

**RETIREES CHAPTER**  
PROFESSIONAL STAFF CONGRESS/CUNY  
25 WEST 43<sup>rd</sup> STREET  
NEW YORK, NY 10036  
212-354-1252

# The Retiree Newsletter

May 2005

## **I. Report of the Chairman: Irwin Yellowitz**

A. TIAA-CREF On-line Booklet: After two years of preparation, the TIAA-CREF On-line Booklet is available on the PSC website. To access it, go to [www.psc-cuny.org](http://www.psc-cuny.org), and then to benefits and services. The on-line booklet comprises 30 plus pages, and it is a comprehensive description of the CUNY version of TIAA-CREF's retirement plan. To my knowledge, this is the first time such a publication has been available. It primarily provides information for retirees, but approximately one-quarter of the document contains material for those still in-service. It thus will be of interest to all those who are members of TIAA-CREF, which means the great majority of faculty and staff who joined CUNY after 1973 when TRS began creating tiers which were less desirable than the original Tier One.

The on-line booklet will be an interactive document. We look forward to comments from members to clarify material in the booklet, suggest new topics, or point out problems in presentation. Peter Jonas, an at-large officer of the Chapter, will coordinate transmission of these comments to TIAA-CREF so that the document can be constantly improved. TIAA-CREF prepared everything in the on-line booklet, and it will make all changes. The role of Peter and the other members of the Retirees Chapter's TIAA-CREF Issues Committee has been, and will be, to encourage this project and to make the on-line booklet as useful as possible to all members of the PSC. Any major changes in the CUNY version of the program must come from collective bargaining.

I want to thank the members of the TIAA-CREF Issues Committee for their initial determination to provide this booklet, and for their perseverance in attaining it. Thus my thanks to Susan Karp Manning, the Chairwoman of the Committee, to David Berger, John McGloin and Peg Ogden for reading several drafts with great care and for making valuable suggestions, to Peter Jonas for his willingness to coordinate the responses from members, and to Howard Reznikoff, who not only made many useful suggestions during the editing process, but also took on the major responsibility for the Committee of bringing the document to fruition.

At present, the plan is to adjust the on-line booklet in light of comments from members, and to incorporate any major changes in the CUNY plan that result from collective bargaining. If the on-line booklet proves valuable, TIAA-CREF will consider working with the PSC to produce and distribute a hard copy. This is an expensive proposition, and such printed versions tend to become dated quickly. Thus we have chosen the on-line route, with the hard copy to follow at some future time if there proves to be a need for it.

Please send any comments about the on-line booklet to Peter Jonas at peter1-j@Verizon.net. He will direct them to the Committee and to TIAA-CREF.

B. Contract: The contract negotiations continue, but agreement still seems far off. President Barbara Bowen commented on May 9th about the current state of the contract negotiations. Below I extract her comments on the Welfare Fund.

“At the session last Tuesday, University management refused to make any movement toward the economic proposal made by the PSC on March 22. They raised questions about several points in our proposal and suggested some possible movement on one non-economic item, but refused to meet our economic proposal. Union representatives pressed for our proposal, arguing that it represented a fair settlement that was also achievable. We stressed the need for recurring funds—not just stopgap measures—to solve the Welfare Fund crisis, and reiterated our unwillingness to sacrifice salary increases to maintain our healthcare benefits....

The PSC’s counterproposal represents a serious and achievable plan for reaching a settlement. It also demonstrates our willingness to find creative solutions to the issues we face. In formulating our position, we worked as closely as we could with the agreement the State reached with the SUNY faculty union, UUP, while also responding to our specific needs. For instance:

- In year 1, the State and City settlements include \$800 and \$1000 respectively, in one-time cash amounts. The PSC proposal is to take the value of the State amount, \$800, as a percentage of the average annual salaries of our members—about 1.25%—and apply this on a recurring basis to the Welfare Fund....

The difference between our proposal for the Welfare Fund and management’s is that we seek to have the Fund emerge by the end of the agreement as financially stable and strong. CUNY management proposes one-time cash amounts, which would quickly be spent down, or offers the possibility that the union could decide to cut into the inadequate annual salary increases to generate recurring money for the Fund. Neither solution is acceptable. The union’s proposal faces the hard fact that the only way to stabilize the Welfare Fund without gutting benefits is to secure substantially increased contributions from the employer on an annual basis.”

C. April 19 Rally: The PSC maintains its campaign to keep the attention of the Chancellor and Chairman of the CUNY Board of Trustees on the contract process. On April 19, the union held a major rally in front of the offices of Benno Schmidt, Chairman

of the Trustees. I want to thank the many retirees who participated. It was a very large rally and retirees comprised a significant component. President Barbara Bowen wrote to thank me for the support given by retirees. Her informal count suggested that retirees were among the strongest contingents, and she noted that several "in-service members told me that they were moved, as I was, by the outpouring of support." It is important for retirees to support these efforts by the PSC. They show our solidarity with the need of our in-service colleagues for a fair contract, and they reinforce our own interest in adequate financial support for the endangered Welfare Fund. In that regard, reserves continue to decline in the face of static income and rapidly increasing costs, especially for prescription drugs. The Trustees of the Welfare Fund are considering what to do pending a contract settlement that would bring in new money. I will keep you informed of future activities in the contract campaign, which also has included e-mails and phone calls to Chancellor Goldstein and to Benno Schmidt, and I urge you to support these efforts.

D. Luncheon on June 13: There still is time to join us at the Spring Luncheon on June 13. George Altomare of the UFT will be our post-luncheon entertainer. He will lead us in labor songs. I have participated in his songfests at many teachers' conventions, and they are very enjoyable. If you still have the invitation that was included with the April Newsletter, please return it to the PSC office by June 6. If you do not have it, you can get another one from the PSC office, by e-mail at [lslifkin@pscmail.org](mailto:lslifkin@pscmail.org), or by phone from Linda Slifkin at 212-354-1252. Also note that there will be a business meeting at 11 AM with the luncheon to follow at 12:30 PM. I hope you can attend both events. Several members contacted us to say that they cannot attend the luncheon because it falls on the Jewish holiday of Shavouth. On behalf of the Program Committee, I apologize for this inadvertent scheduling. We have tried to avoid this type of conflict, and will continue to do so in the future.

E. Personals: We note with sorrow the death of Professor Joseph Shulim on April 17. He was a lifelong unionist and advocate, and became a founding member of the Retirees Chapter. Joe Shulim served for many years as a member of the Executive Committee and as Vice-Chairman, contributing significantly to the growth of the Chapter. He was born in New Haven, Connecticut in 1912, and his family subsequently moved to Brooklyn where he attended the newly established Brooklyn College, graduating in 1933 magna cum laude. He received his Ph.D. from Columbia University. While doing his graduate work, Professor Shulim began teaching at Brooklyn College and he remained there throughout his career until his retirement in 1973. He also was a member of the CUNY Graduate School faculty. Joe was active in faculty affairs at Brooklyn College, including service as Deputy Chairman of the Department of History. He was a noted authority on the French Revolution and Napoleon. In the course of his career, he wrote over 500 articles and book reviews.

I want to thank Larry Kaplan for preparing this note on Joe Shulim, and I want to add that I knew Joe from my earliest days in CUNY. He was a man of personal integrity, good humor, and great sensitivity to the needs of young faculty and above all of service

to students. We send our condolences to his wife Ruth and to his family, which includes children, grandchildren and a great grandchild.

## **II. Report of Lawrence Kaplan: The 2004 Annual Report of Social Security and Medicare**

The Board of Trustees of Social Security and Medicare submitted its 2004 annual report to Congress on March 23<sup>rd</sup>, 2005. The Trustees' report did not significantly change the financial outlook for Social Security and reassured Congress that Social Security continues to be secure.

However, the report emphasized that Medicare's financial outlook was "much worse than Social Security's" and that Medicare's "financial difficulties come sooner, and are much more severe than those confronting Social Security."

Of the six Social Security and Medicare Trustees, four are Bush administration officials: John W. Snow, Secretary of the Treasury, and Managing Trustee of the Trust Funds; Michel O. Leavitt, Secretary of Health and Human Services; Elaine L. Chao, Secretary of Labor; and Jo Anne B. Barnhart, Commissioner of Social Security. By law, two Trustees are appointed from outside the government: Thomas R. Saving, a Republican appointee, who is an economist at Texas A & M University, and John J. Palmer, a Democratic appointee, who is former dean of the Maxwell Graduate School of Citizenship and Public Affairs at Syracuse University.

The main points of the 2004 Social Security report are the following:

1. The Trust Funds, the accumulated amount by which tax revenues have exceeded benefits over the years, will be exhausted in 2041, one year earlier than 2042, as reported in the 2003 Trustees' report.

2. After 2041, Social Security will still be able to pay 74 percent of scheduled benefits even if no adjustments are made. A second opinion, issued earlier by the nonpartisan Congressional Budget Office, calculated that Social Security will have enough money to pay 100 percent of benefits until 2052 and more than 80 percent thereafter if no adjustments are made.

3. The year in which benefits will exceed tax revenues is 2017, one year earlier than 2018, as reported in the 2003 Trustees' report.

After 2041 or 2052, Social Security will have a long-term challenge. One of the suggested adjustments to solve the anticipated shortfall would be to eliminate the \$90,000 cap on taxable earnings. Additional adjustments were offered in a recent study by the Employee Benefit Research Institute (EBRI). The EBRI study suggested:

1. the current payroll tax of 6.2 percent be increased slightly, and

2. that government workers, not now covered by Social Security, be required to join the Social Security program.

The adoption of these proposed amendments would close the tax revenue gap through 2080, the end of the 75-year planning period used by Social Security actuaries.

The highlights of the 2004 report for Medicare are the following:

1. Medicare's cost will begin to exceed Social Security's in 2024 and will then grow rapidly as a share of the nation's economy. By 2078, the level of Medicare expenditures would represent nearly twice the cost of Social Security.

2. The monthly Part B Medicare premium has risen 33 percent in the last two years, to the current cost of \$78.20 from \$58.20 in 2003, a \$19.50 increase. The Trustees started that beneficiaries face another double-digit percentage increase in 2006 when the Part B premium will increase to \$87.70, a \$9.50 increase of 12 percent.

3. The underfunded prescription drug benefit (Medicare Part D), to become effective January 1<sup>st</sup>, 2006, in addition to soaring health care costs, will create additional financial problems for Medicare.

#### Conclusion:

Social Security: It is imperative that we continue to oppose the administration's effort to partially or fully privatize the system. At the same time, we must continue to support all efforts to strengthen the Social Security program which has operated so successfully for 70 years.

Medicare: The causes of the growing financial problems of Medicare are changing demographics: an aging population and longer lifespans as well as economic changes, such as soaring health care costs and expensive improvements in medical technology.

The United States is the only industrialized nation without universal health care. With a universal health care program not only Medicare costs but also total health care costs for all Americans could be significantly reduced, saving the nation billions of dollars annually.

### **III. Meeting of May 2, 2005**

I thank Jack Judd for this report.

Irwin Polishook, who served as President of the Professional Staff Congress from 1976 until 2000, spoke to the Retirees at their May 2 meeting on the topic: "CUNY and the Fiscal Crisis of the 1970's." Prior to assuming the presidency of the PSC, Professor Polishook was First Vice-President under the legendary Belle Zeller. He informed his

audience that the Retirees Chapter originated under his aegis with Joseph Winters being appointed as its first chairman.

Polishook, concentrating upon the City University, asserted that there were major issues surrounding the University prior to the disastrous fiscal crisis of the 1970's. Such issues as the free tuition policy, admission standards, and struggles for control within the University, as well as from outside governmental bodies, had already created an atmosphere of conflict surrounding the University. Then, when the City found itself mired in a financial miasma by the mid 1970's, all the earlier issues involving the City University became even more prominent. The PSC supported the policy of maintaining free tuition against the opposition of members of the state legislature and fiscal watchdogs. How could New York City continue to afford a free tuition program in light of the overwhelming financial burden confronting the municipality? As a result, tuition was instituted in 1976. Associated with the tuition issue was the question concerning the admissions policy pursued when Open Admissions was instituted. Why should anyone who chose to attend college be admitted without required credentials; who would pay for this, who might benefit? Open Admissions practically doubled the size of the student body. How could this be sustained during a fiscal crisis? The result, an end to Open Admissions came in 1976.

Meanwhile, a conflict developed within the University when one chancellor after another sought greater control over the daily operations of the individual campuses, and over the faculty as a whole. It was only through collective bargaining that the PSC was able to protect and enhance the salaries and working arrangements of the faculty. An element of cooperation had to be developed between the PSC and the chancellors. At the same time, the whole governance structure of the University was under attack from the governor and state legislature. This resulted, again during the fiscal crisis, with New York State assuming a greater role in governance and financial control.

Professor Polishook then turned to the important question as to why NYC suddenly found itself in such a financial situation. He pointed out that it had become city policy to financially support basic city services by borrowing heavily in short-term loans. Not only the annual interest had to be paid, but when such bonds became due, their face value had to be redeemed. Without seeking to raise basic taxes while increasing public programs, such as welfare, Medicaid, an expanding prison population, transit facilities, and the public educational system, an increased reliance was placed on capital funding. A day of reckoning had to occur. When that day came, even the President of the United States refused to offer any help. Only through the combined efforts of an enlightened governor, Hugh Carey, and the creation of the Municipal Assistance Corporation, and the Emergency Financial Control Board, was NYC, over time, able to rise from the depths of fiscal despair.

He concluded his remarks by declaring that the City University thrives today because of the support provided by its faculty and staff, and by union efforts which fought to preserve this institution.

**IV. Next Meeting:** Spring luncheon, June 13, 2005. We will hold this event at John Jay College. Please send in your reservation form to the PSC. The deadline is June 6. Note that there will be a business meeting at 11 AM followed by the luncheon at 12:30 PM. We hope you can attend both events.

MBJ:lrs  
Opeiu #153