

# The Retiree Newsletter

December 2004

## I. Report of the Chairman: Irwin Yellowitz

- A. Contract Negotiations: The negotiations for a new contract have moved into a more serious stage. The PSC has finally received an offer from CUNY, and although it is wholly inadequate, the bargaining can now move ahead. At the next negotiating session on December 17, the PSC will respond to this offer, labeling it as unacceptable and putting on pressure for a settlement that more clearly meets our objectives. Not only was the CUNY offer lacking in the area of salaries, but also it did not provide new money for the Welfare Fund separate from the salary package. The PSC has insisted that this new money must be part of a settlement so that the Welfare Fund can become financially stable. Otherwise, increased costs, particularly for prescription drugs, will exceed income, and the Welfare Fund will face a recurring financial crisis that could imperil our current benefit structure. A number of retirees attended the contract rally on October 25, and there will be other events of this type, including a large presence by PSC members at the negotiations on December 17. I would urge all retirees who have e-mail to join the Contract Now campaign on the PSC website. You can access the website at [www.psc-cuny.org](http://www.psc-cuny.org). Then click on Contract Now, and follow the prompts. You will be able to send a letter to Chancellor Goldstein that demands movement on the contract. Retirees can play a large part in this effort, just as we did last Spring in the post card campaign when over 70% of our membership participated. Both the union and CUNY management noticed that. We must add our e-mails to those from our in-service colleagues so that the Chancellor is constantly reminded that negotiations have to move forward quickly. The road ahead is difficult even if CUNY acts more resolutely. The union then has to deal with the Governor and the Mayor. This raises new and complex problems, especially with the Mayor, since the PSC has made it clear that it will not accept the pattern settlement received by DC 37 some time ago. UFT also has rejected the pattern, and if their negotiations are successful, it would be of great assistance to the PSC. However, the PSC must first reach an agreement with CUNY, and we retirees should do what we can to help. Consider joining future demonstrations, and do send that e-mail to the Chancellor.
- B. PSC Solidarity Committee: Jim Perlstein would like to bring the work of this PSC Committee to the attention of retirees. He provided the following brief description of the Committee's work. "The Solidarity Committee seeks to build union strength through member participation in coalition work with students, community groups and sister unions who are dedicated to forging a better life for all of New York's working people. Such participation raises awareness among those in the PSC of their membership in broader working class community. We also want to encourage those members already involved in labor, community and civic organizations to see that involvement as union work. As we participate in campaigns with fellow workers, students and neighbors we build ties

necessary for projects of our own.” For more information, contact Jim Perlstein by e-mail at [jperlstein@bassmeadow.com](mailto:jperlstein@bassmeadow.com), or by mail to Jim Perlstein, Professional Staff Congress, 25 West 43<sup>rd</sup> Street, New York, NY 10036. Provide your name, e-mail or postal address, and phone number, and a member of the Committee will contact you

- C. TIAA-CREF Booklet: The TIAA-CREF Issues Committee of the PSC Retirees Chapter met with representatives of TIAA-CREF on November 1, and the sense of all concerned was that the text of the booklet is essentially in place. After further review by TIAA-CREF, we will move to put the booklet on the PSC website. It is a substantial document of over 30 pages that will provide retirees and in-service personnel with a single source describing the major features of the TIAA-CREF plan for CUNY. Most of the booklet concerns issues of importance to retirees. It also will be a living document. We will accept suggestions for changes and additions, and bring these to TIAA-CREF for inclusion. The web booklet will thus grow to answer questions from our members. Ultimately, if funding is available, we will be able to print some copies of the booklet. However, this is not our first priority since printing and distribution are expensive, and such printed materials quickly go out of date as changes occur. Without the website for placement, I do not believe this booklet could have happened. It is an exciting project that has occupied much time on the part of Committee members and TIAA-CREF staff. I will let you know when the booklet is ready for placement on the website.
  
- D. Retiree Action Network: As you may recall, last year I asked you to join our Chapter’s Retiree Action Network. I reiterate that call now. Although we are the largest chapter in the PSC, we lack a means to reach members quickly. The Retiree Action Network allows those with e-mail to become part of a group that we can contact on short notice. During the election campaign, we used this network to solicit volunteers to mail post cards to AFT retirees in Florida and Ohio. The Network also can provide volunteers for PSC activities that often are planned with too short a notice time for a full membership mailing. If you would like to join the Network, please send an e-mail to [slifkin@pscmail.org](mailto:slifkin@pscmail.org), and put Retiree Action Network in the subject line. Thanks.
  
- E. NYSUT Retiree Member of the Year: Our state affiliate, the New York State United Teachers, annually honors a retiree member of the year. This is a statewide competition, and the person selected by NYSUT will be honored at the NYSUT Representative Assembly in April 2005. The Executive Committee of the PSC Retirees Chapter nominated Larry Kaplan for his long and outstanding service to retirees, reaching back to 1986, and not only in our Retirees Chapter but as the leader of the Council of Municipal Retiree Organizations. The criteria include demonstrated excellence in his or her field, a commitment to the goals of NYSUT and AFT, and involvement in the work of the union and retirees’ chapter. We think Larry meets all the criteria fully, and we know he will receive serious consideration by NYSUT for this award.
  
- F. AFT Retiree E-News: I recommend this e-mail newsletter. It appears regularly and discusses issues of importance to retirees. It will help you stay informed. The last issue was entitled “What Can We Expect in the 109<sup>th</sup> Congress,” and included items on tax cuts, budget issues, Medicaid, Medicare and Social Security. Frank Stella, the AFT Director of Retiree Services, edits the E-News and it draws on the total informational resources of AFT. If you would like to receive it, please send an e-mail to Frank Stella at [fstella@aft.org](mailto:fstella@aft.org).

- G. Winter Luncheon: The invitation to the luncheon was included with the November Retiree Newsletter. The event will be on January 10, 2005 at John Jay College, and will feature the recently retired President of John Jay, Gerald Lynch, speaking on "Changes I Have Seen at CUNY." The cost is \$18.00 per person for a full course lunch with wine. Please send in your response form before the deadline of January 3, 2005. In case you have misplaced the reservation form, you may call Linda Slifkin at the PSC, 212-354-1252, to receive another form.
- H. Errors in November Retiree Newsletter: I was away during the preparation of the November Retiree Newsletter, and it contained several errors. Most important was the listing of the officers of the Retirees Chapter in the luncheon invitation. An old list was mistakenly used. Shelly Waxenberg, who gave such devoted service to retirees over so many years, declined to run again, yet he was incorrectly included. Francine Brewer and James Perlstein, who are newly elected members of the Executive Committee, were excluded. I apologize to all concerned for these errors.
- I. Personals: Joan Gregg provided the following item. "CUNY faculty emerita Joan Gregg, Serena Nanda and Beth Pacheco have authored *40 Perfect New York Days: Walks and Rambles in and Around the City* (Universe.com) a lively, unique guide that accompanies active New Yorkers and their visitors to all five boroughs and the city's surroundings one perfect day at a time. It is available at Barnes and Noble bookstores, and on the net at bn.com and Amazon.com (5 star review)."

**II. Report of the Health Care Issues Committee: Jack Judd:** On December 9, a branch of *Consumer Reports* will launch a web site called: "Consumer Reports Best Buy Drugs." Although the emphasis may be placed on price comparisons, it will also be concerned with drug effectiveness. Comparisons will be offered among similarly acting medications, to provide honest evaluations as to what works best for a particular medical condition. It should prove of some worth in helping to make educated choices among the myriad prescription drugs offered to the public. To log on to the site simply type in: Consumer Reports Best Buy Drugs. Use it in Good Health.

### III. Report of Lawrence Kaplan:

- A. Corrections to the Social Security Fact Sheet That Appeared in the November Retiree Newsletter:

Maximum earnings while receiving benefits

	2005	2004
Age 62 up to 65 & 6 months <u>NOT Ages 62-64</u>	\$12,000/year	\$11,640/year
Age 65 & 6 months or older <u>NOT Age 65 or higher</u>	no limit	no limit

Maximum benefit starting at age 65 & 6 months NOT age 65+

Omit footnote d.

- B. The Danger of Fiscal Irresponsibility: While pundits have offered many explanations for President Bush's victory on election day, little has been said about his fiscal irresponsibility and for good reason. His financial irresponsibility has placed the American economy in serious jeopardy.

A report by the U.S. Treasury Department, released on the day after election, was a frightening reminder about America's economic vulnerability. Federal budget deficits continue exploding. The non-partisan Congressional Budget Office (CBO) reported that the budget deficit for Fiscal Year 2004 hit a record of \$413 billion. Continuing budget deficits stem largely from the three big tax cuts of 2001, 2002, and 2003.

In January 2001, President Bush inherited a projected \$5.6 trillion budget surplus over the next decade. Within a year, the projected surplus became a deficit. According to the CBO, President Bush's second term starts with projected budget deficit of \$2.3 trillion. Add to this the cost of privatizing Social Security, which, if approved, would cost an estimated \$2 trillion. And, according to the CBO, if the administration succeeds in making the tax cuts permanent, an additional cost of \$2.2 trillion would be added to the total. At the same time, the President wants to make additional tax cuts, and may need more than \$70 billion in extra money in 2005 to support military operations in Iraq.

Related to the budget deficits is the fiscal problem of the exploding Federal national debt. When President Bush took office in January 2001, the Federal national debt stood at \$5.3 trillion. Over the past four years the Federal debt ballooned to the current \$7.4 trillion, a 40 percent increase. In November 2004 the U.S. Senate and House voted to approve the third major increase in Federal borrowing since 2001. The Federal debt limit was increased by \$800 billion. The new ceiling would allow borrowing to reach \$8.2 trillion, and this figure will probably be raised again in about a year.

According to the CBO, interest costs alone for the U.S. Federal national debt are approaching \$200 billion a year, significantly reducing the nation's ability to spend for necessary domestic economic programs.

The "borrow and spend" policies of the Bush administration were denounced by Congressional Democrats who said that the growing debt threatened our economic security. Borrowing to pay our bills requires us to turn to Japan, China and other countries for financial support.

Many respected financial experts have expressed alarm at the administration's fiscal irresponsibility.

Peter G. Peterson, former Secretary of Commerce under President Nixon, and former Chairman of the Federal Reserve Bank of New York, is concerned about continuing deficits. He called his recent book, Running on Empty.

Robert E. Rubin, former Secretary of the Treasury under President Clinton, and for 26 years a Senior Partner in Goldman, Sachs, is author of In An Uncertain World. He says we cannot continue living beyond our means. We are confronting a day of reckoning.

Paul A. Volcker, Former Chairman of the Federal Reserve Board, and author of Changing Fortunes: The World's Money and the Threat to American Leadership, predicts that as of this point in time we face a 75 percent chance of an economic collapse within five years.

Alan Greenspan, Chairman of the Federal Reserve Board, believes that ballooning foreign borrowing on the part of the United States poses a future risk to the value of the dollar. He said that foreign investors who help finance the large budget deficits by buying U.S. Treasury securities would eventually resist lending more money to the United States.

Finally, Rodrigo de Rato, Managing Director of the International Monetary Fund, said that the U.S. must tackle its problem of growing indebtedness to avoid a threat to the world economy.

One of the first steps that the Bush Administration should take is to balance the federal budget, thus eliminating the annual deficit and lowering interest costs, which must be paid to holders of U.S. Treasury securities. To do this, the administration will have to roll back the tax cuts to generate more tax revenue. Failure to take steps to improve America's vulnerability will surely result in an economic collapse, affecting not only the American economy, but also the world economy. We should listen to the sage advice of Messrs Peterson, Rubin, Volcker, Greenspan and de Rato, and adopt a policy of fiscal prudence before it is too late.

#### IV. Speaker, December 6, 2004:

Frank Stella, Director of Retiree Services, American Federation of Teachers. Jack Judd prepared the following report: Traveling from Washington, D.C. in order to speak to us, Frank Stella provided the audience with an analysis of the last presidential election and observations regarding what might lie ahead for labor, in general, and for retirees, in particular.

Stella's primary focus was upon the election results, and how the Republicans won control of the executive and congressional branches of government. As a discussion device, he placed the following message on the blackboard: **THE GIFT**. Each letter symbolized one of the issues which helped in the Republican victory.

**T:** stood for terrorism. The Republicans harped on the message that Bush was a known quantity in the so-called War Against Terrorism. [As an aside, CSPAN carried a panel program on December 6 relating to the role of the media in the election, in which it was pointed out by those who had created the television ads, how they emphasized this one issue in targeted states, such as Florida, Ohio, and Colorado.] **H:** was for health care. Those AFT members who thought this was a major issue voted for Kerry. **E:** was the economy. Again, union members who thought about the economy chose Kerry. Although Kerry tried to make health care and the economy the central issues in the campaign, he was unable to do so, which helped Bush.

**G:** shorthand for the entire issue of gay marriage, but extended to guns and God and framed as questions of moral values. The Massachusetts' Supreme Court decision upholding gay marriages played into Republican hands. **I:** Iraq. **F:** Family values including the abortion controversy. **T:** Theology. We have a president who has a direct line of communication to a higher authority.

What must be done now and in the future? We must encourage more people to vote, especially the younger generations who must be made to understand that what occurs now on the federal level will impact them in the near future. Stella pointed out that younger Americans were the only age group that cast a majority for Kerry. Furthermore, a legislative agenda must be prepared which articulates what is best for retirees and union members, as well as for all Americans. And, we must reach out to the culturally conservative group across the nation. Many of these people are supportive of our positions on economic and social issues, and they should not be dismissed.

Immediately on the legislative agenda will be the forthcoming battle over privatization of Social Security. Here is where the Democrats must get the message across to the younger workers that this is not beneficial to them, but a boon to Wall Street investment counselors.

Upon completing his analysis, a very lively discussion ensued covering such topics as the future of Social Security, Medicare changes effective in 2006, possible Supreme Court appointments, and the state of the nation's economy.

**V. Next Meeting:** Winter Luncheon, January 10, 2005, John Jay College. Reservation form required (see item F of the Chairman's Report).

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