News of the CSU East Bay Hayward Emeritus and Retired Faculty Association
March 2017

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President’s Message:

Greetings! Notice that no one says “we need the rain” anymore.

The ERFA Award for service to ERFA and the University have been given to Charlie Harper and Jodi Servatius. We appreciate their contributions.

ERFA recently fully funded the ERFA Library Endowment and now gives to a very worthy University program—Renaissance Scholars benefiting former foster children. This program provides scholarships, counseling, tutoring, community building activities, priority registration, laptop lending, a textbook library, and book assistance.

As you can see, these students receive great benefit from Renaissance Scholars. Last year they awarded 12 scholarships. So far this year they have money for six.

Please donate any amount you choose. Make checks out to “CSU Ed Foundation” with Renaissance Scholars on the memo line. If you send a check to me (B. Pressley, 4817 Terra Granada Dr. 1-A Walnut Creek 94595) and I will make sure it gets to the correct office.

John Giles and I attended their May luncheon last year and awarded two one thousand checks to two of the applicants. We had read their applications and were impressed by the hardships they had endured and how they had overcome them.

Jodi Servatius, who is on the RS board had told the Board about the program and we invited the director and a graduate of the program to speak to ERFA members. We were touched by the depth of the program and one of the success stories. This truly is a worthy endeavor and we hope you will contribute to its success.

The revolving door in University Advancement continues. Tanya Hauck, Vice President, resigned after less than two years in the position. The previous VP was there just a year. Is this our March Madness? (ask someone about college basketball and jumping to the NBA).

Happy Spring and put the umbrellas away.

Bea Pressley, President
Spring Luncheon, Tuesday, April 4, 2017

Guest Speaker: Professor Buddy James. He is Director of the School of Arts and Media, outstanding professor last year, and talented performer and speaker

Time: Gather starting at 11:30 am, social hour of 45 minutes, sit down 12:15 pm
Place: Asian Buffet, 24100 Mission Boulevard, Hayward, at Fletcher Lane.

All you can eat, a wide variety of dishes, soft drinks, wine, dessert, and gratuity, buffet style. Cost includes donation to the Renaissance Scholar program and a gift certificate for the speaker to the Friends of Castro Valley Library Bookstore.

$20. On arrival, write checks at the door payable to Helen Sowers, our treasurer, or cash.

Reserve the date, April 4. Please make reservations by Friday, March 31, with

- Jack Kilgour, (510) 582-8760, john.kilgour@csueastbay.edu or
- Bea Pressley, (925) 946-9786, beapressley@mac.com

Buddy James’ passion for great music, travel, and creative ventures led to his current position, Professor of Music at California State University, East Bay, where he is the Founding Director of the School of Arts and Media and the Director of Vocal Studies.

James’ career can be traced to an early love of music, from the pulsating Rock and Roll of his hometown Cleveland, Ohio to the nostalgic Country and Western music of his parent’s West Virginia. He traded his electric guitar for a baton after discovering the beauty and power of ensemble singing in his High School choir and at the University of Akron under Edward Maclary. California’s sun lured him west, to the University of California, Irvine and Joseph Huszti, who helped him secure the prestigious UCI Chancellor’s Fellowship and teaching positions at UCI and Whittier College.

Pursuing a Doctorate at the University of Southern California, he was challenged and inspired musically and intellectually by his mentor, William Dehning. During his time in Los Angeles he also studied with David Wilson, James Vail, and John Barnett, and he conducted the USC University Chorus, restarted a defunct USC Men’s Chorus, and was honored as the Outstanding Doctoral Graduate in the USC Department of Choral and Sacred Music.

He has taught at many institutions, most notably at Millersville University of Pennsylvania, where he was named “Person of the Year” in 2004. He has served in the American Choral Directors Association and Intercollegiate Men’s Choruses, and was one of the founding officers of the National Collegiate Choral Organization.

His move to California and subsequent travels through Europe as a singer and penniless student backpacker shaped his world views on art and human relations, and he has had the privilege of sharing his love for history, art, design, the ocean, and good food with his choirs during tours to Eastern and Western Europe, Mexico and Asia. His personal travels have taken him camel riding in the Gobi Desert, traversing glaciers in Patagonia, summiting the great Mt. Kilimanjaro in Africa, visiting monasteries in the Himalayas, exploring souks in Dubai, and shopping at Thailand’s night markets. James and his family have been blessed with the opportunity of enjoying extended stays studying culture and music in Barcelona, Lisbon, Paris, Bangkok, Tokyo, Mexico City and Buenos Aires. Currently he lives in Palo Alto with his wife Aileen and their two beautiful children, Emilia Rose and Lionel.

-Tom Acord
"Last week, I joined Chancellor Tim White and all 22 CSU presidents in signing a statement expressing deep concern about the Executive Order on immigration. Cal State East Bay has approximately 25 students and faculty directly affected by the ban and we are taking steps to ensure they are receiving any assistance we can provide. ..." -Pres. Leroy Morishita, Feb. 6, 2017.

This issue has special resonance for Pres. Morishita on the 75th anniversary of the impoverishment and relocation to camps of Japanese Americans in World War II under Executive Order 9066, that authorized the internment of Japanese Americans during World War II.

Highlights of report by Ed Inch, Provost:

- A New York Times study reported that a college degree helped a significant percentage of bottom income quintile students to end up in the top. About 80% move back to their origins, benefiting the old home town.
- Effective 9/1/17, all CSU campuses will be smoke- and tobacco-free.
- Enrollment applications are up from last year, close to our enrollment target.
- Over 4,000 juniors and seniors with more than 90 units have been informed that there will be a hold on their registration until they complete the Graduation Writing Assessment Requirement (GWAR) or Writing Skills Test (WST). Which must be cleared by W 2018.
- The budget remains flat.

Sherman Lewis, Academic Senator for Emeriti

**CalPERS to Lower Discount Rate to 7%**

By John Kilgour.

On December 21, 2016, CalPERS’ Board of Administration voted to lower its discount rate from 7.5% to 7.0% over the next three years. The rate will drop to 7.375% in FY 2017, to 7.25% in 2018 and to 7.00% in 2019.

The way pension funding works is that actuaries calculate the plan’s “projected benefit obligations” (PBO) based on a number of economic and demographic assumptions. This produces a large number that is then converted to present value (today’s dollars) by using a discount rate. For example, a $1,000 PBO discounted over 20 years at 7.5% produces a present value of $235. Discounted at 7.0%, it is $258. That’s $23 or 8.9% more.

Traditionally, the discount rate has been based on the plan’s average return on assets (ROA) over the previous 20 years. The higher the assumed discount rate, the lower the present value and vice versa.

Many think that a discount rate of 7.0% is still too high. A respected pension investment consulting firm, Wilshire Consultants, forecasts average return on assets by CalPERS at 6.2% over the next 10 years.

Many financial economists argue that since public pension plan benefits are 100% guaranteed by the state or local government, they should be backed by “riskless” investments such as U.S. Treasury 30-year bonds (now paying about 3.0%) rather than a higher rate based on the assumed return on invested assets favored by public pension actuaries. A lower rate would require a lot more money (contributions) to meet the future liability.
The Governmental Accounting Standards Board (GASB) did not agree with the economists and in 2012 adopted an accounting and reporting standard which allows plans and sponsors to use the expected ROA to discount those liabilities covered by actual assets. Unfunded liabilities (not covered by assets) must use a lower rate based on an index of high-quality tax-exempt municipal bonds, say 4.0%.

When the value of the plan’s assets is divided present value of future liabilities, it gives the plan’s “funded status” or “funded ratio” (percent funded). That is what drives the employer, minimum required contribution. For example, if assets are worth $1 million and liabilities are $1.3 million, the funded ratio is 76.9. The plan is 76.9% funded.

The reduction in the discount rate is only the most recent shock to the system. Unfunded pension liabilities are amortized over a number of years. In 1993, the GASB established (for the first time) 40 years as the maximum amortization period for pension accounting and reporting purposes. That was reduced to 30 years in 2006, and more recently to the average remaining service lives of the plan’s participants, typically 12 – 15 years. As the amortization period is reduced, the plan’s liability increases as does the employer’s required contribution.

The employer’s minimum contribution is the sum of its “normal cost” (benefit accruals and administrative expenses for that plan year) plus a portion of the unfunded liability. CalPERS requires that the State and contracting school and local agency employers pay their full required contribution each year. Thus, CalPERS’ underfunding is not due to the parties short-changing the system. Rather it is due to four major factors: the ill-advised retroactive benefit increases of S.B. 400 of 1998 that are permanent benefit increases for those hired before 2013, overly optimistic ROA and other assumptions, increased longevity of retirees and disappointing investment decisions.

The Legislature and Governor Brown have gone a long way toward improving the situation by reducing benefits and increasing contributions for employees hired after January 1, 2013. The employee contribution rate was increased from 5.0% of pay to 8.0%. Moreover, employee contributions must now pay for 50% of the plan’s normal cost.

The lowered discount rate, on top of the curtailed amortization period and other reforms, were necessary for the well-being of CalPERS. However, they will significantly increase the required contribution of the State and the over 3,000 contracting school and local public agency employers, many of which are already in difficult financial straits. Indeed, many public employers are still recovering from the Great Recession that began in 2008 and the 2012 reduction of the discount rate from 7.75% to 7.5%.

The crunch will come when (not if) the next recession hits. In recent years, there has been recessions in 1983, 1991, 2001 and, of course, the Great Recession that began in 2008. There will be others.

When the next recession occurs (in 2018?), the State and local governments will have to contend with the combined effect of the lower discount rate, curtailed amortization period and other changes. During a recession public sector revenues decline. As CalPERS minimum required contributions increase, the State and school and local government employers will have to further reduce benefits and/or increase contributions. This also require cutting other programs and/or raising taxes. In addition, public employees hired in or after 2013 may see their required pension contribution increased above the current 8.0%.

But, don’t worry. No one is suggesting cutting our retirement benefits. Public sector pension benefits already earned and vested are sacrosanct (with the possible exception of a Chapter 9 bankruptcy proceeding).
Obituaries

Ruthy Stephan maintains http://www20.csueastbay.edu/oaa/memorial/index.html honoring deceased tenured and tenure-track faculty. It has links to more details.


Women talk and hold the world together.
I observe, I appreciate, I can’t do it.
I can talk, but I can’t talk and talk;
I drain of things to say;
My sociability gets worn out; goodbye.
I can’t spend five minute saying goodbye.
Women guide us with their undeserved
Acts of love, gifts we can repay by
Work; we need to work, figure it out
Get the job done, next.
We need them; they guide us and
Wait for us to slow down so we can
Listen, try to understand what we can do
To help them hold the world together.

My garbage is demanding; the garbage collectors will come
With certainty Monday morning; my garbage can must be there,
Rain or shine, years rolling on, and garbage punctuates my week.
I can’t seem to remember what happened between Mondays,
With no great events in an average week; or is it even worth
Keeping track? For I am reaching my end, reaching my end,
With no immortality, no fame, no one to remember
Me for long, like billions of others who live and die without note.
But my garbage can, my good garbage can, will outlive me, attain a bit of
Immortality until it, too, gets worn out and hauled off by the garbage collectors.
Lest we become arrogant, remember only garbage collection is immortal.
I choked up when I first saw the Reading Room of the Boston Public Library. I felt the working of individuals to create a common wealth, for the common good of all of us together, united for learning and wisdom that lifts the individual, if they just go in and read in the reading room.

In some quest for a personal holy grail, we lift ourselves from animal, special talents honed to enlarge and raise community higher, enriching through many fields of thought in diverse ways, to appreciate the great among us, to include in community the least among us, so that all may rise.

The noble library lions welcome us up the stairs and, lest we forget, none can be free unless all are free, we see the names of great battles of a horrible war, Antietam, Appomattox Court House, and on and on, where thousands died for ideas, for union, for freedom, for liberty.

For our liberty, that we might use this freedom to gain wisdom, to serve community, to harness our energy against the animal pull of money greed, of compulsion to use force to control the stranger, of religious sectarian idolatries.

We honor unknown local dignitaries who used their wealth to build a great library instead of something private and apart, who choose to make a contribution to the common good, so that all of us, all of us, can enter a vast and beautiful sanctuary of opportunity for growth, and all we have to do is go in, sit in a chair, at a long table, with a reading light, and a book, in the Reading Room of the Boston Public Library.

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