Happy 50th Birthday Higher Ed Master Plan!
See Back Cover

INSIDE: Budget • Bargaining
Restructuring • Auxiliaries
21st Century Principles of Higher Ed.
and more
THE MISSION & PURPOSE
OF THE CALIFORNIA FACULTY ASSOCIATION

The California Faculty Association is the exclusive collective bargaining representative for the California State University faculty, including tenure-track faculty, lecturers, librarians, counselors and coaches.

According to the CFA Bylaws, last revised October 2003...

The CFA is established to:
- Strengthen the cause of higher education for the public good;
- Promote and maintain the standards and ideals of the profession;
- Provide a democratic voice for academic employees;
- Provide legislative advocacy;
- Maintain collective bargaining agreements covering salaries, working conditions, and other items and conditions of employment.

These agreements shall seek to:
- Obtain explicit guarantees of academic freedom, tenure, and academic due process;
- Create orderly and clear procedures for prompt consideration of problems and grievances;
- Promote and protect the professional and economic interests of CFA and all bargaining unit members and,
- Promote unity among academic employees and thereby enhance the effectiveness of the CFA in representing these employees.
In a hard-won turnaround for the CSU, the governor and state legislators achieved a signed state budget on October 8 that promises a badly needed infusion of more cash into public higher education.

“This funding is a welcome change of trajectory for the 23 California State University campuses,” CFA President Lillian Taiz told reporters when the funding plan finally came together, adding the change “would not have happened if we had not stood up and said that public higher education is important and worth fighting for.”

The state will deliver a $199 million increase in general fund dollars, plus $60.6 million for enrollment growth funding, enough for about 8,000 students. The federal government is putting in $106 million in American Recovery & Reinvestment Act money to round out the figure to $365.6 million, the target increase for which CFA has pressed since January.

It wasn’t an easy win. On September 21, California’s state budget gridlock made history. That day marked the longest California has ever been without a budget signed into law.

At the Capitol, life went on. But beyond, the impact was stark.

Public health clinics from Humboldt to Watts borrowed money to pay doctors. Teachers at a preschool in East Palo Alto, among many others, worked without paychecks at all.

The CSU takes longer to feel the damage of state funding delays because it has another huge source of funds—the students. The CSU collects tuition (called fees since the CSU officially is “free” under California’s Master Plan for Higher Education) and it can operate for months on those dollars.

Since 2002, CSU student fees have risen much faster than inflation thereby buying the system time before it needs the input of state dollars. Of course, fee hikes shift more and more of the cost of college
onto students and their families, effectively diminishing the difference between a public and a private university.

As of late September, students who count on grants to buy textbooks and pay their bills had not received a check for this academic year. By then, all CSU campuses were back in session, some for more than a month. Now that there is a budget, those students able to tough it out and stay in school should get their grants.

Budget delays affect the faculty, too. Campus presidents and their managers are inclined to adopt the grimmest interpretation of the likely budget when they schedule classes and hire teachers and support staff, leaving the faculty on their own to preserve the quality of students’ education.

Two years of cuts have resulted in the loss of more than 2,500 faculty jobs. These job losses have occurred across disciplines and ranks. For example, at CSU Dominguez Hills any class with fewer than 18 students was slated for elimination this term. Thankfully, that rule was not rigidly applied.

Students mob the class sections that remain, exerting enormous pressure on the faculty to increase class sizes, speed up academic advising and adopt large-scale teaching methods. The quality of the education the faculty can provide is jeopardized.

In a more perfect state, the legislature would adopt a budget by June 15 and the governor would sign it by June 30. That is reasonable since California’s fiscal year begins July 1.

There are divergent views as to why California’s budget process is so dysfunctional.

At convocation last month, CSU San Bernardino President Albert Karnig blamed all legislators equally, when he said, “You have the Democrats to the far left and Republicans to the far right and here it takes a two-thirds vote to pass a budget. That’s why we have an impasse.”

CFA agrees the two-thirds vote required to finalize budgets is a huge problem. However, Democrats opposed to deep cuts to education and the social safety net are not “far left” and, the delegations in the legislature do not share equally in the stalemate.

Take the case of state funding for the CSU.

In the last two fiscal years alone, deep cuts to the CSU totaled more than $1 billion. For 2010/11, the Republican governor and Democratic legislators, particularly Assembly Speaker John Pérez, came up with budget plans that would restore $305 million and supply $60.6 million for enrollment growth. Republican legislators did not offer a budget plan, only a general call for more cuts (plus contrarian tax cuts for top-income earners).

Continued on Page 6

How are the 2009 federal funds being used by CSU Chancellor Reed?

Last fall, the federal government sent another pot of State Fiscal Stabilization Fund (a.k.a. stimulus) dollars for education to California, which included $77.5 million for the CSU. This money was sent to the state expressly to save jobs and help students complete their education (and should not be confused with the $640 million in stimulus funds the CSU had received previously).

In October 2009, CSU Chancellor Reed announced he would allocate $25 million of this money to campuses to add more class sections.

That commendable choice was tempered by his decision to hold back two-thirds of the money in case, he said, the system was struck by mid-year cuts. At the time, Reed’s Chief Financial Officer Benjamin Quillian acknowledged that no mid-year cuts were likely. In fact, no mid-year cuts occurred.

As of this writing, the chancellor has not responded to a public information request for an accounting of how he has spent, or plans to spend, that $50 million. Possibly, he believes that everyone has forgotten it by now.

CFA in Action

CFA members at Humboldt State register students and faculty to vote in late September. As school resumed this fall, CFA — with numerous student organizations — launched a voter registration drive to activate more CSU supporters in the November election.
Divergent visions for the CSU

As optimism returns, advocacy must ensure ability to deliver quality education

By Lillian Taiz
CFA President
History, Los Angeles

Dear Colleagues,

Sometimes it seems as if the CSU top brass inhabit an alternate universe from the rest of us in the CSU Community.

This was glaringly apparent during the legislative season just ended. CSU leadership, oddly, resisted Assembly Bill 656, which would have provided steady revenue for the CSU and UC. It was a “no brainer.”

Over the two years the bill was before the legislature, CFA had a very public discussion in the legislature and the media about the critical importance of a stable funding source for public higher education. We were astonished that CSU leaders could not see the value—win or lose—of this opportunity to educate the public.

These conversations, combined with lobbying and mass demonstrations, elevated Californians’ concern about public higher education. And, that landed the CSU on the governor’s and legislature’s priority list in this year’s state budget.

The result? For the first time in years the CSU has received an increase in the state budget (see page 3). It is not enough; we all know that. But this hike marks a change from the downward, destructive path on which we have been.

It’s also a shock that CSU leaders persistently resist transparency and accountability, reflected in a dogged opposition to SB 330 (see page 21).

As scandals erupted in CSU foundations and auxiliaries, a growing chorus urged the governor to sign the bill. Many newspapers editorialized to that effect including the Sacramento Bee, LA Times and even the Stockton Record.

Yet the administration resisted, offering the tired argument that the bill would create a “chilling effect” on contributions—an argument for which it could provide no basis in fact and, as editorials point out, was addressed in amendments to the bill.

Moreover, there is evidence that at the U. of Iowa, during five years following passage of a similar bill, contributions actually increased.

Although Gov. Schwarzenegger vetoed SB 330, the fight for transparency and accountability in foundations and auxiliaries is not over. The bill’s author, Sen. Leland Yee, will reintroduce the bill and I have no doubt we will support it.

Not only does Chancellor Reed occupy an alternate universe from the CSU community, he is also out of step with leaders of the other public higher education segments.

We were pleased to learn that UC President Mark Yudof and Community College system president Jack Scott resigned from the California Chamber of Commerce when that body ventured into partisan politics and endorsed Meg Whitman.

Said Yudof, “As the president of a public university, I cannot take sides in electoral politics” while Scott wrote, “in light of the Chamber’s action today to engage in electioneering, remaining on the board is no longer possible.”

We are still waiting to see what the leader of our system, who also sits on the Chamber board, will do.

World Changed Utterly: Doing More with Less.” Just the title speaks volumes about the vision of this gang.

Clearly these folks do not intend to chart a different reality—the world has simply “changed utterly” and they accept, perhaps welcome, it.

The second part of the conference title: “doing more with less” demonstrates a cynical narrowing of our universities’ horizons. In so doing, they take every elected leader in the world off the hook; no need to fund our public institutions properly.

During his Parisian visit, Reed spoke to reporters. He told the University World News that absorbing $600 million in state budget cuts to the CSU “actually wasn’t as bad as people wrote about or said.”

We wonder: “Not as bad” for whom?

For the thousands of students who aren’t getting a CSU education because of enrollment reductions or tuition hikes? For the 3000-plus faculty members who lost their jobs? For faculty and staff who lost their houses because of the pay cuts associated with furloughs?

Nowhere in his conference speech

Continued on Page 6
TAIZ continued from Page 5

or media interviews did Reed seize the opportunity to talk about better funding for public higher education; nor did he suggest he is committed to fight for the CSU.

These examples demonstrate how, in their cozy alternate universe, the Chancellor and Trustees are insulated from the real needs and threats our system faces.

Until there is real leadership at the helm of the CSU, we, the faculty, staff and students must continue to be our university system’s strongest advocates.

We will fight for CSU funding because we live in the real world in classrooms where the faculty try to deliver quality education against ever greater odds.

Despite many sacrifices during the horrific last academic year, the CSU faculty did not give up. I am proud to say that CFA activists continue to challenge program discontinuances and Mandatory Early

BUDGET continued from Page 4

Although this group is a minority in the legislature—they number just a shade over one-third—they can make specific demands and reject budget plans without having to produce viable plans of their own.

In 2008 and 2009, the minority one-third forced concessions in the form of cuts to education and social services and tax giveaways to large corporations before the legislature could garner the two-thirds vote to get a budget.

This year Democratic state legislators said all-cuts budgeting had gone far enough. The proposed increase for the CSU stood through nine months of arguments.

While that money will not fill the gaping hole in the CSU budget, the plan to inject an extra $365 million was a welcome change for the CSU’s prospects.

Most CSU faculty members prefer to focus on teaching and research rather than wander into the minefields of public higher education policy.

But, that is pretty much impossible in the year 2010 for the faculty in the California State University.

Funding is the brutal, undeniable factor above all others that affects who is taught, how much is taught, the quality of what is taught, whether faculty even have jobs, what will be the terms and conditions of teaching, and how much progress most CSU students will be able to make toward degrees.

Politics will remain an unavoidable fact of life for the CSU faculty’s working conditions and for students’ educational opportunity.

The outcomes* of the Nov. 2 election, especially Propositions 24 and 25 and the gubernatorial race, will frame the funding tug-of-war for the next four years.

This month, November, the state budget process begins anew.

The CSU Trustees will adopt a budget request that goes to the governor’s Dept. of Finance to include in a 2011/12 budget plan. Whoever is elected governor will present that plan in January.

By then we will know whether a simple majority vote in the legislature can achieve a state budget. If it can, the process is likely to look very different than it has for decades.

Nevertheless, CFA and advocates for the CSU will still need to speak out. The economic crisis in California is not expected to be over. And California still will need to act on policies and budgets that reflect the fact that “The CSU is the Solution.”

The chancellor is using the budget crisis to further his dream of a ‘world changed utterly’—a restructured university.

faculty in the FERP program to the newest part-time Lecturer. This assault isn’t disguised or subtle.

In bargaining, the Chancellor is jumping on the attack bandwagon that is being used against teachers, tenure, and unions in K-12. Reed will want the public to perceive him as the protector of quality education; we must be sure that the public knows the truth.

Continued on Page 22

* This issue of California Faculty went to press before the results of the election were verified.
Contract talks affected by outside events

By John Travis
Political Science, Humboldt Chair, CFA Bargaining Team

Bargaining a union contract does not happen in a vacuum. Sometimes, we on the CFA Bargaining Team feel far away in a disembodied space for long hours picking over details in the 42-article faculty contract and its many side letters.

Nevertheless, what goes on outside the meeting room has a huge impact.

An obvious outside factor for us in public employment—and we should not forget that the CSU faculty are public employees—is the attitude towards us among elected office-holders, especially the governor.

While both candidates for governor on November 2 said they would be strong in dealing with public workers, it is no secret that Meg Whitman is far more extreme than Jerry Brown, and less appreciative of what teachers, including the CSU faculty, sacrifice to deliver quality education to students.

The politicized rhetoric in the public sphere, which has become more extreme than ever in my years as a faculty member, places less value on public service than ever. Such rhetoric would have voters think there is something insidious about our work in public education to students.

The politicized rhetoric in the public sphere, which has become more extreme than ever in my years as a faculty member, places less value on public service than ever. Such rhetoric would have voters think there is something insidious about our work in public education to students.

Some of California’s economic difficulties are objective facts, although California has self-imposed dysfunction piled onto the ups and downs of the economy. The legislature is gridlocked, the governor would rather travel than solve problems, and Californians are numbed by an inability of the political process to tackle problems; a sense of ennui is pervasive.

Nevertheless, funding issues at the state level have a direct bearing on the most important articles in our contract—salary, benefits, workload.

We can’t allow our frustration and fear to prevent us from working in the political realm while we simultaneously wage a battle across the bargaining table—and prepare on the campuses to speak out on the issues affecting us.

Naturally, if our work is deemed a negative, our value at the bargaining table follows. The CSU’s top managers and consultants feel they can push historic takeback demands that advance their own power.

Meantime, we are part of a national economy that, though recovering, is doing so very slowly. And, our university is in a state that has some of the most serious economic problems of the 50.

See the sunshine proposals from both sides at: http://www.calfac.org/post/cfa-csu-admin-unveil-sunshine-bargaining-proposals

Chancellor’s proposals indicate a plan to end shared power

Officially, CFA and the chancellor began talks on the next contract last May when each side released its “sunshine” bargaining proposals.

See the sunshine proposals from both sides at: http://www.calfac.org/post/cfa-csu-admin-unveil-sunshine-bargaining-proposals

The chancellor’s proposals were a preview of what is becoming a theme this fall—take-backs of rights and benefits the faculty have won over 25-plus years of collective bargaining.

Between May and August, the sides focused on the remaining mess created when the Chancellor reopened the existing faculty contract in 2008 and 2009, citing the economic crisis. This led to disruptions in pay raises for all the faculty and in the Equity Pay program for tenure-track faculty, among many other things.

Talks on the next contract began in August. Normally, each party opens an article off the sunshine list; the other “counters” at that meeting, or if study is needed, at the next. At least, that is how it’s done when both sides are committed to good-faith bargaining with a true desire to reach an agreement everyone can live with.

This year, the Chancellor, his consultants and managers appear to have a different intent.

CFA OPENED ARTICLE 38: LAYOFFS. On August 20, CFA began with Article 38: Layoffs. Layoffs are a danger to every faculty category, especially during periods of budget reductions.

Even if the state restores funding for the CSU in this and future budget years, the impact of past cuts combined with managerial decisions to restructure academic programs mean the faculty need clear procedures and protections regarding layoffs.

CFA chose Article 38 first because on some campuses, administrators have begun layoff notification without following the spirit of the contractual procedures; they are fouling up the process. New contract language is needed to make it clear that campus administrators are required to know what they are doing. Right now, it’s clear that they don’t.

THE CHANCELLOR OPENED ARTICLE 6: UNION RIGHTS. On the same day, the Chancellor’s representatives presented a paring back of Article 6: Union Rights, which is a standard section in any union contract. For a union to function with members in charge, there need to be rules that ensure...
that faculty members have the release time and protections to do so.

In all unions, employees need protections to participate; bargaining is inherently fraught with potential conflict with management. CFA wants to protect members’ participation in every arena and to level the playing field between the faculty and the managerial employees and consultants paid with public dollars.

CFA’s Team prepared a counter proposal on this article for a future session.

THE CHANCELLOR RESPONDED TO ARTICLE 38. Because of vacations on the chancellor’s side, the next talks were four weeks later on September 23-24. CFA’s Team expected to see a counter-proposal on Layoff and to open another article.

The chancellor’s lead consultant John Swarbrick, however, insisted the discussion of Layoff could not proceed without discussions of the chancellor’s desired changes to two other articles—12: Appointment, and 15: Evaluation. He also chose to open two more articles: 29: Faculty Early Retirement Program (FERP), and 35: Outside Employment.

These large, complex articles, and the vaguely worded changes proposed, consumed the remaining time over two days.

At first glance the chancellor’s proposals were murky; if you read the summary circulated by Bill Candella, the chancellor’s Senior Director of Collective Bargaining—he wrote a great deal about a “procedural framework”—it is difficult to discern the actual impact of the changes on the faculty.

But in discussion at the table, it became clear the chancellor has in mind sweeping changes to faculty participation in university governance—and he would slash radically at job security and assignments for every rank and category.

For example, for senior faculty, FERP would remain, but time base and job assignments would be based not on a department’s teaching and student advising needs but rather on the wishes of the campus president. Assignments could even be work for the campus auxiliaries at unspecified duties.

Similarly, three-year appointments for long-term Lecturers would be granted at the discretion of the campus president.

In addition, the chancellor’s proposals include an expanded evaluation process, which would exert a greater load on tenured and tenure-track faculty.

Meanwhile, on Article 38, which was the article initially opened by CFA, the chancellor’s reps countered with an expansion of the campus presidents’ ability to define “exceptions” to the order of layoff. Exceptions allow them to lay off faculty members without regard to seniority.

Taken as a whole, the package of proposals reflect a unitary executive mentality, one that would upend generations of faculty governance in academia and replace it with sweeping powers for top executives; in other words, running the university exactly like a CEO-driven business.

By the time you are reading this report, it is likely that several more contract articles will be under negotiation.

Still, it’s already not hard to see where things are going. The chancellor, his executives, his consultants, and his top managers want control and decision-making authority without faculty and/or union input.

It’s also not hard to identify what the CSU faculty must watch out for as this round of bargaining progresses.

Watch out for:

- Attempts to use the economic crisis as an excuse to increase management control over the faculty, the staff, the curriculum, everything.
- Attempts to divide the faculty—members of our own bargaining unit—to undermine each other’s best interests.
- Attempts to couch proposals in language that touts “quality education” when it’s really about narrowing the scope of faculty, staff and student input into the process of education.

Continued on Page 22
Most faculty members agree that respect from administrators and the opportunity to participate in faculty governance are important elements to what makes campus life meaningful. We work hard across campus sectors—department, college/school and university-wide—to facilitate student success and the mission of our institutions.

We expend effort on this university service because it leads to up-to-date campus policies and ensures a successful future for our students through curriculum development and mentoring.

So, what happens when our faculty voice is discredited, ignored or silenced?

New policies on decision-making and policy implementation are under way in the CSU that are giving us unfortunate insights into the answer to that question. Since November 2009, the so-called policy of “Deliverology” at the CSU has been replete with examples of how command and control management methods will produce a bleak future for our university, including a disempowered faculty.

Just what is Deliverology? It is a rigid “command and control” management style\(^1\) giving exclusive power to upper-level administrators to establish narrow numerical goals that drive everything else that is done in a public institution. Success is defined entirely by the adopted metric.

In late 2009, Chancellor Reed invited Sir Michael Barber, the British deliverology guru already discredited in Europe, to lead a workshop on the method for the CSU’s top executives, including the campus presidents and provosts.

That workshop marked the kickoff of the chancellor’s new Graduation Initiative.\(^2\) Each CSU campus president was ordered to submit a ‘delivery plan’ to Chancellor Reed by Dec. 25, Christmas Day.

Faculty input was provided neither at the Barber workshop nor in the development of the campus delivery plans. In fact, faculty governance was identified as a ‘barrier’ to successful program implementation in Barber’s PowerPoint presentation.

When the term Deliverology was first used on CSU campuses nearly a year ago, many in the faculty thought it was a practical joke. The chancellor became embarrassed and scrubbed the CSU website of the term.

Unfortunately, it is no laughing matter. As a rigid outcomes-based, top-down management style for public higher education, it dehumanizes faculty by turning us into a voiceless, on-demand workforce. It would eliminate faculty rights and governance.

Command and control business-style management actually is not new to the CSU. It was introduced previously in a milder and gentler form by Chancellor Barry Munitz who extolled its virtues as a crisis-management style during the deep recession in the early 1990s.\(^3\) To get things done, tough decisions had to be made, and the faculty, he felt, just get in the way of change.

Chancellor Reed has embraced the same management ideology since the beginning of his tenure at the CSU in 1998.

Why then Deliverology now? And how has it impacted the CSU since December 2009?

Global trend to commodify higher education

A number of socio-economic and political factors have converged since the 1990s. These include the globalization of higher education through the “New Knowledge” economy. Built around instantaneous communication over the worldwide web, information technology has produced a global market for the exchange of commodities using the internet.

In 1995, at the Uruguay Round of

Continued on Page 10
DELIVEROLOGY from Page 9

the World Trade Organization, the United States became a signatory to the General Agreement on Trades and Services (GATS). This agreement declared higher education a service—a commodity to be bought and sold in an unregulated global free market.

In 1999, 29 countries, mostly in the European Union, became signatories to the Bologna Process, which standardized public higher education under the European Higher Education Area. This standardization included a three-year BA degree and a uniform course-credit system for easy transferability among member institutions. This change was the result of a privatization trend since the 1980s lead by a deliverology-form of management for public higher education, called New Public Management (NPM).

By the early 2000s, NPM management had successfully privatized or restructured much of public higher education in the EU, UK, Australia and New Zealand to make it more ‘efficient’ through an outcomes and assessment regime, which included downsizing the number of faculty.

As a result, the faculty lost more control over curriculum and academic programs while experiencing a significant increase in workload without compensation. Ironically, the number of managers increased significantly during this period along with the budget to support them.

Higher ed as a big business

Since NPM seeks private and federal revenue streams as a strategy to offset diminishing state support, higher education managers began to eye the lucrative Asian student market, and the need for EU universities to compete with the United States for a share of this hundred-billion-dollar business.

The GATS commoditization of higher education facilitated this opportunity. The commoditization of students intensified globally during the 1990s and 2000s along with a new push in the U.S. during the past seven years to ‘internationalize’ universities, an emphasis accompanied by the quest to set up satellite campuses at remote sites such as Abu Dhabi, Beijing, Shanghai or Singapore.

The big testing companies, like ETS and ACT, also went global and benefited from the TOEFL, ACT or traded on the stock market independently or as a group with their own index fund (USEDU.IND), assist students with federal Pell grant applications, while providing them with high-interest, private loans. They charge substantial tuition fees for courses and training that frequently leave students insufficiently trained and burdened with enormous debt.

Remedial Math Disaster

In addition to Mandatory Early Start, some campuses already are implementing unproven remediation programs. At CSU Bakersfield one such program had a strikingly negative impact on students.

Last year, a CSU Bakersfield dean altered remedial math to conduct a money-saving all-online experiment over the objections of math professors. The pass rate in remedial math dropped from 75% in Fall Quarter 2008 to 40% in Fall Quarter 2009 as a result.

For all of school year 2009/10, only about 35% of 700 remedial math students completed the all-online program, for which they paid full university tuition and fees. The great majority of these students consequently were dis-enrolled.

Adding salt to the wound, after combining a large number of remedial students into one mega-online-section, the dean declared a “lack of work” and fired four of nine full-time faculty Lecturers in the math department. Since then, the CFA Bakersfield chapter continues to sort out the mess.

(The Academic Senate California State University, Bakersfield, Proposed Academic Senate Resolution. “Over-enrollment in Courses, disregard of Furlough Agreement (Developmental Math).” Also see Forbes.com “Where’s my professor?” by Ellen Schrecker, Aug. 11, 2010.)

Unregulated for-profit colleges

Another impact of globalization on the United States is the formation of an enormous, unregulated for-profit market for higher education products, with the emergence of for-profit education companies like the Apollo Group and Kaplan, which established online “colleges.”

These unregulated businesses, These education companies are predators on students, yet do not undergo the rigorous accreditation process demanded from public universities in the United States. Many have become billion-dollar companies that intend to globalize their product through alliances with public institutions after they have saturated the domestic market.

Restructuring public universities in the U.S.

The faculty in the CSU also have experienced the gradual effects of privatization and globalization since the 1980s, like their colleagues in Europe, through increased workloads, stagnant wages and the weakening of faculty governance.

Likewise, our colleagues in other states are under siege. This year Texas A&M University proposed a system to evaluate the “worth” of professors “based on their salaries, how much research money they

Continued on Page 11
Deliverology from Page 10

bring in, and how much money they generate from teaching....” Administrators rationalize this plan as a form of ‘accountability’ to the public.

Kean University in New Jersey has just been restructured to address “fiscal concerns.” In this restructuring, departments were consolidated into schools headed by “presidentially-appointed executive directors...dividing faculty members into new organizational structures they played no role in creating.”

The deep fiscal crisis in California precipitated by the Great Recession of 2008 gave Chancellor Reed the cover he needed to crack down on faculty governance here, and to try to reshape the CSU into his Florida model. While chancellor of the State University System of Florida, his greatest success was to establish Florida Gulf Coast University with all faculty members on multi-year temporary contracts.

The November 2009 deliverology workshop signaled that our chancellor would not let a budget “crisis go to waste.” The initial step of the chancellor’s deliverology program was his Graduation Initiative.

CFA quickly responded by demanding a faculty voice in its implementation. On CSU campuses, CFA chapters set up deliverology/privatization taskforce teams. These teams responded to various poor management decisions that had been made without faculty consultation.

At CSU Dominguez Hills, the team slowed down a plan to eliminate academic programs through a sophisticated strategy of political activism that included organizing faculty, students, and elected officials to oppose thoughtless cuts and to ask for an audit, which proved that money was still available.

Humboldt State’s team successfully resisted the elimination of its nursing program by reaching out to political allies and getting the help of the AAUP audit team, which also found that there actually was money there to support the program.

Remedial students in the cross-hairs

Nevertheless, there have been structurally explosive, top-down mandated curriculum changes over the past six months that are detrimental to student success and eschew faculty expertise.

The Mandatory Early Start Program is a structural adjustment that is detrimental to student success because of the thoughtless way it was mandated. On June 11, 2010, Chancellor Reed, with the approval of the CSU Board of Trustees, issued Executive Order 1048, “The Early Start Program,” which ordered the restructuring of developmental education programs in the CSU. It stipulates disenrollment for freshmen, reclassified as “Early Entrants,” — “who have not demonstrated proficiency in mathematics and/or English”—if they fail to take a summer course, now potentially moved to a private, self-support system.

Mandatory Early Start was imposed over the opposition of the statewide CSU English Council and with no recommendation from the CSU Math Council. It will force the restructuring of already existing and successful developmental courses taught during the academic year and replace them with an experiment.

Plans to implement Early Start at CSU campuses are due to be delivered by campus presidents to Chancellor Reed by Nov. 19, 2010.

Finally a chilling example of the Chancellor’s deliverology focus has occurred in successor bargaining over our Collective Bargaining Agreement. We see 20 years of hard effort to improve the lives of faculty being shredded at the bargaining table. It will be up to all of us to demand faculty governance and respect if we are to avoid becoming CSU WalMart.

Attacks like those on K-12 coming to CSU

We are at a crossroads in public education. We see it in the attacks on our colleagues in K-12 and in well-intended critiques like the movie “Waiting for Superman.”

No one doubts that education could be ‘better’ or that we all need to continue to improve our ability to teach and expand our knowledge. That has always been the case.

Now, however, we are being transformed into an expendable just-in-time workforce. We may be asked to teach hundreds of students through low-cost online courses in a competition with for-profit education businesses in a global market that commoditizes everything.

It is time for a new form of humanism in the public education sector that recognizes the dignity of a decent livelihood for educators as the middle class continues to suffer the brunt of dehumanization in the global marketplace.

Notes

1 See John Seddon, "Systems Thinking in the Public Sector: The Failure of the Reform Regime and a Manifesto for a Better Way" (UK: Triarchy Press Ltd, 2008). Seddon was invited to speak at the CFA 2009 Spring Assembly.


3 See Bernie Trilling and Charles Fadel, 21st Century Skills: Learning for Life in Our Times (San Francisco: John Wiley and Sons, 2009), p. 3.

4 See Sarah Jo, "Undergraduate online degree program proposed at UC Board of Regents meeting" Daily Bruin, July 19, 2010.


6 Mangan, “Texas A&M System Will Rate Professors Based On Their Bottom-Line Value.” Please note that Peter Hugill, who heads the local chapter of AAUP there, has determined this idea comes from a conservative think tank with ties to Gov. Rick Perry.

7 Jaschik, Inside Higher Education, “Departments without Chairs.”

8 See Charles Reed, "The Early Start Program—Executive Order No. 1048." These ‘unprepared’ freshmen are reclassified as "Early Entrants" perhaps since their potential failure will not count toward the graduation and retention outcome statistics, part of the chancellor’s “Graduation Initiative” used to measure campus success.

9 CSU English Council, "CSU English Council Position Statement: Mandatory Early Start (April 2010)."
CFA WHITE PAPER

Quality Higher Education for the 21st Century

Draft Statement of Principles

Calls to “reform” American higher education, “re-structure” our universities, and “re-engineer” college curricula are flooding public universities across the nation.

These proposals reflect the perspectives of trustees, administrators, foundations, corporations, and politicians, and they are not new; many have been raised repeatedly for 30 years. The global economic crisis has given these ideas new life and worldwide media attention.

Yet, calls for “reform” often are based on unexamined assumptions and misconceptions about higher education. And, the perspective, experience, and expertise of faculty members is generally absent from the discussion.

CFA’s officers are convinced that public higher education faculty must act—together and quickly—to respond, and to steer the debate in a better direction for the good of our students, our profession, our institutions, and our democracy.

A nationwide coalition that participates in defining quality higher education for the 21st century could help enormously in assessing what are the valid changes needed in American higher education and what should be preserved and defended.

We must take the initiative by speaking to principles of affordable, quality higher education and measure proposals for change against those principles.

The following draft statement, one we believe should ground higher education policy in the coming decade, has been shared with other faculty organizations around the country and experts and interested policy-oriented organizations.

The goal is to capture essential ideas rather than specifics, ideas that can unite the faculty across the variety of institutions in the U.S., and that can help us reach out to allies outside of the academy.

While we in CFA are appalled by what is happening to higher education, we remain confident that the faculty can—if we work together—transform the current conversation and effect meaningful change at this historic moment.

The CSU faculty, who work in the largest four-year public university in the U.S., are essential to this process. Please let CFA know what you think!

You are invited to send your ideas and contacts to other faculty organizations that you believe would be interested in this document to cfa@calfac.org.

Perhaps the most widely accepted belief about higher education today is that our nation will need more college-educated people in the future than we have now or than we are on track to produce. This belief, given greater urgency by the most recent economic recession, has increasingly led to calls for transforming higher education and for embracing a wide variety of “innovations.”

Without question, improving higher education should be a goal of everyone — the public, elected leaders, businesses, and those who work to provide that education.

But as conversations about specifics develop, it is crucial for discussion about change to be guided by principles that will lead us toward real improvement in American higher education.

Wholesale embrace of change without careful thought and deliberation can take us in the wrong direction — not toward reforming higher education but, in fact, toward deforming precisely those aspects of American higher education that have made it the envy of the world.

There are surely no simple answers, no one model, and no “magic bullets” for meeting America’s needs for broadly accessible quality higher education; but we, the undersigned, believe that the following principles can provide a helpful rubric for both developing and assessing proposals for innovation or restructuring in the future.

1. Higher education in the 21st century must be inclusive; it should be available to all who can benefit from it and who want the experience.

Demographic projections make it clear that the United States will not return to world leadership in higher education attainment without increasing higher education opportunities and success for all sectors of our increasingly diverse society.

A vigorous democracy and a thriving economy in the future demand that we give this principle full attention when we consider proposals for change, seeking out changes that will enhance educational opportunity and success for all, including low-income communities and communities of color, and rejecting any that may have unintended negative consequences for access and success. We simply cannot risk a return to 19th century circumstances when education was rationed on the basis of race and economic status.

continued next page
For this principle to be realized, higher education also should be recognized as a right and a public good rather than as a privilege and primarily a private good. High tuition, inadequate financial aid, and burdensome levels of student debt are considered acceptable when we focus on the advantages higher education brings to the individual, but our current approach of increasing the personal costs of college restricts access for individuals and dampens the broader social and economic benefits of higher education.

2. The curriculum for a quality 21st century higher education must be broad and diverse.

Our economy demands innovation and creativity. Nations that reduce college education to “job training” condemn their graduates to a path that leads to career obsolescence. As careers are replaced by technology or industry reorganization, narrowly trained college graduates will find themselves in the same position as 19th century artisans who saw their skilled work taken over by mechanized factories.

Colleges and universities that provide access to broad general education and skills give their graduates the ability to be lifelong learners who will be more flexible in adjusting to shifts in the job market.

The value of a broad and diverse curriculum extends beyond economics. In the increasingly interconnected world of the 21st century, we will need more people who understand its history, who can think outside of narrow boundaries, and who have the knowledge tools to function in a culturally diverse environment.

Our democracy also needs a broadly educated citizenry. Broad civic participation cannot flourish when a liberal education is reserved for the elite, and narrow training is provided for everyone else.

3. Quality higher education in the 21st century will require excellent faculty who have the academic freedom and the institutional support they need to do a professional job.

College teaching is a highly competitive field, often with hundreds of qualified applicants for a single position. Most colleges and universities thus enjoy a very rich pool of quality applicants for teaching positions from which to choose.

Once quality candidates are hired, however, universities must provide all faculty with the resources and opportunity to stay current in their respective fields and to develop the most effective methods for teaching their subject matter.

Faculty must also have the academic freedom to make educational decisions about what to teach and how to teach it in the best interests of their students and of quality education. As in health care, where doctors (rather than governments or insurance companies) have ultimate authority in medical assessment and prescription, faculty members must be able to exercise their professional judgment about what should be taught in their areas and how it best should be taught.

The increasing practice of hiring faculty into contingent positions, which are not eligible for the protection of tenure that allows for full and free exercise of professional judgment, is not an “innovation” or an “efficiency” that will serve higher education well in the 21st century.

4. Quality higher education in the 21st century will incorporate technology in ways that expand opportunity and maintain quality.

Technology that enhances learning is a welcome addition to the 21st century higher education experience. The current public conversation about the use of technology in higher education, however, suffers from a lack of depth and subtlety.

Too often the discussion begins with the unexamined assumption that “technology” and “the internet” are not already being incorporated into higher education in significant ways. Anyone who has spent any time in a university recently would dispute the assertion that underpins many demands for “innovation” in this area.

Even more significant, the technology debate would be improved if we made a more careful distinction between education and the transfer of information. Undoubtedly, the internet has already revolutionized the latter in universities and in the wider world. But education, which involves the development of higher-level skills of assessment, critique, and expression, is a complex process that is often more challenging to produce in digital formats.

This latter point is related to another common assumption made when discussing online education — that it will save vast sums of money.

When online technologies are used for higher levels of teaching rather than simply for drill or transfer of information, cost savings quickly evaporate. In fact, many faculty who are proponents of and experts in online education argue that teaching a good online course is more labor-intensive and thus more costly than more traditional formats.

In short, the role of online formats and other technological innovations in higher education are vastly more complex than the current public discussion would suggest. Issues of access (will some students be shortchanged simply because they don’t own a good computer or have access to high-speed internet?), success (will online formats work for under-prepared students who also deserve a chance for success?), equity, and quality need a deeper analysis if we

continued next page
are to have the kind of higher education we will need in the 21st century

5. Quality education in the 21st Century will require the pursuit of real efficiencies and the avoidance of false economies.

Not every cut in costs in a business — or in a college — is a real efficiency.

Many of the cuts colleges and universities have made during this current economic crisis — cutting classes, increasing class sizes, closing departments, slashing curricula, and reducing support services for students have helped campuses balance their budgets in the short-term, but the long-term costs of these cuts have not been adequately acknowledged or discussed.

In fact, the economic pressure to cut budgets and the political pressure to define all cuts as "efficiencies" currently makes it almost impossible to open a conversation about the hidden costs of various cuts.

We propose that the public discussion of increasing efficiency and productivity in higher education start here: a real efficiency that should be pursued will not only cut costs but also enhance or at least not harm the principles of a quality higher education for the 21st century outlined in this document.

6. Quality education in the 21st century will require adequate public funding and that means a substantial increase over current expenditure levels.

Money will not solve all of higher education’s problems certainly, but adequate public investment in an enterprise so crucial to the country’s future well-being simply must be provided.

Cheerful assurances that “we can do more with less” may be helpful in the realm of politics, but they do not move us toward achieving quality higher education in the 21st century.

In fact, failure of leaders in higher education and in government to highlight the currently perilous level of public investment in higher education does the country a grave disservice, for it allows the public to believe we can achieve world leadership in higher education or even maintain our current levels of achievement by simply accepting the status quo.

7. Quality higher education in the 21st century cannot be identified with a simplistic set of metrics.

Simplistic measures of success in K-12 that are the legacy of No Child Left Behind have not served our country or our children well. Unfortunately, graduation rates, in isolation, appear to be gaining ascendency as the national measure of higher education success.

This trend is disturbing because a national drive toward that goal — to the exclusion of others — can threaten important principles, including inclusiveness and access that are crucial for the kind of higher education we will need in the 21st century.

A more fruitful direction would recognize that educational success, like human health, is a complex systemic process that requires a rich data picture (of both qualitative and quantitative measures) for full assessment. For higher education to flourish, all our leaders — in government and in education — must avoid the lure of reductionist measures and simplistic goals that will foster a false sense of progress now but bitter disappointment at the results in the future.

CONCLUSION

Change in American higher education in the 21st century is both inevitable and desirable.

Change is, in fact, a commonplace in every college and university worthy of the name.

Historically the result has been a rich and diverse set of programs, course offerings, and teaching formats characterizing American higher education. Instead of seeing that rich diversity as a “luxury” we can no longer afford or as a “problem” to be fixed, we should see it as a strength that should be preserved and fostered. It is the environment in which higher education research and teaching flourish best.

Preserving the best and continuing to innovate in productive directions will not happen through simple “solutions” or “quick fixes.” Often proposals that look too simple are; and they are often better for profits and consulting businesses than they are for students.

As we examine proposals for change in higher education in the coming decades, we should build on the traditions, principles, and vision that have characterized American higher education at its best. We believe that using the principles discussed here to inform the national conversation can lead us toward an American higher education system in the 21st century that will serve our nation well and be a source of pride.

Contact:
California Faculty Association
cfa@calfac.org
916-441-4848
Auxiliary organizations are the biggest unturned stones on CSU campuses. When the faculty question how state resources are spent, they hit a wall when it comes to auxiliaries. Administrators don’t have to disclose where the money comes from, how it’s invested or how it’s spent.

Yet, the CSU Chancellor’s Office says 20% of the CSU’s $6.7 billion budget—$1.3 billion—is held in auxiliaries, out of public view.

Quality instruction so students can get college degrees is the CSU’s bottom line. Greater transparency would help to ensure that the auxiliaries are doing all they should do to further the mission of the CSU.

What is a CSU ‘foundation’ or an ‘auxiliary organization’?

- Non-profit organizations, legally separate from the university.
- Associated with the CSU Chancellor’s Office or a campus.
- 93 CSU auxiliaries in Feb. 2010 and growing—in 2007 there were 87.
- Include foundations, student unions, book stores, food service and other campus businesses, associated student organizations, and much more.

How do Auxiliaries operate?

- Directors are highly paid, some well over $100,000.
- Numerous interlocks between auxiliary boards/staff and university managers.
- Many auxiliary board chairs are CSU campus presidents or other CSU executives.
- Many board Chief Financial Officers also are university financial staff.
- Foundations can present problems. Eg: Fresno State’s athletics’ foundation inappropriately directed donations for academics into sports.
- The CSU Foundation supplements Chancellor Reed’s pay with $30,000 a year.

Are Auxiliaries accountable to the public?

- Not covered by the California Public Records Act (CPRA).
- Other government agencies must open books and respond to public information requests—not CSU auxiliaries.
- Transparency varies; some CSU auxiliaries make meeting minutes available, others don’t.
- Little information about the inner workings, how cash flows, or how land deals are done.
Research the foundation & other auxiliaries on your campus

Despite the lack of a law requiring transparency like SB 330, there are still many ways to get information about the foundation and other auxiliary organizations on your campus.

1. **Find out what auxiliary organizations exist on your campus.** See the list of all the CSU auxiliary organizations by campus at www.calsate.edu/FT/auxorg/AuxOrgList.shtml. Note there are several on each campus. Search for each one by name on Google and on the campus website to see what you can learn online. You can probably find a document showing who is on the board. Maybe you will know some of them. Board members usually include campus administrators, a faculty member or two, and people from the community.

2. **Talk with the Faculty Member(s) on the board.** Once you know who is on the auxiliary’s board in step #1, go talk with the faculty member(s) on it. Or if there is none, ask around how to become a member of the board yourself.

3. **Attend meetings of the board.** CSU auxiliary board meetings are open to the public, or at least they are supposed to be. Find out when they are being held and attend. Some auxiliaries post their meetings on a web site linked to the campus web site. If you can’t find the information online, call the Auxiliary’s office and ask for the information.

4. **Track down the agenda and minutes of past meetings.** The agenda and meetings are public information and some CSU auxiliaries post them on web sites. It is not required to post it though and some do not. Check the campus library. Or, again you can write or call the auxiliary office to ask for them.

5. **Read through each auxiliary’s tax returns (known as “990s”) and financial statements.** Free tax returns for non-profit organizations, which include CSU foundations and auxiliary organizations can be found at <GuideStar.org>. Campus financial statements include data from the campus auxiliaries because the money in the auxiliaries is part of the campus budget. These statements can be found on most campus’ own website or on the CSU chancellor’s website at <http://www.calstate.edu/SFSR/GAAP/financial_statements.shtml>

Study them for clues to how money is gotten, invested and disbursed. You can contact CFA at <research@calfac.org> to get in touch with other faculty members who can help you interpret these documents.

**And what should you be looking for?**

Pablo Eisenberg, a researcher and faculty member at Georgetown University, recommended reporters, regents, and the public should be asking these foundations and their boards some tough questions, including:

1. What expenditures did the foundation make during the year, including cash and in-kind contributions to the CEO, administrators, coaches and faculty?
2. Were any building contracts or services provided to the university, eg., fund-raising, legal, etc., from foundation funds tied in any way to firms with which foundation board members or university regents had relationships? How much money was involved?
3. What were the salaries and benefits paid to foundation staff?
4. What contributions were made to a president’s discretionary fund, and what expenditures were made from this fund?
5. What percentage of the money distributed by the foundation went to student scholarships and academic programs?
6. How much money did the foundation give to the university’s athletic programs?
7. What reporting requirements are demanded from these foundations by their boards, the universities and colleges and the state regents, legislatures and governments?

“In short, we need a much more accurate profile of this vast universe of private foundations: their assets, their priorities and programs, the activities they support and the extent to which their boards and state regents are holding them accountable.” (InsideHigherEd.com, June 22, 2010)

**With these steps under your belt, and these questions in mind, you will have learned quite a bit. You will be ready for deeper research. Contact CFA to strategize your next step at <research@calfac.org>**

— Aimee Shreck, CFA Research Director & Alice Sunshine, CFA Communications Director
CSU Documents Reveal Financial Mismanagement & Efforts to Avoid Accountability

A Special Report from the California Faculty Association
Aug. 25, 2010

EXECUTIVE SUMMARY

According to internal documents from the California State University administration, auditors have found an inappropriate co-mingling of state general funds (public money) with the other funds (such as those raised privately or generated by revenue operations) held in the university’s 90 affiliated auxiliary organizations.

The documents indicate high-level executives in the CSU Chancellor’s Office, including the CSU system’s Executive Vice Chancellor and Chief Financial Officer, are aware that public money is being improperly deposited in funds controlled by CSU auxiliaries.

All funds and accounts in CSU foundations and other auxiliaries are shielded from the state’s open records laws and from public scrutiny because of a loophole in the state Public Records Act. The CSU Chancellor is fighting legislative actions to close the loophole.

For at least the past several months, CSU executives have known about the inappropriate housing of state funds in accounts controlled by its non-profit foundations and other auxiliaries rather than in accounts controlled by the public agency. To date, however, it appears as though the Chancellor’s Office is unable or perhaps unwilling to make the necessary corrections to its practices to fix what has been discovered by the auditors.

The documents reveal a sense of urgency on the part of the CSU administration to clean up these problems before they are uncovered or caught by a state audit. University Auditor Larry Mandel reported on March 23, 2010 that an “audit of UC could lead to an audit of the CSU so we would like to be ahead of the curve — fix the problem before an audit happens.”

At the same time, however, the administration reduced the number of financial audits of the 23 campuses last year and according to these documents is planning to stop auditing individual campus financial statements altogether in the near future.

In a meeting on August 11-12, 2009, Assistant Vice Chancellor George Ashkar reported on the CSU’s audit plans with KPMG, the global accounting firm that has been auditing the CSU since 1996-97: “KPMG agreed...continued next page

Read this entire report at: www.calfac.org/special-report-august-2010

There you will also find:
• The minutes cited in this report
• A list of “CABO” members by campus
• News articles about the report
• Editorials supporting SB 330, the bill for more transparency in CSU auxiliaries

On the CSU Chancellor’s Office web site, see:
• A list of CABO (chief administrators & business officers) members by CSU campus at http://www.calstate.edu/cabo/cabo-roster.shtml

For a national perspective on university-related auxiliary non-profit organizations see:
to reduce the scope of their audits with a plan to complete ten full-scope audits this year, and twelve next year. George’s goal is to eliminate full-scope audits next year at campuses.”

In February 2009, Senator Leland Yee (D-San Francisco) introduced legislation that would close the loophole in California’s Public Records Act that currently exempts university-affiliated foundations and auxiliaries from the transparency standards to which other state agencies are held. During that year, Sen. Yee’s bill (SB 218) moved virtually unopposed and with strong bipartisan support through both houses of the California legislature.

The bill was vetoed by Gov. Schwarzenegger. A modified version was reintroduced in December 2009 as SB 330. Since the beginning of the 2009/10 legislative session, CSU Chancellor Reed has spent almost $300,000 on outside lobbyists to assist the administration’s in-house lobby team’s attempt to defeat both bills.

The internal documents referred to in this report are minutes of meetings of the CSU system’s chief administrators and business officers (CABO). They were obtained and analyzed by the California Faculty Association. The CABO group includes Vice Presidents of Administration and Finance from each campus, the CSU system’s Chief Financial Officer, Vice Chancellor of Human Resources, and a number of other Chancellor’s Office executives and high-level managers.

Please see the entire 25-page Special CFA Report at: http://www.calfac.org/special-report-august-2010

CONCLUSIONS

Extent of Questionable Practices in Campus Foundations and Auxiliaries Unknown Without Greater Transparency

University-related auxiliary organizations have become a commonplace throughout academia across the U.S. As in the California State University, they manage large sums under different rules than those that apply to the universities they serve; most are subject to limited oversight and do not have to respond to questions from the public about how

AG investigates CSU auxiliaries

Attorney General Jerry Brown’s office began investigating CSU auxiliary organizations in 2009, after questions were raised by CFA and others. Last summer the first two reports were issued, about University Enterprises, Inc at CSU Sacramento and about the CSU Stanislaus Academic Foundation.

Regarding UEI, the AG report said a kitchen remodel and expensive stove for CSU Sacramento president Alex Gonzalez was an inappropriate use of foundation funds, but that it had depreciated to the point that further action was moot.

The Stanislaus Foundation drew national attention after refusing to disclose the amount it would pay Sarah Palin for a fundraising speech. The secrecy raised flags. Although the AG said based on a cursory look no laws were broken, the Stanislaus Foundation is badly managed and should take quick corrective action.

The AG’s audit concluded:

• An independent auditor’s recommendations were not implemented (in some cases for three years following the recommendation).
• The Foundation Board

has not consistently acted to adequately protect charitable assets under its control (failing to protect assets from possible waste and diversion).

• The Board failed to manage fundraising activities administered by outside, for-profit groups on the Foundation’s behalf.
• The Board does not appear to fully understand its duties and responsibilities under applicable law (which can lead to misclassification of funds).

It is expected that other auxiliary organizations will be the subject of future reports from the Attorney General’s office. The Sonoma State Academic Foundation came under fire last year when the Santa Rosa Press Democrat discovered the foundation had made personal loans to the county’s largest commercial land developer, loans that defaulted causing cancellation of student scholarships.

See the Attorney General report issued to date:

“Brown Requires Improved Management of CSU Stanislaus Foundation,” August 6, 2010

they collect, hold or use funds that most citizens assume are meant to provide students with a quality education.

Pablo Eisenberg, a senior fellow at the Georgetown Public Policy Institute and a columnist for *The Chronicle of Philanthropy*, wrote of public university foundations in the United States:

“What we do know is that many are not transparent and publicly accountable; allocate substantial funds to supplement CEO and senior administrators’ salaries and benefits; provide superfluous benefits unrelated to academics such as country club memberships, leased cars, housing allowances, housekeepers, spousal travel, lawn care and other perks to coaches and administrators; engage in self-dealing relationships with their trustees and university regents; and pay their executives high salaries.”

Here in California, CSU faculty members have frequently tried to investigate questionable practices they suspect are taking place within CSU auxiliaries and foundations. However, since the auxiliary records are still shielded from public view, most allegations are difficult or impossible to substantiate or disprove.

The CABO minutes analyzed in this report offer an unambiguous admission by top CSU executives that there are solid reasons to question the thick curtain now shielding activities of the public university’s foundations and other auxiliary organizations from public scrutiny.

Specifically, these documents reveal that:

- Public, taxpayer-funded dollars intended to support the California State University system are inappropriately held in accounts controlled by the university’s auxiliary organizations.
- The CSU system’s Chief Financial Officer appears unable to determine if some funds under his control are public, state funds or not.
- Auditors informed the Chancellor about the incorrect accounting practices at least six months ago but his executives have not yet corrected them.
- The Chancellor’s Office administration believes the problems continue unresolved because of a lack of procedures. The Chancellor’s Executive Order 1000, dated July 1, 2007, required procedures for how to properly manage and account for its funds to be written by the Chancellor’s Office. Three years later, the procedures have not been finalized.
- For more than a year, the Chancellor has been planning to find a way to stop auditing the financial statements of the 23 campuses.
- The CSU Chancellor has spent hundreds of thousands of dollars to keep the auxiliaries private and to continue shielding their operations from public view.

The findings outlined in this report also raise important questions. For instance:

- What is the extent of the financial mismanagement?
- How much public money is being held in the non-public accounts?
- How many and which campuses and auxiliaries are involved?
- Why are the top CSU executives who are in charge of the finances of the system unable to determine where public funds end up?
- Why are CSU executives unable to identify which dollars come from state funds and why do they believe this is a judgment call?
- Are student fees also being held and/or used inappropriately?
- How long have these problems been going on and how long has the Chancellor’s Office known about them?
- Why have these problems not been reported to the CSU Board of Trustees?

**Further Investigation and Corrective Action Needed**

Since the records of the auxiliary organizations are protected by a loophole that exempts them from the California Public Records Act, the extent of the financial mismanagement may remain unknown to the Legislature and taxpayers. To correct this situation, at least two actions should be taken:

- SB 330: Transparency (Yee) has been approved with strong bipartisan support in both houses of the Legislature (71-0 and 22-10) and awaits the Governor’s signature. Gov. Schwarzenegger should sign SB 330 and close the loophole protecting the public university auxiliary organizations.
- The Joint Legislative Audit Committee should investigate and instruct the State Auditor to conduct an audit of the California State University’s revenues and expenditures in order to determine the causes and scope of the mis-classification of state funds entrusted with the CSU.
Frank Stricker’s comprehensive view of poverty presents the history of poverty and its causes in the United States in a multidimensional style.

Stricker critiques various theories regarding the causes of poverty and offers reasons for the failure of anti-poverty programs. He sets forth proposals to effectively cure poverty and challenges those theorists and programs which do not recognize that poverty is structural to United States capitalism.

In the introductory chapter, Stricker explains the purpose of his book, which is to describe all aspects of poverty, explain why there is poverty and offer alternatives to alleviate poverty.

Stricker argues that if officials acknowledged that the U.S. is a class society, it would lead to more effective programs. In the U.S., liberals, as well as conservatives, cannot acknowledge that poverty is the result of a polarized class society. That failure has doomed most anti-poverty programs.

Stricker explodes the conservative myth that poverty is caused by “foolishness and laziness” among the poor with strong empirical evidence. He challenges anecdotes that welfare encourages social dence. He challenges anecdotes that “foolishness and laziness” among the poor with strong empirical evidence. He challenges anecdotes that welfare encourages social dence. He challenges anecdotes that “foolishness and laziness” among the poor with strong empirical evidence. He challenges anecdotes that welfare encourages social dence. He challenges anecdotes that “foolishness and laziness” among the poor with strong empirical evidence. He challenges anecdotes that welfare encourages social dence. He challenges anecdotes that “foolishness and laziness” among the poor with strong empirical evidence. He challenges anecdotes that welfare encourages social dence. He challenges anecdotes that “foolishness and laziness” among the poor with strong empirical evidence.

In contrast to the U.S., other nations have restrained capitalism through government subsidies for small farmers, universal health care, government-created and -sponsored jobs, protection of unions, and child care. While medical costs in the U.S. are higher than in any other country, U.S. residents are not as healthy due to inefficiencies built into the system.

Although Stricker’s book calls for affordable college and college-level vocational education, it generally omits the importance of higher education as a major means to alleviate poverty. This omission is striking since Stricker is a long-term professor at a primarily blue-collar CSU campus, a long-time leader of the California Faculty Association, and a strong advocate of both the working class and higher education.

The CSU and California Community Colleges have been the primary means by which working-class people have had access to higher education.

That being said, this book offers extensive material to begin a meaningful dialogue on what is needed to challenge the marked inequalities in the U.S.
Gov. vetoes accountability

Senate Bill 330 would have provided much-needed transparency in CSU foundation and auxiliaries

For the second year in a row, the governor has vetoed legislation for greater transparency in California’s higher education institutions.

Senate Bill 330 would have required foundations and other auxiliary non-profits connected with the state’s public universities and colleges to widen the scope of accountability for how the CSU gets, spends, manages – or in some cases hides – its money.

The bill was authored by Senator Leland Yee (D-SF) and co-sponsored by CFA and the California Newspaper Publishers Association. Several well-publicized scandals have highlighted the shell game some campus administrators play with state resources. The money hidden in these auxiliaries is huge. By the CSU Chancellor’s Office’s own admission, 20 percent of the CSU’s $6.7 billion budget, or $1.3 billion, is held in some 90 auxiliaries, and out of public view.

The governor vetoed a similar bill last year, saying it could scare off donors and volunteers by compromising their privacy. CFA and Yee amended SB 330 to exempt most people who wish to remain anonymous, and to keep donor lists and foundation research confidential.

SB 330 and CSU foundations were drawn into the national spotlight last spring when it was announced that former vice-presidential candidate Sarah Palin would speak at a private event marking CSU Stanislaus’ 50th anniversary to benefit the campus foundation.

The foundation negotiated a speaking contract with Palin, but refused to disclose her compensation. Foundation leaders, which include university executives, claimed they had no documents pertaining to her June visit. After emails written by administrators regarding the visit were uncovered, they claimed the foundation was exempt from California’s public records law despite being staffed by taxpayer-funded employees.

Students later found pages 4 through 9 of the Palin contract in the administration’s dumpster, which showed her visit requirements included a hotel suite, first class airfare or a private Lear jet, pre-screened questions, and “bendable straws.” After a lawsuit filed by the open government group CalAware, a judge ruled the CSU acted illegally and forced them to disclose the complete contract. She received $75,000 plus expenses.

This and other incidents at CSU and community colleges make it abundantly clear reform is needed. Plans are underway to introduce an amended bill next year.

— Brian Ferguson, Managing Editor

Lecturers meet in Quebec

The CFA contingent at the 9th bi-annual conference of the Coalition of Contingent Academic Labor included (left to right) Chris Cox (San Jose), John Yudelson (Channel Islands), Mayra Besosa (San Marcos), Leticia Ocaña (Los Angeles), Jonathan Karpf (San Jose), Kathie Zaretsky (San Jose) and Sheila Tully (San Francisco).

Faculty off the tenure-line from the U.S., Canada, and Mexico met in Quebec in August to generate and share strategies to combat the increasing casualization of academic labor worldwide. For more information, see http://cocalinternational.org

Keep up to Date. Stay Informed. Be Active.

Sign up for CFA Headlines

Delivered to your inbox with breaking news and information of interest to CSU faculty members.

Go to: www.calfac.org/cfa-headlines
Budget

By now you know a total of $365 million was added to our CSU budget—$199 million to base state funding, $60.6 million in enrollment growth dollars, and $106 million in federal “stimulus” funds. Last January, CFA set a goal for a $365 million dollar increase in the CSU budget and—though it is 100 days late—that money is in the budget.

The extraordinary work of so many in the CSU community led to this turnaround. Trust me; Arnold Schwarzenegger did not propose more funds for public higher education because it reflects his political values.

No. We made higher education the governor’s and legislature’s priority by raising the profile and the importance of public higher education with the public—through two years of work on AB 656; the amazing job turning out 35,000 CSU faculty, staff and students for the March 4 National Day of Action for Public Education; endless lobbying in Sacramento and the legislative districts; emailing; and writing letters and op-eds.

And what of the CSU’s designated leaders? While we were taking it to the streets and the news media, fighting for CSU funding, the Chancellor invested his political capital to get SB 330 vetoed.

What a stark difference in leadership.

Now we must make sure the administration does the right thing with the money—restore academic reductions they claimed were budget-driven, especially class sections; hire faculty and staff; restore assigned time; help us to provide the quality education we do so well.

We must hold them accountable for spending the state dollars on instruction and student services.

Happily, we got the legislature to provide a tool that helps. “Budget Supplemental Report Language” requires the CSU and UC administrations to report to the legislature on how they spent the 2010/11 budget augmentation.

The report “shall include, but is not limited to, (1) amount of the General Fund augmentation provided for classes, students services, libraries and executive administration; and (2) number of additional students enrolled and number of additional courses offered with the General Fund augmentation relative to the 2009/10 level.”

We accomplished our goal because elected leaders like Assembly Speaker John Pérez stuck with our budget number through the entire budget process. That tenacity highlights the importance of electing people who can understand our values and issues.

Restructuring

Another area of our work is around “Deliverology,” to develop a national plan to oppose top-down, poorly thought out attempts to restructure our universities.

While the chancellor runs around talking restructuring the university from his point of view, CFA is talking with organizations around the country about ways to achieve positive change—“reforms” that actually are improvements. We developed a draft statement of principles for the discussion: “Quality Education for the 21st Century” (see page 12).

We invite you to participate. Please read the statement and send your comments.

CFA is not an organization that shrinks from challenges. Looking back over the last decade, it is clear we could do so much because we stayed unified; we focused our energy on the real obstacles and important fights; we took chances on things that some said were long shots. We have been bold.

While we see signs of a turnaround and reasons for optimism in the budget arena, this year will bring new challenges. In bargaining our contract, where the stakes are so high and the threats so real, let us remember the most important lesson from these years—if we stick together we can win for the faculty, win for the university, and equally important, win for our students! ▲

Join CFA online at: www.calfac.org/join-cfa

BARGAINING from Page 8

CFA has bargained before, learned from other unions, and seen our share of high-priced management consultants across the table. No one is confused about the long road ahead; there will be many turns, some of them unexpected.

The right to a union and the requirement for employers—even chancellors of large university systems—to bargain in good faith with employees is a key freedom, enacted into federal and state labor laws. So is the right of employees organized into a union to express their views to that chancellor.

We will all be affected by the outcome, and by sticking together, with patience and unity, we will get through yet another difficult phase.

We must succeed, for the sake of one another and for the defense of the quality education we need to give to generations of college students today and in the future. ▲

— John Travis
Diehr re-elected to CalPERS Board

George Diehr was re-elected this month to the CalPERS Board of Administration with 77.6% of the votes. Diehr is a CFA leader, a CSU San Marcos faculty member in management science, and the CalPERS Board vice-president.

Diehr sent a message to the CSU faculty and CalPERS members who supported him: “Thank you for demonstrating your support and confidence by re-electing me to serve you for a third term on the CalPERS Board. We face substantial challenges, but you can count on me to devote the time, energy, and creativity to ensure our benefits both now and into your retirement.”

The CalPERS Board sets policy and oversees the administration of retirement and health benefits as well as the investment of fund assets.

UC, CCC heads resign Calif. Chamber of Commerce, what will Charlie do?

The president of the University of California and the chancellor of the California Community College system resigned in September from the California Chamber of Commerce board of directors after the organization backed Meg Whitman’s bid for governor.

Which raises the question: what about the CSU’s Chancellor Charles Reed?

Jack Scott, a former Democratic state senator from Pasadena who was appointed CCC chancellor by Gov. Arnold Schwarzenegger, announced his resignation in a letter to chamber President Allan Zaremberg after the endorsement vote.

“Although it would have been my preference to remain on the board, in light of the Chamber’s action today to engage in electioneering, remaining on the board is no longer possible,” Scott wrote in the letter.

UC President Mark G. Yudof also suspended his membership. “As the president of a public university, I cannot take sides in electoral politics,” Yudof wrote in a letter to Zaremberg. “I must preserve my politically agnostic status.”

Chancellor Reed, who also sits on the Chamber board, has yet to take action or release a statement regarding the Chamber’s endorsement.

View the new Calfac.org

In late August, CFA launched a new improved version of calfac.org

The team that worked to design this site firmly believes the new site will reinforce the union’s position as a rich source of information for faculty members and higher education supporters.

“Our members and their needs are vital to us. This website reflects our commitment to keeping our members and readers up to date with current information they can use to support their work and their goals,” said CFA President Lillian Taiz.

Visit the site today at www.calfac.org

CFA treasurer honored as ‘Democrat of the Year’

CFA Treasurer Peter Kreysa was honored in June as Democrat of the Year in Assembly District 42.

Kreysa, who is a professor of professional studies at Cal State Long Beach, has been actively involved in both CFA and the California Democratic Party for many years.
California’s Commitment

California’s Master Plan for Higher Education celebrates its 50th birthday this year. The Master Plan created the state’s three-segment system of public higher education during a visionary moment in our history.

Messages from well-wishers...

Happy 50th Birthday California Master Plan for Higher Education. I salute you because you made it possible for me to go to college even though I graduated high school the same year my father was downsized out of his job. I salute you because, even in these terrible economic times, you still make education possible for my students. Live long and prosper, Master Plan!

Eileen V. Wallis, History, Cal Poly Pomona

Happy 50th Birthday California Master Plan for Higher Education. In the midst of chaos, you are the reason that so many Californians can achieve their dreams and participate in a brighter, more stable future.

Winny Dong, Engineering, Cal Poly Pomona

Happy 50th Birthday California Master Plan. You are the dream and I live for the day when you are truly implemented—California’s future depends on it.

Theresa Montaño, Chicana/o Studies, CSU Northridge

A grateful “Happy Birthday” from those of us who would never have had a higher education without the Master Plan and a pox on those legislators and governors who have refused to honor it with their support in recent years!

Milt Dobkin, Retired, Humboldt State

Our Master Plan for Higher Education helps to make equity, access, and equal opportunity a reality for Californians. By doing so, California gains the educated workforce needed to be an economic power in the 21st Century. What a wonderful birthday to celebrate.

Charles Toombs, Africana Studies, San Diego State

You have made enormous contributions in promoting educational opportunity and equality. In honor of your birthday, we renew our commitment to ensuring that the educational dreams of the children, families and communities who depend on public higher education are realized.

Rita Ledesma, Social Work, Cal State Los Angeles

California Faculty Association
5933 W. Century Blvd. Suite 220
Los Angeles, CA 90045