AN ABRIDGED HISTORY OF RPEA

By The RPEA Bylaws Committee

(Copies available online at www.rpea.com)

(Rev. 10/2019)

Preface

From July, 2014 to June, 2016, RPEA's Bylaws Committee, under the leadership of Past President Ted Rose modernized the Association's Administrative Manual to be used as a guide for RPEA's leadership. One of the documents in the manual is this updated history of the Association. It is important to recognize that this version of RPEA's history is primarily a chronology of major events and accomplishments of the Association and does not attempt to include the names of the many retired public employees who volunteered a tremendous number of hours of their retirement years to fulfill the mission of the Association; i.e., to maintain and enhance the quality of the lives of its members by protecting and improving retirement, medical and other benefits. That said, a list of Presidents is included and can be found at the end of this document.

The intent of the Bylaws Committee is that this be a living document, added to when appropriate. Thus, members wanting the most recent history updates are directed to access RPEA's website - www.rpea.com.

It also is important to recognize the contribution of RPEA's Legislative Advocate, Aaron Read, not only in writing this history, but more importantly in counseling and advocating for the Association as evidenced throughout most of its history. Also to be acknowledged are the contributions of Bylaws Committee Chair Ted Rose who provided the initial data on which this History is built, Director of Health Benefits Joanne Hollender for current information on Health Benefit issues, Director of Legislation Jim Anderson for current information on Legislation, and Asset Management Committee Chair John Korach for his research on the purchase and remodel of the RPEA Headquarters real property. Special thanks to Norma Rose who proofread the several drafts of this document.

Jo Paulson
Past President, 2002-2006

RPEA'S HISTORY

The Retired Public Employees' Association (RPEA) of California began as the Retired State Government Employees' Association of California (RSGEAC). Its Articles of Incorporation were executed and registered with the California Secretary of State on September 12, 1958. An amendment to these articles changed the name to the Retired Public Employees' Association of California (RPEA) on July 7, 1969. The name change to RPEA was accompanied by the addition of classified school employees and contract agency retirees who were included in the organization.

This organization was started by several retired members of the California State Employees Association (CSEA) who believed that CSEA did not give retiree needs sufficient attention in their advocacy at the State Legislature and the Public Employee Retirement System (PERS). They started in **1958** with a robust group of chapters and eventually grew to 100 chapters in California, Nevada, Oregon, Arizona and New Mexico.

RPEA's first office was in the CSEA building at 1108 O Street in Sacramento, California. In **1988**, then President Lois Wellington, with the support of her Board of Directors purchased the property and building at 300 T Street, Sacramento, California, formerly owned by the Federated Fire Fighters, for a little over $375,000. With the impetus provided by RPEA member Ann McDougal, a building fund was started to purchase the site now known as RPEA Headquarters. In **1993**, then President Ken Wilson and Vice President Bob Wilson and their Board of Directors contracted for a major remodel and expansion of the headquarters building, for the sum of about $3,500. As of 2016, the Association is still located at this site and is led by volunteers, with the assistance of four paid employees.

Here are some of RPEA's accomplishments which were achieved during efforts to fulfill its mission of maintaining and enhancing retiree pensions and benefits.

The Public Employees Medical and Hospital Care Act (PEMHCA) was passed by the state legislature in 1961, and PERS was tasked with its implementation. All retired state employees are members of PEMHCA, and many contracting agency employees are as well. That part of PERS has grown to where it administers health plans for hundreds of thousands of active and retired employees.

In **1962** the state began paying $5.00 per month toward the health plan now known as the 100/90 formula whereby the state pays 100% for a retired state employee and 90% for their spouse. RPEA was instrumental in moving legislation throughout the 1980's increasing that $5 per month incrementally each year~~,~~ as health plan costs increased. Eventually, we decided to put the contributions on a formula~~,~~ so they didn't have to be increased every year. The 100/90 formula that is enjoyed today by retired state employees was hard fought for. It started out as much lower percentages but ultimately ended up where it is today. It should be noted that active state employees who once had a 100/90 formula were reduced in the "meet and confer" process to 80/80 in later years. For many years, the 100/90 formula has been attacked by the Legislative Analyst's Office as being too rich. Each time it was attacked, RPEA was there to successfully defend it.

1963 saw a 2% to 10% pay raise for state and school retirees. Periodic pay raises became the normal way to keep up with inflation.

In **1968** state retirees received a $500 death benefit. This is the same now for contracting agencies. A 1% COLA was given to all retirees after four years of retirement.

In **1970** the COLA was increased to 2% after two years of retirement.

1973 was the year of the enactment of SB 90, state mandated services, which said that if the State Legislature passes a law that requires local government to perform some function, the state would have to pay for the cost of that function. This is called a State-Mandated Local Program. After that passed, it was no longer possible for the state to pass a mandated cost of living adjustment for contracting agencies, because if they did, the state would have to pay the cost of that increase. Consequently, after that legislation was enacted, we had to make increases for school and contract agency retirees optional; or, in other words, permissive, in order for them to grant the increase. We considered the bills we were doing "enabling" legislation, however, that legislation could no longer force outside agencies to grant increases.

In **1974**, a "Retiree" position was added to the PERS Board which was, up to this time, a State Retiree position. Prior to that, retirees voted with the actives, and an active member would always win that position on the PERS Board. Now retirees have a representative on the PERS Board who is solely elected by retirees. No actives are allowed to vote for that position.

Between **1975** and **1978**, RPEA lobbyist, Aaron Read, approached then State Controller Ken Cory (Ken held the office of Controller from 1975 to 1987) about the possibility of inserting a card into the warrant sent out to retirees by PERS, which would inform retirees about RPEA. Respecting the confidentiality of names and addresses, RPEA offered to pay the costs. Then Controller Cory agreed, and that was the beginning of the Card Insert Program which lasted for over 20 years. We were later joined by California State Retirees (CSR) and the California School Employees Association (CSEA) retiree division who felt that they should also have their names listed on the card as being representatives of retirees of PERS. Those organizations shared the costs of the program. The program was helpful in letting non-members know of our existence, and our membership grew as a result. Unfortunately, in 2014 Controller John Chaing received complaints from retirees about the program. He therefore requested an opinion from the Attorney General, and that opinion resulted in the program being halted due to the fact that they "found no statutory authorization." We are currently evaluating our options to see if the program can be resumed in the future.

1978 saw the hiring of Aaron Read as RPEA's Legislative Advocate (lobbyist). Aaron had been employed by the California State Employees Association (CSEA and was extremely familiar with the needs of RPEA and similar organizations. Previously, lobbying was done by volunteer members of RPEA. This change created a symbiotic relationship between Aaron and RPEA resulting in the launch of Aaron's successful career and placing RPEA in a significant position as a stakeholder at PERS Board and Committee meetings.

1979 RPEA sponsored a bill by then Senator Dan Boatwright that provided a 10% increase to all categories of retirees within PERS. This increase was due to the fact that inflation was often in the double digits during the 1970's, and the average retiree allowance had been eroded by a whopping 50% of its original purchasing power.

In **1982**, RPEA sponsored legislation creating the Investment Dividend Disbursement Account (IDDA), which was the brainchild of Aaron Read. It was intended to bring the purchasing power for retirees up from 50% to 75%. This program was based on the fact that the investment earnings of the system were significantly greater than the assumed earnings rate. Therefore, there were "excess earnings." It was our legislation that took a portion of that and gave it to retirees who were the most impacted by inflation. This program was an enormous success and brought all retirees up to 75% purchasing power. It was a true godsend.

IDDA was followed by another bill that created the Extraordinary Performance Dividend Account (EPDA), which raised the purchasing power to 80% because there seemed to be a sufficient amount of funds left over from the original purchasing power created by the IDDA program. That bill was successful and was signed into law and was another victory for retirees, raising them up even further.

1984 saw schools and contract agencies enter into PEMHCA. However, to make it affordable, PERS allowed those agencies to pay for retirees at any level they wanted ($16) with the intention to have them gradually come to the same level as the actives. RPEA sponsored legislation allowing contracting agencies and schools to come into PEMCHA, and not have to pay the same contribution for retirees as they paid for active employees; however, they would have to gradually bring them up to the same level by increasing the employer contribution by 5% each year. Even with this incentive, there are still many agencies who do not participate in PEMCHA because they have to allow their retirees in.

RPEA convened annually at what was called General Assembly. In 1985 this changed to every two years and continues biennially to this day.

In **1986** RPEA started the Legislative Defense Organization (LDO), now known as Legislative Action Organization (LAO) and the Independent Expenditure Committee (IEC). This was also the year the Governor first tried to raid PERS. RPEA staged an all-out campaign to stop him.

1987 through 1990 saw more attempts to raid PERS to balance the state budget. These were stopped.

In **1990**, then Governor George Deukmejian had a large budget deficit and was looking for a way to get funds. Since PERS had an abundance of cash, that was one of the places he was looking. RPEA lobbyist Aaron Read met with the Governor and told him it was not possible to take money from PERS~~,~~ unless there was a corresponding benefit of equal value exchanged. Absent that, it would be considered “a taking” which would be unlawful, and lawsuits would then be filed. Governor Deukmejian agreed and granted an increase to how final compensation was determined, raising it from the highest three years to the highest single year for final compensation.

1990 was also the year that term limits for state legislators were enacted. This was detrimental to many of us who believe that experience matters; however, Prop. 140 passed in 1990 and also removed legislators from PERS. Prior to that, every legislator was a member of PERS, and they found that to be very helpful and useful because they were always interested in anything we had to say about PERS. After 1990, newly-elected legislators were no longer allowed in PERS, and it was harder to get their attention and support on those issues. We have since extended term limits. Initially, terms of office were six years for Assembly members and eight years for Senators. And, about 1/3 of the time, Assembly members could move to the Senate. This consisted of half the amount of legislators as in the Assembly. The Assembly has eighty members who used to serve three, two-year terms. The Senate has forty ~~40~~ members and used to serve two, four-year terms. Since the implementation of Prop. 28 in 2012, a legislator can now serve up to twelve years in the Assembly, Senate or any combination thereof.

In **1991**, retirees lost the fight to protect PERS with AB 702 which did the following: IDDA and EPDA were repealed and replaced with the Purchasing Power Protection Act (PPPA) which was supposed to maintain retiree purchasing power at 75%. It was a flawed substitute and was funded by 1.1% of members’ earnings. The state contribution to PERS was changed to every six months instead of monthly, and the PERS actuarial was moved to the Governor’s office. 1991 also saw a mandated second tier for State employees and separated Actives from Retirees for state participation in PEMCHA. Then Governor Pete Wilson also took $1.9 billion from IDDA and EPDA funds and RPEA and other organizations lost their lawsuit to stop this.

1992 was a watershed year. RPEA, along with a few other groups, wrote Proposition 162, which was qualified and placed on the November ballot. We staged an enormous campaign to accomplish this victory, and RPEA’s membership increased dramatically as a result. Prop. 162, thanks to Aaron Read, defined the “Trust” nature of PERS pension funds and gave PERS the “Plenary Authority” over the trust. It also moved actuarial duties back to PERS and protected the composition of all State Pension Boards by placing their composition in the State Constitution, rather than just in statute. This means that any time the PERS Board composition is changed, it would take a constitutional amendment to do so.

In **1997**, the RPEA Area Directors were elevated to full membership on the RPEA State Board of Directors, greatly reducing tension between them and the rest of the Board.

In **1998**, the Governor delayed the state payment of PERS by a year and wanted to make it permanent. RPEA and other organizations sued and won. This was about $2 billion and is often confused with AB 702.

In **1998**, RPEA rewrote and modernized their governing documents, previously a Constitution, Bylaws and Policy File, into two documents—Bylaws and Policy File. This action also gave the Board the power to amend the Policy File, previously the duty of the General Assembly

Delegates. This year saw a dramatic change in the format of General Assembly. Previously, Area Directors were seated within their areas on the assembly floor. In 1998, Area Directors were on the stage with the rest of the Board of Directors, a somewhat cumbersome format.

In **1999** SB 400 was passed and signed by the Governor. The effects of that law have subsequently been used against us. It benefitted state and school retirees but gave nothing to contract agencies. It included a 1% to 6% Cost of Living Allowance (COLA) with huge changes for actives. Most notably, this legislation gave the Highway Patrol 3 percent at age 50 for each year worked. It also authorized 3 percent at 50 for local police, causing a domino effect among police departments statewide.

2000 was the year of a little-known AB 1009 which benefitted contract agencies, with a Purchasing Power Protection Act (PPPA) of 80%. RPEA dues were raised from $2 to $3 per month.

Of the many things Aaron Read did for RPEA, perhaps the most enduring has been the establishment of the State Coalition of Retired Employees (SCORE). Knowing that in unity there is strength, Aaron brought together his three clients, RPEA, California Highway Patrol (CAHP), and the California Department of Forestry and Fire Protection (CAL FIRE) to pool their efforts to protect public employees' interests. SCORE was later joined by the California Department of Forestry (CDF), the California School Employees' Association (CSEA), California State Retirees (CSR), and the California State University Emeritus and Retired Faculty Association (CSU-ERFA).

2002 – 2005 brought a state financial crisis resulting from a nationwide recession. PERS funds dropped from $176 billion to $134 billion.

By **2006** PERS funds increased back to $186 billion, but the crisis was devastating for employers. Many had been superfunded, meaning they didn't have to make any payments into the system. Without a "rainy day fund" they soon found themselves owing PERS more than they could pay. This started the widely-publicized talk about "unfunded liabilities" that is used to fight public employee pensions to this day.

2007 saw the PERS funds increased to $256 billion, but by 2008 the fund dropped back to $241 billion, the result of another big recession. These were the years of the biggest economic downturn in centuries.

2007 – 2015 saw worrisome volatility in the PERS funds, as well as with the rest of the market. These years also saw increasing attacks on and hostility toward all public employees nationally and a significant decline in RPEA membership.

In **2008** the cost of doing business was made a big dent in RPEA's reserves, so member dues were increased from $3.00 to $4.50 per month by General Assembly delegates. This was not a hardship for dues deduction (from monthly pension warrants) members, but $54 per year for cash pay members caused hundreds of members to drop out of RPEA. The Great Recession during these years was probably also a factor for this decline, as well as the continued aging of RPEA's population.

In **2011**, RPEA held a Legislative Day at the Capitol and visited about forty legislative offices. Although we had done this in prior years, this program had to be discontinued due to budgetary constraints.

In **2012**, our RPEA Director of Health Benefits and other RPEA members successfully convinced CalPERS to adopt the Maintenance Choice prescription drug plan for long term and chronic conditions, so that members could obtain a long-term supply of medications for up to ninety days at some retail pharmacies with a lower cost Mail Service co-payment. This is especially beneficial to members in regions with extreme temperatures that negatively affect medications sent through the mail.

2013 saw an effort to improve recruitment of new RPEA members by changing from the long-established Members Only, Member Services Program, through EJS Insurance Services, Inc., to Association Member Benefits Insurance Agency (AMBIA). As of the close of fiscal year 2015, this program was only partially successful. By the end of 2015, the number of chapters had dropped to 83. Something different had to be done.

Also in 2013, RPEA, with Aaron Read's office, were involved in negotiating the Pension Reform legislation proposed by the Governor. We were successful in eliminating many of the harsher reforms but supported many; i.e., anti-spiking, air time purchases, and maximum benefit caps.

This year also saw RPEA taking the lead with other organizations to successfully defeat AB785 which would have allowed direct mailing to CalPERS annuitants for the purpose of recruiting them. This would have allowed larger labor organizations that did not represent retirees to encroach upon the membership of existing organizations.

In **2014**, CalPERS staff proposed a High Performance Generic Step Therapy (HPGST) program which would adversely impact approximately 17,000 active and retired members in PPO's and HMO's. Our RPEA Director of Health Benefits persistently and successfully challenged the CalPERS staff's refusal to "grandfather" existing members, for whom brand name drugs were working well. This was a major cost-saving measure for RPEA's members.

In **2015**, our Director of Health Benefits successfully persuaded the CalPERS Staff and Board to include the Silver Sneakers fitness program in the new United Health Care (UHC) Medicare Advantage Plan (Part C) for 2016. This victory for RPEA members was the first time CalPERS added a specific fitness component to its health plans, paving the way for future progress to enhance wellness in other CalPERS-sponsored health plans.

In **2015**, RPEA also sponsored a bill as requested by our Stockton chapter, to allow a retiree organization to obtain the names and addresses of retirees from a public agency that is considering bankruptcy. The City of Stockton had refused to supply this information, and retirees were forced to alternative means to organize and appear in Bankruptcy Court to protect their claims against the City. AB 241(Gordon) is expected to proceed to the Senate following final approval by the Assembly in January, 2016.

At the end of 2015, both the Membership Committee and the Strategic Planning Committee identified declining membership, a major problem for RPEA and similar organizations, as a priority to be addressed in a more significant manner. Prior to the 1996 enactment of the federal Health Insurance Portability and Accountability Act (HIPPA), CalPERS was willing and able to supply public employee organizations with names and addresses of retiring members of the system. Combined with the loss of the card insert program, declining membership in RPEA escalated. Financial analysts estimated that RPEA could not survive for more than three or four years without better recruitment strategies providing an influx of new members.

In January, 2016, the RPEA sponsored bill AB 241 (Gordon) was approved by the Assembly and moved to the Senate. During 2016, RPEA's Legislative Committee is following about 50 legislative bills. The committee will be making recommendations to the RPEA Board throughout 2016. AB 241 (Gordon) was signed into law effective January 01, 2017.

In 2015, a Joint Powers Authority (JPA) formed by four Southern California cities lost its contract for the services it provided for 40 years leaving 60 + employees with a reduced pension because the founding cities refused to pay the full termination fee to CalPERS (pension system). JPA's have no taxing authority so they are wholly dependent upon the founding entities to fund shortfalls in pension funding. RPEA sought to mitigate this situation through legislation that would compel founding agencies to provide pension funding support to defunct JPA's. We were successful in getting legislation passed that guaranteed funding for JPA's that terminate or lack sufficient funding to make full contributions to the pension fund. Due to statute of limitations issues, we could not make whole the JPA that initiated our effort to secure this legislation, but we did succeed in getting their pension payouts improved. The actuarial team recalculated the final funding status of the JPA and reduced the cuts in pension payouts - this was the result of RPEA lobbying efforts.

During 2018 and 2019, RPEA has supported many CalPERS health care proposals/programs after scrutiny and revisions we proposed. We continue to support efforts to raise the CalPERS Death Benefit to $5,000 and a change in the COLA calculation that would base COLA on the California Urban CPI as opposed to the National City CPI. We will attempt to get the Rural Health Care subsidy restored in view of rural hospital closings and the added cost of accessing urban health facilities.

PRESIDENTS OF RPEA

1958	Raymond Cato
1959 - 1960	Joseph Gallagher
1960 - 1961	Clarence Bovey
1963	Fred A. Taylor
1964	Ralph Chaney
1965	Irving Rivett
1966- 1967	Paul Cowgill
1968 - 1972	J. Fred Halterman
1973 - 1974	Charles V. Dick
1975	Harold L. Murie
1976	Ray E. Orberg
1977	Paul Mason
1978 - 1979	Bernadyne Brown
1979 - 1980	John Ferns
1980 - 1982	Claude Harmon
1983 - 1984	Karl K. Jensen
1985 - 1988	Lois Wellington
1988 - 1990	Rudy Miskulin
1990 - 1993	Bob Wilson
1993 - 1996	Ken Wilson
1996 - 2000	Barbara Campbell
2000 - 2002	George Wunderlin
2002 - 2006	Jo Paulson
2006 - 2008	Ted Rose
2008 - 2010	Ann McWherter
2010 - 2014	Harvey Robinson
2014 - 2018	George Linn
2018 -	Albert Darby