INSIDE:
The Crisis in the CSU
Furloughs
The State Budget
Diversity
Your Retirement
Legislation
and more!
THE MISSION & PURPOSE
OF THE CALIFORNIA FACULTY ASSOCIATION

The California Faculty Association is the exclusive collective bargaining representative for the California State University faculty, including tenure-track faculty, lecturers, librarians, counselors and coaches.

According to the CFA Bylaws, last revised October 2003...

The CFA is established to:

- Strengthen the cause of higher education for the public good;
- Promote and maintain the standards and ideals of the profession;
- Provide a democratic voice for academic employees;
- Provide legislative advocacy;
- Maintain collective bargaining agreements covering salaries, working conditions, and other items and conditions of employment.

These agreements shall seek to:

a. Obtain explicit guarantees of academic freedom, tenure, and academic due process;

b. Create orderly and clear procedures for prompt consideration of problems and grievances;

c. Promote and protect the professional and economic interests of CFA and all bargaining unit members and,

d. Promote unity among academic employees and thereby enhance the effectiveness of the CFA in representing these employees.
After the carnage: Cuts endanger higher ed
By Irv Muchnick
Contributing Editor

Some day, and hopefully soon, things will be better in California. The state government will function more like it’s supposed to function, and the economy will improve, and basic public needs, such as an affordable, accessible and quality public higher education system, will be met with a public investment more commensurate with their value.

But history, judging harshly, will note that this did not happen in 2009. For the CSU, the fiscal 2009/10 budget disaster was the culmination of at least a decade of bad decisions by the university’s executive management and of failures in the political process at the state Capitol.

As fall classes started on radically under-funded CSU campuses, student fees were up by a third. The Trustees imposed a $306 fee hike in May and another $672 increase in July.

Faculty members vote to accept furloughs
By Brian Ferguson
Managing editor

The summer of 2009 will go down as one of the most trying periods in the history of the California State University.

California’s economy was in shambles throughout the spring and into the summer. Facing a staggering budget deficit, state lawmakers made tens of billions of dollars in budget cuts, which would affect every public organization and service in the state.

The CSU system was no exception. Despite the year-in, year-out efforts of CFA and individual faculty members to advocate for proper CSU funding, the Department of Finance informed the Chancellor’s Office in early June that its working number for fiscal year 2009/10 budget cuts to the CSU was $583.816 million.

That massive figure represented about 20 percent of the CSU’s total funding it gets from the state, known as
State support of the CSU this year is down by $584 million—about 20 percent of total state “general fund” support for the university.

This half-a-billion dollar cut comes on the heels of a series of previous cuts in the last year bringing the CSU’s losses to more than one billion dollars since September 2008. That total is equivalent to the entire 2007/08 academic year operating budgets of 13 CSU campuses combined! (See chart on this page)

That number might have been even worse, had federal economic stimulus funds not arrived to supplement state support for the CSU and other vital programs.

“Reflecting on the disastrous outcome of this year’s state budget process reminds us that there is next year to think about, and the year after that and the year after that,” CFA President Lillian Taiz said. “We also must remember that all Californians are in this together.”

Yet, students, faculty and constituents of the CSU are not the only ones suffering because of state budget cuts.

The California Budget Project notes the state’s disability benefits program, has reduced its maximum individual monthly grant from $907 to $865. CalWORKS — aid and job services for low-income families — is down to 1989 direct benefit levels, as well as being severely hampered in its support of county-based job services and child care.

Healthy Families — low-cost insurance for children of families who do not qualify for free MediCal — froze enrollment and may deny access to more than a million kids.

MediCal itself eliminated many “optional” benefits, which include such bedrocks as dental care. Services for the blind, disabled and elderly, child welfare and foster care, community clinics…the list goes on and on.

Impact on California

CFA leaders add that the gutting of social services is not merely doing harm to the individuals directly experiencing furloughs, jobs losses, class cancellations or higher student fees. We’re also all in it, collectively.

In time of economic crisis, we do well to focus on how we will suffer even further economically. As a society, we depend on the CSU both to drive the state’s 21st century economy and to prepare its work force.

But we can tie many ideas about the value of the CSU together in that larger ideal of public higher education as a social good.

There is simply no other institution, in a democracy, that can so thoroughly imbue its citizens with literacy in all its glorious dimensions.

During the passionate advocacy last year of the Alliance for the CSU — which encompassed not just CSU students and faculty members, but also business and labor leaders, and politicians at all levels of state government—the theme of the CSU as an economic engine resonated with the public.

It was easy to make the case, for example, that the university, its students and its graduates contributed more than $3 billion in tax revenues in 2003 and directly generated $4.41 in spending for every dollar invested by the legislature in state support.

CFA Vice President Kim Geron observed that the catastrophe of this year’s budget takes CFA’s challenge to a new level. “We need to continue to make that case to the people, but we also need to start turning it inside-out,” he said.

“I think most people appreciate that CSU funding is now severely and unambiguously below basic maintenance level. And that presents us with a different scenario.

“If the CSU, historically, did so many wonderful things for California, what is now going to happen to California, moving forward, if the right financial foundation is not again put under the university—and soon?”

Specifically, the union points to findings from the Public Policy Institute of California, which show the state is headed for yet another...
Courage, power, unity and stamina
Past and present CFA presidents weigh in on our role in budget crisis

We must remain united to create change and save the CSU

By Lillian Taiz
CFA President
History, Los Angeles

For those of us who are budget-fight veterans, the multitude of revised state budgets that we’ve endured this year are clear proof that the old, tired approach to our state’s and our system’s problems must be declared an abject failure.

Year after year our state’s opinion leaders—some of whom sit on our Board of Trustees—have demonstrated that they are invigorated by a kind of Darwinian survival of the ‘fittest’ (read wealthiest) vision for our state.

Rejecting all but the most regressive of taxes, they held our state hostage and imposed cuts to public services that have devastated the lives of hundreds of thousands of Californians.

The cuts to our CSU system have been mind-boggling. Even with one-time federal stimulus dollars, the

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Our challenge is to have courage to step up at this crucial moment

By Susan Meisenholder
CFA General Manager & Past President

No one has seen a CSU budget crisis like the one we are facing simply because there never has been one of this magnitude.

Even the crisis of the early 1990s, with its layoffs of tenure-track faculty members, pales in comparison to our current circumstances.

To add to the enormity of the budget cuts we face this year, this crisis is compounded by a global economic collapse of historic proportions, a state structural deficit that will haunt us even when economic conditions improve and a two-thirds requirement in the state budget process that makes it seemingly impossible to match state government revenues with state needs.

It is almost impossible to overstate the threats facing CSU faculty members or the challenges facing CFA. And on many days, it is difficult to see a clear way out.

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Faculty’s influence in CSU arises from a history that binds us together

By John Travis
CFA Political Action & Legislative Committee chair, past president
Political Science, Humboldt

Two documents have shaped the history, development and structure of the California Faculty Association.

The first was the California Master Plan for Higher Education, which was adopted by a special legislative session in 1960. It aggregated public colleges and universities, many of them founded as “normal schools” to educate future teachers, into the California State Colleges and Universities, which later became the California State University.

The mission of the CSU was to provide an affordable, accessible, and high quality undergraduate and masters’ level education to students who were in the upper third of their high school graduating classes.

The CSU was to focus on middle- and working-class Californians, who might otherwise not have an opportunity for a quality educational experience.

The second momentous event was the passage of the Higher Education Employer-Employee Relations Act (HEERA) in 1979, which allowed employees in public higher education in California to organize for collective bargaining.

Eventually, two organizations emerged to contest for the right to represent faculty in the CSU: the United Professors of California (UPC) and the Congress of Faculty Associations, which eventually became CFA.

One of the first steps under HEERA was to define the bargaining units to be represented by the various labor groups in the CSU, which required a hearing before the Public Employment Relations Board, a state agency for public labor relations.

Although UPC and CFA fought intensely—and on occasion bitterly—to become the bargaining agent, both organizations were adamant about creating the largest bargaining

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CSU lost 20 percent of its general fund budget.

Huge sacrifices by employees and students alike left gaping holes that are, as we speak, causing course cuts, denials of student access, non-reappointments and layoffs. Next year looks even bleaker as stimulus dollars will not be available and our state’s economy continues its downward trajectory.

The truth is that we are witnessing the fulfillment of neo-con ideologue Grover Norquist’s dream—the destruction of public services and the dismantling of the largest system of public higher education in the nation.

This is clearly a tragedy for us as individuals; the impact on our families and the futures of our students is profound.

Most significantly, however, is the way in which the destruction of public higher education will impact our commonwealth and its ability to prosper—socially, economically and politically.

The California Faculty Association and others have sent up warning signals repeatedly. Most recently, in January, we issued “California at the Edge of a Cliff” by policy analyst Tom Mortenson (http://www.calfac.org/csu_ca_economy.html), which outlined the corrosive impact of the defunding of the CSU.

In 2005, the Public Policy Institute of California similarly warned in its 2025 study of a coming crisis as a result of our failure to higher-educate sufficient numbers of Californians.

Notwithstanding these warnings—when faced with a global economic meltdown—our leaders turned to the same “solutions” they have used for more than a generation—smoke, mirrors and kicking the can down the road to let others deal with the consequences. It is time to declare these “solutions” abort failures and to demand our vision for California instead.

How can we help to turn the tide for our system and for our state?

We must seize every opportunity to shine a bright light on the consequences of the cuts our system has endured. As each campus has opened, the faculty, students and staff have taken action to highlight the impact of the cuts—not enough classes, faculty and staff who are no longer working or no longer have health insurance.

In nearly every area, these events have drawn the media, both print and broadcast, and have helped us get our message out beyond the campus.

During the week of Oct. 12, from Humboldt to San Diego, we will emphasize the damage being done to individuals, but most especially, to our state. Your campus CFA chapter will alert you to the actions and activities that they have planned.

In November, we will meet with each of the candidates for governor from all political parties to press them to publicly declare their support for California’s public higher education. We must insist that any potential leader commit to funding the CSU as part of any vision to restore prosperity to our state.

Furloughs have been our nightmare. No one wanted them; EVERY-ONE is angry about them; everyone is hurt by them. BUT, if we allow frustration, anger, fear and desperation to divide us we are lost. We must find a way to lead and move forward along the only path that will make things better for the faculty, students and staff in the CSU.

Ultimately, we can save the CSU, our students, and our own professional and economic well-being only if we take the lead in creating change. We can do that if we keep our house united so we can build a better California and a better CSU.
MEISENHELDH
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One thing is certain, however. Our chances for better times depend on a broader and deeper appreciation for the value of public higher education among elected leaders and among the public, in general. Without an understanding that public higher education is more than a private good from which individuals benefit and for which they should pay, the CSU will never flourish.

To create this shift in public perception, without which the CSU as we know it may be doomed, we need to recognize the cold fact that CFA, unlike a good insurance company, cannot simply “take care of things” for faculty members.

To change conditions negatively affecting every aspect of every faculty member’s professional life requires that we influence the world outside of the CSU—and that takes more than a few people on each campus, however dedicated, selfless and hardworking they may be.

I think we all know this to be true and know that too often in large social crises, people instead of becoming more politically active become less so, crawling back into a narrower world where it is easier to feel comfortable and in control. It is a danger, as students of history, we know is real; and it is a danger, as actors in history, we must avoid.

Now, more than ever, the CSU, our students, and our own families, need us to step up to greater activism. As faculty members, we have to lead in making the hope, the promise, and the value of our institutions a part of the larger political discussion about the future of California.

Even on those days when writing a well-reviewed article or teaching an engaging class seems more achievable and gratifying than wrestling with reporters or politicians, we must look outward if we hope to influence conditions that shape the possibilities for the academy.

As students of history, we also know that social change often occurs only after reaching a tipping point.

And we know that even on the road to better times, things can get worse before they get better.

History shows us, however, that unless people persevere and keep their principles alive through the hardest times, it is impossible to build the momentum that ultimately creates a tipping point and a profound change in direction.

Leading in this effort is the greatest challenge for the faculty and for CFA. ▲

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unit possible. In management/union relations, numbers count.

The most critical element to define a bargaining unit’s boundaries is the nature of the work done by the employee. For the faculty, the defining concept was relatively simple: faculty members educate students. They provide a direct educational service to those who come to the university for that service.

Thus, bargaining Unit 3 includes all instructional faculty (tenured, tenure-track and Lecturer), librarian faculty, coaching faculty and counselor faculty. It was important to insure that both permanent and part-time faculty members belonged to the same unit to prevent management from playing one group of employees against another.

In instructional faculty ranks, the relationship between tenured/tenure-track faculty and Lecturers is particularly symbiotic. Without Lecturers available to help with the remarkably heavy teaching loads in the CSU, permanent faculty members would have little time for other responsibilities that are required to achieve tenure and promotion.

Because Lecturers concentrate on teaching (although most long-term Lecturers do much more than that), they offer some of the highest quality instruction in the university.

In the nine years I have served as chair of the CFA Bargaining Team—including my four years as CFA president—I have heard allegations that CFA cares only for Lecturer faculty. Conversely, I have heard charges that CFA has no interest in part-timers.

Neither of these is true.

CFA has striven to provide security, increase compensation, and improve workload for all the faculty, because what is beneficial to each group is advantageous to the other.

Moreover, having a well-paid, respected, productive faculty is essential for a healthy, thriving CSU. This brings me back to the Master Plan for Higher Education.

An important part of CFA’s mission is, and always has been, to protect the promise made to California in 1960. At a time when the political process is overseen by those who care little for the importance of public higher education in our society, and when the CSU is governed by a chancellor and Board of Trustees that is unwilling to confront those destroying our university, it has fallen to CFA—and our sister unions—to fight for the CSU.

It is not “quaint political activism” when CFA opposes student fee increases, which have gone up by 182 percent in the past six years—it is our responsibility. Part of our job is to make the CSU provide the affordable, accessible, quality education that we promised.

The only way that can be done is to work together: students, faculty and staff. If we do not shoulder this burden united, the politicians and the CSU administration will allow our university to slip into mediocrity and eventually, irrelevance. ▲

Part of our job is to make the CSU provide the affordable, accessible, quality education that we promised.
economic collision if the state does not increase the number of college-educated workers it is turning out. And those were findings before the state made this year’s half-billion-dollar cuts to the CSU.

“It’s a scary thought,” Geron said, “but one we can’t let the media and our natural allies flinch from or deny.”

The chronology

The final stages of the protracted state budget fight, from February, when the budget was thought to have been adopted, through July, when the deepest cuts were signed into law, showed a destructive pattern of downward mobility.

Money previously committed quickly disappeared. Valuable programs, heretofore sliced and diced, were reduced to near-irrelevance when they weren’t eliminated altogether.

And even the “final” agreement adopted by the legislature in July was slashed another 3 percent, thanks to the line-item veto pen wielded by the governor.

The spring and summer negotiations over the budget in the state legislature came about because its February budget deal was rapidly undermined by collapsing tax-collections during the worst economic recession in decades.

The idea was that our elected leaders would solve the problem through a combination of spending reductions, new and “accelerated” revenue sources, borrowing and, finally, such gimmicks as “deferring” paychecks to state employees beyond the end of the fiscal year.

In February, Schwarzenegger issued proposed cuts in dozens of budget categories, large and small. In May, a conference committee of both houses of the legislature rejected at least 25 of the governor’s proposals and significantly modified many others. For the CSU specifically, there were three key areas.

The governor asked for an additional reduction of more than $700 million in base funding for the university that had not yet been allocated for 2008/09, and a further slash of more than a quarter of a billion dollars in 2009/10. The conference committee’s resistance here was negligible—Schwarzenegger got just about what he wanted.

The conference did turn aside the governor’s plan to eliminate $18.6 million for academic remedial programs, and the legislators prevailed in the final agreement.

Through it all, the performance of CSU Chancellor Charles Reed ranged from passive to hurtful. When $50 million worth of cuts were announced in March—summarily and unambiguously dropping state support below anything close

‘CFA is working right now to mitigate the damage as best we can and to position the CSU campus communities for a fresh start on rebuilding the university.’

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CFA in Action this Fall

THIS FALL:

CFA is pushing for passage of SB 218, which will require the CSU’s auxiliary organizations and foundations to adopt full transparency in their practices. Scrutiny in this area has led to exposure of insider contracts, favors to executives and other abuses of funds intended for educational enhancement.

IN OCTOBER:

CFA campus chapters will hold public actions, teach-ins and picket-lines.

IN NOVEMBER:

CFA will call on all candidates for governor in all parties to commit in public to funding for broad access for Californians to a four-year degree through the CSU.

The CSU Board of Trustees meeting Nov. 17-18 will be another rallying point to turn the pain and anger of the budget collapse and furloughs into action to reform the university’s budget process. The leaders of public higher education must model meaningful advocacy.

OVER THE COMING YEAR:

CFA will campaign for AB 656, a bill to adopt the successful model in Texas to dedicate revenues from an oil and gas severance tax to public higher education. Get more info and join the AB656 Facebook cause at apps.facebook.com/causes/250878.

See page 23 to learn how you can reach your CFA campus chapter to get active in these and other activities.
to the level supposedly promised in his earlier “Compact” with the governor — Reed said nothing.

In May, while blandly announcing yet another 10 percent student fee increase, the chancellor endorsed the deceptive Proposition 1A ballot measure, which would have empowered the governor to make unilateral and wholesale budget cuts during vaguely defined fiscal crises.

Agreeing with CFA’s No on 1A position, voters rejected the measure on May 19. Had 1A passed, today’s budget disaster could have been institutionalized for generations to come. “Auto-pilot” triggers for the governor to impose massive structural changes in the state budget, without the participation of the legislature, would have made the current disaster into the CSU’s permanent reality — even when better economic times return.

To top it all off, Reed pushed aggressively for faculty furloughs, without once putting forward a proposal for how planned to deal with the remaining budget shortfall not covered by furloughs or student fee hikes.

It was therefore not surprising that when the faculty voted painfully to accept the furloughs, a landslide 79 percent of the voters in a related informal poll said they had “no confidence” in Reed’s leadership.

Write it down

At the campus level, CFA leaders determined that the most important immediate step was to listen to and record the anger of working Californians. It is in their service that the support-starved CSU now falls so short.

The people who were being shut out of the “people’s university” needed to vent, and even if nobody else would, CFA gave them that opportunity.

At Northridge, Fresno and other campuses, the key verb was explicitly invoked at the union’s “Vent at the Tent” programs. Shut-out students, furloughed professors and laid-off lecturers filled out complaint forms, wrote out their stories, and inveighed on videotape.

“It’s criminal,” student Monica Chinea told the Los Angeles Daily News. “It’s the first day of school — and I don’t have any classes.”

The attention-getter at Chico was a display of domino chips to dramatize the domino effect of budget cuts.

“When you don’t have enough teachers, counselors and librarians, you can’t enroll the students who deserve to enroll, and you can’t get the ones who do enroll into the class sections they want and need,” said CFA Chico chapter President Susan Green. “Then things go from bad to worse.”

And the dominos fall beyond the borders of the campus. Disinvestment in our students leads to losses in the state’s sophisticated work force. Without enough highly educated workers, California can’t participate in global innovation, technologies and new industries. Finally, the dominos drop on California’s standard of living.

At San Francisco, San Jose and Sonoma, activists collected complaint forms and led reporters, photographers and live camera personnel on tours of the chaos and educational gridlock.

At Dominguez Hills, chapter President and CFA Associate VP-South David Bradfield called for unity in a campus convocation speech improvised in the format of a 12-bar blues song.

(See more on page 10.)

Bradfield’s counterpart, Associate VP-North Andy Merrifield, emphasized that venting was both a useful catharsis and a step toward future-oriented CFA action.

CFA is working right now to mitigate the damage as best we can and to position the CSU campus communities for a fresh start on rebuilding the university,” Merrifield said. And, too, as political scientist, Merrifield pondered the game-changing work needed to achieve long-term improvements.

“We have a lot of work before us to prep our elected leaders in Sacramento to do the right thing as we move ahead,” Merrifield said. “We need to reform the budget process. It is broken. Then we can put dependable funding for the CSU in place.”

FOLLOW THE MEDIA COVERAGE of the crisis in the CSU and campus action on it at CFA’s In the News web page www.calfac.org/inthenews.html and YouTube channel youtube.com/CFAlocal1983

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the “general fund” budget.

“The magnitude of the budget crisis cannot be overstated,” said CFA President Lillian Taiz, a professor of History at CSU Los Angeles. “Our state and our system are under siege. The downward economic spiral we have been in for years has accelerated and the consequences are

proving dire for every Californian.”

With that budget cut figure in place, the CSU administration’s labor relations team approached CFA and other CSU employee bargaining units in early June to discuss a proposal by Chancellor Charles Reed to implement furloughs to close part of the budget gap. Under his plan, a two-day-a-month furlough of all CSU employees for one year would address about half of the cuts required.

At an initial meeting with the chancellor’s labor relations team, CFA representatives were told that if the union did not agree to the furlough plan, the administration would instead begin layoff and non-reappointment procedures under the faculty contract to drastically reduce the number of faculty members.

In several more meetings with the Chancellor’s Office over the proceeding days and many, many CFA questions, it became clear that the option being offered was not “furlough versus layoff.”

While the chancellor’s team estimated the furlough for faculty members would reduce system-wide expenditures by $147 million, thereby making it easier to save jobs and classes, the chancellor’s representatives consistently and unequivocally refused to make a measurable commitment to protect classes for students and jobs for the faculty.

“We were hesitant to even engage with the Chancellor’s Office because the CSU faculty have already gone without the raises negotiated for the 2008/09 year and there were over 1000 fewer faculty members teaching this spring than there were last spring,” said John Travis, chair of CFA’s Bargaining Team and a professor of political science at Humboldt.

Travis continued, “We felt we needed a clearer sense of what the furlough would mean before anyone could make a reasoned response to the question of whether to accept a furlough or not.

“But, after a number of meetings and conference calls with the administration, details about what the administration would be willing to do with respect to furlough were fleshed out. And labor relations was clear that the chancellor would make no hard commitments on saving jobs.

Yet, in the end, the sheer magnitude of the deficit meant many thousands of faculty members — Lecturers, tenure-track and tenured alike — would be at risk if no action was taken, and continuing to forestall a vote was in effect choosing layoffs.

“With the stakes as high as they were and the future so unclear for individual faculty members and their families, the CFA Board decided that a vote of the membership was the next step,” said Taiz.

The CFA Board of Directors adopted a motion on July 8, that the furlough issue would be determined by a vote of the CFA membership. The vote proceeded with no recommendation from the CFA Board on how to vote.

When announcing the vote, Taiz told faculty members that, “While no one likes this vote, the consequences for individual faculty members and their families are too grave and unpredictable not to allow all CFA members to weigh in on the outcome. To delay a vote — or to refuse to vote — has very real consequences.”

Voting began July 13 and was conducted entirely online. The vot-

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"The Furlough Blues"

Lyrics by David Bradfield
CFA Associate Vice President-South
Music & Performing Media Arts,
Dominguez Hills

Well you say the budget’s cut
Why don’t you tell me something new?
I’ve been singing about the state budget cuts since 1992
Well it’s time to stop the nonsense
And I’ve got some things that you can do
Cause we’ve got to work together
To get out of these furlough blues

You can fret about your paycut
Wondering what you’re gonna do
But it won’t fix a thing, cause you’re caught in a loop
...
FURLough continued from Page 10

ig process was administered by a well-regarded third party research firm.

As in contract ratification votes, which determine salary and other terms of employment, all active CFA members were eligible to vote. Faculty members who were not members of CFA were given the opportunity to join the union in order to cast a ballot.

In addition to voting on the furlough proposal, faculty members also had the opportunity to express their opinions on the chancellor’s performance and on the furlough issue itself.

“We took every possible step to involve people in the voting process and allow them to express to us the broader spectrum of their opinions on this issue,” said Taiz.

Despite some initial technical difficulties and the usual logistical issues associated with communicating with the faculty during the summer months, 68 percent of CFA members participated in the voting. To put that total into perspective, 68 percent is a higher percentage of the faculty than the number who participated in the last contract ratification vote—a vote that took place on campus during the regular academic year.

Of the 8,800 CFA members who voted, 54 percent voted YES and 46 percent voted NO.

“The furlough vote was a very difficult challenge,” said Taiz. “In the end, however, faculty members on all sides of the issue have taken positions which, they feel, best served our students, our colleagues and our university.”

Following the vote, a sub-group of the CFA bargaining team (as directed by the CFA Board) entered discussions with the CSU administration about a side letter to implement the faculty furlough.

The text of the side-letter can be found at: www.calfac.org/furlough-voteinfo.htm

Following the conclusion of bargaining on furloughs, CFA leaders emphasized the need for strong enforcement of the furlough side letter and a renewed emphasis on faculty rights issues.

“The dollars saved from furloughs must be used to preserve faculty jobs,” said CFA Director of Representation Bernhard Rohrbacher. “CFA will not allow this agreement to be used as a pretext to increase workload or attempt to roll back gains won over the years by Lecturers.”

While faculty members voted to accept a furlough, the results of the vote also showed an overwhelming dissatisfaction with the performance of Chancellor Reed and his handling of the budget crisis.

Of those voting, only 4 percent said they had confidence in the chancellor’s leadership. Seventy-nine percent voted “no confidence” and 17 percent responded “don’t know.”

“During the vote, a strong agreement emerged that faculty members want Chancellor Reed and the CSU Board of Trustees to wage a strong public campaign to fight for the funding the CSU needs to rebuild,” said Travis.

Travis continued, “Unfortunately, the vote of no confidence in the chancellor’s leadership is a serious, damning indication that CSU faculty members do not believe that will happen.”

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THIS AFFECTS EVERYBODY
CSU students staged a 48-hour vigil at the CSU Chancellor’s Office in July where the CSU Trustees planned to vote on another steep student fee increase.

The students wanted to call attention to fee hikes, enrollment cutbacks, and class cancellations.

When the Chancellor’s Office denied them permission to camp on the site — they had to remain awake all night — they made the most of it, practicing rally chants and taking turns reading aloud the text of the California Master Plan for Higher Education and writings by educators on the crucial role of public higher education.

By 8 a.m. of the meeting day, the students laid out a Walk of Shame to confront Trustees as they arrived. Some Trustees sought protection of armed guards or entered through a back door near the building’s dumpsters.

By mid-morning, some 300 protesters had joined the vigilers on the chancellor’s veranda to listen to speakers, picket and chant loudly, urging the Trustees to get active in opposing the CSU budget cuts and to stop raising their fees.

Droves of TV, radio, and print news media showed up. The coverage included a story on the funding crisis and a photo on the front page of the New York Times.

The students made the protest poignant through their testimony to the Trustees. Because of CSU Administration inaction on the budget and persistent fee increases, some of the demonstrators will not graduate from college, because they simply will not be able to pay the 32% fee hike.

That increase lifted the tab to $4,026 in 2009/10—a 182% increase since 2002.

Watch a video chronicling the vigil and protest at the July CSU Trustees meeting at youtube.com/CFAlocal 1983 — choose “CSU Students Fight for California’s Future”
Continued unity will see us through
CFA associate vice presidents urge all faculty to remain strong

By Elizabeth Hoffman
CFA Associate VP-Lecturers-South
English, Long Beach

& Andy Merrifield
CFA Associate VP-North
Political Science, Sonoma

An old joke goes that there are only two people you can yell at and get away with it — your mom and your union rep.

As CFA leaders, we have certainly heard the anger expressed by faculty members over the furlough as well as, well, a lot of things.

We faculty members are getting a significant cut in pay, which will make the year very difficult. Our hard work and commitment, rather than recognized, is being devalued.

The lack of leadership in the Chancellor’s Office and the state Capitol dismays us. And what’s worse, the people with administrative and legislative power refuse to listen to those of us actually doing the work in the classrooms.

What matters now is what we all do with our collective faculty anger.

We must channel that anger into action and identify clearly who are the people and what are the policies that got us to this miserable mess.

The furlough vote

The immediate problem this summer was having a faculty vote on the chancellor’s furlough at a time when few of the faculty were on campus.

CFA carried out a vote that was consistent with our core values: providing as much information as possible and involving as broad a group as possible in the decision, in this case via a vote of the entire union membership.

Specific information about how the chancellor intended to implement the furlough was limited, but we also knew that we had spent years discussing the trends in public higher education that set up the furlough scenario.

The vote was all the more difficult because there were principled reasons to vote either way, making the vote a wrenching decision for most of us. In the end, a majority of the faculty chose to make the sacrifice of a pay cut.

Most of the members who voted “yes” did so reflecting the faculty’s concern about students, about saving colleagues’ jobs, and about sharing the plight of other state workers.

The vote was much more than merely a decision about the size of our paychecks. The intense state and national media interest in the vote underscored that importance.

Certainly faculty in other states were looking at what CFA, with the largest and most powerful union in higher education, decided to do and were surprised and impressed that the debate over the vote emphasized the best way to support one another and that it transcended individual needs.

Continued on Page 16
By Cecil Canton
CFA Associate VP-Affirmative Action
Criminal Justice, Sacramento

There is a well-known correlation between race/ethnicity and socioeconomic status in America. And there is a strongly established connection between socioeconomic status and college participation.

In other words, it should come as no surprise to anyone who is paying attention that when public funding for the CSU goes down, and the cost for students goes up, fewer poor kids will be going to college.

The cost for a family to send a student, or for a student to pay his or her own way, through a CSU campus is way up while state funding for both financial aid and for the university itself is way down.

And in a state with no “majority” race or ethnicity among the young, like California, that means we will have fewer students of color in the CSU.

When the CSU was established in 1960, the typical student was white and male. Today, many CSU campuses are majority “minority” campuses, and that is celebrated in some national surveys.

Many of us in the CSU laud this as an achievement, too. Having more college-educated people in our collective communities raises our prospects and provides necessary role models for the generations that follow. College-educated people give more back to their respective communities, rely less on public services, and add to the economic basis of local success.

So, that gets us to a deeply disturbing aspect of the immediate crisis in the CSU — the likelihood that it will push the university back to being a smaller, more exclusive institution that serves a higher socioeconomic status group. In other words, a richer and whiter university.

The chancellor has announced his intention to downsize the CSU by 40,000 students over the next two years. Enrollment management is not exact, and chances are that number will be much larger, and the CSU much smaller.

There is a kind of thinking that welcomes the change. We hear that by paring back the university there is the opportunity to seek a “better” student, meaning one better prepared for college, more likely to graduate in four years, and more likely to donate to the university endowment after graduating.

These “better” students will score higher on standardized tests, thereby lending the campus higher national rankings that bring prestige to university presidents.

As a “plus,” these students carry on the tradition of their college-educated forbears by donating money to the auxiliaries of the university, thereby enabling the construction of renowned facilities (the Green Music Center at Sonoma State comes to mind) that bring further recognition to the campus, without the need to bother state government about more funding. I refer to the naming of these facilities after the donor (or the administrators who woo them) as an “edifice complex.”

That kind of thinking works for some administrations at some universities. But for the CSU it spells disaster for the very people the CSU was created to serve. And, a disaster for the state itself.

The CSU is supposed to serve students representing California’s diverse communities.

Huge numbers come from families in which no one has ever been to college. Their parents support them as best they can, but the student must face this educational challenge backed up by the very student services that are rapidly being eliminated on most campuses.

We could, and many of us do, take pride in teaching these students.

But there is another reason why allowing the CSU to become whiter and richer would fail California. It would not allow us to benefit from the potential embodied in California’s diverse communities. We need to educate those students who come from diverse communities because the state of California desperately needs far greater numbers of people with college degrees than we are producing.

Continued on Page 16
“Alternative Convocation” sets tone of reality for San Marcos fall semester

The convocations on most CSU campuses are hosted by the campus administration and offer time for the campus president to bloviate on topics he or she sees fit.

This semester though, CFA members at San Marcos took the reins of the campus opening with more than 100 faculty members gathered at “Alt-Con” to tackle real issues like budget cuts, furloughs and workload.

Alt-Con was so effective, only a handful of faculty attended what faculty called the “Con-Con.” The room erupted into applause when it was pointed out that several of those being honored as outstanding faculty at Con-Con had joined their colleagues at Alt-Con instead.

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The hard part: changing it

Yet, as hard as it was to hold the vote, and as hard as it is to ensure the proper implementation of the side letter to our contract that spells out the terms of the furlough, all that is the easy part.

The difficult challenge to us right now is how to turn our anger and distress into strategic action that rebuilds our profession and our university in the way we know it needs to be rebuilt, for the good of California.

We are trained to look at complex situations from a broad perspective and recognize that different takes on an issue have value. That faculty stance allows us to accept that there are different perspectives among us on the furlough. Ultimately, the faculty made a necessary decision for this moment in the context of a much bigger fight.

Now, we can and must move on to the work to turn things around. ▲

CANTON continued from Page 15

A Public Policy Institute study showed that California would be short nearly one million workers with bachelor’s degrees by the year 2025. More disturbingly, that estimate was made before the massive cuts to the state’s public higher education system over the past 18 months.

PPIC found that college-educated workers from other states will not close the gap. Those ranks will only be filled by state schools college-educating more students of color from lower economic backgrounds.

As we pare back the number of graduates from the CSU, that projected shortfall keeps getting worse.

And that will set up the next economic disaster. ▲
As California’s public universities continue to take a fiscal beating, the university must ensure that every penny of public funding is used to carry out the university’s visionary mission provide broad access to four-year college degrees for Californians.

That’s the idea behind Senate Bill (SB) 218 — to ensure that what money the CSU system has left is being spent openly and honestly and not misused by accident or on purpose in secret slush funds or on administrators’ pet projects.

If enacted, SB 218, which is authored by Sen. Leland Yee (D-San Francisco) and co-sponsored by CFA and the California Newspaper Publishers Association, would update the California Public Records Act to include campus and statewide auxiliary organizations at the CSU, University of California and California Community Colleges.

At press time, SB 218 had been approved by both the state Senate and Assembly and had landed on the governor’s desk.

At the CSU alone, campus and statewide auxiliaries and foundations manage more than a billion dollars with little or no public oversight.

As legally separate tax-exempt entities, they are not currently covered by the California Public Records Act, even though the universities that form these subsidiaries are.

According to data from the CSU Chancellor’s Office, 20 percent of the CSU’s $6.7 billion operating budget is funded by these auxiliaries and foundations.

“This legislation will enable us to pull back the curtains that hide these foundations and ensure that taxpayer dollars for our public universities are used as they were intended,” said CFA President Lillian Taiz.

Yet, despite the goal of openness and accountability, which is always a good idea and more so during a time of crisis, the CSU Chancellor’s Office has fought vigorously to defeat the bill.

The chancellor has made beating back SB 218 one of his top legislative priorities for the year and dispatched his team of in-house lobbyists as well as slew of high-priced outside contractors — paid with public money — to defeat the bill.

According to lobbying activity reports obtained from the Secretary of State’s Office, CSU Chancellor Charles Reed has paid $89,500 in the first half of 2009 to outside lobbyists in an attempt to defeat the bill, despite already operating a $1.1 million-a-year, in-house lobbying unit.

“The fight against this bill represents everything that is wrong with...
**SB 218 continued from Page 17**

Chancellor’s Office,” said John Travis Chair of CFA’s Political Action/Legislation Committee. “The CSU Administration is using state money to defeat legislation that is designed to protect the university system and the taxpayers that support it.”

Scandals, executive malfeasance tip the scales

Despite doggedly opposing the bill, the CSU Administration unwittingly became the single biggest proponent of SB 218 by making bad deals and crooked decisions that have been unearthed by the media.

On July 1, the Santa Rosa Press Democrat revealed in an investigative report that the Sonoma State University Academic Foundation used donated funds to provide huge personal loans to cronies of foundation board members as well as former board members themselves.

Some of this money may never be recovered. The money was meant to fund scholarships for qualified students.

Later that same month, a Superior Court judge in the Central Valley ruled that a former CSU Trustee had a conflict of interest when, as the chief executive officer of a movie-theater company, he cut a deal for his company to build a movie theatre at Fresno State University.

In that case, the court ruled that former CSU Trustee Moctesuma Esparza violated a state law that prohibits government officials, including CSU board members, from having a financial interest in any contract they approve.

“It’s dangerous to combine large sums of money with little or no public openness. It’s an obvious invitation to corruption,” said Andy Merrifield, CFA associate vice president and professor of political science at Sonoma State.

Yee agreed saying, “With 87 foundations and auxiliaries operating on 23 CSU campuses, the SSU and FSU scandals may be just the tip of the iceberg. It is imperative that we pass SB 218 to ensure that these organizations comply with the state’s public records act and are held accountable.”

In addition to supporting passage of SB 218, CFA also sent a letter to Attorney General Jerry Brown on July 6 that raises concerns about whether or not the 87 CSU Foundations are conforming to their proper fiduciary responsibilities under state and federal law.

CFA has urged Brown to take every step necessary to ensure that during this time of economic crisis in public higher education, the CSU’s resources are being used properly to protect the core mission of the university.

The upcoming winter issue of California Faculty magazine will have a rundown of the governor’s decision on SB 218 as well as the results of CFA’s entire legislative agenda. ▲

**UPDATE continued from Page 17**

Noticeably absent from the hearing was any representative of the CSU administration or the CSU Trustees. Although “Big Oil” openly opposed the measure, it was passed by the Assembly committee 5-3 with Chairman Anthony Portantino, Fiona Ma, Ira Ruskin, Paul Fong and CFA member Marty Block voting with CFA.

Assemblywoman Brownley. “There are more than 1,000 federal rights accorded to married heterosexual couples that are not granted to same-sex couples. We have a duty to demand they be treated fairly under our laws.”

If passed by both state Assembly and Senate, the resolution will become effective without approval from the governor.

**ACR 82: Discrimination Free Zones**

**Author:** State Assemblymember Isadore Hall (D-Compton)

**Sponsor:** CFA

Assembly Concurrent Resolution (ACR) 82, which would designate CSU campuses as “discrimination-free zones,” was passed by the Senate Education Committee in August and was waiting further action by lawmakers as of press time.

ACR 82 – which is sponsored by CFA and authored Assemblymember Isadore Hall (D-Compton) – seeks to create a campus climate that welcomes diversity and supports the tolerance of others and provide a safe haven from intolerance or discrimination.

Nationally, many “Safe Zone” programs have been established on college campuses, primarily for the gay and lesbian community. These “safe zones” – whether campus-wide or at specified locations – demonstrate support for inclusiveness and opposition to intolerance and discrimination.

**HR 4: Rebuild Public Higher Ed**

**Author:** State Assemblymember Anthony Portantino (D-Pasadena)

**Sponsor:** CFA

House Resolution, was approved by lawmakers in March.

The bill authored the chair of the Assembly Higher Education Committee calls on federal, state, and local elected officials to change fundamentally the way they think about the role and funding of public higher education, especially during the current economic crisis.

HR 4 was based upon CFA’s resolution for “A New Deal for Higher Education” originally adopted at the Fall 2008 CFA Delegates Assembly.

To learn more about HR 4 and CFA’s resolution for “A New Deal for Higher Education” go to: www.calfac.org/newdeal.htm ▲
Cell blocks or classrooms?

Funding for prisons and education is up for grabs in Sacramento

by Vicki Legion & Robert Lane

It is the California Legislature cannibalizing our system of higher education to feed our vast state prison system? The Sacramento Bee summed it up: “Prisons are sucking the life out of higher education in this state.”

Since 1984, state spending for higher education has declined while prison spending has exploded 126%. Today, prisons consume 10% of the entire state budget.

As a result of this explosive growth, California has the seventh largest prison system in the world holding some 170,000 people in its prisons and jails. Overwhelmingly the prisoners are impoverished African Americans and Latinos from communities that suffer very high unemployment.

By the late 1990s, more people of color were entering prisons than four-year universities. From 1990 to 1997, three Latino males were added to the prison population for every one added to California’s four-year public universities. Among African American men, the ratio of prisoners to students stands at a shocking five to one (and rising).

The prison system has mushroomed not because of some monstrous crime wave but because of decades of “tough on crime” laws and the harshest parole rules in the country, giving California the number one recidivism rate nationwide. Nearly 70% of those released are returned to prison each year.

Last summer, near the culmination of this year’s budget stand-off, Republican legislators threatened to derail the imminent budget vote to protest — not massive education cutbacks — but the Governor’s proposal to trim prison costs.

The Governor had proposed early releases, community placements, and changes in parole policies for up to 37,000 elderly and infirm prisoners and those close to release.

In a July 27 opinion article, the CSU Chancellor scathingly wrote: “How could the message to California students have been any clearer? You can cut higher education to the bone and you won’t hear a single statement of remorse from the Legislature, but start cutting into the prison budget and you’ll hear howls of protest from the Capitol.”

While the state’s contribution per student at the CSU is just $4,600, the cost of keeping a prisoner behind bars is $49,000 per year.

Even if the proposed reduction in the prison population is implemented, it will be undone if the Legislature continues the massive prison construction program it adopted in 2007 in AB 900.

Rushed through with zero public hearings, AB 900 is a huge budget-buster. In what the New York Times called “the largest prison expansion in world history,” it calls for spending $12.4 billion to build 53,000 more prison and jail cells. Once built, these new cells will cost taxpayers an additional $1.5 billion every year to operate.

Let’s be clear: this law means denying our young people the opportunity for a college education in order to build cells for their imprisonment.

California is at a crossroads. Our decisions on these three issues will have profound consequences for many years:

1. Will we implement the Governor’s plan for community placement of up to 37,000 elderly, infirm, and short-term inmates?

2. Will California comply with the August 5th Federal Court Order to reduce California’s prison population by 43,000?

A panel of three federal judges ruled that conditions in the prisons are “appalling” and that the severely overcrowded prison system is unable to provide constitutionally adequate medical care to prisoners. This ruling offers an opportunity to reset our priorities. But California’s attorney general, determined to prop up our failed prison system, has appealed this ruling.

3. Will California proceed with AB 900, trying to build our way out of our prison crisis?

To weigh in on these choices, sign the open letter circulated by Californians United for a Responsible Budget, www.curbprisonspending.org. We must stop spending limited resources on a prison system that does not make us safer. We must reduce our prison population and put some of the resulting savings into community-based programs to help those released succeed in reintegrating back home.

And we must re-direct our resources into investing in the education of our young people. Those of us who believe in public education must act collectively to reverse our state’s twisted priorities. ▲

Vicki Legion is a project director and Lecturer at San Francisco State.

Robert Lane, PhD, JD is a lawyer who works with CURB.
A report from the CSU prof on CalPERS board

Political expediency, not economics drives most proposals for changes in CalPERS benefits

By George Diehr
Business, CSU San Marcos
Member, CalPERS Board of Administration

To my colleagues in the CSU:

I would like to tell you that the meltdown in the financial markets, the recession and the state’s budget disaster will have no effect on faculty benefits — healthcare during employment and retirement and pensions.

But I’m afraid we all face some risks.

The impact should, at worst, be minimal for retirees; it could be modest for current faculty with younger faculty facing greater impact than those closer to retirement; and it could be substantial for future hires.

Let me make it very clear that I don’t support changes that threaten current health benefits or retirement security. I write to help make you aware of the possible threats, and their potential impact on you and on the state budget. The more you know, the more you become involved, the less chance that we will see our benefits reduced.

Before getting into specific threats, I need to make clear CalPERS’ role and responsibilities for benefits. Most importantly, CalPERS does not determine pension benefits.

The pension benefits you and other public employees get are determined by legislation and bargaining.

The job of CalPERS is to determine the cost of benefits. Specifically, this means what percent of payroll contributions are required to pay for various benefit plans.

The share of the contribution that must be paid by the employer versus the employee also is determined by legislation and bargaining, not by CalPERS.

CalPERS does, of course, make investment decisions. The investment returns determine how much the employer and employees must contribute — the payroll contribution rate for pension benefits. When returns are low, the contributions must be higher.

It is the responsibility of the CalPERS’ Board to decide the appropriate level of investment risk, and this affects the expected returns of the fund. The Board then determines the asset allocation — the mix of investments — that is expected to yield that desired return and incur the accepted level of risk.

The payroll contribution rate, currently about 17% for the CSU and 5% for the faculty, impacts the total cost of employee compensation. Total compensation includes salaries, health benefits, PERS contribution, Social Security, etc. Thus, poor investment returns could affect CFA’s ability to bargain salary increases.

Regarding health care, PERS determines benefits including coverage and employee co-pays and deductibles. However, the share of the cost of the premium paid by the employer is determined by law and bargaining.

Retirees

Pension benefits for those who are already retired are secure, protected by the state constitution, court decisions, and contract law. The benefit will continue, with annual two percent increases for inflation for life and no change in spouse/partner benefits. Thus, retirees need not lose sleep worrying about reduction in their pensions.

Pension benefits are, in effect, insured by the state of California. States cannot go bankrupt, thereby wiping out their obligations. Lower than expected returns by the pension fund require increases in payroll contributions to ensure that CalPERS can make the pension payments. Finally, the CalPERS pension fund is constitutionally protected against borrowing or raids by the state.

Retiree health care benefits are very safe although they do not enjoy the level of protections afforded pensions. I believe that a dramatic reduction in what is covered is highly unlikely and that coverage could not be totally eliminated. But there is a reasonable probability that the state’s contributions toward premiums could be reduced.

Currently the state’s contribution for premium cost for retirees and for CSU employees is based on the so-called “100-90” formula. That formula pays 100% of the average premium cost of the four most popular “basic plans” (plans for people not yet in Medicare) and 90% of this same average for dependents.

But this formula is under attack. Gov. Schwarzenegger has proposed that the state’s contribution be reduced to 85% of this average for CalPERS members and their dependents. If this reduction were implemented for retirees — and, you can be sure that it would be challenged in the courts — their share of premium costs would increase.

The larger and more likely threat to retiree and employee health benefits is an increase in co-pays, co-insurance, and/or deductibles. Some reductions in coverage are also possible. For example, for 2010, Kaiser’s coverage for chiropractic care has been eliminated.

Current Employees

As with retirees, reductions in pension benefits for current employees is virtually impossible. But an increase in the employee contribution rate is possible, although it must

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As noted, the employer and employee contribution rates are 17% and 5%, respectively. The outfall from poor returns for CalPERS’ investments is that the employer contribution is projected to rise to 25%. If a 25% rate were implemented immediately, the increase to the state would be over $1 billion.

While the contribution rate will increase gradually, adding about 2 percentage points in each of the three coming years, then rising more slowly after that, the increase will create pressure at the bargaining table to increase the employee rate and constrain salary increases.

With respect to health benefits, current employees have fewer protections against reductions than retirees. For example, co-pays have been increased twice in the past decade.

As noted, health care benefit-setting is the responsibility of CalPERS. This year the governor put pressure on PERS to offer an alternative plan that would reduce premiums by 10%, requiring substantial increases in co-pays. Such plans, while attractive to young, healthy employees, often lead to “adverse selection” and a “death spiral.”

Adverse selection occurs when healthier people switch from their “old”, higher premium plan to a high co-pay plan. Such migration leaves the old plan with members who require more care, requiring higher premiums. The cycle continues: higher premiums encourage more members to leave the old plan; premiums increase further, more leave, … This is the death spiral; the old plan is eventually dropped.

The governor’s threat required new legislation (which eventually failed) that would have allowed him to move administration of the health plan for state employees from CalPERS to his Department of Personnel Administration. Thus, if CalPERS did not agree to offer the high co-pay plan, the governor could move administration to DPA where he calls the shots.

CalPERS fought back; the Board voted against offering high co-pay plans. The governor’s legislation died in committee.

In part, CalPERS was successful because of our aggressive management of the health plans and constant pursuit of cost reductions that maintain or even improve quality with minimal impact on access. Average increases in 2010 premiums were held to 3%. For members of the Blue Cross PPO, two months of premium holidays were provided because lower than expected claims created excess reserves. The premium holiday saved the state over $100 million.

PERS success in cost containment helped thwart the attack. But such threats are sure to resurface.

Future Faculty

Before examining the possible impacts on new faculty, you should know that once you are a member of the CalPERS system, you remain a member even if you terminate employment. Upon return to employment you are still in the pension plan in place when you became a member.

Membership in CalPERS for Lecturers requires two consecutive terms at a time-base of 50%-plus followed by appointment the next term at 50%-plus. If subsequent appointments reduce time base or there are breaks in service, membership is not lost.

For new hires, the benefit landscape is rocky. In the most extreme scenario, our defined benefit pension system could be replaced with a 401(k)-like defined contribution (DC) system, shifting the retirement benefit risk to the employee. There have been ballot initiatives and bills introduced in the legislature to make this sort of change but, to date, none have been successful.

Such an extreme change such as this seems unlikely for several reasons. First, the melt-down of defined contribution investments — 401(k)s, 403(b)s, 457s — makes it much more difficult to make the case for them.
Second, net returns from these plans are, on average, much worse than achieved by defined benefit (DB) plans due to dumb investment decisions and higher administrative costs. Replacing a DB plan and its guaranteed pension benefit with a DC plan and its high risk to employees can require that the employer offer higher salaries to offset this risk. The result can be no net savings to the state.

Finally, several states that replaced DB with DC plans have now reinstituted their DB plans.

The more likely threat to our current DB pension is reduced benefits, such as a second tier plan for new employees. For example, the governor has proposed providing new employees with a DB plan with the benefit level that was in place in 1999.

Our current plan provides a benefit called “2@55”. This is shorthand for a benefit that at age 55 equals 2% of highest salary times years of service. For example, a professor retiring at age 55, with 25 years of service and highest salary of $100,000 would receive a pension benefit of $50,000. The age factor – 2% at 55—is lower at younger ages (e.g., 1.5% at age 52) and increases to 2.5% at ages 63 and older.

The governor’s proposal would change the formula—for new employees only—to 2@60. At age 55, the age factor in his proposal would be about 1.5%. Our hypothetical faculty member retiring under the governor’s plan would receive a pension award of only $37,500 (= $100,000 * 1.5% * 25 years).

For those who chose to retire at age 63 or older, both plans provide almost identical benefits—2.5% under the current plan and 2.418% for the proposed plan. The impact on employees is significant for those planning an “early” retirement—age 55—and minimal on those intending to work to age 63 or beyond.

However, while the governor’s plan has a moderate overall impact, there are other proposals, such as those emanating from Keith Richman and several taxpayer associations, that would cut retirement benefits in half, for example, to 1.25% at age 65.

That retirement formula would cut current benefits in half or worse, and represent a major threat to retirement security. Under a 1.25%@65 formula, employees would need to make significant contributions to a supplemental plan, such as a 457 or 403(b), to provide an expected retirement income, including Social Security, at the oft-recommended level of 75% or more of pre-retirement income.

Reducing pension benefits to new employees might save the state money. We say “might” because savings from a reduced benefit could be offset by demands for higher salaries (markets work, most of the time).

But assuming that there were no offsetting “salary effect”, what would the savings be? A lower benefit translates to reduced state contributions to the pension fund. But this reduction is small because savings accrue only for new hires. There is no savings for retirees and current employees.

Over time the savings would grow, but compared to increased costs to the state due to growth in population, the economy, and inflation, the saving from the governor’s proposal hardly seems worth the effort—at least not from an economic viewpoint.

Unfortunately the world of state government and public employees is ruled much more by politics than economics. In the current environment, reducing public employee pensions garners support from many taxpayers that far outweighs the actual impact on the state budget and their tax burden.

The larger change in the governor’s proposal regards health care: a 25-year vesting period. Those who retire before 25 years of service would get nothing, not a nickel from the state towards health care premiums in retirement.

Currently, CSU employees vest after only five years. State employees have a 10-year vesting requirement and do not receive the full state contribution for premiums until they have 20 years of service. Currently, the average retiree has only 20 years of service meaning that, barring a change in behavior, a 25-year vesting requirement would dramatically reduce the state’s cost for health care.

Can the vesting period for current employees be changed through legislation? This involves often argued legal issues, and I won’t guess.

Conclusion

The state has severe budget problems, which are unlikely to disappear soon. This creates pressure on salaries, jobs, and benefits.

For retirees, pension benefits are already “in the bank”—$190 billion in the retirement fund. Increased co-pays is the greatest risk to retirees’ health benefits.

Current employees face the potential of increased pension contribution rates either that they are “persuaded” to make directly or that the state pays thus constraining salary increases. Current employees are also at risk of increased costs for health care either through increased co-pays or a reduced level of the state contribution to premiums.

For future employees, there are more substantial threats. But with faculty salaries in the CSU already below market, any reduction in benefits would increase the pressure for higher salaries. The net result might be little, if any, savings to the state.

On top of job losses, cancelled salary increases, and furloughs, the faculty and CFA can expect increased threats to our health benefits and retirement security, requiring even more vigilance and involvement in the political process.

George Diehr is an elected member of the CalPERS Board of Administration representing current state and CSU employees. The views he expresses herein are his own, not those of the CalPERS Board.

Learn more about CalPERS at http://www.calpers.ca.gov/
CFA hires new general manager

CFA announced in July that Patricia Lee was hired to serve as CFA's new general manager. Lee will replace Susan Meisenhelder, who has served as interim general manager for two and a half years and is ready to step down from that position.

Lee, who previously worked as CFA’s northern California organizing director and as a consultant in the last contract campaign, was named general manager following a nationwide search for an experienced leader. She will take the helm in January 2010.

“I know that you all will join me in welcoming Pat Lee back to CFA in her new role,” said CFA President Lillian Taiz. “We all look forward to working with her and making our union even stronger so we can take on the challenges ahead of us.”

Lila Jacobs remembered

CFA is sad to report that Dr. Lila Jacobs, president of the CFA chapter at Sacramento State, passed away in June after a sudden illness.

In addition to her CFA work, Jacobs was a professor in the College of Education and former chair of the Department of Educational Leadership and Policy Studies. She had taught at the university since 1990.

“We have lost a true faculty champion, one who was committed to equality, fairness, peace, truth and justice for all. We will certainly miss her and her ability to illuminate the way for the rest of us,” said Cecil Canton, CFA’s associate vice president, affirmative action and fellow Sacramento State professor.

Jacobs published and presented in her areas of expertise: urban leadership, organizational change, diversity issues, qualitative research and educational reform efforts. She also founded the Urban Leadership Program and served on advisory boards of groups, such as the Center for African Peace and Conflict Resolution, the Freedom Bound Center and the Sacramento Women’s Network.

A scholarship fund has been created to honor Jacobs. Individuals are invited to make tax-deductible donations to the Dr. Lila Jacobs Urban Leadership Scholarship Fund. They can be delivered in person or mailed to: Sacramento State University Development Office, 6000 J Street, Sacramento Hall 118, Sacramento, CA 95819-6030. Checks should be made payable to: The University Foundation at Sacramento State. Memo line: Dr. Lila Jacobs fund.

New CFA Board of Directors takes office

Delegates to the Spring CFA Assembly elected a new CFA Board of Directors for a two-year term beginning June 1.

They re-elected the seven CFA Officers and created a new position so that Lecturers now have two Associate Vice Presidents – one from Northern California and one from Southern California. This structure parallels that of the Associate VPs for the campus chapters.

Jonathan Karpf, anthropology at San Jose, will serve as the new Associate Vice President, Lecturers-North.

While the most of those elected were incumbents willing to devote themselves to another term, there these new board members: James David Ballard, Northridge, Chapter Presidents Representative; Lois Boulgardies, Sacramento, Lecturers Representative; and Patricia Zambell, Pomona, Retired Faculty Representative.

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News Notes
CATHY HACKETT will protect our retirement security.

“We need Cathy Hackett’s sharp accounting sense and strong negotiating ability on the Board to keep CalPERS strong.”

George Diehr
Vice President CalPERS Board
Chair of CalPERS Investment Committee
California Faculty Association Member