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Academic Year 2010-2011

Retirees Newsletter

Professional Staff Congress
Jack Judd, Editor

CHAIRMAN'S REPORT: JIM PERLSTEIN

I. A LUMP OF COAL IN YOUR STOCKING!

Keyn eynhore, Happy New Year to all! I use the Yiddish expression intended to ward off the evil eye because, at this point at least, there seems little to look forward to and much to worry about. As you know, the federal budget compromise reached just before the holidays included a one-year reduction in employee payroll contributions to the Social Security Trust Fund. It was a lump of coal in the Christmas stocking.

I'd like to use my space in this issue of the Newsletter to quote from a recent statement put out by Social Security Works, a participant in the Strengthen Social Security Coalition with which your chapter's Social Safety Net Working Group has been collaborating. It addresses directly the danger posed by this supposed gift to working people.

Payroll Tax Holiday Could Unravel Social Security

* It's easy to enact tax cuts - it's very hard to end them. A 2% payroll tax cut significantly reduces people's tax burden. Restoring the tax a year from now will result in a substantial tax increase, which Republicans will vehemently oppose - especially in the Senate where just 53 Senators voted to let the Bush tax cuts for millionaires expire - 7 short of the 60 needed. For example:
*Recently, the Senate could not muster the 60 votes needed to raise taxes by less than a nickel on every dollar earned over $1

million, the increase that would have resulted by letting the Bush tax cuts expire.

*Restoring the payroll tax cut on someone making $100,000 a year will be a tax increase of $2,000 and a tax increase of $400 on someone making $20,000 a year.

*Restoring the 2% lost due to the payroll tax holiday would be a 30% tax increase on 94% of all Americans (just 6% of the workforce makes more than $106,800).

*Election-year politics will doom restoring the tax. A more conservative Senate and a Republican House of Representatives in 2011 will resist such a massive tax increase on virtually every worker in the country, especially leading up to an election.

*Undermines Social Security's long-range solvency.

STRENGTHEN SOCIAL SECURITY

...don't cut it.

Social Security Works
http://strengthensocialsecurity.org/

*A 2% payroll tax cut, if unfunded from general revenue, doubles the 75-year projected shortfall projected by the actuaries in the 2010 Trustees Report.

*Deficit hawks will resist raiding the Treasury to pay for the tax cut after the first year; resulting in a huge revenue drain to Social Security.

*Keeping the payroll tax cut in place but not paying Social Security back will lead to massive benefits cuts, even as the population rapidly ages.

*Progressives will not want to cut benefits for low-income people - and they shouldn't be cut; they should be increased.

*Only other option is to cut benefits of the middle class. Because only 6% of the work force makes over $106,800 and because the benefit formula is highly progressive, even eliminating the benefits of richer Americans will not make much difference in solvency.

*Making up for the $120 billion of lost annual revenue plus eliminating the already existing long-term shortfall will require deep cuts in benefits for the middle class and erode its support. (From the beginning, policymakers have tried to ensure a reasonable return on contributions to the program.)

*The weakening of middle-class support will unravel the program in the future.

*Historically, Democrats recognized that programs had broad-based support because they provided meaningful benefits to the middle class, allowing meaningful benefits to be provided to the poor, as well.

*President Franklin Roosevelt understood this, when he designed Social Security: "We put those payroll contributions there so as to give the contributors a legal, moral, and political right to collect their pensions and their unemployment benefits. With those taxes in there, no damn politician can ever scrap my social security program. Those taxes aren't a matter of economics, they're straight politics."

*A payroll tax holiday will promote privatization of Social Security. Once people are used to having the 2% cut in their own pockets, they will be more susceptible to arguments that they should be able to put the funds into a private account where they can control it. Two percent of the payroll tax diverted to private accounts is the amount Rep. Paul Ryan has proposed be diverted in his A Roadmap for America's Future, which proposes to privatize Social Security.

*There are much better ways to provide stimulus to the economy. They would do less harm than a payroll tax holiday, as described in this analysis by the Center on Budget and Policy Priorities

http://www.cbpp.org/files/1-15-09tax.pdf

NEWS AND VIEWS:

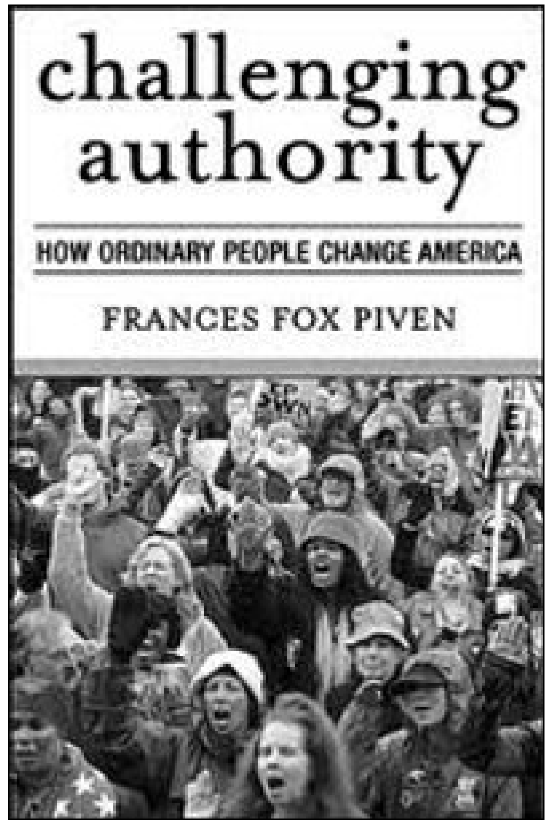
II. REPORT ON THE DECEMBER MEETING.

The following précis of remarks delivered at the December meeting by Larry Morgan and Professor Frances Fox Piven was prepared by Joel Berger, Retirees Chapter Vice-Chairman

MORGAN ADDRESSES LONG-TERM CARE RATE INCREASES: Larry Morgan, Executive Director of the PSC-CUNY Welfare Fund, sought to explain why premium rates on some John Hancock Long-Term-Care policies have risen 40% The inflation protection factor, for example, will increase the per day payment rates for services from $200 to $230. The insurance company is requiring that those members who wish to continue the inflation protection factor pay an additional premium. In essence, Morgan pointed out, in many cases the company is charging 40% more to get 15% more.

This increase is apart from a projected increase in all policy rates. John Hancock has already applied to the New York State Insurance Board for an across-the-board increase of 40%.

FRANCES FOX PIVEN AND THE FAR RIGHT'S CONSPIRACY THEORY: Frances Fox Piven, Distinguished Professor of Political Science and Sociology at the Graduate Center, described how she became a frequent target of right-wing conspiracy theorists like Glenn Beck of Fox News. According to Beck and others, Fox Piven and her late husband Richard Cloward devised a master plan in 1966 to destroy America that resulted in the 2008 financial crisis and the subsequent election of Barack Obama as the nation's first black president. Frances Fox Piven and the "Cloward-Piven plan" have been mentioned 140 times by Beck and she said her name was "all over the right-wing blogs."



She observed that there are lots of people in our society who have anxieties about change, and the right wing is "inventing characters" who have a particular belief and biography - "and that' s who we have to be angry at - it's not systemic, it's not societal, there are particular evil people out there- and you have do something about them." The right is "succeeding" as evidenced by the midterm elections. The midterm election was a "normal" midterm election, as newer voters who had surged into the electorate in 2008, dropped out. There is always a drop off in voters in the midterm, as compared to presidential elections. However, "old people voted in unusual high numbers." They are overwhelmingly white, better off, not "overcome with economic angst," but nonetheless they are susceptible to angry appeals of the Tea Party. "They are angry about the country changing in ways that are unfamiliar to them. They are angry about the fact that we have an African-American President with a funny name. They are angry about the fact that by about 2020, the population of the United States will be majority brown and black. They are angry about the fact that the society that they imagined that they knew, that this society is changing in ways that they can't recognize." Professor Piven then delineated how these feelings have been mobilized by "particular big money operators", like the Koch brothers. She observed that "right-wing front groups work the Tea Party constituency," and that the policies of the Republican Party will lead to austerity and ultimate elimination of the social welfare safety net. Drawing on her experiences with Mobilization for Youth, an anti-poverty program which drew the ire of the right, Professor Piven urged the membership to continue its activism "to achieve a more humane society."

Frances Fox Piven is the author of "Challenging Authority: How Ordinary People Change America" and, (with Richard A. Cloward),"Poor People's Movements: Why They Succeed, How They Fail."

III. DEATH OF BERNARD SOHMER:

Bernard Sohmer died on November 19, 2010 at the age of 81. He was known to many members of the Retirees Chapter because of his career as a voice for the rights of faculty, as expressed through both the governance process and the union. He was a faculty leader for over 30 years at both City College and in CUNY at large.

Bernie served at one time or another as Chair of the City College Faculty Senate, as the City College Faculty Ombudsman, and as Chair of the PSC chapter at City. This list of major posts only scratches the surface because Bernie also was a member, and often chair, of innumerable committees that dealt with just about every problem facing City College. He almost always knew more about the issue than anyone else present, and combined with an incisive wit and a willingness to seek solutions, Bernie had a major influence on just about everything that happened in the area of faculty concerns for decade after decade.

He also became a major player at the university level. Bernie served as Chair of the University Faculty Senate, as a member of the Executive Council of the PSC, and as a trustee of the PSC-CUNY Welfare Fund. Again he was a leader. He could be a strong advocate for those positions he believed were the right ones, but he was also a realist, who knew that advocacy alone was often ineffective. Bernie knew how to compromise when necessary, and thus he accomplished as much as he could, but without giving up the basic tenets of faculty governance. One knew that a policy he proposed might be less than he would like to see, but that it did not compromise fundamental principles. Having this reputation allowed Bernie to lead effectively.

Bernie had a close connection to his students. I first got to know him in 1970 during the student unrest of that day, when Bernie had the unenviable administrative post of Dean of Students. I saw many examples of how he defused tense situations with humor and an ability to make students feel that even if he disagreed with their policy or tactics he respected them as individuals. I cannot think of anyone else at the College in those difficulty times who could have done that job better. Bernie also was deeply involved in the teaching of mathematics, which often was a weak spot for students. It is thus appropriate that a scholarship in his name has been established to benefit undergraduate students in mathematics at City College. Contributions to the Bernard Sohmer Scholarship can be sent to Ms. Rosemary Weiss, Executive Director of Development, The City College, 160 Convent Avenue, New York, NY 10031. If you would like more information about this scholarship fund, you can contact Ms. Weiss at rweiss@ccny.cuny.edu or 212-650-7178.

It was my privilege to know and work with Bernie over the decades. I respected him immensely, and I am sorry to see him go.

Irwin Yellowitz

IV. SCAPEGOATING PUBLIC EMPLOYEE UNIONS. Public Employee unions are being made the scapegoats for all of the nation's economic troubles. Just see the excerpts from a recent *New York Times'* article of January 2.

Public Workers Facing Outrage as Budget Crises Grow
by Michael Powell

FLEMINGTON, N.J. — Ever since Marie Corfield's confrontation with Gov. Chris Christie this fall over the state's education cuts became a YouTube classic, she has received a stream of vituperative e-mails and Facebook postings.

"People I don't even know are calling me horrible names," said Ms. Corfield, an art teacher who had pleaded the case of struggling teachers. "The mantra is that the problem is the unions, the unions, the unions."

Across the nation, a rising irritation with public employee unions is palpable, as a wounded economy has blown gaping holes in state, city and town budgets, and revealed that some public pension funds dangle perilously close to bankruptcy. In California, New York, Michigan and New Jersey, states where public unions wield much power and the culture historically tends to be pro-labor, even longtime liberal political leaders have demanded concessions — wage freezes, benefit cuts and tougher work rules.

It is an angry conversation. Union chiefs, who sometimes persuaded members to take pension sweeteners in lieu of raises, are loath to surrender ground. Taxpayers are split between those who want cuts and those who hope that rising tax receipts might bring easier choices.

And a growing cadre of political leaders and municipal finance experts argue that much of the edifice of municipal and state finance is jury-rigged and, without new revenue, perhaps unsustainable. Too many political leaders, they argue, acted too irresponsibly, failing to either raise taxes or cut spending.

Fred Siegel, a historian at the conservative-leaning Manhattan Institute, has written of the "New Tammany Hall," which he describes as the incestuous alliance between public officials and labor.

"Public unions have had no natural adversary; they give politicians political support and get good contracts back," Mr. Siegel said. "It's uniquely dysfunctional."

Even if that is so, this battle comes woven with complications. Across the nation in the last two years, public workers have experienced furloughs and pay cuts. Local governments shed 212,000 jobs last year.

A raft of recent studies found that public salaries, even with benefits included, are equivalent to or lag slightly behind those of private sector workers. The Manhattan Institute, which is not terribly sympathetic to unions, studied New Jersey and concluded that teachers earned wages roughly comparable to people in the private sector with a similar education.

V. THE KAPLAN REPORT. The following analysis was prepared by Retiree Chapter Chairman Emeritus Larry Kaplan and Warren Lewis, a retired auditor from the NYC Comptroller's office**.**

Status of New York City's Five Public Pension Funds – FY 2010

For the Fiscal Year ending June 30, 2010 (FY '10), New York City's five public pension funds paid $10.7 billion in benefits to 277,045 retirees and beneficiaries, an increase of $0.5 billion over the amount paid in FY '09. See Table 1.

Reflecting the end of the Great Recession, the value of the funds' net assets increased from $79.5 billion for FY'09 to $90.0 billion in FY '10, an increase of $10.5 billion or 13.2 %. This compares to the decrease in assets from $101.9 billion in FY'08 to $79.5 in FY'09 (-22%) because of the Great Recession.

The revenues of all five pension funds increased in FY'10 to $21.1 billion from a negative $12.2 million for FY '09, due mainly to the increase in investment income.

Active contributing members in the five funds totaled 369,788 for FY'10, an increase of 4,049 active members over the 365,739 in FY '09.

We conclude once again that the City's pension systems are fully funded and remain in sound financial condition.

Table 1
The City of New York
Five Public Pension Funds, Fiscal Year Ending June 30, 2010

Pension Fund	Net Assets ($ Billions)	Active Members	Retirees Receiving Benefits	Benefit Payments ($ Millions)	Revenues a/ ($ Millions)
ERS	$35.4	186,284	131,031	$3,439.8	$6,920.2
TRS	26.4	113,133	70,825	4,161.6	7,482.5
BERS	1.8	23,303	13,641	186.5	435.8
POLICE	20.0	35,608	44,285	1,927.8	4,488.9
FIRE	6.4	11,460	17,263	954.8	1,816.8

TOTAL	$90.0	369,788	277,045	$10,670.5	$21,144.2

a/ Revenue sources include members contributions, employer contributions and investment income.

Source: The City of New York, Comprehensive Annual Financial Report of the Comptroller for the Fiscal Year Ended June 30, 2010.
John Liu, Comptroller

L. Kaplan December 2010
W. Lewis

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