

July 20-21, 2015 CSU Board of Trustees Meeting Faculty Trustee's Report

Steven Stepanek

The summer meeting of the CSU Board of Trustees occurred on July 20-21, 2015. The July meeting of the Board of Trustees started with a one-day retreat for trustees, campus presidents and Chancellor's Office leadership. The focus of this year's Board of Trustees retreat was two fold:

- Provide an opportunity for trustees, presidents and high level Chancellor's Office leadership to better understand the CSU, its purpose and its audience; and
- Provide clarity of the next steps for the system.

As preparatory materials for the retreat, the "The Cornerstones Report" (http://www.calstate.edu/cornerstones/reports/cornerstones_report/) and the executive summary of the "Access to Excellence" strategic plan (<http://www.calstate.edu/accesstoexcellence/executive-summary.shtml>) were distributed. Having been a participant during the CSU gathering in Monterey to form the foundation of the 1996 Cornerstones project, I found it interesting to reflect on the continued relevance of the now 19 year-old document and the accuracy of the report's predictions, which formed the driving force for the project. Access to Excellence occurred as a strategic planning exercise 10 years after Cornerstones. Again, many of the points identified by Access to Excellence remain relevant today. It is because of the continued relevance of these documents that they were the foundation for this retreat's discussions. Chancellor White started the conversation by stating that we need to look towards the next ten years with time to degree, diversity, and quality of environment being critical issues but, above all, we need to take the steps necessary to insure student success and alumni success. White requested the retreat breakout discussions focus on identifying 4 to 6 fundamental principles as touchstones. From the notes that were taken during the retreat, a summary document will be developed over the next several months. During the "review of the day" session at the end of the retreat, some potential touchstones were identified:

- a. all students matter;
- b. CSU transforms lives of individuals and communities;
- c. quality leads to excellence and leadership;
- d. we are innovative and creative;
- e. the importance of faculty, staff and students in achieving our mission;
- f. "we are California's university."

In coming months there will be opportunities for discussion of the outcomes from this retreat by all concerned parties. Overall, I would rate the retreat as a success in its mission to better inform the many new Board members, campus presidents, and CSU leadership of our common goals within a framework of individual campuses each with a unique set of cultural / regional / discipline needs.

As background information, here are the policy goals from Cornerstones, followed by the 10 principles stated in the Cornerstones report:

Policy Goals – The CSU seeks to ensure:

- a. educational results
- b. access to higher education
- c. financial stability
- d. university accountability

Principles:

1. The California State University will award the baccalaureate on the basis of demonstrated learning as determined by our faculty. The CSU will state explicitly what a graduate of the California State University is expected to know, and will assure that our graduates possess a certain breadth and depth of knowledge together with a certain level of skills, and are exposed to experiences that encourage the development of sound personal values.
2. Students are the focus of the academic enterprise. Each campus will shape the provision of its academic programs and support services to meet better the diverse needs of its students and society.
3. Students will be expected to be active partners with faculty in the learning process, and the university will provide opportunities for active learning throughout the curriculum.
4. The California State University will reinvest in its faculty to maintain its primary mission as a teaching-centered comprehensive university. Faculty scholarship, research and creative activity are essential components of that mission.
5. The California State University will meet the need for undergraduate education in California through increasing outreach efforts and transfer, retention, and graduation rates, and providing students a variety of pathways that may reduce the time needed to complete degrees.
6. Graduate education and continuing education are essential components of the mission of the California State University.
7. The State of California must develop a new policy framework for higher education finance to assure that the goals of the Master Plan are met. This framework should be the basis for the subsequent development of periodic "compacts" between the State and the institutions of higher education.
8. The responsibility for enhancing educational excellence, access, diversity, and financial stability shall be shared by the State, the California State University system, the campuses, our faculty and staff, and students.
9. The California State University will account for its performance in facilitating the development of its students, in serving the communities in which we reside, and in the continued contribution to the California economy and society, through regular assessment of student achievement, and through periodic reports to the public regarding our broader performance.
10. The California State University campuses shall have significant autonomy in developing their own missions, identity, and programs, with institutional flexibility in meeting clearly defined system policy goals.

From Access to Excellence:

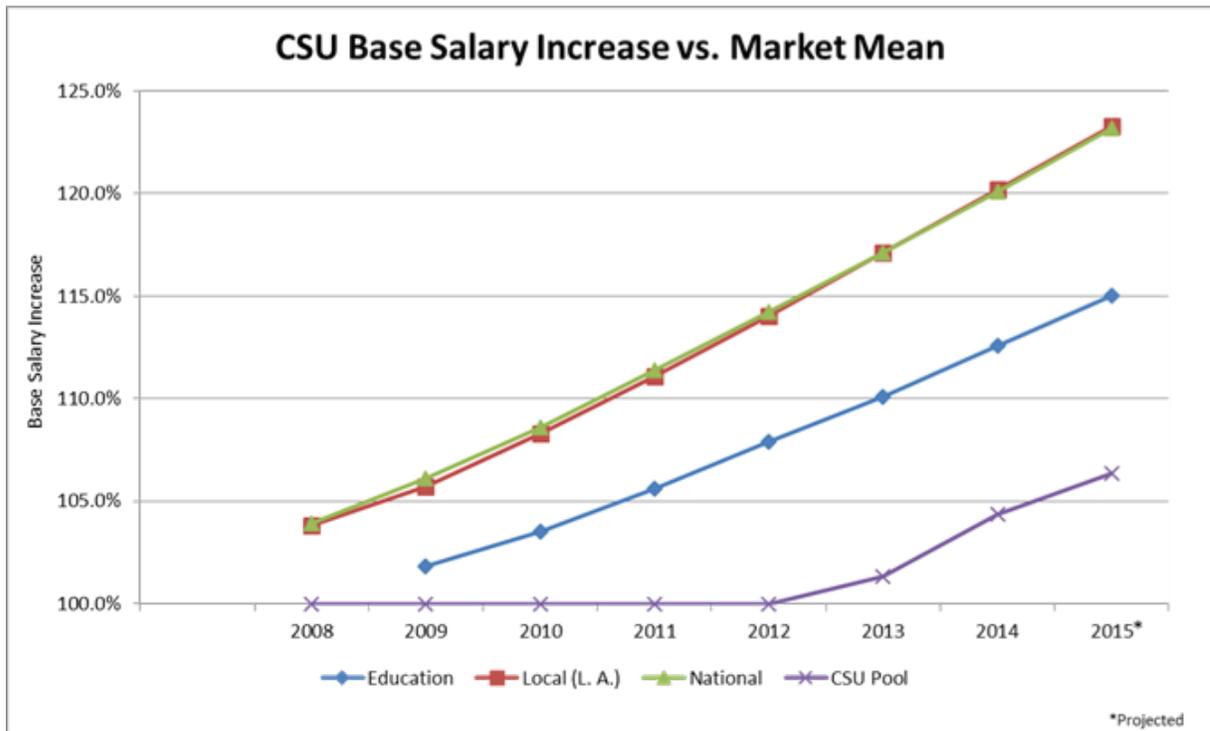
- Priorities for Public Policy Attention
 1. Public policy to grow expectations for degree attainment.
 2. Strengthened cross-sector (P-16) strategies and structures.
- Commitments from the CSU
 1. Reduce existing achievement gaps.
 2. Plan for faculty turnover and invest in faculty experience.
 3. Plan for staff and administrative succession and professional growth.
 4. Improve public accountability for learning results.
 5. Expand student outreach.
 6. Enhance student opportunities for "active learning."
 7. Enhance opportunities for global awareness.
 8. Act on the CSU's responsibility to meet post-baccalaureate needs, including those of working professionals.

During the full Board and committee meetings, the following items were discussed:

1. Before the start of the retreat, the Board convened to approve changes in 2015-2016 Board committee and leadership assignments resulting from the departure of Trustee Steven Glazer after his recent election to the California State Senate. None of these changes impacted my roles this year as committee chair of Institutional Advancement and committee vice-chair of Organization and Rules.
2. During most of the morning of July 21st the Board met in closed session to discuss the status of pending litigation and collective bargaining issues.
3. In the late morning of July 21st the full Board was called to order to confer the title of Trustee Emeritus on Steven Glazer with Steven and his wife in attendance.
4. The Committee on Audit convened to provide a status report on current and follow-up internal audit assignments. This is a routine report given at nearly every Board meeting.
5. The Committee on University and Faculty Personnel convened to hear a report on compensation for unrepresented employees – Vice Chancellor for Human Resources Lori Lamb reported that the Chancellor had authorized a two percent compensation pool for eligible unrepresented employees in the Management Personnel Plan and for Confidential employees effective July 1, 2015 with two percent being consistent with the negotiated 2015-2016 increase with all collective bargaining units not currently engaged in salary negotiations. As a committee action item, approval was given to the Chancellor's recommendation of a two percent compensation increase for system executives for fiscal year 2015-2016 and trustee recommendations of a two percent compensation increase for the Vice Chancellor and Chief Audit Officer and for the Chancellor for fiscal year 2015-2016 (these two positions report directly to the Board.)

The last item on the committee's agenda was information regarding compensation challenges faced by the CSU as background for future proposals on this topic. For 2012-2013, 41% of the CSU budget was spent on salaries and wages, 18% on employee benefits and 41% on all other operational expenses. Healthcare employer paid costs increased 10.2% in calendar year 2011, 4.3% in 2012, 9.8% in 2013, 3.0% in 2014 and 2.6% in 2015 for a total 5-year increase in CSU costs of \$110,825,000. The breakdown of total compensation expense for 2014-2015 by employee types: Faculty \$16.1 million (49.1%), Staff \$12.6 million (38.1%), Management (MPP) \$4.0 million (12.5%) and Executives \$100,000 (0.3%).

One very revealing graph on CSU base salary increases appears on the next page. It shows that while the increases in CSU salaries during the past two years are consistent with increases in education salaries and local (L.A.) and national salaries, the CSU has a three-year lag behind education salaries and a four-year lag behind local and national salaries. In the report to the Board the following appears under graph "In summary, the data offers a compelling story for the need to continue addressing compensation issues in the CSU. Despite efforts in the past three years, the gap between CSU compensation and other relevant markets continues to grow."



6. The Campus Planning, Building and Grounds Committee amended the 2015-2016 Capital Outlay Program so Fullerton can use Category II fees to make improvements to the East and West Practice Fields (students approved this expenditure); Fullerton can use capital reserves to proceed with the renovation of classroom and storage space in McCarthy Hall to create new laboratory space; and Sacramento can use campus auxiliary funds to renovate the existing Dining Commons Building from a cafeteria-style to a food court setting. The schematic plans for two projects were also approved: the design and construction of a new Sustainability Center at Northridge to be funded directly by Associated Student reserves; and the Engineering and Interdisciplinary Sciences Complex at San Diego to be financed through CSU Systemwide Revenue Bonds, auxiliary reserves and campus reserves with potential philanthropic funds to offset costs.

7. A joint meeting of the committees on Governmental Relations and Finance occurred to receive an update on legislation bills and to receive the Report on the 2015-2016 Support Budget. Regarding the CSU support budget, by the time the Governor signed the state budget the CSU was receiving our total request for a \$269.0 million increase in funding, bringing state support for the CSU to \$3.0 billion out of a \$115.4 billion state General Fund budget. This is the first time in nearly a decade that the CSU funding request to the state is being fully met. The increases to the CSU support budget include the following:

2% Compensation Pool Increase	\$65.5 million
3% Enrollment Demand (10,400 FTES)	\$103.2 million
Student Success and Completion Initiatives	\$38.0 million
Academic Facilities Maintenance & Infrastructure Needs	\$25.0 million
Information Technology Infrastructure Upgrade & Renewal	\$14.0 million
Mandatory Costs	\$23.1 million
Center for California Studies – cost increases	\$0.2 million
Total	\$269.0 million

In addition, the following one-time funding was provided:

Deferred Maintenance	\$25 million
California Dream Loan Program	(unspecified matching of state and CSU funds)
Basic Skills Partnership Pilot Program	(\$10 million in CCC budget)

8. The Committee on Collective Bargaining approved adoption of initial proposals for re-opener contract negotiations with Bargaining Unit 12 – SEIU Local 2579, English Language Program at CSULA, and initial proposals for first contract negotiation with Bargaining Unit 14 – SEIU Local 2579, English Language Program at CSUMB.
9. The Committee on Educational Policy received by consent the CSU Alcohol Policies, Other Substances and Prevention Programs: Seventh Biennial Report.
10. During the full Board meeting in the afternoon of July 21st, Board Chair Monville thanked President Mo Qayoumi, San Jose State, for his services at a number of CSU campuses upon the announcement that President Qayoumi was stepping down from his position as San Jose State President in August. Monville also welcomed the new CSSA officers and Dia Poole as the new president of the CSU Alumni Council. Monville announced that this would be his last year on the Board so he can spend more time with his family.
11. After the close of the open session, the Board continued to meet in closed session to discuss executive personnel matters.