



REPORTER

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

CSU-ERFA EXECUTIVE COMMITTEE OPPOSES PROPOSITION 174

After extensive deliberation the CSU-ERFA Executive Committee voted to urge members to oppose Proposition 174, the voucher initiative. This initiative "permits conversion of public schools to independent voucher-redeeming schools" and "requires state-funded vouchers for children enrolled in qualifying private schools."

The issue for the Committee was whether or not it was appropriate for CSU-ERFA to take a position. The conclusion was that indirectly this initiative would so damage the public schools and cost so much that the CSU system would suffer serious damages.

Although the members felt the initiative was bad public policy and would make the public schools even worse, the basis for the committee's opposition was that the initiative, if passed, would seriously damage the CSU system.

PERS SETTLES LAWSUIT

In a memo to the PERS board, dated June 30, a settlement was announced in the lawsuit PERS vs. the state controller, the state treasurer, and the director of the Department of Finance. PERS had filed a claim with the Board of Control for \$14.9 million, representing the approximate interest earned by PERS cash accounts from July 1, 1984, through June 30, 1988. PERS claimed this interest was incorrectly credited to the state's general fund rather than to the retirement fund. The Department of Finance, treasurer, and state controller filed cross-complaints against PERS. The disagreement reached the Sacramento County Superior Court on May 17.

The following are the key points of the June 30 settlement:

"The interest earned by these accounts will continue (as it has since July 1, 1988) to be appropriately paid to the retirement fund. Accordingly, the Department of Finance's cross complaint will be dismissed with no recovery.

"PERS will receive \$7,500,000. although payment may not be completed until August 16, 1995; however, interest will accrue at 8.5% interest per annum until fully paid.

"If the judgment (with accrued interest) is not paid in

STATUS OF FERP ARBITRATION

October 1, the CSU and CFA may have "written" the final chapter in the lengthy arbitration about pre-1987 layoffs. At this hearing concerning remedies "in lieu" of reinstatement for those FERPs "unable" to return to offered campus assignments, CFA's contract negotiator, Edward Purcell, presented potent arguments. The CSU director of employee relations, Samuel Strafci, with assistance from Dean O. Popp of San Diego State University and Margaret Hartmann of CSU Los Angeles, presented the CSU position with equal vigor.

Since the arbitrator, Joseph Gentile announced his decision this summer in the original San Diego cases, CSU and CFA had not agreed on any settlement for the grievants unable to return to work; Gentile had retained jurisdiction over the original San Diego cases and agreed to take like cases from other campuses.

The following is this reporter's understanding of what Gentile indicated at the hearing that he will soon report in writing.

Gentile, at the outset, made clear he was not disposed to "turn back the clock" nor be generous in any awards to those who claimed "inability" to return to duty. Of the seven faculty who submitted statements and documentation about such "inability," four had relocated—two to distant states—and three submitted documentation of medical conditions.

Strafci asserted that those in poor health would not have been able to work anyway; consequently, the university had not wrongfully deprived them of their positions. He indicated that those who had moved probably desired relocation and did not really want to return to work.

In this reporter's judgment Strafci showed no compassion for anyone whose circumstances might have caused him/her from being able to return to work, even though the layoffs created the problems in the first place.

Gentile discussed each case separately and indicated that in some instances he might award some mitigating compensation, but that he would in no case award the total salary lost from the layoffs.

The arbitration for the layoffs of post-1987 FERPs at CSULA is set for December 7, 1993. The case is assigned to Douglas Collins.—M. Dobkin (Hum)

PERS TO SUE STATE

The *Sacramento Bee Final* for September 23 reports that the PERS board voted to sue the state "over its decision to delay \$480 million in payments to the state pension fund." The CSEA endorsed the decision and advised that it "would consider joining the suit or filing a friend-of-the-court brief."

The PERS board has estimated that the funding delay, approved by the legislature at the last minute, will cost taxpayers an extra \$22-23 million a year, perhaps as much as \$800 million over the thirty-five year actuarial life of the fund. The state must spend this money to reimburse PERS "for the lost investment opportunities caused by the delay in the payment, as required by law."

(See PERS, p. 6, col. 1)

(lawsuit, continued from p. 1, col. 1)

full by August 16, 1995, the unpaid amount will be transferred by the Controller from any fund designated by the Department of Finance for that purpose (such fund not being the source of employer contributions due PERS), and if no fund is designated from the Purchase Money Investment Account. The transfer will not require any legislative action."

COMPLIMENTARY MEMBERSHIP IN CFA FOR CSU-ERFA MEMBERS

CSU-ERFA and CFA are now in the first year of a two-year pilot program to determine if retirees are interested in establishing closer personal relationships with CFA.

During the pilot program, and perhaps longer, CSU-ERFA members not already holding dues paying CFA retiree memberships may receive complimentary CFA memberships.

These free memberships will provide the retiree with *The CFA Professor* and other informational bulletins. The presence of a significant number of retirees in the CFA will also enhance the influence of retirees in determining policies affecting retirement programs.

The CFA governmental relations office has provided CSU-ERFA with a number of free services and resources when both organizations have cooperated on political matters. Presently, the two organizations are working to oppose Proposition 174.

If you are not now a member of CFA, CSU-ERFA urges you to take advantage of this opportunity. Please fill out the form below and send to CSU-ERFA.

MESSAGE FROM CSU-ERFA PRESIDENT

The CSU-ERFA Executive Committee at its fall meeting received reports and took action on a number of issues. These included (1) taking a position in opposition to Proposition 174, the school voucher initiative, and (2) approving the circulation of a survey to the membership to determine how great is the interest in a CSU-ERFA consulting program. You will receive further information on both of these actions.

Wilma Krebs and Don Moore gave a progress report on CSU-ERFA's consultations with PERS about the PERS' long-term care plans for retired public employees. This issue of *CSU-ERFA Reporter* provides a summary of these plans.

CSU-ERFA Vice President Milton Dobkin provided the latest information on the settling of implementation issues following the arbitrator's decision on the violations of the pre-1987 FERP contracts. Milt is continuing to provide leadership for CSU-ERFA in the resolution of these differences.

Membership Chair Ken Doane received approval to wage an aggressive campaign to get CSU retirees to join CSU-ERFA. He will mail appropriate solicitations to targeted prospects in close collaboration with representatives of CSU campus retiree organizations.

Treasurer Ed Bartenstein reported that CSU-ERFA is in a satisfactory financial position. The Executive Committee formally adopted a budget for the current fiscal year.

Chair William Schlosser (Retirement Concerns Committee) gave a progress report on the Committee's efforts to conclude a survey of campus retirement policies.

The following also reported: Fred McMahon, editor, *The CSU-ERFA Reporter*; Milt Dobkin and Mary Gormly on liaison with CFA; Don Moore on the CSU Academic Senate; Wilma Krebs on PERS, SCORE, and the legislature; and Sydney Albert, for the Long Range Planning Committee.

This summary of the fall meeting of the CSU-ERFA Executive Committee demonstrates to our members something of the scope and depth of the CSU-ERFA activities on behalf of the CSU retirees. The Long Range Planning Committee, which I chair, will meet November 18 and will welcome comments from you in response to our report found in the June issue of *The CSU-ERFA Reporter*.

All these topics and others will be on the agenda for the fall meeting of the CSU-ERFA State Council, December 11, in San Jose. All members and prospective members are invited. For further information, contact the CSU-ERFA headquarters staff in Northridge.—Emmett Long (Ful)

APPLICATION FOR FREE CFA MEMBERSHIP

I recognize that I can better serve the retirees and the CSU system by being a member of CFA. I elect to join CFA with a complimentary membership. I am a member of CSU-ERFA in good standing.

NAME _____

ADDRESS _____

SIGNATURE _____

MAIL TO: CSU-ERFA, THE RETIREE CENTER
CALIFORNIA STATE UNIVERSITY NORTHRIDGE
NORTHRIDGE, CA 91330-8339

SPECIAL REPORT

LONG-TERM CARE

In 1991 the legislature and the governor approved legislation directing PERS to develop a long-term care program for PERS members, spouses, parents, and parents-in-law.

First, PERS selected a consultant, the Towers-Perrin firm, to conduct a survey of PERS members and to recommend a plan design and implementation schedule. The plan made available would be self-funded, *i.e.* PERS would underwrite the insurance, or PERS would contract with insurance carriers.

At this time, the consultant, PERS staff, and PERS board are leaning strongly in the direction of self-funding, involving some risk. For example, if not enough policies are sold there might be insufficient funds to pay the benefits. This risk is thought to be quite small because a major marketing plan would be undertaken and because benefits usually are paid a long time after policies are purchased. The advantages of self-funding include control of assets and investments, non-profit status under tax laws, and greater control over program design. Cost savings and possibly larger investment returns should result in lower net premiums around twelve to fifteen per cent.

The consultant issued a final report in July 1992. It recommended that PERS "self-fund" and hire a third party experienced insurance carrier to administer the program. This carrier's duties would include marketing, enrollment, premium collection, and claims processing. The carrier would be required to put up money for the marketing campaign and receive a five year contract.

The consultant recommended an indemnity model with maximum daily dollar benefits and a maximum lifetime benefit of either five or ten years. At the recent July PERS board meeting other features of the model were subject to extended discussion and debate, involving CSU-ERFA representatives Wilma Krebs (Sac) and Don Moore (LA); they were joined and supported by representatives from SCORE (State Coalition of Retired Employees). The board accepted most of CSU-ERFA's proposals and adopted the report at the August PERS board meeting. The PERS board also agreed to appoint a committee to explore in depth the option of including policies certified by the California Partnership for Long-Term Care. (See below.)

In its current form, these are the major features of the proposal, now known as the Towers-Perrin plan:

1. **Comprehensive Plan.** Includes nursing home care (skilled, intermediate, or custodial); home health care (including nursing, physical, speech, occupational, and respiratory); necessary personal services and homemaker services; adult day care; and respite care.
2. **Nursing Facility Only Benefit.**
3. **Home Health Care Only Benefit.** Only for those who already have a nursing facility only policy.
4. **Insurance Event.** (a) inability to perform adequately three

out of six activities of daily living (ADL) (bathing, dressing, ambulating, transferring, eating, and maintaining continence). CSU-ERFA requested that these be reduced to two ADLs for home care only; PERS is having this "costed out." (b) Impairment of cognitive ability, requiring continual supervision, including Alzheimer's and related illnesses.

5. **Waiting Period.** Either sixty or one hundred twenty days for nursing home care and thirty or sixty days for home care. These are being "costed out."

6. **Level of Benefits.** Provides a choice: \$100, \$125, or \$150 per day. Reimbursement would be 100 per cent of the daily maximum benefit (DMB) or the actual expense, whichever is lower. This benefit would apply both to nursing and home care. For respite care and adult day care the benefit would be fifty per cent of the DMB or the actual expense incurred.

7. **Inflation Adjustment Options.**

(a) Option to purchase higher amounts of coverage every three years; premiums would rise.

(b) five per cent simple interest adjustment, calculated on the base dollar amount.

(c) five per cent compound interest automatic adjustment and a level premium.

CALIFORNIA PARTNERSHIP FOR LONG-TERM CARE

The California partnership for long-term care, designed to make long-term care insurance more affordable, joins together private insurers and state governments in partnerships. Five states have made this program possible by creating such partnerships. LTC insurance in this arrangement provides insurance that also enables the insureds to protect some assets. These policies meet high consumer standards. PERS is considering offering such policies.

MAJOR FEATURES OF THE PARTNERSHIP PLANS

1. **Asset Protection.** If an individual uses his or her partnership policy, every dollar of benefits paid would translate into a dollar's worth of Medi-Cal asset protection. For example, if your policy paid for \$100,000 worth of nursing home cost, exhausting your benefits, you could receive Medi-Cal assistance, but would not have to spend your assets down below \$100,000 to become eligible.
2. **Mandatory Automatic Inflation Protection.** All partnership policies must offer benefits adjusted annually by a five per cent compound interest factor. The premiums remain level.
3. **Shorter-Term Policies.** These are comprehensive in coverage, making the insurance more affordable. Partnership policies offer benefits of one, two, three, or five years for duration of benefits.
4. **Experienced Care Management Agencies.** They conduct

assessments and care coordination.

5. **Two Types of Policies.** Available are a nursing home only policy and an integrated policy (providing both home and community-based care). The basic policy is set to cover eighty per cent of the average nursing home facility cost; the waiting period is thirty days.

6. **Trigger for Benefits.** Inability to perform adequately three out of six ADL's, cognitive impairment as determined by standardized tests, or a complex but stable condition.

7. **Changes in Coverage.** The privilege of increasing or decreasing coverage with changes in financial circumstances.

8. **Nonforfeiture Benefit.** The privilege of accepting a shorter period of benefits if one ceases paying premiums.

9. **Special Training for Agents Selling Policies and Extra Consumer Protection.**

BENEFITS TO PERS MEMBERS OF A PARTNERSHIP OPTION

1. The PERS population consists of different types of potential purchasers of LTC insurance: retirees whose incomes are fixed; actively employed members whose incomes and assets are growing; and spouses and parents of PERS members. The LTC care needs of this diverse population would best be met by more than one type policy. Partnership policies would be most attractive to those with moderate income and assets.

2. The minimum partnership plan would be more affordable than the minimum plan of the Towers-Perrin proposal, enabling more members to have coverage.

3. The partnership plan offers some unique and valuable benefits, such as a flat premium with good inflation protection and lifetime asset protection to the degree desired by the purchaser of the policy.

4. PERS members would be able to obtain partnership policies without having to go to outside insurance companies, thereby benefiting from the cost-saving through PERS self-funding and the generally excellent performance of PERS investment administration.

BENEFITS TO THE PERS SYSTEM OF INCLUDING A PARTNERSHIP OPTION

1. The total number of enrollees would be increased, thereby making the risk pool larger, with larger reserves.

2. PERS would benefit from the educational campaign which the partnership would mount and from the opportunity to coordinate marketing efforts. Otherwise, the partnership policies offered outside of PERS and the more traditional Towers-Perrin proposal would compete with each other.

If CSU-ERFA members would like PERS to offer the partnership option, they should write to PERS board members.—article based on information provided by W. Krebs (Sac) and Don Moore (LA)

LONG-TERM CARE PROTECTION

For sound consumer protection one's long-term care policy should include these provisions:

1. Guaranteed renewability or noncancellation.
2. Inclusion of specified illnesses, such as Alzheimer's.
3. Fair treatment of preexisting conditions. (The Towers-Perrin proposal accepts all employees, but requires underwriting decisions on retirees, spouses, and parents.)
4. Absence of post-claim underwriting.
5. Absence of abusive sale tactics.
6. Full disclosure of plan provisions.
7. "Free-look purchase." The insured has a period, such as thirty days, after purchase, to cancel if desired.
8. Portability.

LONG-TERM CARE AND THE CLINTON MEDICAL PROGRAM PROPOSALS

On September 22 President Clinton formally announced his proposal for revising the way citizens of the USA obtain and pay for medical care. Most analysts consider his proposal will be the major feature of his presidency, a program that, if adopted, will surpass Social Security in its magnitude. Although all features of the Clinton plan will affect the way CSU retirees receive and pay for their medical care, it is the long-term care provisions that concern us in this report.

The Clinton plan would provide home and community-based long-term care for people with severe disabilities, regardless of income. It would not cover nursing home care. On average, people would pay twenty per cent of the cost of services, but there would generally be no charge for those with income under the poverty line. Medicare beneficiaries could qualify for the new benefit by paying an additional \$20.00 each month on top of the \$36.60 they now pay. Coverage for prescription drugs would be available with an annual \$250.00 deductible and a twenty per cent co-payment on each prescription. To receive this amount beneficiaries would have to pay from \$8.00 to \$8.75 in additional monthly Medicare premiums. The trigger for benefits would be inability to perform three out of five activities of daily living—eating, dressing, bathing, toileting, and transferring in and out of bed—or suffer severe cognitive or mental impairment. States would decide which services would be available. The Federal share of matching funds would be from seventy-five per cent to ninety-five per cent.

In addition, the Federal government would set standards for long-term care insurance. These standards would offer consumers more rigorous protection, including compound interest inflation protection for the value of the benefits and prohibition of improper sales practices. Tax incentives would include non-taxability of benefits as income, deductibility of premiums as a medical expense deduction, and a provision that employer-paid premiums would be deductible for employers and excluded from taxable income of employees.—W. Krebs.

JOIN CSU-ERFA

CSU-ERFA FINANCIAL REPORT

LEGISLATIVE REPORT

REVENUES

ITEM	FY 92-93	BUDGET 93-94
Dues	62246	75000
Interest/Dividends	297	300
Public Policy Contrib.	0	0
CSU Foundation Contrib.	0	150
TOTAL	62543	75450

EXPENSES

Rental Services	3270	2000
Telephone	2422	3000
Equipment	3080	3000
Secretarial Services	10559	12000
Office Supplies	1049	1000
Duplicating	790	1000
General Printing	1647	2000
General Postage	2951	3000
Conferences, incl. travel	9430	12000
Other travel	2515	3000
Special Projects	0	200
PERS Charges for Ded.	450	600
Rebates to Affiliates	7113	11250
Computer Maintenance	178	300
Other Equipment Main.	229	200
Newsletter	4753	7500
Pocket Calendars	2351	3600
Other promotional data	884	2000
Accounting Expense	1625	2000
Pubs. & Memberships	245	400
Payroll Taxes	1121	1200
Taxes & Fees	80	200
Insurance	210	1200
Bank Charges	8	100

Two bills of concern to CSU-ERFA have reached the governor's desk:

AB 1471 (Cortese) provides that PERS' member accounts will earn six per cent on all their contributions to PERS and that funds be disbursed to finance the purchasing power protection allowance provided by AB 702.

SB 400 (Hughes) permits retirement allowance to "pop-up" to a higher option level at the time of divorce if the judgment dividing the community property awards the retirement interest to the member.

The following two bills come up again in January. CSU-ERFA members should visit the local offices of their legislators and ask them to support these bills:

AB 1872 (Cortese) guarantees that a retiree's pension will not fall below seventy-five per cent of original purchasing power.

AB 1470 (Cannella) provides a golden handshake allowing both additional service credit and credit for age.

Bills that are in the Assembly Ways and Means Committee's suspense file, unlikely to be revived:

AB 993(Baca) provides for the annual COLA for retirees to come at an earlier date.

AB 300 (Horcher) grants an income tax exemption on

(See legislative report, p. 6. col. 1)

Public Policy Distrib.	193	200
CSU Foundation Distrib.	0	0
Miscellaneous	0	0
Total	57153	72950
SUMMARY		
Revenues	62543	75450
Expenses	57153	72950
Net	5390	2500



(Please Print)

CALIFORNIA STATE UNIVERSITY EMERITUS AND RETIRED FACULTY ASSOCIATION Membership Form



Last Name _____ First Name _____ Initial _____ Social Security Number _____

Home Address — Number and Street _____ City _____ State _____ Zip Code _____

Date Retired _____ CSU Campus _____ Department _____ Home Phone _____

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

Monthly Retirement Payment:

	Recommended Dues	Check One
\$1599 and under.....	\$2.00 per month	☐
\$1600 to \$2299	\$3.00 per month	☐
\$2300 and more	\$4.00 per month	☐
Contributing Member.....	\$5.00 & up per mo.	☐
	Amount \$ _____	☐

I understand that CSU-ERFA and CFA have negotiated a pilot program which offers complimentary CFA retiree membership to CSU-ERFA members who desire it.

☐ I accept complimentary membership in CFA
☐ I do not accept such membership

Signature _____

Date _____

CSU EMPLOYMENT AFTER 70

CSU Board of Trustees at the July meeting repealed Title V, Article 15.6. "Certification of Tenured Faculty to Continue Employment Beyond Age 70."

Subject to the approval of the Office of Administrative Law, the repeal will become effective January 1, 1994. This change will make it unnecessary for campuses to require annual certification for those faculty who have reached age seventy and who wish to continue employment after December 31, 1993. Some campuses have never required this certification.

CFA is investigating the question of whether the current Memorandum of Understanding (Article 29.9) requiring the termination of FERP employment at age 70 will continue in force. CFA has asked its general counsel to provide a legal opinion before CFA formally addresses the issue with the CSU.—M. Dobkin (Hum)

CSU-ERFA MEMBERSHIP GROWTH

As a result of last year's "Golden Handshake" and CSU-ERFA's vigorous communication of its commitment to retired colleagues, CSU-ERFA now has over 2,300 members. Such growth increases the influence of retirees on campus, at the CSU, and in Sacramento.

Bakersfield	8	Pomona	149
Chico	115	Sacramento	150
Dom. Hills	29	S. Bernard.	28
Fresno	121	S. Diego	239
Fullerton	118	S. Francisco	182
Hayward	103	S. Jose	206
Humboldt	110	S. L. Obispo	80
Long Beach	222	Sonoma	72
Los Angeles	178	Stanislaus	27
Northridge	219	TOTAL	2356

IN MEMORIAM

CSU-ERFA has learned of the deaths of the following colleagues: Louis D. Brockman (LA), Hazel Miller Croy (LA), Egbert Ray Nichols, Jr., (LA), Robert Ravicz (Nor), and Robert Wienpahl (Nor).

The *CSU-ERFA Reporter* is a publication of the California State University Emeritus and Retired Faculty Association. President: Emmett Long. Executive Director: Jack Byrom. Office Manager: Byrd Ehlman. Office: The Retiree Center, California State University Northridge, Northridge, CA 91330-8339. Telephone 818-885-3846. Editor: Fred McMahon, 716 S. Catalina No. 1, Redondo Beach, CA 90277; Telephone: 310-540-1111. All rights reserved.

(PERS, continued from p. 2, col. 1)

The Wilson administration supported this legislation because it deleted \$480 million from the state's budget for fiscal 1993-94 by allowing the state to delay payment to PERS for this one year.

The CSEA advises that it considers the delay unconstitutional.

(legislative report. continued from p. 5, col. 1)

the first \$20,000 of pension for those who live out of state.

AB 630 (Cannella) continues the rural subsidy for PERS-CARE.—Krebs (Sac)

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EMERITUS AND RETIRED FACULTY ASSOCIATION
THE RETIREE CENTER,
CALIFORNIA STATE UNIVERSITY NORTHRIDGE
NORTHRIDGE, CA 91330-8339

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1993

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HAVE YOU MOVED? IF SO, PLEASE
COMPLETE AND RETURN TO CSU-ERFA

NAME _____

ADDRESS _____