November 2010 Issue 3
Academic Year 2010-2011

Retirees Newsletter

Professional Staff Congress
Jack Judd, Editor

CHAIRMAN'S REPORT: JIM PERLSTEIN

I. Jim Perlstein, Chapter Chair: Jim Perlstein: Can we rest on our laurels? As PSC members, we're justly proud of our contributions to the struggle for retiree rights, both within our union and, in coalition, for retiree rights in city, state and nation. But we've been put on notice: the social safety net we've built since the 1930's, we're told, is unaffordable and must be dismantled. That's the current drumbeat, and it's gotten louder since the midterm elections. Retirees are a "special interest," argue the deficit hawks, and must be confronted.

What do we do? We have to educate ourselves and our fellow New Yorkers. In the first place, the social safety net is a family protection plan and not a retiree boondoggle. In the second place, it's on a sound financial footing and is in no sense responsible for the deficit. Thirdly, we've worked hard and earned its benefits. Lastly, the system needs to be strengthened and expanded.

How we accomplish our goals is the real challenge. Education is the first step. And then we need to follow education with mobilization. On Friday, November 5, the New York Network for Action on Medicare and Social Security (NYNAMSS) and the New York State Alliance for Retired Americans (NYSARA) held a meeting to launch a "Strengthen Social Security" campaign here in the city. The PSC Retiree Chapter, a member of NYSARA, participated. As the campaign develops, we'll keep you informed and call for your active engagement.

II. Welfare Fund Fiscally Sound: Welfare Fund Report: In his remarks at the Nov. 1 Chapter meeting, Larry Morgan, Executive Director of the Welfare Fund, addressed a recent *N.Y. Times* article in which the Manhattan Institute claimed that there is a $200 billion liability for health care commitments to state and city retirees in

N.Y. state, which Morgan called "a terribly alarmist statement driven by the politics of a conservative think tank."

Morgan explained that the numbers were derived from calculations required by GASB, the Government Accounting Standards Board. In 2004 this organization issued criteria to assure that *non-pension* liabilities attributable to current and future retirees (primarily health benefits) be reflected in financial statements. This brought the standards of governmental bodies in line with those of the corporate world, which had been operating under FASB (the Financial Accounting Standards Board) for over a decade prior.

Pension liabilities have always been calculated by actuaries and reported accordingly. Now health care liabilities are shown. The fact that they are often not funded in advance may appear troublesome but is certainly not unusual, said Morgan, who stated that "the key to continued funding of retiree health benefits is strong bargaining and representation"

There are very few instances of substantial attempts to pre-fund future retiree health benefits, Morgan said. He mentioned a VEBA (Voluntary Employee Benefit Association) that had been established with the United Autoworkers and the big three automakers several years ago to address the matter of retiree health costs. It was funded with current and pledges of future contributions.

Two years ago the PSC-CUNY Welfare Fund also began to report future health liabilities, initially under GASB, but later revised to fall under FASB. "The numbers are enormous," said Morgan, "and if CUNY were to precipitously cut-off per capita contributions and drive our income to zero, we could not continue. Obviously, in the real world, we don't expect this to happen." The numbers appropriately appear in the Notes of the Welfare Fund financial statements, not on the balance sheet.

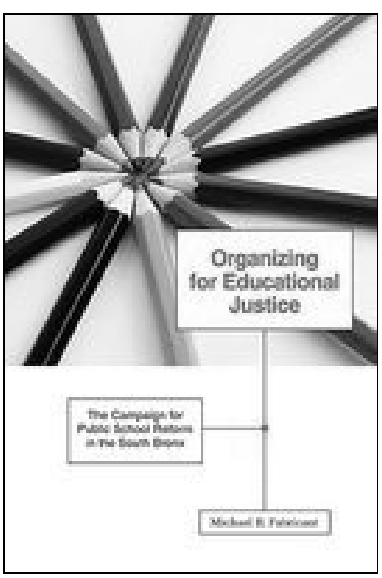
Mr. Morgan also reported briefly on changes to Medicare and health insurance as a result of the Patient Protection and Affordable Care Act of 2010 (PPACA). He characterized the changes as either mandates or opportunities. Among the immediate mandates will be raising the age of covered dependent children from 19 (or 23 for full-time students) to age 26.

A second mandate will be the eventual lifting of all annual and lifetime benefit caps. The most important of these will be the eventual elimination of the $10,000 annual cap on the Medco drug program. He quickly noted that the Fund will be filing for a waiver on the immediate implementation, similar to the actions being taken by almost all municipal unions. Because the Fund is restricted to per capita contributions from CUNY, it is not in the financial situation to afford an additional $1.5 million cost. "We are under the impression that health care reform should be making employers responsible for better levels of care. In this case, the Fund works on a fixed income – a concept familiar to many retirees – and is being asked to cover 100% of any additional costs," Morgan said. "We need the employer to step up."

He cited changes to the Medicare Part D program as an opportunity. The program as initially formulated was for catastrophic coverage. It involved a premium, a frontend deductible, a zone where the participant paid 25%, followed by a zone where the participant paid 100% (the infamous “donut hole”) and finally a spending level where the participant only paid 5% of cost. Mr. Morgan recalled the Welfare Fund notified its retirees just prior to Part D being made available, that – with the exception of those anticipating spending over $14,000/ year on drugs – that it was probably advisable to stay with the Welfare Fund’s Medco drug plan.

As the “donut hole” is filled in – by federal funding and pharmaceutical company concessions – there may reach a point where it is beneficial for retirees to avail themselves of Part D. He cautioned that investigations are very preliminary and no action will be taken without assurances that any transition is controlled, seamless and cost-neutral to all concerned. His overall message is that the Welfare Fund Trustees are on top of the issues and looking out for the best interests of the retirees.

III. Creating a Grass-Roots Movement for School Reform in the Bronx: Mike Fabricant, Treasurer of the PSC, and Executive Officer of the Ph D. Program in Social Welfare at the CUNY Graduate Center, described how a parent-led organization achieved targeted investment in some public schools in the South Bronx.



Facing low achieving schools, and students with literacy and numerancy problems; the parents learned what it would take to begin transforming the schools in their community. Community-based organizations, parents, and the NYU Institute for Education and Social Policy came together to create the Community Collaborative for District 9. Tensions, differences on the basis of race, ethnicity, and history in the community gave way to group-centered democratic practice. Parents developed the expertise to lead, as solidarity was being built. Parents ultimately achieved the independent power necessary to confront the power of the NYC schools chancellor. Relationships were also built outside the community – with politicians, unions, especially the UFT, to develop an external power, that also had an influence internally. The parents realized that they never could partner with the Department of Education because their agendas were different. To move the Department's agenda would require a push, not a collaboration. As organizing required a building of relationships and the building of power, the collaborative drew upon the teachings of Saul Alinsky and the Highlander Folk School. Parents learned that lead teachers can make a difference in the poorest schools. As 50% of school teachers leave within five years, there was a need to draw seasoned teachers into the community schools. An organized campaign which focused upon the Department of Education resulted in an infusion of $3 million into the schools in the community. Thirty- six lead teachers were appointed into 10 schools. The UFT negotiated financial incentives for the teachers. At the end of a year and a half, the 10 schools had a discernible leap in test scores. That program was scaled up city wide, but the DOE subsequently removed all parental involvement. This model for achieving success is a story of primarily poor and working class women of color prepared to make great sacrifices of time and energy to stand their ground for the improvement of public schools in their community.

For further information read Fabricant's book: *Organizing for Educational Justice: The Campaign for Public School Reform in the South Bronx*.(University of Minnesota Press, 2010).

IV. Marvin Miller Redux: At our November, 2007 Chapter meeting, Mr. Marvin Miller, the retired Executive Director of the Baseball Players' Association, held the audience enthralled with his reminiscences surrounding the creation of the Baseball Players' Association. Recently, the *New Yorker* magazine of October 11th carried a feature article by Malcolm Gladwell titled: "Talent Grab: *How come stars earn so much?"* The main figure in Gladwell's article is Marvin Miller. It points out that "Marvin Miller taught big-name ballplayers like Catfish Hunter some of the hard-bargaining ways of organized labor." You are urged to read Gladwell's well-written story as to how Miller brought unionism and union bargaining tactics to baseball and, in the process, made some ballplayers multi- millionaires.

V. "Reforming Social Security": Well, the other shoe has dropped. We now have a draft proposal, in Power Point form, from the co-chairs of the President's National Commission on Fiscal Responsibility and Reform, issued on November 10th. Pages 42-50 are devoted to Social Security, and received the heading: "Reforming Social Security." With all that has been written about the possibility of raising the regular retirement age from 65 to 70, the draft proposes, as a sop to liberals, an increase in the age to 69 by the year 2075.

Here are the verbatim statements concerning other proposals:

- Increase progressivity of benefit formula.

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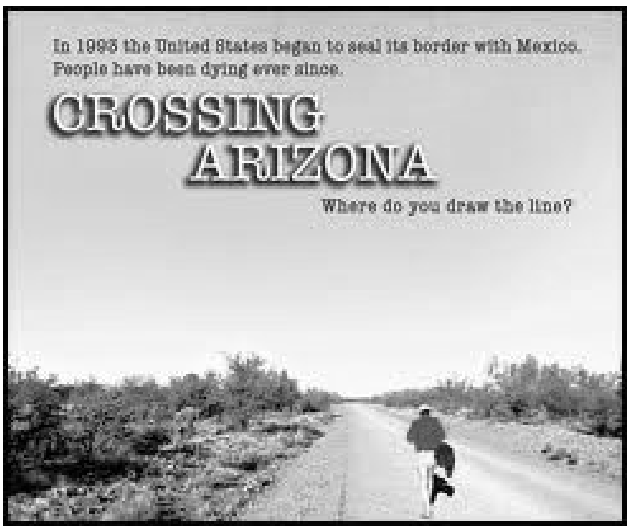
- Gradually move to a more progressive benefit formula by creating a new bendpoint at the 50th percentile and reducing upper replacement factors slowly over time, phased in by 2050.
- Switch to a more accurate measure of inflation (chained CPI) for calculating COLAS.
- Include newly hired state and local workers in Social Security after 2020.
- Gradually increase the taxable maximum to capture 90 percent of wages by 2050.
- Promote Smart Retirement Decisions.
- Allow greater flexibility in how benefits are claimed.
- Direct SSA to design a way to provide for the early retirement needs of workers in physical labor jobs.
- Improve information on retirement choices.

Without citing actual figures, what the draft document proposes is a reduction in Social Security payments for those with higher incomes, a reduction in an annual COLA, no wage ceiling for payments into Social Security, and the encouragement for many to delay in seeking Social Security.

It is to be remembered that this is only a proposal from the two co-chairs. It is not the final Commission report, and it is unclear how much support it has within the commission. But there may be other surprises in store for us in December.

VI. Labor Goes To The Movies: Most Screenings take place on Friday evenings at 6 pm at the PSC Union Hall, 61 Broadway, 16th floor, Manhattan. $2 is the suggested donation. Space is limited. Light refreshments served before each screening

December 10th: **CROSSING ARIZONA:** Joseph Mathew and Dan DeVivo filmed their investigation of the border situation in 2004-2005. Based on a multitude of interviews, they sought to maintain a non-partisan approach. As co-director Mathew stated, “It was not our intention to vilify anyone. US border policy is not serving anyone at this point.”



January 22: Special Screening at Noon on Saturday: **RED RIDING TRILOGY:** The three films, based on the novels of David Peace, probe the deep, chauvinistic corruption of the North (West Yorkshire), England, where a local cabal set their own rules.

VII. PSC Theater Event on Sunday, January 23rd, 2011. Working Theater’s production of “Honey Brown Eyes”.

The Retirees Chapter, together with the PSC Women’s Committee, is sponsoring the union’s fourth winter theater event at the Working Theater’s production on Sunday, January 23rd at 3 pm. Last year’s event, Andre De Shields’ “Mine Eyes Have Seen the Glory: From Frederick Douglass to Deliverance,” drew 60 PSC members, wildly enthusiastic about the play and De Shields’ performance.

This year’s event will feature “Honey Brown Eyes,” a play set in 1992 during the Bosnian War. It tells the story of two friends and former band mates who find themselves on opposite sides of the conflict. Interestingly enough for a play about war, most of the violence takes place off-stage, with the action set entirely within the confines of two separate kitchens. “It certainly brings home the message that war happens to people, families. I can separate myself from war if I think of tanks on a battlefield, big ships and missiles, but empty cupboards in a kitchen, that means something to me”, says playwright Stefanie Zadravec of her choice of setting.

Working Theater’s artistic director Mark Plesent said, “The play is a theatrical powerhouse taking an unflinching look at the lengths ordinary people will go to survive a brutal war. When I first read Stefanie’s play set in two different kitchens in Bosnia I was struck with the sensation that, god forbid, the events of the play were taking place in New York City it would be taking place in the kitchens of Working Theater’s constituency. These are people who didn’t ask for this war but now that it is happening find themselves challenged in the most extraordinary ways.” The playwright, Stefanie Zadravec will join us for a question and answer session following the play.

Mark Plesent, Working Theater’s artistic director, will be the featured speaker at the Retirees’ January luncheon on January 10th at John Jay College. He will speak about the Working Theater, its mission and history. He will introduce some of the actors who will perform in “Honey Brown

Eyes" and they will read from the play's script.

The January 23rd event will be held at the Clurman Theater on Theater Row. Tickets for PSC members are $20. Reserve your seats today - last year's event was sold out. Send your checks made payable to Working Theater to Steve Leberstein at the PSC, 61 Broadway, 15th floor, NY 10006.

For more information e-mail him at sleberstein@pscmail.org.

This is a repeat request for **email addresses** from those retirees who are computer friendly. Sending the newsletter by email would reduce monthly mailing costs.

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