



FOR PROFIT HIGHER EDUCATION AND THE CAL STATE UNIVERSITY: A CAUTIONARY TALE

FACT SHEETS

- The Private For-Profit Model of Higher Education
- **The “For-Profit” Model in the CSU: Executive Compensation**
- The “For-Profit” Model in the CSU: Soaring Tuition
- The “For-Profit” Model in the CSU: Expansion of Extended Education Operations
- The “For-Profit” Model in the CSU: Cal State Online
- Conclusion

CSU EXECUTIVES ARE HIGHLY COMPENSATED

- Last year, 29 CSU executives were paid between \$240,000 and \$451,000 in salary. In addition, each receives a \$12,000 per year auto allowance and presidents get a house or housing allowance of \$50-\$60,000 per year.
- The CSU Chancellor and Board of Trustees continuously search for ways to increase executive pay. The Chancellor repeatedly complains that executive compensation is unfairly restricted by laws that cap pension benefits at \$245,000 per year.
- Lawmakers and other observers believe CSU executive pay is extreme, both in absolute terms (e.g., a \$100,000 raise to a campus president last year) and in the context of other high-level public service.
 - “At a time when the state is closing its courts, laying off public school teachers and shutting senior centers, it is not right to be raising the salaries of leaders who – of necessity – must demand sacrifice from everyone else.” – Gov. Jerry Brown.
 - “Top-level CSU employees ought not to be given raises on the backs of higher student fees. That’s unconscionable.” – Sen. Elaine Alquist
 - The majority of the CSU board of trustees is out of touch with reality, and that’s why we need legislation to take discretion away from them.” – Sen. Ted Lieu

RELENTLESS PURSUIT OF HIGHER PAY FOR EXECUTIVES AND TOP MANAGERS

- The CSU Chancellor is unapologetic about executive raises: “Nothing that I have done in the 14 years that I have been here have I spent more time on that this one issue [executive compensation].”
- Under Reed’s leadership, salary for campus presidents has increased 71% and his own salary rose by 66%.
- CSU spent over a million dollars on a consulting firm to justify its approach to executive pay. The Governor said this about the consultants’ conclusion that CSU execs need raises: “I think they’re rigged...They create a false paradigm that ensures that college presidents are always ‘underpaid’.”

PROFITING AT THE EXPENSE OF STUDENTS AND INSTRUCTION

- Between 2008 and 2011, CSU cut expenditures on instruction by 4%, or \$88 million.
- During Reed’s tenure as Chancellor, there has been no growth in the number of permanent faculty positions even though enrollment grew by 18% and an entire new campus was added to the system during this time.

WRONG PAY MODEL FOR PUBLIC INSTRUCTION

- The Chancellor’s Office described current executive pay as “bargain basement” revealing how out of touch that office is and also revealing to whom they compare themselves: CEO’s of For-Profit corporations.
- CSU execs are not and should not be driven by profit motives or compensated like corporate CEO’s; they are public servants.
- **When CSU leaders choose to charge more to students while lining their own pockets, they violate the both the mission of the CSU and the public trust.**