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The Retiree Newsletter

September 2005

I. Chairman's Report: Irwin Yellowitz

A. The Contract: See the September 2005 issue of Clarion, which you have received by mail, for a full discussion of the current state of contract negotiations. Although there has been some progress in recent months, there is still a significant gap between the positions of CUNY and the PSC on salaries. In addition, CUNY has not offered sufficient money to reverse the current financial problems of the Welfare Fund and provide for an improved dental plan, both of which are demands of the PSC. CUNY also has on the table several longstanding demands, such as removing departmental chairpersons from the bargaining unit, which have been rejected by the PSC from the earliest days of the union. The PSC rejects these while it calls for important improvements in working conditions.

To make CUNY's management aware of the support by the faculty and staff for a fair agreement, the PSC called a major contract rally on September 29 at the historic Great Hall of Cooper Union. Thanks to those retirees who attended. This rousing rally provided information on the contract negotiations, reviewed the implications of the Delegate Assembly's action last Spring in authorizing a referendum on a job action, and showed support from other unions, including the New York State United Teachers and the United Federation of Teachers.

Depending on the progress in negotiations, the PSC's in-service membership may vote on the referendum later in the Fall. Retirees will not participate since we cannot take the job actions that would be authorized, and also because we do not vote on the PSC contract – a longstanding feature of the union constitution. However, retirees still should offer strong support to our in-service colleagues. Not only is solidarity a key to the success of any union, but retirees also have a substantial interest in the financial health of the Welfare Fund. Major new funding for the Welfare Fund is one of the union's key demands. Some of you were at the September 29 rally, and there will be other events in the future. Retirees have supported our in-service colleagues in the past, and we should continue to do so in the future.

B. Retirees to be Represented on the PSC Executive Council: At its regular meeting on September 22, 2005, the PSC Delegate Assembly voted unanimously to amend the PSC Constitution to afford two seats on the Executive Council to the Retirees Chapter. The two seats will be filled as part of the general union elections in the Spring of 2006. As is the case for other PSC constituencies, only retiree members will vote for the retiree delegates to the Executive Council. I want to thank Peter Jonas and Jim Perlstein who joined with me to get this done. The Executive Committee of the Retirees Chapter consistently offered its support. I also congratulate the leadership of the PSC for recognizing the vital role retirees play in the life of the union and thus supporting this important structural change.

C. Information from AFT on the new Medicare Prescription Drug Plan: On this subject, first see the remarks of Larry Morgan below in the Speakers section of this Newsletter. The American Federation of Teachers has prepared a valuable guide to the new Medicare plan. The easiest way to access it is via the Internet by going to <http://www.aft.org/retirement/resources.htm>. Click on the link to the Medicare prescription drug plan under Medicare Resources. The document is largely in the form of frequently asked questions and the proper answers. It is clear and informative. If you cannot access this item through the Internet, I have made a print copy available to Linda Slifkin at the PSC office. You can secure a copy by mail, but there will be some delay.

D. Schedule of Chapter Meetings for 2005-2006: Below is the schedule of Chapter meetings for 2005-2006. I thank Jack Judd, the Vice-Chairman of the Chapter, for his work as Chairman of the Program Committee, and for the major role he played in developing the year's programs. Retiree Chapter Officer-at-Large Jane Moore also contributed in a major way.

September 19: Steve London, Executive Officer and Larry Morgan, Executive Director, PSC-CUNY Welfare Fund: Medicare Part D.

November 7: Barbara Bowen, President PSC: State of the Union.

December 5: Maurice R. Padula and Christine Maggio, New York State Office of Attorney General: Identity Theft.

January 9: Luncheon (registration required: contact Linda Slifkin at the PSC): Joshua B. Freeman, Professor of History at Queens College and the CUNY Graduate Center: The Current State of the Labor Movement.

February 6: Larry Morgan, Executive Director and Estelle Giammusso, Associate Director, PSC-CUNY Welfare Fund: The Welfare Fund: Spousal Benefits & Supplemental Programs

March 6: Susanne Paul, President of Global Action: Global Action on Problems of Aging; and Judith Rudman, Director, Election District 52, New York State United Teachers (NYSUT): The Role of Retirees in NYSUT.

April 3: Karen Altfest, Ph.D., CUNY and President, L. J. Altfest, financial advisors: Financial Planning in Retirement.

May 1: Gerald Sorin, Professor of History, SUNY New Paltz and Murray Hausknecht, Professor Emeritus, Sociology, Lehman: Irving Howe and *DISSENT*.

June 5 Luncheon: (registration required: contact Linda Slifkin at the PSC): Jacob Judd, Professor Emeritus of History, Lehman and Vice-Chairman, PSC Retirees Chapter: The Capture of Major John André and Unmasking Benedict Arnold.

E. TIAA-CREF Online Booklet: We decided to offer the on-line booklet on the CUNY version of the TIAA-CREF retirement program first through the PSC website. Having it as an on-line item allows for changes to be made in a timely way. No sooner had the booklet appeared last Spring then CUNY revised the program in significant ways. Consult the September Clarion for information on these changes. The Chapter's TIAA-CREF Issues Committee will work with TIAA-CREF to make the necessary changes in the text of the on-line booklet as quickly as possible. In the interim, those accessing the on-line booklet will read a prominent box that indicates the on-line booklet is under

revision and that summarizes the four major changes. It also provides a link to a somewhat fuller explanation. This material will remain until the on-line booklet has been amended. To access the on-line booklet go to psc-cuny.org, click pensions on the top of the Home Page, and click TIAA Booklet.

F. Health and Safety on the PSC Website: I thank Ezra Seltzer of the Chapter's Executive Committee for the following item and for his dedication to health and safety over many years. "The health and safety of the PSC membership is of cardinal importance. It is therefore, with extreme satisfaction, that I announce that the PSC website, under the supervision of Webmaster, Professor Bill Friedheim, will contain articles pertaining to university safety, home safety and personal safety. This will enable us, in all our walks of life, to benefit from this information." To access the current items, go to psc-cuny.org, click on Health and Safety on the Home Page, and scroll down to the bottom of the Health and Safety page. There are six articles available at present with others to be added.

G. AFT Retiree & Alliance for Retired Americans September 7-9 meetings: Peter Jonas represented the PSC Retirees Chapter at these meetings in Washington, D.C. I thank him for the following report.

These joint meetings in Washington DC were dominated by hurricane Katrina: Its impact on individuals and localities -very serious. Its impact on the federal government's likely near term behavior - Katrina related business for a month. Its possible impact on future budgets - bad.

Nevertheless, the objectives of the meeting were met. Objectives included letting our congressional representatives know of retiree feelings on Social Security, informing ourselves on the upcoming Medicare part D (prescription drug) issues, and keeping ourselves informed on retiree activities with in the states. Our opening session was addressed by Senator Clinton (D-NY.), in which she compared this administration's response to disaster with the response of the past administration.

Our most visible activity was a pro-Social Security, anti-privatization rally held outside the Capitol on September 8th. It was addressed by a number of notables, including Senator Stabinow (D-MI) and Reps. Sanders (I-VT). We then proceeded to visit our representatives - especially the "pro-privatizers" - and inform them of our position. No minds appeared to be changed, but the privatization issue apparently will not be pressed - for now.

H. Personals: Virginia Smith has just published a new book, Forms in Modernism: A Visual Set. Her work was supported by PSC-CUNY research grants, and she makes clear that it could not have been done without those awards. The book uses typography as the unifying discipline through which to understand, analyze and compare forms in a number of areas, especially architecture, but with examples from high fashion, furniture and artifacts. Virginia Smith is a Professor Emerita and former President of the American Printing History Association.

II. Report of the Health Issues Committee: Jack Judd

In the August 29 issue of *THE NEW YORKER*, Malcolm Gladwell comments on the health-care system in America, in an article titled: "THE MORAL-HAZARD MYTH: THE BAD IDEA BEHIND OUR FAILED HEALTH-CARE SYSTEM." Gladwell cites a study which points out that the leading cause of personal bankruptcy in the U.S. is unpaid medical bills, and that the "death rate in any given year for someone without health insurance is twenty-five percent higher than for someone with insurance." He questions why Americans are so attached to a health-care system, which is a "makeshift system of increasing complexity and dysfunction." Our system is not more medically efficient when

compared to Switzerland, Japan, Austria, and Finland. As for financial efficiency, the country spends close to \$400 billion just on the paperwork associated with health-care. Why has every effort, during the past century, to improve the system failed?

“America’s health-care mess is, in part, simply an accident in history.” In Europe, as Gladwell points out, the labor unions worked through the political system in order to acquire universal coverage. Here, however, unions worked through collective bargaining with individual corporations and employers to obtain coverage for specific groups of workers. Furthermore, a group of economists have helped shape governmental policy based on the idea of “moral hazard.” According to this theory, the type of insurance carried may shape a person’s behavior. Simply put, the more insurance you have, the more doctors you will visit, and over burden the health-care system. If a person is forced to pay more for the insurance, the individual will be prone, according to this theory, to carefully weigh how much health-care would be utilized. “Insurance can have the paradoxical effect of producing risky and more wasteful behavior.” He goes on to say that “if you think of insurance as producing wasteful consumption of medical services, then the fact that there are forty-five million Americans without health insurance is no longer an immediate cause for alarm.” But do individuals visit doctors and spend time in hospitals simply because they have medical coverage? The moral hazard theorist’s answer is a yes. The uninsured worker, the one who obtains some medical attention only when absolutely necessary, through a governmental program, is the more efficient user of the health-care system. And where does preventive care fit into this over-all picture? It is not in the moral hazard equation.

The Health Savings Accounts system, as advocated by President Bush, in which individuals pay for their own medical expenses, pulled from a tax-free account, fulfills the moral hazard goal. In the words of the President, “Health Savings Accounts all aim at empowering people to make decisions for themselves, owning their own health-care plan, and at the same time bringing some demand control into the cost of health care.” The government shies away from the concept of poverty being a driving force in determining who has no medical coverage. A person working for a company at a minimum wage who is offered a health policy costing one thousand dollars or more a month, may have to decide between eating and paying the rent, or health coverage.

Gladwell concludes with this statement: “In the rest of the industrialized world, it is assumed that the more equally and widely the burdens of illness are shared, the better off the population as a whole is likely to be. The reason the United States has forty-five million people without coverage is that its health-care policy is in the hands of people who disagree, and who regard health insurance not as the solution but as the problem.”

III. Report of Chairman Emeritus Lawrence Kaplan:

The 70th Anniversary Celebration of Social Security

On August 14th, 1935, President Franklin Delano Roosevelt made history by signing the Social Security bill into law.

On Saturday, August 13th, 2005, to celebrate the 70th anniversary of this historic event, 500 members of the New York State United Teachers (NYSUT) and the New York State Alliance for Retired Americans (NYSARA) traveled by bus loads from all parts of New York State to Hyde Park, New York, the home, library and museum of President Roosevelt, to deliver a message. The message to the present administration in Washington that is trying to make destructive changes to the Social Security program through privatization was crystal clear. “Don’t risk it. Fix it.”

While reformers claim there is an immediate crisis in Social Security, the facts prove otherwise. In 2004, the Social Security Trust Funds held \$1.7 trillion in reserves. By 2018, reserves will reach \$5.3 trillion, and by 2028, \$6.6 trillion. These funds, invested in U.S. government bonds, are backed by the full faith and credit of the United States government. In 2029, Social Security will begin to draw down these reserves, and will be able to pay 100 percent of benefits to 2041, according to the 2004 Trustees Report on Social Security. The nonpartisan Congressional Budget Office places this date at 2052, at which time Social Security will be able to pay 70 to 80 percent of benefits, even if no changes are made. A few minor adjustments to the Social Security system can fix this long-term problem. In poll after poll, the majority of Americans accept the need for minor adjustments and reject the magic of investing in the volatile stock market.

One of the highlights of the celebration at Hyde Park was a debate between Michael Tanner of the Cato Institute, the Republican think-tank, and Paul Krugman, columnist of The New York Times. The debate was moderated by James Roosevelt, Jr., a grandson of Franklin and Eleanor Roosevelt and a former Associate Commissioner of the Social Security Administration during the Clinton administration.

During the debate, Michael Tanner built his case for privatization around three concepts: Ownership, Inheritability, and Choice.

- Ownership: While what a beneficiary receives from Social Security is entirely in the hands of Congress, personal investment accounts would give ownership and control of the investment to the individual.
- Inheritability: While Social Security benefits are not inheritable, personal investment accounts can be passed on to a survivor.
- Choice: With personal investment accounts, anyone who elects to remain in traditional Social Security can do so, but younger workers would have the choice to save an invest in the stock market for their future retirement.

In response to Michael Tanner, Paul Krugman pointed out that ownership would not be worth much if the stock market tanks, and monthly benefits derived from the investment accounts would be inadequate to provide a retirement with dignity and independence. And, if a beneficiary dies when the market is at a low point, the amount inherited would be miniscule.

During a question-and-answer session, a single mother who raised two children on a social worker's salary, challenged Michael Tanner on his privatization proposal. She said, "Because I have Social Security, I am not a burden to my children. But what would happen under privatization when my children would be ready to retire and the stock market is in a tailspin?" Obviously, privatization would be unacceptable under these circumstances.

Mr. Krugman added that Social Security guarantees lifelong Social Security benefits, adjusted annually for inflation, regardless of conditions in the economy. On the other hand, retirement benefits derived from private investment accounts would be based on a worker's luck in the stock market. Market volatility is no substitute for guaranteed benefits.

When a nest egg at retirement is less than required to enable a retiree to live comfortably in retirement, the taxpayers would be called upon to subsidize monthly benefits. This is precisely what happened in the failed privatization programs of Great Britain and Chile.

The audience, as expected, responded favorably to Mr. Krugman's remarks.

The administration's method of achieving the goal of private investment accounts (privatization) is to divert a portion of Social Security taxes into Wall Street investment accounts. According to the Center for Budget and Policy Priorities (CBPP), creating these investment accounts would slash the guaranteed, inflation-proof, lifetime benefits to such an extent that Social Security would ultimately be destroyed.

Transition costs from our current Social Security system to private investment accounts would amount to about \$2 trillion for the first decade and over \$3 trillion for the second decade, according to CBPP. These costs would require heavy borrowing, further increasing our Federal national debt to an unconscionable level as well as cutting benefits for the 48 million beneficiaries in the system – retirees, widows, widowers, disabled individuals, and millions of children, resulting in the ultimate collapse of the system.

After a picnic lunch at Hyde Park, the afternoon was devoted to a program of music and reminiscences. One thing is clear after a day of discussion and debate: continued political action is vital in the fight to preserve and strengthen Social Security. We must all unite to prevent the administration from making changes in Social Security.

Call 877-331-1223 and ask for your representatives in Congress. Tell them that Social Security can be strengthened to pay 100 percent of benefits during the second half of the 21st century if Congress would approve a few minor adjustments. Slashing disability, survivor and earned retirement benefits as a result of privatization is unacceptable, and taking tax revenue out of Social Security to initiate private investment accounts would totally undermine the program. Tell your representatives to vote against any effort to partially or fully privatize Social Security. We can win this fight if we stay united.

IV. Speakers: Steve London, First Vice-President, PSC and Executive Officer, PSC-CUNY Welfare Fund and Larry Morgan, Executive Director, PSC-CUNY Welfare Fund

Jack Judd prepared the following summary.

Professor London began his remarks by announcing some good and bad news. The PSC has signed a lease for new offices at 61 Broadway, New York City, which will contain adequate facilities for retiree meetings. The move will occur sometime in 2006. The "bad" news came with the announcement that Sandra Feldman, former President of the UFT and AFT, had died on the previous evening. Those in attendance observed a moment of silence in her memory.

He then remarked that at the Delegate Assembly meeting to be held on September 22, an amendment to the PSC governance arrangements is expected to pass which will add two voting members from the Retirees Chapter to the PSC Executive Council. Furthermore, the Retirees will have a voting member on the Welfare Fund's Board of Trustees. Steve London declared that the PSC leadership recognizes the valuable contributions made by the retirees to the entire fabric of the union.

The bulk of his report centered on the state of the current contract negotiations and their impact upon the Welfare Fund. He reminded the group that it is almost three years since the expiration of the previous contract. The Welfare Fund desperately needs an infusion of new funds in order to maintain its current level of programs, as well as the need to enhance such programs.

The current city administration continues to offer an austerity contract, which does not provide for new and adequate funding for the Welfare Fund. This has become one of the major sticking points in the

negotiations. It is important that the active and retiree members of the PSC show support for the union position at a rally to be held on September 29 in the historic Great Hall of Cooper Union. He urged all to attend. He also stated that the Executive Council of the PSC has been given authorization to hold a referendum, which may call for some job action. He hoped, however, that there might be some significant movement on the contract within the next few weeks.

Mr. Morgan began his part of the program by declaring that the Welfare Fund is confronted by a dire financial situation. It is facing a severe shortage of funds in the coming year. That is the reason why it is so imperative to obtain a new contract that includes sufficient funding for the Welfare Fund. Despite this current situation, the Welfare Fund will continue to provide its services. With that said, Mr. Morgan went on to point out why it would be beneficial to the majority of those who are currently receiving benefits from the Welfare Fund, to stay with the Fund and not join one of the seventeen prescription drug providers (PDP's), who will be touting their coverage under Medicare's "Part D." Those prescription drug providers will launch a massive advertising campaign after October 1. The Welfare Fund's current prescription drug program is superior to the other offerings. Since our program has an annual cap of \$10,000 for prescription drugs, only those persons who have annual prescription drug costs above that figure should seriously consider joining one of the other plans, provided that such plan offers the medications needed.

He urged the members to carefully read the material they will soon receive from the Welfare Fund, and to return the informational form included in the packet to the Fund's office so that the Welfare Fund can notify Medicare of your coverage.

V. Next Meeting: PSC President Barbara Bowen, "The State of the Union," Monday, November 7, 2005, 1-3 PM, CUNY Graduate Center, 34th Street and Fifth Avenue, Room 9204-9205.