees.

Why the Privatiazation Mania? The systemic cause of these changes is the phenomenal concentration of wealth in our society and throughout the planet. The most astounding global statistic is that the 85 richest individuals have as much wealth as the poorest 3.5 billion (almost half the humans on earth).

Given the fact that economic power can, and almost always is, translated into political power, this trend is incompatible with democracy. When progressives and centrists recommend increasing the minimum wage, extending unemployment benefits and closing tax loopholes, they are accused of engaging in "class warfare." In fact, the 1% has been doing so in boardrooms and through lobbyists for many years. The overall progressivity of the U.S. tax system has plummeted over the last four decades. (Riddle: "What do you call a flock of millionaires? Answer: CONGRESS!)

Despite this very pessimistic picture, I plan to write an article for the next edition of *The Reporter* with some suggestions for generic solutions and some local, hands-on efforts in which I am engaged. I would welcome your comments and constructive ideas.

I strongly recommend the "Reign of Error." Those of us in higher education, especially in the CSU, struggle with the products of these disintegrating pre-collegiate, non-publicly controlled, "public" schools.

CSU-ERFA Foundation Receives 2nd Challenge Grant

By Mark Shapiro, CSU-ERFA Foundation Treasurer

The CSU-ERFA Charitable Foundation recently received a second $500 challenge grant from a CSU-ERFA member. The donor will match all individual donations received by the foundation through June 30, 2014 up to a total of $500. This follows the successful completion of its first $500 challenge.

The CSU-ERFA Charitable Foundation is a 501(c)3 organization that provides competitive grants to CSU-ERFA members to support their research and scholarly activities. Donations in any amount from both CSU-ERFA 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 to the CSU-ERFA Charitable Foundation at 18111 Nordhoff Street, Northridge, CA 91330-8339.

CSU-ERFA members also have the option of setting up a regular monthly donation to the foundation from their CalPERS pension warrant. If you wish to do that send a letter indicating the amount you want to donate each month (it must be a full dollar amount with a minimum of $1 per month) to CSU-ERFA at 18111 Nordhoff Street, Northridge, CA 91330-8339.

ASCSU Report: "Positive Developments & Challenging Issues," By Bill Blischke, CSU-ERFA Liaison to the ASCSU

The statewide Academic Senate (ASCSU) met in the first plenary session of 2014 on Jan. 23-24. There were many standard reports, including one from me on CSU-ERFA's "nefarious activities."

Update from the Chancellor. Chancellor White, who has attended every ASCSU meeting during his first year in office, came to provide an update on the CSU and, most importantly, its budget. He answered a number of penetrating questions from senators. His availability and candid responses seemed to be appreciated. The chancellor announced that he would give a "State of the CSU" address to the board of trustees the following week. It is available on-line and, if you haven't seen it, I recommend it highly.

Veterans Affairs. One of the other "time certains" was Patrick O'Rourke, CSU director of active duty and veterans affairs. This is a new position that I was pleasantly surprised about since I am a volunteer consultant and grant writer for GreenVetsLA. (I introduced myself to him, and we are in the process of setting up a meeting.) Since there are thousands of active duty military and veterans at our campuses, this is a useful addition to the CO staff.

Emeritus Status for Lecturers? The issue of most relevance to CSU-ERFA is the senate resolution regarding the eligibility of lecturers for emeritus status (AS-3157-13/FA). It was tabled until March because several senators pointed out that the list of campuses that already allow this was inaccurate. I am quite certain that it will pass at the next plenary, probably unanimously.

Faculty Research Funding. A resolution was passed unanimously encouraging the reinstatement of the Faculty Research, Scholarship and Creative Activities fund. The fund was eliminated during the budget crisis of the last few years. A number of you were probably recipients of these grants during your CSU career. The chancellor has agreed to re-create these professional development opportunities for our current and future colleagues.

The Academic Conference Resumes. Another very positive development is the resumption of the Academic Conference (many of us knew it as the Academic Retreat that was usually held at Asilomar). I requested that, in addition to faculty, administrators, staff, students, and trustees, CSU-ERFA should be invited to participate as well.

Other Issues. There are some major issues on the docket for the remainder of the year. They include the future of ethnic studies, the role of on-line education in our system, the proposal by some community colleges to offer bachelor's degrees, and the trend on some campuses for administrators to appoint faculty to various bodies rather than allowing them to be elected by their peers.

These are interesting, challenging, and, generally positive, times in the CSU and I appreciate the opportunity to serve as your liaison and to keep abreast of them as well as to keep you informed.

Community Colleges to Offer BAs?

A sixteen member task force, including one representative each from UC and CSU, has recommended that the California Community College chancellor and board of governors engage in further study and review of the idea of offering baccalaureate degrees in the state's community colleges.

The system would have to decide what types of BA degrees to offer, criteria by which the community college chancellor's office would evaluate proposals from the various colleges, and an analysis of related degrees already in existence. The impetus for offering the degrees is the shortage of college graduates in California, where CSU and UC award 110,000 bachelor's degrees per year, augmented by another 40,000 from private institutions. Current projections in 2025 suggest that the state would need over 200,000 bachelor's degree graduates per year, some 60,000 more than current levels.

While expressing concern that the new mission might erode the traditional role of the community colleges in transferring students, providing basic skills and career-technical education, the study group felt that the new mission deserved support. Looking beyond the state, the group found some 50 community colleges across the nation offering more than 500 baccalaureate programs in 21 states. The group felt that the BAs would achieve a net gain for California without diminishing resources for existing programs. Current research and experience, the report notes, argues that offering BA degrees in the community colleges would be a cost-effective way to prepare for the workforce of the future.

Things that need to be thought through include admission requirements, since the existing community college admissions are open access, whether the programs would unnecessarily duplicate programs at other institutions, and the implications for accreditation (although the accrediting

(Continued on page 12)

In Memoriam

Chico – Charles Scott

East Bay – Adele R. Wenig

Long Beach – Frank Pooler

Los Angeles – Bernard Codner

Northridge – Joanna McKenzie, Daniel Sedey, Lewis Yablonsky

Sacramento – Charles A. Ladley

San Diego – Kurt Bohnsack, Lowell Tozer

San Jose – Betty Walker

Correction: Albie Burke (November) should be listed with the Long Beach campus, not Dominguez Hills.

Health Benefits: New Long-Term Care Program Opened

By David Wagner, CSU-ERFA Health Benefits Director

New LTC Program (LTC-4). CalPERS has announced the opening of a new long term care (LTC) insurance program for new applicants identified as LTC-4 in CalPERS literature. Enrollment in the new program is open to all current and retired California state employees, spouses, parents, parents-in-law, adult children and adult siblings, between the ages of 18 and 79. There are three pre-packaged comprehensive plans to choose from with benefits capped at three, six, or ten years. Applicants may also select different optional benefits. Applicants must pass a review and underwriting process to be approved for coverage.

CalPERS estimates that the processing of applications will take 45 to 60 days. As we may have told our students during a class lecture: the following is very important. CalPERS is recommending that new applicants who are currently enrolled in an LTC plan, including existing CalPERS plans, should await confirmation of enrollment before dropping existing coverage. Details of plan options and enrollment information may be found online at https://www.calperslongtermcare.com or by calling (800) 908-9119.

Deciding to participate in a LTC program and choosing the exact level and type of benefits depend on an individual's unique circumstances. It may be appropriate to discuss options with a trusted financial advisor or attorney. CSU-ERFA offers a review of key factors for making an informed decision and abbreviated information on the new CalPERS options on its homepage: www.csuerfa.org.

Old Long Term Care Programs. If you have one of the LTC policies that is subject to the 85% increase in 2015 (LTC-1 and LTC-2 with lifetime protection or fixed plans with inflation protection), you will still be provided the opportunity to avoid the rate increase by converting to one of the prior established fixed year policies being offered by CalPERS. This conversion will not require an underwriting process. You will receive a letter from CalPERS alerting you to your options and deadlines for action.

Articles in the March and November 2013 editions of *The CSU-ERFA Reporter* contain important information on these older LTC plans and conversion options. Remember, however, if you choose to apply to one of the newly announced LTC-4 plans, it is not considered a conversion, and you must pass the underwriting review process before you are accepted for enrollment in the new LTC-4 plan. Your application may not necessarily pass the underwriting process.

Depending on the conversion decisions made by those currently covered by the old LTC-1 or LTC-2 plans, CalPERS will assess whether the plans have achieved a positive and stable actuarial margin. Based on an assessment of these data CalPERS will determine if there are any future additional options or cost adjustments for enrollees in LTC-1 and LTC-2 plans.

Deciding to participate in a LTC program and choosing the exact level and type of benefits depend on an individual's unique circumstances.

CVS Caremark Contract Extended: CalPERS extended the contract of CVS Caremark to December 31, 2016 to continue to provide pharmacy benefits for enrollees in Anthem Blue Cross, Health Net, UnitedHealthcare, and Sharp Health Plan. CalPERS explained that this extension allows time for fine-tuning CVS Caremark's delivery of pharmacy benefits and avoids disruption to members by changing vendors again. This extension provides time for CalPERS to initiate development of an RFP (request for proposal) for pharmacy benefits in late 2014, with an anticipated contract award in late 2015.

CalPERS staff were made aware of and have acknowledged the serious service problems voiced by CSU-ERFA members and members of other groups with CVS as the Pharmacy Benefit Program Manager (PBPM). CalPERS responded to the concerns brought to their attention. Dr. Kathy Donneson, Chief of the CalPERS Health Plan Administration Division, e-mailed Juanita Barrena, former CSU-ERFA Health Benefits Committee chair, that she can "understand member frustration with receiving poor service." Dr. Donneson noted that CalPERS was "working with CVS Caremark to focus on improving existing programs and improving customer service for a better member experience. We have forwarded these and other concerns to CVS Caremark's Senior Management to hold them accountable for the severity of issues that some of our members have been experiencing with member services and CVS retail pharmacies."

Changes in CVS Caremark Benefits. CalPERS announced that in 2014, CVS Caremark will implement a specialty preferred drug strategy for rheumatoid arthritis, multiple sclerosis, and growth hormone to encourage appropriate prescribing to lower costs both to members and CalPERS without sacrificing clinical outcomes. In addition, they have implemented new "Patient Safety Programs" for Medicare Part D members that involve "utilization management," including quantity limits, prior authorization for high risk medications for the elderly, and new limitations on three types of drugs. You should have received a letter explaining the changes if you are in the group covered by the Patient Safety Programs.

Pension Check Adjustments. The pension warrant many retirees received in January reflected adjustments for taxes, health premiums, and/or Medicare reimbursements. If you have questions on your new benefits payments or deductions, please call CalPERS at (888) 225-7377.

Health Care Eligibility Verification. Those retirees who responded to requests from HMS Employer Solutions (HMS) on behalf of CalPERS for verification of dependent's health care eligibility should receive postcard acknowledgement that verification material was received by HMS. Some CSU-ERFA members reported difficulty in contacting HMS to resolve problems. These complaints were brought to the attention of CalPERS managers. Other state retiree associations reported similar member issues. The California State Retiree newspaper reported in their February issue that HMS acknowledged "intermittent challenges with delayed response times," and that "these issues have been addressed and response times have resumed normal levels."

Legislative Report: Chuck Reed's Pension Initiative, Look Up Your Pension? and Lobbying in Sacramento

By Alan Wade, Legislative Committee Chair

The CSU-ERFA executive committee meeting (February 8, 2014) directed your legislative committee to take action on three pension-related issues. While the need for us to continue to monitor anti-public employee opinion and outcomes that could affect our lives in retirement was emphasized, it was agreed that there is no need for us to panic about our security in our later years. We are still relatively safe, but we need to monitor the constant activity on this front closely. It is likely that our brothers and sisters still in the workforce will carry the biggest burden of the pension wars.

San Jose Mayor Chuck Reed's Pension Reform Initiative. Our committee *was* asked to monitor the progress of Chuck Reed's proposed initiative, now currently inactive, with no signature-gathering activity detected. Reed is the San Jose mayor whose proposal, if it makes it to the ballot, would transfer to the political arena all current agreements (traditionally regarded as vested) on pensions and benefits, subjecting them to reneging. Reed has filed an appeal to the Attorney General's "title and summary," which uses the term "eliminate" in its description. This could have the effect of delaying the vote until November, 2016. No matter what happens on the initiative front, the state and nationwide assault on our pensions/benefits will continue and we need to pay close attention.

Look Up Your Pension? Some of you may know that there is now a web site with CalPERS pension data on it for each of us. You can look yourself up at http://transparentcalifornia.com/pensions/calpers/. The Tustin-based California Public Policy Center obtained the data from CalPERS through a public records request. The center also has data on current state employees and links to many other databases with public sector employee information on them. The CSU-ERFA executive committee asked us to consider ways (legislative?) to mitigate the impact of the wholesale release of CalPERS pension data through a commercial website. It is suggested that we seek support for limiting the public release of pension data online to name and current amount only. Currently, the public has access to your name, employer, pension amount per year, number of years of service to two decimal points, and year of retirement. Some feel that the number of years of service data along with year of retirement might enable criminals to target the more vulnerable among us.

Lobbying in Sacramento. Since CSU-ERFA relies heavily for its legislative information and advice on sister organizations who pay for a legislative presence (e.g., a lobbying firm), I urged the Executive Committee to consider an annual subsidy to the RPEA (Retired Public Employees Association), of which some of us are long-term members. I am directed to look into how we could best pay a fair share of what I consider an obligation. I will be meeting on March 3 with the RPEA legislative committee, to which I belong as CSU-ERFA's representative, and will send out a full report on RPEA's legislative recommendations after that meeting.

CalPERS Board Action. In another action with far-reaching effects, the CalPERS board earlier this week granted the governor's demand for accelerated payments from the general fund to assure 100% funding for our pension fund. Some of us believe this action to be an overkill of financial prudence, which could easily and responsibly have been delayed. Whether this step will accelerate or dampen public anti-pension sentiment is unclear at the present time. That it places an additional burden on the state's achievement of fiscal health by diverting funds that could have been used to rebuild our frayed social safety net is quite clear.

Finally, I should add that the governor suggests that we (yes, we retired professors!) are at least in part to blame because we are living too long. This is a matter beyond the pay grade of even your diligent Legislative Committee.

CSU-ERFA Research Grants Awarded to Three CSU Emeriti Faculty

The CSU-ERFA Foundation Grants Committee has approved the award of three research grant applications from the 2013-2014 cycle. Prof. Daniel Kessner of CSU Northridge was recommended for a project that will result in a CD of recent musical works. The impetus comes from performances at a European festival, which has been named after him, the first ever "Festival Kessner, October 2013," by Conservatorio de Musica do Porto, Portugal. Recordings are being scheduled for April 2014.

Prof. Isabel Kaprielian-Churchill of CSU Fresno was approved for a project to investigate the history of 109 orphan boys between ages of eight to twelve years who were brought from orphanages in the Middle East region to Canada during the 1920s and placed on a farm/orphanage at Georgetown, Ontario to be trained as farm workers, as well as 40 girls and young women brought for domestic labor in Toronto between 1920s and 1930s.

Prof. Robert G. Fowler of San Jose State University was approved for a study involving the characterization of a mutation in a gene that encodes an unusual DNA polymerase called DinB or DNA polymerase 1V. These are enzymes that catalyze the vital function of copying the DNA of a genome when a cell divides using the old, established DNA as a template. In humans, there are trillions of cell divisions and multiple forms of DNA polymerase to carry out copying of genetic material, but it is difficult and complicated to study the duplication of genetic material in complicated organisms such as humans. Simpler organisms are used to study this process, such as the utilization of the well-known bacterium, Escherichia

(Continued on page 7)

Retirement Can Be Less Taxing

By Barry Pasternack, CSU Fullerton, The "Frugal Ferper"

It's the start of a new year and big box store newspaper advertisements seem to focus on weight loss programs and tax preparation software. In light of the fact that taxes are an essential part of our lives, I thought it might be worthwhile to examine whether moving to a different state could lower one's taxes.

Now in the old days (when I was hired by the CSU in the late 1970's) it did not matter too much where one lived after retirement because if you collected a CalPERS pension, you still had to pay California state income tax on that income. The theory at the time was that because the pension was earned while working in California, California was entitled to tax this income. This changed in 1995 due to the enactment of Public Law 104-95 (see http://www.ehow.com/info_7751181_california-income-taxable-outside-california.html#ixzz2qIvqDv1C) so that now pension income is reported for state tax purposes in your state of domicile.

Hence, if you move to a state which does not have an income tax, your CalPERS retirement payments are not taxed at the state level (they are, however, still subject to federal tax). At present nine states do not collect income tax from their residents. These are Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming; however New Hampshire and Tennessee do tax dividends and interest. It is also worth noting that there are states that have a state income tax, but exempt retirement income from this tax. Five states do not impose a sales tax: Alaska, Delaware, Montana, New Hampshire, and Oregon.

I used to joke with people that the perfect place in the US to retire to was Vancouver, Washington as Washington has no state income tax, and Oregon (right across the Columbia River from Vancouver) has no sales tax. The punch line of the joke was that to do this one had to live in Vancouver. Not to disparage Vancouver (or the terrible traffic that can occur on the bridges crossing the Columbia between Vancouver and Portland), I doubt if this suburban town is the area that many retirees would want to move to. Alternatives might be Alaska and New Hampshire, but after working in California, getting used to the winters in those states may be problematic.

Perhaps more important is that there are a number of other taxes besides state income and sales taxes that can affect retirees and should be considered in making a decision as to where to live. These include: property tax, estate tax, inheritance tax, gift tax, and tax allowances on social security income and other retirement income. For example, even though Washington has no state income tax, it has one of the highest estate tax rates in the nation, and this can reach a marginal rate as high as 20%. Property taxes in California, which may initially be high, may only increase about 2% a year due to Proposition 13.

According to the Kiplinger magazine website (see http://www.kiplinger.com/tool/ retirement/T055-S001-state-by-state-guide-to-taxes-on-retirees/index.php?map =14#anchor) the ten most tax-friendly states for retirees are (in alphabetical order): Alaska, Arizona, Delaware, Florida, Georgia, Louisiana, Mississippi, Nevada, South Carolina, and Wyoming. The ten least tax-friendly states for retires are (in alphabetical order): California, Connecticut, Minnesota, Montana, Nebraska, New Jersey, New York, Oregon, Rhode Island, and Vermont. One of the nicest things about the Kiplinger website is that it gives an interactive map where one can click on a state to get a synopsis of the tax policies that impact retirees.

The ten most tax-friendly states for retirees are (in alphabetical order): Alaska, Arizona, Delaware, Florida, Georgia, Louisiana, Mississippi, Nevada, South Carolina, and Wyoming.

One strategy that some retirees use is to have domicile in one state but spend a portion of the year (less than half) in another state or states. For example, I have relatives who spend part of the year in Florida and part of the year in California. They spend the majority of their time in Florida and claim Florida as their domicile. I should note, however, that spending the majority of time in one state may not be enough to convince the tax collector of another state that this is your domicile. In a famous Supreme Court case, John T. Dorrance, an owner of the Campbell Soup Company, had homes in New Jersey and Pennsylvania. While the estate claimed that Dorrance had a New Jersey domicile (estate taxes were lower in New Jersey than in Pennsylvania), Pennsylvania also claimed domicile. The U.S. Supreme Court ruled that both states could claim domicile and collect estate taxes. Hence, one should be careful in splitting one's time between two states.

While normally your domicile is based on where one votes, banks, gets a drivers license, etc., the issue of domicile can get muddy. For example, according to Mitchell Freedman, a CPA with the accounting firm of M. Freedman & Co., Inc., (see http://www.mfac-bizmgt.com/) the issue of domicile can be problematic if one owns residences in two states and has cars registered in both states. In such cases, it would be wise for individuals to speak to an accountant or attorney knowledgeable in such matters.

CSU-ERFA Research Grants

(Continued from page 6)

coli, which have a similar DNA polymerase, DinB, to one found in humans and other animals, and that can be involved in various forms of cancer. In this research, a mutation in the E. coli dinB gene that produces a mutant DNA polymerase that causes cells to be killed by UV light will be examined. The study specifically will research how this lethal activity occurs.

The 2013-14 grants committee consisted of Sally Hurtado de Lopez, chair, and members Judith Hunt, Beatrice Pressley, and Marshelle Thobaben.

The California Rule, Pension Reform, and the San Jose Initiative

(Continued from page 1)

The final piece of the California Rule fell into place in 1955 when the California Supreme Court held in Allen v. City of Long Beach that a change made to a public pension plan that reduces benefits would be permissible only if the reduction is offset by a new comparable benefit.

Underlying the California Rule is the questionable assumption that the judiciary can create a contract not explicitly based on legislative intent. That is in conflict with well-established "tests" of the Contract Clauses of the California and U.S.Constitutions.

The California Rule has been adopted by 12 other states (AK, CO, ID, KS, MA, NB, NV, OK, OR, PA, VT, and WA). However, three of them (CO, MA and OR) later modified the Rule and three states (CT, ME and NJ) have specifically rejected the Rule.

> The San Jose initiative...would amend the California Constitution to allow the modification of prospective pension benefits for current public employees.

Pension Reform. The Public Employees' Pension Reform Act (PEPRA) took effect on January 1, 2013. It applies to CalPERS, CalSTRS and the 20 county retirement systems covered by County Employees Pension Law of 1937. Its most important provisions apply only to new employees. They include a single reduced benefit formula, a requirement that employee contributions cover at least one-half of annual "normal costs" (benefit and administrative costs), a prohibition on employers "picking up" employee contributions, basing the benefit formula on the average pensionable earnings over the highest three consecutive years rather than the highest 12 months, and capping pensionable earnings at 100% of the Social Security wage base for employees covered by Social Security and 120% for those not covered.

For current (and new) employees there are a number of provisions aimed at limiting "spiking." It will no longer be possible to convert unused sick leave, vacation time, CTO, etc. to final average salary or to months/years of participation or to purchase "air time." Buying participation for former public employment or military time is still allowed.

Because of the California Rule, the main cost-saving provisions of PEPRA only apply to employees hired after January 1, 2013. It will therefore take years or decades before the law has any meaningful impact on the unfunded liabilities of CalPERS, CalSTRS and the 1937 Act counties. Three California cities are in Chapter 9 bankruptcy due in part to pension costs (Vallejo, Stockton and San Bernardino) and others are in financial difficulty (Bakersfield, Compton, El Monte, Fresno, Los Angeles, Oakland and San Diego).

The San Jose Initiative. Mayor Chuck Reed of San Jose and the mayors of four other cities (Anaheim, Pacific Grove, Santa Ana and San Bernardino) have created an initiative, initially aimed at the November 2014 ballot, to amend the California Constitution to allow the modification of prospective pension benefits for current public employees. The initiative would effectively undo the California Rule.

The public employee unions and their allies will, of course, fight the proposal. A similar proposal in 2010 was abandoned due to a lack of funds needed for the signature campaign. And in 2012, another attempt was aborted when Attorney General Kamala Harris provided a title and summary statement that made voter approval unlikely.

On January 27, 2014 the Attorney General issued her title and summary statement for the San Jose initiative. Both sides were disappointed. The title was vague: "Public Employees. Pensions and Retiree Healthcare." The summary included comments such as the measure would "eliminate constitutional protections for public workers such as nurses, teachers and peace officers" that proponents considered unfair. Opponents of the initiative thought such statements should have been given more prominence.

Backers of the initiative will file a suit alleging that the Attorney General's language was not impartial, as she is supposed to be. It is likely that the matter will find its way to the California Supreme Court. That pretty much precludes the 2014 ballot. It may make it for the November 2016 statewide election.

The San Jose initiative may be overly ambitious. It would require pension and retiree health benefit plans that are less than 80% funded to prepare an annual plan and hold hearings on how to achieve full funding within 15 (not 30) years. Since most public pension plans are now underfunded and retiree health benefit plans are largely pay-as-you-go, this provision would be expensive and troublesome.

If the San Jose initiative does eventually make it to the ballot, there is a good chance it will pass. There is a lot of "pension envy" out there and public pension and retiree health benefits have gotten a lot of bad press over the last decade. If the San Jose initiative does not make it to the ballot, another will no doubt take its place in the near future and its sponsors will have learned from their past mistakes.

Would you sign the initiative petition? Would you vote for it? Hey, we've got ours. No one is talking about reducing the vested benefits of current employee or of retirees. Not yet, anyway. Is your loyalty as a taxpayer to the State of California and its subdivisions or is it to our not-yet-retired CSU and other public- sector colleagues? Hard call, isn't it?

Source: Extracted from John G. Kilgour. "Pension Reform in California." *Compensation and Benefits Review*. (Forthcoming, 2014).

The Story of the American University of Phnom Penh

By Margaret Hartman, Interim VP for Academic and Student Affairs, The American University of Phnom Penh (AUPP)

I know that all of you received an e-mail from CSU-ERFA president Barbara Sinclair telling you about teaching opportunities here, but I thought that I would supply some more background information about the institution and about the courses that we are scheduled to teach.

I am a professor emerita from Cal State Los Angeles where I served as a faculty member and administrator from 1970-2000. I have spent most of the last thirteen years living and working internationally. I am now serving as Interim Vice President for Academic and Student Affairs at The American University of Phnom Penh (AUPP).

AUPP was founded by three individuals, two from Cambodia, both of whom earned their doctoral degrees outside of Cambodia, and a faculty member from the United States. The raison d'etre for AUPP was to give students who don't have a chance to go to the United States a U.S. style education.

AUPP opened its doors in September 2013 to 35 students, all of whom were required to take an English preparatory program (similar to the program taken by students in the U.S. who don't have the necessary TOEFL score). In January of this year, these students moved into the collegiate program. About half of them are taking a full collegiate curriculum, including first semester of English. The others are taking nine units of remedial English and two collegiate courses. All of the students are from southeast Asia, almost all from Cambodia.

Although we have a direct transfer agreement with Middlesex Community College in Massachusetts, we hope to entice most of our students to stay for a complete BA degree. We are starting with three degree programs: business and economics; law; and political science and diplomacy. As the student body expands, we are open to increasing the number and variety of majors.

We plan to finish our second semester by the end of August and start our 2014-15 academic year in September and finish in May. So, by the end of this academic year, we will be on a normal U.S. academic calendar. The program is designed so that the first two years are general education and liberal studies courses and the last two years are courses in the student's major. There is a little bit of overlap: the students take the first course in their major in their fourth semester and in the last semester, they take an integrated G.E. course.

I have just finished laying out this year's and next year's faculty needs. I will let my successor deal with future years. For the May semester of this year, I believe we have a full complement of faculty.

For September, 2014 semester, we need full time faculty in ESL, English/humanities, including remedial English, and speech, and part time faculty in macroeconomics, math modeling for social sciences, world history and psychology.

For the January, 2015 semester, we need full time faculty in ethics, remedial English, environmental science, and part time faculty in psychology, sociology, physical science, math modeling, and world history. In addition, if you are up for a real challenge, we need full time faculty in business/economics and political science to teach courses and to prepare for the initiation of the upper division programs in those areas.

For summer 2015, we plan to offer three courses in a condensed time frame: ethics and society (May 18-June 12), arts and culture (June 22-July 17), and oral communication (July 27-Aug 21).

If you have any interest in teaching here, I encourage you to view our website (www.aupp.edu.kh) or to contact me with questions (hartman.m@aupp.edu.kh).

Con Men Using Confusion Over Affordable Care Act to Scam Seniors

Seniors are reporting special problems concerning the Affordable Care Act, which actually doesn't require any senior citizen on Medicare to do anything. Instead, what some are experiencing are scams designed to convince seniors to divulge confidential Medicare, banking, or credit card information. Some have reported complaints over deceptive sales pitches. Some examples:

• A man posing as a government official went door-to-door, claiming to work for Medicaid. He obtained personal information, ostensibly in order to sign people up for the new program.

• Websites that look official but are actually bait set by insurance operators who are interested in receiving your payments and your credit card numbers.

• Marketers pushing expensive add-on policies to those on Medicare by claiming that such coverage is required (it isn't).

• Another scam is to obtain identity information by claiming that those on Medicare need a new government insurance card (they don't).

• Some are charging as much as $500 to help people navigate the government websites for the Affordable Care Act (there is free help available in every state).

The complexity of the law and the public's lack of knowledge of its provisions contribute to the problem. Attorneys-general in 36 states were reported in *The New York Times* in November as holding conference calls on the latest scams every two weeks.

Older Americans, those on Medicare, are not required to have supplemental coverage, although 91% of those on Medicare carry either an employer supplemental or a Medigap insurance policy, are on Medicare Advantage, or have dual coverage with both Medicare and Medicaid.

In January PPIC Survey, Californians Favor Pension Reform

The Public Policy Institute of California recently released the results of its January survey of “Californians and Their Government” in which two of the questions centered on Californians’ attitudes toward public pensions. In the survey, Californians give Governor Jerry Brown a record-high job approval rating and his budget proposal strong bipartisan support.

With regard to government pensions, overwhelming majorities (82% adults, 85% likely voters) say the amount of money spent on public employee pension or retirement systems is at least somewhat of a problem for state and local government budgets. Unlike perceptions of the California budget, pension perceptions have stayed the same since January 2010 when this question was first asked.

One idea to deal with the situation is to change the pension system for new employees from defined benefits to a defined contribution system similar to a 401(k) plan. Asked about this idea, 71 percent of adults and 73 percent of likely voters support it, with strong majorities across political parties in favor. The majority at present is as strong as the highest previous percentage, reached in March 2011. (The minimum majority favoring this proposal in the five times that PPIC has asked the question is 61%.) Republicans and Independents favor the plan at majorities of 79% and 76%, while Democrats are a bit lower at 65%. Across ethnic and racial groups, Asians are the most likely to favor the plan at 78%, but the least likely group, Latinos, favors it at 68%. At least two-thirds of each age, education, and income group favors the plan as well.

Californians remain divided about the Affordable Care Act (44% generally favorable, 46% generally unfavorable). While the law’s implementation has been a success in California compared with other states, fewer than half of adults say Covered California, the online exchange, works well (12% very well, 34% fairly well, 23% not too well, 16% not at all well, 15% don’t know). Adults without insurance are more likely to say it is not working well (50%) than those with insurance (36%). Among racial/ethnic groups, blacks (62%) are more likely than Latinos (52%), Asians (45%), and whites (39%) to say it is working well. Among adults with health insurance, 6 percent say they bought it themselves. Of these, 25 percent report buying it through the exchange. Among the uninsured, 72 percent say they plan to get health insurance this year in accordance with the law, 18 percent say they will not, and 9 percent are unsure.

Amid renewed talk of immigration reform, overwhelming majorities of adults (83%) and likely voters (82%) favor a path to citizenship for undocumented immigrants who wait a certain period of time, pay fines and back taxes, pass criminal background checks, and learn English. There is strong majority support for this proposal across parties (89% Democrats, 84% independents, 74% Republicans). California leaders have recently acted to allow these immigrants to obtain driver’s licenses and practice as attorneys.

The survey’s questions were asked of a random sample of 1,706 California residents between January 14 and 21, 2014.

Adult Truths

From one of those emails endlessly circulating around the Internet:

1. Nothing is worse than that moment during an argument when you realize you're wrong.
2. People who forward email without deleting the tons of previous recipients should be tarred and feathered.
3. I totally take back all those times I didn't want to nap when I was younger.
4. There is great need for a sarcasm font.
5. How in the devil are you supposed to fold a fitted sheet?
6. Was learning cursive really necessary?
7. MapQuest really needs to start their directions on #5. I'm pretty sure I know how to get out of my neighborhood.
8. Obituaries would be a lot more interesting if they told you how the person died.
9. I can't remember the last time I wasn't at least kind of tired.
10. Bad decisions make good stories.
11. You never know when it will strike, but there comes a moment at work when you know that you just aren't going to do anything productive for the rest of the day.
12. Can we all just agree to ignore whatever comes after Blue Ray? I don't want to have to restart my collection...again.
13. I'm always slightly terrified when I exit out of Word and it asks me if I want to save any changes to my ten-page technical report that I swear I did not make any changes to.
14. Shirts get dirty. Underwear gets dirty. Pants? Pants never get dirty, and you can wear them forever..
15. The first testicular guard, the "Cup," was used in Hockey in 1874 and the first helmet was used in 1974. That means it only took 100 years for men to realize that their brain is also important. Ladies, quit laughing!

CSU-ERFA Foundation Grant Cycle 2014-15

The CSU-ERFA Foundation is accepting grant proposals beginning May 19, 2014. Grant proposal deadline is December 18, 2014. Applicants will be notified in February 2015.

Information may be downloaded from the CSU-ERFA website or call the office at (818-677-6523.

Retiree Member of Statewide Academic Senate to be Selected

(Continued from page 1)

Committee, William Blischke of Dominguez Hills and Alan Wade from Sacramento, and Don Cameron, CSU-ERFA executive director, who serves as non-voting staff to the committee.

Pre and Post-Retirement Report: What Have We Learned from the Battle Over Social Security?

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

Q. President George W. Bush proposed privatizing Social Security – where does this proposal stand now?

A. You no doubt recall that the approaches favored by the Bush administration involved downsizing and reduction of the entire Social Security program. Among the favored schemes was one that encouraged workers to assign up to four per cent of their pay, beginning with $1,000 a year, to a private account, with investment strategies modeled on the practices of 401(k) systems. One complication was that in the years following retirement, increases would be based on inflation rather than the growth of the national economy, which would substantially lower the income of future retirees.

In the years since this initiative was promoted early in the Bush administration, we have learned the following:

1. Despite strenuous efforts to pass the legislation, the effort failed immediately. Initial public reaction was 55% against the scheme in any form.

2. The motivation behind the effort was not about problems in financing, but instead was merely ideological. A good early analysis of this and other privatization schemes is found in L. A. Times columnist Michael Hiltzik's The Plot Against Social Security (Harper Collins, 2005.) In that book Hiltzik argues that the ideological principles are that retirees should participate in an "ownership society" and that every effort must be made to diminish the role of government in our lives.

3. Conservative proponents of privatization schemes will stoop to any level to misrepresent conditions in the present Social Security system. The main attempt in their arguments is to stupefy readers with large numbers: for instance, at the present rate of financing, they claim that the system would have a deficit in 75 years of four trillion dollars. Yet that sum would only be 1.2 per cent of the gross domestic product in that future year, and the entire difficulty would be avoided by an increase in the system payroll rate from 12.4 per cent to 14.32 per cent. Proponents like to seize on any argument that has shock value, and that can be separated from rational scrutiny as well.

4. Privatization proponents included some ideological heavy hitters from the outset, according to Hiltzik, including the Cato Institute and the Heritage Foundation, together with a large variety of offshoot organizations. Early contributors to these foundations in the Bush years included true believers like Joseph Coors, Richard Mellon Scaife, and the Koch family, as well as a variety of businesses and investment services that would like your Social Security sums for their own initial revenues: PaineWebber, Charles Schwab, and American Express. Oddly enough, at the outset Merck and Pfizer contributed despite the fact that older people need a sustained income to buy their medicines; and ExxonMobil, ChevronTexaco, and Hewlett Packard contributed perhaps because they like to be represented in conservative causes.

5. The Great Recession showed that 401(k) plans, or 403(b) plans in the case of government employees, are woefully unreliable. Some claim that their 403b programs haven't fully recovered to this day.

6**. Despite these shortcomings, members of the broader public are easily won over to the policy of substituting 401(k)-style plans for pensions for government employees** (these are ordinarily the 403(b) type.) At present in San Diego, for example, all new city employees, including those for the Fire Department, are given only defined contribution 403b plans. Only the Police Department retains defined benefit pensions.

The answer to your question is that the ideology underlying this cause, and the supporting ideologues, will not go away, and the issue will reappear in a new guise before long. We must remember that in viciously partisan politics, any alleged truth emerges only in what leaders can get the people to believe – and vulnerable segments of society must exercise constant vigilance on the trends in political beliefs.

Please send questions for this column to Tom Donahue, donahue_thomas@ymail.com.

From the President....

(Continued from page 2)

6) making banking easier. Also, banks need to work with organizations that deal with aging so that they have better access to seniors (hmm!). The workshop speakers agreed that it is important for all banks to become "aging friendly." The American Bankers Association is now doing compliance workshops that will include information for older adults.

Executive Committee. I believe we are truly fortunate to have such an able and productive committee, and I want to formally recognize and thank them. I am sorry that Juanita Barrena resigned as chair of the health benefits committee, but I am grateful that the position will be covered (at least temporarily) by David Wagner. David has held a variety of teaching and administrative positions at Sacramento State, the last of which was vice president for human resources. He is currently president of the CSUS Emeritus Association.

I wish you well and again ask that you invite your retired university friends to join us as members of CSU-ERFA.

Please give us a call if you have any questions or comments.

Regards,

Barbara

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

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

Address Service Requested

California State University
Emeritus & Retired Faculty Association

CSU-ERFA New Members

Channel Islands – Barbara N. Thorpe Cartee

Dominguez Hills – Diane Hembacher

Fresno – Shirley A. Kovacs

Humboldt – Bernadette M. Cheyne

Los Angeles – T. Jean Adenika, Siegrun F. Freyss, Steven L. Gordon

San Bernardino – Richard E. Lillie

San Diego – Maria G. Butler

San Jose – Kim S. Uhlik

San Luis Obispo – Richard M. Equinoa

Stanislaus – Lisa K. Adams, Ralph L. James, M. Eileen Hamilton

CSU-ERFA Calendar of Events

April 26, 2014 - CSU-ERFA State Council meets at Cal Poly Pomona.

August 14, 2014 - CSU-ERFA Executive Committee meets in Torrance.

October 18, 2014 - CSU-ERFA State Council meets at CSU Dominguez Hills.

2014 - Dates to be announced. CalPERS elections for three seats on the Board of Administration.

CSU-ERFA: Three New Lifetime Members

The following have joined CSU-ERFA as new lifetime members or converted their membership to a lifetime membership:

Los Angeles – Barbara Sinclair

Sacramento – David Wagner

San Francisco – Virginia Ann G. Shadwick

Community Colleges to Offer BA Degrees?

(Continued from page 4)

commission for the community colleges is seeking changes in its scope from the US Department of Education to accredit community colleges offering more than one BA degree).

Other issues are the adequacy of facilities, faculty, administration, libraries and other student support.