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CALIFORNIA FACULTY ASSOCIATION RELEASES ANALYSIS OF THE STATE'S AUDIT OF CAL. STATE UNIVERSITY COMPENSATION POLICIES & PRACTICES

-- Audit Confirms What Faculty Has Been Saying for Years About CSU Administration's Abuse of Taxpayer Dollars; Faculty Calls on CSU Trustees to Set Clear Goals and a Specific Timeline to Implement Auditor's Recommendations --

SACRAMENTO – The California Faculty Association (CFA) released today its analysis of a State audit that found that the California State University system needs to strengthen its oversight of and establish stricter policies for compensating current and former employees, particularly for executives and highly compensated individuals.

CFA's report, "*Weak Oversight & Poor CSU Policies Favor Executive Perks: An analysis of the state audit of CSU compensation policies and practices,*" highlights the key problems with the current executive pay policies and calls for the CSU Administration to take swift action by setting clear goals and a specific timeline to implement the auditor's recommendations. A full copy of the report can be found on the CFA web site, http://www.calfac.org/audit_exec_comp.html.

CFA President Lillian Taiz said, "The state audit released last week confirms everything CFA has been saying over the past several years about the California State University administration's misplaced priorities and waste of taxpayer dollars. The CSU Administration has turned a blind eye to weak executive pay policies because they themselves have benefited from the outrageous pay packages. Thus, there has been no oversight to prevent the waste.

"At a time when our state university system needs better funding to serve all the deserving students in California, and when the state is dealing with yet another fiscal crisis, the people at the helm of the CSU need to get to work, get real, and start running the university with the education of students as the top priority.

"It is never good to be lax with taxpayer money. It is criminal to be lax when the future of our university is at stake. We will be watching to make sure that the Chancellor's response is action and not just words," concluded Taiz, who is a history professor at Cal State Los Angeles.

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A second related report from the state auditor about CSU's employment practices regarding gender and ethnic diversity is expected in December 2007.

Key Findings From CFA's Analysis

The state auditor addressed issues and raised concerns over issues that also have been concerns for CFA over the last several years, including:

- Extraordinary executive compensation (pg 3-4)
- Administrative bloat (pg 5)
- No work/no show assignments (pg 5-7)
- Lax oversight and compensation policies (pg 7-8)
- Continued reliance on questionable consulting reports (pg 8-9)

The State audit identified new areas of concern for the faculty, including:

- Perks with no limits and no transparency (pg 9-11)
- Risk for Conflict of Interest (pg 11-12)
- The Role of Quasi-Public University Foundations (pg 12-13)

Taiz added, "We are extremely concerned about the role of the many university 'foundations' throughout the CSU. The foundations were created to raise money for the 23 CSU campuses, and many of the revenues come from profits resulting from the sales of books and food to students as well as from alumni donations.

"For this reason, the large expenditure of foundation funds to further compensate already well-paid executives in public employment is striking. The Faculty believes this is an area that needs further investigation and increased oversight."

This week, the chair of the CSU Board of Trustees will appoint a special ad hoc committee to review the state auditor's report on CSU compensation practices and the forthcoming audit report on CSU hiring practices that is expected in December. The committee is expected to bring recommendations to the January 2008 meeting of the Trustees.

The California Faculty hopes the ad hoc committee will take its task seriously and will provide the public with a report that is substantive and inclusive of a thorough and comprehensive plan with timetables to implement quickly the auditor's recommendations.

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