

## President's Message



Dear members,

The 2011 Legislative Session will be remembered as one of the most difficult and damaging on record. Retirees, public employees, the disabled, school children and the sick endured severe cuts to help cover the shortfall in revenue needed to balance the budget. New sources of revenue were off the table, lawmakers' hands were tied by a voter-approved initiative that required a two-thirds vote of the Legislature to raise revenue or close tax loopholes and they lacked the courage to put something on the ballot for voter approval, including repealing tax breaks and loopholes.

Although the special session has not yet ended, as far as our main issue is concerned – preserving the Plan 1 Uniform COLA – we are severely disappointed in the outcome despite all our best efforts. The Uniform COLA was eliminated and the governor is expected to sign the bill, since she was the one who originally proposed it. Retirees are paying for the failure of past Legislatures and administrations to put money into the system. Instead, they treated pensions like a payday loan that would

never come due. We paid our share, now we're paying theirs.

The voting record is in another part of this newsletter so members can see how their lawmakers voted, as is an explanation of how you will be affected by this action. I'd personally like to thank our lobbyist, executive director, Legislative Committee, RPEC members who contacted their lawmakers not once, but several times, and members of the pension coalition – who stuck with us and worked on the COLA as hard as we did. We did not lose this battle for lack of effort. We had 124 members turn out for Legislative Day to talk to their legislators. In the end, it was a bottom line decision on the part of the Legislature.

Right now our minds are turned toward next steps. We received a legal opinion from a pension expert stating that we have an excellent chance of success should we decide to sue. The board has yet to discuss this issue, so talk of legal action, while premature, is not off the table.

I wish I had better news to report.

Sincerely,

Howard N. Jorgenson  
President

## Executive Director's Report

It's NOT pension reform! In December, when the governor proposed eliminating the Plan 1 Uniform COLA, she characterized it as "pension reform". We disagree. Pension reform happened in 1977, when PERS and TRS Plans 2 were begun. Unlike Plans 1, Plans 2 require the employer contribution to be equal to the employee contribution, ensuring that pension funding is less likely to resemble a fiscal shell game. As a result, Plans 2 are considered "healthy" plans at over 90 percent funded. It's important to remember that no defined benefit plan is considered "fully" funded until it reaches roughly 130 percent of what is needed to pay future benefits. This allows for the inevitable dips and valleys in investment returns.

Another purported pension reform effort was a bill heard in Senate Ways and Means, SB 5908, sponsored by Senators Zarelli,

Baumgartner, Holmquist, Newbry and Parlette, to start a Plan 4 retirement system that would be wholly defined contribution, resembling a 401K. Defined contribution plans cost the employers more in the long run than defined benefit, but place all the risk of investment returns on the employee. Imagine having to retire during one of the stock-market meltdowns we have had in the past few years with all your retirement savings in the stock market.

This was a brutally difficult session. Children, the vulnerable, the sick and the elderly were used to backfill the budget deficit, leaving untouched the wealthy and business interests that have made fortunes in this state.

Cassandra de la Rosa  
Executive Director

# RPEC



May 2011

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## Things went as we feared, not as we hoped

In order to help plug a \$5 billion shortfall for the 2011-13 budget, the governor and Legislature targeted the PERS and TRS Plans 1 Uniform COLA to achieve almost \$400 million savings for the next two years. In truth, only a small amount of the savings involves the COLA – roughly \$35 million. The rest represents employer payments on the unfunded liability – payments the state and other employers have short-changed and skipped for years. Now they intend to use Plan 1 retirees' annual increases to plug that gap for them. We believe that's wrong, and told them so.

Our executive director, lobbyist, legislative committee and members fought this issue since December. We lost. Members should understand that we fought and our friends in the pension coalition were there with us, working to avoid having the COLA eliminated. There were countless individual and group meetings, letters, e-mails and personal contacts done by our lobbyist, executive director, the coalition and the organization. This is in addition to hundreds of contacts made by our members.

Our board took a position that we did not want the COLA eliminated – period. Suspending it, cutting it in half, means testing and other ideas were tossed around, but in the end, the Legislature needed the money and decided this was going to happen.

Substitute House Bill 2021 was the vehicle used to do the job. They left in place the basic minimum benefit and increased the threshold for the alternative minimum benefit, thanks to Rep. Sam Hunt (D-22).

PERS Plan 1 and TRS Plan 1 members will no longer receive an increase in their benefit as of July 1, 2010, unless a retiree purchased a COLA when they retired or qualifies for a minimum benefit. The basic minimum benefit is currently \$42.63 and increases on July 1 of each year by the dollar amount of the Uniform COLA. A member with 25 years of service is eligible for a minimum benefit of \$1065.75 per month and with 30 years of service, the minimum benefit is \$1,278.90 per month.

The alternative minimum benefit, which RPEC was successful in getting passed a few years ago, provides a benefit of \$1,000 per month and was established for members of PERS 1 and TRS 1 who have either at least 25 years of service and have been retired for at least 20 years, or at least 20 years of service and have been retired for at least 20 years. The proposed legislation would raise the threshold to get the alternative benefit to \$1,500 on July 1, 2011, and it goes up 3 percent each year. Both minimum benefits are subject to voluntary deductions.

## Handcuffing lawmakers to responsible funding

State treasurer Jim McIntire pushed the Legislature to consider a constitutional amendment that would set minimum pension funding requirements, essentially handcuffing the Legislature and governor to responsible funding. It was sort of a way to protect them against themselves and their payday loan approach to pension funding.

The proposal was not perfect – it would have required that pension funding not fall below 80 percent – but certainly would have provided more predictable and responsible funding than in the past. Proposed constitutional amendments must first pass the Legislature before being placed on the ballot for approval of the voters. This admirable effort, HJR4219, did not get out of committee. Our thanks go to Treasurer McIntire for his efforts.

## Save the dates!

June 18 – Presidents' Meeting, Ellensburg

July 26 – Executive Board Meeting, Lacey

September 18-19 – Convention, Yakima

Contact information:

Retired Public Employees Council of Washington  
3230 14<sup>th</sup> Avenue NW Suite B  
Olympia, WA 98502

## How they voted:

Here are roll call votes on final passage of House Bill 2021, eliminating the Plans 1 Uniform COLA. A Yes vote meant they voted to eliminate the COLA. [If your senator and/or representatives voted NO, please be sure to contact them with a thank you message.](#)

### State House of Representatives

**Yeas: 52 Nays: 45 Absent: 0 Excused: 1**

**Voting Yea:** Representatives Alexander, Anderson, Appleton, Billig, Blake, Carlyle, Clibborn, Cody, Darneille, Dickerson, Dunshee, Eddy, Finn, Fitzgibbon, Frockt, Goodman, Green, Haigh, Hasegawa, Hudgins, Hunter, Hurst, Jinkins, Kagi, Kelley, Kenney, Kirby, Ladenburg, Liias, Lytton, Maxwell, McCoy, Moeller, Morris, Moscoso, Ormsby, Orwall, Pedersen, Pettigrew, Probst, Roberts, Rolfes, Santos, Seaquist, Springer, Stanford, Sullivan, Takko, Tharinger, Upthegrove, Van De Wege, and Mr. Speaker

**Voting Nay:** Representatives Ahern, Angel, Armstrong, Asay, Bailey, Buys, Chandler, Condotta, Dahlquist, Dammeier, DeBolt, Fagan, Haler, Hargrove, Harris, Hinkle, Hope, Hunt, Johnson, Klippert, Kretz, Kristiansen, McCune, Miloscia, Nealey, Orcutt, Overstreet, Parker, Pearson, Reykdal, Rivers, Rodne, Ross, Ryu, Sells, Shea, Schmick, Short, Smith, Taylor, Walsh, Warnick, Wilcox, Wylie, and Zeiger

**Absent:**

**Excused:** Representative Crouse

### State Senate

**Yeas: 28 Nays: 17 Absent: 1 Excused: 3**

**Voting Yea:** Senators Becker, Brown, Chase, Eide, Erickson, Hargrove, Hatfield, Hewitt, Hobbs, Kastama, Kilmer, King, Kline, Kohl-Welles, Litzow, Morton, Murray, Pflug, Prentice, Pridemore, Regala, Rockefeller, Schoesler, Shin, Stevens, Tom, White, and Zarelli

**Voting Nay:** Senators Baumgartner, Baxter, Benton, Conway, Fain, Fraser, Harper, Haugen, Hill, Holmquist, Newbry, Honeyford, Keiser, McAuliffe, Ranker, Roach, Sheldon, and Swecker

**Absent:** Senator Nelson

**Excused:** Senators Carrell, Delvin, and Parlette

## Board meeting highlights

The board discussed the effort by the governor and Legislature to eliminate the Uniform COLA. There was unanimous agreement that you can't make a good bill out of a bad bill and we should hold our position that we oppose elimination of the COLA without compromise.

The RPEC executive board met on March 28, 2011. A few actions taken by the board were:

The board approved a \$5,000 expenditure for new computers and software for the office (The current computers are over seven years old.) and a new laptop to be used for committee and other meetings.

The financial report showed that dues receipts are well ahead of projections and expenditures are below budget. Executive board members have detailed reports if you are interested in seeing one, or call the office.

A motion was passed supporting the proposed constitutional amendment HJR 4219 on pension funding submitted to the Legislature by state treasurer Jim McIntire.

George Masten and others commented on the passing of Norm Schut, founder of RPEC, and reminisced about when he was executive director of the Federation of State Employees.

## Labor icon Norm Schut passes

Norm Schut, former executive director of the Washington Federation of State Employees and founder of RPEC and the Senior Lobby, died March 21, 2011. That says so little about a man who did so much.

Norm Schut was WFSE/AFSCME's first executive director from 1952 to 1974. During that time he established the Federation as THE state employees union, instituted a civil rights committee in the union in the early 1960s and started the fight that brought comparable worth/ pay equity.

In 1972 he took the historic step of taking to the floor of the AFSCME Convention to nominate William Lucy for International Secretary-Treasurer, the first African-American to hold that post.

Norm later founded the Retired Public Employees of Washington, went on to work with AFSCME as its regional director and in retirement also headed the Senior Citizen Lobby and was a trustee at South Puget Sound Community College and a leader in the association of trustees.

Norm stuck up for Japanese-Americans interned during World War II. As a union organizer, he visited union members in early 1942 at the Puyallup fairgrounds where they were awaiting transfer to internment centers – concentration camps – in California and elsewhere.

A political liberal, he paradoxically found a home in the Republican Party. It was his close ties to Republican Gov. Arthur Langlie in the late 1940s and early 1950s that helped the fledgling Federation establish an AFSCME foothold in Washington and fended off private-sector unions – including the Teamsters union led by Dave Beck – who wanted to carve up state government for themselves.

Under Schut, state employees won a 40-hour work week in institutions, Social Security coverage, health insurance, the first collective bargaining law over non-economic issues, and, in 1960, the voter-approved civil service initiative filed by the Federation. Initiative 207 ended the spoils system in state hiring. Before then, state employees were expected to stuff envelopes in elected officials' re-election campaigns – or mow their lawns on the weekends. After 1960, state employees became part of the machine dedicated to public service, not part of a political machine to keep governors and legislators in power.

Schut was modest about his accomplishments and unsure if anyone now would remember his contributions.

"Nothing is more boring than for somebody my age to try to tell them (newer members) the history, how hard we fought and won these battles....," he said in 1993 on the Federation's 50th anniversary. "If there's any message at all that I think everybody in the union should try to get to the new members is that it's not just that the union accomplished all these things for you, you need to know what would happen to you if it weren't for the union."

## Getting our Senator's attention on Medicare, Medicaid and Social Security

On Thursday, April 28, a small group of retirees representing many retiree groups across the state met with Mike English, a top aide to Senator Maria Cantwell to discuss our concerns regarding the Republican-controlled House of Representatives' budget and its effect on Medicaid, Medicare and Social Security. The meeting was prompted by the AFSCME Retiree Program and Ed Jayne, from the DC office, was on hand to assist with issue development and talking points.

While there was no doubt about Senator Cantwell's support for these programs, we felt it was necessary for her to hear from her constituents to reinforce her support and urge vocal leadership in the Senate among her colleagues. Senator Cantwell is a leader among senators and many look to her for guidance on key issues.

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3230 14<sup>th</sup> Avenue NW Suite B  
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The federal House budget proposal would privatize Medicare through use of vouchers that retirees would use to purchase insurance from insurance companies. Medicaid would be given to the states in the form of block grants for the states to administer as they wanted. If money was short, eligibility or services could be cut.

In addition to Ed Jayne, Dennis Eagle, Legislative Director of the Washington Federation of State Employees – AFSCME Council 28, Mike Warren, state director of the Alliance for Retired Americans and RPEC Chapter 3 member, Gwen Rench, president of RPEC Chapter 3, Cassandra de la Rosa, RPEC executive director, Bev Hermanson, RPEC lobbyist, and Susie Levy, field coordinator for WashCAN attended the meeting.

## Health coverage increases on the horizon

In January 2011, health premiums went up as much as 31 percent for retirees who purchase coverage through the Public Employees Benefits Board (PEBB). That's not the end of the increase, sad to say.

In January 2012, the state will reduce the Medicare premium explicit subsidy by as much as \$32 per month per individual. Currently, the subsidy is \$182 per month. To save money, the governor's budget reduced the subsidy to \$150 or half the premium, whichever is less. This means some health care subscribers will see a double increase in January 2012 – an expected increase in the premium plus the reduction in the subsidy. This represents another hit to Plan 1 retirees, who will not receive an increase in their pension benefit this July.

The Health Care Authority is proposing some changes in plan design for Medicare subscribers to limit premium increases. There will be more on this later this summer.

## First-ever Presidents' meeting

For the first time in RPEC history, chapter presidents will convene in a day-long meeting to develop leadership and share ideas and concerns. President Howard Jorgenson called for the meeting, urging chapter leaders to attend or send someone in their place. "This is a good way to shore up existing leaders and help develop new ones," Howard said.

Karen Gilgoff, AFSCME Retiree Program Assistant Director, will attend and speak on Medicare, Medicaid and Social Security. RPEC executive board members also have been urged to attend.

The meeting will be held at Central Washington University in Ellensburg, on Saturday, June 18, from 10 am until 3 pm.

## Convention news

This is a reminder that the RPEC convention will be held September 18-19, in Yakima, Wash., at the Yakima Convention Center. The Red Lion Hotel is adjacent to the center and a block of rooms have been made available. Chapter presidents received the convention call in April. Chapters must book rooms directly with the hotel and reference the RPEC convention to get the convention rate. Special dietary needs will be accommodated but MUST be ordered in advance.

The agenda format has been changed to fit within two days. Committees will meet in the morning of the 18th, and the general session will begin in the afternoon. Business should be concluded the afternoon of Sept. 19th.

Deadlines are as follows:

May 20 - Chapter Financial Assistance Requests Due

June 10 - Registration Due

August 4 - Amendments and Resolutions Due

September 18 and 19 - Convention!

If your chapter wants to send delegates to the convention but lacks sufficient funds, please contact the Council office no later than May 20 to discuss how we can help you.

360-352-8262 or 1-800-562-6097  
www.rpecwa.org

## Wanted – alive: leaders

This year's convention marks the beginning of a new phase in convention structure and statewide elections. All statewide officers and district board member positions are up for election.

Last year, delegates to the convention approved a constitutional amendment changing the way conventions are held. We no longer will have annual two to three day affairs. Instead, we will have one-day conventions in the even-numbered years and two-day conventions in the odd-numbered years. One-day events do not provide enough time for elections, so all positions will now be up for election in odd-numbered years.

So – chapters should look around and urge qualified people to run for office. As George Masten, former RPEC president is fond of saying, "Don't ask 'em. Nominate them! Chances are they will rise to the challenge"

## Chapter CPR

We've heard it a number of times: We're tired. We can't do this anymore. No one will help. The chapter needs to be realigned into other chapters. People do get tired, ill and burned out. Sometimes it's a matter that a chapter leader isn't the same person he or she was as recently as a year ago. Everyone realizes there is a problem but doesn't know what to do.

The Council can and does help with these situations. Our process is pretty straightforward. We let chapter officers know that the president, executive director, and sometimes the state membership chair will call a special meeting of the chapter. A letter is sent two weeks in advance of the meeting to all chapter members informing them that a special meeting is being called to discuss the future of the chapter. A reminder notice is sent a week before the meeting, and occasionally phone calls are made as well.

At the meeting members are encouraged to discuss reasons for lack of involvement and ways these could be fixed. Members are also reminded of the reason we need strong chapters and that new officers can expect to receive all the help they need from the Council. Frequently people are reluctant to take on an office because they don't want to seem "unhumble" when the opposite is true. Hiding your light under a basket is not good for you or the organization.

In most cases, we have been successful in getting fresh talent elected to offices and helping the new officers succeed. In a few cases, chapters that were almost defunct have grown into real stars.

## A few bills of interest

**HB 2070 – Helps active workers:** Pensions based on salaries earned during the 2011-13 biennium will not be reduced by compensation forgone by a member employed by either the state or local governments due to reduced work hours, mandatory leave without pay, temporary layoffs, or reductions to current pay if the measures are an integral part of a state or local government employer's expenditure reduction efforts. Passed.

**ESHB 1981 – ends expanded retire/rehire:** The PERS and TRS Plan 1 provisions permitting retirees to receive benefits while employed in retirement system-covered positions for up to 1500 hours per year are limited to members who retire before September 1, 2011. (Members of PERS and TERS Plans 1 who retire on or after September 1, 2011, may continue to work up to 867 hours per year without a reduction in pension benefits.)

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## Membership Counts

The good news, in December 2010 through April 2011 – RPEC conducted a membership drive that resulted in 482 new members. However, in that same time period we had 300 deceased notifications and 41 drop member requests. Recruitment and retention are the keys to keeping RPEC solvent. While large mailings are the key to membership increase, the recruitment that is done at the chapter level is also critical. That one on one personal contact that each of you do within your own community is valuable in building relationships. Each of you have the opportunity to be a good will ambassador for this organization everywhere you go. It is a good idea to have a supply of RPEC membership cards and brochures to give out at any time. You never know when you will run into a fellow retiree. Please contact the Council office and we will send you supplies.

We are pleased to announce that as of May 1st, the Membership Committee has raised a total of \$3,400 between the sale of cookbooks and t-shirts. There are 25 cookbooks (\$16 each) and 80 t-shirts (\$15 each) left if anyone is looking for a gift item or if you need that bright red t-shirt to wear at your next community event. Committee members have recommended the proceeds be used for recruitment/retention efforts by chapters. If your chapter would like to request a grant for a recruitment or retention project, please submit a proposal in writing to Colette Jensen, Membership Coordinator at the Council office.

We are in the process of reconciling RPEC records with DRS (Department of Retirement Systems) records. This is being done on a chapter by chapter basis. So far, 8 chapters have been completed. When each chapter is reconciled, Colette Jensen (Membership Coordinator) will review the results with each chapter. This project will take about 6 to 8 months to complete. The goal is to have RPEC records and DRS records in balance with each other as closely as possible.

A request for a 40,000 piece recruitment mailing will soon be presented to RPEC Board Members. The mailing includes several counties in Eastern Washington. The target date for the mailing is the end of June. Please let Colette Jensen know if you need any membership supplies.

## Don't fall for the 'grandparent scam'

Grandparents across the country are falling victim to a very effective scam. They receive a phone call from someone posing as a grandchild in trouble and frantically asking for money. They ask that you not tell their parents.

The calls usually come late at night and pose as an emergency situation – an accident or having been arrested. They create a sense of urgency, hoping you'll act on instinct rather than taking time to figure out the truth. They may put people on the phone posing as police officers or attorneys, and background noise and muffled phones make it difficult to correctly identify the voice at the other end. Sometimes it's an e-mail claiming to be from a family member needing help. They may have used the Internet to get names or other information to make you think it's legitimate.

The best advice is to be aware there are scams out there like this; take your time to review the situation to see if it makes sense. Tell the caller you'll call him or her back at a known number, not the number they give you. In the meantime, call a mutual friend or family member to see whether they know anything about the situation. If you discover that someone is trying to defraud you, call the police immediately. Be suspicious, because "emergency scams" are becoming all too common. And if you did send a money transfer through Western Union before realizing it was a scam, contact the company immediately at 1-800-448-1491. If the transfer hasn't been picked up, it will be refunded to you.