

RETIREES CHAPTER
PROFESSIONAL STAFF CONGRESS/CUNY
25 WEST 43RD STREET
NEW YORK, NY 10036
212-354-1252

The Retiree Newsletter

February 2005

I. Report of the Chairman: Irwin Yellowitz

A. Contract Campaign: Negotiations continue between CUNY and the PSC, but there is still little progress. Accordingly, the union has undertaken a contract campaign to prod the Chancellor and the Board of Trustees to move forward on a settlement. Were this to happen it would be translated into greater flexibility on the part of CUNY's negotiating team. The actions include a brief demonstration at meetings of the Board of Trustees, mail and faxes to the Chancellor, phone calls to Benno Schmidt, the Chairman of the Board of Trustees, leaflets on CUNY campuses to make PSC members aware of what is happening and to enlist their involvement, approaches to students for support, and the creation of a contract action network based on close contact between one person active in the campaign and five other people. We have participated in these activities. At our last Chapter meeting on February 7, those present signed cards addressed to the Chancellor calling for a contract that offers adequate financial support for the Welfare Fund; many of those present also called Benno Schmidt on Wednesday, February 9, along with our in-service colleagues, to ask him to move the negotiations forward; a significant number volunteered to be present at the next meeting of the Board of Trustees on February 28, when the union will attempt to highlight the issue of the Welfare Fund; and we created a contract action network using members of the Executive Committee as the first outreach group. All of these activities need more support. You can join in any of them by contacting me in the usual way, by e-mail at iyellowitz@aol.com, or by mail or phone (att: Linda Slifkin) at the PSC office. To become part of the campaign on a continuing basis, please join the Retiree Action Network if you have e-mail. Send your e-mail address to Linda Slifkin at lslifkin@pscmail.org and put Retiree Action Network in the subject line. We will then be able to contact you quickly about future activities in the contract campaign.

Our interest in the contract settlement is based on solidarity with our colleagues who are still in-service, and in the necessity of adequate funding of the Welfare Fund through a new contract. In recent weeks, a third reason has emerged.

Discussions of the financial problems of the Welfare Fund have led to comments from the management side that perhaps the problems of the Fund can be alleviated by further cuts in benefits rather than by the additional funds demanded by the PSC. High on the list of possible cuts in Welfare Fund benefits would be those for retirees. No matter how vague or indirect this idea is at present, we must oppose it immediately. Retirees do not receive their benefits from the Welfare Fund as a gift. These benefits have been earned through our many years of active service in which current retirees, as younger members of the CUNY instructional staff, had contributions made on their behalf far in excess of the benefits they used. Those extra monies paid for the benefits used by retirees of that time. Now that we have become retirees, and by the force of nature need more services from the Welfare Fund than younger people, we must depend on the contributions of those still in-service, just as a prior generation depended on us. Membership in the Welfare Fund is a continuum: it cannot be broken without destroying the basic structure of the Fund. The outrageous increases in prescription drug costs in recent years have erased the substantial reserves that the Fund had, and have created the current financial crisis. CUNY must recognize that the solution for this is increased dedicated funding for the Welfare Fund, outside of the salary package, not further cuts that will leave us with a Welfare Fund that offers scant benefits. We retirees have to support the efforts of the PSC to secure a decent contract that adequately supports the Welfare Fund.

B. Social Security Campaign: There is much activity to defeat the effort by President Bush to privatize the Social Security system. In New York, the state affiliate of the Alliance for Retired Americans and other groups are already at work. I asked Larry Kaplan to represent the PSC Retirees Chapter and the PSC as a whole at a meeting sponsored by the Working Families Party to create a coalition in this area. Larry also will connect the Council Of Municipal Retiree Organizations (COMRO) to this effort. Larry reported the following: In This Together: Keeping the Promise of Social Security. The first planning meeting of this group, with about 50 people in attendance, was held on Monday, February 7th, 2005, at the United Federation of Teachers headquarters, 52 Broadway. The major goal of In This Together is to form local coalitions with key groups: labor, religious, senior, disability, student, civil rights, and to reach the 16 Republican Congressmen in the states of New York, New Jersey, and Connecticut, urging them to vote against privatization. Bush needs these votes in the House of Representatives in order to privatize Social Security. The group needs all the help it can get. To become active in this effort, call In This Together, 88 3rd Avenue, 4th Floor, Brooklyn, NY 11217. Attn: Eva Bonime, (718) 222-3796/Fax (718) 246-3718. e-mail: eva@workingfamiliesparty.org.

C. Personals: I am sorry to report the death of LaWanda Cox on February 2, 2005 at the age of 95. She was active in the Retirees Chapter in the 1980s and early 1990s, and was particularly interested in providing positive alternatives to conventional nursing home placement in order to preserve the dignity of the individual. LaWanda taught at Hunter College from 1942 until her retirement in

1971, with a short break for an appointment at Goucher College from 1944-1946. In addition to her long career as a teacher at Hunter and the CUNY Graduate Center, she was a major historian of the American Civil War and Reconstruction period. She wrote several important books about the complex interaction of race, slavery and politics, including Politics, Principle and Prejudice, 1865-1866: Dilemma of Reconstruction America (1963), coauthored with her husband, John Cox, which received a prize from the American Historical Association. She also was a major contributor to the work of the Southern Historical Association. LaWanda continued her scholarly work after retirement. She authored a book in 1981 that examined Abraham Lincoln's role in the freeing of the slaves, and carried on her scholarly activity in many other forms, including her founding and commitment to the CUNY Symposium on Emancipation and its Aftermath, which often provided younger scholars with an opportunity to present their work in progress. She fought the impact of failing vision after 1989, but her commitment to the many interests of her life never wavered. For her lifetime of professional and community work, LaWanda received a Community Service Award from the New York State United Teachers in 1994. Those who would like to know more about LaWanda's career should consult the lengthy death notice in the February 9, 2005 edition of the New York Times.

I was privileged to know LaWanda, and to be a colleague at City College of her husband, John Cox, who died in 1975. Although LaWanda is now gone, her contributions to the study of the Civil War and Reconstruction in the United States will be a permanent testimony to the career of this humane and committed scholar.

II. Report of Lawrence Kaplan: Saving Social Security From the Threat of Privatization

President Bush has indicated that one of the prime goals of his second term in office is to reform Social Security. Before any changes are made, it is important to recognize the success the program has had in the past and its promise for the future.

The Social Security system is the largest and most successful economic and social program in American history. It has survived for 70 years for a simple reason: it works. Under the program today, 47 million people are receiving benefits, including 32 million retired workers and their dependents, 8 million survivors of deceased workers, and 7 million disabled workers, their spouses and children.

Currently, about 155 million people have earnings covered by Social Security and pay taxes on their wages. In 2003, total benefits paid were \$479 billion. Income was \$632 billion, and assets held in special issue U.S. Treasury securities grew to about \$1.5 trillion. These excess funds will help to provide benefits for the baby boomers, the oldest of whom can start collecting benefits in 2008. The system is fair, equitable, and just, providing economic dignity to all.

Contrary to the prediction of gloom, the program does not need radical change to survive over the 21st century. Those who tell us that Social Security (SS) is facing an imminent crisis have greatly distorted the facts. According to the nonpartisan Congressional Budget Office's (CBO) report of June 14th, 2004, SS will have a surplus of \$4 trillion by 2019 when benefit payments are projected to begin exceeding revenues.

The latest report, issued by the Bush appointed Trustees of SS in February 2004, stated that the SS trust funds will not be exhausted until 2042. A subsequent report issued by the CBO revealed that the SS surplus will not be depleted until 2052, a reliable estimate. The CBO put the long-range deficit at a mere one percent of taxable payroll, while the Trustees of SS suggested 1.9 percent of taxable payroll.

It is true that Social Security is facing a challenge for the second half of this century, but not a crisis. The challenge is manageable, and a radical reform, such as privatizing the system, is unnecessary. Even when the Social Security surplus will be depleted in 2052, and without any changes, the system will continue to collect enough taxes to pay between 70 and 80 percent of benefits, if no corrective action is taken.

The analysis of the nonpartisan Congressional Budget Office reveals that Social Security is financially strong; is not in a crisis state; and has a future we can count on for our children and grandchildren.

The Bush Proposal

Proponents of Social Security privatization seek to divert some proportion (not yet determined) of workers' payroll taxes into private Wall Street investment accounts. Unlike Social Security, which is 100 percent guaranteed, individual investment accounts would be subject to the risk of financial market collapses, unexpectedly high inflation during retirement; and the possibility of outliving one's assets. Social Security guarantees a base level of monthly benefits, while investment accounts are risky and subject to the whims of stock market fluctuations.

If a portion of payroll taxes are diverted, the government would have to make up an estimated \$2 trillion shortfall in Social Security revenues, just to maintain current benefits.

Raising this sum of money would only be possible through tax increases or reductions in benefits. Since the administration is calling for more tax cuts, not tax increases, the reduction of Social Security benefits by \$2 trillion over time would be inevitable.

The privatization plan would create an immediate financial crisis for Social Security that did not previously exist. The combination of private investment

accounts and cuts in benefits would ultimately destroy the system. Widows, orphans, the disabled and elderly retirees would be denied the protection offered by Social Security. Taking this safety-net away is not only a bad idea, it also undermines the concept of “moral values”.

Standing to gain billions in fees and commissions, Wall Street brokerage firms have already begun a lobbying campaign in Congress in support of private investment accounts, seeking to convince legislators that these accounts are in the best interest of the American people.

Rather than taking a “my way only” approach, the president should encourage a bipartisan effort to study and debate the many adjustments proposed to achieve the long-term health of Social Security.

Conclusion

Substituting private investment accounts for the safe, guaranteed benefits of our Social Security system is both unwise and shortsighted. The returns on private investment accounts are volatile and management fees of 20 to 30 percent sharply reduce benefits.

Countries that have tried privatization have found it unsatisfactory. In fact, reports from Britain and Chile indicate that their 20-year experiments are a complete failure. The British are looking enviously at America’s Social Security system. According to the British Department for Work and Pensions, in 2004 alone, 500,000 people abandoned private pensions and moved back into the state system. British government actuaries expect another 250,000 to return to the state plan in 2005.

At this critical moment, it is imperative for all Americans to speak out in order to retain the program that has been successful for 70 years and that will continue, with a few minor adjustments, through the 21st century and beyond.

Urgent Action Is Needed Now

A strong grassroots movement is needed to exert pressure on Congress to reject any legislation that would partially or fully privatize the Social Security program.

To defeat privatization, contact your Washington lawmakers. Write to your representative at the U.S. House of Representatives, Washington, D.C. 20515, and your senators at the U.S. Senate, Washington, D.C. 20510. Or, make a phone call to the Capitol switchboard and ask for your lawmaker’s office: 1-202-224-3121, and urge your elected officials to oppose any form of privatization. Do not delay. Act now.

III. Winter Luncheon, January 10, 2005

I thank Jack Judd for chairing this event, and for the following report.

Chairman Emeritus Lawrence Kaplan introduced Dr. Gerald W. Lynch, the recently retired president of John Jay College of Criminal Justice. In presenting a brief account of the tribulations surrounding the creation and development of John Jay College, at which he served as president for 28 years, Dr. Lynch demonstrated an ability as a raconteur while discussing more serious issues. He pointed out that although the creation of a liberal arts college with a specialization in criminal justice initially met with skepticism, the idea has taken hold not only at the City University of New York, but has served as a model internationally.

Another point stressed by Dr. Lynch was that through the introduction of Open Admissions at the City University, a hope was offered to those who sought to continue their education although lacking in some of the skills so necessary for college level work.

Dr. Lynch was very proud of the accomplishments of the graduates who had received their higher education at John Jay College, especially those who helped create a nucleus of officers in the York City police force with liberal arts backgrounds.

IV. Next Meeting

The next meeting will be on Monday, March 7, 2005 at the CUNY Graduate Center, 34th Street and Fifth Avenue, Manhattan, from 1-3 PM, in room C201-202. The speaker will be our own Chapter Chairman Emeritus, Larry Kaplan, who will discuss "Investment Strategies in Retirement." Larry has written on the subject and he will present his usual complete and careful presentation. It should be an informative program, and we hope that you can attend.

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