CSU ERFSA Reporter

California State University Emeritus
and Retired Faculty & Staff Association

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Inside this issue:

CSU-ERFSA Endorses Brown & Emon-Moran in CalPERS Election

Two member-at-large seats on the CalPERS Board of Administration are up for election from August 27th to September 27th. Ballots will be mailed August 27th and must be received by September 27th if you mail the ballot back. You can also vote by phone or online. You are eligible to vote if you are a CalPERS member active as of July 1, 2021, or a retired member, including survivors and beneficiaries, whose effective date of retirement is on or before July 1.

For position A, the candidates are incumbent David Miller, who works for the Department of Toxic Substances Control, and Tiffany Emon-Moran, who retired as a police detective with the City of San Bernardino, assigned to financial crimes, in 2017. The CSU-ERFSA executive committee has endorsed Emon-Moran and strongly recommends that you vote for her. She has a master's in public administration and a bachelor's degree in interdisciplinary studies. She is a certified fraud examiner.

For position B, the candidates are incumbent Margaret Brown, who has retired from the Garden Grove Unified School District, and Jose Luis Pacheco, who is with the San Jose Community College District. The CSU-ERFSA executive committee has endorsed Ms. Brown and strongly recommends that you vote for her. She is a seasoned financial manager and is known as a strong independent

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All Callifornia voters are encouraged to vote in the September 14th recall election

CalPERS LTC Insurance: A $2.7 Billion Settlement!

By John G. Kilgour, CSU East Bay

Long-term care (LTC) insurance had emerged in the U.S. private sector by the 1980s. Over 100 LTC insurers had jumped into the new market. Only about a dozen remain and most are not doing well.

By 2006, there were 307,000 LTC policyholders nationwide with $625 million in annual premiums. Today, some seven million individuals have some form of LTC insurance. The vast majority have traditional or health-based LTC. Some 350,000 new LTC policies are sold each year. In 2020, LTC insurers paid out $11.6 billion in claims to some 310,000 policyholders.

By far, California is the leader in the purchase of LTC insurance with 610,778 policies. 116,832 (19.1%) of those policies are with CalPERS.

In 1991, the California legislature authorized CalPERS to offer LTC insurance for

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CSU-ERFSA Small Grant Program

CSU-ERFSA applications for the 2021 small grant award program are due electronically in the CSU-ERFSA office no later than 2:00 p.m. PDT October 31, 2021. For more information, see page 3.

From the President...

Colleagues,

I hope you all are having a good summer. It's hard to believe it's almost fall and the academic year is about to begin. CSU ERFSA has been busy despite the fact that campuses have been shut down or have reduced their operations. On August 10th we held our summer virtual executive committee meeting via Zoom. Issues discussed included: the Governor's Recall Election, Membership, the organization's budget, and recruiting. In terms of the action items discussed at the executive committee meeting, we voted to encourage our members to vote during the Governor's recall election and accepted a 2021-22 budget that included incentive funding for membership recruiting. Issues that were referred to committees included: finalizing the verbiage for the position announcement for the next CSU-ERFSA executive director (who will assume the position on July 1, 2022, see p. 5), and work with the Pre- and Post-Retirement Committee on a process for assisting members with difficulties they may be having with CalPERS or other benefits providers.

While our financial strength looks good despite a modest decline in our membership, this is the result in the savings we have achieved through having virtual executive and State Council meetings. We are hopeful that we will be able to return to face-to-face State Council meetings next year, which will put a burden on our budget and make membership recruiting all that more important.

I continue to practice social distancing and avoid crowded venues. My wife and I tried to drive to British Columbia in August, but the border remained closed and we only got as far as Oregon. While we were in Oregon we did go over to Willamette Valley Vineyards for a wine tasting of some of their Oregon-grown offerings. All of the wines we tasted were delicious and we had a hard time identifying a favorite. We returned back to California a few days before the US/Canada border reopened, but we will wait a few more weeks before we attempt to travel north again.

I spend much of my time answering emails and watching television. I can't say there was anything on Netflix that I thought was exceptionally outstanding, but I did enjoy the scenery in the series "Virgin River." This show was purported to take place in Humboldt County and the countryside was gorgeous. I was about to contact some of my friends on the Humboldt campus about organizing a trip to the county for CSU-ERFSA members when I learned that the show was actually filmed in British Columbia. This does not seem that unusual. In the late 1980's my wife and I went to the movies to see Roxane, a take-off of Cyrano de Bergerac starring Steve Martin as a fire chief in a small Colorado town. We thought the town was really pretty and waited for the credits at the end of the movie to see where it was filmed. At the conclusion of the film there was a statement "Thank you to the citizens of Nelson, British Columbia". We did not make it to Colorado, but did eventually make it to Nelson and bought a summer home close to the town. Of course, last summer and this summer we did not get up there due to the border being closed, but we did not imagine that possibility thirty years ago.

CSU-ERFSA continues to look for volunteers. One area where we need help in is recruitment and we have an opening on the statewide Membership Committee. Please email me at (bpasternack@fullerton.edu) if you are interested in joining this committee.

Another area where we could use some assistance would be in writing a column focused on FERP faculty. While FERP faculty are retired (that is what the "R" in FERP stands for), there are some important differences between faculty in the FERP, those who are fully retired, and those who are working full-time. For example, FERP participants are not required to take an RMD (required minimum distribution) from their retirement accounts irrespective of age or teaching

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Pocket Calendar

The pocket calendar is currently being 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 receivng the calendar. **However, if you have opted in already, you do not need to opt in again. You will remain on the list to receive the calendar.**

CSU-ERFSA Small Research and Creative Project Grants Program Deadline October 31, 2 p.m.

CSU-ERFA grants are available to CSU-ERFSA members to support research and creative projects that are in accordance with the following goals:

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

• Research and scholarly projects that contribute to the quality of life of the retirees in the University system.

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

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

CSU-ERFSA encourages CSU-ERFSA 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 for grants 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 csuerfsa@csun.edu no later than 2:00 p.m. PDT October 31, 2021.

Awards will be announced in December 2021.

And, yes, we know October 31 is a Sunday, and the 2 p.m. is in the Pacific timezone.

Public Sector Retiree Health Benefit Prefunding in CA: Addendum

In the June 2021 issue of the Reporter (p. 9), I stated that the "…the State of California and the CSU have apparently made no contribution to the CEBRT. They are not on the list of CERBT contributors. Why not? Am I missing something?" This was based on my examination of the list of CERBT Participating Agencies of sometime last spring when I wrote the piece.

"CERBT" stands for " California Employers' Retiree Benefit Trust."

When I recently looked at the same list at https://bit.ly/3jHLUCh, I found that the first sentence in the opening (and only) paragraph began with "Along with the State of California, the following public agencies participate in the ... (CERBT) Fund."

Did I miss this before? Possibly. Was it added after my initial viewing? More likely. Unfortunately, I didn't make a copy of the list and have no way to check.

Anyway, the good news is that the State of California -- and presumably the CSU -- are now contributing to the CERBT Fund. It is scheduled to pay off the retiree health-benefit deficit by 2044.

The number of contributing agencies has grown from 550 to 588 over the period.

John G. Kilgour
CSU East Bay

Letter to the Editor Regarding Medicare Advantage Plan Mailings

To the editor:

I am getting all these personalized notices about the Medicare Advantage Plan. Because I am enrolled in Medicare, I might be eligible for benefits like dental, hearing, vision.

Don't we already get these benefits from CalPERS and Anthem Blue Cross? The mailings do not mention any payments.

Siegrun F. Freyss, CSULA

Reply from the editor:

The answer on Medicare Advantage Plan mailings is that you should toss all that stuff in the recycling bucket, because if you enroll in one, your benefits will be worse than what CalPERS offers, particularly in the drug area, and CalPERS will boot you out of their health plans! They are very clear about it.

Medicare Advantage Plans seem to mail to everyone in their service areas who is over 65. They will sign you up and don't seem to know much about CalPERS. But CalPERS states explicitly that they will exclude from CalPERS benefits anyone who signs up for a Medicare Advantage Plan outside CalPERS.

The editor

Long-Term Care: An Inside Story

(This anonymous contribution is from a member of CSU-ERFSA .)

My wife and I both signed on to the CalPERS Long-term Care Program (CalPERS LTC) soon after it was announced. We have been Program members for 25 years. Two years ago my wife had a fall and broke an arm. She was hospitalized, contracted pneumonia, went to a skilled nursing facility for two weeks, and returned home needing supplemental oxygen and regular care. Her mobility is severely impaired. We contracted with an agency that is recognized by CalPERS LTC and hired caregivers for 8 hours a day, seven days a week. Let me give you an overview of the financial implications of our situation.

Our CalPERS LTC covered in-home care with a cap of $250,000 in LIFETIME benefits and a monthly cap of $4800 a month. High quality caregivers of the level approved by CalPERS LTC cost us $27.50 an hour (including the agency fee) or $1540 a week. So far our out-of-pocket liability is a modest $1500 a month. However we have already drawn on over $125,000 towards the lifetime cap. We

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Legislative Report: CalPERS Return 21.3%!

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

The Governor and the CSU. Governor Newsom has demonstrated his active commitment to education in general and higher education in particular. The Governor's actions have included the following:

• $123.9 billion education package that was developed through strong collaboration with the Legislature, providing an unprecedented level of school and student funding to transform the state's public schools into gateways of equity and opportunity.

• The governor provided $48.7 billion for the state's university systems, community colleges, the California Student Aid Commission, which oversees financial aid programs increasing funding by 5% and restore cuts made last year during the height of the coronavirus pandemic.

• Newsom also proposed $4 billion to create a low-cost student housing grant program that would help to expand affordable housing across the state. Those dollars would go to the University of California, California State University and the community college systems to build new student housing.

CalPERS Rate of Return. With a booming stock market, CalPERS reported a preliminary 21.3% net return on investments for the 12-month period ending June 30 to raise its total asset value to more than $469 billion. "Our investment team has done an outstanding job of capturing strong returns in this very dynamic investment environment," said Theresa Taylor, chair of CalPERS' investment committee adding "As pleased as we are with these great returns, let me emphasize that we don't count on this kind of investing environment every year." Clearly, Dan Benvenue has performed admirably as interim CIO.

New CIO? CalPERS has been without a permanent CIO for the last year since then-CIO Ben Meng left the pension fund giant under a cloud of controversy. In April, officials suspended the search for a new CIO to replace Meng and said they did not expect the process to resume until 2022. After Meng's resignation, the board changed its policy to allow board members to help select a new CIO in conjunction with CalPERS CEO Marcie Frost, who previously had sole authority.

AB 386 Dead. A plan by the California Public Employees' Retirement System (CalPERS) to run its own multibillion dollar private debt investment program is dead for now after the state's Senate Judiciary Committee rejected a bill that would have allowed the pension system to keep borrowers' closely guarded financial information confidential. CalPERS officials had planned to give out as much as $23 billion to companies seeking loans in the private debt market in an effort to boost financial returns for the system.

Diversity, Equity, & Inclusion Officer. CalPERS appointed Marlene Timberlake D'Adamo as its first chief diversity, equity, and inclusion (DEI) officer, or CDEIO. She is tasked with creating a culture of equality and inclusiveness across the firm, as well as within the investment team, where she will work with the environmental, social, and governance (ESG) investment team to identify how DEI issues impact the CalPERS portfolio. According to ESG data science firm RepRisk, nearly every big corporate scandal in recent years has been ESG-related, and these scandals can lead to reputational, compliance, and financial risks. What happens in our economy is linked very much to what is happening in our environment and our society. Timberlake will guide a DEI framework that outlines those goals and an employee diversity advisory council.

Ann Simpson continues to lead CalPERS on ESG issues. She noted that the Securities and Exchange Commission is moving towards mandatory corporate reporting of ESG risks in view of the growing threats of climate change. Currently there is very limited reporting of critical data on health and safety, diversity, labor relations, and other ESG issues making it difficult for investors to make decisions about future risks facing companies.

Effects of Labor Unions. Labor unions changed the landscape of the American workplace at the height of industrialization. Collective action offered fair wages, safe working conditions, and the 40-hour workweek, but how do labor unions affect workers in the 21st century? Researchers from the University of Minnesota and the University of California, Riverside set out to answer this question and found that unions are still highly impactful in today's workforce. Looking at unionization rates from 1975 to 2015 and a variety of poverty markers, the researchers found that households with at least one union member had an average poverty rate of 5.9 percent, compared to 18.9 percent for households without a unionized worker. At the state level, those with higher unionization rates had, on average, seven percent lower poverty rates than those with low unionization rates.

Legislation Currently Being Considered Before the State Senate and Assembly

AB 1432 Termination of California Online Community College. The California Online Community College received one-time funds of $60,000,000 and ongoing support of $15,000,000 per year, yet, as of February 2021, it has enrolled only 524 students, issued 35 credentials,

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Long-Term Care: An Inside Story

(Continued from page 3)

have only about 74 weeks of CalPERS LTC support left before we completely exhaust that resource. If we want to continue the same level of care it will cost us $80,000 a year – quite a drain on my CalPERS retirement income. I am not yet sure what we will do when CalPERS LTC support runs out, but I suppose we will have to consider a complete change in our way of living.

I have written this as a cautionary tale. If you are considering long-term care insurance look at your options carefully and do the math. Looking back I am uncertain as to whether we made the wisest choices in our insurance plans.

(Note: I have not considered CalPERS LTC's short- and long-term future. Please read the news and opinion articles on this subject in this issue on the CSU-ERFSA website.)

Health Benefits: "The Second Happiest Place on Earth"

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

It has been a very busy three months in the second happiest place on earth, the land of health benefits. Let's start with the good news first. Then we will meander through the deep weeds of plan terminations and LTC premium increases.

2022 Health Premiums and Health Plans. In July, the Board announced health care premiums rates and plan changes for 2022. The good news is that premiums for all CalPERS Medicare Advantage Plans will actually decline in 2022.

There was also good news on health plan availability and competition. Among the highlights are:

• Blue Shield Access+ will return to the 8 bay area counties it recently left.

• Three new Medicare Advantage Plans will be available.

• Anthem Blue Cross Medicare Preferred will expand into 21 additional counties and offer new Medicare supplemental benefits.

Plan consolidation will occur in 2022 with CalPERS' three PPO plans transitioning to two plans. A new "Plan Platinum" will absorb the current PERS CARE and PERS CHOICE. A new "Plan Gold" will replace the current PERS SELECT.

Anthem and Dignity Health Terminate Contract. On July 15, 2021 Dignity Health terminated its contract with Anthem Blue Cross affecting Anthem Basic PPO members immediately and HMO enrollees on September 1, 2021. It does not impact Anthem Medicare Preferred and Supplemental members. Those enrolled in the plans should receive notification from Anthem of alternate care options including the process for requesting continuity of care.

Health Plan Open Enrollment. Health plan open enrollment begins on September 20, 2021 and ends October 15, 2021. This is the scheduled opportunity for members to change health plans. Typically, very few retirees change plans. However, if you do switch plans the effective date of enrollment in the new plan is January 1, 2022.

Long Term Care Premium (LTC) Increases. The CalPERS Board approved significant increases in the premiums for those holding CalPERS-sponsored LTC insurance. Premiums will increase 52% in 2021 and 25% in 2022. Policyholders have received notice of these increases as well as an explanatory letter with FAQs. The 2021 rate increase will not occur earlier than November, 2021. Similarly, the 2022 rate increase will not occur earlier than fall 2022.

At least 60 days prior to the effective date of their rate increase policyholders will receive a customized letter outlining benefit changes the policyholder could adopt to eliminate the 52% scheduled 2021 rate increase. Options include shortening the benefit period; reducing the daily benefit amount; reducing inflation protection. Another letter will be sent in 2022 with benefit reduction options to eliminate the 25% rate increase.

If you reduce benefits, you cannot increase them automatically in the future. You may apply to do so but may be subject to a medical underwriting process. This would include reviewing your medical history and having a health assessment completed. Your application could be denied.

Please note that CalPERS does not administer this LTC program. The third-party administrator is LTCG. If you have questions on the rate increases or the options presented in the offer letter you will receive, call 888-877-4934. The LTCG Call Center is open Monday-Friday from 8 – 5 Pacific time.

LTC Lawsuit Settlement. On July 22, 2021 the judge overseeing the LTC class action lawsuit brought against CalPERS allowed a proposed settlement to move forward. The next step is for plaintiffs' attorneys to notify those policyholders who qualify as part of the class of their options. Letters should be sent beginning August 13. DO NOT TREAT THIS AS JUNK MAIL. Notification will not come from CalPERS nor is CalPERS likely to answer questions on the lawsuit or settlement options. Call 877-959-1926 if you have questions on the settlement. Information

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CSU-ERFSA Executive Director to Retire — Successor to Start 7/1/22

Executive Director Harold Goldwhite, in charge of CSU-ERFSA since 2016, has announced his decision to retire effective June 30, 2022. CSU-ERFSA President Barry Pasternack has announced that the search for a successor will begin soon.

According to the By-Laws the executive director has the responsibilities of directing the daily affairs of the Association and of coordinating the functions and services for the continuing operation of the Association. The executive director is appointed by the president in consultation with the executive committee and must be confirmed by the State Council. The executive director is an ex officio non-voting member of all committees and the State Council and makes periodic reports at all executive committee and State Council meetings. The executive director is responsible for evaluation of office staff. The president provides for periodic evaluation of the executive director.

The Executive Director is usually appointed to a two-year term renewable upon favorable review. There is a stipend and travel allowance for the position.

The executive director must be a member of CSU-ERFSA. Since the office of CSU-ERFSA is located on the Northridge campus, there has been an understanding in previous years that the executive director should be geographically located so that he/she could make regular and frequent visits to CSUN. The COVID-19 pandemic has demonstrated that the work of the executive director can be successfully carried out remotely, although occasional visits to the CSUN office are certainly desirable.

A call for applicants for the position of executive director, with additional information, will shortly be sent to our affiliates and will be posted on the CSUERFSA website.

Pre- and Post-Retirement Concerns: Useful Websites for Retirees on Issues of Spending

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

It seems to some of us that habits of saving and managed spending may require even more rigid behaviors in retirement than they did when we were active wage earners. This month we present a list of useful websites which advise on spending issues of interest to retirees, and we conclude with remarks that offer caution about investing in long-term care insurance plans in general, not just the program offered by CalPERS.

For the most part, there is good news: we are told at https://www.kiplinger.com that the following costs from earlier in life are now likely to diminish: costs of commuting to work, apparel, grocery shopping (because we can now do it in an unhurried way), entertainment (few if any rock concerts), mortgages, education, insurance, tobacco and booze, pets and pet supplies, and property taxes. These are expenses that are supposed to become lower naturally as we enjoy the fullness of years.

> The rate of medical spending slows in early old age, then it increases only gradually in middle old age, and then increases rapidly in late old age.

But other expenses—specifically the costs of medical care—can rise sharply, also naturally, as we must admit. There is an important discussion of the kind of spending a person can expect in ordinary cases in the sites https://bit.ly/3yvZYox, https://bit.ly/2VxTTd7, and https://bit.ly/3yyrnpR.

The analysis in these locations traces the rates of change—or the rate of deceleration and then acceleration—in spending for medical costs as one ages. The age spans involved are very close to those discussed in the first of this series of useful websites two issues ago, and the examination of spending follows early old age (years 65 to 75), middle old age (76 to 84), and late old age (85 and forward.) We find that the rate of medical spending slows in early old age, then it increases only gradually in middle old age, and then increases rapidly in late old age. The advice given in the first column on this subject is to save one-third or more of your Social Security stipend; you will need that money, despite any other provisions you have made, once you reach 85 and afterwards.

Elsewhere in this issue of *The Reporter* you will find an account of the settlement offered by CalPERS in a lawsuit over the misestimating of costs (see page 1), and the continuing raises in premium billings, in the CalPERS Long Term Care program.

If you compare, you will find on the web various accounts of well-managed programs administered by other sponsors if you look carefully. The received wisdom on this topic is that if you have $1.5 million in resources, other than the value of your house, you can safely self-insure against future medical expenses. If you chose a long-term care insurance provider because you do not have such resources, you might look for a hybrid program that is designed partly around your own saved funds, and partly from long-term insurance.

Otherwise, you should begin by asking Google for a list of reputable long-term care insurance providers. You may decide it is best to select a competent private company like Pacific Life, the Lincoln Financial Group, Mutual of Omaha, or New York Life. If you choose, say, Mutual of Omaha, you will be asked whether or not you require a policy for home health care, assisted living, or a nursing home. Next you will be asked to choose the sum you expect to receive as a monthly payout to support your medical expenses. Then, depending on the number of years you have to pay insurance premiums to support your choices, you will learn how much your insurance will cost per month. The advantage to going this conventional big-business route is that you will be dealing with companies who have full staffs of experienced actuaries who do not low-ball the fees they require from you, and who will not give you shocking bills for extraordinary rises in premiums year by year.

In addition, such companies will be patient with direct questions from inexperienced persons—and in fact should be ready to deal with various personal crotchets on the part of customers. Take me, for instance. I find it impossible to predict a pay-out number that I would need for long-term care. I expect that future costs must be estimated with these criteria in mind: there must be provisions for the expenses involved in new and as yet undiscovered therapies and new modes of care, there must be invested sums for the training of specialists and staff, and there must be provisions for new medicines and new drugs for those future therapies. To me, such forecasts simply cannot be done. When there can be no accurate estimates for such costs, only a provider that can run a deficit (that is, the United States government) should undertake sponsoring a long-term care program.

As things stand, this last person sounds like a candidate for a hybrid investment program. Don't you suppose?

Websites mentioned:

—Google prompt: How does spending diminish in retirement? When a person asks such a general question of Google, the service includes in its reply a list of frequently asked questions (with answers.) The prompt thus elicits some valuable additional information.

—On the changes in rates of spending: from retirementresearcher.com: https://bit.ly/3sdTLvd/

https://bit.ly/3xzygWD/

https://bit.ly/2VKGIW5

Thanks to Ted Anagnoson for this line of inquiry.

—Google prompt: Can you list examples of successful long term care programs by major insurers?

If you have suggestions for this column please write donahue_thomas@ymail.com

CalPERS Long-Term Care Program Legal Settlement of $2.7 Billion

(Continued from page 1)

public-sector employees and their family members (increasingly broadly defined during 1992 - 1995) on a not-for-profit and self-funded basis. The first policies were issued in 1995.

The CalPERS LTC program was not subject to the Department of Insurance oversight and is not protected by either of the two guarantee funds that pay claims of policyholders when insurance companies become insolvent. Initially, it was thought that neither the State of California nor CalPERS was required to come to the aid of CalPERS LTC program should it become insolvent (as it eventually will).

Private-sector LTC insurers in general, and CalPERS in particular, had done a poor job in the early years in pricing the new product and vetting potential policy holders. They:

(1) Based their pricing on life-insurance and disability-insurance models under which the policy holder stops paying premiums once a claim was filed and approved.

(2) Overestimated the number of policies that would lapse. Disability insurance had a lapse rate of 5% per year. For LTC insurance it was 0.7%.

(3) Did not anticipate the long period of negative real interest rates that followed the Great Recession of 2008-09. Since most LTC assets are invested in bonds, that reduced their earnings.

(4) The LTC insurance actuaries underestimated how long beneficiaries would live and collect benefits. By the late 1990s, assisted-living facilities had proliferated. In the better ones, favored by LTC policyholders, staff members looked after their guests so well that they lived years longer than the actuaries had projected.

CalPERS sold many LTC policies that promised lifetime benefits with inflation protection in contrast to a capped maximum dollar amount or a fixed period of time as in private-sector policies. This encouraged policyholders with lifetime benefits to submit a claim early rather than save them for when really needed. LTC premiums stopped once a claim is filed and approved.

Starting in 2011 all LTC1 policies (bought 1995 – 2002) with lifetime benefits and/or inflation protection were subjected to a 5% annual premium increase. In 2012, CalPERS announced the end of the annual 5% rate increase after 2014 and imposed a 36% rate increase for both 2015 and 2016 (for a cumulative 85% increase) on LTC1 and LTC2 (bought 2003 -2004) policies with lifetime benefits and/or inflation-protected premiums. CalPERS shifted to LTC3 (2005 – 2013).

> The CalPERS LTC program was not subject to the Department of Insurance oversight and is not protected by either of the two guarantee funds that pay claims of policyholders when insurance companies become insolvent

Targeted participants were encouraged to shift to less-costly options. It was hoped that the 85% cumulative increase would result in a “shock lapse” in which participants would terminate their LTC policies and leave their contributions behind to pay benefits for those who remained. However, “adverse selection” kicked in. Policyholders who were likely to use the LTC benefits in the future continued to pay for them at the higher rates.

More than a quarter of the targeted CalPERS policyholders with lifetime benefits and/or inflation-protection options switched to less-costly policies. The remaining policyholders were sent letters reminding them that their premiums were scheduled to increase.

CalPERS suspended the sale of new LTC policies in 2008 and announced that they would stay suspended until the program was on a sound footing. They were resumed in 2014 as LTC4. Sales of new LTC contracts were again suspended in June 2020 and have remained so since.

In 2009, there were 165,023 CalPERS LTC covered lives. By 2020, that number had dropped to 116,832 (-29.2%). In that year, CalPERS paid out $337.3 million in benefits and took in $278.5 million in premiums. That’s a deficit of $58.8 million (-17.4%). The decline was likely to continue in response to pending and probable additional future premium increases.

A class-action lawsuit, initially filed by Elma Sanchez and Holly Wedding, on behalf of the almost 117,000 similarly situated policy holders covered by LTC1 and LTC2 contracts, was filed in 2013. The plaintiffs sought more than $1.2 billion in damages for breach of contract by CalPERS.

On June 10, 2019, Judge William F. Highberger of the California Superior Court (Los Angeles County) issues a “[Draft] Proposed Statement of Decision” in regard to Holly Wedding, et. al v. CalPERS (Sanchez had died). The court agreed with plaintiffs’ interpretation of the language in the Evidence of Coverage document.

Importantly, Judge Highberger approved the addition of the State of California as a defendant. The judge urged the parties – now including the State – to negotiate a settlement before the jury trial which was scheduled to begin September 8, 2021.

On July 12, 2021, CalPERS and plaintiff’s attorneys proposed a negotiated settlement of up to $2.7 billion, more than twice as much as originally sought $1.2 billion. The increase was due to the additional years of paying the increased premiums and inflation.

On July 22, the Court granted “preliminary approval” of the negotiated settlement of Wedding v. CalPERS. This is not the end of the story. It means that the Court believes the settlement is sufficient to allow notices to be sent to the affected class.

After considering the comments from the affected class, the Court will conduct an additional hearing on June 8, 2022 to determine whether the settlement should be granted “final approval.”

Stay tuned.

Late Summer Reading Recommendations

By Sherry Keith, San Francisco State University

The Forgetting Tree (St Martin's Griffin, NY, 2012) Mystery, sorrow and cancer haunt this novel by Tatjana Soli set in the orange groves of southern California. Claire is recovering from breast cancer, with a sometimes-tender other times witch-like, caregiver, Minna. She sinks deeper and deeper into a present focused on regaining her health rather than keeping the citrus ranch vigorous. Minna, a mysterious, elegant figure from the Caribbean, is charged by Claire's absentee adult daughters with her recuperation and perhaps with convincing Claire to sell the ranch in which they have no interest. As Claire plummets into the agonies of chemotherapy, her feelings towards Minna vacillate from fascination, to childish dependence, and fear. Yet as she moves towards recovery, the ranch deteriorates from neglect. The reader comes to doubt both Claire's perceptions and Minna's intentions. *The Forgetting Tree* is a mystery laced with uncertainty. Its author, Tatjana Soli, is the mistress of ambiguity.

The Green Glass Sea (Ellen Klages; Viking, 2006) is an historical novel set in Los Alamos during WWII. Dewey, the 11-year daughter of a resident mathematician, describes the vail of secrecy covering the creation of "The Gadget." Her moods swing from playfulness to curiosity, and then to uncertainty of what will happen to her once the project is completed. This is a fascinating portrait of the most significant inner sanctum of 20th century science. Grab anyone's pre or early teen grandkid and read it together.

Dead Extra (Sean Carswell, English Program chair, CSU Channel Islands; Prospect Park Books 2019). In this noir mystery, a war-scarred veteran investigates the death of his wife with the help of her fiery twin sister, who's convinced foul play was involved. Their adventures take them to the seedy side of 1940s Hollywood and beyond. "Postwar Los Angeles is perhaps the quintessential setting for classic noir—psychically damaged war veterans, victimized women thrust back unwillingly into subservient roles in society, Hollywood's seamy underbelly claiming tabloid headlines. Carswell brings this familiar terrain to vivid life…. The setup is pure formula, but the tale is something very different. This is feminist noir, with Gertie driving the plot and pushing the reluctant Jack to action." (Booklist)

Michelle McCarthy's article "From Incarceration to Graduation" (https://bit.ly/3yLnTkh) looks at how the CSU transforms the lives of incarcerated and formerly incarcerated Californians just by giving them access to education. The research included three segments of the overall story—the Prison BA Graduation Initiative at California State University, Los Angeles; Project Rebound; and Ear Hustle podcast. For every incarcerated person who doesn't return to prison, the state of California saves $75,000 per year. And, eventually, the majority of them will leave prison and return home. Education is key to their ability to find employment and contribute to their families and their communities when they do. The article shows how education can create alternatives to the justice system's revolving door policy. McCarthy is web editor and writer at the Chancellor's Office.

CalPERS Election

(Continued from page 1)

force on the board because of her emphasis on holding CalPERS accountable for its actions and emphasizing prudent strategies to grow CalPERS's funds. She has also emphasized controlling healthcare costs during her term.

The Retired Public Employees Association endorsed both Emon-Moran and Brown in June 2021.

Willamette Valley Vineyards Discounts

**Calling all CSU-ERFSA wine enthusiast members —
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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.

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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.

Legislative Report: CalPERS Return & Current Bills

(Continued from page 4)

and is not yet accredited. California community colleges remain underfunded, yet they serve over 2,000,000 students, thus making the need and priority for funding overwhelmingly greater for the California Community Colleges' system than for the California Online Community College.

AB 437 Teaching Credentialing. This bill would authorize a candidate for the preliminary multiple or subject, single subject or education specialist teaching credential to demonstrate subject matter competence by completing higher education coursework in the subject matters related to the content area of the credential. The bill would authorize a program of professional preparation to verify a candidate's subject matter competence in this manner for this purpose.

AB 75 - Kindergarten-Community Colleges Public Education Facilities Bond Act. This bill proposes the Kindergarten-Community Colleges Public Education Facilities Bond Act of 2022 as a state general obligation bond act that would provide $12 billion to construct and modernize education facilities, provided it is approved by the voters in 2022.

AB 99 Cradle-to-Career Data System. Existing law establishes the California Cradle-to-Career Data System Workgroup to assess, recommend, and advise about statewide data related to elementary and secondary education, entities responsible for early learning data, segments of public higher education, private colleges and universities, student financial aid, childcare providers, state labor and workforce development agencies, and state departments administering health and human services programs. The bill would establish the California Cradle-to-Career Data System Governing Board in state government comprised of representatives from state agencies, educational organizations, and members of the public.

AB 408 Homeless Education Program. This bill would require a local educational agency, [i.e. a school district, county office of education, charter school, or special education local plan area], to establish homeless education program policies.

AB423 Financial Literacy. This bill would require the State Department of Education to implement, commencing with the 2022–23 school year, a financial literacy pilot program. The bill would authorize a school district or charter school to voluntarily incorporate a financial literacy program into a course for pupils in grade 11 or 12.

AB 1290 Student Aid Commission. This bill would require the commission to include 4 student members, one from each of the following: the University of California, the CSU, the California Community Colleges, and a California private postsecondary educational institution.

SB 3 Effectiveness of Local Control. The California State Auditor found that the state's approach to the local control funding formula has not ensured that funding benefits go to intended pupil groups or close achievement gaps. This bill would require the State Department of Education to develop, on or before January 1, 2022, a local control and accountability plan portal that will allow comprehensive analysis by policymakers of actions, expenditures, and progress on educational metrics included within local control and accountability plans.

SB 425 Opportunity Schools. It is the intent of the Legislature that opportunity schools be established and maintained to provide the following: (a) an opportunity for pupils to complete the required academic courses to graduate from high school; (b) a program of instruction that emphasizes career and college readiness, occupational orientation, or a work-study schedule; (c) a program designed to meet the educational needs of each pupil; (d) a program that provides a supportive environment with specialized curriculum, instruction, guidance, and counseling....

For more information on any of the bills, go to https://bit.ly/37zaHTy.

Interesting Data on COVID

The LA Times reports that California's coronavirus case rate remains below the national average, and significantly lower than that of Florida and Texas. The two get compared to the Golden State because of comparable population sizes.

Why are we doing better? Simply put: We have better-than-average vaccination rates and have reimplemented mandatory mask policies in parts of the state. The numbers are dramatic: As of Wednesday, California reported 141.1 new coronavirus cases for every 100,000 residents over the previous week. This rate is half that of Texas, 297.8; and less than one-fourth that of Florida's rate of 653.8, according to data from the U.S. Centers for Disease Control and Prevention. California's rate is also less than the national average of 232.1.

CSU-ERFSA New Members

Chico – Richard Hubbard
Wendy D. Mulcahy

Fresno – Darnell P. Austin
Tina Botts
Don M. Priest

Fullerton – Kazimierz Kleindienst
Christopher T. Kondo

Humboldt – James Floss

Long Beach – Montserrat Geier
Linda Tiggs-Taylor
Elaine Wida

Los Angeles – Kevin Baaske
Jane Hook

Monterey Bay – John Berteaux

Pomona – David Speak

Sacramento – Robin Carter

San Francisco – Carlos Davidson

Stanislaus – Edward C. Erickston*

* Denotes Lifetime member

ASCSU Report: Budgets, Transfers, Diversity Issues

By Jerald Schutte, CSUN, Emeriti Academic Senator

Due to the continuing regulations concerning COVID, the ASCSU met online May 13th and 14th as the last meeting of the 2020-2021 academic year. The meeting once again centered around the issues of current proposed legislation, the Governor's May Revised budget, the repopulation of campuses emerging from COVID, the continuing change of personnel in the Chancellor's office, and 12 resolutions passed by the body. These topics were represented in reports from the chair and faculty trustee, the four standing committees, the chancellor, executive vice chancellor, CSU Trustee Jack McGrory, the California Faculty Association (CFA), Alumni Council liaison, CSU-ERFSA and the California State Student Association (CSSA).

Chair Collins reported on his participation in the many virtual meetings with various stakeholders, university affiliated Councils, CSU committees, and the Intersegmental Committee of the Academic Senates (ICAS), in his dealings with AB 928, the Associate Degree for Transfer overhaul bill, and the AB 1460, implementation of the ethnic studies requirement, passed last year.

Trustee Sabalius reported on the March 23rd Board of Trustees meeting discussing the budget that restores the $299 million cut to CSU reoccurring budget, $144 million in new permanent funds and the $175 million in one-time allocation for deferred maintenance. He also reported that out of the 2,479 bills posted, the CSU sponsored only one, AB 940, appropriating funds to expand mental health services. He further reported on the academic planning report, including procedures for discontinuing existing degree programs, evaluating student outcomes, academic preparation, and the redo of the Master Plan for Higher Education.

Standing Committee reports included:
• Academic Affairs, articulating the issue of granting Community Colleges the right to award bachelor's degrees,
• Academic Preparation discussing student transfer protocols,
• Faculty Affairs discussing reimbursement for COVID related expenses, and
• Fiscal and Governmental Affairs articulating our opposition to AB 928, establishing an oversight committee to monitor the Associate Degree for Transfer Program; AB 1111, requiring a set of common course IDs for transfer to both the CSU and UC; and AB 927, the right of the California Community Colleges to award up to 30 new bachelor's degrees each year.

Chancellor Castro reported on the positive outlook for the budget, particularly the $443 million in new permanent funds and the $175 million in one-time funds for deferred maintenance, a number which the chancellor says he will try to increase to $1 billion. He also reported the vaccine policy was not ready to release. However, since this plenary the chancellor has instituted a policy requiring that all students, staff, and faculty on campus in the fall must be vaccinated.

Executive Vice Chancellor Wood continued in discussing the meet and confer process on vaccines suggesting the fall will be a transitional semester in repopulating campuses. He also reported on multiple meetings on the ethnic studies implementation and ended with consideration of permanent suspension of the SAT/ACT and more conversation on the Graduate Writing Requirement (GWAR).

Associate Vice Chancellor of Student Affairs Loulong Hong spoke about concerns across the CSU on diversity issues. She also stated the requirements to establish and maintain an Affirmative Action plan and discussed the request and advocacy by Justice, Equity, Diversity, and Inclusion (JEDI) for a Senior Diversity Officer in the Chancellor's Office.

Trustee Jack McGrory spoke to the plenary about his background in San Diego politics prior to becoming a Trustee and answered several questions about the lack of Chancellor's Office opposition to AB 928 and AB 927. AB 928 is the bill that would establish an oversight committee to monitor the Associate Degree for Transfer program. AB 927 is the bill that would allow the community colleges to grant up to 30 bachelors degrees per year.

Other guest reports focused on salary bargaining and repopulation post COVID (CFA), opposition to AB 386, which would give CalPERS the right to make anonymous loans (CSU-ERFSA), school finance and student housing (CSSA), Federal subsidies for Veterans (VA Liaison), and data demonstrating that there are now over four million CSU graduates, who comprise one in twenty workers in California and one of 20 (5%) of all college graduates in the U.S. (Alumni Liaison).

As well, 13 resolutions were presented, one withdrawn and 12 passed, three on first reading waiver and nine on second reading. The more significant include:

• AS 3478 - "Concern over Common Transfer Pathway" - Approved

• AS 3480 - "Recognizing Disparate Impact of COVID Pandemic on Women in the CSU" - Approved

• AS 3481 - "Concerns Over Dual Admission Legislation" - Approved

• AS 3482 - "Faculty and Administrative Responses to Student Transgressions of Academic Integrity" - Approved

• AS 3483 - "Reimbursement for COVID related Work-at-Home Expenses" - Approved

• AS 3484 - "CSU Support for Expanded Early-Start Summer Experiences" – Approved

• AS 3485 - "Support for Actions Taken to Reduce Climate Change and to Protect the Environment" – Approved

• AS 3586 - "Concerns Regarding Ethnic Studies and IGETC Implementation" – Approved

• AS 3490 - "Increasing Funding to the Academic Senate of the CSU" – Approved

• AS 3491 - "Faculty Involvement as Reimaging Higher Education Post-Lockdown - Approved

• AS 3492 - "Supporting Students, Faculty, Coaches, and Staff Who Express Concerns About a climate of Harassment, Retaliation, and Bullying" - Approved

CFA Report: CFA Objects to Golden Shore Intransigence

By Jay Swartz, Cal Poly Pomona, CSU-ERFSA Liaison to CFA

The CFA bargaining team is back in the trenches once more, steeled for yet another battle with the Chancellor over a fair contract.

Prime focus this time around is an equitable deal in light of all the additional work required during fifteen months of extra effort during the pandemic. CFA has pointed out that shifting workloads without warning from face to face instruction to online and then dealing with all the extra issues of childcare, care for elders, shifting schedules, added computer costs, etc., is a price too high to pay without added compensation.

In response Chancellor Castro's team has proposed a raise of two per cent but only for the upcoming academic year. "Totally unacceptable," is CFA President Charles Toombs' response.

To add insult to injury, CSU administration is proposing a hike in faculty/staff parking fees to equal that which students already pay. And then as part of the Chancellor's added appreciation of faculty efforts is his plan to cut the FERP transition from active to fully retired from five to just three years.

At the May Board of Trustees meeting various CFA speakers went on the record to state that Chancellor Castro talks a good game, praising faculty and staff for their hard work, but then offering nothing more than hollow words. One observer pointed out that CSU faculty have been exceptionally resilient in light of COVID 19 challenges and now have graduated both the Class of 2020 and now 2021 with nothing more than a thank you.

CFA also has gone on the record opposing the recall of Gov. Gavin Newsom, scheduled as part of an impending ballot referendum for all California voters, urging a no vote. "This is nothing more than an anti-union power grab," CFA political action chair Steven Filling has declared.

President's Report

(Continued from page 2)

hours. FERP participants also have contractual rights not offered to part-time faculty (please see article 29 of the collective bargaining agreement - https://bit.ly/3yyPGEe.pdf). Other articles of interest may focus on challenges in adapting to retirement, hobbies, travel, etc. So, if you wish to develop your writing skills and help your fellow retirees, please shoot me an email and let me know if writing such a column would be of interest to you.

On a personal note, I want to mark the recent passing of two notable Fullerton colleagues. Paulina June Pollak, was the first statewide president of CFA and an active member of CSU-ERFSA. June was a long-time member of the Fullerton campus and she and her husband George gave an endowment grant to help fund the CSU Fullerton library (which is now named in their honor). She gave graciously of her time to junior faculty and was a mentor to many throughout the CSU. Jack Bedell was extremely active in faculty governance, both on the campus and in the system. He served as a chair of the ASCSU as well as a five-time chair of the Fullerton campus senate. He was like the Energizer Bunny and it was not unusual to get emails from him at 3 am. Jack also chaired a number of academic departments aa well the Fullerton campus emeriti chapter. He served as a mentor to many who were interested in collegial governance. Both June and Jack leave big shoes to fill.

Best regards.

Health Benefits

(Continued from page 5)

on the settlement is on page 1 of this issue and the CSU-ERFSA website.

Plaintiffs' attorneys are negotiating with several LTC carriers on replacement policies for those who accept the settlement. No agreement on substitute policies has been reached yet. Information on the Settlement has been posted on the CSU ERFSA website.

In Memoriam

Chico – Mark W. Joralemon

East Bay – Elie R. Vidal

Fresno – John R. Donaldson
Harry P. Karle

Fullerton – Ernest H. Dondis
Thomas E. Maher
June Pollak

Humboldt – Dorvin V. Phillips
Roy A. Sundstrom
M.G. Suryaraman

Long Beach – Marion S. Beaumont

Los Angeles – Marion V. Dearman

Northridge – Mary A. Danin
Donald R. Salper

Pomona – Roy C. Easley
Rae H. Stoll

Sacramento – Juan Hernandez

San Diego – Sigurd Stautland

San Jose – Fred Foldvary
Yoko Karjala
Robert H. Wilson

San Luis Obispo – Alan M. Weatherford

Sonoma – Robin B. Cano
Gerald W. Haslam

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California State University
Emeritus & Retired Faculty and Staff Association

15th Challenge Grant to the CSU-ERFA Foundation

The CSU-ERFA Charitable Foundation is continuing its campaign to match a $500 challenge grant from a CSU-ERFSA member. The donor will match all individual donations received by the foundation through December 30, 2021, up to a total of $500.

The CSU-ERFA Charitable Foundation is a 501(c)(3) organization that provides competitive grants to CSU-ERFSA members to support their research and scholarly activities. Donations in any amount from both CSU-ERFSA members and the 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 to 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 the CSUERFA Charitable foundation webpage at https://tinyurl.com/csu-erfa-foundation and clicking on the "donate" button near the bottom of the page.

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

CSU-ERFSA Calendar of Events

August 27, 2021 - Ballots for the two Member-at-Large seats on the CalPERS board of administration to be mailed to all CalPERS members. Ballots due back by September 27, 2021.

September 14, 2021 - Gubernatorial recall election in California. CSU-ERFSA urges all California voters to vote in the recall election.

September 20 - October 15 - CalPERS Open Enrollment for health plans.

October 20 (Wednesday), 2021 - Fall State Council on Zoom. 1 - 4 p.m.

October 31, 2021 - (yes, Sunday!) CSU-ERFA Foundation research grant applications due.

Want to Report on Long-Term Care for *The Reporter*?

The CSU-ERFSA Reporter needs a contributor to focus on long-term care issues. There is ample material to draw upon for each issue, and the editor can direct you to sources and generally assist. If interested, please write Ted Anagnoson, tanagno@calstatela.edu.