

# ERFA POSTSCRIPTS

News of the CSU East Bay Hayward Emeritus and Retired Faculty Association  
Summer 2014

## Board of Directors

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## *President's Message:*

Greetings! Wherever you live in one of our Bay Area micro climates I hope you are not too warm or too cold.

For those of you who have been unable to attend our luncheons, the following have received recognition for their contributions to the University and to ERFA: Alan Smith, Jack Conner, Judy Stanley, Bill Vandenburg, John Sims, Jack Kilgour, Mark Van Aken, and Maury Dance. Contributions to the ERFA Library Endowment were made in their names.

What do other campus ERFA chapters do? I attended a meeting of the Northern California campus presidents and found the chapters have a variety of activities. Some have brown bag lunches and a yearly luncheon or dinner, some give scholarships, some recognize student research, others are invited to Academic Senate meetings to share their current interests. Many have ethnic dinners once a year. Most have local dues as well as Statewide dues. On some campuses emeriti are seen as an important part of the university family—others, not so much.

Bill Vandenburg, now living near the University of Oregon, sent us an interesting article from [hightower/lowdown.org](http://hightower/lowdown.org) entitled: "Lessons from Corporate Colleges: When Ph.D's Are Being Squeezed Out of the Middle Class." While administrators often earn more than professors (and MacDonalds workers more than adjuncts), most of the CSU campuses do not pay their basketball and football coaches three to seven million a year as do many larger schools.

Remember that Statewide ERFA has grants to support emeriti projects. Proposals are due in the fall.

We are fortunate to have Russ Merris as our speaker at the July 22 luncheon at the Asian Buffet. He will discuss and read from his recently published historical novel entitled. "Caesars' Temple—The Life and Turbulent Times of Hypatia of Alexandria." She was the first female mathematician. Books will be available for purchase and he has generously decided that all proceeds will go to our ERFA group. This should be a very interesting session.

FYI—more employees in University Advancement have left for other jobs. Five who attended our luncheons have departed. What gives?

Beatrice Pressley, President

# *Summer Luncheon, Tuesday, July 22, 2014*

Guest Speaker: **Russ Merris**, California State University, Hayward, Professor Emeritus of Mathematics, Racquetball player emeritus, author of “Caesars’ Temple—The Life and Turbulent Times of Hypatia of Alexandria.”

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

Place: Asian Buffet, 24100 Mission Boulevard, Hayward, at Fletcher Lane.

\$20, in cash or by check, on arrival. All you can eat, a wide variety of dishes, soft and other drinks, even wine, dessert, and gratuity, buffet style. Cost includes donation to the ERFA Library Endowment and a gift certificate for the speaker to the Friends of Castro Valley Library Bookstore.

Make checks and \$20 bills payable to **Helen Sowers**, our treasurer.

Reserve the date, July 22. Please make reservations by Friday, July 18, with

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



## *Academic Emeriti Senator’s Message*

If you haven’t been to campus in a while, you should go! The look of the campus has changed dramatically with the demolition of Warren Hall, the addition of the Student Services Administration Building, and the new construction for another building on the site formerly occupied by the Early Childhood Center. This building will house both faculty offices and university administration support staff and is expected to be completed by June 2015.

Cal State East Bay has been designated as a HIS (Hispanic-Serving Institution) by the Department of Education, making it eligible to apply for federal grants under this category. CSUEB already has an AANAPISI (Asian American and Native American Pacific Islander Serving Institution) designation. Current legislation prohibits applying for grants under both categories, but President Morishita and other university presidents are pushing for legislation to change that.

As more courses go online at CSUEB, there are issues involving how these courses satisfy some General Education requirements. One question is whether using technology such as Blackboard discussion boards meets oral communication requirements. This has been referred to ITAC (the faculty Information Technology Advisory Committee).

CAPR (the Committee on Academic Planning and Resources) continues to be charged with completing five-year reviews for departments and programs and with writing summary reports, which are then submitted to the Senate for approval. The Senate has discussed the uneven nature of the reports (i.e. some are much longer and more thorough than others) and how this may affect departments.

CSUEB continues planning to convert from a quarter system to a semester system. While this issue has been up for discussion and voting in the past, the conversion is now planned to take place in Fall 2018.

Eileen Barrett (English) has been named the 2013-2014 CSUEB Outstanding Professor (the George and Miriam Phillips Award). Mike Hedrick (Biology) was elected Senate Chair for 2014 – 2015. Mike has been on leave at the University of North Texas for the past three years. Susan Gubernat (English) has been elected Secretary of the CSU Statewide Academic Senate.

The current faculty contract expires on June 30, 2014, and negotiations are taking place for a new contract. Because faculty salaries have been stagnant for six years, salaries, class size, and work load are major bargaining issues.

Jane Lopus, Academic Senator representing the Emeriti Faculty: [jane.lopus@csueastbay.edu](mailto:jane.lopus@csueastbay.edu)

## ***CALPERS Unfunded Pension Liabilities: How Did We Get Into This Mess?***

CalPERS is not one unified program. Rather it is a number of retirement and other benefit programs that have a variety of funds and a range of funding situations. The three main retirement income programs and their funded ratios (percent funded) as of June 30, 2013 are:

- State Employees, 66.1% funded; (non-teaching)
- School Employees, 80.5% funded; and
- Public Agencies (as of 6/30/2012), 68.9% funded.

### **OUR PENSIONS ARE ONLY 66.1% FUNDED?!!** How did that happen?

Once upon a time, public pension plans in California could invest only in safe and predictable bonds. CalPERS was established in 1931, not long after the stock market crash of 1929 and in the depths of the Great Depression. Restricting pension fund investments to bonds was reasonable. The equity markets did not return to their pre-1929 levels until 1954. However, to avoid stocks was to forgo their higher long-term earnings. Since 1927, stocks have returned about 10% per year, bonds about 5%.

In 1966, California's Proposition 1 weakened the bonds-only restriction by allowing public pension funds to invest up to 25% of their assets in equities. In 1982, the voters rejected a proposal (Prop 6) that would have increased the limit to 60%. However, two years later (1984) they approved Prop 21 that ended the restriction all together and allowed public funds to invest in anything "prudent."

Initially, plan fiduciaries were to have been held personally liable for losses incurred by imprudent investment decisions. However, pension plans quickly purchased liability insurance to protect plan trustees and other fiduciaries from such personal loss.

During the 1991 recession, then Governor Pete Wilson attempted to redirect \$1.1 billion of "surplus" CalPERS assets to reduce Annual Required Contributions (ARC) for the state, schools and local agencies. It would also have shifted the power to appoint actuaries from the pension board(s) to the governor. The actuaries calculate the ARC to be paid by employers to CalPERS and other pension systems. Wilson's attempted raid was thwarted by the courts. In addition, the public employee unions responded with Proposition 162 in the November 1992 election. Before Prop 162, the pension board(s) of administration had three equal responsibilities: paying benefits, minimizing employer costs and maintaining reasonable administration expenses. The 1992 proposition made paying benefits the top priority. It also clarified that the actuaries were to be appointed by the pension plan, not the governor and that the pension boards had investment control.

By the mid-1990s, public pension funds in California were getting 75% of their revenue from earnings on invested assets and by the end of the decade most of them were fully funded or running a surplus. Employer contributions went down, in some cases to zero, while employee contributions continued at their prescribed fixed rate (5% of earnings for us).

In the interest of fairness, the CalPERS Board of Administration proposed increasing pension benefits in what became S.B. 400 in 1999. CalPERS assured the legislature that the cost of the enhanced benefits would be covered by continued growth in the trust fund fueled by investment earnings. Everyone seems to have forgotten that while equity prices can go up, they also go down. The principle of "reversion to the mean" is alive and well.

And then came the 2001 “dot.com” recession. As the stock market contracted, pension asset values took a dive and employer required contributions soared. By 2007, the financial markets and the pension funds had recovered. Funded ratios were again approaching 100%. The “real estate bubble” Great Recession began in the fourth quarter of 2008. It was worse. Again, asset values contracted and employer required contributions soared just as state and local governments were struggling with reduced revenues and increased costs of other programs, such as the CSU. Hey, that’s us!

While many of us benefited from S.B. 400, it was a big mistake. It will be a problem for public pension funds in California for a long time to come. Because of the “California Rule” (discussed in my last note), the Public Employee Pension Reform Act (PEPRA) of 2012 applies only to state and local government employees hired after January 1, 2013. Those hired prior to that date will continue to enjoy the benefits of S.B. 400 and the public pension funds will continue to incur their costs for many years.

Even though equity values are now well above their pre-recession levels and funded ratios may look better for 2014, public pension funding problems in California will be with us for a long time. Over the span of most of our careers, there have been five recessions: 1973, 1981, 1991, 2001 and 2008. There will be others. Stay tuned in.

John G. Kilgour



## *Obituaries*

Ruthy Stephan and Gina Traversa maintain [www20.csueastbay.edu/oaa/memorial/](http://www20.csueastbay.edu/oaa/memorial/), honoring deceased tenured and tenure-track faculty.

Richard E. Jay, Emeritus Professor of Economics, February 2, 2014, at the age of 95 at his home in Boise, Idaho. (Email from Ned Lyke; not on memorial site)

Robert J. Baalman, Professor Emeritus of the Department of Biological Sciences, March 16, 2014, [http://www20.csueastbay.edu/oaa/files/memorial\\_files/MemorialBaalman.pdf](http://www20.csueastbay.edu/oaa/files/memorial_files/MemorialBaalman.pdf)

Ricardo L. Singson, Professor Emeritus of the Department of Marketing and Entrepreneurship, April 30, 2014, [http://www20.csueastbay.edu/oaa/files/memorial\\_files/MemorialSingson.pdf](http://www20.csueastbay.edu/oaa/files/memorial_files/MemorialSingson.pdf)

Vincent K. Shaudys, Professor Emeritus of the Department of Anthropology, Geography, and Environmental Studies, August 7, 2013, [http://www20.csueastbay.edu/oaa/files/memorial\\_files/MemorialShaudys.pdf](http://www20.csueastbay.edu/oaa/files/memorial_files/MemorialShaudys.pdf)

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