## **POSTSCRIPTS**

News of the CSU East Bay Hayward Emeritus and Retired Faculty Association Almost Spring 2011

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## Spring Luncheon

Gues SpeakerNanMaxwell, Professor Emerita of Economics

Date: Tuesday, March 29, 2011

Time: Gather starting at 11:30, social hour of 45 minutes, sit down 12:15

Place Dino's at 3600 Castro Valley Blvd., Castro Valley

All lunchesare \$20, in cash or by check, paid when you arrive at Dino's. Checksare **payable** to **Helen Sowers**, our treasurer. Lunches include food, gratuity, tax, coffee, tea, tossed green salad with Italian dressing, vegetables fee,

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use amuch lower rate in order to protect the **Pension Benefit Guaranty Corporation (PBGC)** from plan failures. Some economists hold that public plans should use arisk-free rate of about 4%. That would greaty increase ARC. Companies go out of business. Governments do not.

The second complaint often heard is the relative generosity of public persion benefits, compared to the private sector. Traditional employer-provided defined-benefit persion plans in the private sector areall but gone. They have been replaced by 401(k) and cash-balance plans that shift much of the cost and all of the risk to the employee. The result will be amassive increase in elder poverty.

In 2010, the average CaPERS service retirement benefit for state employeeswas\$2,500 permonth (with 21.3 yearsof service). That hardly seems overly generous given that member contributions account for a considerable portion of CaPERS revenue and accumulated asets. Of course, many (of us) receive more and many receive less.

Between 2000 and 2010, members contributed \$304 billion (21.3%), employers \$469 billion (32.8%) while earnings on invested assets generated \$677 billion (45.7%). Members have contributed almost 40% of total new contributions over the 11 year period.

The third often-voiced criticism of CaPERS involvesabuse of the system, especially "spiking." This is a legitimate complaint. There are many examples, especially among public safety employees in which the persion benefit is significantly enhanced by converting overtime, unused vacation and sick leave into participation and/or promoting an employee to a higher paying job shortly before retirement. These are matters of responsible plan design and administration. When discovered, such problems should be corrected and "i to be co

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Editor: I'd like to see more convergence anong disparate systems, some of which are niggardly for modest income workers, others very generous to well-paid workers who retire early, e.g., in public safety systems.	
Let's Be Honest about the CSU Budget: Cuts Started Before Brownotutudget	

asstakeholders (ncluding representatives of students and employees), to determine the specific mix of measures that can best accomplish these objectives"

This means that the CSUadministration will not be able to chittle about they please, using the excuse of fiscal constraint to implement rashprogram cuts, ill-conceived "efficiency" schemes, and vague "testructuring proposals" that have little to do with working within the budget and everything to do with an administrative power grab

Chancelor Reed has promised to "work with the administration and the legislature" and "to look at every option and develop a comprehensive plan" to addres the budget In doing so, let me suggets the Chancelor might consider explaining:

- Why the CSUspert \$400,000 on an outside bbbyist when the University has its own Government Relations Office in Sacranento with a full-time staff of nine employees
- Why the CSUhasspert \$7 million on a ro-bid contract for an outside consultant to "improve labor relations" (which the consultant has demonstrably not accomplished) when the Charcelor's Office and all 23 CSU campuses already have a small army of full-time labor relations staff, including a Vice Charcelor paid more than \$300,000/year. Ironically, \$7 million is exactly the amount that the Charcelor told an independent fact-finder the system could not afford to pay to implement the final stage of an equity pay program for faculty that was part of the 2007 CFA/CSU contract
- Why highly-paid CSU Presidents receive expensive "car allowances" of more than \$5,000 amually when nearly all other Californians maintain, purchase, or lease automobiles at their own expense.
- And, most importantly, why between 2000 and 2008, as the number of students in the CSU grew by 27 percent, the number of the rumber of the r