Lori Lamb:

I am happy to provide an update to the board on the status of the negotiations between the CSU and the CFA, as well as our planning for the anticipated concerted activity of a strike.

The financial proposals between the parties remain unchanged and the CFA and CSU continue to be roughly $70 million apart in terms of a potential settlement. And that number increases to more than $110 million when the CSU considers the necessity of funding the “me too” contractual obligations in other collective bargaining agreements if we were to go to the 6.2% (not just 5%) ask from CFA this year.

Some key points we need to reiterate and that have been made throughout this process include:
We value our faculty, and all of our employees, and have demonstrated a strong commitment to compensation; over the last 4 years, in alignment with the Governor’s budget plan, we have or would like to invest 8.34% in compensation increases. For faculty, just in the past three years compensation investments alone have been or will be in excess of $121 million, and we have also made significant non-compensation investments in faculty support and success, things like research, start-up costs, moving, and promotions, exceeding $100 million. In addition, we must remember the excellent health and other benefits our faculty and staff receive – that are virtually 100% paid by the CSU.

Is this enough? No. And it is not for our other employee groups either. But it is movement in the right direction, one that we seek to continue in the years ahead.
We recognize the stories we hear from faculty regarding financial concern are real, and particularly for part-time employees we acknowledge the pain so many of them have in making financial ends meet. We understand faculty have lost purchasing power – but so have all other employees and all other Californians for that matter. And we know the multiyear timeline it took for the recession to play out and hurt the economy, businesses, families and communities including the CSU takes a multiyear plan to dig out from. That is just common sense when the state reinvestment in the CSU has still not achieved the pre-recession value by several hundred million dollars.

But you, as a Board, must balance many competing priorities for limited resources. As you know, 61% (up from 59% just last year) of our total resources as a system are
spent on compensation and benefits for our employees. These are essentially fixed costs and we have many other fixed costs such as infrastructure, technology, buildings, and equipment. The CSU also now has the responsibility to fund our own deferred maintenance – estimated at $2.6 Billion -- and any new construction. We must plan for this. We also have thousands of qualified students that we are turning away because we don’t have the resources to serve them – breaking the social compact with the State of California.

We continue to maintain that on balance of all our responsibilities and needs and financial capacity, 2% for faculty is appropriate. It is the same amount all other employees and their unions have accepted and/or received. This 2% is based on the Board’s budget that was funded by the legislature and governor.
We have said before our compensation challenges were created over multiple years and we need a multi-year solution. We cannot solve this in one year. Particularly where, as now, we are $\frac{3}{4}$ of the way through this fiscal year and the bulk of our operations and spending are behind us. At this stage of the year students have enrolled, courses have been scheduled or taught, and faculty have been hired to teach those courses. Our operating budget is fully committed. We need to find a path forward that acknowledges this reality and does not result in a budget cut to every one of our campuses.

The CFA is often speaking about $2.1$ Billion in reserves that are available to spend on compensation. This is simply inaccurate.
Roughly half of that amount is for auxiliaries, and we are legally restricted from using these funds for faculty compensation. From there, there are both capital and operating reserves. Limited operating reserves that exist are “one-time” funds that cannot responsibly be spent on recurring obligations such as employee compensation. The Board must also be prudent stewards of its resources. We need some measure of reserves – generally six months operating expenses – to be prepared for economic changes and unanticipated events or emergencies. What we have now constitutes roughly two months’ worth of expenses. This is on the lean side, and we need to grow this amount, not reduce it. Otherwise, we jeopardize our credit rating – which jeopardizes bond financing and the cost of borrowing money increases.
As a result of these factors, we are still, unfortunately, in the formal fact finding process with the CFA. Both parties submitted briefs to the neutral fact-finder on February 18, 2016. The fact-finder has indicated we might expect a decision in the middle to late March. That decision will be precipitated by a draft decision which the designated representatives for CFA and for CSU will have the opportunity to review and provide feedback. Thereafter a formal recommendation will be made by the fact-finder. It is important to remember that the fact-finder’s recommendation is not binding on either party. Once provided by the fact finder, there will be a 10-day quiet period wherein the parties are required to review the report and its recommendations and continue to attempt to resolve the matter. If there is no resolution, and after the 10-day period expires, the CSU can implement its last best offer. And the CFA can begin concerted activities.
To again provide clarity on this topic, the funds the Board budgeted for a 2% compensation pool are available now to pay to faculty in this process, retroactive to July 1, 2015. Once authorized it will take approximately 60-90 days through the State Controller’s office to process the back pay and recurring increases, meaning faculty can likely expect to see some increases in July or later. We all wish it were sooner so that we could get money into the pockets of faculty.

Because the CFA has announced its intention to engage in a 5-day strike on each campus in April, we are well into campus preparations for that potential strike.
We are hopeful, of course, that a resolution can be reached, and will continue to negotiate in good faith with CFA at the table, but in light of their announced strike, we are communicating with campuses and working to plan for the potential strike. By now you should have seen the Frequently Asked Questions that are available on the calstate.edu homepage; and campus presidents have issued communications to students, faculty and others regarding campus operations during the strike.

We continue to communicate with other non-faculty unions regarding their obligations and rights during the strike. Specifically, all our non-faculty unions have current agreements with us which specifically prohibit them from engaging in any “sympathy” strikes and, instead, require them to fully perform their duties during any strike by another union. Thus far, and as we would expect, the other
unions are cooperating fully with their contractual obligations.

Also, Chancellor White continues his campus visits and, as you can imagine, the issue of the strike often comes up there. Tim is doing an excellent job of explaining our position, setting facts straight and challenging everyone to think about whether this potential strike is really in the best interests of our students. Our concern runs deep, particularly for our most vulnerable students.

A significant concern is getting correct information out to our campus communities about what to expect if a strike occurs. We certainly respect the right of faculty to strike if it comes to that. However, it is incumbent on all of us to make sure that it is done in a manner that is safe and respectful to
everyone, and does not interfere with the ability of students to complete courses or graduate. And students cannot be forced by faculty or others to support either the CFA or the CSU position, nor be required to participate in the strike.

We are working hard to make some things clear:

- Campuses will remain open during any strike. This Board has delegated the authority to manage campuses to the Presidents. It is a President, not CFA, who decides in consultation with the Chancellor, if a campus will close and for what reason. The CFA cannot and does not have authority to close our campuses. Indeed, students live on our campuses, eat in our dining halls, obtain medical treatment in our health centers, and, of course, many classes will be held, research and creativity activity will continue, as will athletic contests, civic engagement and more. Not all faculty will strike
as not all are members of the CFA – indeed less than 60% of our faculty statewide are members of the CFA.

- Our primary focus on campuses is always the health and safety of our students, faculty and staff. That will not change during a strike. Our University Police and campus security will operate at full capacity to assure our campuses are safe and healthy environments for all.

- All administrative and necessary services will be available. One area we are particularly concerned about is sustaining mental health counseling services for our students during a strike. Each campus will have a plan for providing these critical services to our students.

Some information specific for students that is important to communicate accurately includes:
• Check with your faculty. If a class is being held the student should attend. Normal attendance policies apply.

• Students cannot be compelled, by either side, to take a position on the strike. If a student is feeling pressured they should contact their Student Affairs office.

• Students cannot be compelled to walk picket lines, or otherwise be involved in the strike by faculty. If they choose to do so, that is their right. However, they remain responsible for their academic obligations.

• This is different, of course, from those students who are hired by the CFA as employees and are paid to support the CFA – outside of the classroom.

• There has been some controversy around discussions by faculty of the strike in the classroom. We want to make things clear. Certainly faculty can and should advise students whether their classes or labs will be held. However, just like advocating for a particular
political position or other purposes not authorized for state use, it is unlawful to use class time to advocate for or promote a strike. Class time is for teaching and related academic activities. This is not an academic freedom issue, but a use of state resources – the classroom – for a purpose that is not authorized.

- Faculty and students remain responsible for course outcomes. Thus, if a student’s class is held, they should attend. If alternate work is assigned, they should make sure and complete the assignments.

There are also real impacts for faculty members that should be acknowledged. The CSU starts with the premise that these are our faculty colleagues today, they will be during the strike, and they will be after the strike. Again, we respect their right to strike if it comes to that. We just want to make sure it is done in a responsible fashion that
complies with the law, assures safety for all and minimizes the impact on students, and maintains collegial working relationships within departments and campuses afterwards.

- If a faculty member chooses to strike, she or he cannot, by law, be paid. It would constitute a gift of state funds to do so. Accordingly, each faculty member will be asked to certify if they were on strike on any given day.
- A faculty member cannot engage in partial strikes, or strike part of a day then teach or do research for another part of the day. That would constitute an “intermittent strike” and does not fall within the definition of protected activity under the law.

To conclude, we remain hopeful about a potential resolution to this issue and are committed to bargaining with the CFA in good faith at the table. However, we must plan for a potential strike since logistics are complex. Campus
planning is underway and we hope to do everything within our power to minimize the impact on our students and to provide critical services should any strike take place.

What is most important to say, however, is that it is unfortunate the amount of energy ALL of us are spending on planning for a strike. I wish we were ALL redirecting these efforts and our energy to collectively advocate to the legislature and the governor to properly fund the CSU. We recognize this is a multi-year effort to restore and improve salaries, but we know we will have more success sooner with our faculty, staff and unions if we are all pulling in the same direction.

With that, Chair Garcia, I am happy to answer any questions the Board may have.