

April 3, 2023

CSU Board of Trustees
The California State University
c/o Leticia Hernandez, Secretariat
401 Golden Shore
Long Beach, CA 90802-4210

Dear Trustees,

We served as the CFA representatives to the Faculty Compensation Study steering group. Because of the lack of details concerning the Mercer team's analysis and lack of evidence supporting assumptions made by the Mercer team we cannot, at this time, in good conscience endorse the findings of the study which were presented at your March meeting.

At the outset, our steering group met weekly and largely continued to do so until mid-August 2022. The steering group participated in the vendor selection process and recommended that Mercer be engaged. We devoted significant time and effort to working with Mercer's consultants to help them understand the CSU faculty environment and CSU's compensation structure. In this stage of the work there was extensive and interactive participation by CFA and all members of the group in designing and implementing the study.

During the planning stage of the study the group reached consensus on an iterative development of analysis models, making use of the statistical and modeling expertise of our faculty. On August 12, 2022, we were shown an early version of the results of an internal analysis that showed the effects academic discipline, campus, years of experience, and classification had on faculty salaries. We had a collaborative meeting with the Mercer team at that time, and we suggested some changes with respect to the methodology. Mercer consultants were still learning the nuances of the salary structure in the CSU, so it was unsurprising to see some methods of analysis that might not be appropriate for the CSU. Mercer consultants listened to our feedback and agreed to make changes. At the end of the meeting, we had an understanding that we would see updated results of the data analysis so we could review to see if there were any other problems.

In August 2022, Interim Chancellor Koester "put a hold on the study" and altered the composition of the group. From that point on, the steering group did not have the same access to the Mercer team's preliminary analyses. Going forward, there were far fewer meetings and far fewer opportunities for the steering group to engage on issues with the Mercer consultants. To date, we have still not seen the data the Mercer team used to generate its analysis, nor have we had access to the raw results of the regression analyses and models.

We should note that in the portion of the salary study concerning the faculty and management opinion sessions that took place in November 2022, we were provided with extensive access to both the planning and to the data responses. For that limited part of the study, we were adequately consulted and provided data.

Unfortunately, the same cannot be said for the data involved in the salary analysis that looked at the internal salary structure or the market comparisons. We have not seen or had access to the mechanisms or findings of the internal salary equity study or the external market comparison.

Following the pause initiated by Interim Chancellor Koester, we did not see updated analyses until late February when we saw a version of the PowerPoint presented to you. At that time, our initial impression was that something seemed off, and our suspicion was that 2022's 4% general salary increase was counted twice. In this instance we requested that Mercer consultants take a second look, and it turns out we were correct. We would like to continue our inspection of the analysis and findings. We did not have and have not had the opportunity to review in detail the regression analysis or the models developed for the study. This lack of transparency flies in the face of the standards and practices our faculty abide by in our research.

Here are a few of the concerns that we continue to have about the methodology used in Mercer's analysis:

- The Mercer team adjusted the salaries of faculty at universities used as comparators upward by 3% because there had been a time lag since that data had been collected. At the same time, Mercer consultants used the actual data of CSU faculty which included recent 7.1% general salary increases (4% retroactive for July 2021 and 3% for July 2022), Service Salary Increases, and Post-Promotion Increases. Mercer representatives justified the 3% adjustment of comparison data by claiming it was what they had seen in the market. In this time period however, inflation has been at 9% and higher, and many educators have bargained for raises higher than 3%. While we respect Mercer's role in this process, we have seen no data to justify why 3% accurately represents market adjustments.
- The Mercer study found "minimal differences" in salary based on ethnicity, race or gender. However, Mercer makes the assumption that academic discipline and classification (tenure track or lecturer) are always "legitimate" drivers of salary. As discussed during the March Board session, gender and ethnicity/race are not evenly distributed across classifications or disciplines. Lecturer faculty are more likely to be female than tenure track faculty, and lecturers are typically paid less than tenure track faculty. This disparity leads to women being paid less than men in the CSU on the whole. Likewise, there are gender and race/ethnicity variances across disciplines that were not identified or acknowledged in the Mercer presentation. We expressed concerns over these factors when we first saw a version of Mercer's slide presentation in February, but those concerns were not addressed.
- The Mercer report also highlighted the value of CSU benefits. However, the Mercer presentation did not point out that a significant portion of CSU faculty members are not eligible for the benefits as presented to the Board of Trustees. Many part-time lecturers are not eligible for health benefits and an even larger percentage of lecturers are not eligible for pension or retiree medical benefits. Those lecturers are also typically among the lowest paid in the system even after adjusting for their part-time status.

We appreciated the opportunity to participate in the salary survey steering committee, and as members of the Committee, we tried to make sure that the results would be unimpeachable. However, without seeing the details of the analysis, we cannot endorse the results despite the representations made about CFA's role at the BoT this month. In academic terms, the report from Mercer has not been peer-

reviewed. We have requested copies of the analysis and data used, and hopefully they will be provided soon.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Filling', with a long horizontal flourish extending to the right.

Steven Filling
Professor of Accounting, CSU Stanislaus
Member, California Faculty Association

A handwritten signature in blue ink, appearing to read 'J. Conwell', with a long horizontal flourish extending to the right.

Jason Conwell
Representation Specialist
California Faculty Association