

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY
California State University
Office of the Chancellor—Glenn S. Dumke Auditorium
401 Golden Shore
Long Beach, CA 90802

Agenda
January 25-27, 2016

Time*	Committee	Place
<u>Monday, January 25, 2016</u>		
8:00 a.m.	Call to Order	Long Beach Hilton
8:00 a.m.	Board of Trustees—Closed Session Executive Personnel Matters Government Code §11126(a)(1)	Long Beach Hilton
<u>Tuesday, January 26, 2016</u>		
7:30 a.m.	Committee on Educational Policy Subcommittee on Honorary Degrees —Closed Session Government Code §11126(c)(5)	Munitz Conference Room
8:00 a.m.	Committee on Educational Policy and Board of Trustees—Closed Session Honorary Degree Nominations and Subcommittee Recommendations, <i>Action</i> Government Code §11126(c)(5)	Munitz Conference Room
8:30 a.m.	Board of Trustees—Closed Session Executive Personnel Matters Government Code §11126(a)(1)	Munitz Conference Room
	Pending Litigation Government Code §11126(e)(1) City of San Diego, et al. v. CSU Anticipated Litigation – One Item	
9:30 a.m.	Committee on Collective Bargaining—Closed Session Government Code §3596(d)	Munitz Conference Room

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Tuesday, January 26, 2016 (cont.)

- 10:15 a.m. Committee on Collective Bargaining—Open Session Dumke Auditorium**
Discussion
1. Ratification of the Collective Bargaining Agreement with Bargaining Unit 6, the State Employees Trades Council-United, *Action*
- 10:45 a.m. Committee on Campus Planning, Buildings and Grounds Dumke Auditorium**
Consent
1. Amend the 2015-2016 Capital Outlay Program for California State University, Fullerton, California State University, Long Beach, California State University, Northridge, California State University, Sacramento, and San Diego State University, *Action*
 2. Approval to Set Aside and Vacate the 2007 Campus Master Plan Revision and Partially Decertify the Environmental Impact Report for San Diego State University, *Action*
- 11:00 a.m. State of the California State University Dumke Auditorium**
- 11:40 a.m. Luncheon**
- 12:30 p.m. Committee on Finance Dumke Auditorium**
Discussion
1. Sustainable Financial Model Task Force Draft Report, *Information*
 2. Report on the 2016-2017 Support Budget, *Information*
 3. 2015-2016 Student Fee Report, *Information*
- 2:00 p.m. Committee on Audit Dumke Auditorium**
Discussion
1. Assignment of Functions to Be Reviewed by the Office of Audit and Advisory Services for Calendar Year 2016, *Action*
 2. Status Report on Current and Follow-up Internal Audit Assignments, *Information*
 3. 2014 Quality Assurance Review – Status Report, *Information*
- 2:45 p.m. Committee on Educational Policy Dumke Auditorium**
Discussion
1. Recommended Amendment to Title 5 Regarding AB 2000, *Action*
 2. Overview of Financial Aid and State University Grant, *Information*
 3. The California State University Graduation Initiative and Student Success Updates, *Information*
 4. The Wang Family Excellence Awards, *Information*

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Wednesday, January 27, 2016

- 8:30 a.m. Committee on University and Faculty Personnel Dumke Auditorium**
Discussion
1. Executive Compensation: President – San José State University, *Action*
2. Executive Compensation: President – Sonoma State University, *Action*
3. Exemption from Post-Retirement Employment Waiting Period, *Action*
- 9:10 a.m. Committee on Organization and Rules Dumke Auditorium**
Consent
1. Amendment to the California State University Board of Trustees’ 2016 Meeting Dates, *Action*
- 9:15 a.m. Committee on Institutional Advancement Dumke Auditorium**
Discussion
1. Annual Report on Philanthropic Support for 2014-2015, *Action*
- 9:45 a.m. Committee on Governmental Relations Dumke Auditorium**
Discussion
1. Federal Agenda for 2016, *Action*
2. Sponsored State Legislative Program for 2016, *Action*
- 10:15 a.m. Board of Trustees Dumke Auditorium**
Call to Order
Roll Call
Public Speakers
Chair’s Report
Chancellor’s Report
Report of the Academic Senate CSU: *Chair—Steven Filling*
Report of the California State University Alumni Council: *President—Dia S. Poole*
Report of the California State Student Association: *President—Taylor Herren*
- Board of Trustees**
Consent
1. Approval of the Minutes of the Board of Trustees Meeting of November 18, 2015
2. Approval of Committee Resolutions as follows:

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Committee on Campus Planning Buildings and Grounds

1. Amend the 2015-2016 Capital Outlay Program for California State University, Fullerton, California State University, Long Beach, California State University, Northridge, California State University, Sacramento, and San Diego State University, *Action*
2. Approval to Set Aside and Vacate the 2007 Campus Master Plan Revision and Partially Decertify the Environmental Impact Report for San Diego State University, *Action*

Committee on Audit

1. Assignment of Functions to Be Reviewed by the Office of Audit and Advisory Services for Calendar Year 2016, *Action*

Committee on Educational Policy

1. Recommended Amendment to Title 5 Regarding AB 2000, *Action*

Committee on University and Faculty Personnel

1. Executive Compensation: President – San José State University, *Action*
2. Executive Compensation: President – Sonoma State University, *Action*

Committee on Organization and Rules

1. Amendment to the California State University Board of Trustees’ 2016 Meeting Dates, *Action*

Committee on Institutional Advancement

1. Annual Report on Philanthropic Support for 2014-2015, *Action*

Committee on Governmental Relations

1. Federal Agenda for 2016, *Action*
2. Sponsored State Legislative Program for 2016, *Action*

Discussion

1. Conferral of Title of Trustee Secretariat Emerita—Leticia Hernandez, *Action*
2. Exemption from Post-Retirement Employment Waiting Period, *Action*

11:30 a.m. Luncheon

**12:00 p.m. Board of Trustees—Closed Session
Executive Personnel Matters
Government Code §11126(a)(1)**

Munitz Conference Room

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Addressing the Board of Trustees

Members of the public are welcome to address agenda items that come before standing and special meetings of the board, and the board meeting. Comments should pertain to the agenda or university-related matters and not to specific issues that are the subject of collective bargaining, individual grievances or appeals, or litigation. Written comments are also welcome and will be distributed to the members of the board. The purpose of public comments is to provide information to the board, and not to evoke an exchange with board members. Questions that board members may have resulting from public comments will be referred to appropriate staff for response.

Members of the public wishing to speak must provide written or electronic notice to the Trustee Secretariat two working days before the committee or board meeting at which they desire to speak. The notice should state the subject of the intended presentation. An opportunity to speak before the board on items that are on a committee agenda will only be provided where an opportunity was not available at that committee, or where the item was substantively changed by the committee.

In fairness to all speakers who wish to speak, and to allow the committees and Board to hear from as many speakers as possible, while at the same time conducting the public business of their meetings within the time available, the committee or board chair will determine and announce reasonable restrictions upon the time for each speaker, and may ask multiple speakers on the same topic to limit their presentations. In most instances, speakers will be limited to no more than three minutes. The totality of time allotted for public comment at the board meeting will be 30 minutes, and speakers will be scheduled for appropriate time in accord with the numbers that sign up. Speakers are requested to make the best use of the public comment opportunity and to follow the rules established.

Note: Anyone wishing to address the Board of Trustees, who needs any special accommodation, should contact the Trustee Secretariat at least 48 hours in advance of the meeting so appropriate arrangements can be made.

Trustee Secretariat
Office of the Chancellor
401 Golden Shore, Suite 136
Long Beach, CA 90802
Phone: 562-951-4022
Fax: 562-951-4949
E-mail: trusteesecretariat@calstate.edu

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AGENDA

COMMITTEE ON COLLECTIVE BARGAINING

Meeting: 9:30 a.m., Tuesday, January 26, 2016
Munitz Conference Room—Closed Session
Government Code §3596(d)

10:15 a.m., Tuesday, January 26, 2016
Glenn S. Dumke Auditorium —Open Session

Lupe C. Garcia, Chair
Lillian Kimbell, Vice Chair
Adam Day
Debra Farar
Hugo N. Morales

Open Session— Glenn S. Dumke Auditorium

Consent Item

Approval of Minutes of the Meeting of November 17, 2015

Discussion Item

1. Ratification of the Collective Bargaining Agreement with Bargaining Unit 6, the State Employees Trades Council-United, *Action*

**MINUTES OF MEETING OF
COMMITTEE ON COLLECTIVE BARGAINING**

**Trustees of The California State University
Office of the Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

November 17, 2015

Members Present

Lupe C. Garcia, Chair
Lillian Kimbell, Vice Chair
Debra S. Farar
Hugo N. Morales
Timothy P. White, Chancellor
Lou Monville, Chair of the Board

Chair Garcia called the Committee on Collective Bargaining to order.

Approval of Minutes

The minutes of the July 21, 2015 meeting were approved as submitted.

Presentation of Action Item

Vice Chancellor Lori Lamb presented the action item.

Public Speakers

The Committee heard from the following public speakers:

Patrick Choi, President, Academic Professionals of California (APC), noted that APC is currently in contract negotiations and expressed support for other bargaining units. Jennifer Ovalle, Students for Quality Education, spoke of the need for student support services and adequate faculty compensation. Father William Connor, Pastor, St. Joseph's Catholic Church, spoke of the need for a strong public education system. Ejmin Hakobian, President, Associated Students Incorporated (ASI) – Los Angeles, suggested the California State University (CSU) and California Faculty Association (CFA) come to a compromise. Pablo Garnica, ASI – East Bay, urged both the CSU and CFA to avoid a strike. Juan Cervantes, President, ASI – Humboldt, noted the potential impact of a CFA strike and the prospect of losing faculty members to the community college system. Matt Saxton, President, ASI – Maritime, spoke against faculty increases above the 2% currently offered and noted the competing needs of the CSU such as deferred maintenance.

Pat Gantt, President, California State University Employees Union (CSUEU) – Chico, ceded the time of five other CSUEU speakers to CFA, expressed CSUEU's solidarity with CFA, and objected to the requirement to wear a badge to access the building. Susan Smith, Vice Chair Bargaining Unit, CSUEU – Fullerton, said she was very pleased with the Collective Bargaining Agreement for Unit 13 and expressed solidarity with CFA. Jennifer Eagan, President, CFA, said the faculty was hurting and angry and urged action to avoid a strike. Kevin Wehr, Associate Vice President, CFA, spoke of the faculty's strength and resolve and said CSU should invest in the faculty to avoid a series of strikes. John Yudelson, faculty member at CSU Channel Islands, spoke of the high cost of living in California and effects of cost containment. Antonio Gallo, CFA Contract Development & Bargaining Strategy Chair – Northridge, spoke of the economic challenges faced by faculty members and the need to make faculty a priority. Carel Boekma, faculty member at San Jose State University, spoke of the need to attract strong faculty and urged a 5% raise. Marilyn Easter, faculty member at San Jose State University, described the cost of living in Silicon Valley and expressed support for a 5% raise. Art Pulaski, Chief Officer, California Labor Federation, spoke in support of CFA's call for a 5% faculty pay raise.

Action Items

The committee then unanimously approved the following action item:

1. Ratification of the Collective Bargaining Agreement with Bargaining Unit 13, The California State University Employees Union SEIU Local 2579 (English Language Program at California State University, Los Angeles)

Status of Negotiations with California Faculty Association

Vice Chancellor Lori Lamb gave a presentation on the status of negotiations with the California Faculty Association.

After the presentation there was a brief discussion. Speaker of the Assembly Toni Atkins commented on the importance of the effectiveness of the partnership between CSU and its faculty and staff in presenting CSU's case for funding to the State Legislature and cautioned against taking any action that might endanger that relationship.

Lieutenant Governor Gavin Newsom recognized the value of the faculty and staff and spoke of the need for all parties to work to resolve the impasse.

Chair Garcia then thanked everyone for their thoughtful participation and adjourned the committee meeting.

COMMITTEE ON COLLECTIVE BARGAINING

Ratification of the Collective Bargaining Agreement with Bargaining Unit 6, the State Employees Trades Council-United

Presentation By

Lori Lamb
Vice Chancellor
Human Resources

Summary

The collective bargaining agreement between the California State University and Bargaining Unit 6, the State Employees Trades Council-United, will be presented to the Board of Trustees for ratification.

Recommended Action

The following resolution is recommended for ratification:

RESOLVED, by the Board of Trustees of the California State University, that the collective bargaining agreement between the California State University and Bargaining Unit 6, the State Employees Trades Council-United, is hereby ratified.

AGENDA

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Meeting: 10:45 a.m., Tuesday, January 26, 2016
Glenn S. Dumke Auditorium

J. Lawrence Norton, Chair
Peter J. Taylor, Vice Chair
Kelsey M. Brewer
Adam Day
Rebecca D. Eisen
Margaret Fortune
Steven G. Stepanek

Consent Items

Approval of Minutes of the Meeting of November 17, 2015

1. Amend the 2015-2016 Capital Outlay Program for California State University, Fullerton, California State University, Long Beach, California State University, Northridge, California State University, Sacramento, and San Diego State University, *Action*
2. Approval to Set Aside and Vacate the 2007 Campus Master Plan Revision and Partially Decertify the Environmental Impact Report for San Diego State University, *Action*

**MINUTES OF MEETING OF
COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS**

**Trustees of the California State University
Office of the Chancellor
Glenn S. Dumke Auditorium
401 Golden Shore
Long Beach, California**

November 17, 2015

Members Present

J. Lawrence Norton, Chair
Peter J. Taylor, Vice Chair
Kelsey Brewer
Rebecca D. Eisen
Lou Monville, Chair of the Board
Gavin Newsom, Lieutenant Governor
Steven G. Stepanek
Timothy P. White, Chancellor

Trustee J. Lawrence Norton called the meeting to order.

Approval of Minutes

The minutes of September 8, 2015 were approved as submitted.

Amend the 2015-2016 Capital Outlay Program for California State University, Chico, California State University, Fullerton, California State University, Northridge and San Diego State University

Trustee Norton presented agenda item 1 as a consent action item. The committee recommended approval of the proposed resolution (RCPBG 11-15-12).

Approval of Schematic Plans for California State University, Bakersfield

Trustee Norton presented agenda item 2 as a consent action item. The committee recommended approval of the proposed resolution (RCPBG 11-15-13).

Approval of the Amendment to the 2015-2016 Capital Outlay Program and Schematic Plans for California State University, Los Angeles

Trustee Norton presented agenda item 3 as a consent action item. The committee recommended approval of the proposed resolution (RCPBG 11-15-14).

Approval of the Master Plan Revision, the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for Spartan Golf Complex for San José State University

Trustee Norton presented agenda item 4 as a consent action item. The committee recommended approval of the proposed resolution (RCPBG 11-15-15).

California State University Seismic Safety Program Annual Report

Trustee Norton presented agenda item 5 as a consent information item.

Approval of the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for California Polytechnic State University, San Luis Obispo

Executive Vice Chancellor and Chief Financial Officer Steve Relyea introduced the item. President Armstrong highlighted the need for the Vista Grande Replacement Building originally constructed in 1972 and designed for a student population of 10,000. Today the campus serves over 18,000 students and when the Student Housing South project is completed in summer 2018, the campus will have approximately 5,000 freshman beds, an increase of over 60 percent since 1972. As such, the campus is in need of a dining facility with the capacity to accommodate the needs of current and future students.

Assistant Vice Chancellor Elvyra F. San Juan presented the project, showing its proposed location on the campus' physical master plan and identifying the sustainable features of the design. The project seeks Leadership in Energy and Environmental Design (LEED) Silver certification.

The committee recommended approval of the proposed resolution (RCPBG 11-15-16).

Approval of the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for California State University, San Bernardino

Mr. Relyea introduced the action item that would construct a new housing and dining facility at Cal State San Bernardino. President Tomás Morales shared the campus' need for both freshman housing and enhanced dining services to address student demand and expectations. The proposed project will positively impact the on-campus experience for Cal State Bernardino students, which in turn will directly affect student retention and graduation rates.

Ms. San Juan presented the project, showing its proposed location on the campus' physical master plan and identifying the sustainable features of the design. The project seeks LEED Gold equivalency.

Trustee Lupe Garcia asked if the university subsidizes the cost of meals for students. Mr. Relyea responded stating that in general housing, dining, and other facilities are self-supporting enterprises and are not subsidized by state general funds, however financial aid programs consider

total cost-of-attendance which include the cost of meals and housing. President Morales added that at Cal State San Bernardino they contract with food services vendor Sodexo to keep food costs as low as possible while providing healthy and organic options. Ms. San Juan offered that the systemwide custodial policy provides funding for areas of dining commons with tables and chairs whereby students (and public) can eat food they bring to campus.

Chancellor Timothy White asked the presidents to comment on food programs at their campuses. President Castro of Fresno State spoke about food insecurity, a phenomenon for many students throughout California, and especially at his campus where it has been determined one third miss at least one meal a day. The campus has created and implemented an app that alerts students when and where there is food leftover following a campus event so that they can come and eat for free. In addition they also established a food cupboard where students are welcome to ‘shop’, no questions asked. Alumni and friends of the campus contribute to the food cupboard generously, including many in agriculture who share their food wealth. Similarly, President Morales spoke of the ‘DEN’ at Cal State San Bernardino, a food pantry established to serve students facing food insecurity.

Trustee Rebecca Eisen asked if LEED criteria addresses water efficiency. Ms. San Juan said that LEED does take water efficiencies into consideration in its criteria for points.

Chair Lou Monville added that in his visits to Cal State San Bernardino and Cal Poly San Luis Obispo, both campuses stand out as role models in their commitment to sustainability—seen through architectural design, use of water, and different forms of innovation. President Armstrong noted that in the past three years the number of students living on campus has doubled while water usage has remained the same. This is due in part to student behavior and the good work of the campus’ facilities operations and planning staff to implement sustainable designs and projects.

Trustee Lillian Kimbell asked why some projects (or campuses) seek LEED equivalency versus certification, which costs significantly more, when the sustainability result is the same. Ms. San Juan responded that it is really a matter of philosophy and preference. Trustee Eisen inquired what the trustees’ sustainability policy says regarding LEED equivalency versus certification. Ms. San Juan responded the policy allows the campus the option.

Lieutenant Governor Gavin Newsom emphasized the economic benefits of constructing LEED certified sustainable buildings: increased work satisfaction resulting in fewer sick days; decrease in maintenance costs; extended building longevity, and decreased deferred maintenance—all consistent with CSU’s values in long term planning.

The committee recommended approval of the proposed resolution (RCPBG 11-15-17).

Approval of the 2016-2017 Capital Outlay Program and the 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan

Mr. Relyea introduced the action item for the trustees to approve the capital outlay program for 2016-2017 and the capital improvement plan for the next five years. Funding for the 2016-2017 capital outlay program is dependent on the state's funding of the CSU's support budget request, which includes \$25 million for capital facilities to address the deferred maintenance backlog and priority improvement projects, although, the state's current multiyear budget plan does not allow for much more than \$8 million and even those dollars have competing needs.

Ms. San Juan presented an overview of the capital planning process, including the criteria for prioritizing the CSU's capital needs, planning tools, and how the plan addresses infrastructure, academic, and self-support projects.

The five-year capital improvement plan totals over \$8.8 billion for academic and self-support facilities. Of that amount, approximately \$4 billion is for existing facilities to address critical infrastructure needs, modernization, and renovation, and \$4.8 billion is to build new facilities to accommodate growth. Campuses are seeking \$6.5 million of the \$8.8 billion in CSU systemwide revenue bonds for academic and self-support projects.

The request for the 2016-2017 capital outlay program is \$568 million of which \$317 million is for academic facilities and \$251 million for self-support. The first priority is for water conservation projects. The second priority is for the statewide infrastructure improvement program that addresses priority utility projects and capital renewal projects.

Trustee Douglas Faigin inquired what the trustees' vote on this five-year plan and capital program means. Ms. San Juan responded that the vote provides approval for the projects to proceed with design. The projects would return to the trustees for schematic approval, and again for financing approval.

Trustee Faigin asked if capital costs reflect the costs of increased enrollment. Ms. San Juan answered that the proposed program only includes capital costs. Trustee Faigin expressed concern about the limited funding available on the academic side. He questioned the merit of new construction and if the CSU could afford these new edifices when there are other needs and no guarantees the state will continue to fund the CSU at current levels.

Chair Monville stated it was important to understand that the projects included in the five-year capital improvement plan have made it through many reviews by staff, starting at the campus and finishing at the Chancellor's Office. Mr. Relyea added there is a rigorous review process on each campus led by the president and his or her cabinet to examine campus priorities – e.g., new construction, deferred maintenance, hiring, and outreach. From this prioritization the cabinet looks at potential viable funding sources. Many projects discussed at the campus level are never seen by the trustees because they did not pass this scrutiny – they did not warrant allocation of limited

funds and not in comparison with other campus priorities. Today, we see single projects with funding cobbled from various sources: donors, reserves, bonds, and third-party. These are projects that have survived many reviews at multiple levels.

Trustee Kelsey Brewer supported the capital program's priority list emphasizing utilities infrastructure and seismic issues even while students do need appropriate classroom time and lab space, noting safe functional buildings are critical to the mission of the CSU. Trustee Faigin agreed with Trustee Brewer and restated his concern of spending tax dollars on new construction versus infrastructure improvements and deferred maintenance.

Trustee Peter Taylor expressed concern that before a new academic building is approved (and is not self-supporting) that we are certain existing space is being fully utilized. We should be in the position that if approving new construction to accommodate enrollment growth, we know it is needed because what we have is being used to the maximum extent possible.

Lieutenant Governor Newsom asked if the CSU has looked at the financing mechanism of 100-year bonds that University of California (UC) is now using. Mr. Relyea responded that the Finance committee will be presenting some alternative mechanisms or methodologies to possibly provide additional resources to the capital program. Trustee Taylor added that the century bonds function somewhat like a revolving fund providing financing at very low rates. There are some lessons learned from UC's experience should the CSU wish to explore this methodology more closely.

The committee recommended approval of the proposed resolution (RCPBG 11-15-18).

Trustee Norton adjourned the meeting.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Amend the 2015-2016 Capital Outlay Program for California State University, Fullerton, California State University, Long Beach, California State University, Northridge, California State University, Sacramento, and San Diego State University

Presentation By

Elvyra F. San Juan
Assistant Vice Chancellor
Capital Planning, Design and Construction

Summary

The California State University Board of Trustees approved the 2015-2016 Capital Outlay Program at its November 2014 meeting. This item allows the board to consider the scope and budget of projects not included in the previously approved capital outlay program.

**1. California State University, Fullerton
Solar Photovoltaic Array**

PWC \$14,745,000

California State University, Fullerton wishes to proceed with the design and construction of a solar photovoltaic (PV) array as part of a power purchase agreement (PPA) with a third party provider. As part of the PPA, a vendor selected through a Request for Proposal process would design, build, own, operate, and maintain the PV system and sell the power to the university at an agreed upon rate. The term of the agreement would be 19 years, 11 months. The maximum electrical output of the system would be 4 megawatts.

The PV installation would occur at several campus parking lot sites, including the surface lot at College Park West (#71A), the top level of the Nutwood Parking Structure (#18), State College Parking Structure (#26), and Student Housing Parking Structure (#24d). To preserve parking capacity, the PV panels would be mounted on steel canopies over the existing parking lots that will also offer sun protection to the parking areas.

Financial due diligence has been performed, establishing a cost per kilowatt hour (kWh) breakeven point. The intent is to award a contract to a provider that can produce energy: 1) less expensive than the business as usual electricity purchases, and 2) without cost escalation.

The project will be funded entirely by a third party provider via the PPA.

2. California State University, Fullerton
One Banting Tenant Improvements **PWCE** **\$5,250,000**

California State University, Fullerton wishes to proceed with the design and construction of seismic and tenant improvements to the building at 1 Banting Road at the Irvine Off-Campus Center. The project will provide structural bracing of the two-story steel frame building for seismic safety and convert 70,000 assignable square feet (ASF) of commercial office building to academic use. The completed project will include instructional facilities, faculty and staff offices, a small library, student commons, and food services.

This project will be funded in part from tenant Western State College of Law, Auxiliary Services Corporation reserves, and designated capital reserves.

3. California State University, Long Beach
Parking Lots 7 and 14 Solar Photovoltaic **PWC** **\$18,000,000**

California State University, Long Beach wishes to proceed with the design and construction of a solar photovoltaic (PV) array as part of a power purchase agreement (PPA) with a third party provider. As part of the PPA, a vendor selected through a Request for Proposal process would design, build, own, operate, and maintain the PV system and sell the power to the university at an agreed upon rate. The term of the agreement would be 19 years, 11 months. The cumulative maximum electrical output of the system would be 4.5 megawatts, equal to 37 percent of the campus peak operating load.

The proposed project will install solar PV panels over one acre of parking in Parking Lot 7 and five acres in Parking Lot 14. To preserve parking, the PV panels would be mounted on steel canopies over existing parking spaces.

Financial due diligence has been performed, establishing a cost per kilowatt hour (kWh) breakeven point. The intent is to award a contract to a provider that can produce energy: 1) less expensive than the business as usual electricity purchases, and 2) without cost escalation.

The project will be funded entirely by a third party provider via the PPA.

4. California State University, Long Beach
Parking Lot 7 Expansion **PWC** **\$5,000,000**

California State University, Long Beach wishes to proceed with the design and construction of the Parking Lot 7 Expansion project. This project will expand Parking Lot 7, located at the south end of campus, to provide increased faculty parking in an area close to the main campus quad. Currently, parking is generally clustered in the north end of campus while the majority of

classrooms and offices are located in the south end of campus. This project will resurface the existing lot, provide an additional 188 parking spaces and correct functional deficiencies in the campus road layout and access points.

The project will incorporate drought-tolerant plants, LED lighting, stormwater filtration and solar panels. An equivalent number of parking spaces will be eliminated from Parking Lot 14 at the north end of campus in a future project.

This project will be funded from designated parking reserves.

**5. California State University, Northridge
Bookstore Renovation**

PWC \$5,000,000

California State University, Northridge wishes to proceed with the renovation of two floors in the University Bookstore (#97) to be vacated by the College of Extended Learning administrative offices, which are scheduled to be relocated to the new Extended Learning facility (#165) in June 2016. The vacated space will be renovated into 15 small meetings and study rooms occupying a total of 12,250 GSF for use by the Extended Learning program. Currently, the College of Extended Learning holds classes in multiple buildings around campus, due to its need for numerous small meeting spaces.

The renovated space will receive new HVAC distribution, power, lighting, and architectural finishes, as well as restrooms improvements to support the increase in student traffic which will include ADA compliance.

This project will be funded by continuing education revenue fund designated reserves.

**6. California State University, Sacramento
Parking Structure V**

PWCE \$48,911,000

California State University, Sacramento wishes to proceed with the design and construction of Parking Structure V (#115) (592,000 GSF) and an administrative office building (#115A) (12,400 GSF) to house the University Transportation and Parking Services (UTAPS) program. The facilities will be sited on existing Parking Lot 1 on the northwest side of campus located near the Athletics Center (#33). Parking Structure V will accommodate 1,800 parking spaces, replacing surface parking that will be lost due to the construction of Student Housing II (#21), the Low Impact Development stormwater retention project, the upcoming Science II (#56A) project, and the loss of Parking Lot 1.

The parking structure was identified in the recently approved campus master plan (2015).

The project will be funded from a combination of designated parking reserves and financing through the CSU Systemwide Revenue Bond Program.

7. California State University, Sacramento
Folsom Hall Renovation **PWCE** **\$4,500,000**

California State University, Sacramento wishes to proceed with the renovation of Folsom Hall (#65) for the department of speech pathology and audiology. The renovation of the vacant second floor (16,800 GSF) will provide classroom, clinic, lab, and office space for the department. The project will include 16 small therapy rooms as well as two larger therapy rooms for the clinic, a dean's suite, eight faculty offices, and a workroom. The department will join the School of Nursing and the doctoral program in physical therapy to form the Center for Health Professionals which will bring all of the health profession programs on campus to one location where education, research, and service to the community will be integrated across disciplines.

The project will be funded from designated capital reserves.

8. California State University, Sacramento
Lassen Hall Elevator **PWCE** **\$981,000**

California State University, Sacramento wishes to proceed with the design and construction of a new elevator in Lassen Hall (#26). Lassen Hall, which houses many student services, currently is equipped with a single, three-stop, overhead geared traction elevator. The existing elevator was installed in 1959, and was last modernized in 1994. At the same time a second shaft was built for a future elevator to be added. The current project will add a similar elevator and controls to use that shaft in order to create a two-elevator duplex to serve the building, increase the reliability and safety of the elevator service in the building, and provide assurance for maintaining the ADA path of travel.

The project will be funded from campus designated capital reserves.

9. California State University, Sacramento
Eureka Hall Network Cabling **PWC** **\$1,000,000**

California State University, Sacramento wishes to proceed with the design and construction of the Eureka Hall (#38) Network Cabling project. The project will construct a new telecommunications equipment room, upgrade the (existing) equipment room, and install backbone cabling and network distribution pathways. With the new cabling and network pathways, the building will be able to support both current and future smart technology updates for classrooms and offices, as well as modern security cameras and access control in the

building. Eureka Hall was not included in the systemwide telecommunications infrastructure upgrade project in 2004.

The project will be funded from designated capital reserves.

10. San Diego State University

Entrance Elements

PWC \$2,585,000

San Diego State University wishes to proceed with the design of four campus gateway entrance elements, and the construction of only one of the campus gateways proposed to be located at Campanile Drive and Montezuma Road. This project will improve campus identification and presence, and will improve visitor wayfinding and navigation.

The entrance design will include architectural elements such as low walls, monuments, signage, lighting, and landscaping. Additional locations proposed for preliminary design of entrance elements include (1) East Campus Drive and Montezuma Road, (2) 55th Street and Montezuma Road, and (3) Hardy Avenue at Campanile Drive. Approval for construction of gateways at these three locations will be requested when funding has been identified. It is beneficial to design all four locations at one time to ensure design continuity and compatibility with varying site conditions.

This project will be funded from designated capital reserves and auxiliary reserves.

Recommendation

The following resolution is presented for approval:

RESOLVED, by the Board of Trustees of the California State University, that the 2015-2016 Capital Outlay Program be amended to include:

1. \$14,745,000 for preliminary plans, working drawings, and construction for the California State University, Fullerton Solar Photovoltaic Array with a solar bid response less than or equal to projected investor owned utility rates;
2. \$5,250,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Fullerton One Banting Tenant Improvements;

3. \$18,000,000 for preliminary plans, working drawings, and construction for the California State University, Long Beach Parking Lots 7 and 14 Solar Photovoltaic with a solar bid response less than or equal to projected investor owned utility rates;
4. \$5,000,000 for preliminary plans, working drawings, and construction for the California State University, Long Beach Parking Lot 7 Expansion;
5. \$5,000,000 for preliminary plans, working drawings, and construction for the California State University, Northridge Bookstore Renovation;
6. \$48,911,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Sacramento Parking Structure V;
7. \$4,500,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Sacramento Folsom Hall Renovation;
8. \$981,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Sacramento Lassen Hall Elevator;
9. \$1,000,000 for preliminary plans, working drawings, and construction for the California State University, Sacramento Eureka Hall Network Cabling; and
10. \$2,585,000 for preliminary plans, working drawings, and construction for the San Diego State University Entrance Elements.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Approval to Set Aside and Vacate the 2007 Campus Master Plan Revision and Partially Decertify the Environmental Impact Report for San Diego State University

Presentation By

Elvyra F. San Juan
Assistant Vice Chancellor
Capital Planning, Design and Construction

Summary

This agenda item requests the following actions by the Board of Trustees regarding the Campus Master Plan Revision for San Diego State University (the “Project”):

- Set aside and vacate its November 14, 2007, approval of the Project and its findings;
- Decertify the Environmental Impact Report (EIR) for the Project, but only with respect to specific issues; and
- Proceed in accordance with the standards and procedures required by the California Environmental Quality Act (CEQA), specifically in regard to issues of traffic, transit, and transportation demand management prior to the Board of Trustees taking any action to reapprove the Project.

Background

At its November 14, 2007 meeting, the Board of Trustees adopted a resolution approving the San Diego State University 2007 Campus Master Plan Revision, certifying as adequate the Final Environmental Impact Report (Final EIR) prepared pursuant to CEQA, and adopting the CEQA findings of fact, including overriding considerations. On December 14, 2007, a lawsuit was filed in San Diego Superior Court by several parties challenging the adequacy of the Final EIR.

On March 26, 2010, the San Diego Superior Court ruled that the Final EIR was adequate under CEQA and entered judgment in favor of the Board of Trustees. However, on December 13, 2011, the California Court of Appeal issued a decision affirming in part and reversing in part the San Diego Superior Court judgment and further directed the Superior Court to issue a writ of mandate ordering the Board of Trustees to void certification of the Final EIR and adoption of the findings, and to void its project approvals. The Board of Trustees then appealed and the California Supreme Court issued its Opinion on August 3, 2015, affirming the judgment of the Court of Appeal. Judgment was entered on November 19, 2015. On November 30, 2015, the

San Diego Superior Court issued an order directing the Board of Trustees to take the actions requested in this item and to notify the Court of what actions it has taken or intends to take to further comply with the Court's order no later than February 17, 2016 (90 days after entry of judgment).

Recommendation

The following resolution is presented for approval:

RESOLVED, by the Board of Trustees of the California State University, that:

1. The Board of Trustees hereby sets aside and vacates its November 14, 2007, approval of the San Diego State University Campus Master Plan Revision ("Project") and its findings.
2. The Board of Trustees hereby decertifies the EIR for the Project but only with respect to the specific issues described in paragraph 3 (a) through (c) below.
3. Prior to taking any action to reapprove the Project, the Board of Trustees, in any EIR, will proceed in accordance with the standards and procedures required by CEQA, including its provisions for public comment, and will make all required findings in good faith and on the basis of substantial evidence as to those issues described in paragraph 3 (a) through (c) below:
 - (a) Traffic: In response to the decision rendered by the California Supreme Court on August 3, 2015 (Case No. S199557), the Board of Trustees, based on a re-evaluation of the off-site mitigation measures and further good faith negotiations with the City of San Diego, the San Diego Association of Governments, and the San Diego Metropolitan Transit System, will reassess San Diego State University's fair share of such mitigation costs (and, based on the record here, forego financial infeasibility arguments as to such costs in this case), consistent with the views expressed in the Supreme Court's decision;
 - (b) Transit: The Board of Trustees will evaluate the potential transit impacts of the Project consistent with CEQA and the directives contained in the decision rendered by the Court of Appeal on December 13, 2011 (D057446); and
 - (c) Transportation Demand Management: The Board of Trustees will re-evaluate the transportation demand management mitigation measure in the Final EIR consistent with the directives contained in the decision rendered by the Court of Appeal on December 13, 2011 (D057446).

AGENDA

COMMITTEE ON FINANCE

Meeting: 12:30 p.m., Tuesday, January 26, 2016
Glenn S. Dumke Auditorium

Adam Day, Chair
Peter J. Taylor, Vice Chair
Silas H. Abrego
Kelsey M. Brewer
Rebecca D. Eisen
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lupe C. Garcia
Lillian Kimbell

Consent Item

Approval of Minutes of the Meeting of November 17, 2015

Discussion Items

1. Sustainable Financial Model Task Force Draft Report, *Information*
2. Report on the 2016-2017 Support Budget, *Information*
3. 2015-2016 Student Fee Report, *Information*

**MINUTES OF THE MEETING OF
COMMITTEE ON FINANCE**

**Trustees of the California State University
Office of the Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

November 17, 2015

Members Present

Peter J. Taylor, Vice Chair
Silas H. Abrego
Kelsey M. Brewer
Rebecca D. Eisen
Douglas Faigin
Debra S. Farar
Lupe Garcia
Lillian Kimbell

Lou Monville, Chair of the Board
Timothy P. White, Chancellor

Trustee Peter Taylor called the meeting to order.

Public Comments

There were five public speakers. Ms. Denise Fernandez, a Sacramento State student urged the board to request funding increases from the state; Mr. Pablo Garnica, a CSU East Bay student encouraged the board and presidents to work with all groups, especially students, in advocating for money for the CSU; Ms. Melissa Bardo spoke of the severity and urgency of the deferred maintenance on campuses; Mr. Richard Francisco, a San Jose State psychologist, stressed the importance of addressing student mental health and increased demands on mental health services; Jennifer Eagen, California Faculty Association president, spoke about faculty compensation.

Approval of Minutes

The minutes of the September 8, 2015 meeting were approved as submitted.

2016-2017 Lottery Revenue Budget

Trustee Taylor presented agenda item 1 as a consent action item. The committee recommended approval of the proposed resolution (RFIN 11-15-09).

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Conceptual Approval of a Public/Public Partnership Charter School at California State University, Monterey Bay

Trustee Taylor presented agenda item 2 as a consent action item. The committee recommended approval of the proposed resolution (RFIN 11-15-10).

Approval of the 2016-2017 Support Budget Request, *Action*

Mr. Steve Relyea, Executive Vice Chancellor and Chief Financial Officer stated that this item requests board approval of the 2016-2017 CSU Support Budget request. As previously discussed, there is a gap between the amounts expected to be in the governor's January budget plan and the amount necessary to achieve the CSU's goals for the year.

Mr. Ryan Storm, Assistant Vice Chancellor for Budget gave an overview of the cost components in the budget request, stating that the expenditure plan would bring annual spending for the CSU to approximately \$5.5 billion, including systemwide tuition revenues, net of financial aid. The state has restored about \$600 million of the close to \$1 billion dollars cut during the last recession.

The proposed plan includes a 3% increase in funded student enrollment; \$50 million for a variety of efforts and strategies to facilitate degree completion and student success; a 2% increase in the compensation pool for 2016-2017 (the final installment of the board's commitment to increase the compensation pool by 7% over a 3-year period for all CSU faculty and staff); and \$25 million to finance approximately \$325 million of \$2.6 billion in facility maintenance and infrastructure projects. The remaining \$297.6 million is for mandatory costs that have already been determined by state law, CSU policy, and operational needs, such as pension and health care. The proposed plan would require additional new ongoing revenues of \$102 million from the state.

Trustee Rebecca Eisen inquired about the number of CSU eligible students that are being turned away and further asked if the CSU would ever be able to serve all eligible students at this rate. Mr. Storm responded that the number of eligible students coming from community colleges and high schools are growing at a faster rate than the CSU is able to accommodate. Chancellor Timothy White added that in a report from the Public Policy Institute of California it indicated that by the year 2030 there will be a shortage of 1.1 million baccalaureate degrees in California and that the CSU will need to help address this with its Graduation Initiative.

Chair Lou Monville thanked Mr. Storm, Mr. Relyea, and their team for their diligent work in putting the request together and added that he is also mindful of the comments received to continue to invest in faculty, students, and their success. He expressed his support of the proposed budget and encouraged the committee, chancellor, and staff to continue to look for ways to increase the compensation pool for employees in continued partnership with the state legislature.

Trustee Taylor asked how the \$110 million for enrollment growth is being used. Mr. Storm responded it is up to each campus based on their priorities and needs. Generally speaking \$10,000

is spent per new, additional student, with 60% historically used for instruction and 40% for other areas like academic support, student services, institutional support, etc.

Trustee Lupe Garcia expressed that, if the request is not fully funded, it would be a disservice to students if they are admitted but cannot complete their degree in a timely manner or do not receive the quality education the CSU has committed to provide. She suggested possibly shifting the distribution from enrollment to student success and completion efforts that will help students get the tools, resources, and classes they need, as well as focus on compensation to make sure faculty and staff are there to deliver services to students. She encouraged the board to entertain these suggestions in the future if the request is not fully funded by the state. Dr. White commented that if the board were to engage in such conversation, it is important to consider the CSU's application and admission cycle. Campuses are currently setting fall 2016 enrollment levels.

Dr. White next asked the presidents to comment on what they have done with entry level courses and bottlenecks. President Joseph Shelley commented that at CSU Stanislaus there has been communication between the provosts and deans about addressing bottlenecks and core major requirements and that they have been exceptionally attentive to the general education lower division requirements to make sure CSU Stanislaus entering students start off on the right path. He shared that a challenge is when a percentage of transfer students coming to the CSU have not completed their general education requirements, especially in the sciences.

Interim President Susan Martin shared that at San Jose State they have put together a plan to tackle this problem and plan to proceed with it next fall. The plan would add classes and capacity because the campus currently is at record enrollment of 32,775 students. She stated that they have 10,000 students who have over 90 credits and are trying to get the classes needed to graduate.

President Horace Mitchell said that at CSU Bakersfield the campus is converting their academic calendars from quarters to semesters. In that process they have paid great attention to the needs of students, offering a very robust summer term for those wanting to finish before the conversion happens, including the hiring of part-time faculty to teach additional sections that are necessary. Another issue is that most classrooms on the campus were designed to be small, with capacity ranging from 30-40 students per class with only about three classrooms able to accommodate more than 150 students. The campus is also proposing the addition of two classroom buildings which would allow for larger classes and reduce the need for more instructors and class sections.

Trustee Kelsey Brewer concurred with Trustee Garcia's remarks stating that the CSU wants to serve and meet the needs of California but also has an obligation to serve and prepare the students that are currently enrolled in the system. Trustee Garcia asked for clarification on whether the committee is approving the budget as presented without amendment. Trustee Taylor confirmed that was the case. Also, Trustee Taylor added that Trustee Garcia's interest in further discussions on the allocation of budget resources should happen sooner rather than later. More specifically, the board will have to see how things play out in May and June and have a conversation at the July and September meetings. Trustee Garcia suggested bringing some options to the board about making changes to the support budget prioritization that may impact fall 2017 admissions. Chair Monville responded he would consult with Executive Vice Chancellors Relyea and Blanchard.

The committee recommended approval of the 2016-2017 Support Budget Request, (RFIN 11-15-11).

Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for the 2015-2016 Infrastructure Improvements and Capital Outlay Projects, *Action*

Mr. Robert Eaton, Assistant Vice Chancellor for Financing, Treasury, and Risk Management stated this item requests financing approval for a variety of capital projects through the CSU's Systemwide Revenue Bond (SRB) and commercial paper programs in an amount not to exceed \$461,675,000. This request represents the second financing to take advantage of the CSU's new capital financing authorities. The annual debt service on the long term financing for these projects would be met with the \$25 million earmarked for deferred maintenance and critical infrastructure approved by the board in the final CSU 2015-2016 Support Budget Request. The projects to be financed would be selected from 2015-2016 Capital Outlay Program and financing approval would be supported by the existing pledge of SRB gross revenues, as well as the addition of CSU operating funds. As of June 30, 2014, pledged revenues of the SRB program totaled approximately \$1.6 billion, and based on preliminary data may increase modestly to about \$1.7 billion for the fiscal year ended June 30, 2015. He stated that with the addition of approximately \$5.3 billion in operating revenue (2015-2016 general fund and estimated student tuition), total SRB pledged revenues would increase to approximately \$7 billion and based upon the preliminary data for the fiscal year ended June 30, 2015, systemwide debt service coverage would be 1.68 compared to the systemwide benchmark of 1.45.

The committee recommended Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for the 2015-2016 Infrastructure Improvements and Capital Outlay Projects, (RFIN 11-15-12).

Conceptual Approval of the California State University, Channel Islands Site Authority Apartments Sale Project, *Action*

President Richard Rush provided a brief recap of how the sale of the 328 existing apartments fits into the campus' strategic planning efforts (CI 2025). He added that the CI 2025 economic plan will provide alternative funding to support proposed enrollment growth over the next decade and alleviate financial constraints for the campus and its Site Authority. As part of the campus' comprehensive outreach to the communities they serve, Channel Islands has facilitated multiple forums with the community to discuss the campus goals and the CI 2025 plan.

Mr. Eaton next described University Glen, the Site Authority's housing community, which currently includes 658 total units, comprised of single family homes and rental units. Under this proposal, the Site Authority would enter into an agreement to sell its main block of 328 apartments and ground lease the land under the apartments to a third party. The proceeds from the sale would be used to retire all of the \$53 million in outstanding Systemwide Revenue Bond (SRB) debt associated with the apartments and may have some left over to apply to other debt. He further

added the Site Authority has an aggregate total of \$192.5 million in outstanding SRB debt, issued for the University Glen housing development and for the construction of the Broome Library.

Approval of this item will allow the campus, the Chancellor's Office, and the Site Authority to seek a qualified developer through a competitive bid process and enter into negotiations with that developer for the sale of the 328 apartments and underlying ground lease. Prior to the execution of any commitments for the sale and use of the assets, key financial terms associated with the sale would be presented to the board for final approval at a future meeting. In response to a questions by Trustee Garcia, President Rush stated that the sale of the 328 apartments would not cause displacement.

The committee recommended Conceptual Approval of the California State University, Channel Islands Site Authority Apartments Sale Project (RFIN 11-15-13).

Conceptual Approval of a Public/Private Partnership Hotel Development Project at California State University, Northridge, *Action*

Executive Vice Chancellor Relyea introduced the item requesting conceptual approval to pursue a public-private partnership plan for the development of a full service hotel on the California State University, Northridge campus.

President Harrison spoke of how this project fits into the campus mission. The lack of quality hotels within proximity to the campus has limited the University's ability to serve students as well as the region. A market study commissioned by the campus as well as a peer review of that study support the need for hotel space in the area. The pursuit of this development directly supports the University's mission for student success and could be achieved without capital funding from the University and possibly drive additional revenue to the campus.

Mr. Eaton stated the hotel would include amenities common to a full service or hybrid select service hotel. The campus anticipates entering into a ground lease with The University Corporation, a campus auxiliary, which would sublease the land to a private developer. No campus or auxiliary funds would be committed to the project or its facilities maintenance. The developer would be fully responsible for the financing, construction, and management of the project during the term of the sublease and would be responsible for all costs associated with the environmental and entitlement processes in accordance with CSU requirements. The ground lease and sublease would be structured to ensure that the campus receives rents based upon the fair market value of the site. The campus would ensure that the facility is well maintained and adequately funded by maintenance reserves funded by the developer throughout the life of the agreement. Prior to execution of any commitments for development and use of the property, all appropriate related actions and documents would be presented at future meetings for final approval by the board.

In response to questions raised by Trustee Faigin and Trustee Eisen, President Harrison said that the hotel would be used by both university visitors and the general public, and that the request for proposal will include sustainability requirements.

The committee recommended Conceptual Approval of a Public-Private Partnership Hotel Development Project at California State University, Northridge (RFIN 11-15-14).

State Public Works Board Bond Debt Restructuring, *Information*

Mr. Relyea reminded the board that the State of California shifted the responsibility for funding the university's capital program to the university last year. The legislation also provided CSU with the ability to refinance the approximately \$1 billion in State Public Works Board bond debt on existing university facilities. This proposal would refinance and restructure the debt to match the term of the projected lives of the buildings, generating cash flow savings over the next decade that could be used to reduce the need for debt financing for critical infrastructure and deferred maintenance projects.

Mr. Eaton added that the basic goal of refinancing and restructuring the CSU's State Public Works Board (SPWB) bond debt with CSU State Revenue Bond (SRB) debt would generate savings and reduce the amount of debt service to be paid, thereby freeing up cash flow to meet other system needs. These savings could be achieved in two ways, the first is refinancing debt at lower interest rates than what is currently being paid on the outstanding debt. The second way is by restructuring and extending the amortization of the debt to generate cash flow savings in the near term.

He stated that refinancing and restructuring would also seek to meet the following objectives: refinance all or almost all of the existing SPWB bond debt; utilize a structure that combines a prudent mix of long term debt and variable rate or shorter term debt; and finally, target net present value savings that are neutral or better on a total transaction basis.

Mr. Eaton stated that staff would continue evaluating possible options with the intent of returning to the board for action on issuing SRB debt to refinance and restructure the CSU's SPWB bond debt. At that time, staff would outline structuring options and parameters in greater detail, including the projected benefits to the system, and present resolutions and a not-to-exceed amount for the board's consideration and approval. Upon approval, staff would look to complete the transaction shortly thereafter, perhaps sometime in early 2016.

Trustee Taylor stated that he was involved in this process at the University of California and it is a win-win situation.

California State University Investment Authority, Policy, and Portfolio Review Initiative, *Information*

Mr. Relyea stated that when the University received new authority last year to finance and build capital projects, that authority did not come with any funding from the State for new projects or critical deferred maintenance projects. Therefore, staff proposed a number of measures to increase CSU's revenue streams for capital projects and more optimally manage financial resources. He added that a key tool of a number of universities is the ability to carve out a portion of capital building reserves that are not needed for immediate liquidity, and use the interest on those funds

to invest in high priority capital projects. Unfortunately, CSU's earnings have been unusually low, typically less than 1% annually. Therefore, staff has proposed to the State that CSU be given the authority to invest a portion of its reserves in a balanced portfolio that would provide a reasonable return on that investment.

Mr. Eaton commented that for more than a year, staff has been working with the CSU's key partners in Sacramento to evaluate options, address questions and concerns, and develop legislative language that would expand the CSU's investment authority. He added that by August 2015, such proposed bill language was ready for consideration by the legislature. He stated the legislation seeks to expand the types of investments CSU can make, the most notable of which would be the ability to invest in equity mutual funds and real estate investment trusts. He stated that in order to move at a measured, conservative pace and provide ample opportunity to monitor the CSU's use of the new investment authorities, the amount of funds that could be placed in the new investment options would be phased in by \$200 million per year for the first three years and then capped at 30% of total CSU investments thereafter.

Mr. Eaton added the legislation would require the board to establish an advisory committee in order to determine the new investment options. The committee would include a majority of independent members with investment expertise and the State Treasurer would have the option of serving, or appointing a designee to serve as a member of the committee. It would add quarterly reports to the board and an annual report to the legislature. The legislation would codify certain items that are already included in the annual report to the board, such as investment returns, comparisons to benchmarks, portfolio holdings and market values, and add new reporting requirements such as investment management fees. He added that due to the importance of this legislation in meeting the CSU's capital needs, and to insulate CSU's operations from investment volatility, earnings from the new investments would be used for deferred maintenance and capital funding only. He added that similarly, the CSU would be prohibited from citing any losses associated with the new investments as justification for increases in student tuition or fees, and would be prohibited from seeking State general fund appropriation dollars to offset any losses associated with the new investments.

The proposed legislation was presented to the Assembly and Senate Budget committees in late August 2015. The Assembly Budget Committee approved the proposed legislation, but it was held over in the Senate Budget committee until the 2016 legislative session. This will provide staff with time to address specific concerns of some of the committee members. Staff will continue to work with the CSU's key partners in Sacramento to address the concerns raised during the Budget Committee hearings with the goal of passing the legislation in 2016.

In the meantime, staff will begin working on implementing some of the provisions of the proposed legislation, notably the establishment of an investment advisory committee to the board and the new reporting provisions. He stated that moving toward the establishment of the committee and adoption of the new aspects of reporting would not only serve the CSU well as we work to get the legislation passed in 2016, but would also serve the CSU well with respect to its existing investment structure.

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Fin.

Trustee Kimbell asked if private equity or hedge fund investments would be considered, Mr. Eaton stated that a stipulation of the new authority is that CSU only invest in mutual funds registered with the Securities and Exchange Commission (SEC). Private equity or hedge funds are typically not registered with the SEC.

Trustee Norton asked what concerns held up the proposal in the Senate. Mr. Eaton responded that some concerns were related to data driven information and that CSU staff will work with individual senators to provide additional information to address those concerns.

Trustee Taylor shared that he is convinced the proposed strategy is conservative and thoughtful.

Trustee Day adjourned the meeting on Finance Committee.

COMMITTEE ON FINANCE

Sustainable Financial Model Task Force Draft Report

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

Elliot Hirshman
President
San Diego State University

Leroy Morishita
President
California State University, East Bay

Summary

This item presents a summary of recommendations contained in the draft report of the Sustainable Financial Model for the California State University Task Force. The presentation of the draft report included as Attachment A to this agenda item is intended to provide an opportunity for the Committee on Finance to consider the draft recommendations during the course of a comprehensive consultation process initiated in early September 2015. The consultation process involves meetings with a broad range of colleagues and stakeholders including faculty, students, legislative and governmental representatives, as well making the report available to the general public.

Background

The task force was established in October 2014 by Chancellor Timothy White, and is co-chaired by two campus presidents and the executive vice chancellor and chief financial officer. The charge to the task force was to propose a sustainable financial plan for the university, recognizing the changes in state funding of higher education, our inability to meet demand by qualified students, and critical faculty and facility needs for instruction and support.

Membership of the task force included the student trustee and the chair of the California State Student Association, the faculty trustee, the Chair of the Academic Senate, two campus provosts, three campus chief financial officers, and a campus vice president for student affairs.

The task force met regularly over the year and considered several major areas including resource allocation, administrative effectiveness, managing costs, and revenue generation all in the context of supporting a quality education. For each area, the draft report includes a brief review of the background challenges, provides a conceptual proposal to address the challenges, summarizes the rationale for the proposal, and describes specific recommendations.

Consultation

The draft report has been presented to the Academic Senate, the California State Student Association, the Academic Council (campus provosts and vice presidents for Student Affairs), and the campus vice presidents for Administration and Finance. In addition, meetings to review the draft report have taken place with the Systemwide Budget Advisory Committee, representatives from the state legislature and the Department of Finance, as well as the Council of Presidents. To ensure the broadest possible review the draft report has also been published on the CSU website at www.calstate.edu/financial-future/phases/, allowing an opportunity for public feedback.

In general, comments received on the draft report have focused on the need to emphasize directly the need for the state to provide funding sufficient to meet the growing student demand, the consequences on affordability of increasing student fees, the risks associated with pursuing philanthropic support, and greater emphasis on the need to enhance the quality of educational experiences for students.

Next Steps

Following the January 2016 presentation of the final report, the chancellor will convene subject-matter experts to address those recommendations that require further analysis and consideration with the goal of initiating required policy, regulatory, and statutory changes in June 2016.

A Financial Model to Support the Future of The California State University

DRAFT

**Draft Report of the Chancellor's Task Force for a
Sustainable Financial Model for the CSU**



LETTER TO CHANCELLOR FROM THE CO-CHAIRS

The California State University (CSU) educates over 460,000 and graduates over 100,000 students each year and contributes significantly to California's economic strength and educated citizenry. The system receives over 400,000 new applications annually; students with a dream could be threatened by limited resources available to support the 23 campuses. While the legislature and governor were able to fully fund the Board of Trustees' budget request in 2015-16, K-12 education and community college funding requirements under Proposition 98, the state's new rainy day savings requirement, and growth in health and human services programs requires the CSU and the state to consider new approaches to funding the university. State general fund support should remain a primary source of revenue for the university but we must find supplemental resources and tools to address our operating and infrastructure needs.

This report proposes a series of possible actions and new tools beyond increases in general fund appropriations to support the university into the future. It is our belief that the current financial model is not sustainable in the long run and now threatens access to the high-quality education offered by CSU campuses. California's future is tied to having a well-educated workforce, and as an institution we must make sure we are fulfilling our obligation to the state and those who should have access to a college education. Even if all of the recommendations in this report are adopted, it is critical that the State of California increase its investment in the University over the next ten years to maintain educational quality, provide authentic student access, and maintain an affordable cost to students..

Over the past year, the task force has reviewed several interrelated elements that affect how our institution acquires and allocates its resources in an effort to provide current and prospective students a quality education. The report reflects our commitment to do all that we can to serve students today and tomorrow. However, it is clear that we cannot do it alone; we will continue to need ongoing investment from the state as well as policymakers' support to explore and implement other approaches and serve as partners in making sure that the future remains bright for students and the state for decades to come.

On behalf of the Task Force for a Sustainable Financial Model, we respectfully submit to you the proposed findings and recommendations that are designed to ensure access to a high quality education for Californians.

Sincerely,

Elliot Hirshman
President
San Diego State University

Leroy Morishita
President
California State University, East Bay

Steve Relyea
Executive Vice Chancellor/CFO
California State University

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SUMMARY

The California State University has existed as a single publicly-funded, publicly-minded system for 55 years. In that time, more than 3 million alumni have earned a quality CSU degree – a degree of high academic standards and applied demonstration of learning. The university system empowered people from every region and community of this state. These alumni have gone on to drive one of the world's most dynamic innovation economies, while breaking cycles of poverty and producing generations of civic leaders.

Between 2008 and 2011, the CSU faced an existential threat. Within a four-year period, the state cut public funding to CSU by \$1 billion – or a third. As a result, the university was forced to take drastic actions, including furloughs, administrative and staff layoffs, deferred repairs and replacement of building and equipment, and tuition increases. Even as the university became more cost efficient and effective to soften the burden, these four years radically realigned the role of the state and students in funding higher education.

The CSU has continued to serve a growing student population even in the face of the dramatic reductions in state support. During fiscal year 2008, before the most recent budget cuts arising from the recession, the CSU served 368,424 full-time equivalent students and received \$2,970,515,000 from the state for operations. In fiscal year 2015, the level of state support was \$2,762,018,000 or \$208,497,000 below the level provided in 2008 even though the CSU served 382,231 full-time equivalent students—an increase of 13,807 FTES. Compared to 2008 the CSU served four percent more FTES annually while state support remained seven percent lower in 2015 than in 2008. Greater and greater student access with less and less state support is not a sustainable approach for the CSU or California.

Today, we continue to see the traditional role of the state change. Most notably, the burden for facilities repair and replacement has shifted from the state to the university. And the CSU continues to face a \$2.6 billion backlog of deferred maintenance as a result of past funding constraints. Simultaneously, experts at the Public Policy Institute of California (PPIC) project a shortfall for the state of 1.1 million educated workers with bachelor's degree by 2030.

The state took an important step toward the future by fully funding the trustees' requested budget for 2015-2016, which will begin to slowly increase state support per full-time equivalent student, even while CSU funding levels remain well below historic levels. The CSU will continue to work with the governor and legislature to build on this investment. Yet, state funding alone is not likely to meet the need identified by the PPIC with appropriate quality and adequate/safe facilities. This report presents options – perhaps best viewed as a menu of prompts for further development – to sustain the CSU as it meets the demand of California's economy and society, while preparing for the possibility of unstable state resources in the future. However, it is important to stress that even if all of the recommendations in this report were adopted, it remains critical that the state invest more resources in the CSU than it is investing today. To do otherwise will lead to untenable conditions of decreasing access and educational quality, and increasing costs to students.

The tables below summarize recommendations presented in this report to sustain the CSU into the future.

Supporting a Quality Education	Administrative Effectiveness	Resource Allocation
<ul style="list-style-type: none"> • Expand research funding • Advance English and mathematics preparation • Formalize applicant redirection • Continue to build data-driven decision making capacity • Consider alternative scheduling to use facilities more effectively 	<ul style="list-style-type: none"> • Partner to revise regulations and policies to remove barriers • Improve support and infrastructure systems • Consider funding year-round operations • Pursue public-private partnerships where appropriate 	<ul style="list-style-type: none"> • Create a direct and transparent campus allocation process • Develop allocation factors that consider student success • Implement financing authority, restructure debt, build reserves
Managing Costs	Revenue	
<ul style="list-style-type: none"> • Review structure and cost of health benefit and pension programs for long-term viability • Enhance the State University Grant program • Pursue funding to replace tuition discounts with direct grants 	<ul style="list-style-type: none"> • Expand CSU's investment authority • Increase investment and expand philanthropic giving • Consider moving from intermittent large spikes in tuition to planned small increments over time • Consider adjusting non-resident tuition rates by campus, with controls that do not displace residents • Strengthen advocacy effectiveness regarding our state appropriation 	

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SUPPORTING A QUALITY EDUCATION

Many of the recommendations of this report, if implemented, will provide additional resources from cost savings and new revenue that can be used to enhance the quality of the educational services provided to students. Other recommendations, such as those regarding capital financing, will help improve critical infrastructure, including facility renovations, to further enhance educational quality.

The task force also considered several issues that more directly support the quality of education, including student success and the expansion of research and grants activity.

STUDENT ACCESS

There continues to be strong demand for a CSU education from high school students and community college transfers. To meet this demand and prepare the state's future workforce, we must manage our enrollment within our human and fiscal resources to ensure access to quality and affordable educational opportunities for students.

Background

California's higher education institutions face four inter-related challenges; 1) enrollment demand exceeds enrollment capacity at many public universities, 2) K-12 schools and community colleges are preparing more graduates seeking access to postsecondary education, 3) many eligible students enrolling at universities are not adequately prepared and require additional college preparatory coursework in math and English to ensure their success, and 4) public policy analyses indicate that robust economic growth will require a significant increase in the number of college graduates in California.

CSU should also remain cognizant of the need for families, students, policymakers, and our segmental partners to understand CSU enrollment policies including local admission areas, priority students (i.e. associate degree transfer students), and supplemental admission criteria.

Proposal

The CSU should support creative efforts designed to enhance preparation for college and, to the extent possible, implement a comprehensive admission redirection program to broaden admission opportunities for eligible students at one or more of the 23 CSU campuses.

Rationale

The importance of student access to success is the cornerstone of the CSU. Efforts should facilitate students' access and support their efforts to make academic progress and graduate. It is critical to explore opportunities that make student access to success the focus of CSU campuses rather than just meeting enrollment targets.

Recommendations

The task force recommends that a “CSU access and student success” workgroup be created to specify tactics to address the following:

First, build on current efforts to reduce the need for additional English and mathematics preparation for entering freshmen, within the context of the new Common Core State Standards and new K-12 assessments. The workgroup should also explore new intersegmental strategies to further reduce the numbers of admitted students who are not ready for college level work to enhance systemwide implementation of best practices, such as current Summer Bridge and Early Start Programs, and to increase the number of students completing their college preparation work prior to beginning their coursework in the fall.

Second, develop a robust process that provides options for students who are CSU-eligible but unable to attend campuses that are at enrollment capacity. A CSU admissions redirection program would provide denied eligible students, who find their preferred campus is at capacity, with options to attend another CSU campus. The task force recognizes that many students are place-bound and it may be difficult to attend another CSU campus. A review of regional demand and local service area policies will facilitate the conversation about where and when to redirect applications and help balance enrollment demand and capacity across the system

Third, identify a set of best practices for campuses to adopt in using technology and data-driven decision making to enhance student retention and progress to degree. These new techniques can support early identification of problems, enhance advising strategies, and support students who are facing challenges.

Fourth, identify scheduling approaches that maximize the use of our facilities given campus facility capacity limitations. Analysis should be done to determine to what extent these problems could be alleviated by alternative scheduling (e.g., extending the instructional week, offering a full summer term). Consideration of alternative scheduling approaches should take into account the costs and benefits of space utilization, faculty and administrative staffing, utilities, infrastructure, and maintenance needs.

RESEARCH AND GRANTS

Background

The CSU generates over \$500 million of federal, state, local, and nongovernmental grants and contracts each year to support faculty who conduct substantial research, scholarship, and creative activities, often in collaboration with students and in support of the CSU undergraduate and graduate instructional mission. Undergraduate research is a key "high-impact" educational practice, and is a growing part of CSU undergraduate education programs. CSU faculty members are outstanding scholars in their disciplines, and provide significant mentorship to support the research, scholarship, and creative activities they undertake with their students. Much of the undergraduate research conducted at the CSU is focused on regional and community needs, supports students' professional advancement, and constitutes an important driver for curriculum renewal and innovation.

Proposal

Opportunities exist to increase funding available for research and in particular directed research, which is a critical aspect of the CSU's mission. CSU campuses should be encouraged to continue to pursue research, scholarship, and creative activities responsibly and consistent with campus mission and goals, taking into consideration the support costs and requirements of these programs, through sharing of best practices, further investment in critical infrastructure, faculty development, and inter-segmental partnerships, among others.

Rationale

The expansion of opportunities to engage in research, scholarship, and creative activities will generate additional resources to enhance academic quality, student engagement, and promote new knowledge.

Recommendations

The task force recommends that the Office of Research Initiatives and Partnerships at the Chancellor's Office collaborate with campus Research and Sponsored Programs offices to identify and implement strategies designed to expand funding opportunities from federal, state, local, and private entities to support the CSU's mission regarding research, scholarship, and creative activities.

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ADMINISTRATIVE EFFECTIVENESS

CSU campuses consistently rank among the nation's most effective higher education institutions thanks to the academic rigor applied by faculty and administrative efficiencies that have helped to save and avoid significant costs. However, in order to preserve the quality of education, CSU must consider alternative solutions to increase its effectiveness. It must pursue policy and regulatory changes that increase the institution's financial flexibility, evaluate advancements in tools and software for its administrative functions, make better use of facilities to maximize enrollment capacity, and consider increased use of public-private partnerships to advance its capital program and mission.

POLICIES AND PROCEDURES

Background

Over the past ten years the CSU has evolved significantly away from the state agency fiscal structure. Before this change, the Board of Trustees was limited in its authority to develop their own fiscal policies or establish financial management procedures. Since the implementation of the revenue management program in 2006 allowing the CSU to collect and retain student tuition, the CSU has a greater ability to respond to changing financial conditions, but additional improvements are required.

Proposal

Changes should be considered to the California Education Code, the California Code of Regulations, and CSU policy that currently constrain effective campus financial and operational management. Proposed changes should provide campus leadership with the tools and flexibility necessary to achieve the mission of their campus.

Rationale

To fulfill our mission of providing highly valued degrees to the top one-third of the state's high school graduates and transfer students, it is the CSU's obligation and desire to operate as effectively as possible. Accordingly, CSU must be provided the financial tools to achieve the educational objectives of the state.

Recommendations

The task force recommends that a workgroup be appointed to review California codes and regulations, as well as all CSU policies and procedures with a financial or operational impact and recommend changes to the chancellor for consideration. In some cases, proposed changes may require action by the Board of Trustees. A comprehensive evaluation is critical to assure that the resulting recommendations strive to remove bureaucratic regulations and impediments regarding all aspects of the CSU's financial and administrative operations.

IMPROVE ADMINISTRATIVE SYSTEMS

Background

Fifteen years ago the CSU set out to achieve a target administrative systems environment to improve its performance standard for administrative functions and to provide efficient and effective services to students, faculty, and staff. That environment was designed to perform administrative functions in concert with a common set of best practices, support administrative functions with a shared suite of application software, and operate the administrative software suite as a shared service.

Proposal

There have been significant improvements in application software support and hardware operating environments since the original vision 15 years ago. The time has come for the CSU to explore and evaluate advancements that will improve administrative services and manage the inevitable cost increases associated with the maintenance of the current software and hardware support.

Rationale

The CSU has implemented, maintained, and utilized the Common Management System (CMS) to manage its human resources, financial, and student information requirements as well as successfully operated CMS as a shared service. However, full achievement of best practices—the first and most important objective—has not been fully realized.

Recommendations

The task force recommends the chancellor charge separate workgroup(s) to evaluate and develop a set of recommendations on: existing and potential improvements in applications software and hardware support that can enable better administrative services while containing or reducing costs; cost reduction strategies in the areas of strategic procurement, multi-segment collaboration, and network infrastructure; current statutes and regulations that restrict efforts to reduce energy consumption and costs, and becoming more self-reliant with conventional and renewable energy sources; and, cost reduction strategies in the area of library management systems.

MAXIMIZE USE OF FACILITIES

Background

Summer session programs have been very successful at several CSU campuses, however other campuses struggle to offer a robust summer term using a traditional summer-session model. Currently, five campuses offer state-supported summer session programs, down from the all-time high of 19 campuses in 2003-04. There are many reasons for contraction of state-supported summer programs, but a common and significant reason was the loss of significant state resources during recent recessions. For those campuses evaluating a move toward year-round operations, the endeavor could be a responsible and effective approach to serving the CSU's mission to educate students in a timely manner.

Proposal

The CSU should seek additional state funding to increase enrollment generally and to further support those select campuses with demonstrated capacity that choose to explore implementing a fully state-supported year-round calendar.

Rationale

Significant efficiencies can be gained through year-round operations with the full utilization of facilities including housing, classrooms, labs, food service centers, and recreational facilities during the summer months. Furthermore, implementing full year-round operations on select campuses could become an important vehicle to expand enrollment, provide increased access, and promote timely progression to graduation. Benefits could include flexible scheduling options for students, increased year-round employment opportunities for students, faculty, and staff and the opportunity to serve greater numbers of students. The economic impact on the local communities would also be significantly enhanced.

Recommendations

The task force recommends that campuses and the system explore the viability of year-round operations on select campuses and address issues such as faculty hiring and deployment processes, the application and admission process, and financial aid across the full college year. In addition to operational considerations, campuses will need to re-envision campus culture and academic pathways to promote student success under the year-round model. Such change must be accomplished in partnership with faculty and within the framework of the collective bargaining environment. Year-round operations may be an optimal forward-looking path for some CSU campuses.

Enrollment growth achieved through year-round operations should not come at the expense of growth for other campuses following the traditional academic-year model and the state should provide supplemental enrollment growth funding to support expansion of the summer term.

PUBLIC PRIVATE PARTNERSHIPS (P3)

Background

Public-private partnerships often referred to as P3, have been employed successfully by the CSU for many years. As capital funding continues to present challenges, the use of public-private partnerships offer additional methods to provide necessary services, facilities, and opportunities to generate revenue. In concept, a public-private partnership represents a contractual arrangement between the CSU and a private sector entity. Through this agreement, the skills and assets of each sector, public and private, are shared in delivering a service or facility for use by the CSU. In addition to the sharing of resources, each party shares in the potential risks and rewards.

There are potential risks associated with public private partnerships including: the loss of flexibility and control, liability exposure, increased financing costs and developer fees, the need to achieve an expected rate of return on investment, increased transaction time for negotiation and development of legal documents, and greater possibility for unforeseen challenges. To minimize and mitigate these risks, Executive Order 747 provides important policy guidance regarding the process to consider, approve, and

implement public-private partnership projects. In addition, campuses are responsible for ensuring that appropriate governance and consultation occurs to properly evaluate and consider benefits and risks associated with public-private partnership projects.

The use of public-private partnerships for the delivery of student housing, parking, research park, sport facility, retail, renewable energy, and recreation center projects has proven to be effective and beneficial on many campuses. Other projects have included a local municipality, which can enhance land utilization, or provide tax benefits from a public-public partnership.

Proposal

The various forms of public-private partnerships can offer campuses additional resources to deliver needed projects and generate revenue and should be pursued where the opportunity exists.

Rationale

Public-private partnerships offer many benefits to be considered as campuses evaluate a proposed project. Value for money is an important tool used to assess the relative costs and benefits of alternative options available for selection of a potential public project. The transfer of the financing risks for a project may also be beneficial by shifting the fluctuations in financing costs as well as estimated and actual inflation costs to the development partner. In addition, the inherent risks associated in a design and construction project may be mitigated with emerging project delivery models that may allow the transfer of risk during a building's entire life cycle.

In addition to capital project delivery, public-private partnerships can generate various revenue streams to support operations as well as financing opportunities. Ground leases can provide a stable income stream while retaining property ownership and may also include a monetization strategy to provide institutions with substantial cash infusions, improved balance sheet performance, or a needed campus asset. Private sector space leases in mixed-use university facilities provide another source of revenue and can help support fixed costs associated with capital development.

Recommendations

The task force endorses increased consideration and use of public-private partnerships to advance the CSU's mission, with careful attention to potential risks, meaningful consultation, and campus governance policies, as well as compliance with systemwide policies. In challenging times and with limited resources, public-private partnerships provide tested alternative tools to deliver facilities, generate revenue, and potentially transfer some project risks to private partners. The success of public-private partnerships depends upon a sound business plan with realizable revenues, a committed and knowledgeable team of personnel, and senior leadership to support its purpose in meeting institutional objectives.

While the task force reached general consensus on this recommendation, one member was cautious about the involvement of private profit-driven entities in campus development activities, which may conflict with the educational mission of the campus.

RESOURCE ALLOCATION

The CSU support budget has two primary funding sources: state general fund appropriation, which is provided by the state legislature and governor, and tuition and fees, which are paid by students and their families. With severe budget cuts in the past decade and tuition freezes in effect since 2011-12, the CSU must continue to creatively and strategically manage the allocation of all of its available resources.

INTERNAL ALLOCATIONS FOR ENROLLMENT

Background

The CSU is a large and complex organization. There are many and sometimes competing interests and obligations that must be balanced so that the system's overall contribution to the state and service to students is as valuable and responsive as possible. Consequently, the balanced allocation of internal resources to meet these needs is critical to CSU's success. The past budget allocation methodology for enrollment growth, while responsive to the environment in which it was developed, no longer adequately serves CSU's current financial imperatives.

Proposal

The internal resource allocation methodology should be modified to distinctly and directly address the funding of enrollment growth, and should focus on the allocation of new dollars for the express purpose of instructing and supporting a greater number of students.

Rationale

The new method should foster transparency and predictability regarding the revenue associated with enrollment growth. It should limit unexpected swings in budget allocations and provide appropriate incentives for campuses to generate additional revenue. The task force recognizes that enrollment growth is only one factor driving cost increases (others include compensation, student success, and mandatory costs), and that there will be a need for tailored budget adjustments among campuses (e.g., support for infrastructure growth at developing campuses) and that these adjustments may affect funding available for enrollment growth and other allocation categories.

Making such allocations separately and transparently will enhance predictability and campus planning. There are, of course, many additional issues associated with enrollment management, which are discussed elsewhere in this report.

Recommendations

The task force recommends that the chancellor modify the internal resource allocation methodology to address the funding of enrollment growth in a direct and transparent manner. Ideally, a fixed dollar amount should be allocated to campuses for every additional full-time equivalent student (FTES) and allocations for enrollment growth should not be reduced as campuses collect additional tuition revenue or as other revenue sources grow. As a separate part of the allocation methodology, the chancellor may

allocate additional funds to support specific needs of campuses to address financial or physical infrastructure challenges.

CAPITAL FINANCING

Background

Until 2014, the state paid for CSU academic buildings and infrastructure, either directly or by issuing general obligation and State Public Works Board lease revenue bonds. State funding for academic and core infrastructure capital projects declined dramatically over the past decade and fundamentally changed with the legislature and governor's approval of new capital financing authorities for the CSU in June 2014. Specifically, responsibility to pay principal and interest on state general obligation and State Public Works Board bonds issued for past CSU capital projects shifted permanently from the state to the CSU. Although the state appropriated additional general funds to the CSU to fund the existing principal and interest payments, no additional funding was provided to deal with future capital costs. The state may provide additional capital support in the future, but currently there is no commitment to support what has historically been a responsibility of the general fund.

Going forward, costs associated with construction and renovation of academic buildings and infrastructure will be the responsibility of the CSU, similar to the CSU's responsibility for many decades to construct and renovate facilities such as student housing, student unions, parking, and other "self-support" activities that are not supported by the state general fund.

The CSU now has sole responsibility to prioritize, plan, finance, and construct facilities located on each of the 23 campuses using existing revenue sources to support capital debt financing. The CSU must develop ways to utilize existing state appropriation, tuition, or other revenue sources to address over \$2.6 billion-worth of current deferred maintenance and approximately \$6 billion-worth of key infrastructure projects already proposed.

The new capital financing authority provides the CSU with significant opportunities to control its own destiny. However, the new capital financing authorities depend on revenue streams that are already fully committed. While opportunities for revenue generation and resource redirection exist, these potential approaches will not provide the CSU with sufficient revenues to fund ongoing operations and meet all of its capital needs, at least not in the near to medium term.

Proposal

Debt capacity is a strategic resource and must be managed on a systemwide basis to ensure that the CSU is able to balance operating and capital demands to meet the most critical campus needs. The CSU has the opportunity to provide incentives to expand the number of projects funded by encouraging campuses to identify sources that have not previously been used to fund capital projects and use designated reserves to fund deferred maintenance components of major renovations or replacement projects. The CSU should communicate clearly the application of systemwide priorities to the long list of critical capital outlay needs so that we appropriately balance financial resources, debt capacity, and local capital project priorities

Rationale

In order to fully maximize the new authorities, the CSU must fundamentally change the way it thinks about, prioritizes, and allocates all of its available resources — especially those revenues that have historically only been used for operating purposes such as state general fund and tuition and fees.

Recommendations

The task force makes the following recommendations with regards to the CSU's operating budget and capital program needs.

1. CSU policy should acknowledge the new capital financing authorities and the impact on operating revenues by providing each campus with the flexibility and authority to allocate available resources to meet its operating and capital needs. CSU policy should allow each campus to establish the priority of its needs, within the broader mission priorities established by the Board of Trustees.
2. In consultation with key stakeholders including students, faculty, and the state, the CSU should pursue ongoing and one-time state funds, as well as future general obligation bonds with debt service provided by the state general fund. The task force deliberated on possible solutions in the event that additional state support is not provided for capital needs, including consideration of a capital facilities fee to sustain safe and adequate facilities. While additional capital funding is critical, as a result of consultation with faculty, students, and legislative representatives, the task force determined that the recommendation to consider a future capital facilities student fee was inconsistent with the principles of state-funded public higher education. Passing the cost along to students puts pressure on affordable access to a high quality education. The buildings that make up the CSU were built by the state and should be maintained by the state for future use by California students. As a result, the task force decided not to recommend further consideration of a capital facilities student fee.
3. CSU policy should require that each campus contribute funding towards the cost of campus capital projects in an amount at least equal to an established minimum percentage for each project, taking into consideration specific campus circumstances and project characteristics.
4. CSU policy should require that each campus set aside cash reserves annually, over and above the amount needed to meet debt service payments, to support such debt service payments in an amount at least equal to an established minimum percentage of annual debt service.

ALTERNATIVE MEASURES FOR ALLOCATION OF FUNDS

Background

Historically the state has partially funded the CSU, and the Chancellor's Office has made allocations to campuses, based in part on the number of full-time equivalent students CSU campuses enroll. More recently, however, drastic reductions in state general fund revenues have made it more difficult for the system to increase student access while maintaining quality. In addition, state and federal expectations regarding "outcomes", such as time-to-degree, are gaining attention.

Proposal

The CSU should consider alternative allocation methodologies in addition to enrollment growth. One proposed alternative is to allocate a small portion of the annual budget based on a set of student success and completion measures. Selected measures must take into account the context of the CSU mission, guidance from the Board of Trustees and the chancellor, and individual campus circumstances. If successful, over time a growing portion of the annual allocation could be allocated using the selected measures.

Rationale

Many higher education institutions across the country already allocate funds based on student success and completion measures. Federal and state demands for greater accountability as well as continued public interest in higher education outcomes suggest strongly that the CSU should more closely connect resource allocation and measures of achievement.

Recommendations

The task force recommends that the CSU consider additional measures for funding and that the chancellor commission a workgroup to further analyze and develop a set of potential student success and completion measures.

The workgroup should ensure appropriate faculty and student input and should consider the following:

1. Allowing campuses with different missions to be measured according to different standards and focus on improvement of selected measures rather than achievement of a systemwide standard.
2. Ways to support and encourage campuses that struggle with a measure.
3. Unintended consequences of measures that may steer the CSU from its core mission.
4. Including measures to incentivize institutions that graduate low-income and traditionally underrepresented student populations.
5. Supporting academic quality by incorporating student-learning measures.
6. The appropriate level of funding that should be committed each year to such measures.
7. Facilitating broader comparison by using Integrated Postsecondary Education Data System (IPEDS) data or other national sources.
8. Maintaining focus on the goal of improving college completion.
9. Enrolled time to degree as a better measure of student achievement while also quantifying in real terms the actual impact of students' attendance patterns.
10. An implementation timeline allowing for development, data gathering and analysis.

MANAGING COSTS

The state budget allocation to the CSU has increased over the past two years and we are making progress toward recovery from the dramatic reductions in state support resulting from the last recession. However, even with the increases in general fund support, discretionary resources are limited due to the rapid increase in mandatory costs. Paramount among these are health care premiums, pensions costs, and increases in the “cost” or foregone revenue of the State University Grant program.

HEALTH PREMIUMS AND PENSION BENEFIT COSTS

Background

Mandatory costs incorporated in the annual operating budget plan include employee benefits, which totaled over \$1.5 billion in fiscal year 2014-15. Health care premiums and pension contributions paid by the CSU made up 80% of these costs accounting for over \$1.2 billion. These costs are large, growing by 41% over the past three years representing a \$350 million increase in operating expenses. Not only are costs increasing rapidly, beginning in 2014-15, the state stopped funding the full cost of CSU pension benefits, freezing the state’s obligation to adjust funding based on annual rates established by CalPERS at the level established in 2013-14 for pensionable payroll. Going forward, the CSU bears the full cost of pension benefits for employees hired after July 1, 2014, representing a significant departure from past practice.

Proposal

Costs associated with health care premiums and retirement contributions will continue to grow and reduce funding available for other critical needs. The CSU should evaluate the structure of these programs to ensure that adequate resources are available to fund costs over the long term.

Rationale

The state has shifted responsibility for aspects of the existing retirement program to the CSU and health care premiums are projected to continue to increase beyond expected growth in revenue.

Recommendations

The CSU should evaluate the structure and cost of health care and retirement programs with the intention to ensure the long-term viability of these programs relative to the overall financial condition of the CSU.

STATE UNIVERSITY GRANT ALLOCATION PROCEDURES

Background

The State University Grant program was designed to provide critical institutional financial aid to students with demonstrated financial need. Last year, over 131,000 or 30 percent of students enrolled in

the California State University received State University Grants, representing over \$644 million of foregone revenue across the 23-campus system. This institutional commitment to affordability represents an important tenet of the CSU and additional state support will be required in the future as demand for a high-quality CSU education increases.

The practice of tuition discounting—charging different students different prices for the same educational opportunities—is a long-standing technique of private and, more recently, public higher education institutions. Discounts to published tuition and fee rates are most often provided to students with the least ability to pay.

The CSU discounts state university tuition through the State University Grant program, which reduces tuition for students based on financial need determined by the federal financial aid methodology. The amount budgeted for tuition discounts represents tuition that will not be collected from students who receive State University Grants.

The cost of State University Grant tuition discounts has grown dramatically, based in large part on the tuition increases required to offset declining state support during the recession. For 2014-15, the program cost of over \$644 million in tuition discounts was almost double the amount in 2008-09. This rate of growth is a significant financial commitment that reduces revenue available to the university and thus limits the CSU's ability to provide a higher quality of education.

This challenge is exacerbated by the current procedures for allocating State University Grant tuition discounts among campuses. The allocation formulae are complex; simultaneously incorporating enrollment growth, student financial need profiles, and tuition increases. This complexity makes it very difficult to identify the factors influencing the rate of growth of the State University Grant program and the year-over-year impact on campus budgets.

Proposal

The CSU should carefully review and revise the State University Grant tuition discount program to ensure that the methodology used is clear, understandable, and predictable. Furthermore, the CSU should consider the effectiveness of tuition discounts in meeting the increasing financial need of our students. The CSU and the state should also seek alternative funding to replace tuition discounts with direct grants-in-aid to students, perhaps by expanding the Cal Grant program by making additional need-based grants available to students enrolled in California public universities.

Rationale

To address this issue, the task force created models using separate calculations of the allocation of State University Grants associated with enrollment growth, changes in campuses' student financial need profiles, and tuition increases. These simplified models are fully consistent with all relevant board policy and statute. The models demonstrate that the State University Grant allocations rely on discretionary parameters that affect the rate of growth of the State University Grant systemwide pool. Examples of these parameters include the rate used to allocate tuition discounts for enrollment growth and the total amount of state appropriation to be re-allocated among campuses. Currently, these parameters are set, implicitly or explicitly, by staff in the Chancellor's Office.

The short term changes recommended below should produce greater financial stability, make the State University Grant allocation process more transparent, and may slow the rate of growth of unfunded tuition discounts. The long-term recommendations envision additional approaches that will allow the CSU to enhance its financial stability while maintaining its commitment to helping financially needy students.

Recommendations

SHORT-TERM RECOMMENDATIONS

The task force recommends that the chancellor or his designee set the discretionary parameters for the State University Grant program as part of the budget allocation process that allows campuses, at a minimum, to continue to meet existing student financial need.

LONG-TERM RECOMMENDATIONS

The task force recommends the Chancellor's Office monitor the rate of growth of tuition discounts from 2015-16 to 2017-18. During this period, the Chancellor's Office should review and consider approaches for identifying funding sources for the program, including expansion of the Cal Grant Program to provide additional need-based grants to students. If such sources cannot be identified and the rate of growth of tuition discounts is not slowed, more significant changes in the program, possibly requiring changes in Board of Trustees' policy, should be considered, including renaming the program to more accurately describe the use of tuition discounts rather than grants-in-aid.

REVENUE

Student tuition revenue and philanthropic giving now comprise a significant portion of the total operating budget. As a result, the management of this revenue has become more important to the financial stability of the CSU.

EXPAND CSU'S INVESTMENT AUTHORITY

Background

As described earlier in this report, responsibility for the annual principal and interest on state general obligation and State Public Works Board bonds that have been issued on behalf of the CSU have been shifted from the state to the CSU on a permanent basis beginning with 2014-15. Although the state increased the CSU's support budget to address this shift, the augmentation is not sufficient to support new capital funding to address the CSU's deferred maintenance, critical infrastructure, renovation, and new construction needs. In order to appropriately address capital requirements, the CSU must find new revenues to support new capital funding. Investment earnings are one potential source of revenue.

Currently, the CSU may only invest funds in fixed-income securities authorized by the California Government Code, which have historically generated lower investment returns compared to the returns of balanced portfolios that diversifying investment risk over a broader array of asset types.

In addition, recent developments regarding environmental, social, and governance criteria applicable to institutional investment policies and CSU's leadership role regarding the advancement of these principles as they apply to CSU investment policies would benefit from additional flexibility regarding investment opportunities beyond that provided by the California Government Code.

Proposal

The CSU should consider options to expand authority to prudently invest funds in a manner that allows the CSU to generate additional revenues that can be used to help reduce deferred maintenance and meet critical infrastructure needs.

Rationale

The CSU can generate additional investment revenues to help meet capital needs, and reduce the amount that may be sought from the state or students. This broader authority is consistent with the goal of giving the CSU greater autonomy and responsibility in making decisions on how best to utilize its limited resources and manage risks in meeting its educational mission.

Recommendations

The task force recommends the CSU seek legislative changes that will expand its investment authority, establish an investment advisory committee to the board and enhance investment performance reporting. Furthermore, the task force recommends that the CSU incorporate environmental, social, and governance principles as part of its investment policy structure and consider material environmental,

social, and governance criteria when constructing investment portfolios and making investment decisions under the expanded investment authority.

While the task force reached a strong consensus on the recommendation to expand CSU's investment authority, one member expressed concern that broadening investment options may result in a loss of principal and expose the CSU to inappropriate market risk.

THE CRITICAL ROLE OF PHILANTHROPY

Background

Philanthropic support is not a replacement for state support. The state provides critical base funding for permanent core operations. However, philanthropy provides significant resources that enhance quality and expand opportunity. These include funds for academic innovation, cross-system collaboration, statewide expansion of best practices, exploration of scientific frontiers, the application of discovery across disciplines, and scholarship.

The CSU should also be poised to realize high-value philanthropic gifts connected to capital opportunities made possible through expanded financing authority. Yet, CSU advancement staffing and infrastructure lag many private non-profit institutions and the University of California. Investment continues to be necessary to grow philanthropic support that benefits students, alumni, faculty, staff, and the community.

Proposal

CSU campuses should further invest in university advancement, alumni engagement, and community relations in order to increase philanthropic support for the CSU mission.

Rationale

The return on investment in philanthropic infrastructure and cultivation activity is substantial. Every dollar invested in CSU advancement returns six dollars in new funds. In 2014-2015, the CSU received more than \$314 million in gifts that included support for student scholarships, academic enrichment, research, capital improvement, public service programs, athletics, and other priorities. Comparisons with other educational systems and non-profit institutions suggest that campuses could expand their philanthropic productivity. Making this point, several CSU campuses have achieved successive fundraising records in recent years as a result of increased sophistication in their advancement programs.

It is critical that the CSU reinforce its efforts to develop closer relationships with students, before they arrive on campus, while they are in school, and after they graduate. As the CSU succeeds in its completion efforts, the number of alumni will grow at an increasing rate. This presents both an opportunity for engagement and an increased demand for alumni services. To be effective at cultivating alumni relationships, the CSU must develop multiple strategies that are segmented to provide value to alumni of different age groups and at different stages in their careers.

Additionally, philanthropic activities require identifying educational, civic, and business leaders who are committed to the CSU mission and interested in addressing regional needs. The CSU can also add value by providing tools, facilitating the adoption of best practices, and sponsoring training at the system level.

Recommendations

The task force recommends that the CSU develop strategies to increase its investment in alumni, corporate and foundation relations; to focus on the support of quality programs and facilities; and to increase applied learning opportunities.

TUITION MODEL

Background

Creating a sustainable approach to tuition in California has been a significant challenge. Historically, there have been many years in which tuition did not increase. For example, fiscal year 2016-17 will be the fifth consecutive year without a tuition increase in the CSU. Conversely, there have been years in which tuition has increased dramatically, by as much as 40 percent. Both approaches are problematic.

Extended periods without tuition increases are not sustainable without increases in state appropriation to support operations including mandatory costs, enrollment growth, and now capital outlay needs. This is because the university faces inflationary cost increases each year such as health care, retirement, facility and construction, library materials, energy, salary, and others.

While the university continually strives to increase productivity and reduce costs, most inflationary costs are set by third parties or through contractual negotiations with represented employees and are outside the university's full control. Given limitations in state funding, the impact of inflation means that the university's costs will significantly exceed its revenues without tuition increases. This financial instability, over time, results in reductions in quality and large, unexpected tuition increases.

Dramatic and unexpected tuition increases are especially problematic and make it impossible for students and their families to financially plan for college expenses. This also creates affordability inequities when similarly situated students pay dramatically different tuition amounts based on state fiscal conditions in place at the time they attend college.

Proposal

In consultation with stakeholders including students, faculty, and the state, the CSU should consider predictable and incremental adjustments to tuition and fees that maintain purchasing power in the face of inflationary increases over time. The task force focused on systemwide tuition and fees in the development of this proposal and did not consider campus-based mandatory fees, including student success fees, which were addressed in an earlier report and resolutions by the Board of Trustees at the January 27-28, 2015 meeting.

Rationale

When combined with increases in state general fund, modest tuition increases ensure the CSU's academic quality and fiscal stability. Small, planned tuition increases will allow students and their families to budget appropriately. The State University Grant tuition discount program will continue to ensure affordability and minimize impact on financially needy students. This additional revenue combined with annual increases in state general fund will contribute to the CSU's financial sustainability, supporting quality educational opportunities and predictable expenses for students and their families.

Recommendations

The task force recommends that the Board of Trustees consider enacting small, annual systemwide tuition increases tied to the rate of inflation designed to maintain the purchasing power of the revenue collected and mitigate future large, unplanned tuition increases in response to state budget reductions in the face of economic uncertainty. Coupled with significantly increased general fund investment by the state, inflationary increases in tuition will improve the ability of the CSU to provide affordable access to a high-quality education for a growing number of students.

MARKET BASED NON-RESIDENT TUITION RATES

Background

CSU campuses can best serve students when they have the resources and flexibility to act on unique campus priorities and goals. In this context, CSU campuses must consider new sources of revenue, which could bolster educational offerings and experiences for students. CSU remains committed to serving Californians first but it is also true that nonresident and international students have been a small part of the CSU student body for decades. Additionally, non-resident domestic and international students add to the learning environment as CSU students and faculty gain a greater understanding of the global marketplace and society.

Proposal

The task force recommends that campuses be given the authority to propose market-based tuition rates for non-resident domestic and international students. Importantly, the CSU should continue to closely monitor enrollment of nonresident and international students to ensure their numbers do not increase disproportionately to California students.

Rationale

Revenue raised from this source will vary across campuses due to differing strategic non-resident domestic and international enrollment opportunities and goals. In addition, the tuition rates the market can bear will vary from campus to campus. Nevertheless, additional revenue from charging market based non-resident domestic and international tuition rates has the potential to strengthen campuses individually and the CSU system as a whole by providing new resources to support campus programs and services. An increase in non-resident tuition will provide additional revenue to increase California resident enrollment and enhance our ability to serve all students.

Recommendations

The task force recommends that the Board of Trustees and chancellor give CSU campuses the authority to propose campus-specific, market-based tuition for non-resident domestic and international students. The task force proposes that increases in these non-resident tuition rates apply to incoming students so that currently enrolled non-resident domestic and international students would not be impacted. The CSU should continue to closely monitor enrollment of nonresident and international students to ensure their numbers do not increase disproportionately to California students.

DRAFT

APPENDIX A. TASK FORCE CHARGE

Chancellor's Charge for the Task Force on

A Sustainable Financial Model for the California State University

October 21, 2014

Several interrelated elements influence the general fund acquisition and distribution for undergraduate and graduate instruction. These elements, viewed at a high level, include state appropriated funds, tuition fees collected, state university grants (revenue foregone), and budget allocations to campuses and the Chancellor's Office.

The current approach to budget and finance was developed over a number of years, based on the infamous "orange book" antecedent. While appropriate for the times, going forward it does not bode well for enabling the CSU to provide high quality programs with broad access by academically qualified students reflective of the spectrum of society, all at a moderate cost to students and the state of California.

The charge to this task force is to propose to the Chancellor in April 2015 a sustainable plan for the future with respect to budget allocation, revenue generation, enrollment management, and institutional financial aid policies. The system-wide recommendations are to:

- Be responsive to the mission of the CSU and to the needs of our students, California, and society in general.
- Reflect regional as well as campus specific enrollment and student needs and aspirations.
- Provide for flexibility across the system, recognizing diversity of campus educational offerings.
- Recognize special circumstances for new and/or small campuses.
- Identify revenue enhancement opportunities for some/all campuses, including national and international students.
- Modify SUG policy to create manageable 'skin-in-the-game' for all students.
- Create policies and practices on revenues including tuition that are predictable with minimal fluctuations in annual resource allocations that allow coherent planning.
- Create a phased transitional implementation plan that does no harm.

The committee will refine the work plan at its first meeting and determine if membership is adequate and if a third-party consultant is required. The task force will decide upon meeting venues (e.g., in person; video conference; teleconference; hybrid) and schedule. It will also suggest any modifications to the charge for Chancellor's approval. All necessary and reasonable costs (travel and lodging) will be borne by the Chancellor's Office.

The work of the Task Force shall commence in October 2014, and consist of two phases.

Phase one will begin by exploring the universe of issues at hand *writ large*, and if necessary refine the initial charge to a narrower, actionable focus that will lead to recommendations and an articulation of core values and operating principles. This refined charge will be reviewed by campus presidents, the statewide academic senate leadership, and leadership in the Chancellor's Office to ensure that it has broad understanding and acceptance. The Task Force membership will determine if its composition is suitable for the charge, including the possibility of retaining a third-party consultant, and if necessary make a compelling request to the Chancellor for adding an additional member or two to the Task Force.

During the second phase, the Task Force will carry out the final charge with an eye to having a draft report completed in April 2015. The draft report will be posted for broad input by any interested individuals in the CSU or from the communities we serve. The input will be reviewed by the Task Force for consideration, and the final report will be submitted thereafter.

The task force consists of colleagues across the state with demanding schedules. Consequently it is not feasible to meet in person on every occasion. And yet the work is important and will require constant attention and focus. The meeting schedule is being established by the task force convener to optimize participation of the task force members. The work of the task force is important, and I caution that progress not become paralyzed in the search of 'perfect' solutions.

The Task Force members are appointed by the Chancellor. Members will bring perspectives and experiences formed in their prior and current roles, yet they are not appointed as 'representative' *per se* of their current role and campus, but rather these colleagues are charged to serve the broad interests of the California State University.

APPENDIX B. GUIDING PRINCIPLES

The following principles articulate the framework for a new, sustainable financial model for the CSU that were developed by the task force to carry out the charge included in Appendix A.

1. Take advantage of all possible options to advance the university's financial position, consistent with the university's mission.
2. Look beyond the university's historical budget methodology.
3. Budget allocation methodology should follow the priorities of the University.
4. Budget allocations should incentivize campuses to reduce time-to-degree and achieve higher rates of degree completion.
5. The budget processes and regulatory practices should provide campuses with maximum flexibility to address each campus' highest priorities, leverage the heterogeneity of the campuses, and ensure the system has a subsidiary role to support the campuses.
6. The financial model should encourage campuses to increase funding from non-state sources such as philanthropy, third-party partnerships, auxiliaries, enterprises, grants, contracts, and other activities.
7. Recognize that all campuses must have a critical mass of size and resources to adequately serve their campus mission effectively.
8. Ensure that there is critical mass, available resources, and demonstrated need prior to consideration of opening any new campuses.
9. Grow enrollment appropriately to the extent that there are adequate resources available to support student achievement, success, and graduation.
10. Changes to the allocation methodology should be phased-in so that campuses' base budgets are not significantly reduced.
11. The financial model should minimize dramatic swings in resource allocation from year-to-year, be predictable, transparent, and allow campuses to engage in longer-term planning.
12. Financial aid policies should be examined to determine whether all students should pay a portion of the cost of their education as an incentive to make timely academic progress towards their degrees.
13. The financial model should recognize that all campuses have to support and contribute to the system as a whole.

APPENDIX C. SUMMARY OF COMMENTS

This report incorporates comments from a wide variety of faculty, students, staff, and other key stakeholders. Much of the input from briefing sessions were positive, and the comments that were critical of the draft report coalesced around four areas, which are summarized below. All of the comments and suggestions were considered by the Task Force and have been incorporated in this report.

An initial draft of Task Force report was distributed widely in September and several members of the Task Force consulted with key stakeholders within the California State University including the California State Student Association, the Statewide Academic Senate, the Council of Presidents, the Academic Council, the Chief Administrative and Business Officers, Vice President's for Student Affairs and Advancement, and others. Members of the Task Force also met with legislative staff and members as well as representatives from the Department of Finance to discuss the September 2015 draft report. In addition, the initial draft Task Force report was posted for public feedback and over 100 comments were received and considered by the Task Force.

Resource Allocation

Public comments and feedback from consultation meetings recommended that performance or outcome measures used to determine allocations should be considered carefully to ensure that they support the mission of the CSU. Some comments also warn against potential unintended consequences resulting from the use of these measures to determine campus allocations.

Capital Facilities Fee

Many of those who commented on the initial draft strongly opposed the establishment of a capital facilities fee. Opposition to a capital facilities fee was driven primarily by the view that state general fund support was the appropriate mechanism to maintain state buildings and that student fees should not be the source of funding for deferred maintenance resulting from inadequate state funding.

Financial Aid

Comments suggested that the draft report did not adequately consider the benefits of financial aid programs like the State University Grant to provide access to students who otherwise could not attend the CSU and that the draft report did not appropriately recognize the challenges faced by students who are unable to afford the cost of attendance.

Many individuals commented that one of the recommendations in the initial draft report to rename the State University Grant program would confuse students and their families.

State Support

Several comments suggested that the draft report should more emphatically express that the state should provide additional general fund support and that emphasizing savings from efficiencies and other revenue streams weakens the argument for additional state funding.

Many individuals indicated that the initial draft failed to appropriately call for substantial increased investment by the state in the CSU to improve the quality and maintain affordability of a CSU education. Comments also elaborated the point that the initial draft report failed to describe the significant reduction in state funding of the CSU representing a fundamental change in the nature of public education in California.

DRAFT

APPENDIX D. TASK FORCE MEMBERSHIP

Co-Chair

Elliot Hirshman
President
San Diego State University

Co-Chair

Leroy Morishita
President
CSU East Bay

Co-Chair

Steve Relyea
Executive Vice Chancellor & CFO
Chancellor's Office

Talar Alexanian

Student Trustee
CSU Northridge

Kelsey Brewer

Student Trustee
CSU Fullerton

Drew Calandrella

Vice President
Student Affairs
CSU Chico

Kathleen Enz Finken

Provost & Executive Vice President
Academic Affairs
Cal Poly San Luis Obispo

Steven Filling

Chair
Statewide Academic Senate

Larry Furukawa-Schlereth

Vice President
Administration & Finance
Sonoma State University

Harry Hellenbrand

Provost & Vice President
Academic Affairs
CSU Northridge

Taylor Herren

President
California State Student Association
CSU Chico

Steven Stepanek

Faculty Trustee & Professor of Computer Science
CSU Northridge

Mary Stephens

Vice President
Administration & Finance
CSU Long Beach

Ysabel Trinidad

Vice President
Business & Financial Affairs
CSU Channel Islands

Ex-officio Chancellor's Office support:

Ryan Storm

Assistant Vice Chancellor
Budget

Rodney Rideau

Deputy Assistant Vice Chancellor
Budget

Robert Eaton

Assistant Vice Chancellor
Financing, Treasury & Risk Management

Dean Kulju

Director
Student Financial Aid Services & Programs

Kara Perkins

Executive Director
Systemwide Budget

Brad Wells

Associate Vice Chancellor
Business and Finance

COMMITTEE ON FINANCE

Report on the 2016-2017 Support Budget

Presentation By

Ryan Storm
Assistant Vice Chancellor
Budget

Summary

The fiscal outlook for the California economy and state government is positive. If current conditions hold, three separate forecasts conclude that the state's economy will continue to grow in calendar years 2016 and 2017. Additionally, it is anticipated that the major state tax revenues will also increase, allowing the state to make new investments, grow reserves to balance future economic uncertainty, and retire state debt.

The Governor's Budget identifies a \$2.2 billion surplus for 2016-2017. This surplus is net of \$5.1 billion in increased state expenditures between 2015-2016 and 2016-2017. Similar to last year's proposal, the budget plan applies large portions of the new revenue to aggressively retire state debt, increases the rainy day fund (as approved by voters via Proposition 2 in November 2014) and increases K-12 and community college program spending. Smaller portions of the projected surplus are for programmatic investments concentrated in health, social services, deferred maintenance, employee compensation, wildfire costs, and higher education programs.

The governor's budget provides a \$140.4 million state general fund increase for the California State University (CSU) support budget. This amount slightly exceeds the governor's multi-year funding plan first proposed and adopted in 2013-2014. Additionally, the governor's budget includes one-time funding for deferred maintenance, energy efficiency, and renewable energy projects for the CSU. Lastly, the proposal would continue new initiatives begun last year that require the CSU to prepare and adopt an academic sustainability plan and would continue a basic skills partnership program between California Community Colleges and the CSU.

California Fiscal Outlook

Since the November 2015 meeting of the trustees, three reputable entities released forecasts for California's economy and the resulting effect on the state budget. The Legislative Analyst Office's (LAO) California Fiscal Outlook in November 2015, the University of California, Los Angeles Anderson Forecast in December 2015, and the Department of Finance's 2016-2017 Governor's Budget in January 2016. All conclude that the state's economy will continue to grow in calendar years 2016 and 2017. The associated growth in employment, real personal income, and other

factors are expected to yield greater tax receipts primarily in personal income taxes. Little to no change is expected for the other two of the “big three” state revenue categories—sales taxes and corporate taxes. In turn, the higher personal income tax receipts would allow for increases in state program expenditures (like CSU), help pay down state debts, and help the state save for future economic uncertainty.

State Budget Overview

The state’s budget outlook has markedly changed in recent years. Four years ago, the 2012-2013 Governor’s Budget estimated a \$9.2 billion budget shortfall and future annual budget deficits of up to \$5 billion. Under the leadership of the governor, and with the assistance of many others, including the CSU and its stakeholders, voters approved Proposition 30 in November 2012. This temporarily increased sales and personal income tax through end of calendar year 2016 and 2018, respectively. Additionally, voters approved Proposition 2 in November 2014, which required the state to annually pay down debts and save more money in a “rainy day” fund. A growing state economy and resulting additional state revenue, debt reduction, stronger savings requirements, and significant and permanent expenditure reductions have transformed the fiscal fortunes of California.

To illustrate California’s continuing positive fiscal trajectory, the LAO’s California Fiscal Outlook anticipates state revenues outpacing planned expenditures, resulting in \$2.1 billion state surplus in 2016-2017. Further, the LAO reports that an additional \$1.2 billion of the state’s rainy day fund already credited toward 2015-2016 could be used for any purpose in 2016-2017. Combining these figures and other budget adjustments, the legislative analyst concludes that as much as \$4.3 billion could be used for any discretionary purpose, including CSU, if state leaders choose this approach.

The release of the 2016-2017 Governor’s Budget on January 7, 2016, revealed that the Department of Finance independently calculated and reported a \$2.2 billion surplus for 2016-2017. This surplus is net of \$5.1 billion of increased state expenditures between 2015-2016 and 2016-2017. The governor’s budget estimates future annual revenue growth of approximately 3.3 percent through 2019-2020.

The governor’s budget proposal aligned the available additional revenues with the fiscal policy priorities of the governor’s administration. The largest expenditure increases would pay down the state’s debt, as required by Proposition 2, meet Proposition 98 funding requirements for K-12 and community colleges, and transfer \$3.6 billion of revenues to the rainy day fund (\$1.6 billion as mandated by Proposition 2 and \$2.0 billion voluntarily transferred to the fund). Other notable expenditures include Medi-Cal cost increases, various social service program increases, state employee compensation, wildfire costs, a \$2.0 billion statewide deferred maintenance investment (including CSU and UC), and continued investment in the multi-year funding plan for higher education.

2016-2017 CSU Support Budget

The governor's budget proposal continues to make higher education a priority, although not at the level requested in the CSU budget plan approved by the trustees in November 2015. Below are elements of the 2016-2017 Governor's Budget proposal that affect the CSU.

✓ Appropriation Increase

The governor's budget proposes a \$140.4 million state general fund augmentation. Funding can be used for any CSU operational purpose and comes with the expectation that tuition rates will not change from 2011-2012 levels. The total consists of two pieces. First, \$125.4 million that is aligned with the multi-year funding plan for higher education first implemented in 2013-2014. This is the fourth year of the funding commitment, which has been extended from four years to six years to align with the governor's term in office. Second, \$15 million is available as a result of state changes to the Middle Class Scholarship program in 2015. The CSU appreciates the governor's fiscal commitment, his understanding that the CSU had to implement very difficult cuts during the challenging fiscal years, and the fiscal flexibility contained within the augmentation, that will allow the system to continue its recovery from prior reductions and address pressing needs.

However, the proposed funding is significantly short of the trustees' support budget request of \$241.7 million state general fund—a \$101.3 million difference that, if funded, would provide greater student access, quality, and achievement at the CSU.

✓ Ongoing Capital Program Funding

The funds that support debt service payments for all outstanding general obligation (GO) bond and State Public Works Board (SPWB) bond-funded CSU academic facility projects were folded into the CSU support budget in 2014-2015. The "fold-in" of \$297 million for GO and SPWB debt service would be augmented by \$7.9 million to cover new SPWB debt service costs that will begin in 2016-2017. The governor's administration committed to the CSU to ramp up funding over a three-year period for capital projects that had been approved by the state, but were not completed prior to the adoption of the new capital financing authority. The \$7.6 million augmentation provided in 2015-2016 and the \$7.9 million proposal for 2016-2017 would be cost neutral in the near term. As this debt is retired over time, the new capital financing authority provides the CSU the opportunity to retain the new \$7.9 million indefinitely and to use more of those funds in future years for infrastructure or other capital needs.

✓ *One-Time Funding for Deferred Maintenance*

The governor's budget proposes one-time funding of \$35 million for CSU to address facility maintenance and utility infrastructure needs. Similar proposals were made for many other state program areas. Last year, the governor's administration proposed, and the final state budget ultimately included, one-time funding of \$25 million for CSU deferred maintenance projects.

✓ *One-Time Cap and Trade Funding for Energy Efficiency and Renewable Energy Project*

The governor's budget proposal includes a statewide cap and trade expenditure plan totaling \$3.1 billion. The CSU share is proposed to be \$35 million of one-time funding for energy efficiency and renewable energy projects on CSU campuses. In addition to these purposes, the proposed expenditure plan for the state would also aim to reduce climate pollutants, protect ecosystems, and support clean transportation.

✓ *Academic Sustainability Plan*

State law requires the CSU to report on a number of student achievement measures annually in March. Some examples include student enrollment, two-year and three-year graduation rates of community college transfer students, four and six year graduation rates for first time freshmen, and the number of degree completions. The budget acts of 2014 and 2015 required the CSU to prepare a multi-year plan that would establish annual goals for these student achievement measures and outline the way in which assumed revenues and expenditures would sustain the plan. The trustees approved these plans at their November 2014 and 2015 meetings. The 2016-2017 Governor's Budget would require the trustees to once again prepare and adopt an academic sustainability plan based on yet-to-be defined assumptions prescribed by the Department of Finance.

✓ *Basic Skills Partnership Program*

The governor's budget proposal builds upon last year's one-time investment to implement practices that increase student preparation for college-level English and mathematics. Specifically, the proposal would make a permanent allocation of \$10 million of Proposition 98 funds to the California Community Colleges to partner with CSU campuses to increase the number of CSU students who start their freshman year academically ready for college-level work.

In some ways, the governor's budget provides similar treatment to the CSU and the UC. For each system, the budget would: (1) provide an augmentation of \$125.4 million for support of each system; (2) presume tuition fee rates will remain at 2011-2012 levels for the fifth straight year; (3)

provide a one-time augmentation of \$35 million for deferred maintenance projects; and (4) require both systems to prepare academic sustainability plans.

In other ways, the governor's budget differentiates between the two systems. For example, (1) CSU would receive a \$15 million supplement to the \$125.4 million support budget increase (bringing CSU's total to \$140.4 million); (2) CSU would receive \$10 million more than UC for cap and trade energy efficiency and renewable energy projects; and (3) UC would receive a one-time increase of \$171 million to help pay down the UC retirement plan's unfunded liability.

Initial reactions to the governor's budget proposal by leaders in both houses of the state legislature expressed general support of the governor's proposed investments in education. It is, however, very early in the 2016-2017 state budget cycle and it will be several months before the Assembly and Senate craft their final budget proposals specific to CSU. Ahead are several months of legislative budget committee work that will include an evaluation of the CSU support budget request, the governor's revised May budget proposal, and a careful analysis of anticipated state revenues and balancing funding priorities for higher education with other areas of state government. While this is happening, the CSU administration along with students, faculty, and staff will visit state legislators and staff to continue to emphasize the importance of investing in higher education to power California's future economy.

Conclusion

If approved by the legislature, this budget proposal would allow the CSU to minimally invest in student enrollment increases, cover unavoidable mandatory CSU costs (such as employee health benefits), and fulfill commitments already made in collective bargaining. However, this scenario leaves very little fiscal flexibility to fund other significant trustee priorities such as student success and completion initiatives, facility maintenance and other infrastructure needs, and additional student access to meet the demand for a CSU education.

Presuming that the state's positive economic prospects persist into the May Revision, CSU staff commits to working with the governor and legislature alongside faculty, staff, and students through the budget process to ensure that the priorities outlined in the trustee-approved CSU support budget request are met by an appropriate level of state support.

COMMITTEE ON FINANCE

2015-2016 Student Fee Report

Presentation By

Ryan Storm
Assistant Vice Chancellor
Budget

Summary

As required by California State University Fee Policy, the CSU Board of Trustees is presented with an annual campus fee report to consider the level and range of campus-based mandatory fees charged to CSU students.

2015-2016 CSU Student Fee Report

Campus-based mandatory fees are charged to all students in order to enroll at a particular university campus. In addition, campuses charge miscellaneous course fees for some courses to provide materials or experiences that enhance basic course offerings. Campuses also charge fees for self-support programs, such as parking, housing, and student unions. As required by the CSU Fee Policy, this annual report focuses primarily on the campus-based mandatory fees.

The table on the following page displays the 2015-2016 academic year campus-based mandatory fee rates by campus and by fee category. Student success fees are separately identified in this report for transparency and accountability.

2015-2016 Category II Campus-Based Mandatory Fee Rates								
	Health Facilities	Health Services	Instructionally Related Activities	Materials Services and Facilities	Student Success	Student Body Association	Student Body Center	Total Campus-Based Mandatory Fees
Bakersfield	\$6	\$291	\$160	\$57	\$0	\$369	\$456	\$1,339
Channel Islands	6	190	260	145	0	150	324	1,075
Chico	6	268	278	90	0	132	776	1,550
Dominguez Hills	6	150	10	5	105	135	330	741
East Bay	6	225	129	3	240	129	360	1,092
Fresno	6	226	264	46	0	69	228	839
Fullerton	6	160	72	72	239	148	268	965
Humboldt	6	420	674	321	0	117	185	1,723
Long Beach	6	90	50	10	346	120	358	980
Los Angeles	6	165	123	5	255	54	275	883
Maritime Academy	21	680	130	45	0	210	0	1,086
Monterey Bay	0	126	60	165	0	96	200	647
Northridge	6	120	30	5	220	180	536	1,097
Pomona	6	249	48	15	387	128	711	1,544
Sacramento	33	239	360	0	0	130	638	1,400
San Bernardino	40	227	150	15	167	123	383	1,105
San Diego	50	300	360	50	200	70	474	1,504
San Francisco	6	306	236	184	0	108	164	1,004
San Jose	116	284	0	30	608	178	690	1,906
San Luis Obispo	10	301	300	1,134	797	308	679	3,529
San Marcos	50	288	80	249	400	100	630	1,797
Sonoma	32	378	458	32	0	210	748	1,858
Stanislaus	17	365	301	271	0	121	157	1,232

The following table shows total campus-based mandatory fees by campus for the 2014-2015 and 2015-2016 academic years. As shown in the table, the systemwide average of campus-based mandatory fees increased by \$56, or 4.4 percent, from \$1,287 in 2014-2015 to \$1,343 in 2015-2016. Increases in these fees occurred for various reasons. Some campuses have authorized annual incremental increases for certain fees that keep pace with inflation such as the California Consumer Price Index or Higher Education Price Index. Student success fee increases programmed before the state’s moratorium went into effect account for a large part of the increase at Dominguez Hills, Fullerton, Pomona, San Diego, and San Marcos. Additionally, the Student Body Center fees were increased at Monterey Bay to expand the student union and at Sacramento to expand the student union and wellness center.

2014-2015 and 2015-2016 Category II Campus-Based Mandatory Fee Rates			
Campus	2014-15	2015-16	Increase
Bakersfield	\$1,320	\$1,339	\$19
Channel Islands	1,049	1,075	26
Chico	1,530	1,550	20
Dominguez Hills	667	741	74
East Bay	1,092	1,092	0
Fresno	827	839	12
Fullerton	843	965	122
Humboldt	1,699	1,723	24
Long Beach	980	980	0
Los Angeles	876	883	7
Maritime Academy	1,064	1,086	22
Monterey Bay	491	647	156
Northridge	1,077	1,097	20
Pomona	1,432	1,544	112
Sacramento	1,176	1,400	224
San Bernardino	1,078	1,105	27
San Diego	1,394	1,504	110
San Francisco	996	1,004	8
San Jose	1,851	1,906	55
San Luis Obispo	3,446	3,529	83
San Marcos	1,697	1,797	100
Sonoma	1,804	1,858	54
Stanislaus	1,214	1,232	18
Average	\$1,287	\$1,343	\$56

New Student Success Fee Website

A new informational Student Success Fee website has been developed for students, the CSU community, state officials, and the general public to access useful information related to student success fees. The site contains the Board of Trustees' policy statement, the resulting state law governing these fees, and media and information from the working group and the Board of Trustees. Links to individual campus fee websites provide additional information such as fee rates, revenues, and how campuses are using student success fee revenue. It also details the process to create, revise, or repeal a student success fee. This and other relevant information may be found at www.calstate.edu/studentssuccessfees or through the www.calstate.edu homepage.

Conclusion

For the fourth straight academic year, the CSU systemwide tuition rate has not changed. Systemwide, campus-based mandatory fees increased between 2014-2015 and 2015-2016 by an average of \$56 per student. Those already low tuition and fee rates, coupled with the many institutional financial aid programs offered at the CSU have made a CSU education an affordable option for students from all socio-economic backgrounds. Overall:

- About 77 percent of all CSU students (336,000) received nearly \$3.9 billion in total financial assistance.
- 60 percent of undergraduates have their tuition fully covered by grants or waivers.
- 52 percent of CSU baccalaureate recipients graduated with zero education loan debt.
- Of the 48 percent who graduated with debt, the average loan debt of \$15,657 is lower than the California average of \$20,340 and well below the national average of \$28,400.

AGENDA

COMMITTEE ON AUDIT

Meeting: **2:00 p.m., Tuesday, January 26, 2016**
Glenn S. Dumke Auditorium

Lupe C. Garcia, Chair
Douglas Faigin, Vice Chair
Adam Day
Hugo N. Morales
Peter J. Taylor

Consent Item

Approval of Minutes of the Meeting of November 17, 2015

Discussion Items

1. Assignment of Functions to Be Reviewed by the Office of Audit and Advisory Services for Calendar Year 2016, *Action*
2. Status Report on Current and Follow-up Internal Audit Assignments, *Information*
3. 2014 Quality Assurance Review – Status Report, *Information*

**MINUTES OF THE MEETING OF
COMMITTEE ON AUDIT**

**Trustees of the California State University
Office of the Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

November 17, 2015

Members Present

Lupe C. Garcia, Chair
Douglas Faigin, Vice Chair
Hugo N. Morales
Peter J. Taylor
Lou Monville, Chair of the Board
Timothy P. White, Chancellor

Chair Garcia called the meeting to order.

Approval of Minutes

The minutes of the meeting of September 8, 2015, were approved as submitted.

Status Report on Current and Follow-Up Internal Audit Assignments

Mr. Larry Mandel, vice chancellor and chief audit officer, provided a status on the 2015 audit plan and follow-up on past audit assignments.

Mr. Mandel reported that almost all of the 2015 audit assignments have been completed or are currently in process. He stated that due to resource constraints, three Student Activities audits will be completed in the first quarter of 2016, while the audit of Cloud Computing will be carried forward to the 2016 audit plan. Mr. Mandel commented that the campuses and the CSU Chancellor's Office continue to do a good job completing recommendations on a timely basis. He reminded everyone that updates to the status report are displayed in green numerals and indicate progress toward or completion of recommendations since the distribution of the agenda. Mr. Mandel added that both the reviews and associated recommendations pertaining to the construction projects are also being completed timely.

The meeting adjourned.

COMMITTEE ON AUDIT

Assignment of Functions to Be Reviewed by the Office of Audit and Advisory Services for Calendar Year 2016

Presentation By

Larry Mandel
Vice Chancellor and Chief Audit Officer
Office of Audit and Advisory Services

Summary

Each year, the Office of Audit and Advisory Services performs a risk assessment in the last quarter of the year in order to develop its audit plan for the next year. At the January meeting of the Board of Trustees, the Committee on Audit selects the audit assignments for the new year. The following is an audit plan for calendar year 2016.

MANDATED

Delegations of Authority

In 1986, Senate Bill (SB) 1828 extended indefinitely certain California State University (CSU) delegations of authority concerning purchasing and contracting activities, motor vehicle inspections, and real and personal property transactions. This bill was expanded by Assembly Bill (AB) 1191 in 1993 and added Section 89045(d), which states *In addition, the internal audit staff shall perform audits, at least once every five years, of the activities of the CSU pursuant to Sections 89031.5, 89036, 89046, and 89048 of the Education Code and Section 11007.7 of the Government Code.*

This audit will be performed at selected campuses. This represents 48 staff weeks of audit effort, which is approximately 5 percent of the audit plan.

OPERATIONAL/FINANCIAL

Academic Department Fiscal Review

Proposed audit scope will include review of college/department administrative and financial controls.

Emergency Management

Proposed audit scope will include review of campus emergency management policies and procedures to ensure compliance with CSU and state and federal compliance requirements.

International Activities

Proposed audit scope will include a review of campus international programs and activities to ensure compliance with CSU policies and other regulatory requirements.

Construction

The audit scope includes design budgets and costs; the bid process; invoice processing and change orders; project management, architectural, and engineering services; contractor compliance; cost verification of major equipment and construction components; the closeout process and liquidated damages; and overall project accounting and reporting.

Carryover

Due to resource constraints, we were unable to complete three Student Activities audits in 2015. These audits will be completed in the first quarter of 2016. The audit scope includes review of oversight for student organizations and activities; chartering and/or formal recognition of student organizations; processes to ensure advisors and student leadership meet minimum qualifications and receive appropriate orientation and training; compliance with alcohol usage and substance-abuse prevention and awareness programs and student travel policies; administration and oversight of on- and off-campus student activities and events; security of systems utilized to administer student organizations and activities; and administration of student organization funds.

These audits will be performed at those campuses where a greater degree of risk was perceived for each of these areas. This represents 219 staff weeks of audit effort, which is approximately 21 percent of the audit plan.

INFORMATION TECHNOLOGY AND SUPPORT

Information Security

Proposed audit scope will include review of the activities and measures undertaken to protect the confidentiality, integrity, access to, and availability of information.

Cloud Computing

Proposed audit scope will include review of activities pertaining to the use of third-party cloud computing/internet service providers, including a review of contractual provisions related to service availability, data ownership, backup and recovery, and protection of sensitive and/or proprietary information.

Information Technology Disaster Recovery Planning

Proposed audit scope will include review of program and facility readiness and resource planning for the recovery of data processing services following a catastrophic event.

Information technology audits will be performed at those campuses where a greater degree of risk was perceived for each of these areas. This represents 98 staff weeks of audit effort, which is approximately 9 percent of the audit plan.

Technology Support

Technology support will be provided for non-information technology specific audits and advisory services reviews. Seventeen staff weeks are planned during calendar year 2016, which is approximately 2 percent of the audit plan.

AUXILIARY ORGANIZATIONS

In order to provide assurance to the Board of Trustees that adequate oversight is being maintained over auxiliaries, the Office of Audit and Advisory Services administers an audit program covering internal compliance/internal controls. It is estimated that 29 auxiliary reviews will take place during calendar year 2016. This represents 267 staff weeks of audit effort, which is approximately 26 percent of the audit plan.

ADVISORY SERVICES

The Office of Audit and Advisory Services will partner with management to identify solutions for business issues, offers opportunities to improve the efficiency and effectiveness of operating areas, and assists with special requests, while ensuring the consideration of related internal control issues. Advisory services are more consultative in nature than traditional audits and are performed in response to requests from campus management. The goal is to enhance awareness of risk, control and compliance issues and to provide a proactive independent review and appraisal of specifically identified concerns. Two hundred twenty staff weeks have been set aside for this purpose, representing approximately 22 percent of the audit plan.

INVESTIGATIONS

The Office of Audit and Advisory Services is periodically called upon to provide investigative reviews which are often the result of alleged defalcations or conflicts of interest. In addition, whistleblower investigations are being performed on an ongoing basis, both by referral from the state auditor and directly from the chancellor's office. Forty-three staff weeks have been set aside for this purpose, representing approximately 4 percent of the audit plan.

COMMITTEES/SPECIAL PROJECTS

The Office of Audit and Advisory Services is periodically called upon to provide consultation to the campuses and/or to participate on committees, and to perform special projects. Thirty-eight staff weeks have been set aside for this purpose, representing approximately 4 percent of the audit plan.

AUDIT SUPPORT

Audit Follow-up

The purpose of this category is to follow up on prior audit recommendations. The Office of Audit and Advisory Services reviews the responsiveness of the corrective action taken for each recommendation and determines whether additional action may be required. In certain instances, it may be necessary to revisit the campus to ascertain whether the corrective action taken is achieving the desired results. All recommendations are tracked until each is satisfactorily addressed. Reports of follow-up activity are made at each meeting of the Committee on Audit.

Annual Risk Assessment

The Office of Audit and Advisory Services annually conducts a risk assessment to determine the areas of highest risk to the system.

Administration

Day-to-day administration of the Office of Audit and Advisory Services includes such tasks as scheduling, personnel administration, maintenance of department standards and protocols, and department quality assurance and improvement.

Seventy-one staff weeks have been set aside for audit support, representing approximately 7 percent of the audit plan.

The following resolution is recommended for approval:

RESOLVED, By the Committee on Audit of the California State University Board of Trustees that the 2016 internal audit plan, as detailed in Agenda Item 1 of the Committee on Audit at the January 25-27, 2016 meeting, be approved.

COMMITTEE ON AUDIT

Status Report on Current and Follow-up Internal Audit Assignments

Presentation By

Larry Mandel
Vice Chancellor and Chief Audit Officer
Office of Audit and Advisory Services

Summary

This item includes both a status report on the 2015 audit plan and follow-up on past assignments. For the 2015 year, assignments were made to conduct reviews of Auxiliary Organizations, high-risk areas (Information Security, Clery Act, Information Technology (IT) Procurement, Payment Card Industry (PCI) Data Security Standards, Admissions, Cloud Computing, Scholarships, and Student Activities), a high profile area (College Reviews), and Construction. In addition, follow-up on current/past assignments (Auxiliary Organizations, Accessible Technology, Executive Travel, Information Security, IT Procurement, College Reviews, Clery Act, Admissions, PCI, and Scholarships) was being conducted on approximately 34 prior campus/auxiliary reviews. Attachment A summarizes the reviews in tabular form. An up-to-date Attachment A will be distributed at the committee meeting.

Status Report on Current and Follow-up Internal Audit Assignments

Auxiliary Organizations

The initial audit plan indicated that approximately 267 staff weeks of activity (25.8 percent of the plan) would be devoted to auditing internal compliance/internal control at eight campuses/31 auxiliaries. Four campus/sixteen auxiliary reports have been completed, three campus/ten auxiliary reports are awaiting a campus response prior to finalization, and report writing is being completed for one campus/three auxiliaries.

High-Risk Areas

Information Security

The initial audit plan indicated that approximately 37 staff weeks of activity (3.7 percent of the plan) would be devoted to a review of the systems and managerial/technical measures for ongoing evaluation of data/information collected; identifying confidential, private or sensitive

information; authorizing access; securing information; detecting security breaches; and security incident reporting and response. Five campuses will be reviewed. Three campus reports have been completed, one campus report is awaiting a campus response prior to finalization, and report writing is being completed for one campus.

Clery Act

The initial audit plan indicated that approximately 50 staff weeks of activity (4.8 percent of the plan) would be devoted to a review of campus Clery Act policies and procedures to ensure compliance with CSU and federal requirements; review and testing of processes to compile required disclosures and statistics for the Annual Security Report (ASR); verification of the availability of educational programs for security awareness, and the prevention and reporting of crime; review and testing of ASR dissemination to required parties; review of campus good-faith efforts to comply with changes to the Clery Act imposed by the Violence Against Women Reauthorization Act (VAWA) for the 2014 ASR and progress in meeting the changes by the July 2015 deadline; and review of content and delivery of training. Six campuses will be reviewed. Six campus reports have been completed.

Information Technology Procurement

The initial audit plan indicated that approximately 34 staff weeks of activity (3.3 percent of the plan) would be devoted to a review of policies and practices related to information technology procurement. Specific goals will include determining whether administration and management of information technology procurement activities provide an effective internal control environment, adequate local policies and operational procedures, current written delegations, and observance of good business practices in compliance with CSU policy. Five campuses were initially scheduled to be reviewed; due to additional information technology staff resources, six campuses will be visited. Five campus reports have been completed, and report writing is being completed for one campus.

Payment Card Industry Data Security Standards

The initial audit plan indicated that approximately 14 staff weeks of activity (1.4 percent of the plan) would be devoted to a review of campus and auxiliary compliance with regulations specific to Payment Card Industry (PCI) Data Security Standards related to the security and protection of credit cards systems and data. The review would specifically include compliance with the new PCI 3.0 standard. Two campuses will be reviewed. One campus report has been completed, and one campus report is awaiting a campus response prior to finalization.

Admissions

The initial audit plan indicated that approximately 50 staff weeks of activity (4.8 percent of the plan) would be devoted to a review of the evaluation of student records, including residency determination; processing admission applications, including use of supplemental admission criteria for impacted majors or campuses, transfer students, and redirection of eligible applicants; security of applicant data; application fee processing and granting of fee waivers; and compliance with state legislation and CSU requirements. Six campuses will be reviewed. Six campus reports have been completed.

Cloud Computing

The initial audit plan indicated that approximately 11 staff weeks of activity (1.1 percent of the plan) would be devoted to a review of campus and/or auxiliary activities pertaining to cloud computing, including review of policies and procedures to ensure compliance with CSU and other agency requirements; review of campus administration and oversight including but not limited to service availability, data ownership and backup and recovery, establishing contractual relationships with third-party service providers, and if sensitive data is maintained by a third party, review of involvement of campus information security personnel in the decision process; documentation of campus expectations for handling and securing the data; contract language covering security expectations; and monitoring third-party performance. Resource restrictions will not allow for an audit of Cloud Computing during 2015; it will be reviewed as part of the 2016 audit plan.

Scholarships

The initial audit plan indicated that approximately 43 staff weeks of activity (4.2 percent of the plan) would be devoted to a review of campus and/or auxiliary activities pertaining to scholarships, including establishing student eligibility, awarding, and recordkeeping and protection of sensitive information; coordination between the financial aid department and awarding departments; and review of disbursement procedures for awarded scholarships. Six campuses will be reviewed. Two campus reports have been completed, and four campus reports are awaiting a campus response prior to finalization.

Student Activities

The initial audit plan indicated that approximately 50 staff weeks of activity (4.8 percent of the plan) would be devoted to a review of activities relating to social and co-curricular programs, recreational sports, student clubs and organizations; review of policies and procedures to ensure compliance with CSU and other agency requirements; review of campus administration and

oversight of student activities; review and appropriate testing for compliance with charters, bylaws and/or other governing documents for selected student organizations, clubs and other programs; review and testing to ensure appropriate staffing of student programs by qualified individuals and volunteers, including student leaders; and assessment to determine that required policies regarding non-discrimination, alcohol and drugs, and hazing are monitored and enforced. Six campuses will be reviewed. Due to resource constraints, audits at three of the campuses will be completed in the first quarter of 2016. Report writing is being completed for three campuses, and fieldwork is being conducted at three campuses.

High Profile Area

College Reviews

The initial audit plan indicated that approximately 49 staff weeks of activity (4.8 percent of the plan) would be devoted to a review of college/department administrative and financial controls, such as handling of cash and cash equivalents, expenditure processing, contracting activities, acquisition and tagging of sensitive equipment, and use of trust funds; and review of faculty assigned time, release time and special payments. Six campuses were initially scheduled to be reviewed; due to resource constraints, only five were visited. Five campus reports have been completed.

Construction

The initial audit plan indicated that approximately 47 staff weeks of activity (4.6 percent of the plan) would be devoted to a review of design budgets and costs; the bid process; invoice processing and change orders; project management, architectural, and engineering services; contractor compliance; cost verification of major equipment and construction components; the closeout process and liquidated damages; and overall project accounting and reporting. Six projects were initially scheduled to be reviewed; due to resource constraints, only five were reviewed. Four campus reports have been completed, and one campus report is awaiting a campus response prior to finalization.

Advisory Services

The initial audit plan indicated that approximately 216 staff weeks of activity (20.8 percent of the plan) would be devoted to partnering with management to identify solutions for business issues, offering opportunities to improve the efficiency and effectiveness of operating areas, and assisting with special requests, while ensuring the consideration of related internal control issues. Reviews are ongoing.

Technology Support

The initial audit plan indicated that approximately 14 staff weeks of activity (1.3 percent of the plan) would be devoted to technology support for non-information technology specific audits and advisory services reviews. The provision of support is ongoing.

Investigations

The Office of Audit and Advisory Services is periodically called upon to provide investigative reviews, which are often the result of alleged defalcations or conflicts of interest. In addition, whistleblower investigations are being performed on an ongoing basis, both by referral from the state auditor and directly from the CSU Chancellor's Office. Forty-three staff weeks have been set aside for this purpose, representing approximately 4.2 percent of the audit plan.

Committees/Special Projects

The Office of Audit and Advisory Services is periodically called upon to provide consultation to the campuses and/or to participate on committees such as those related to information systems implementation and policy development, and to perform special projects. Special projects for 2015 included the implementation of automated working papers in the Office of Audit and Advisory Services. Forty staff weeks have been set aside for this purpose, representing approximately 3.8 percent of the audit plan.

Follow-ups

The audit plan indicated that approximately 15 staff weeks of activity (1.5 percent of the plan) would be devoted to follow-up on prior audit recommendations. The Office of Audit and Advisory Services is currently tracking approximately 34 current/past assignments (Auxiliary Organizations, Accessible Technology, Executive Travel, Information Security, IT Procurement, College Reviews, Clery Act, Admissions, PCI, and Scholarships) to determine the appropriateness of the corrective action taken for each recommendation and whether additional action is required.

Annual Risk Assessment

The Office of Audit and Advisory Services annually conducts a risk assessment to determine the areas of highest risk to the system. Eight staff weeks have been set aside for this purpose, representing approximately 0.8 percent of the audit plan.

Administration

Day-to-day administration of the Office of Audit and Advisory Services represents approximately 4.3 percent of the audit plan.

Status Report on Current and Follow-Up Internal Audit Assignments
(as of 1/19/2016)

	2015 ASSIGNMENTS										FOLLOW-UP PAST/CURRENT ASSIGNMENTS					
	Aux Orgs	Info Security	Clery Act	College Reviews	IT Procure	PCI	Adm	Cloud Comptg	Scholar	Student Activity	Auxiliary Organizations	Accessible Technology	Executive Travel			
										●No.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.
BAK					AC			AI			4	35/35	-			
CHI	RW			AC							3					
CI						AC			FW		3	32/32	-		6/6	-
DH	AI							AC			3			6/6	-	
EB											3	31/31	-			
FRE		AC				AC					6	36/36	-			
FUL	AI								RW		4					
HUM											4	30/30	-			
LB	AC				AI	AC					4	17/18	5		3/3	-
LA				AC				AI			4	18/18	-	5/5	-	
MA											2	9/13	9			
MB						AC					2	23/23	-			
NOR	AC			AC				AI	FW		5	6/19	2			
POM				AC					FW		2	11/11	-	7/7	-	4/4
SAC				AC					RW		5	41/41	-			
SB	AC					AC					4	22/23	8			
SD		RW	AC								4	21/21	-	7/7	-	6/6
SF	AC	AI									3	16/17	7	1/1	-	
SJ		AC				AC		AI			5	26/26	-			9/9
SLO								AC			3	11/11	-			
SM									RW		4	22/22	-	4/4	-	
SON	AI										3					
STA		AC									4	14/14	-			
CO											2	5/5	-			3/3
SYS				AC			AI							1/1	-	3/3

* The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.
 ** The number of months recommendations have been outstanding from date of report.
 ● The number of auxiliary organizations reviewed.
Numbers/letters in green are updates since the agenda mailout.

FW = Field Work In Progress
 RW = Report Writing in Progress
 AI = Audit Incomplete (awaiting formal exit conference and/or campus response)
 AC = Audit Complete

Status Report on Current and Follow-Up Internal Audit Assignments
 (as of 1/19/2016)

FOLLOW-UP PAST/CURRENT ASSIGNMENTS														
	Information Security		IT Procurement		College Reviews		Clery Act		Admissions		PCI		Scholarships	
	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.
BAK	10/10	-												
CHI	21/21	-			4/5	6								
CI									0/7	3				
DH													0/3	2
EB							6/6	-						
FRE	11/11	-							1/8	4				
FUL			0/0	-										
HUM	4/4	-					0/3	5						
LB	5/6	10							0/0	-				
LA					4/4	-	3/3	-						
MA	7/7	-					2/3	4						
MB									0/6	4				
NOR					4/4	-								
POM			0/0	-	3/3	-								
SAC					8/8	-								
SB	10/10	-	0/2	4					5/5	-				
SD							0/4	5						
SF														
SJ	9/17	4							3/7	4				
SLO							3/3	-					1/1	-
SM														
SON			0/0	-										
STA	0/21	2												
CO			0/1	4										
SYS					0/1	4								

* The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.

** The number of months recommendations have been outstanding from date of report.

• The number of auxiliary organizations reviewed.

COMMITTEE ON AUDIT

2014 Quality Assurance Review – Status Report

Presentation By

Larry Mandel
Vice Chancellor and Chief Audit Officer
Office of Audit and Advisory Services

Summary

At the July 2014 meeting of the Committee on Audit, an implementation plan for the recommendations put forth in the quality assurance review of the Office of Audit and Advisory Services was presented. A status report for the implementation of the recommendations will be presented and is attached.

Office of Audit and Advisory Services (OAAS)
2014 Quality Assurance Review – Status Report

Observation #1: The last full quality assurance review was performed over five years ago in November 2006 with an additional review of audit coverage performed in October 2007.

Recommendation for Enhancement #1: External assessments should be performed every five years as required by the Standards.

Status for Recommendation #1:

This recommendation is closed. The OAAS is committed to complete its next external assessment in 2019 consistent with the *International Standards for the Professional Practice of Internal Auditing*.

Observation #2: Some of the campuses have internal audit positions that organizationally report to campus presidents or finance officers rather than the vice chancellor and chief audit officer (VCCAO). These positions do not have a reporting line to the VCCAO. The campus auditors are also responsible for matters other than traditional internal auditing, and they do not follow all auditing standards. As a result of the current structure, ambiguity of the roles and duplication of efforts can occur, and the VCCAO may not be aware of issues and risks occurring at the campus level.

Recommendation for Enhancement #2: The current organization structure should be reviewed to determine if a reporting relationship should be established between campus auditors and the VCCAO in order to strengthen the effectiveness of the audit function and provide increased assurance to the chancellor and the Board of Trustees that significant risks of the system are sufficiently understood and assessed and are receiving appropriate audit coverage.

Status for Recommendation #2:

Our initial review determined that this recommendation could not be effectively implemented within the existing organizational structure. OAAS management continues to review alternative organization structures to support the system and will bring the results of this review to a future meeting of the Committee on Audit.

Observation #3: Information technology is an integral part of the university's operations, and these activities are typically considered one of the highest risk areas in an organization. In preparing the risk assessment for the annual internal audit plan, a detailed information technology (IT) risk assessment is not currently being conducted. Given the size of the CSU and the number of individual campuses with unique IT environments, limited IT activities are audited. It is important to identify IT risks and controls as part of an overall risk assessment process that includes

Attachment A

Aud Item 3

January 25-27, 2016

Page 2 of 4

identifying the entire IT audit universe. A more comprehensive IT audit risk assessment should be performed to ensure an effective audit plan is prepared and IT risks receive adequate coverage. The IIA's Global Technology Audit Guide (GTAG) 11, *Developing the IT Audit Plan*, is an excellent resource to follow in developing a more formalized IT audit plan.

Recommendation for Enhancement #3: A separate IT audit risk assessment should be prepared as part of the annual audit plan risk assessment process. IT audits should be performed based on this risk assessment. Staff resources should be allocated and the need for additional resources should be identified as part of the planning effort.

Status for Recommendation #3:

This recommendation is closed. Effective September 2014, the OAAS implemented and performed a separate IT audit risk assessment and will continue to do so going forward. An additional information technology staff resource has also been added.

Observation #4: Currently, the annual audit risk assessment process for performing the campus audits consists of meeting with the executive vice chancellors/vice chancellors to obtain their input on risks in their areas and for the system; sending a quantitative survey to the assistant vice chancellors and any others that the executives indicated should be included in the risk assessment process; and meeting with the audit committee chair to discuss systemwide risks and concerns. At the campus level, input is gained via the use of an audit universe/questionnaire and a supplemental survey that is sent to the campus presidents for distribution to their vice presidents.

While input is gained from high-level managers, not all managers and staff within the enterprise are involved. After the input is received, the results are reviewed by OAAS senior management including the VCCAO, and the audit subjects are selected and presented to the audit committee and the Board of Trustees. Using factors such as campus risk rankings, the collective knowledge of the OAAS senior directors and the VCCAO, and the VCCAO's own judgment of risks after consideration of input from senior and executive management and the audit committee chair, an audit plan is prepared.

In developing the annual audit plan, a large percentage of audit resources are utilized on auxiliary enterprise audits that are required per a 1999 board policy, Executive Order 698. These audits have been performed on a cyclical basis at all campuses for the past 15 years, and the value of these audits as well as the risks may have changed since the policy began.

Recommendation for Enhancement #4: The current risk assessment and audit planning approach should be re-evaluated.

Status for Recommendation #4:

In response to recommendations #3 and #5, the format for the 2015 risk assessment was incrementally changed to include a separate IT and fraud risk assessment, as well as questions related to auxiliary enterprises. Further changes to the risk assessment will be considered in conjunction with our evaluation of alternative organizational models referenced in the status for recommendation #2, which will also consider alternative approaches to audits of auxiliary enterprises.

Observation #5: The manager of investigations, reporting to a senior director, is responsible for managing investigations when requested; however, investigations are also being performed by staff at the campus level without communication to the OAAS. Campuses each have their own method of reporting potential fraudulent activity, such as the use of individual hotlines; however, there is no centralized hotline process in place at the system level. Without adequate communication, including the use of a central hotline, or identification of fraud contacts at the campus level, the OAAS cannot effectively evaluate the potential for the occurrence of fraud.

Recommendation for Enhancement #5: The evaluation and communication of fraud risks should be reviewed on a systemwide basis.

Status for Recommendation #5:

This recommendation is closed. We deployed a fraud survey to each campus during 2014. As presented at the January 2015 Board of Trustees meeting, the results of that survey were utilized, along with other risk assessment data, in the development of the 2015 audit plan. We will continue to include fraud-related questions and issues in our ongoing annual risk assessment process. With respect to the implementation of a systemwide hotline, executive management continues to believe the existing reporting structure for the filing of whistleblower complaints is sufficient.

Observation #6: The use of an automated working paper system as well as more use of data analytics would enhance the efficiency of the audit process. Currently, the staff is using Microsoft Office products and printing out all working papers. Although they are exploring the use of SharePoint, it is not geared toward auditing. Although some costs of implementation and maintenance would be necessary, the benefits would outweigh the cost savings in time, supplies, sustainability, efficiencies, and storage.

Recommendation for Enhancement #6: The VCCAO should consider implementing an automated working paper system and further evaluate enhancing the use of data analytical software.

Attachment A

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January 25-27, 2016

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Status for Recommendation #6:

This recommendation is closed. Effective January 2015, the OAAS implemented the TeamMate Electronic Work Paper system. The system was fully implemented in production on July 1, 2015.

Observation #7: A survey of audit employees indicated that the majority of employees did not have sufficient access to computer-assisted audit techniques/tools (CAATS) or other data analysis tools. These tools are considered common place in today's internal audit repertoire. Their use enhances audits by simplifying the analysis of large volumes of data. Given the size of the university system and the limited resources, the use of audit software could result in enhanced efficiencies as well as additional tools for not only the audit staff but university managers.

Recommendation for Enhancement #7: The VCCAO should explore options to incorporate the use of CAATS in audits. In addition, the VCCAO should look for ways to train staff in the use of these techniques or tools.

Status for Recommendation #7:

This recommendation is closed. Microsoft Excel and Microsoft Access have been sufficient to support the current needs of the division for data mining and analysis. Most of the audit staff demonstrated adequate proficiency with Microsoft Excel and we have determined that Microsoft Access will not be used. Where necessary, department staff have requested and received advanced training for Microsoft Excel. We will continue to evaluate this need as we assess our staff training plans for the upcoming year.

AGENDA

COMMITTEE ON EDUCATIONAL POLICY

Meeting: 8:00 a.m., Tuesday, January 26, 2016
Munitz Conference Room—Closed Session
Government Code §11126(c)(5)

2:45 p.m., Tuesday, January 26, 2016
Glenn S. Dumke Auditorium—Open Session

Debra S. Farar, Chair
Margaret Fortune, Vice Chair
Silas H. Abrego
Kelsey M. Brewer
Rebecca D. Eisen
Douglas Faigin
Lupe C. Garcia
Lillian Kimbell
J. Lawrence Norton
Steven G. Stepanek

Open Session—Glenn S. Dumke Auditorium

Consent Item

Approval of Minutes of the Meeting of November 17, 2015

Discussion Items

1. Recommended Amendment to Title 5 Regarding AB 2000, *Action*
2. Overview of Financial Aid and State University Grant, *Information*
3. The California State University Graduation Initiative and Student Success Updates, *Information*
4. The Wang Family Excellence Awards, *Information*

**MINUTES OF MEETING OF
COMMITTEE ON EDUCATIONAL POLICY**

**Trustees of The California State University
Office of the Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

November 17, 2015

Members Present

Debra S. Farar, Chair
Silas H. Abrego
Kelsey Brewer
Rebecca D. Eisen
Lupe C. Garcia
Lou Monville, Chair of the Board
Lillian Kimbell
J. Lawrence Norton
Steven G. Stepanek
Timothy P. White, Chancellor

Trustee Farar called the meeting to order.

Approval of Minutes

The minutes of September 8, 2015 were approved as submitted.

Recommended Addition to Title 5 Regarding Enrollment Services

Dr. Loren Blanchard, executive vice chancellor for academic and student affairs introduced the item and Ray Murillo, director of student programs to present the action item. Mr. Murillo noted the proposed changes to Title 5 regarding enrollment services would add a new section clarifying campus presidents' authority to withhold enrollment services, such as registration, to students who do not comply with university requirements. The new section would also formally codify long-standing business practices such as issuing registration holds, and withholding transcripts, and degrees. Lastly, Mr. Murillo said that the proposed changes would strengthen campus authority to withhold enrollment services from students not complying with mandatory Title IX training. The committee recommend approval of the proposed resolution. **(REP 11-15-03)**

California State University Board of Trustees Policy for Awarding Honorary Degrees

Christine Mallon, assistant vice chancellor for academic programs and faculty development, presented the action item noting the item was a revision to the current guidelines for awarding California State University (CSU) honorary degrees. Dr. Mallon said the move from guidelines,

which had previously been amended four times, to a proposed board policy would provide, for the first time, binding policy to protect the integrity of the honorary degree process and to codify the practices that have emerged since the board adopted the last guidelines document in 1996. She added that the proposed policy would codify practices instituted within recent years, achieve greater clarity of language and procedures, incorporate practices and standards intended to improve the integrity of the process, and include provisions for future amendments. Dr. Mallon confirmed that presidents, provosts, and the Academic Senate CSU had been consulted on the proposed policy. The proposed policy would maintain the existing consultation and decision-making procedures for nominating and awarding honorary degrees. The proposed policy revisions were noted and distributed in Attachment A to the posted board agenda item.

Steven Filling, chair of the Academic Senate CSU, commented on behalf of his colleagues that the senate requested two changes to the policy including the proposed change where trustee nominations would not count in the total number of nominations allowed per campus and that the policy explicitly state that campuses' senate executive committees select faculty representation for honorary degree committees. Dr. Filling noted ASCSU resolution AS-3160-13 emphasizing the importance of shared governance in accordance with the American Association of University Professors (AAUP) Statement on Government of Colleges and Universities when selecting faculty representatives to serve in shared governance. Dr. Mallon said that the very important part of shared governance is retained in the proposed policy and strengthens this aspect by codifying practices into policy.

Trustee Eisen asked for clarification regarding proposed policy revisions, specifically about the revocation of honorary degrees and if that information is disclosed in open session. Dr. Mallon noted that the subcommittee on honorary degrees conducts its business in closed session and there are no requirements to report those actions publicly. Fram Virjee, general counsel, also confirmed that under Bagley Keene, with regard to awarding or revoking honorary degrees, there are no requirements to publicly report on those actions taken in closed sessions.

The committee recommend approval of the proposed resolution. **(REP 11-15-04)**

The California State University Summer Arts Program

Rachel Nardo, director of the Summer Arts program, presented the information item highlighting the program's work over the past three decades. Celebrating its 30th anniversary, Dr. Nardo said the program provides students with an immersive, in-residence arts summer school and festival. This high-impact program, housed in the Chancellor's Office and currently hosted by CSU Monterey Bay, serves students and faculty from all 23 campuses with high-end, credit-bearing, transferrable courses that prepare students for work in California's creative economy, and beyond. She noted that more than 80 percent of Summer Arts' 13,000 diverse student body have received need-based scholarships to support their access to immersive, creative practice for two-to-four weeks in disciplines of creative writing, dance, media arts, music, theatre, visual arts; and, interdisciplinary arts, humanities, technology, and science. A short video was presented

showcasing the various aspects of the program, including its unique “side-by-side” teaching and learning instructional model where both the CSU students and faculty members learn from the master teacher. The video also demonstrated the program’s emphasis on STEAM education, which is STEM plus the arts, as well as the importance of international study abroad experiences and partnerships. Jeff Wilhoit, a Summer Arts industry partner and professional artist in the field of postproduction sound from Happy Feet Foley, also addressed the board. He shared with the board the importance of the immersive aspect of the program noting the invaluable relationships and experiences both students and faculty members gain from working, living, and learning from the master teachers in a real-world arts experience throughout the course of the summer. He said that many students through their involvement in the Summer Arts program have secured internships and eventually jobs in various fields as a result of the program’s industry partnerships. Summer Arts hosted a poster session following the board presentation.

Trustee Farar adjourned the Committee on Educational Policy.

COMMITTEE ON EDUCATIONAL POLICY

Recommended Amendment to Title 5 Regarding AB 2000

Presentation By

Loren J. Blanchard
Executive Vice Chancellor
Academic and Student Affairs

Ray Murillo
Director, Student Programs
Student Academic Support

Summary

Existing California Education Code and Title 5 provide that a person, other than a nonimmigrant alien, is exempt from paying Nonresident tuition at the California State University if he or she satisfies the following criteria:

- Attended high school in California for three or more years,
- Graduated from a California high school or attained its equivalent,
- Registered at or attends an accredited institution of higher education in California not earlier than the fall semester or quarter of the 2001-2002 academic year, and
- If he or she is an alien without lawful immigration status, has filed an affidavit.

Assembly Bill 2000, which became effective January 1, 2015, amended Section 68130.5 of the Education Code, relating to exemption from nonresident tuition. In addition to the conditions described above, this amendment provides that a student may qualify for exemption from nonresident tuition by satisfying either of the following:

- Attending high school in California for three or more years, or
- Attending elementary and/or secondary schools in California for three or more years, and attaining academic credits from California high schools equivalent to three or more years of full-time coursework.

This proposed Title 5 amendment would bring the CSU regulations into alignment with the amended Education Code section. The Board discussed this matter as an information item in September 2015.

Proposed Revision

The following resolution is proposed to modify Title 5 by amending sections 41906.5 – Nonresident Tuition Exemption for California High School Students, and 41906.6 – Nonresident Tuition Exemption for Crime Victims:

RESOLVED by the Board of Trustees of the California State University that the following section be amended to Title 5 of the California Code of Regulations:

Title 5. California Code of Regulations
Division 5. Board of Trustees of the California State Universities
Chapter 1. California State University
Subchapter 5. Administration
Article 4. Nonresident Tuition
§ 41906.5. Nonresident Tuition Exemption for California High School Students

(a) Any student, other than a student who is nonimmigrant alien under Title 8, United States Code, Section 1101(a)(15), shall be exempt from paying nonresident tuition at any California State University campus if he or she:

~~(1) Attended high school in California for three or more years.~~

(1) Satisfied either of the following:

(A) High school attendance in California for three or more years (grades 9-12); or

(B) Attainment of credits earned in California from a California high school, with those credits being equivalent to three or more years of full-time high school coursework, and a total of three or more years of attendance in California elementary schools, California secondary schools, or a combination of those schools.

(2) Graduated from a California high school or attained the equivalent of such graduation; and

(3) Registered for or enrolled in a course offered by a California State University campus for any term commencing on or after January 1, 2002.

(b) Any student seeking an exemption under subdivision (a) shall complete a questionnaire furnished by the California State University campus of enrollment verifying eligibility for this nonresident tuition exemption and may be required to provide verification documentation in addition to the information required by the questionnaire. Nonpublic student information so provided shall not be disclosed except pursuant to law.

(c) In addition to the requirements of subdivision (a), any student without lawful immigration status shall file with the California State University campus an affidavit of enrollment on a form furnished by the campus stating that he or she has filed an application to legalize his or her immigration status or will file such an application as soon as he or she is eligible to do so.

(d) A student seeking this tuition exemption has the burden of providing evidence of compliance with the requirements of this section.

(e) Nothing herein modifies eligibility standards or requirements for any form of student financial aid.

Title 5. California Code of Regulations
Division 5. Board of Trustees of the California State Universities
Chapter 1. California State University
Subchapter 5. Administration
Article 4. Nonresident Tuition
§ 41906.6. Nonresident Tuition Exemption for Crime Victims.

Students who are victims of trafficking, domestic violence, and other serious crimes who have been granted T or U visa status, under Title 8, United States Code, Sections 1101(a)(15)(T) or (U), are exempt from paying nonresident tuition if they: (1) ~~attended high school in California for three or more years, satisfied either of the following: (A) high school attendance in California for three or more years (grades 9-12), or (B) attainment of credits earned in California from a California high school, with those credits being equivalent to three or more years of full-time high school coursework, and a total of three or more years of attendance in California elementary schools, California secondary schools, or a combination of those schools;~~ (2) graduated from a California high school or attained the equivalent; and (3) registered as an entering student or are currently enrolled at a CSU campus.

COMMITTEE ON EDUCATIONAL POLICY

Overview of Financial Aid and State University Grant

Presentation by

Loren J. Blanchard
Executive Vice Chancellor
Academic and Student Affairs

Dean Kulju
Director, Student Financial Aid Services and Programs
Student Academic Support

Eric Forbes
Assistant Vice Chancellor
Student Academic Support

Summary

This information item, presented in response to trustee interest during the November 2015 meeting, provides information about student financial aid and, more specifically, the State University Grant (SUG) program.

Overview of Student Financial Aid Programs

Student financial aid programs assist students with paying their postsecondary educational expenses. There are four types of financial aid programs: grants, scholarships, loans, and work-study. Grants, along with scholarships, do not have to be repaid and are also referred to as gift aid. The other two types of aid programs, loans and work-study, are referred to as self-help aid since they require, respectively, that a student repay the amount from future earnings or earn the funding through a subsidized employment program while pursuing an education.

Student financial aid programs at the California State University (CSU) are authorized and funded by the U.S. Congress, by the California Legislature and Governor, campuses, and various private entities such as philanthropic organizations and foundations, and civic clubs and community groups.

State University Grant Background and History

The State University Grant (SUG) program was established for the 1982-1983 award year with a General Fund appropriation of \$3.4 million. Due to fiscal considerations, General Fund support for the SUG program leveled off at \$33.7 million in 1992-1993. Absent an increase in state support for the SUG program, in March 1993, the CSU Board of Trustees approved the framework for a new student fee and financial aid policy that called for dedicating one-third of annual incremental fee revenues to augment the SUG program. The CSU commitment to this program for 2015-2016 is \$622 million. The SUG program provides need-based grants to eligible California residents and Dream Act applicants who enroll at CSU campuses in undergraduate, post-baccalaureate, and graduate programs. Need is based on expected family contribution (EFC) which cannot exceed one-half of the campus standard cost of attendance for students living off-campus. The awarding criteria may vary across campuses depending on funds available, student demographics, and other factors.

Trustees will be presented more detailed historical and current data on the various financial aid programs, with a focus on SUG. This will provide context, scope and the impact of the variety of programs available.

Determination of Financial Need

Financial need is the difference between the Cost of Attendance (COA) at a CSU campus and the amount of a student's Expected Family Contribution (EFC). The process of determining the extent to which a student and his or her family are able to contribute toward postsecondary educational expenses is referred to as need analysis. The parameters and formulas in the need analysis for all federal student aid funding are approved by the U.S. Congress as federal methodology.

Applicants for federal student aid must annually complete a Free Applications for Federal Student Aid (FAFSA). The State of California utilizes the FAFSA to determine eligibility for Cal Grants, and CSU uses the FAFSA to determine eligibility for State University Grants and other need-based aid programs administered at the campus level. The Dream Act application is used by students without lawful immigration status who qualify for an AB 540 Non-Resident Tuition Waiver to apply for state and institutionally funded financial aid. The Dream Act application is provided by the California Student Aid Commission.

General Eligibility Requirements and Award Criteria

Once a student has applied for financial aid, the campus must confirm that certain general eligibility requirements are met. To be eligible for financial aid a student must:

- Be a U.S. citizen or a permanent resident of the U.S. with a valid Social Security Number.
 - Alternately, the California Dream Act makes State and institutional funding available to students who qualify for an AB 540 Non-Resident Tuition Waiver.
- Have a high school diploma or recognized equivalent.
- Be enrolled or accepted for enrollment as a regular student who will be working toward a degree or certificate in an eligible program.
- If male, be registered for the Selective Service.
- Maintain satisfactory academic progress for financial aid.
- Not owe a repayment on a federal grant or be in default on a federal educational loan.
- Demonstrate financial need, except for the Middle Class Scholarship and some federal loans.
- Reapply for aid each year.
- Not having a federal or state drug conviction.

Many financial aid programs have individual terms and conditions. The following tables provide information on the largest aid programs. Several of the programs have limited funds, as such students may not be awarded all programs.

Federal Aid Programs	Maximum EFC	Citizenship	State Residency	Grade Level	Award
Pell Grant	\$5,198	US Resident / Eligible Non-Citizen	No state residency requirement	Undergraduate & Credential	\$588 to \$5,775
Supplemental Educational Opportunity Grant (SEOG)	No Maximum; Pell Eligible Priority			Undergraduate Only	CSU average: \$525
Federal Work Study (Need-Based)	No Maximum			Undergraduate, Credential, & Graduate	CSU average: \$2,568
Federal Loans (Some are Need-Based)	No Maximum				Varies based on grade level

State Aid Programs	Maximum Income	Citizenship	Residency	Grade Level	Award
Cal Grant A	Varies by family size; Must also meet an asset threshold	US Resident / Eligible Non-Citizen / T or U Visa / AB 540	CA Resident or AB 540	Undergraduate and Credential	Undergraduate Cal A: \$5,472 Credential: \$6,348
Cal Grant B					Undergraduate Cal B Fee Portion: \$5,472 Credential Cal B Fee Portion: \$6,348 Undergraduate & Credential: Cal B Access: \$1,656
Middle Class Scholarship					\$150,000

Institutional Aid Programs	Priority EFC	Citizenship	Residency	Grade Level	Award
State University Grant	\$4,000 or less	US Resident / Eligible Non-Citizen / T or U Visa / AB 540	CA Resident or AB 540	Undergraduate, Credential, and Graduate	Systemwide Tuition Fee
Educational Opportunity Grant (EOP)					Varies by Campus; Maximum \$2,000 CSU average: \$800

The tables above is not inclusive of all requirements for respective aid programs. In addition, several of the programs have minimum enrollment requirements, lifetime limits, or other limitations.

Cost of Attendance (estimated student expenses)

The cost of attendance is the second component used to determine financial need. Recognition of student expenses is not limited for financial aid purposes to the amount of mandatory tuition and fees that a student pays. Federal Title IV financial aid program regulations require institutions to develop cost of attendance allowances that include mandatory tuition and fees as well as allowances for books and supplies, food and housing, transportation, and personal expenses.

Institutions develop these allowances, also referred to as standard student budgets, differentiating among students living at home with their parents, students living in campus residence facilities, and students living off-campus, typically in a shared apartment. CSU campuses and most other California institutions utilize data from the Student Expenses and Resources Survey (SEARS) that is administered by the California Student Aid Commission.

Packaging of Financial Aid Awards

Once a student's financial need is determined, the college works to provide a "package" of financial aid to meet that need. This package takes into consideration a student's eligibility for a Federal Pell Grant and a state Cal Grant before the institution adds additional grants, work-study employment, and student loans.

Financial aid offices at CSU campuses attempt to use all available financial aid program funding in an effort to meet as much of student financial need as possible. Each campus establishes its own "packaging" approach within the constraints of award limits that apply to individual aid programs, the funding priorities for the various aid programs, and, where applicable, the allocation of funds available for the program. One of the overriding considerations in the packaging process is to ensure that it provides for the fair and equitable treatment of all potentially eligible aid applicants and ensures that students in like circumstances are awarded in essentially the same manner.

COMMITTEE ON EDUCATIONAL POLICY

The California State University Graduation Initiative and Student Success Updates

Presentation By

Loren J. Blanchard
Executive Vice Chancellor
Academic and Student Affairs

Ken O'Donnell
Senior Director
Student Engagement and Academic Initiatives and Partnerships

Ed Sullivan
Assistant Vice Chancellor
Academic Resources and Research

Gerry Hanley
Assistant Vice Chancellor
Academic Technology Services

Summary

The California State University admits incoming classes that are as diverse as the state's eligible high school graduates. This is accomplished by traditional outreach and recruitment, hosting annual conferences for thousands of high school and community college counselors and advisors, and through events like Super Sundays at African-American churches, to make sure prospective students of all backgrounds feel genuinely welcome.

The California State University (CSU) is proud that these efforts pay off, as seen by the diversity of our students, faculty and staff as the hard-won measure of our attention to access. But to make that access meaningful, it must come with a reasonable and equitable chance for all of our students to graduate – in a timely manner, and be fully prepared for successful lives and careers ahead.

National and state-level research indicate that “some college” is insufficient: people benefit much more when they earn the degree, with higher lifetime earnings, reduced rates of unemployment, improved health and personal outcomes, and fuller engagement in their lives and communities. In other words, it is not just admission and enrollment but also degree completion that makes the CSU such a driver of California's civic and economic well-being, and for its citizens, a source of upward mobility and equity.

Since the creation of the CSU system, graduation rates have been an ongoing concern. Rates are lowest for ethnic and racial minorities, students eligible for federal need-based financial aid, and those whose parents have not attended college. Over the years, the system has addressed this in a number of ways, but gains were slow.

Launch of the Graduation Initiative

In 2009 the trustees brought together longstanding student success efforts into one overarching effort called the CSU Graduation Initiative. Campus leaders agreed to share their best practices, embrace the emerging national thinking about student support, intellectual engagement, and real-time actionable data, and commit to specific targets for raising graduation rates and closing achievement gaps.

Specifically, CSU pledged to raise its six-year graduation rates by eight percentage points, from 46 percent to 54 percent, and to cut in half the difference in those rates between Under-Represented Minority students (African-American, Latino, and Native American) and other students, from 11 percentage points to five and a half.

The Graduation Initiative differed from previous efforts in a few ways. First, it set goals collectively but then emphasized local leadership and accountability, providing individual campuses with support, resources, and bottom-line accountability for outcomes, but few mandates for particular interventions. Second, it relied on regularly scheduled reporting, systemwide convenings, and campus visits to keep the entire system focused over the term of a six-year project. There was also the public commitment to move hard numbers, all by 2015.

The cohort that began as freshmen in 2009 reached its six-year graduation date this past summer. This fall, the division of Academic and Student Affairs compiled graduation data from all 23 campuses, to gauge how the CSU performed as a system. The Graduation Initiative exceeded its own goals for raising six-year graduation rates, and all students are performing better:

	<u>Baseline Cohort</u> <u>(F99)</u>	<u>Target Cohort</u> <u>(F09)</u>
Number of First-Time Full-Time Freshmen:	32,708	49,483
Percent Earning Degrees in Six Years or Less:	46.1%	57.0%

Full details of the systemwide targets and performance of the fall 2009 cohort are available in Attachment A at the end of this item.

Regardless of background, all CSU students now have a much higher likelihood of graduating than ever before. Credit goes to our campus presidents and communities of faculty, staff, and students who all contributed to this significant achievement.

However, because improvements are comparable across different ethnic and racial groups, the system has not yet achieved its target to close the achievement gaps. The CSU takes this commitment very seriously: the persistent gaps in opportunity and achievement run counter to the CSU's principles of fairness, equity, and full access to the degree. Going forward, closing these gaps will be of the highest priority.

Plan-Implement-Assess-Revise Plan

The CSU developed plans for the Graduation Initiative in 2007-2009 and implemented programs to improve graduation rates over the last six years, while assessing the broad impact of the wide range of programs deployed across multiple campuses. The CSU has been institutionalizing these exemplary practices that improve student success as well as building its assessment capabilities with tools such as the CSU Student Success Dashboard to help evaluate the impacts of different practices. Reflecting back on the various student success programs, there still remains much to learn about best practices that can be shared across campuses where appropriate. Below is a list of programs and initiatives, both campus-based and system-level, that contributed to the improved graduation rates and that have been presented to the CSU Board of Trustees in 2015.

- **Faculty Hiring:** Expanding capabilities of departments to teach the courses needed for students' academic programs, especially upper-division courses which require our highly-qualified faculty and often become bottlenecks for students when courses cannot be offered.
- **Outreach and College Readiness Programs:** Supporting prospective students and their families in preparing themselves to be successful in college.
- **Early Start:** Supporting admitted students with the foundational quantitative reasoning and writing skills for academic success in the CSU at the start of their college careers.
- **Academic Advising:** Supporting students with information and advice through technologies and advisors that help them make the best decisions for taking the right courses within their available schedules in the right sequence to complete their degree in a timely and successful manner.
- **Transfer Degree Program (SB 1440):** Providing California Community College (CCC) students a promised pathway to timely graduation.
- **Redesigning High Failure Rate Courses:** Enabling more students to succeed in bottleneck courses and achieve the required academic standards of the high quality, faculty-driven curriculum that prepares students for the workforce or post-baccalaureate education.

- **Affordable Learning Solutions:** Providing students no/low-cost course materials ensuring access to educational content from the first day of class and that the cost of course materials does not become a factor in taking fewer courses per semester.
- **High Impact Practices:** Engaging students in the demands of academic programs with the social, emotional, academic, and collegial support to achieve persistent success in the CSU.
- **CSU Fully Online Courses:** Providing matriculated students choices of 1,400 fully online courses each term and over the summer which they can take and blend into their complex lives, enabling them to graduate in a timelier manner.

The unprecedented improvements in graduation rates over the past six years need to be sustained and more improvements are on the horizon. As CSU campuses and the Chancellor's Office continue to implement their exemplary practices over the next two years, staff will be evaluating the efficacy of current strategies and planning how to sustain improvements from the impactful practices as well as implementing new strategies to address challenges yet to come.

Graduation Initiative 2025

In 2015, the trustees, chancellor, and campus presidents renewed the CSU's commitment to student success with Graduation Initiative 2025, setting six new goals. While carrying forward the two goals of the original Graduation Initiative, raising six-year graduation rates and closing gaps by ethnicity, this new effort adds explicit targets for transfer students, closing socioeconomic gaps, and improving four-year graduation rates.

	<u>Baseline</u>	<u>2025 target</u>
Six-year graduation rate (freshman):	51%	60%
Four-year graduation rate (freshman):	16%	24%
Gap by ethnicity (freshman):	14 points	7 points
Gap by Pell eligibility (freshman):	11 points	5 points
Four-year graduation rate (transfer):	70%	76%
Two-year graduation rate (transfer):	27%	35%

For each metric, the baseline rate is performance of the most recent cohort for which data was available when the chancellor met with campus leadership in fall 2014.

The state and national context beyond the CSU is also rapidly evolving. The CSU chose the year 2025 for its next target date in part to match projections from the Public Policy Institute of California (PPIC). In a report published by PPIC, they anticipated a shortfall of over a million degree holders, estimates that it later revised upward. Because the context is so fluid, Academic and Student Affairs anticipates working again with campus leadership, students, faculty senates, and external researchers like PPIC to “re-bench” the CSU’s 2025 targets closer to fall 2019, the incoming term of the first freshman cohort.

At the same time, some technical changes will be made to how students from different ethnic groups are counted, to better conform with the U.S. Census and the federal Integrated Postsecondary Education Data System (IPEDS). Applied retroactively, these changes would indicate slight progress in closing achievement gaps in the first phase of the initiative, but for the sake of clarity historical methodology will remain unchanged, and these technical adjustments will be included as part of the future rebenching.

Though slight variations to the exact numbers may occur, the CSU Graduation Initiative 2025 will continue to adhere to the following principles:

1. **New emphasis on time-to-degree.** Adding goals for time-to-degree and transfer students requires optimizing whole academic programs in ways that take time to bring about, and whose benefits do not materialize until years later, with maturity of the cohort that began under the revised degree requirements.
2. **Redoubled effort to close achievement gaps.** Success on this front will depend on the ability of educators to:
 - vary their educational strategies to accommodate multiple learning styles;
 - assess that learning reliably and independently, by foregrounding demonstrated proficiencies that transcend particular learning environments;
 - ensure that instruction is tied to academic support services to reinforce content and skill mastery; and
 - customize student support to recognize and leverage different cultural assets.

These efforts are under way on most CSU campuses, though work must continue with the same sense of urgency and high-level commitment to successfully meet the Graduation Initiative 2025 targets.

3. **Continuing recognition of campus distinctiveness.** Lessons learned from the first phase will help guide efforts moving forward in order to best support campus student success efforts. During that initial period, national momentum was growing for uses of big data, the visualization of quantitative information, and high-impact practices as a strategy for engagement, persistence and equity. Such thinking was already prevalent around the CSU, but colleagues seemed to appreciate the sustained, focused support for their collective effort.

Table 1. First-time Full-time Freshmen - Trend fall 1999 through fall 2009 cohort

Cohort	Initial Cohort	Mean HS GPA	Mean SAT	Graduated in 4 yrs or less	Graduated in 5 yrs or less	Graduated in 6 yrs or less
fall 99	32,708	3.22	991	12.2%	34.3%	46.1%
fall 00	34,454	3.23	998	13.1%	36.0%	47.8%
fall 01	37,302	3.23	995	13.0%	36.2%	47.4%
fall 02	38,430	3.25	997	14.3%	37.7%	48.9%
fall 03	38,562	3.29	1004	15.7%	40.4%	51.3%
fall 04	39,085	3.29	1016	17.2%	41.4%	52.4%
fall 05	43,428	3.27	1015	16.1%	40.1%	51.3%
fall 06	47,551	3.24	1004	15.8%	40.5%	51.4%
fall 07	50,866	3.24	1005	15.9%	40.2%	51.8%
fall 08	51,409	3.24	1000	16.2%	41.9%	54.0%
fall 09	49,483	3.27	1005	17.8%	44.7%	57.0%

Table 2. First-time Full-time Freshmen - fall 2009 cohort by Ethnic-Race

Cohort	Ethnicity	Initial Cohort	Mean HS GPA	Mean SAT	Graduated in 4 yrs or less	Graduated in 5 yrs or less	Graduated in 6 yrs or less
fall 09	American Indian or Alaska Native	137	3.21	979	13.9%	35.8%	43.1%
	Asian or Pacific Islander	7,894	3.31	1008	14.1%	43.3%	61.0%
	Black or African American	2,709	3.02	883	8.2%	29.6%	41.8%
	Hispanic/Latino	16,369	3.20	934	11.7%	37.0%	51.5%
	White	16,146	3.37	1086	27.1%	55.6%	64.1%
	Unknown	5,174	3.26	1035	18.9%	45.0%	55.3%
	Nonresident Alien	1,054	3.37	980	18.2%	44.0%	54.2%
Cohort Total		49,483	3.27	1005	17.8%	44.7%	57.0%

Table 3. First-time Full-time Freshmen - fall 2009 cohort by Gender

Cohort	Gender	Initial Cohort	Mean HS GPA	Mean SAT	Graduated in 4 yrs or less	Graduated in 5 yrs or less	Graduated in 6 yrs or less
fall 09	Men	20,828	3.22	1044	13.0%	39.6%	53.0%
	Women	28,655	3.31	977	21.3%	48.4%	60.0%
Cohort Total		49,483	3.27	1005	17.8%	44.7%	57.0%

Table 4. First-time Full-time Freshmen - fall 2009 cohort by Pell Status at Entry

Cohort	Pell Status	Initial Cohort	Mean HS GPA	Mean SAT	Graduated in 4 yrs or less	Graduated in 5 yrs or less	Graduated in 6 yrs or less
fall 09	Pell	18,830	3.21	929	11.2%	36.4%	51.7%
	Not Pell	30,653	3.31	1051	21.9%	49.7%	60.3%
Cohort Total		49,483	3.27	1005	17.8%	44.7%	57.0%

Table 5. First-time Full-time Freshmen - Fall 2009 cohort by Pell Status at Entry and Admit Type

Cohort	Pell Status	Admission Type	Initial Cohort	Mean HS GPA	Mean SAT	Graduated in 4 yrs or less	Graduated in 5 yrs or less	Graduated in 6 yrs or less
fall 09	Pell	Regular Admit	17,431	3.25	939	11.9%	38.0%	53.5%
		Exceptional (Special) Admit	1,399	2.67	805	3.0%	16.5%	29.9%
	Group subtotal	18,830	3.21	929	11.2%	36.4%	51.7%	
Not Pell	Regular Admit	Regular Admit	29,934	3.32	1054	22.2%	50.3%	61.0%
		Exceptional (Special) Admit	719	2.79	924	8.3%	24.9%	32.1%
	Group subtotal	30,653	3.31	1051	21.9%	49.7%	60.3%	
Cohort Total			49,483	3.27	1005	17.8%	44.7%	57.0%

Table 6. First-time Full-time Freshmen - fall 2009 cohort by Parent Education

Cohort	Parents Education	Initial Cohort	Mean HS GPA	Mean SAT	Graduated in 4 yrs or less	Graduated in 5 yrs or less	Graduated in 6 yrs or less
fall 09	Parent Graduated College	21,360	3.33	1073	23.9%	52.7%	63.0%
	Parent Attended Some College	12,093	3.24	988	15.9%	41.6%	54.3%
	Student is First Generation to attend College	12,672	3.21	912	10.2%	35.1%	50.4%
	Unknown	3,358	3.23	975	14.8%	40.9%	54.1%
Cohort Total		49,483	3.27	1005	17.8%	44.7%	57.0%

Table 7. First-time Full-time Freshmen - fall 2009 cohort by College Readiness at Fall Entry

Cohort	Preparation at Entry	Initial Cohort	Mean HS GPA	Mean SAT	Graduated in 4 yrs or less	Graduated in 5 yrs or less	Graduated in 6 yrs or less
fall 09	College ready in both English and math	21,234	3.44	1138	26.8%	55.8%	65.8%
	Needs additional preparation in English only	9,221	3.25	969	13.9%	42.8%	57.5%
	Needs additional preparation in math only	4,883	3.16	968	16.3%	42.2%	52.9%
	Needs additional preparation in both English and math	14,145	3.07	826	7.4%	30.0%	45.0%
Cohort Total		49,483	3.27	1005	17.8%	44.7%	57.0%

Table 8. First-time Full-time Freshmen - fall 2009 cohort by Admissions Type and Preparation

Cohort	Admission Type	Preparation at Entry	Initial Cohort	Mean HS GPA	Mean SAT	Graduated in 4 yrs or less	Graduated in 5 yrs or less	Graduated in 6 yrs or less
fall 09	Regular Admit	College ready in both English and math	20,960	3.44	1138	27.0%	56.1%	66.2%
		Needs additional preparation in English only	8,965	3.26	970	14.1%	43.4%	58.1%
		Needs additional preparation in math only	4,683	3.18	969	16.8%	43.1%	53.9%
		Needs additional preparation in both English and math	12,757	3.12	832	7.8%	31.4%	46.8%
		Group subtotal	47,365	3.29	1012	18.4%	45.8%	58.2%
	Exceptional (Special) Admit	College ready in both English and math	274	2.92	1095	10.9%	28.5%	37.2%
		Needs additional preparation in English only	256	2.76	925	6.3%	21.5%	35.9%
		Needs additional preparation in math only	200	2.74	941	4.5%	21.0%	29.5%
		Needs additional preparation in both English and math	1,388	2.65	769	3.4%	16.9%	28.6%
		Group subtotal	2,118	2.71	845	4.8%	19.4%	30.7%
Cohort Total			49,483	3.27	1005	17.8%	44.7%	57.0%

Table 9. First-time Full-time Freshmen - fall 2009 cohort by Stem/Not STEM at Fall Entry (rates based on graduation from any major)

Cohort	STEM at Entry	Initial Cohort	Mean HS GPA	Mean SAT	Graduated in 4 yrs or less	Graduated in 5 yrs or less	Graduated in 6 yrs or less
fall 09	Not STEM at entry	37,797	3.24	987	19.4%	45.8%	57.4%
	STEM at Entry	11,686	3.38	1064	12.8%	40.9%	55.9%
Cohort Total		49,483	3.27	1005	17.8%	44.7%	57.0%

Table 10. First-time Full-time Freshmen - fall 2009 cohort by Discipline at Fall Entry (rates based on graduation from any major)

Cohort	Discipline at Entry	Initial Cohort	Mean HS GPA	Mean SAT	Graduated in 4 yrs or less	Graduated in 5 yrs or less	Graduated in 6 yrs or less
fall 09	Architecture and Environmental Design	347	3.71	1152	11.8%	56.5%	70.6%
	Agriculture and Natural Sciences	1,075	3.43	1071	27.6%	63.0%	70.6%
	Home Economics	516	3.35	1012	21.9%	57.0%	66.3%
	Interdisciplinary Studies	1,922	3.27	978	27.6%	56.0%	64.4%
	Area Studies	21	3.23	1013	19.0%	42.9%	61.9%
	Business and Management	6,779	3.25	1010	23.1%	51.0%	61.5%
	Communications	1,705	3.22	1011	26.6%	52.7%	61.4%
	Letters	1,523	3.26	1035	28.0%	52.8%	60.5%
	Foreign Languages	221	3.32	996	19.0%	52.9%	60.2%
	Education	2,371	3.26	996	21.0%	48.4%	59.2%
Social Sciences		2,742	3.21	1013	26.9%	50.7%	58.7%

Mathematics	614	3.42	1059	20.4%	45.0%	57.8%
Psychology	2,999	3.20	959	22.3%	46.4%	57.1%
Health Professions	749	3.27	937	13.4%	39.9%	56.3%
Engineering	4,626	3.45	1104	9.3%	38.3%	55.1%
Biological Sciences	3,651	3.32	1013	13.2%	39.6%	55.1%
Fine and Applied Arts	2,822	3.27	1028	17.6%	43.1%	55.0%
Physical Science	792	3.39	1057	14.5%	41.4%	54.9%
Public Affairs and Services	1,935	3.14	900	17.7%	42.3%	53.1%
Undeclared	10,994	3.21	962	11.1%	37.0%	51.9%
Computer and Info. Sci	1,079	3.24	1058	11.2%	38.1%	51.4%
Cohort Total	49,483	3.27	1005	17.8%	44.7%	57.0%

Table 11. Six-Year Rate Percentage Point Improvement by Ethnic Group, 1999 to 2009 Cohort

American Indian or Alaska Native	Black or African American	Hispanic / Latino	Asian or Pacific Islander	White	Unknown	Non-resident Alien (Intl)	Overall
8	15	12	14	12	5	14	11

COMMITTEE ON EDUCATIONAL POLICY

The Wang Family Excellence Awards

Presentation By

Timothy P. White
Chancellor

Background

At the March 2014 Board of Trustees meeting, Chancellor Timothy White announced Trustee Emeritus Stanley T. Wang had generously pledged a \$300,000 gift to the California State University (CSU) to reinstate the Wang Family Excellence Award. During his tenure as a trustee, Trustee Emeritus Wang established the Wang Family Excellence Award and also created a fund at the CSU for student and faculty overseas study. The award was originally established in 1998 when then-CSU Trustee Wang provided \$1 million to recognize the remarkable contributions of the CSU's faculty and administrators over a 10-year period with a \$20,000 award to each of four faculty members and one staff member annually. With his most recent pledge, the Wang Family Excellence Award will provide a \$20,000 award to each of four outstanding faculty members and one outstanding administrator.

The purpose of the Wang Family Excellence Award is to recognize and celebrate those CSU faculty members who, through extraordinary commitment and dedication, have distinguished themselves by exemplary contributions and achievements in their academic disciplines, while having a discernable effect on students. Similarly, an administrator is also recognized for extraordinary accomplishments in appropriate areas of his or her university assignment. Their exemplary activities and achievements advance the university's mission, bring benefit and credit to the CSU, and enhance the CSU's excellence in teaching, scholarship, and service.

The selection process for the award consists of each campus president annually nominating for consideration by the Wang Award Selection Committee one probationary or tenured faculty member from each of the following academic discipline groupings:

- a) Visual and Performing Arts and Letters;
- b) Natural Sciences, Mathematical and Computer Sciences and Engineering;
- c) Social and Behavioral Sciences and Public Service; and
- d) Education, and Professional and Applied Sciences.

The campus presidents also may nominate one outstanding administrator from their respective campuses.

The Wang Family Excellence Award Selection Committee, appointed by Chancellor White in consultation with Trustee Emeritus Wang, includes: two members of the Board of Trustees, the Executive Vice Chancellor of Academic and Student Affairs, the Vice Chancellor for Human Resources, chair of the CSU Systemwide Academic Senate, and a CSU faculty member previously recognized by the Wang Family Excellence Award for outstanding accomplishments. Nominees are reviewed and considered for selection based on the following criteria:

- Awards will be made to those who have made truly remarkable contributions to the advancement of their respective universities and/or the CSU system.
- Nominees should have a demonstrated record of unusually meritorious achievements documented by evidence of superior accomplishments and contributions to the discipline or achievements in an assignment.
- The activities must advance the mission of the university, bring benefit and credit to the CSU, and contribute to the enhancement of the CSU's excellence in teaching, learning, research, scholarly pursuits, student support and community contributions.

The Wang Family Excellence Award will be presented during a ceremony at the January 2016 Board of Trustees meeting.

AGENDA

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Meeting: **8:30 a.m., Wednesday, January 27, 2016**
 Glenn S. Dumke Auditorium

Hugo N. Morales, Chair
Silas H. Abrego, Vice Chair
Debra Farar
Lillian Kimbell
Peter J. Taylor

Consent Item

Approval of Minutes of the Meeting of November 18, 2015

Discussion Items

1. Executive Compensation: President – San José State University, *Action*
2. Executive Compensation: President – Sonoma State University, *Action*
3. Exemption from Post-Retirement Employment Waiting Period, *Action*

**MINUTES OF THE MEETING OF
COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

**Trustees of The California State University
Office of the Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

November 18, 2015

Members Present

Hugo N. Morales, Chair
Silas H. Abrego, Vice Chair
Debra S. Farar
Lillian Kimbell
Peter J. Taylor
Timothy P. White, Chancellor
Lou Monville, Chair of the Board

Trustee Morales called the meeting to order.

Approval of Minutes

The minutes from the September 9, 2015 meeting were approved as submitted.

Public Speakers

The committee then heard from the public speakers.

Molly Talcott, Secretary, California Faculty Association (CFA) – Los Angeles, stated that the Board of Trustees (Board) is more concerned with the raises of those who need it the least and that faculty object if the Board lifts the cap on presidential salaries. Kevin Wehr, Associate Vice President, CFA – North, Sacramento, stated that the California State University was not bargaining in good faith.

Annual Report—Vice President Compensation, Executive Relocation, and Executive Transition

Current trustee policy requires the chancellor to report in open session on three items: 1) vice presidential compensation decisions; 2) executive relocation expenses; and 3) executive transition programs. Vice Chancellor Lori Lamb presented the items.

Ms. Lamb presented the first report relating to vice presidential salary changes. Presidents have authority to make these decisions and the Chancellor reviews and approves the same. All decisions, for new hires or for changes in an existing vice president's salary, met the policies and requirements of the California State University (CSU). Those actions were reported in the tables attached for actions that took place from September 1, 2014 to August 31, 2015.

With regard to relocation, three individuals received relocation costs as they assumed their new responsibilities and those costs were reflected in the report. All costs were in compliance within CSU policies.

With regard to executive transition programs, Ms. Lamb reported that the CSU has three different transition programs in place. These programs have been modified over time by the Board to adjust the program and ensure that there is work being performed during the transition year. The current program requires continued work within the CSU for eligibility. Each executive is eligible for one of these programs, depending on when they began their service with the CSU, and these are contractual obligations that cannot be changed. Currently, two individuals are in transition assignments; Dr. Mohammad Qayoumi and Dr. Michael Ortiz.

Employee Compensation Policy and Reexamination of Policy on Presidential Compensation

Chair Lou Monville began the presentation. He stated that he received feedback from key stakeholders that the Board was moving too quickly and it was sending the wrong signal. To show good faith with stakeholders, he presented an amendment to the Board of Trustees Policy on Compensation. The amended policy retains the limitation on presidential salaries to the incumbent's salary plus 10%, but eliminates the use of Foundation dollars to pay for the difference. He also stated that discussions with key stakeholders in the Department of Finance indicated that this is a policy they would support.

Chancellor Timothy P. White commented that he supported the amendment because it provides a rational framework in moving forward to evaluate all of our compensation decisions. It was also a step in the right direction to address presidential salary setting into the future, while maintaining the existing cap that provided some assurance that presidential salaries will be handled in a measured and thoughtful manner.

Vice Chancellor Lori Lamb began her presentation with a history of the compensation policies that exist and presented the amended policy as introduced by Chair Monville. She stated that the new amended policy had many similarities to the old policies but now includes a section dealing with presidential compensation. The policy eliminates the use of Foundation dollars and retains a cap at 10% above the incumbent's salary, but allowing the use of State funds. This would assist the Board in beginning to address salary setting for incoming presidents, while also providing assurance that presidential salaries will not escalate unnecessarily. She also pointed it does not mean that all initial salaries will be at the maximum level and that initial salaries can be at any point below that maximum. She also stated that Chancellor White has been very conservative at salary setting and she would expect this pattern to continue. In addition, the Board always retains the right to approve or disapprove the salary. Ms. Lamb recommended adoption of the Policy on Compensation as it is set forth in the amendment proposed by Chair Monville, and also recommend that, for clarity, this policy should supersede existing policies on this topic.

After the presentation, there was a discussion on the topic.

Trustee Garcia stated that the new amended policy does not mention the criteria for assessing the 10% increase and suggested that guidelines should be included in the item.

Trustee Kimbell asked if the current salary is base plus supplement. Vice Chancellor Lamb stated the combined salary of the incumbent plus 10% is what the policy states.

Trustee Faigin inquired about the exact changes to the existing policy. Vice Chancellor Lamb indicated the changes included adding percent of Pell eligible students to the criteria list of comparison institutions and that any salary above the incumbent's salary would be paid with state funds, not Foundation dollars. He then stated that he didn't want the Board to be seen as providing a blank check because it appears that since it is State tax dollars it is easier to give the 10%.

Trustee Taylor mentioned that he supported the new policy because he was concerned that constraints in hiring would hamper us from competing against industries that have deep pockets. Vice Chancellor Lamb stated the new policy helps broaden the diversity of the pool of applicants.

Trustee Eisen was concerned that, prior to Board approval, once the chancellor negotiates a salary to the final candidate that it would be difficult for the Board to object to the salary at the Board of Trustees meeting. Chancellor White stated the proposed policy gives the candidates an indication of the potential salary available and it provides the chancellor guidance in salary setting. Trustee Farar stated that trustees sit on the presidential search committee and have knowledge about the salary being discussed.

Trustee Kimbell inquired about whether there is an assumption about bringing the incoming candidate above the incumbent's salary. Vice Chancellor Lamb stated that that is the maximum that could be offered, but initial appointments might be lower on the range and there is no assumption the salary would be at the incumbent's level.

Trustee Abrego stated that the policy does not address the inequities among the presidents and that a new president could possibly make more than an existing president.

Executive Vice Chancellor and General Counsel Framroze Virjee commented that the monies paid with Foundation dollars can appear to be a potential conflict of interest because the president sits on the board. Vice Chancellor, University Relations and Advancement Garrett Ashley commented that not all Foundations are the same nor do they have the same financial resources.

Chair Monville reiterated the policy would remove the use of Foundation dollars and provide a 10% cap above the incumbent's salary. Trustee Faigin commented that the change could make it easier to grant the 10% increase because those funds would be State funds. He also asked if the proposed policy added that the chancellor can negotiate recommended starting salaries. Vice

Chancellor Lamb stated this was an addition to the existing policy. Chair Monville stated that it is not a change in process, it formalizes the general practice. Trustee Farar again stated that we have trustees on the search committees who are aware of the salary being discussed.

Trustee Brewer stated she personally supported the policy because it allows for competitive recruitment, but, as a student trustee, she would not be voting to pass it. Trustee Kimbell also stated she would not be voting for it.

Trustee Eisen questioned the tiered list of comparison institutions and what is used now. Vice Chancellor Lamb stated that the list was presented at the last Board of Trustees meeting and it uses only public institutions.

Trustee Norton stated that the policy serves the long term interest of the University and he would be voting for it.

Trustee Garcia asked if the amended policy could be amended again. Executive Vice Chancellor Virjee stated that only committee members could amend in the committee meeting, but any trustee could amend in the plenary session.

The Committee on University and Faculty Personnel voted on the item. The item passed with three in favor and two against. (RUF 11-15-02)

Trustee Morales adjourned the meeting.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Executive Compensation: President – San José State University

Presentation By

Timothy P. White
Chancellor

Summary

This action item approves the compensation for Dr. Mary A. Papazian as president of San José State University.

Executive Compensation

The Board of Trustees is pleased to present Dr. Mary Papazian as the next president of San José State University. Dr. Papazian is currently serving as the president of Southern Connecticut State University (SCSU) in New Haven, Connecticut.

Prior to her tenure at SCSU, Dr. Papazian was the provost and senior vice president for Academic Affairs at Lehman College of The City University of New York. She also served as the dean of the College of Humanities and Social Sciences at Montclair State University in New Jersey, and executive director of the Department of Music, Theater and Dance at Oakland University in Rochester, Minnesota. She began her career in higher education at Oakland University, where she was an assistant, associate and tenured Professor of English.

Dr. Papazian holds a bachelor's, master's and Ph.D. in English from the University of California, Los Angeles.

Chancellor White recommends that Dr. Papazian receive an annual salary of \$371,000. Dr. Papazian will be required to live in the San José State University president's residence. She will assume the presidency on July 1, 2016.

Dr. Papazian's salary complies with the Trustees' policy on presidential compensation, established in November 2015, in that it is slightly less than the prior incumbent's salary (\$371,072). Given Dr. Papazian's experience this salary is appropriate.

In addition and consistent with Board policies, Dr. Papazian will receive the following standard benefits:

AMENDED

U&FP

Agenda Item 1

January 25-27, 2016

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- An auto allowance of \$1,000 per month;
- Standard benefit provisions afforded CSU Executive classification employees;
- A transition program for university presidents provided she meets the eligibility requirements passed by the Board of Trustees on November 15, 2006 (RUF 11-06-06);
- Reimbursement for actual, necessary and reasonable moving and relocation expenses; and
- Dr. Papazian will hold the academic rank of full professor with tenure, subject to faculty consultation, in the College of Humanities and Arts.

Chancellor White recommends that the Board of Trustees approve the salary for the next president of San José State University, Dr. Mary Papazian.

Recommended Action

The following resolution is recommended for adoption:

RESOLVED, by the Board of Trustees of the California State University, that Dr. Mary Papazian shall receive a salary set at the annual rate of \$371,000 effective the date of her appointment as president of San José State University; and be it further

RESOLVED, that Dr. Mary Papazian shall receive additional benefits as cited in Item 1 of the Committee on University and Faculty Personnel at the January 25-27, 2016 meeting of the Board of Trustees.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Executive Compensation: President – Sonoma State University

Presentation By

Timothy P. White
Chancellor

Summary

This action item approves the compensation for Dr. Judy K. Sakaki as president of Sonoma State University.

Executive Compensation

The Board of Trustees is pleased to present Dr. Judy Sakaki as the next president of Sonoma State University. Dr. Sakaki, Judy, is currently serving as Vice President, Student Affairs, at the University of California Office of the President. Prior to this she served as Vice Chancellor, Student Affairs at the University of California, Davis from 2002-2006.

Dr. Sakaki also has ties to the California State University (CSU) community as former Vice President of Student Affairs and Dean of Students at Fresno State from 1997-2002 and Dean of Student Affairs at Fresno State from 1995-1997.

She was also an Executive Fellow at the Office of the Chancellor, State Governmental Affairs (now Advocacy and State Relations) in Sacramento, Federal Relations (OFR) in Washington, D.C., and on various CSU campuses, and was the special assistant to the president at California State University, Hayward, which is now named California State University, East Bay.

Dr. Sakaki is a double alumna of the CSU, having earned both a bachelor's degree in Human Development and master's in Educational Psychology from California State University, Hayward. She holds a Ph.D. in Education from the University of California, Berkeley.

Chancellor White recommends that Dr. Sakaki receive an annual salary of \$298,000 and an annual housing allowance of \$60,000. She will assume the presidency on July 1, 2016.

Dr. Sakaki's salary complies with the Trustees' policy on presidential compensation, established in November 2015, in that it is less than the incumbent's salary (\$305,000). Given Dr. Sakaki's experience and the length of service of the incumbent this salary is appropriate. The housing allowance is also consistent with the previous incumbent's housing allowance.

AMENDED

U&FP

Agenda Item 2

January 25-27, 2016

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In addition and consistent with Board policies, Dr. Sakaki will receive the following standard benefits:

- An auto allowance of \$1,000 per month;
- Standard benefit provisions afforded CSU Executive classification employees;
- A transition program for university presidents provided she meets the eligibility requirements passed by the Board of Trustees on November 15, 2006 (RUF 11-06-06);
- Reimbursement for actual, necessary and reasonable moving and relocation expenses; and
- Dr. Sakaki will hold the academic rank of full professor with tenure, subject to faculty consultation, in the School of Education.

Chancellor White recommends that the Board of Trustees approve the salary for the next president of Sonoma State University, Dr. Judy Sakaki.

Recommended Action

The following resolution is recommended for adoption:

RESOLVED, by the Board of Trustees of the California State University, that Dr. Judy K. Sakaki shall receive a salary set at the annual rate of \$298,000 and an annual housing allowance of \$60,000 effective the date of her appointment as president of Sonoma State University; and be it further

RESOLVED, that Dr. Judy K. Sakaki shall receive additional benefits as cited in Item 2 of the Committee on University and Faculty Personnel at the January 25-27, 2016 meeting of the Board of Trustees.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Exemption from Post-Retirement Employment Waiting Period

Presentation By

Lori Lamb
Vice Chancellor
Human Resources

Loren J. Blanchard
Executive Vice Chancellor
Academic and Student Affairs

Summary

This item requests approval by the Board of Trustees to waive the requirement that Dr. Andrew "Zed" Mason, former assistant vice chancellor for research initiatives and partnerships, wait 180 days before returning to work as a rehired annuitant. The *California Government Code, Section 7522.56(f)*, provides for an exception to the 180-day waiting period.

Background

On September 12, 2012, Assembly Bill 340, referred to as the "California Public Employees' Pension Reform Act of 2013" (PEPRA), was signed into law by the governor, and became effective January 1, 2013. PEPRA provided various retirement-related changes that impacted new, current, and retired California State University (CSU) employees. As of January 1, 2013, the following is applicable to retired state employees under *California Government Code, Section 7522.56(f)*:

(f) A retired person shall not be eligible to be employed pursuant to this section for a period of 180 days following the date of retirement unless he or she meets one of the following conditions:

(1) The employer certifies the nature of the employment and that the appointment is necessary to fill a critically needed position before 180 days has passed and the appointment has been approved by the governing body of the employer in a public meeting. The appointment may not be placed on a consent calendar.

The assistant vice chancellor for research initiatives and partnerships, Dr. Zed Mason, retired from state service on December 31, 2015. While a successor has been identified to fill this

position, the new incumbent is unable to assume this role until summer 2016, due to existing teaching and research commitments. Given the unique requirements of this position, its critical importance with respect to the coordination of research activities in the CSU, and the calendar of existing research activities, the Chancellor's Office will need to fill the position, initially, on an interim basis.

Dr. Mason's knowledge and experience of ongoing research activities and the CSU's multi-campus initiatives will serve as a critically needed bridge during this transitional period. During the preceding twelve months, new reviews of federal import-export impacting research and assessments of multi-campus initiatives governed by Executive Order 1103 have commenced. The importance of this transitional service to the university to maintain these critical processes, require that Dr. Mason be employed as a rehired annuitant before the passing of 180 days following his retirement date.

Recommended Action

The following resolution is recommended for adoption:

RESOLVED, by the Board of Trustees of the California State University, that Dr. Andrew Zed Mason is exempt from the 180-day waiting period and is eligible to be employed as a rehired annuitant following the date of his retirement as cited in Agenda Item 3 of the Committee on University and Faculty Personnel at the January 25-27, 2016, meeting of the CSU Board of Trustees.

AGENDA

COMMITTEE ON ORGANIZATION AND RULES

Meeting: 9:10 a.m., Wednesday, January 27, 2016
Glenn S. Dumke Auditorium

Lillian Kimbell, Chair
Steven G. Stepanek, Vice Chair
Douglas Faigin
Hugo N. Morales
J. Lawrence Norton

Consent Items

Approval of Minutes of the Meeting of November 17, 2015

1. Amendment to the California State University Board of Trustees' 2016 Meeting Dates, *Action*

**MINUTES OF MEETING OF
COMMITTEE ON ORGANIZATION AND RULES
Trustees of The California State University
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

November 17, 2015

Members Present

Lillian Kimbell, Chair
Steven G. Stepanek, Vice Chair
Douglas Faigin
Hugo N. Morales
J. Lawrence Norton

Trustee Kimbell called the meeting to order.

Approval of the Minutes

The minutes of the September 8, 2015 meeting were approved as submitted.

Action Item

Trustee Kimbell introduced one action item on the consent agenda, approval of the California State University Board of Trustees' Meeting Dates for 2017, and commented that these dates did not conflict with the University of California Board Of Regents. The committee recommend approval of the proposed resolution. **(ROR 11-15-02)**

Trustee Kimbell adjourned the Committee on Organization and Rules.

COMMITTEE ON ORGANIZATION AND RULES

Amendment to the California State University Board of Trustees' 2016 Meeting Dates

Presentation By

Lillian Kimbell
Committee Chair

Summary

At the March 24-25, 2015 meeting, the Board of Trustees approved a schedule of meeting dates for 2016. In an effort to avoid a conflict with the national election on November 8, new dates are proposed for the November meeting. Chancellor's Office staff worked with the University of California Regent's Office to mitigate any conflict with their November meeting. All other meeting dates remain unchanged.

The following amended schedule of the California State University Board of Trustees' meeting dates for 2016 is presented for approval:

RESOLVED, By the Board of Trustees of The California State University, that the following amended schedule of meetings for 2016 is adopted:

2016 Meeting Dates

January 26-27, 2016	Tuesday – Wednesday	Headquarters
March 8-9, 2016	Tuesday – Wednesday	Headquarters
May 24-25, 2016	Tuesday – Wednesday	Headquarters
July 19-20, 2016	Tuesday – Wednesday	Headquarters
September 20-21, 2016	Tuesday – Wednesday	Headquarters
November 15-16, 2016	Tuesday – Wednesday	Headquarters

AGENDA

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Meeting: **9:15 a.m., Wednesday, January 27, 2016**
 Glenn S. Dumke Auditorium

Steven G. Stepanek, Vice Chair
Silas H. Abrego, Vice Chair
Douglas Faigin
Debra S. Farar
Margaret Fortune
Hugo N. Morales
J. Lawrence Norton

Consent Item

Approval of Minutes of the Meeting of November 18, 2015

Discussion Item

1. Annual Report on Philanthropic Support for 2014-2015, *Action*

**MINUTES OF THE MEETING OF
COMMITTEE ON INSTITUTIONAL ADVANCEMENT
Office of the Chancellor
Glenn S. Dumke Auditorium
401 Golden Shore
Long Beach, California**

November 18, 2015

Members Present

Steven G. Stepanek, Chair
Silas H. Abrego, Vice Chair
Douglas Faigin
Debra S. Farar
Lou Monville, Chair of the Board
Hugo N. Morales
J. Lawrence Norton
Timothy P. White, Chancellor

Trustee Stepanek called the meeting to order.

Approval of Minutes

The minutes of September 8, 2015 were approved on consent.

Naming of the Rosie Casals and Pancho Gonzalez Tennis Center at the Billie Jean King Sports Complex – California State University, Los Angeles

Mr. Garrett Ashley, vice chancellor for university relations and advancement, reported that the proposed naming recognizes and honors three individuals who inspire Cal State Los Angeles students and embody the university's focus on pushing boundaries and reaching beyond expectations. Billie Jean King, an alumna of the university, Rosie Casals and the family of Pancho Gonzalez have helped the university raise more than \$2.5 million for the tennis center.

The proposed tennis center will include a new building adjacent to the existing tennis courts. The first floor will include men's and women's locker rooms, administrative offices, a concessions kiosk and an athletic training facility. The second floor will include indoor and outdoor viewing areas, the Sally Ride and Tam O'Shaughnessy Learning Center and a full kitchen.

William A. Covino, president of Cal State Los Angeles, and Chancellor White thanked Billie Jean King, Rosie Casals and the family of Pancho Gonzalez for working tirelessly on behalf of students.

Inst. Adv.

The committee approved the proposed resolution (RIA 11-15-12) that the Tennis Center at California State University, Los Angeles be named the Rosie Casals and Pancho Gonzalez Tennis Center at the Billie Jean King Sports Complex.

Naming of Donald & Carolyn Lundberg Hall (dedicated by Hae & Shina Park) - California State Polytechnic University, Pomona

Mr. Ashley reported that the proposed naming of the facility recognizes alumnus Eugene Park's \$1 million investment in the expansion of The Collins College of Hospitality Management. Eugene's father, Hae Park, credits much of his success at Cal Poly Pomona and his early career to the mentorship he received from Dr. Donald Lundberg, the college's founding professor.

The building consists of faculty offices, student commons, two group study rooms, a conference room, a student room, a break/copy room, a part-time faculty office suite and two graduate classrooms.

The committee approved the proposed resolution (RIA 11-15-13) that half of Building 80 at The Collins College of Hospitality Management at California State Polytechnic University, Pomona be named as Donald & Carolyn Lundberg Hall (dedicated by Hae & Shina Park).

Naming of the Joel and Dena Gambord Business and Information Technology Building - California State University, Monterey Bay

Mr. Ashley reported that the proposed naming recognizes the \$10 million dollar gift by Joel and Dena Gambord. The gift will support two faculty endowed chairs, a fund for student scholarships and an entrepreneurial fund for students. This gift will support students and faculty in the College of Business, the School of Computing and Design and the Bachelors of Science in Nursing program – as well as all students with an interest in entrepreneurship.

The committee approved the proposed resolution (RIA 11-15-14) that the Business and Information Technology Building at California State University, Monterey Bay be named the Joel and Dena Gambord Business and Information Technology Building.

Trustee Stepanek adjourned the meeting.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Annual Report on Philanthropic Support for 2014-2015

Presentation By

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Lori A. Redfearn
Assistant Vice Chancellor
Advancement Services

Summary

This item presents information on philanthropic support received by the 23-campus California State University system from July 1, 2014 to June 30, 2015. Section 89720 of the Education Code requires that an annual gift report be submitted to the California Joint Legislative Budget Committee and the California Department of Finance.

A full report will be available in meeting handouts and additional campus highlights will be available for viewing at www.calstate.edu/ua/philanthropic.

Overview

The future is bright thanks to continued support of our donors. Charitable gifts to the CSU continue to power opportunities for quality programs and student success.

Charitable gift receipts to the CSU were up 6 percent from the previous year to a record-breaking \$314.7 million. This marks the fourth consecutive year the university has seen increases in philanthropic support from new gifts and pledge payments.

Alumni giving – encouraged by the wildly popular and successful *Class of 3 Million* celebration – increased by 44 percent in terms of dollars received between 2013-2014 and 2014-2015. The number of alumni contributing increased by 11,000. This increase is a testament to the power of the three million CSU alumni who are committed to giving back and helping transform the lives of future graduates. The CSU also found and connected with 60,000 alumni who were previously not connected to university alumni groups.

Over half of all gifts received serve the immediate needs of today’s students. These gifts provide access to a broad and diverse student population, facilitate innovative teaching models and enhance the learning experience. The CSU received over \$179.8 million in current support:

- \$21.5 million for student scholarships
- \$49.1 million for academic enrichment
- \$12.6 million for research
- \$32.9 million for public service programs
- \$18.4 million for athletics
- \$39.3 million for other designated priorities

Unrestricted support of \$7 million represents 2.25 percent of all gifts received and is available for high-priority or unforeseen needs. Additionally, campuses received \$38.4 million in property and capital improvement gifts for facilities and equipment.

Performance Benchmarking

Gift commitments, which consists of new gifts, pledges and testamentary provisions, reached \$411.3 million. Gift commitments represent the breadth of philanthropic activity and are used as a performance benchmark.

The benchmarks are based on peer groups of similar size and capacity. Gift commitments are compared to the State General Fund allocation which tends to calibrate to the current economic conditions. Group I campuses are making incremental progress toward raising an equivalent of 10% of the state budget allocation. Group II campuses are expected to raise an equivalent of 10-15% of the state budget allocation. Group III campuses are expected to raise more than 15%. Overall, the CSU raised an equivalent of 18% of the state budget allocation.

Charitable Gift Commitments as a Percentage of the State Funded Budget

	2012-2013	2013-2014	2014-2015	
Gift Commitments	\$338.5 Million	\$437.4 Million	\$411.3 Million	
State Budget	\$1.8 Billion	\$2.0 Billion	\$2.3 Billion	
Total Gift Commitments as a Percentage of State Budget	19%	21%	18%	
				Benchmark
Group I Average	8%	8%	11%	<10%
Group II Average	11%	16%	14%	10-15%
Group III Average	41%	42%	33%	>15%

CSU philanthropic performance also compares favorably to similar universities across the nation. National comparisons are based on gift receipt numbers reported to the Voluntary Support of Education Survey conducted by the Council for Aid to Education. San Luis Obispo ranked number one out of all public master's institutions across the nation. Six CSU campuses (Fresno, Long Beach, Northridge, Pomona, San José and San Luis Obispo) ranked in the top 20 of public master's institutions. San Diego State ranked 14th among high-activity public research institutions. California Maritime was the only maritime academy in the nation to report fundraising numbers.

The following resolution is recommended for approval:

RESOLVED, by the Board of Trustees of the California State University, that the Annual Report on Philanthropic Support for 2014-2015 be adopted for submission to the California Joint Legislative Budget Committee and the California Department of Finance.

AGENDA

COMMITTEE ON GOVERNMENTAL RELATIONS

Meeting: 9:45 a.m., Wednesday, January 27, 2016
Glenn S. Dumke Auditorium

Douglas Faigin, Chair
Kelsey M. Brewer, Vice Chair
Silas H. Abrego
Adam Day
Debra S. Farar
Lupe C. Garcia
J. Lawrence Norton
Steven G. Stepanek

Consent Item

Approval of Minutes of the Meeting of November 17, 2015

Discussion Items

1. Federal Agenda for 2016, *Action*
2. Sponsored State Legislative Program for 2016, *Action*

**MINUTES OF THE MEETING OF
COMMITTEE ON GOVERNMENTAL RELATIONS**

**Trustees of the California State University
Office of the Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

November 17, 2015

Members Present

Douglas Faigin, Chair
Kelsey Brewer, Vice Chair
Silas H. Abrego
Debra S. Farar
Lupe C. Garcia
Lou Monville, Chair of the Board
J. Lawrence Norton
Steven G. Stepanek
Timothy P. White, Chancellor

Trustee Faigin called the meeting to order.

Approval of Minutes

The minutes of September 8, 2015, were approved on consent.

Legislative Update

Mr. Garrett Ashley, vice chancellor for university relations and advancement, and Ms. Karen Y. Zamarripa, assistant vice chancellor for advocacy and state relations, presented this item.

Mr. Ashley shared that the CSU can celebrate many successes, including the final budget and passage of two Board of Trustees' sponsored bills.

Ms. Zamarripa reported on the final outcome of the sponsored bills, other items of interest to the CSU and budget advocacy preparations for 2016.

The CSU was successful with two of the four sponsored bills during this legislative session. AB 819, which deals with alumni affinity programs, and SB 462, which allows Sonoma State to expand support for the Green Music Center, were signed into law. The two remaining CSU efforts dealing with distance education and investment authority will be pursued in 2016.

2

Gov. Rel.

Other bills of interest to the CSU include those dealing with sexual violence prevention and reporting, concealed weapons, extended education, homeless students, student success fees and tax revenue.

The CSU is working with the California State Student Association and Academic Senate on the 2016 Stand with the CSU campaign, which will focus on students and their stories.

Trustee Faigin adjourned the meeting.

COMMITTEE ON GOVERNMENTAL RELATIONS

Federal Agenda for 2016

Presentation By

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

James M. Gelb
Assistant Vice Chancellor
Federal Relations

Summary

This item contains the proposed Federal Agenda for 2016.

Background

Last January, the Board of Trustees adopted the Federal Agenda for 2015, a legislative program for the system that included policy and fiscal priorities for the first session of the 114th Congress. The California State University priorities encompassed initiatives geared toward: improving access through aid to students; preparing students for college; fostering degree completion for California's diverse population; educating students for tomorrow's workforce; solving societal problems through applied research; enhancing campus infrastructure, health and safety; and promoting state and private support for public universities.

Focusing on these priority areas served the system well in 2015. The CSU fought successfully alongside many in the education community to raise the austere spending caps that were in place for FY 2016. Higher overall levels for FY 2016 and FY 2017 were agreed upon in late October via the Bipartisan Budget Act of 2015. This led to an omnibus spending bill, which contained generally positive news for CSU priority programs.

Within the Education Department, the maximum Pell Grant will be adjusted upward for inflation, from its current \$5,775 per year to a projected \$5,845 in the 2016-17 school year. The omnibus also kept this year's projected Pell surplus in the program. The CSU strongly argued that Pell resources should either be saved for future years or used to support restoration of a year-round Pell program. The omnibus also provided healthy increases for capacity-building programs benefiting Hispanic-serving institutions and Asian American and Native American Pacific Islander-serving institutions. Additionally, TRIO will see a 7.1 percent increase, while

GEAR UP will receive an additional 7 percent over last year. Work-Study and SEOG will receive stable funding. The Teacher Quality Partnership Grant program will grow by \$2.5 million. And Title I grants to school districts and special education grants to states will see large increases, while pre-K programs will receive relatively robust funding.

Outside of the Education Department, some important plus ups to research funding were made, most notably an additional \$2 billion for the National Institutes of Health and an additional \$119 million for the National Science Foundation. USDA programs benefiting non-land-grant colleges of agriculture and Hispanic-serving institutions that the CSU lobbied for will see stable or increased funding, and the omnibus supports CSU STEM priorities like the Louis Stokes Alliance for Minority Participation and the Robert Noyce Scholarship program. Investments were also made in the Justice Department's Campus Violence Program and Economic Development Assistance Programs that target infrastructure investments, both CSU priorities.

House and Senate education committees held hearings on subjects ranging from reforming student aid to campus sexual assault while starting to draft pieces of comprehensive Higher Education Act (HEA) legislation. The CSU continued to advocate for priorities related to expanding and increasing the flexibility of the Pell Grant program, including for part-time and year-round students, reforming the campus-based aid programs to provide institutions with a fairer share of SEOG and Work-Study resources, bolstering support for minority-serving institutions, and strengthening links among universities, K-12 schools, state governments and the private sector. Congressional leaders have shown particular interest in deregulation and simplification (including proposals to move to a "one grant, one loan and one work-study program"), along with advancing the notion that when it comes to participation in federal aid programs, universities should have some form of financial stake ("skin in the game") in their students' success. There is also a keen interest in campus safety legislation.

As part of the HEA process, the "Minority-Serving Institution Fairness Act," was introduced recently in both houses with significant CSU input and support. The bills would make Minority-Serving Institutions (MSI) such as Hispanic-serving Institutions (HSI) and Asian American and Native American Pacific Islander-serving Institutions (AANAPISI) eligible to compete for, and receive, multiple federal grants for the purpose of serving a wider range of minority students. CSU is also supporting efforts to revive the in-school interest subsidy for graduate student loans. Eventually, these bills will be considered alongside broader HEA reauthorization efforts.

One longstanding HEA program, the Federal Perkins Loan Program, was kept alive in restricted fashion for two more years. Limits were placed on graduate student participation and new recipients must exhaust unsubsidized Stafford loans before receiving Perkins. CSU campuses will continue to have this option for students as Congress more thoroughly considers all student aid programs through the HEA reauthorization process.

The long overdue re-write of the Elementary and Secondary Education Act (ESEA) was passed and signed into law this year. Broadly speaking, this bi-partisan update of what was previously

known as “No Child Left Behind” replaces the system of accountability waivers put in place by the Obama administration and devolves much federal authority to the states. CSU interest in this legislation related primarily to supporting programs that enhance teacher preparation in California, particularly with respect to underserved rural and urban areas. The Every Student Succeeds Act (ESSA) is broadly consistent with this goal. ESSA eliminates the requirement that states use student outcomes to evaluate teacher preparation programs and does away with former “highly qualified teacher” language, restoring a more streamlined educational path for prospective elementary school teachers. It also retains the Teacher Quality Partnership program, a big source of funds for CSU.

The Congress also passed tax legislation to extend or make permanent fifty recently expired tax breaks. Among those made permanent is a longstanding priority of CSU advancement professionals, the “IRA rollover” provision, which provides for the tax-free treatment of charitable donations by persons over the age of 70 from Individual Retirement Accounts. The American Opportunity Tax Credit (AOTC), which reimburses middle-class families for up to \$2,500 per student of college expenses, was also made permanent.

CSU priorities also came into play in 2015 in connection with Obama administration regulatory efforts. Back in June, the Education Department announced it was dropping plans to create a new college ratings or grading system, and would instead offer a broader array of customizable data to consumers and policy makers that would enhance their ability to evaluate institutions. CSU leaders provided constructive criticism of some of the ideas the administration had been considering, which proved effective in bringing about changes. The CSU is among many public institutions that continue to encourage the Department to utilize the Student Achievement Measure (SAM) on the still evolving transparency tool. SAM would allow institutions to detail the progress and completion of full-time, part-time, and transfer students, as well as those who enroll in multiple institutions. This would provide a more comprehensive measure of student progress and graduation.

The CSU also played a significant role in providing comments on the Education Department’s draft regulations regarding eligibility for federal teacher preparation programs under ESEA and HEA. The CSU transmitted detailed comments on the proposal, largely focused on unworkable or cost-prohibitive provisions, while recommending further study on provisions that might ultimately prove workable if modified or improved. The CSU also communicated cost projections about 10 times higher than Department assumptions. The Department has taken this input seriously and delayed finalizing the regulations, promising changes. Now that ESSA is law, the Department may have further reason to revisit the current draft regulations.

Finally, Chancellor White was among a select group of 30 higher education experts asked to testify before the U.S. Commission on Civil Rights to provide input that will be used to recommend improvements to federal financial aid programs. The briefings in Washington, D.C. focused on whether the distribution formulas and funding levels for the campus-based aid

programs, such as Work-Study and Supplemental Educational Opportunity Grants, may negatively affect college enrollment, persistence and completion rates of students of color. The chancellor provided input on how these need-based federal financial aid programs impact the CSU's student enrollment and how outdated formulas direct existing dollars disproportionately to fewer students at higher-costs institutions with lower minority enrollments. He also discussed how federally-supported TRIO and GEAR UP pipeline programs, as well as the CSU's Early Start programs, prepare and support students of color for college success.

Development of Recommendations

In September 2015, Chancellor White sent a memo to all 23 CSU presidents and senior system leaders soliciting recommendations and outlining criteria for the system's Federal Agenda for 2016. The solicitation emphasized that the federal agenda must be consistent with the CSU system's core objectives that contribute to system goals of preserving access, providing quality instruction and preparing students for the workforce.

This agenda is based on recent priorities, input received from campuses, review by the Council of Presidents and Chancellor's Office executives, and the CSU Office of Federal Relations' assessment of the current political and fiscal landscape in Washington. The core principles outlined below (in bold lettering) are designed to provide a broad umbrella under which the CSU can react to the wide range of policy ideas that typically surface throughout a year; also included are bulleted illustrations of proactive priorities that are ripe for advocacy in 2016.

Overall, the agenda hews closely to the system's 2015 approach. The CSU can and should continue to promote federal investments in its students and institutions as efficient, productive targets of resources that will strengthen the American economy. Given significant scrutiny due to cost and a generally austere fiscal environment, the CSU should continue to place Pell at the top of its priority list. While the CSU will frequently be called upon to respond to proposals made by others, such as members of Congress and the U.S. Department of Education, the federal agenda identifies priority areas that should be the subjects of proactive pursuit.

Federal Agenda for 2016

The California State University consistently provides an outstanding return on federal investments in its students, institutions and research. With 23 campuses and nearly 460,000 students, the CSU is the largest bachelor and graduate degree university in the world, providing access – and success – for unprecedented numbers of low-income students. Each year, 100,000 new CSU graduates enter the workforce across all economic sectors.

Improve College Access through Aid to Students: The CSU remains one of the nation's best bargains. Significant state and institutional grant aid helps our neediest students. Federal

financial aid programs remain critical to CSU students from low-income families, including over 201,000 who rely upon need-based Pell Grants. More than 40,000 Pell recipients receive CSU bachelor's degrees each year.

- Support cost of living increases in the maximum Pell grant, and retain any program surplus for future years; retain eligibility for part-time students and restore year-round program
- Invest in Supplemental Education Opportunity Grant (SEOG) and Work-Study with focus on need
- Prioritize federal resources for institutions serving the greatest number of students with need

Prepare Students for College: The CSU is an innovative collaborator working to improve student readiness and to measure the performance of CSU-trained teachers. The federal government is a vital partner.

- Provide robust funding for effective pipeline programs like GEAR UP and TRIO and expand pre-K investments
- Maintain strong federal partnership with colleges and universities to transform the preparation of America's teachers and school leaders

Foster Degree Completion for California's Diverse Population: The CSU provides more than half of all undergraduate degrees granted to California's Latino, African American and Native American students, and is a leader in transitioning veterans to the civilian workforce. Federal capacity building programs and targeted grants help bridge the completion gap.

- Maintain strong support for Hispanic and Asian American and Native American Pacific Islander-serving institutions
- Support the needs of America's veterans on campus and smooth their transition to the civilian workforce

Educate Students for Tomorrow's Workforce: 100,000 annual graduates drive California's economy in the information technology, life sciences, agriculture, business, education, public administration, entertainment and multimedia industries.

- Support science, technology, engineering and mathematics (STEM) fields, including funding for NSF's Louis Stokes Alliances for Minority Participation and Robert Noyce Teacher Scholarship programs
- Invest in USDA Hispanic-serving Institutions National Program

Solve Societal Problems through Applied Research: In laboratories, at field sites and through programs at the CSU, students, faculty and collaborating scientists advance California's capacity to address key issues of significance to our state and nation.

- Maximize opportunities for comprehensive universities to compete for federal resources, including in STEM programs included in the America COMPETES Act
- Maintain strong NSF, NIH, Department of Energy and NIST funding
- Invest in Hispanic-serving agricultural colleges and universities (HSACU) and non-land-grant colleges of agriculture (NLGCA) programs

Enhance Campus Infrastructure, Health and Safety: State-of-the-art facilities and innovative programs help make campuses safe and secure for all.

- Fund Justice Department programs that provide grants to assist campuses with addressing sexual violence
- Support investments in US Economic Development Administration infrastructure programs that provide campuses opportunities to partner with their communities, improve facilities and promote strategic economic growth

Promote State and Private Support for Public Universities: State funding for public institutions of higher education is critical to keeping tuition affordable. Federal incentives can help boost state and private support for and partnerships with public universities.

- Encourage state investment in public higher education through funding incentives
- Advocate policies that promote philanthropy and a positive climate for university advancement

The CSU federal agenda process recognizes that priorities may evolve over time. The OFR will continue to work with the campuses and system leaders to refine and develop proposals, and to assist all in working productively with their representatives in Congress and with federal agencies in the year ahead.

The following resolution is recommended for approval:

RESOLVED, by the Board of Trustees of the California State University, that the Federal Agenda for 2016 be adopted.

COMMITTEE ON GOVERNMENTAL RELATIONS

Sponsored State Legislative Program for 2016

Presentation By

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Nichole Muñoz-Murillo
Interim Director
Advocacy and State Relations

Summary

This item contains an update on two Board of Trustees sponsored measures introduced in 2015, as well as two 2016 proposals for consideration and possible action.

Update on 2015 Legislative Proposals

In 2015, the Board approved four sponsored legislative proposals, two of which have been enacted into law: 1) the CSU's permanent Affinity Program authority; and 2) Sonoma State Green Music Center's permission to partner with their neighboring wine and beer companies. The following provides an update on the two remaining 2015 Board of Trustees sponsored measures:

State Authorization Reciprocity Agreement (SARA)

Senator Marty Block introduced Senate Bill 634 last year, which would enter California into a national consortia overseeing online programs or distance education. Since the bill was introduced, Advocacy & State Relations (ASR) staff have been working with the University of California (UC), California Community Colleges (CCC), legislative staff and other stakeholders on this matter. Due to discussions at the state and federal level, the author has made a decision to not move this bill forward this legislative session. ASR staff will monitor these discussions and examine the issue for the 2017-2018 legislative session.

CSU Investment Authority

Last session, the CSU worked with the Department of Finance and State Treasurer's Office to resolve various technical as well as indirect policy issues with the goal of increasing our investment earnings by broadening the system's investment authority. Currently, CSU is limited to a list of

high-quality, low-risk fixed income securities that have historically generated lower returns compared to the returns of other potential investment opportunities.

After months of negotiations, two budget trailer bills were amended and heard in the legislature (AB 130 and SB 104) at the end of August. While AB 130 was successfully passed out of the Assembly, the last-minute nature of the proposal caused the Senate Budget Committee members to raise multiple questions, and ultimately led them to request the measure be put over until 2016. Since that time, staff from the Chancellor's Office and local campuses have been meeting with members to discuss the proposal, why it is important to CSU, and address concerns so that the proposal can move forward this year.

2016 Legislative Proposals

Last fall, Chancellor Timothy P. White requested proposals from system and campus leaders to be considered for possible inclusion into the Board of Trustees sponsored bills for the 2016 legislative year. Proposals were analyzed by staff with consideration given to whether there was a clear need for each proposal, its programmatic and fiscal implications, and overall relationship to system initiatives and priorities. Campus presidents and vice presidents – as well as the chancellor's leadership team – have reviewed all of these proposals and concur with the following recommendations for two new proposals:

One-Stop Financial Aid

This proposal would allow the CSU, UC, CCC and the Association of Independent California Colleges and Universities (AICCU) to package Cal Grant entitlement awards for students at the campus level, rather than the California Student Aid Commission (CSAC). It would provide CSU students with a true 'one-stop' delivery approach, where they could receive state and federal awards at the same time at their campus. For years, the CSU has advocated to simplify the financial aid process for students and their families. The CSU would pursue this proposal in cooperation with our partners from California's higher education segments. Given the complexity of executing this proposal, it should be seen as a multi-year effort that may be resolved with the CSAC and/or legislation.

Lottery Fund Payments

This proposal would remove burdensome and unnecessary administrative processes associated with the lottery. Today, the CSU is the only segment that has to go through this bureaucratic process to utilize these funds. The CSU is proposing technical changes to the law to create the same process used by UC, CCC and K-12 school districts.

Adoption of the following resolution is recommended:

RESOLVED, by the Board of Trustees of the California State University, that the legislative proposals described in this item are adopted as the 2016 Board of Trustees' Legislative Program.

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

**California State University
Office of the Chancellor
Glenn S. Dumke Auditorium
401 Golden Shore
Long Beach, CA 90802**

January 27, 2016

Presiding: Lou Monville, Chair

10:15 a.m. Board of Trustees Dumke Auditorium

Call to Order

Roll Call

Public Speakers

Chair's Report

Chancellor's Report

Report of the Academic Senate CSU: *Chair—Steven Filling*

Report of the California State University Alumni Council: *President—Dia S. Poole*

Report of the California State Student Association: *President—Taylor Herren*

Board of Trustees

Consent Agenda

1. Approval of the Minutes of the Board of Trustees Meeting of November 18, 2015
2. Approval of Committee Resolutions as follows:

Committee on Campus Planning Buildings and Grounds

1. Amend the 2015-2016 Capital Outlay Program for California State University, Fullerton, California State University, Long Beach, California State University, Northridge, California State University, Sacramento, and San Diego State University, *Action*

*The Board of Trustees is a public body, and members of the public have a right to attend and participate in its meetings. This schedule of meetings is established as a best approximation of how long each scheduled meeting will take to complete its business. Each meeting will be taken in sequence, except in unusual circumstances. Depending on the length of the discussions, which are not possible to predict with precision in advance, the scheduled meeting times indicated may vary widely. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

2. Approval to Set Aside and Vacate the November 14, 2007 Campus Master Plan Revision and Partially Decertify the Environmental Impact Report for the Project for San Diego State University, *Action*

Committee on Audit

1. Assignment of Functions to Be Reviewed by the Office of Audit and Advisory Services for Calendar Year 2016, *Action*

Committee on Educational Policy

1. Recommended Amendment to Title 5 Regarding AB2000, *Action*

Committee on University and Faculty Personnel

1. Executive Compensation: President – San José State University, *Action*
2. Executive Compensation: President – Sonoma State University, *Action*

Committee on Organization and Rules

1. Amendment to the California State University Board of Trustees 2016 Meeting Dates, *Action*

Committee on Institutional Advancement

1. Annual Report on Philanthropic Support for 2014-2015, *Action*

Committee on Governmental Relations

1. Federal Agenda for 2016, *Action*
2. Sponsored State Legislative Program for 2016, *Action*

Discussion

1. Conferral of Title of Trustee Secretariat Emerita—Leticia Hernandez, *Action*
2. Exemption from Post-Retirement Employment Waiting Period, *Action*

11:30 a.m. Luncheon

**12:00 p.m. Board of Trustees—Closed Session
Executive Personnel Matters
Government Code §11126(a)(1)**

Munitz Conference Room

*The Board of Trustees is a public body, and members of the public have a right to attend and participate in its meetings. This schedule of meetings is established as a best approximation of how long each scheduled meeting will take to complete its business. Each meeting will be taken in sequence, except in unusual circumstances. Depending on the length of the discussions, which are not possible to predict with precision in advance, the scheduled meeting times indicated may vary widely. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

**MINUTES OF THE MEETING
OF BOARD OF TRUSTEES**

**Trustees of the California State University
Office of the Chancellor
Glenn S. Dumke Auditorium
401 Golden Shore
Long Beach, California**

November 18, 2015

Trustees Present

Lou Monville, Chair
Rebecca D. Eisen, Vice Chair
Silas Abrego
Kelsey Brewer
Douglas Faigin
Debra S. Farar
Lupe Garcia
Lillian Kimbell
Hugo Morales
J. Lawrence Norton
Peter Taylor
Steven Stepanek
Maggie K. White
Timothy P. White, Chancellor

Chair Monville called the meeting of the board of trustees to order.

Public Comment

The board of heard from several individuals during the public comment period: Richard Shave, CSULA community, spoke with regards to the ongoing noise issue; Doug Domingo Forasta spoke about President compensation; Kim Geron, President CFA, CSUEB, spoke about student tuition fees; Jennifer Eagan, CFA President spoke about bargaining issues; Lillian Taiz, Former CFA President; spoke about CSU management and the CFA salary proposal; Pat Gantt, president, CSUEU spoke about Presidential search process; Loretta Seva'aetasi, vice president, finance CSUEU, addressed the board about the 2016-2017 budget and compensation; Neil Jaklin, President of organizing, CSUEU, urged the board to reconsider its position on salaries and compensation; Mike Chavez, chair, CSUEU, spoke to the board about work load for grounds workers; Rocky Sanchez, bargaining unit 7 representative CSUEU spoke about the issue of surveillance cameras on campus; Tessy Reese, chair bargaining unit 2 CSUEU spoke about campus health facilities being understaffed; Rich McGee spoke about centralizing campus policies.

Chair's Report

Chair Monville's complete report can be viewed online at the following URL:

<http://calstate.edu/BOT/chair-reports/nov2015.shtml>

Chancellor's Report

Chancellor Timothy P. White's complete report can be viewed online at the following URL:

<http://calstate.edu/bot/chancellor-reports/151118.shtml>

Report of the Academic Senate CSU

CSU Academic Senate Chair, Steven Filling's complete report can be viewed online at the following URL:

http://www.calstate.edu/AcadSen/Records/Chairs_Reports/documents/ChairsReportNov2015.pdf

Report of the California State University Alumni Council

Alumni Council President, Dia S. Poole's complete report can be viewed online at the following

URL: <http://www.calstate.edu/alumni/council/bot/20151108.shtml>

Report from the California State Student Association

CSSA President Taylor Herren complete report can be viewed online at the following URL:

<http://www.csustudents.org/wp-content/uploads/CSSA-BoT-Report-November-2015.pdf>

Board of Trustees

The minutes of the meeting of September 9, 2015, were approved as submitted.

Chair Monville moved all the consent items for approval except for Item 2, Employee Compensation Policy and Reexamination of Policy on Presidential Compensation, from the Committee on University and Faculty Personnel which was removed for separate discussion. There was a second.

The Board of Trustees approved the following resolutions:

Committee on Organization and Rules

Approval of California State University Board of Trustees' Meeting Dates for 2017 (ROR 11-15-02)

RESOLVED, By the Board of Trustees of The California State University, that the following schedule of meetings for 2017 is adopted:

January 31/February 1, 2017	Tuesday – Wednesday	Chancellor's Office
March 21-22, 2017	Tuesday – Wednesday	Chancellor's Office
May 23-24, 2017	Tuesday – Wednesday	Chancellor's Office
July 18-19, 2017	Tuesday – Wednesday	Chancellor's Office
September 19-20, 2017	Tuesday – Wednesday	Chancellor's Office
November 7-8, 2017	Tuesday – Wednesday	Chancellor's Office

Joint Committees on Educational Policy and Finance

Academic Performance Measures (Academic Sustainability Plan) (REP/FIN 11-15-01)

RESOLVED, by the Board of Trustees of the California State University, that the Academic Sustainability Plan be approved; and be it further

RESOLVED, that the Academic Sustainability Plan be submitted no later than November 30, 2015 to the Director of Finance, the chairpersons of the committees in each house of the Legislature that consider the state budget, the chairpersons of the budget subcommittees in each house of the Legislature that consider the budget of the California State University, the chairpersons of the committees in each house of the Legislature that consider appropriations, and the chairpersons of the policy committees in each house of the Legislature with jurisdiction over bills relating to the University, as required by the Budget Act of 2015.

Committee on Campus Planning, Building and Grounds

Amend the 2015-2016 Capital Outlay Program for California State University, Chico, California State University, Fullerton, California State University, Northridge and San Diego State University (RCPBG 11-15-12)

RESOLVED, by the Board of Trustees of the California State University, that the 2015-2016 Capital Outlay Program be amended to include:

1. \$10,897,000 for preliminary plans, working drawings and construction for the California State University, Chico Boiler-Chiller Plant Modification;

2. \$18,829,000 for preliminary plans, working drawings and construction for the California State University, Fullerton College Park West Seismic Corrections and Tenant Improvements;
3. \$2,832,000 for preliminary plans, working drawings and construction for the California State University, Northridge Research Facility;
4. \$4,000,000 for preliminary plans, working drawings, construction and equipment for the San Diego State University Confucius Institute Renovation; and
5. \$3,890,000 for preliminary plans, working drawings, construction and equipment for the San Diego State University Open Air Theater Concourse Improvements.

Approval of Schematic Plans for California State University, Bakersfield (RCPBG 11-15-13)

RESOLVED, by the Board of Trustees of the California State University, that:

1. The board finds that the Categorical Exemption for the California State University, Bakersfield Faculty Towers Replacement Building (Seismic) project has been prepared pursuant to the requirements of the California Environmental Quality Act.
2. The project will not have significant adverse impacts on the environment and the project will benefit the California State University.
3. The schematic plans for California State University, Bakersfield Faculty Towers Replacement Building (Seismic) are approved at a project cost of \$7,790,000 at CCCI 6151.

Approval of the Amendment to the 2015-2016 Capital Outlay Program and Schematic Plans for California State University, Los Angeles (RCPBG 11-15-14)

RESOLVED, by the Board of Trustees of the California State University, that:

1. The 2015-2016 capital outlay program is amended to include \$5,130,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Los Angeles Tennis Center.
2. The board finds that the Categorical Exemption for the California State University, Los Angeles, Tennis Center has been prepared pursuant to the requirements of the California Environmental Quality Act.

3. The proposed project will not have significant adverse impacts on the environment, and the project will benefit the California State University.
4. The schematic plans for the California State University, Los Angeles, Tennis Center, are approved at a project cost of \$5,130,000 at CCCI 6151.

Approval of the Master Plan Revision, the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for Spartan Golf Complex for San José State University (RCPBG 11-15-15)

RESOLVED, by the Board of Trustees of the California State University, that:

1. The Final Initial Study/Mitigated Negative Declaration has been prepared to address any potential significant environmental impacts, mitigation measures and comments associated with approval of the San José State University Spartan Golf Complex project, and all discretionary actions related thereto, as identified in the Final Initial Study/Mitigated Negative Declaration.
2. The Final Initial Study/Mitigated Negative Declaration was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.
3. This resolution is adopted pursuant to the requirements of Section 21081 of Public Resources Code and Section 15091(a)(3) of the State CEQA Guidelines which finds that there will not be a significant effect above and beyond that previously identified and analyzed in the program-level environmental impact report (EIR), that the Findings of Fact and associated Statement of Overriding Considerations previously adopted by the Board of Trustees as part of the certification of the Campus Master Plan EIR in January 2002 account for the impact related to the Spartan Golf Complex project, that the project will be constructed with the recommended mitigation measures as identified in the included Initial Study/Negative Declaration mitigation monitoring program, and that the project will benefit the California State University. The Board of Trustees makes such findings with regards to this project.
4. The San José State University Campus Master Plan Revision dated November 2015 is approved.
5. The chancellor is requested under Delegation of Authority granted by the Board of Trustees to file the Notice of Determination for the project.
6. The 2015-2016 capital outlay program is amended to include \$24,197,000 for preliminary plans, working drawings, construction and equipment for the San José State University Spartan Golf Complex.
7. The schematic plans for the San José State University Spartan Golf Complex are approved at a project cost of \$24,197,000 at CCCI 6151.

Approval of the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for California Polytechnic State University, San Luis Obispo (RCPBG 11-15-16)

RESOLVED, by the Board of Trustees of the California State University, that:

1. The Final Initial Study/Mitigated Negative Declaration for the California Polytechnic State University, San Luis Obispo Vista Grande Replacement Building project was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.
2. The California Polytechnic State University, San Luis Obispo Vista Grande Replacement Building project is consistent with the Final Mitigated Negative Declaration and the effects of the project were fully analyzed in the Final Mitigated Negative Declaration and the project will benefit the California State University.
3. The 2015-2016 Capital Outlay Program is amended to include \$30,630,000 for preliminary plans, working drawings, construction and equipment for the California Polytechnic State University, San Luis Obispo Vista Grande Replacement Building project.
4. The schematic plans for the California Polytechnic State University, San Luis Obispo Vista Grande Replacement Building project are approved at a project cost of \$30,630,000 at CCCI 6151.

Approval of the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for California State University, San Bernardino (RCPBG 11-15-17)

RESOLVED, by the Board of Trustees of the California State University, that:

1. The Final Initial Study/Mitigated Negative Declaration for the California State University, San Bernardino Student Housing and Dining Commons project was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.
2. The California State University, San Bernardino Student Housing and Dining Commons project is consistent with the Final Mitigated Negative Declaration and the effects of the project were fully analyzed in the Final Mitigated Negative Declaration, and the project will benefit the California State University.
3. The 2015-2016 Capital Outlay Program is amended to include \$93,962,000 for preliminary plans, working drawings, construction, and equipment for the California State University, San Bernardino Student Housing and Dining Commons project.

4. The schematic plans for the California State University, San Bernardino Student Housing and Dining Commons project are approved at a project cost of \$93,962,000 at CCCI 6151.

Approval of the 2016-2017 Capital Outlay Program and the 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan (RCPBG 11-15-18)

RESOLVED, By the Board of Trustees of the California State University, that:

1. The final Academic and Self-Support Funded Five-Year Capital Improvement Plan 2016-2017 through 2020-2021 totaling \$5,065,440,000 and \$3,746,198,000, respectively, are approved.
2. The 2016-2017 Academic Capital Outlay Program included in the five-year program distributed with the agenda is approved at \$317,405,000.
3. The 2016-2017 Self-Support Funded Capital Outlay Program included in the five-year program is approved at \$250,957,000.
4. The chancellor is authorized to proceed in 2015-2016 with design documents to fast-track projects in the 2016-2017 program.
5. The chancellor is requested to explore all reasonable funding methods available and communicate to the board, the governor and the legislature the need to provide funds to develop the facilities necessary to serve the academic program and all eligible students.
6. The chancellor is authorized to make adjustments, and in consultation with the Chair of the Board and the Chair of the Committee on Campus Planning, Buildings and Grounds for significant changes, including priority sequence, scope, phase, project cost, bond sale schedule, financing source and total budget request for the 2016-2017 Capital Outlay Program.
7. The chancellor is authorized to make adjustments in the projects to be financed as noted in Attachment A as necessary to maximize use of the limited financing resource.

Committee on Finance

2016-2017 Lottery Revenue Budget (RFIN 11-15-09)

RESOLVED, by the Board of Trustees of the California State University, that the 2016-2017 lottery revenue budget totaling \$49.2 million be approved for

implementation by the chancellor, with the authorization to make transfers between components of the lottery revenue budget and to adjust expenditures in accordance with receipt of lottery funds; and be it further

RESOLVED, that a portion of campus-based program allocations will be used to support student financial aid for the trustee-approved Early Start program. These funds will be used to allow student enrollment in the Early Start summer curriculum regardless of financial need; and be it further,

RESOLVED, that the chancellor is hereby granted authority to adjust the 2016-2017 lottery revenue budget approved by the Board of Trustees to the extent that receipts are greater or lesser than budgeted revenue to respond to opportunities or exigencies; and be it further

RESOLVED, that a report of the 2016-2017 lottery revenue budget receipts and expenditures be made to the Board of Trustees.

Conceptual Approval of a Public-Public Partnership Charter School at California State University, Monterey Bay (RFIN 11-15-10)

RESOLVED, by the Board of Trustees of the California State University, that the Trustees:

1. Approve the concept of a public-public partnership for the Monterey Bay Charter School development and the release of the Request for Qualifications/Proposals
2. Authorize the chancellor and the campus to enter into negotiations for agreements necessary to develop the final plan for the public-public partnership as explained in Agenda Item 2 of the November 17-18, 2015 meeting of the Committee on Finance;
3. Authorize the chancellor and the campus to enter into a due diligence access and option agreement which provides the Monterey Bay Charter School with a limited-term option along with the responsibility for the development of a final plan, schematic drawings, and necessary environmental analyses during the option period;
4. Will consider the following additional action items relating to the final plan:
 - a) Certification of Final California Environmental Quality Act (CEQA) documentation;
 - b) Approval of a financial plan negotiated by the campus and the Monterey Bay Charter School with the advice of the chancellor;
 - c) Approval of any amendments to the campus master plan as they pertain to the project;
 - d) Approval of an amendment to the Non-State Capital Outlay Program;
 - e) Approval of the schematic design.

Approval of the 2016-2017 Support Budget Request (RFIN 11-15-11)

RESOLVED, that the Board of Trustees of the California State University acknowledges and expresses its appreciation to the governor and legislature for their increased budget support; and be it further

RESOLVED, that the Board of Trustees understands there are numerous competing interests for budgetary support given the fiscal constraints and competing policy priorities under which California continues to operate; and be it further

RESOLVED, that the future of California and its economy rests on the success of the CSU in providing life-changing benefits to hundreds of thousands of students; and be it further

RESOLVED, by the Board of Trustees of the California State University that the proposed CSU 2016-2017 Support Budget Request is approved as submitted by the chancellor; and be it further

RESOLVED, that the chancellor is authorized to adjust and amend this budget to reflect changes in the assumptions upon which this budget is based, and that any changes made by the chancellor be communicated promptly to the trustees; and be it further

RESOLVED, that copies of this resolution be transmitted to the governor, to the director of the Department of Finance, and to the legislature.

Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for the 2015-2016 Infrastructure Improvements and Capital Outlay Projects (RFIN 11-15-12)

Orrick, Herrington & Sutcliffe LLP, as bond counsel, prepared resolutions presented in Agenda Item 4 of the Committee on Finance at the November 17-18, 2015 meeting that authorize interim and permanent financing for the projects described in the agenda item. The proposed resolutions were distributed at the meeting and will achieve the following:

1. Authorize the sale and issuance of Systemwide Revenue Bond Anticipation Notes and/or the related or stand-alone sale and issuance of the Trustees of the California State University Systemwide Revenue Bonds in an aggregate amount not-to-exceed \$461,675,000 and certain actions relating thereto.
2. Provide a delegation to the chancellor; the executive vice chancellor and chief financial officer; the assistant vice chancellor, Financial Services; and the assistant vice chancellor, Financing, Treasury, and Risk Management; and their designees to take any and all necessary actions to execute documents for the sale and issuance of the bond anticipation notes and the revenue bonds.

In addition, the Board of Trustees is being requested to approve the following resolution:

RESOLVED, by the Board of Trustees of the California State University that:

1. \$25,000,000 per year be set aside from its annual operating funds for the payment of debt service and direct project expenditures related to the funding of its capital improvement projects.
2. The chancellor is authorized to make adjustments in the projects to be financed as necessary to maximize use of limited financing resources and consideration of the CSU's priorities for funding capital outlay projects.

Conceptual Approval of the California State University, Channel Islands Site Authority Apartments Sale Project (RFIN 11-15-13)

RESOLVED, by the Board of Trustees of the California State University, that the Trustees:

1. Approve the concept of a public-private partnership to sell the 328 apartments in University Glen and the release of a Request for Qualifications / Proposals to pursue this project;
2. Authorize the chancellor and the Site Authority to enter into negotiations for agreements as necessary with a developer for the sale of the 328 apartments in University Glen as explained in Agenda Item 5 of the November 17-18, 2015 meeting of the Committee on Finance;
3. Will consider the following additional action items:
 - a. Approval of key financial terms negotiated by the Site Authority and a developer with the advice of the chancellor;
 - b. Authorize the chancellor and the Site Authority to make any necessary changes to the ground lease agreement between the CSU and the Site Authority as it pertains to the project;
 - c. Authorize the chancellor, the executive vice chancellor and chief financial officer, and their designees with the authority to execute agreements and related documents necessary to implement the financial terms for this project.

Conceptual Approval of a Public-Private Partnership Hotel Development Project at California State University, Northridge (RFIN 11-15-14)

RESOLVED, by the Board of Trustees of the California State University, that the Trustees:

1. Approve the concept of a public-private partnership for a hotel development and the release of the Request for Qualifications / Proposals;
2. Authorize the chancellor and the campus to enter into negotiations for agreements necessary to develop the final plan for the public-private partnership as explained in Agenda Item 6 of the November 17-18, 2015 meeting of the Committee on Finance;
3. Authorize the chancellor and the campus to enter into a due diligence access and option agreement which provides the Developer with a limited-term option along with the responsibility for the development of a final plan, schematic drawings, and necessary environmental analyses during the option period;
4. Will consider the following additional action items relating to the final plan:
 - a) Certification of Final California Environmental Quality Act (CEQA) documentation;
 - b) Approval of a developer agreement with the advice of the chancellor;
 - c) Approval of any amendments to the campus master plan as they pertain to the project;
 - d) Approval of an amendment to the Non-State Capital Outlay Program;
 - e) Approval of the schematic design.

Committee on Educational Policy

Recommended Addition to Title 5 Regarding Enrollment Services (REP 11-15-03)

RESOLVED by the Board of Trustees of the California State University that the following section be added to Title 5 of the California Code of Regulations:

Title 5. California Code of Regulations
Division 5. Board of Trustees of the California State Universities
Chapter 1. California State University
Subchapter 2. Educational Program
Article 2. Curriculum
§ 40106. Enrollment Services

Section 40106 - Enrollment Services

The president or designee is responsible for establishing the enrollment period for each academic term and for ensuring the general access of qualified students to the courses they need over time in order to complete their educational programs. As the appropriate campus authority, the president is responsible for the implementation of a registration priority system and for various adjustments to this system based on course demand and available resources. The president is also authorized to withhold enrollment services on either a temporary or permanent basis for any students who do not meet University requirements for continued attendance, including but not limited to evidence of satisfactory academic progress, the submission of required documents, payment of fees, the completion of mandatory orientation or other training programs, inoculation requirements, and the fulfillment of any disciplinary sanctions.

California State University Board of Trustees Policy for Awarding Honorary Degrees (REP 11-15-04)

RESOLVED, by the Board of Trustees of the California State University, that the *California State University Board of Trustees Policy for Awarding Honorary Degrees*, included in Attachment A to Agenda Item 2 of the November 17-18, 2015 meeting of the Trustees' Committee on Educational Policy, shall supersede the *1996 Guidelines for the Awarding of Honorary Degrees* and shall be approved for immediate implementation.

Committee on Institutional Advancement

Naming of the Rosie Casals and Pancho Gonzalez Tennis Center at the Billie Jean King Sports Complex – California State University, Los Angeles (RIA 11-15-12)

RESOLVED, by the Board of Trustees of the California State University, that the Tennis Center at California State University, Los Angeles be named the Rosie Casals and Pancho Gonzalez Tennis Center at the Billie Jean King Sports Complex.

Naming of Donald & Carolyn Lundberg Hall (dedicated by Hae & Shina Park) - California State Polytechnic University, Pomona (RIA 11-15-13)

RESOLVED, by the Board of Trustees of the California State University, that half of Building 80 at The Collins College of Hospitality Management at California State Polytechnic University, Pomona be named as Donald & Carolyn Lundberg Hall (dedicated by Hae & Shina Park).

Naming of the Joel and Dena Gambord Business and Information Technology Building—California State University, Monterey Bay (RIA 11-15-14)

RESOLVED, by the Board of Trustees of the California State University, that the Business and Information Technology Building at California State University, Monterey Bay be named the Joel and Dena Gambord Business and Information Technology Building.

Prior to the approval of the consent agenda, Trustee Garcia requested that Item 2, Employee Compensation Policy and Reexamination of Policy on Presidential Compensation, from the Committee on University and Faculty Personnel be removed from the consent agenda for separate discussion. Following the approval of the consent agenda, Trustee Garcia made a motion to amend the amended item. There was a second. Chair Monville called for a roll call vote. The Board of Trustees approved the following resolution by a vote of eight in favor (Trustees Eisen, Farar, Garcia, Monville, Morales, Norton, Stepanek, and Chancellor White), four opposed (Trustees Abrego, Brewer, Faigin, Kimbell) and no abstentions.

Employee Compensation Policy and Reexamination of Policy on Presidential Compensation (RUF 11-15-02)

RESOLVED, by the Board of Trustees of the California State University that the Board of Trustees Policy on Compensation, as stated in the Committee on University and Faculty Personnel, Agenda Item 2, at the November 17-18, 2015 meeting, as amended, is adopted; and be it further

RESOLVED, all previous versions of policies related to compensation for employees and presidents are superseded.

Chair Monville presented an action item recognizing and congratulating California State University, San Bernardino on their 50th Anniversary. CSUSB President Morales thanked the trustees for the recognition. The following resolution was approved.

Recognition of the 50th Anniversary of California State University, San Bernardino (RBOT 11-15-06)

WHEREAS, the year 2015 commemorates the half-century year that California State University, San Bernardino was first established in 1965 to provide educational opportunities for the growing population of the Inland Empire; and

WHEREAS, from these modest beginnings, California State University, San Bernardino continues to build its legacy as a cutting edge, comprehensive university, offering highly respected baccalaureate, graduate and doctoral academic programs in five colleges and multiple departments to more than 20,000 students annually; and

WHEREAS, the university's most valued tradition is a commitment to enriching the lives of its students through rigorous scholarship, award-winning faculty and staff, and alumni and community success; and

WHEREAS, California State University, San Bernardino is a significant technological, social and environmental trailblazer for the Inland Empire, producing more than 80,000 alumni since its inception and generating over half a billion dollars annually for California's economy; and

WHEREAS, California State University, San Bernardino is an active partner for educational institutions, industry leaders and local communities to enhance the quality of education, research, development and community service for the region and state; and

WHEREAS, the establishment of the only public four-year university in the region over three decades ago, the CSUSB Palm Desert Campus stands as a model for university and community partnerships and continues to provide quality educational, social and economic opportunities for the Coachella Valley; and

WHEREAS, California State University, San Bernardino is a reflection of the dynamic diversity of the local region, ranking among the nation's educational leaders across multiple categories for Hispanic enrollment; now, therefore, be it

RESOLVED, by the Board of Trustees of the California State University, that the systemwide community joins in celebrating the 50th anniversary of California State University, San Bernardino.

Chair Monville adjourned the meeting into closed session.

BOARD OF TRUSTEES

Conferral of Title of Trustee Secretariat Emerita–Leticia Hernandez

Presentation By:

Lou Monville
Chair

Summary

It is recommended that Ms. Leticia Hernandez be conferred the title of Trustee Secretariat Emerita for her many years of dedicated service to the California State University and the Board of Trustees.

The following resolution is recommended for approval:

WHEREAS, Leticia Hernandez joined the California State University Chancellor’s Office in April 1992 as the assistant to Mr. William Dermody, Chief of Staff to Chancellor Barry Munitz, and was later appointed as the Trustee Secretariat in January 2001, and served ably for 23 years; and

WHEREAS, Ms. Hernandez, as assistant to the Chancellor’s Chief of Staff from 1992 to 2001, provided exemplary service and organization to the Executive Office assisting with numerous presidential searches during her tenure; and

WHEREAS, Ms. Hernandez, as Trustee Secretariat to the Board of Trustees from 2001 through 2015, demonstrated strong leadership and collegiality with trustees, presidents, elected officials, CSU staff, students, faculty and the community; and

WHEREAS, Ms. Hernandez brought a keen attention to detail and successfully streamlined many Board of Trustees’ processes enhancing efficiency and productivity of board meetings; and

WHEREAS, Ms. Hernandez served as an excellent leader and ambassador of the CSU among her professional peers in her involvement with the National Association of Governing Boards of Universities and Colleges; and

WHEREAS, Board members, CSU students, faculty, staff and members of the public over the past 15 years are profoundly grateful for Ms. Hernandez’s astute, professional and thoughtful leadership during her tenure as Trustee Secretariat ensuring the CSU Board of Trustees continued to serve as an example of highly efficient and effective board governance; now, therefore, be it

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RESOLVED, by the Board of Trustees of the California State University, that the title of Trustee Secretariat Emerita be conferred on Leticia Hernandez, with all the rights and privileges thereto.