

**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  
March 23, 2021**

**Time\*\*      Committee      Location<sup>1</sup>**

***TUESDAY, MARCH 23, 2021***

**8:00 a.m.      Board of Trustees—Closed Session**

Executive Personnel Matters  
Government Code §11126(a)(1)

Pending Litigation  
Government Code §11126(e)(1)  
Sargent v. CSU, et al.  
Alpha Gamma Rho v. Groom, et al.  
Anticipated Litigation

**8:45 a.m.      Committee on Collective Bargaining—Closed Session**

Government Code §3596(d)

**9:15 a.m.      Public Comment—Open Session**

**10:45 a.m.      Committee on Governmental Relations**

**Consent**

*Action*      1. Approval of Minutes

**Discussion**

*Information*      2. State Legislative Update

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<sup>1</sup> The March 23, 2021 meeting will take place entirely virtually via teleconference.

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**TUESDAY, MARCH 23, 2021 (cont.)**

**11:15 a.m. Committee on Audit**  
**Consent**

- Action* 1. Approval of Minutes  
*Information* 2. Status Report on Audit and Advisory Services Activities  
**Discussion**  
*Information* 3. Audited Financial Statements and Single Audit Report

**11:30 a.m. Lunch Break**

**12:00 p.m. Committee on Campus Planning, Buildings and Grounds**  
**Consent**

- Action* 1. Approval of Minutes  
**Discussion**  
*Action* 2. California State University, Northridge Sierra Annex Schematic Design Approval

**12:20 p.m. Committee on Finance**  
**Consent**

- Action* 1. Approval of Minutes  
*Information* 2. California State University Quarterly Investment Report  
**Discussion**  
*Information* 3. California State University Information Security

**1:00 p.m. Committee on Educational Policy**  
**Consent**

- Action* 1. Approval of Minutes  
**Discussion**  
*Action* 2. Academic Planning  
*Information* 3. Academic Preparation Annual Report and Quantitative Reasoning Update  
*Action* 4. Establishing a Biennial Symposium Recognizing African American History and Achievement and Promoting Anti-Racism Work

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**TUESDAY, MARCH 23, 2021 (cont.)**

**2:45 p.m. Committee on University and Faculty Personnel**

**Consent**

*Action* 1. Approval of Minutes

**Discussion**

*Action* 2. Executive Compensation

**3:00 p.m. Committee on Organization and Rules**

**Consent**

*Action* 1. Approval of Minutes

*Action* 2. Approval of the California State University Board of Trustees Meeting Dates for 2022

**3:10 p.m. Committee of the Whole**

**Consent**

*Action* 1. Approval of Minutes

*Action* 2. Appointment of Five Members to the Committee on Committees for 2021-2022

**Discussion**

*Action* 3. Conferral of Title of Vice Chancellor Emeritus—Garrett P. Ashley

**3:30 p.m. Board of Trustees**

**Call to Order**

**Roll Call**

**Chair's Report**

**Chancellor's Report**

**Academic Senate CSU Report: *Chair—Robert Keith Collins***

**California State Student Association Report: *President—Zahraa Khuraibet***

**California State University Alumni Council Report: *President—Michelle Power***

**Consent**

*Action* 1. Approval of the Minutes of the Board of Trustees Meeting of January 27, 2021

*Action* 2. Approval of Committee Resolutions as follows:

**\*PLEASE NOTE: Due to the Governor's proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor's Executive Orders N-25-20 and N-29-20 issued on March 12, 2020 and March 17, 2020, respectively, all members of the Board of Trustees may participate in this meeting remotely, either by telephonic or video conference means. Out of consideration for the health, safety and well-being of the members of the public and the Chancellor's Office staff, the Dumke Auditorium will not be open to the public during the meeting, and no Trustees or staff will be present in the Auditorium. Members of the public may offer public comment pursuant to the revised published protocol for "Addressing the Board of Trustees" as noted in this agenda.**

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### **Committee on Campus Planning, Buildings and Grounds**

2. California State University, Northridge Sierra Annex Schematic Design Approval

### **Committee on Educational Policy**

2. Academic Planning
4. Establishing a Biennial Symposium Recognizing African American History and Achievement and Promoting Anti-Racism Work

### **Committee on University and Faculty Personnel**

2. Executive Compensation

### **Committee on Organization and Rules**

2. Approval of the California State University Board of Trustees Meeting Dates for 2022

### **Committee of the Whole**

2. Appointment of Five Members to the Committee on Committees for 2021-2022
3. Conferral of Title of Vice Chancellor Emeritus—Garrett P. Ashley

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## REVISED

### Addressing the Board of Trustees

**\*PLEASE NOTE:** Due to the Governor's proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor's Executive Orders N-25-20 and N-29-20 issued on March 12, 2020 and March 17, 2020, respectively, the Board of Trustees meeting will take place **entirely virtually on Tuesday, March 23, 2021**. Members of the board will participate in this meeting remotely, either by telephonic or video conference means. Out of consideration for the health, safety and well-being of the members of the public and the Chancellor's Office staff, the Dumke Auditorium will not be open to the public during the meeting, and no Trustees or staff will be present in the Auditorium. **Therefore, there will be no public access to the previously noticed meeting site and no in-person public comment.**

Members of the public will still have full opportunity to observe the meeting and to offer public comment as follows:

- Members of the public are encouraged to watch the meeting via [livestream](#) through the Board of Trustees website.
- All public comment (for all committee and plenary sessions) will take place on Tuesday, March 23 at the start of the Board of Trustees open sessions (**scheduled to begin at approximately 9:15 a.m.**).
- **Written comments may be e-mailed in advance of the meeting by 12:00 p.m. on Monday, March 22, 2021 to [trusteesecretariat@calstate.edu](mailto:trusteesecretariat@calstate.edu).** To the extent possible all written comments will be distributed to members of the Board, or its appropriate committee, prior to the beginning of the Board or committee meeting.
- **Members of the public who wish to offer public comment *during the meeting* may do so virtually/telephonically by providing written request in advance, including their telephone number, by 12:00 p.m. on Monday, March 22 to [trusteesecretariat@calstate.edu](mailto:trusteesecretariat@calstate.edu).** The request should also identify the agenda item the speaker wishes to address, or if the speaker wishes to address the full Board in the plenary session, the notice should state the subject of the intended presentation. The trustee secretariat will call the number provided during the public comment portion for the committee requested. Efforts will be made to accommodate each individual who has requested to speak.

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Public comments must relate to an item on the committee's agenda. Members of the public may also address the full Board of Trustees during the plenary session on any non-agendized topic that is related to the University. 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.

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, **public comment will be limited to 1 minute per speaker**. Ceding, pooling or yielding remaining time to other speakers is not permitted. Speakers are requested to make the best use of the public comment opportunity and to follow the rules established.

Trustee Secretariat  
Office of the Chancellor  
401 Golden Shore  
Long Beach, CA 90802  
Phone: 562-951-4020

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## AGENDA

### COMMITTEE ON GOVERNMENTAL RELATIONS

**Meeting:** 10:45 a.m., Tuesday, March 23, 2021  
Virtually via Teleconference

Debra S. Farar, Chair  
Maryana Khames, Vice Chair  
Silas H. Abrego  
Diego Arambula  
Douglas Faigin  
Jack McGrory  
Krystal Raynes  
Romey Sabalius  
Lateefah Simon

**Consent** 1. Approval of Minutes of the Meeting of January 26, 2021, *Action*  
**Discussion** 2. State Legislative Update, *Information*

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

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

**January 26, 2021**

**Members Present**

Debra S. Farar, Chair  
Maryana Khames, Vice Chair  
Silas H. Abrego  
Diego Arambula  
Douglas Faigin  
Jack McGrory  
Krystal Raynes  
Romey Sabalius  
Lateefah Simon

Lillian Kimbell, Chair of the Board  
Joseph I. Castro, Chancellor

Trustee Farar called the meeting to order.

**Approval of Minutes**

The minutes of July 22, 2020, were approved as submitted.

**State of State Legislative Principles for 2021 and 2022**

The committee approved the proposed resolution (RGR 01-21-01) on consent adopting the Statement of Legislative Principles for 2021 and 2022.

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### **Sponsored State Legislation for 2021**

Mr. Garrett Ashley, vice chancellor for university relations and advancement, reported that Governor Newsom presented his budget proposal on January 8 and the legislature reconvened on January 11. The Office of Advocacy and State Relations has organized numerous, substantive virtual interactions between legislative staff, the Legislative Analyst's Office and campuses. CSU staff have met with newly elected legislative members and continued to keep lawmakers apprised of the CSU's response to the pandemic.

Ms. Nichole Muñoz-Murillo, assistant vice chancellor for advocacy and state relations, presented one legislative proposal for consideration and provided an update on Sacramento advocacy efforts, including the upcoming CSU Advocacy Week and virtual campus tours for key legislative staff that were hosted by San Francisco State and CSU Bakersfield.

The legislative proposal would allocate ongoing funding from the Proposition 63 Administrative Fund to the CSU, the California Community Colleges and the University of California to bolster student mental health services. Student well-being and mental health are central to the systemwide Basic Needs Initiative, a critical component of Graduation Initiative 2025. The expansion of mental health services is an identified priority of campus and systemwide leadership, the California State Student Association, the Academic Senate and the California Faculty Association.

The committee recommended approval by the board of the proposed resolution (RGR 01-21-02) adopting the Sponsored State Legislation for 2021.

### **Federal Agenda for 2021 and 2022**

Mr. Ashley reported that federal funds for minority-serving institutions, student aid and research are all vital to CSU's success. In addition, CSU students and campuses have received critical federal resources in response to the ongoing pandemic, most recently through significant relief legislation passed at the end of December.

Mr. Jim Gelb, assistant vice chancellor for federal relations, presented recommendations for the 2021-2022 Federal Agenda, which are the same six categories prioritized in the last session, with a few minor adjustments to the details:

- Improve college access and completion through aid to students;
- Prepare students for college success;
- Foster degree completion for California's diverse population;
- Educate students for tomorrow's workforce;
- Solve societal problems through applied research; and
- Enhance campus health, safety and infrastructure

The three top priorities for additional proactive advocacy efforts are:

- Placing renewed emphasis on support for Dreamers, including by granting them access to the full range of federal student aid programs;
- Adding a new priority focused on obtaining additional relief and flexibilities related to the COVID-19 pandemic; and
- Promoting enhancement of the Pell Grant program by seeking both a significant increase in the maximum grant and a restoration of the automatic annual cost-of-living increase.

Opportunities and challenges in the upcoming year include building relationships with the new Biden administration and 117<sup>th</sup> Congress, as well as continued advocacy in the virtual environment.

Trustee Sabalius requested that support for a robust investment in the National Endowment for the Humanities (NEH) be added to the details under Educate Students for Tomorrow's Workforce. There were no objections from the board, and staff agreed it was appropriate to add the NEH to the list.

Trustee Abrego asked for a future report on the DC Scholars program to learn about the impact of the program and how the trustees can support its possible expansion.

The committee recommended approval by the board of the proposed resolution (RGR 01-21-03) adopting the Federal Agenda for 2021 and 2022.

Trustee Farar adjourned the meeting.

## **COMMITTEE ON GOVERNMENTAL RELATIONS**

### **State Legislative Update**

#### **Presentation By**

Garrett P. Ashley  
Vice Chancellor  
University Relations and Advancement

Nichole Muñoz-Murillo  
Assistant Vice Chancellor  
Advocacy and State Relations

#### **Summary**

The legislative bill introduction deadline was February 19. In total, 2,479 measures were introduced this year, and the Advocacy and State Relations staff has identified more than 500 bills for further review or monitoring. The Senate suspended the California Constitution and Joint Rule to allow measures to be acted upon prior to the 30 days in print, allowing for bills to be heard immediately. This presentation highlights bills of interest to the CSU community.

This report is organized as follows:

- Board of Trustees sponsored legislation
- Senate bills
- Assembly bills

All bill summaries are accurate as of March 10, 2021.

### **Sponsored Legislation**

#### **AB 940 (McCarty) – College Mental Health Services Program**

This bill appropriates funds from the Mental Health Services Fund to expand student mental health services at the California Community Colleges (CCC), the CSU and the University of California (UC).

- **CSU Position:** Sponsor
- **Status:** This bill is awaiting hearing in the Assembly Health Committee.

### **Senate Bills**

#### **SB 22 (Glazer) – Education Finance: School Facilities: Public Preschool, K-12, and College Health and Safety Bond Act of 2022**

This bill enacts a school facilities bond act for 2022, which if approved by voters, would authorize \$15 billion in bonds for K-16, of which \$4 billion would be divided equally between the UC and the CSU.

- **CSU Position:** Support
- **Status:** This bill was passed by the Senate Education Committee.

#### **SB 26 (Skinner) – Collegiate Athletics: Student Athlete Compensation and Representation**

This bill accelerates current law allowing compensation for student athletes for name, image and likeness from Jan 1, 2023, to Jan. 1, 2022 and adds a private right of action.

- **CSU Position:** Pending
- **Status:** This bill was passed by the Senate Education Committee.

#### **SB 367 (Hurtado) – Student Safety: Opioid Overdose Reversal Medication**

This bill requires the CSU and the CCC, and requests the UC, to maintain opioid overdose reversal medication in all campus first-aid kits. Additionally, campuses must provide educational and preventative information about opioids during new student orientations as well as instruct students on the use and location of opioid overdose reversal medications on campus.

- **CSU Position:** Pending
- **Status:** This bill is set for hearing in the Senate Education Committee on March 17.

#### **SB 387 (Portantino) – Peace Officers: Certification, Education and Recruitment**

This bill requires the Commission on Peace Officer Standards and Training to work with stakeholders in law enforcement from the CCC, the CSU, the UC and community organizations to develop a list of courses to include as requirements for obtaining a basic certificate.

- **CSU Position:** Pending
- **Status:** This bill is awaiting hearing in the Senate Public Safety Committee.

**SB 416 (Hueso) – Corrections: Educational Programs**

This bill requires the California Department of Corrections and Rehabilitation to offer college programs provided by the CCC, the CSU, the UC and non-profit colleges to California inmates with a GED or a high school diploma.

- **CSU Position:** Pending
- **Status:** This bill is set for hearing in the Senate Public Safety Committee on March 23.

**SB 566 (Leyva) – CSU: Support Staff Employees: Merit Salary Adjustments**

This bill requires the CSU to use existing resources to provide a five-percent annual step in salary to each support staff employee and incorporate similar language into collective bargaining agreements, and sunsets this provision on July 1, 2032.

- **CSU Position:** Oppose
- **Status:** This bill was passed by the Senate Education Committee.

**SB 701 (Committee on Education) – CSU Open Meetings: Teleconferences: Protection of Personal Information**

This is the higher education omnibus bill, which makes noncontroversial, clarifying amendments, including protecting student privacy regarding teleconferencing meetings.

- **CSU Position:** Pending
- **Status:** This bill is awaiting hearing in the Senate Education Committee.

**SB 747 (Hurtado) – Central Valley Medical School Endowment Fund**

This bill creates the Central Valley Medical School Endowment Fund to support a CSU medical school in the central valley.

- **CSU Position:** Pending
- **Status:** This bill is in the Senate Rules Committee awaiting referral.

**SB 785 (Glazer) – California Promise Program: CSU Students**

This bill requires, commencing with the 2022-2023 academic year, that at least five percent of each incoming class at each participating campus of the CSU be a participant in the California Promise program, and that at least 70 percent of those participating students be either low-income, first-generation or from communities that are underrepresented in higher education.

- **CSU Position:** Pending
- **Status:** This bill is set for hearing in the Senate Education Committee on March 24.

**SB 787 (Hurtado) – CSU Program in Medical Education**

This bill requires the CSU to establish Doctor of Medicine degree programs.

- **CSU Position:** Pending
- **Status:** This bill is in the Senate Rules Committee awaiting referral.

### **Assembly Bills**

#### **AB 29 (Cooper) – State Bodies: Meetings**

This bill amends the Bagley-Keene Open Meetings Act to require that all materials and writings provided to board members of a state agency, board or commission be posted on the website the same day the materials were given to board members or at least 72 hours in advance of the meeting, whichever is earlier. The bill prohibits distribution, discussion or action on writings or materials that do not meet this posting requirement.

- **CSU Position:** Pending
- **Status:** This bill is awaiting hearing in the Assembly Governmental Organization Committee.

#### **AB 99 (Irwin) – Statewide Longitudinal Data System: California Cradle-to-Career Data System: Governance and Support**

This bill establishes the mission and governing structure for the statewide longitudinal data system.

- **CSU Position:** Pending
- **Status:** This bill is awaiting hearing in the Assembly Education Committee.

#### **AB 104 (Gonzalez, Lorena) – K-12 Education: Learning Recovery Opportunities: COVID-19**

Among the bill's provisions, for the 2020-2021 school year, this bill requires a school to allow a student to request a change in their letter grade to a pass or no pass on the student's transcript and requires the CSU and encourages the UC and private higher education institutions to accept the transcript for admissions purposes.

- **CSU Position:** Tracking
- **Status:** This bill is awaiting hearing in the Assembly Education Committee.

#### **AB 245 (Chiu) – Student Records: Name and Gender Changes**

This bill requires the CCC, the CSU and the UC to reissue specified documents if a former student provides documentation that their legal name or gender has been changed. Additionally, commencing with the 2023-2024 graduating class, the bill requires the segments to provide an option to allow a graduating student to change the name on their diploma without legal documentation.

- **CSU Position:** Pending
- **Status:** This bill is set for hearing in the Assembly Higher Education Committee on March 24.

**AB 251 (Choi) – Admission by Exception**

This bill prohibits a senior campus administrator who is a member of the campus development, fundraising, external affairs or alumni relations offices from approving a student's admission by exception.

- **CSU Position:** Neutral
- **Status:** This bill is set for hearing in the Assembly Higher Education Committee on March 24.

**AB 288 (Bonta) – California Ban on Scholarship Displacement Act of 2021**

This bill prohibits public and private higher education institutions from reducing certain students' institution-based financial aid awards below their financial need.

- **CSU Position:** Pending
- **Status:** This bill is set for hearing in the Assembly Higher Education Committee on March 24.

**AB 295 (Jones-Sawyer) – Pilot Program for Free Tuition and Fees: Working Group**

This bill establishes a working group with representatives from the Department of Education, Board of Governors of the CCC, Trustees of the CSU and Regents of the UC to consider the creation of a pilot program that provides free postsecondary education.

- **CSU Position:** Tracking
- **Status:** This bill is awaiting hearing in the Assembly Higher Education Committee.

**AB 367 (Garcia, Cristina) – Menstrual Products**

This bill requires all public agencies, K-12, public colleges, and requests private universities and the UC, to stock 50 percent of restrooms with free menstrual products.

- **CSU Position:** Pending
- **Status:** This bill is awaiting hearing in the Assembly Education Committee.

**AB 396 (Gabriel) – CalFresh: Educational Programs**

This bill requires the CSU and other educational institutions to apply to the Department of Social Services to certify that their educational programs increase employability and meet eligibility standards for CalFresh.

- **CSU Position:** Pending
- **Status:** This bill is awaiting hearing in the Assembly Higher Education Committee.

**AB 403 (Kalra) – Fair Access to College Textbooks Act**

This bill places restrictions on postsecondary educational institutions to assess automatic charges (commonly known as “opt-out” programs) and bulk access programs for instructional materials.

- **CSU Position:** Pending
- **Status:** This bill is awaiting hearing in the Assembly Higher Education Committee.

**AB 524 (Rodriguez) – Campus-Affiliated Sorority and Fraternity Transparency Act**

The bill requires higher education institutions to annually collect information from each sorority and fraternity and post it online.

- **CSU Position:** Pending
- **Status:** This bill is set for hearing in the Assembly Higher Education Committee on March 24.

**AB 543 (Davies) – Student Orientation: CalFresh**

This bill requires the CSU and requests the UC to provide educational information about CalFresh and the eligibility requirements to all incoming students during orientation.

- **CSU Position:** Neutral
- **Status:** This bill is set for hearing in the Assembly Higher Education Committee on March 24.

**AB 595 (Medina) – CSU and UC: Student Eligibility Policy**

This bill requires the Trustees of the CSU and Regents of the UC to coordinate with other segments, commission an independent study and present the policy change to the legislature before making any change in undergraduate student eligibility policy that adds new eligibility requirements.

- **CSU Position:** Pending
- **Status:** This bill is set for hearing in the Assembly Higher Education Committee on March 24.

**AB 609 (Kamlager) – College Athlete Race and Gender Equity Act**

This bill requires that specified sports provide a royalty fee to student athletes, suspends the athletic director for three years for Title IX violations, reduces athletic administrative personnel compensation by 50 percent and prohibits building new athletic facilities for ten years except for health and safety reasons.

- **CSU Position:** Pending
- **Status:** This bill is awaiting hearing in the Assembly Arts, Entertainment, Sports, Tourism, and Internet Media Committee.



**AB 737 (Santiago) – CSU: Tuition**

This bill prohibits the CSU from charging tuition or mandatory systemwide fees for enrollment for any academic year, for up to two academic years, to a CCC resident transfer student who completed an associate degree, has received a fee waiver under the California College Promise and is at least 28 years of age.

- **CSU Position:** Pending
- **Status:** This bill is awaiting hearing in the Assembly Higher Education Committee.

**AB 815 (Rivas, Luz) – School Nurses: Credentialing**

This bill authorizes the Commission on Teacher Credentialing to approve local education agencies (K-12) school nurse credentialing programs.

- **CSU Position:** Oppose
- **Status:** This bill is awaiting hearing in the Assembly Education Committee.

**AB 914 (Irwin) – CSU: Proficiency Level of Entering Students**

This bill updates and adds reporting requirements on student placement in general education courses and shifts the current annual reporting deadline from February 1 to April 1.

- **CSU Position:** Neutral
- **Status:** This bill is set for hearing in the Assembly Higher Education Committee on March 24.

**AB 927 (Medina) – Community Colleges: Statewide Baccalaureate Degree Pilot Program**

This bill allows the statewide CCC baccalaureate degree pilot program to operate indefinitely and removes the limit on the number of programs. It maintains the current prohibition on CCC baccalaureate degrees that duplicate CSU and UC programs.

- **CSU Position:** Pending
- **Status:** This bill is awaiting hearing in the Assembly Higher Education Committee.

**AB 1002 (Choi) – Course Credit for Prior Military Education, Training, and Service**

This bill requires the CSU and requests the UC, in collaboration with their respective academic senates, to develop a policy to award course credit to military personnel and veterans who have an official Joint Services Transcript similar to the policy of the CCC.

- **CSU Position:** Tracking
- **Status:** This bill is awaiting hearing in the Assembly Higher Education Committee.

**AB 1097 (Santiago) – Student Financial Aid: Cal Grants: Fraud, Abuse and False Advertising**

This bill expands Cal Grant eligibility to California residents attending a branch of a public postsecondary educational institution established by a jurisdiction other than California and that is located within the state.

- **CSU Position:** Pending
- **Status:** This bill is awaiting hearing in the Assembly Higher Education Committee.

**AB 1113 (Medina) – Exemption from Tuition and Fees: Qualifying Survivors of Persons Providing Medical or Emergency Services Deceased During COVID-19 California State of Emergency**

This bill requires the CCC and the CSU, and requests the UC, to not collect systemwide tuition and fees from any qualifying spouse or child of a California licensed physician, nurse or first responder who died of COVID-19 during the pandemic state of emergency in California.

- **CSU Position:** Pending
- **Status:** This bill is awaiting hearing in the Assembly Higher Education Committee.

**AB 1115 (Choi) – Community Colleges: Statewide Baccalaureate Degree Pilot Program**

This bill extends the sunset date for the existing CCC baccalaureate degree pilot program by one year to July 2027.

- **CSU Position:** Pending
- **Status:** This bill is awaiting hearing in the Assembly Higher Education Committee.

**AB 1185 (Cervantes) – Student Financial Aid: Cal Grant Program**

This bill extends the Cal Grant eligibility requirements related to time out of high school and community college as well as age of the recipient until July 1, 2023, in response to the COVID-19 state of emergency.

- **CSU Position:** Pending
- **Status:** This bill is awaiting hearing in the Assembly Higher Education Committee.

**AB 1377 (McCarty) – Student Housing: California Student Housing Revolving Loan Fund Act of 2021: Community College Student Housing**

This bill appropriates an unspecified amount of funds to the California School Finance Authority to provide loans to the CCC, the CSU and the UC for the purpose of building student housing.

- **CSU Position:** Tracking
- **Status:** This bill is in the Assembly awaiting referral.

**AB 1421 (Nguyen) – Refunds of Student Campus Fees**

This bill requires the CCC and the CSU, and requests the UC, to identify the students who were obliged to stay away from their respective campuses due to the COVID-19 pandemic during the 2019-2020 and 2020-2021 academic years and ascertain the amounts of campus fees collected from each of these students. The bill appropriates this unknown amount from the General Fund to be refunded to those students through their respective institutions.

- **CSU Position:** Pending
- **Status:** This bill is in the Assembly awaiting referral.

**AB 1456 (Medina) – Student Financial Aid: Cal Grant Reform Act**

This bill enacts the Cal Grant Reform Act, which revises the current structure and eligibility requirements of the state financial aid program.

- **CSU Position:** Pending
- **Status:** This bill is in the Assembly awaiting referral.

## AGENDA

### COMMITTEE ON AUDIT

**Meeting:** 11:15 a.m., Tuesday, March 23, 2021  
Virtually via Teleconference

Adam Day, Chair  
Jane W. Carney, Vice Chair  
Silas H. Abrego  
Jean P. Firstenberg  
Jack McGrory  
Anna Ortiz-Morfit  
Peter J. Taylor

- Consent** 1. Approval of Minutes of the Meeting of January 26, 2021, *Action*  
2. Status Report on Audit and Advisory Services Activities, *Information*
- Discussion** 3. Audited Financial Statements and Single Audit Report, *Information*

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

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

**January 26, 2021**

**Members Present**

Adam Day, Chair  
Jane W. Carney, Vice Chair  
Silas H. Abrego  
Jean P. Firstenberg  
Jack McGrory  
Anna Ortiz-Morfit  
Peter J. Taylor

Lillian Kimbell, Chair of the Board

Trustee Adam Day called the meeting to order.

**Approval of Minutes**

The minutes of November 17, 2020, were approved as submitted.

**Status Report on Audit and Advisory Services Activities**

With the concurrence of the committee, Trustee Day presented agenda item 2 as a consent information item.

Trustee Day adjourned the Committee on Audit.

**\*PLEASE NOTE: Due to the Governor's proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor's Executive Orders N-25-20 and N-29-20 issued on March 12, 2020 and March 17, 2020, respectively, all members of the Board of Trustees may participate in meetings remotely, either by telephonic or video conference means. Out of consideration for the health, safety and well-being of the members of the public and the Chancellor's Office staff, the January 26-27, 2021 meeting of the CSU Board of Trustees was conducted entirely virtually via Zoom teleconference.**

## **COMMITTEE ON AUDIT**

### **Status Report on Audit and Advisory Services Activities**

#### **Presentation By**

Vlad Marinescu  
Vice Chancellor and Chief Audit Officer  
Audit and Advisory Services

#### **Summary**

This item provides an update on internal audit activities and initiatives. It also includes both a status report on the 2020-2021 audit plan and follow-up on completed audit assignments. Follow-up on current and past assignments is being conducted on approximately 25 completed campus reviews. Attachment A summarizes the status of audit assignments by campus.

For the 2020-2021 audit plan year, assignments were made to execute individual campus audit plans and conduct financial, operational, compliance, and information technology audits; use continuous auditing techniques and data analytics tools; and provide advisory services and investigation reviews.

## **AUDITS**

### Status of In-Process and Completed Audits

Audit and Advisory Services continues to make progress on the 2020-2021 audit plan. Twenty-seven audits have been completed as part of the 2020-2021 audit plan and 20 audits are currently in-process. Completed audit reports are posted on the California State University website at <https://www2.calstate.edu/csu-system/transparency-accountability/audit-reports>.

Audits providing coverage of a broad range of organizational areas are being performed remotely and include some of the following topics: academic personnel, auxiliary organizations, cloud computing, construction, facilities management, faculty assigned time and additional employment, information security, procurement, professional and continuing education, service learning and internships, and sponsored programs - post award. Scheduled reviews may also include campus-specific concerns or follow-up on prior campus issues.

The status of campus progress toward implementing recommendations for completed 2020-2021 audits is included in Attachment A. Prior year audits that have open recommendations are also included in Attachment A and are removed from the report the meeting following all recommendations having shown as completed.

Both campus management and audit management are responsible for tracking the implementation/completion status of audit recommendations contained in campus audit reports. During the audit process, campus management identifies a target estimated completion date for addressing each audit recommendation. Target completion dates are subject to approval by audit management prior to the audit report being finalized. Implementation timelines are reviewed for appropriateness, reasonableness, and timeliness, which also includes evaluating the nature and level of risk and whether any mitigating controls can or should be implemented on an interim basis while audit recommendations are being implemented.

If there are difficulties or unexpected delays in addressing/completing audit recommendations within the agreed upon timeframes, escalation processes for resolution are followed by audit management. Audit management first contacts the campus senior leadership team (president and/or VP/CFO) to resolve any delays. In rare instances in which delays cannot be resolved during discussions between campus and audit management, the chancellor and audit committee chair and/or vice chair may help resolve delays, as needed.

#### Continuous Auditing and Data Analytics

As discussed in the January audit activity report, Audit and Advisory Services completed 12 campus reviews of credit card data as of December 31, 2020. Subsequent to these reviews, we held meetings with representatives from all 12 campuses to share best practices and to provide an overview of how different campuses are using credit card programs across the CSU. Fieldwork for an additional seven campus reviews of credit card data was completed as of March 5, 2021, and the results are currently being reviewed and aggregated.

Fieldwork has also started for the review of human resources/payroll at two campuses and data validation is currently in progress. An additional review is scheduled to begin in March 2021. Data analytics tests have also been incorporated into three procurement audits that are currently in progress.

#### ADVISORY SERVICES

Audit and Advisory Services partners with management to identify solutions for business issues, offer opportunities to improve the efficiency and effectiveness of operating areas, and assist 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. Reviews are ongoing and work is being performed remotely.

## INVESTIGATIONS AND INTERGOVERNMENTAL AUDITS

Audit and Advisory Services is periodically called upon to provide investigative reviews, which are often the result of alleged misappropriations or conflicts of interest. Investigations are performed on an ongoing basis, both at the request of an individual campus or the chancellor's office and by referral from the state auditor. Additionally, the investigations unit tracks external audits being conducted by state and federal agencies, acts as a liaison for the system throughout the audit process, and offers assistance to campuses undergoing such audits.

Last year the investigations unit began providing fraud awareness and prevention training throughout the CSU system. The fraud awareness and prevention training program shares insights and common findings from investigations. Investigations often involve allegations related to travel and hospitality claims and procurement card transactions, so the program highlights CSU-specific examples that cover each of those areas and provides practical guidance on how to prevent and detect fraud. Since fall 2020, presentations have been made to 12 campuses and various systemwide affinity groups, and more than 1,100 employees throughout the system have participated in the training program, including presidents, chief administrators, business officers, and campus audit liaisons. In addition, individual campuses can and are in the process of scheduling fraud awareness and prevention training sessions that are custom tailored to various groups on campus such as accounts payable personnel, business and finance analysts, and academic personnel such as department chairs, deans, and provosts.

## COMMITTEES/SPECIAL PROJECTS

Members of Audit and Advisory Services serve on various chancellor's office and systemwide committees and affinity groups/workgroups. Audit and Advisory Services also provides consultation to the campuses and assists with performing special projects.

## AUDIT SUPPORT

### Audit Planning Process and Risk Assessment

The Audit and Advisory Services audit year runs from July 1 to June 30 each year. The annual audit planning process incorporates risk questionnaires and other surveys, management interviews, audit history, and other qualitative and quantitative factors. Periodically, other audit topics may be selected for review due to their high-profile nature in order to assure the board that appropriate policies and procedures are in place to mitigate risk to the system.



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March 23, 2021  
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### Administration

Day-to-day administration of the Audit and Advisory Services division includes such tasks as scheduling, personnel administration, maintenance of department standards and protocols, administration of the department's automated workpaper system and SharePoint website, and department quality assurance and improvement.

## Status Report on Current and Past Audit Assignments

Campus	Category	Audit Topic	Audit Plan Year	Total # of Recommendations	*Status
Bakersfield	Audits Currently in Progress	Cloud Computing	2020		
	Status of Recommendations	Housing and Residential Services	2020	5	5
Chancellor's Office	Audits Currently in Progress	Procurement	2020		
	Status of Recommendations	Accessible Technology	2019	7	7
Channel Islands	Status of Recommendations	Faculty Reassigned Time and Additional Employment	2019	4	2 2
		Conference Services	2020	2	2
		Information Security	2020	9	9
Chico	Audits Currently in Progress	Academic Personnel	2020		
Dominguez Hills	Audits Currently in Progress	Post Award Administration	2020		
East Bay	Audits Currently in Progress	Information Security	2020		
Fresno	Audits Currently in Progress	Faculty Assigned Time & Additional Employment	2020		
	Status of Recommendations	Professional and Continuing Education	2020	3	3
Fullerton	Audits Currently in Progress	Faculty Assigned Time & Additional Employment	2020		
	No Reportable Recommendations	Service Learning	2020	n/a	
Humboldt	Audits Currently in Progress	Procurement	2020		
	Status of Recommendations	Facilities Management	2020	6	5 1
		University Center	2020	14	14
Long Beach	Status of Recommendations	Foundation	2020	3	3
	No Reportable Recommendations	Accounts Payable & Disbursements	2020	n/a	
Los Angeles	Audits Currently in Progress	Faculty Assigned Time & Additional Employment	2020		
	Status of Recommendations	Information Security	2020	8	8
Maritime Academy	Audits Currently in Progress	Service Learning and Internships	2020		
	Status of Recommendations	Foundation	2020	8	8
Monterey Bay	Status of Recommendations	Information Security	2020	11	11
		Professional and Continuing Education	2020	2	2
Northridge	Audits Currently in Progress	Service Learning and Internships	2020		
Pomona	Audits Currently in Progress	Procurement	2020		
	Status of Recommendations	Housing and Residential Services	2020	4	1 3
Sacramento	Audits Currently in Progress	Professional and Continuing Education	2020		
	No Reportable Recommendations	Accounts Payable & Disbursements	2020	n/a	

**\*Status**

**Closed (green)** - Recommendations have been satisfactorily implemented

**Open (blue)** - Implementation of recommendations is in progress and within the agreed upon timeframe

**Exceeds Agreed Upon Timeframe (red)** - Recommendations have not been implemented within the agreed upon timeframe

Report as of March 2, 2021

## Status Report on Current and Past Audit Assignments

Campus	Category	Audit Topic	Audit Plan Year	Total # of Recommendations	*Status
San Bernardino	Audits Currently in Progress	Facilities Management	2020		
	Status of Recommendations	Philanthropic Foundation	2020	6	1 (green) 5 (blue)
		Post Award Administration	2020	6	5 (green) 1 (blue)
San Diego	Audits Currently in Progress	Information Security	2020		
	Status of Recommendations	Emergency Management	2020	7	4 (green) 3 (blue)
San Francisco	Audits Currently in Progress	Facilities Management	2020		
	Status of Recommendations	Emergency Management	2019	11	10 (green) 1 (blue)
		Minors on Campus	2020	5	5 (green)
San Jose	Audits Currently in Progress	Construction Management	2020		
		Fundraising and Gift Processing	2020		
	Status of Recommendations	Professional and Continuing Education	2020	5	5 (green)
San Luis Obispo	Audits Currently in Progress	Housing and Residential Services	2020		
		Information Security	2020		
	Status of Recommendations	Associated Students, Inc.	2020	5	5 (blue)
San Marcos	Status of Recommendations	Construction Management	2020	6	6 (blue)
		Emergency Management	2020	6	6 (green)
Sonoma	Status of Recommendations	Accessible Technology	2020	5	5 (green)
	No Reportable Recommendations	Travel and Hospitality	2020	n/a	
Stanislaus	Status of Recommendations	Emergency Management	2020	4	4 (green)

**\*Status**

Closed (green) - Recommendations have been satisfactorily implemented

Open (blue) - Implementation of recommendations is in progress and within the agreed upon timeframe

Exceeds Agreed Upon Timeframe (red) - Recommendations have not been implemented within the agreed upon timeframe

Report as of March 2, 2021

## **COMMITTEE ON AUDIT**

### **Audited Financial Statements and Single Audit Report**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Mary Ek  
Assistant Vice Chancellor/Controller  
Financial Services

#### **Summary**

Financial statement audits are performed annually for the California State University (CSU) and for its discretely presented component units (i.e., auxiliary organizations) that separately issue stand-alone audited financial statements, by 15 certified public accounting firms. The CSU systemwide financial statements for fiscal year ended June 30, 2020, included as Attachment A to this item, will be issued with an unmodified opinion on March 30, 2021. The audit finding related to employee census data used in the calculations of other post employment benefits (OPEB) from last year has been fully remediated. Highlights of the systemwide financial statements and significant changes from last year will be presented at the March 2021 Board of Trustees meeting.

The CSU Single Audit Report will be issued on March 30, 2021, and is included as Attachment B to this item. The Single Audit Report covers federal awards received by the CSU, including student financial aid, subject to both compliance and internal control audit procedures as required by the Office of Management and Budget Compliance Supplement and the Uniform Guidance. There were two audit findings related to internal controls over administration of federal financial aid programs at several campuses. Corrective actions are in progress and a status update will be provided at a future Board of Trustees meeting.





CHICO STATE



CSU NORTHRIDGE



SONOMA STATE



CSU SAN BERNARDINO



CAL POLY POMONA



CSU FULLERTON



CSU MONTEREY BAY



SAN FRANCISCO STATE



CAL STATE EAST BAY



CSU BAKERSFIELD

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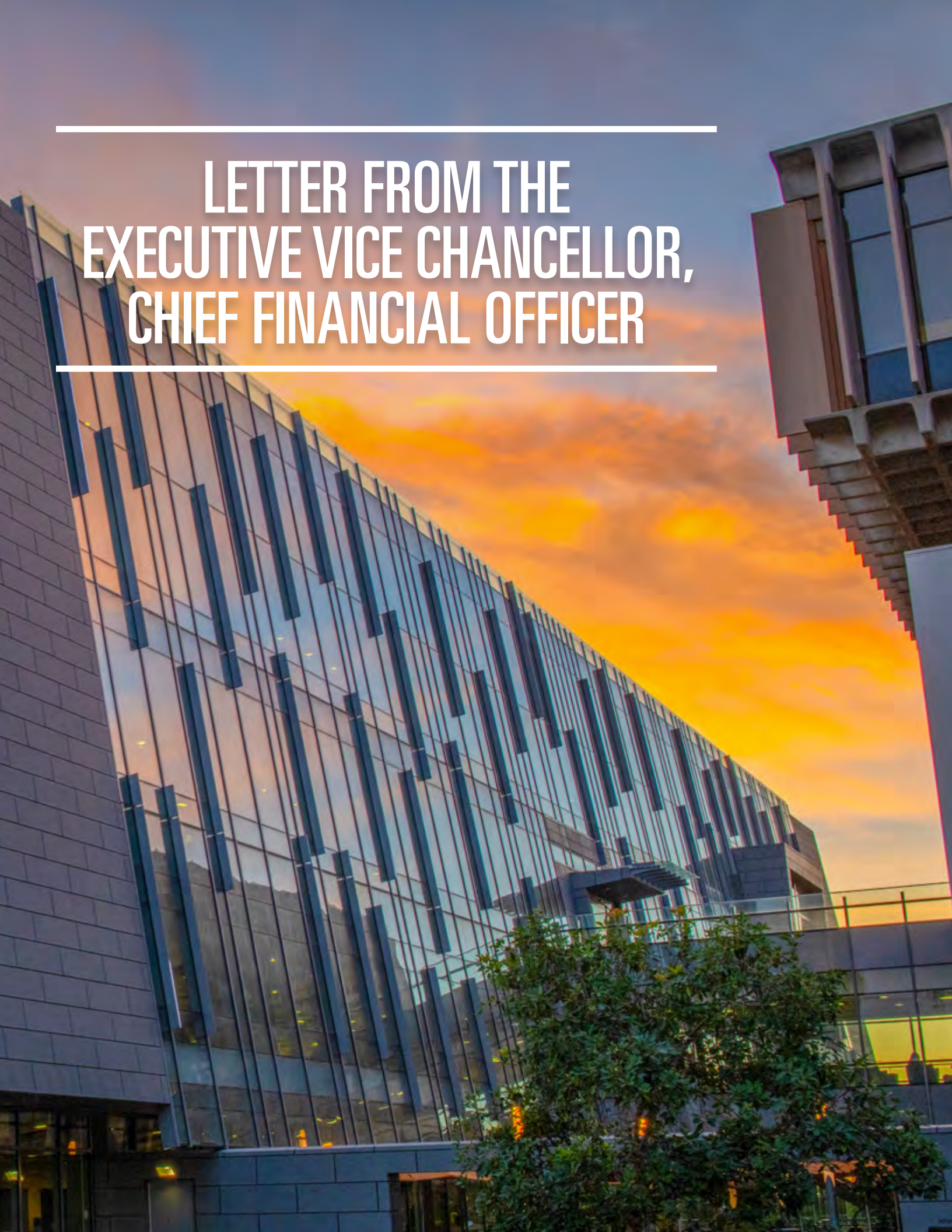
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# LETTER FROM THE EXECUTIVE VICE CHANCELLOR, CHIEF FINANCIAL OFFICER

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# LETTER FROM THE EXECUTIVE VICE CHANCELLOR, CHIEF FINANCIAL OFFICER



The global public health crisis and economic distress of the year 2020 brought unique challenges that we continue to endure as a university, state and nation. Our students, faculty, staff and leaders have risen to meet those challenges through inspired resilience, innovation and flexibility.

Under the bold leadership of recently retired Chancellor Timothy P. White, the CSU took action when the scope and scale of the COVID-19 pandemic became apparent. More than 80,000 classes across our 23 campuses were transitioned to virtual delivery, ensuring the health and safety of students, faculty, staff and the communities we serve, while maintaining our students' progress to degree and providing a full range of support services online. Sixty percent of our total teaching force took part in a quarter million hours of professional development programming to ensure robust, engaging and equitable virtual instruction.

With 475,000 students, 53,000 faculty and staff, and 3.8 million alumni, the California State University is the largest and most diverse four-year public university in the United States. The CSU is also one of the nation's most powerful drivers of social mobility, serving as California's greatest producer of bachelor's degrees and a vital economic engine for our state.

Our continued investment in student success is paying great dividends. Despite a season of upheaval, we celebrated in 2020 the largest graduating class in the history of the CSU. At the same time, we reached historic student-success milestones through Graduation Initiative 2025, the CSU's flagship effort that has led to the highest graduation rates in our university's history – for students from all walks of life. And this past fall, thanks to increased enrollment and record retention, we served our largest student body ever – a testament not only to the high value and demand for a CSU degree, but also to the trust students have in our mission and ability to transform their lives.

The CSU also remains on solid financial footing. Thanks to prudent cost-savings measures and careful financial planning, the CSU enters a multi-year fiscal challenge ready to meet our strategic goals. And we look to continued strong investment by the state – investment that has consistently delivered a strong return by elevating individuals, families and communities, and meeting the state's current and future workforce needs.

Under the leadership of new Chancellor Joseph I. Castro, the CSU will continue unabated our commitment to providing all students the opportunity to earn a high-quality, affordable education, propelling California toward its brightest future.

For California,

A handwritten signature in black ink, appearing to read "Steve Relyea". The signature is fluid and stylized, with a prominent flourish at the end.

Steve Relyea  
Executive Vice Chancellor, CFO  
The California State University



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# INDEPENDENT AUDITORS' REPORT

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KPMG LLP  
Suite 1500  
550 South Hope Street  
Los Angeles, CA 90071-2629

## Independent Auditors' Report

The Board of Trustees  
California State University:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the California State University (the University), an agency of the State of California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements for the year then ended as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of 89 of the 91 aggregate discretely presented component units, which represent 95%, 98% and 94%, respectively of the assets, net position and revenues of the aggregate discretely presented component units totals. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the 89 discretely presented component units, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of 40 discretely presented component units were not audited in accordance with *Government Auditing Standards*, which represent 32%, 33% and 26%, respectively of the assets, net position and revenues of the aggregate discretely presented component unit totals.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### *Opinions*

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component units of the California State University, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### *Other Matters*

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 9-30, the schedules of University's proportionate share of the net pension liability and related ratios, and employer contributions related to pension in Schedules 1 and 2, and the schedule of University's total other postemployment benefits liability and related ratios, and employer contributions related to other postemployment benefits in Schedules 3 and 4, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the California State University's basic financial statements. The supplementary information included in Schedules 5 through 7 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedule 5 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule 5 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Schedules 6 and 7 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2021 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California  
March 19, 2021



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# MANAGEMENT'S DISCUSSION AND ANALYSIS

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**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis

June 30, 2020

(Unaudited)

The discussion and analysis below provides an overview of the financial position and performance of the California State University (the University) as of and for the year ended June 30, 2020, including 23 campuses and the Office of the Chancellor (collectively referred to as the University), and 91 discretely presented component units. The discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes, which follow this section. Separate financial statements are issued for each of the discretely presented component units and may be obtained from the individual campuses.

**The California State University**

The University promotes student success through high-quality education that prepares students to become leaders in the changing workforce, making the University a vital economic engine for California.

The University was established under the State of California Education Code as a public university to offer undergraduate and graduate instruction for professional and occupational goals emphasizing a broad liberal arts education. As an agency of the State of California (the State), the University is also included in the State's financial statements. Responsibility for the University is vested in the Trustees of California State University (the Trustees) who, in turn, appoint the Chancellor, who is the chief executive officer of the University, and the University presidents, who are the chief executive officers of the respective campuses.

The discretely presented component units of the University consist of primarily recognized auxiliary organizations. These not-for-profit organizations are separate legal entities created to perform essential functions. These functions are classified into the following categories:

- Student self-governance
- Student body center, union, and recreation center
- Externally supported research and sponsored programs
- Commercial services such as bookstores, food services, housing, or real estate development
- Philanthropic activities

**Impact of COVID-19 Global Pandemic**

In March 2020, the World Health Organization declared the outbreak of Coronavirus Disease (COVID-19) to be a global pandemic. The University, in order to safeguard the health and well-being of its students, faculty, staff and the communities it serves immediately moved towards primarily online instruction and virtual support. The University has faced increased costs associated with the pandemic and shift to virtual instruction. In addition, self-funded enterprise programs such as student housing, parking, and professional and continuing education are suffering financially.

In order to keep core instructional and student-support functions afloat, and to mitigate negative impacts to faculty and staff, the University has implemented a hiring slowdown, halted travel, and is carefully spending down a portion of reserves that had been prudently saved for economic uncertainty.

In addition, the University has received funding through the Higher Education Emergency Relief Fund (HEERF) authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted into law in April 2020. This made it possible for the University to offer emergency grants for students experiencing financial hardships directly due to the COVID-19 global pandemic. A portion of the funds are also available to cover costs incurred by the University associated with significant changes to the delivery of instruction due to COVID-19 global pandemic. Further, certain

**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis

June 30, 2020

(Unaudited)

component units applied for and received a Payroll Protection Program (PPP) loan, a federal program administered by the U.S. Small Business Administration, launched by the U.S. federal government in response to the economic impact of the COVID-19 global pandemic.

The extent to which the COVID-19 global pandemic impacts the operations going forward will depend on numerous evolving factors, which cannot be reliably predicted at this time. The University has and will continue to attempt to minimize negative impacts of the COVID-19 global pandemic.

### **Financial Statements**

The financial statements of the University as of and for the year ended June 30, 2020 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. For reporting purposes, the University is considered a special-purpose government engaged in business-type activities.

This discussion and analysis is intended to serve as an introduction to the University's basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The financial statements are designed to provide readers with a broad overview of the University's finances from all revenue sources, in a manner similar to the private sector. The University's discretely presented component units are presented in a separate column to enable the reader to distinguish between the University and these separate but related not-for-profit organizations.

#### **Statement of Net Position**

The Statement of Net Position is the University's balance sheet. It presents information on all of the University's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these four reported as net position (equity). Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally reported at book value, except investments, which are reported at fair value. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the University. The University's net position is classified as net investment in capital assets, restricted or unrestricted.

Changes from one fiscal year to the next in total net position as presented on the Statement of Net Position are based on the activity presented on the Statement of Revenues, Expenses, and Changes in Net Position.

#### **Statement of Revenues, Expenses and Changes in Net Position**

The Statement of Revenues, Expenses, and Changes in Net Position is the University's income statement. Revenues earned and expenses incurred during the fiscal year on an accrual basis are classified as either operating or nonoperating. This distinction results in operating deficits, as the GASB Statement No. 35 reporting model requires classification of state appropriations, a significant revenue stream to fund current operations, as nonoperating revenue.

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***Statement of Cash Flows***

The Statement of Cash Flows presents the changes in the University's cash and cash equivalents during the most recent fiscal year. This Statement is prepared using the direct method. The Statement breaks out the sources and uses of the University's cash and cash equivalents into four categories:

- Operating activities
- Noncapital financing activities
- Capital and related financing activities
- Investing activities

The University's routine activities appear in the operating and noncapital financing categories. Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. The proceeds from the issuance of Systemwide Revenue Bonds (SRB) that will be passed through to the discretely presented component units for capital purposes are reported as noncapital financing activities.

Capital and related financing sources include debt proceeds, state capital appropriations, capital grants and gifts, proceeds from sale of capital assets, and principal and interest payments received on capital leases. Within the capital and related financing activities, uses of funds consist of acquisition of capital assets, and debt repayments. Sales and purchases of investments are part of investing activities.

The Statement of Cash Flows for the discretely presented component units is not included in the University's financial statements.



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**Financial Position**

The Statement of Net Position presents the financial position of the University and its discretely presented component units. The major components of the Statement of Net Position include assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. A condensed comparative Statements of Net Position follows as of June 30, 2020 and 2019:

	University		Discretely presented component units	
	2020	2019	2020	2019
	(In thousands)			
Assets:				
Current assets	\$ 4,249,587	4,076,294	1,678,457	1,585,507
Capital assets, net	10,139,549	9,538,377	871,445	912,577
Other noncurrent assets	2,704,609	2,017,426	2,660,458	2,487,979
Total assets	17,093,745	15,632,097	5,210,360	4,986,063
Deferred outflows of resources	2,984,024	2,456,788	36,209	32,520
Liabilities:				
Current liabilities	1,465,131	1,502,157	525,924	493,517
Noncurrent liabilities	31,227,378	28,279,755	1,076,603	1,034,713
Total liabilities	32,692,509	29,781,912	1,602,527	1,528,230
Deferred inflows of resources	2,452,308	2,888,140	59,506	52,189
Net position:				
Net investment in capital assets	3,566,992	3,438,964	329,264	295,177
Restricted:				
Nonexpendable	1,677	1,693	1,414,654	1,336,916
Expendable	178,610	194,812	1,184,530	1,146,945
Unrestricted	(18,814,327)	(18,216,636)	656,088	659,126
Total net position	\$ (15,067,048)	(14,581,167)	3,584,536	3,438,164

The University's net position decreased by \$485.88 million in 2020. The University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in 2018. This change in accounting policy in 2018 was the primary reason for the deficit in the unrestricted net position. Despite the deficit, the University's current ratio, which measures its ability to pay-off short-term obligations, remains positive for both years at an average of 2.81.

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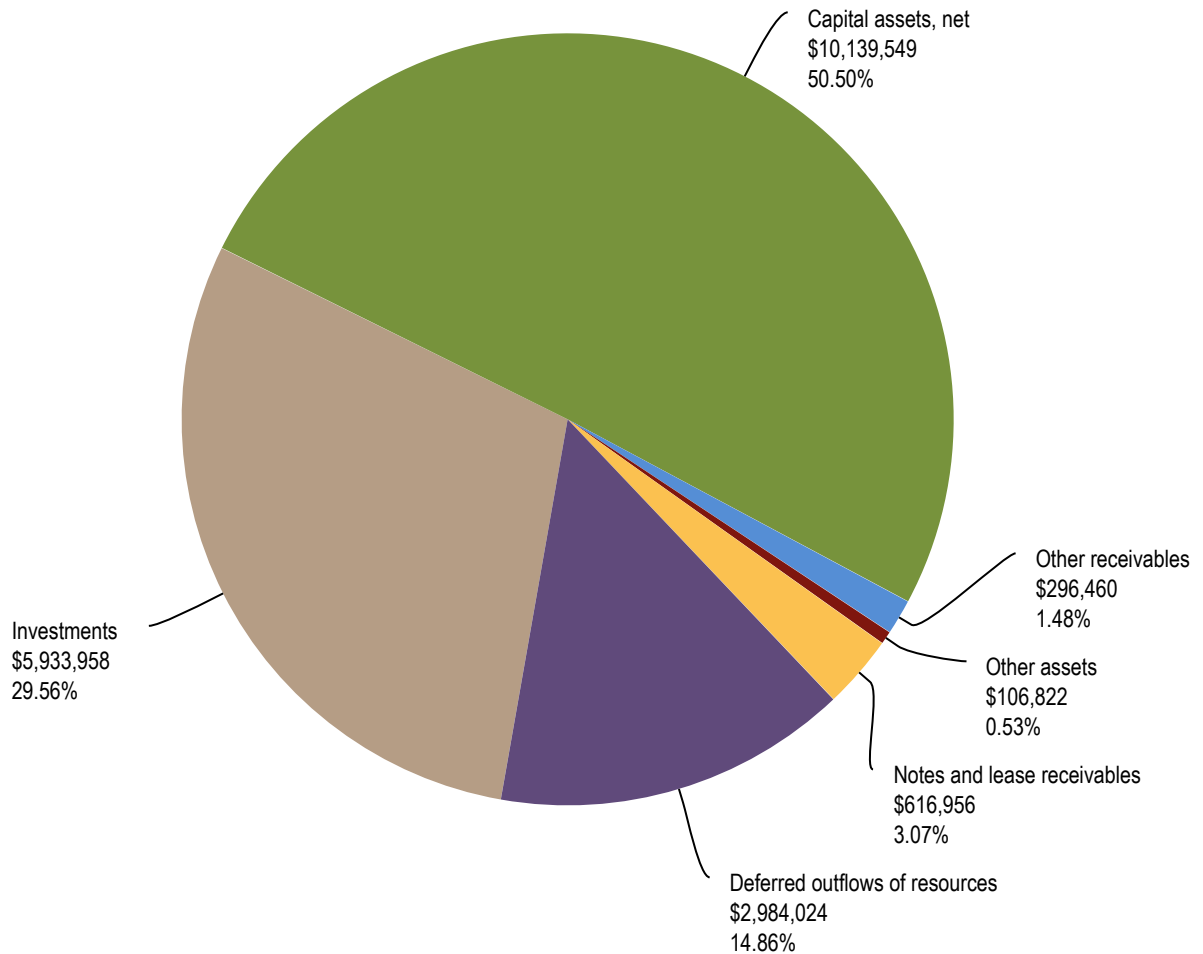
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**The University's Financial Position**

***Assets and Deferred Outflows of Resources***

Total assets increased from \$15.63 billion in 2019 to \$17.09 billion in 2020. Deferred outflows of resources increased from \$2.46 billion in 2019 to \$2.98 billion in 2020.

**Assets and Deferred Outflows of Resources**  
(In thousands)



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Current and other noncurrent assets of the University are assets that are not capital assets and are used to meet current and noncurrent obligations. These assets consist of cash and cash equivalents, restricted cash and cash equivalents, investments, accounts receivable, notes receivable, capital leases receivable, student loans receivable, pledges receivable, prepaid expenses, and other assets.

*Capital Assets, Net*

The University's capital assets, net of accumulated depreciation and amortization, represents the largest portion of total assets. The University's net capital assets are as follows as of June 30, 2020 and 2019:

	2020	2019
	(In thousands)	
Land and land improvements	\$ 285,802	281,916
Buildings and building improvements	7,349,654	6,861,632
Improvements other than buildings	209,258	213,164
Infrastructure	669,619	658,566
Equipment	219,464	228,913
Library books and materials	30,964	29,578
Works of art and historical treasures	53,581	50,100
Intangible assets	62,135	57,870
Construction work in progress	1,259,072	1,156,638
Total	\$ 10,139,549	9,538,377

The University continues to expand its campuses and renovate existing facilities to meet the needs of its students, faculty, and staff. The capital spending includes constructing and renovating academic buildings, student union and recreation centers, and housing facilities. Major projects in 2020 included the Chico SSKU II Science Replacement, the Dominguez Hills Student Housing Phase III and Innovation and Instruction Building, the Fullerton Parking Structure Eastside 2, the Long Beach Housing Expansion Phase I, the Los Angeles Student Housing Complex E and Physical Science Building Seismic renewal, the Monterey Bay Student Union, the San Bernardino Santos Manuel Student Union Expansion, the San Diego Land Mission Valley, the San Francisco New Creative Arts Center, the San Jose South Campus Multi-level Parking Structure and Sports Field Facility and Interdisciplinary Science Building, the San Luis Obispo Science and Research Building, and the Stanislaus Union Renovation and Expansion.

*Investments*

The University invests its funds mainly in the Liquidity Portfolio (Systemwide Investment Fund Trust or SWIFT), and the Total Return Portfolio (TRP), collectively referred herein as CSU Consolidated Investment Pool. The purpose of the Liquidity Portfolio is to provide sufficient and immediate liquidity to meet the operating needs of the University. The investment objective for TRP is to achieve prudent return within a moderate risk level. In addition, funds are invested in Surplus Money Investment Fund (SMIF), which is managed and invested by the State Treasurer in a short-term pool. The proceeds from the sale of Systemwide Revenue Bonds (SRB) are held by the State and invested in SMIF, as required by state law. The investment balances are as follows as of June 30, 2020 and 2019:

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	2020	Percentage of total	2019	Percentage of total
	(In thousands)	%	(In thousands)	%
Liquidity Portfolio	\$ 3,398,917	57.28	\$ 3,655,041	72.45
Total Return Portfolio	1,110,236	18.71	559,192	11.08
State's Surplus Money Investment Fund	1,424,805	24.01	830,721	16.47
Total	<u>\$ 5,933,958</u>	<u>100.00</u>	<u>\$ 5,044,954</u>	<u>100.00</u>

Investments increased from \$5.04 billion in 2019 to \$5.93 billion in 2020. Investments increased due to proceeds from issuance of SRB Series 2020A/B, investment gains/earnings, and increase in operating resources provided by the State through noncapital appropriations. This is offset by capital project spending and debt service payments.

*Notes Receivable*

The University has a program utilizing discretely presented component units to support a broad range of functions. In certain cases, the discretely presented component units are involved in the financing of campus facilities as well as off-campus facilities serving the needs of the campus. These facilities are mostly financed by SRB using either lease or loan arrangements.

In the loan arrangement, facilities are financed or refinanced by a loan of SRB proceeds from the University to the discretely presented component units pursuant to a loan agreement. Under the terms of the loan agreement, in return for the loan from the University, the component unit agrees to acquire, construct and/or maintain the facility and repay the loan to the University. The outstanding loan balance is carried by the University as notes receivable. Notes receivable from discretely presented component units decreased from \$400.38 million in 2019 to \$385.19 million in 2020. The decrease of \$15.19 million is due mainly to current year net collection of \$12.97 million, and refunding of existing loan agreements from \$56.45 million to \$54.23 million.

*Deferred Outflows of Resources*

Deferred outflows of resources are consumption of assets that are applicable to a future reporting period, which has a positive effect on the net position. Deferred outflows of resources consist of the following transactions:

- *Pension* - Increases in the net pension liability that are not recognized as pension expenses for the reporting period are reported as deferred outflows of resources. This includes the difference between expected and actual experience with regard to economic or demographic factors and changed in assumptions used by an actuary to determine total pension liability; and the University's proportionate share of net pension liability, which are recognized as pension expenses over the average of the expected remaining service lives of participating employees. The employer contributions subsequent to measurement date are recognized as deferred outflows of resources related to pensions and reduction of net pension liability in the following year.
- *Other Postemployment Benefits (OPEB)* - The employer contributions subsequent to measurement date are recognized as deferred outflows of resources and a reduction of total OPEB liability in the following year. This includes changes in the actuarial OPEB assumptions, which are recognized as OPEB expense over the average remaining working lifetime of all participants.

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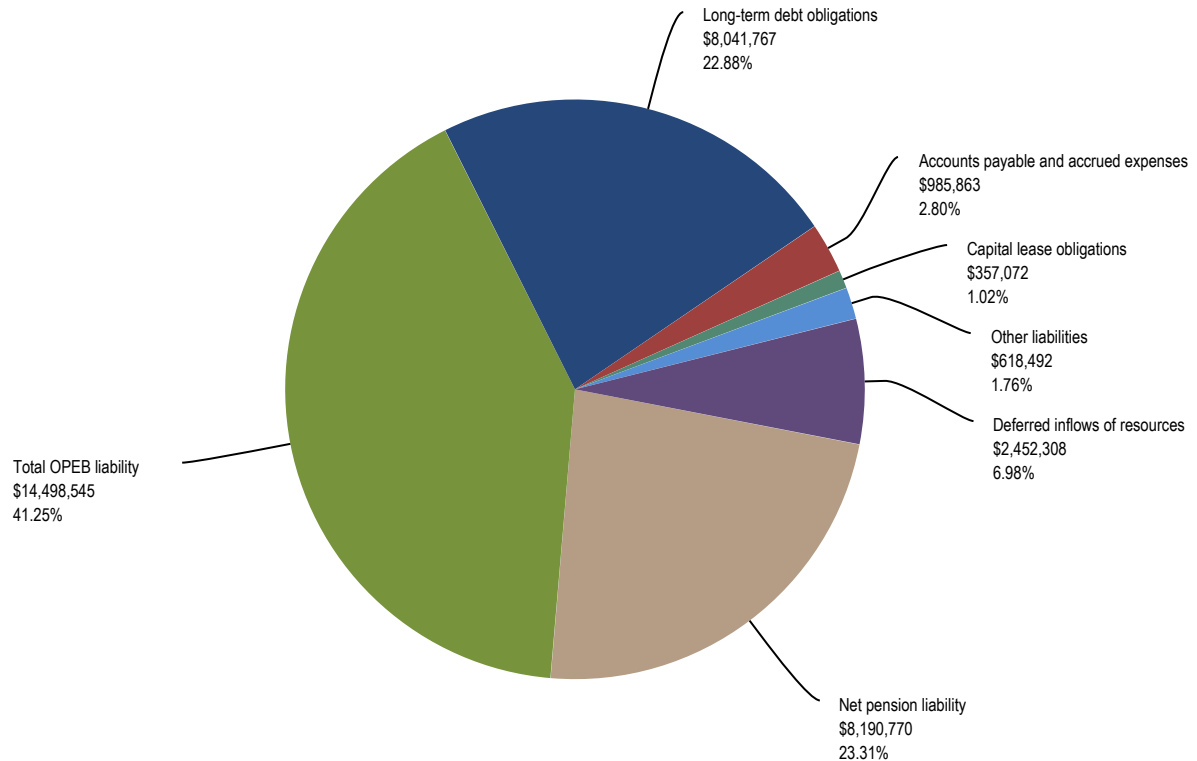
- *Loss on Debt Refunding* - The defeasance of previously outstanding systemwide revenue bonds results in deferring refunding losses. These deferred losses are recognized as a component of interest over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Deferred outflows of resources increased by \$527.23 million from \$2.46 billion in 2019 to \$2.98 billion in 2020. This is mainly due to the increase in deferred outflows of \$751.69 million related to changes in assumptions in determining total OPEB liability. In addition, the deferred outflows related to net pension liability increased by \$328.89 million primarily due to the effect of the difference between expected and actual experience in determining the net pension liability. The employer contributions for OPEB and pension liabilities subsequent to measurement date had a net increase of \$42.13 million and \$82.53 million, respectively. In addition, there was an amortization of \$678 million for deferred outflows of resources related to total OPEB liability, net pension liability and loss on debt refunding.

**Liabilities and Deferred Inflows of Resources**

Total liabilities of \$32.69 billion represent an increase of \$2.91 billion compared to \$29.78 billion in 2019. Deferred inflows of resources decreased from \$2.89 billion in 2019 to \$2.45 billion in 2020.

**Liabilities and Deferred Inflows of Resources**  
(In thousands)



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Current liabilities (liabilities due within one year) and noncurrent liabilities (liabilities due in more than one year) include major components such as net pension liability, long-term debt obligations, accounts payable and accrued expenses, total OPEB liability, capital lease obligations, and other liabilities.

*Total OPEB Liability*

The State has a Retiree Health Benefits Program with CalPERS as an agent multiple-employer defined-benefit plan and CalPERS functions as the investment and administrative agent for its members. The University, as a state agency, participates in the State's Retiree Health Benefits Program. The OPEB benefits are funded on a pay-as-you-go basis as eligible participants retire and receive those benefits.

The total OPEB liability increased from \$13.13 billion as of June 30, 2019 to \$14.50 billion as of June 30, 2020. The key factors contributing to this increase include (a) change in the demographic experience wherein more members are retiring, retiring earlier, and living longer than assumed, (b) update on healthcare related assumptions based on the 2014-2018 Experience Review, and (c) lower discount rate from 3.62% to 3.13%. This is offset by (a) favorable healthcare claims experience as average member claim costs were lower than assumed, and (b) change in trend rates.

*Net Pension Liability*

The State's pension plans with CalPERS are agent multiple-employer defined-benefit pension plans and CalPERS functions as the investment and administrative agent for its members. The University, as a state agency, participates in the State's pension plans. The plans act as cost-sharing, multiple-employer defined-benefit pension plans for the University. The University's share in the net pension liability, which is actuarially determined, is based on its proportionate share in the total pensionable compensation of all the participating state agencies for the measurement period.

The pension liability increased from \$7.73 billion in 2019 to \$8.19 billion in 2020. The \$0.46 billion increase is due mainly to \$2.85 billion additional pension liability which included the impact of service costs, interest and unfavorable experience compared to the expected. The contributions both the by University and its employees of \$1.15 billion and net return on investment of \$1.24 billion reduced the net pension liability in 2020.

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*Long-Term Debt Obligations*

The University's capital assets are financed using the State's capital appropriations, SRB, leases, and reserves. BANs provide short-term financing for capital assets during the construction period. The University's total long-term debt obligations increased by \$1.09 billion in 2020. The University's long-term debt obligations are summarized as follows as of June 30, 2020 and 2019:

	2020	2019
	(In thousands)	
Systemwide revenue bonds	\$ 7,218,305	6,211,333
Bond anticipation notes	129,119	109,659
Other long-term debt obligations	9,012	10,046
Total	7,356,436	6,331,038
Unamortized net bond premium	685,331	620,431
Total long-term debt obligations	8,041,767	6,951,469
Less current portion	(171,661)	(171,813)
Long-term debt obligations, net of current portion	<u>\$ 7,870,106</u>	<u>6,779,656</u>

- *Systemwide Revenue Bonds*

The University's SRB program issues revenue bonds to finance housing, parking, health centers, student body centers, continuing education facilities, and other special projects related to the educational mission of the University. The following revenues have been pledged as a security for outstanding SRB: student tuition fees, student housing fees, student body center fees, parking fees, health center facility fees, and fees from the professional and continuing education program, as well as payments from various auxiliary organizations and special purpose government entities.

Moody's Investors Service currently provides an intrinsic rating of Aa2, with a stable outlook, for the SRB. Standard & Poor's Ratings Services currently provides an intrinsic rating of AA-, with a stable outlook, for the SRB. All maturities in SRB Series 2007B, and 2007C are insured. Since the middle of fiscal year 2008, some providers of insurance for SRB have been downgraded to ratings below Aaa/AAA. Those bonds that are uninsured bear the intrinsic ratings of the SRB, which are Aa2 from the Moody's Investors Service and AA- from the Standard & Poor's Ratings Services.

The long-term debt obligations related to SRB increased by \$1.01 billion due to issuance of Series 2019 A/B and 2020 A/B with proceeds amounting to \$1.43 billion offset by \$0.42 billion of combined payments and refunding of SRB Series 2010A and 2011A.

- *Bond Anticipation Notes*

BANs are used as short-term financing to acquire and construct capital assets. The BAN payable increased by \$19.46 million from a prior year's ending balance of \$109.66 million, based on additional BANs amounting to \$227.92 million, offset by redemption of \$208.46 million using proceeds from sale of SRB Series 2019 A/B, Series 2020 B and campus revenue.

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- *State General Obligation Bonds*

The State's GO Bond program has provided capital funding for various projects of the University. The debt related to these projects is not allocated to the University by the State and is not recorded in the University's financial statements. The total GO Bonds carried by the State related to University projects decreased from \$2.14 billion in 2019 to \$2.05 billion in 2020. As a result of the enactment of Education Code Section 89770, the University's share continues to decrease as bonds are paid by the State with no new debt issued for capital facilities.

*Deferred Inflows of Resources*

Deferred inflows of resources decreased by \$0.44 billion from \$2.89 billion in 2019 to \$2.45 billion in 2020. Deferred inflows of resources are mainly related to certain changes in net pension liability and total OPEB liabilities. The decrease is mainly due to the amortization of prior year deferred inflows of resources amounting to \$482.72 million, net of \$63.80 million additions related to favorable healthcare claims experience as member claims cost is lower than assumed.

In 2020, deferred inflows of resources includes a \$3.82 million unamortized gain on debt refunding of SRB Series 2020 A/B. This deferred gains are recognized as an offset to the interest over the remaining life of the old debt or the life of the new debt, whichever is shorter.

*Net Position*

Net position may serve over time as a useful indicator of the University's financial position. Net position represents the residual interest in the University's assets and deferred outflows of resources after all liabilities and deferred inflows of resources are deducted.

Net position by category is as follows as of June 30, 2020 and 2019:

	2020	2019
	(In thousands)	
Net investment in capital assets	\$ 3,566,992	3,438,964
Restricted:		
Nonexpendable	1,677	1,693
Expendable	178,610	194,812
Unrestricted	(18,814,327)	(18,216,636)
Total net position	\$ (15,067,048)	(14,581,167)

- *Net Investment in Capital Assets*

The net position category "Net investment in capital assets" represents the University's capital assets, net of accumulated depreciation and amortization, and also net of outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and any related deferred outflows of resources. The net investment in capital assets increased from \$3.44 billion in 2019 to \$3.57 billion in 2020.



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- *Restricted*

Restricted net position has constraints on its use that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for specific purposes. Such restrictions are primarily related to endowments, scholarships and fellowships, research, loans, capital projects, and debt service funds. The restricted net position category consists of two subcategories: "Restricted nonexpendable" and "Restricted expendable".

- i. Restricted Nonexpendable

The restricted nonexpendable net position is made up of the permanent endowment funds, the corpus of which may not be expendable. The University's foundations, which are discretely presented component units, hold the significant majority of the University-related endowments.

- ii. Restricted Expendable

Restricted expendable net position represents resources that are subject to external restrictions on how they may be used. Such restrictions are primarily related to scholarships and fellowships, research, loans, capital projects, and debt service funds. The restricted expendable net position decreased due to spending for capital outlay projects and debt service payments.

- *Unrestricted*

The unrestricted net position represents all other net resources available to the University for general and educational obligations. Under U.S. generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Although unrestricted net position is not subject to externally imposed restrictions per accounting definitions, the predominant portions of the unrestricted net position are designated by statute for specific programs or projects related to certain revenue sources. The University, an agency of the State of California, considers statutory restrictions as internally imposed restrictions rather than externally imposed restrictions.

These resources are derived from fee collections and other activities that are designated for very specific purposes and are not to be repurposed and spent for other activities. For example, students pay fees, including housing, parking, and campus activities fees, all of which are to be used for specific designated purposes as described in the State of California Education Code. The University also has certain designated resources that represent amounts pledged to support the SRB program.

At June 30, 2020, unrestricted net position reflects a deficit of \$18.81 billion due primarily to the implementation of GASB Statement No. 68 (pension) during 2015, and the implementation of GASB Statement No. 75 (OPEB) in 2018. These Statements require the University to record its share of the State's actuarially determined liabilities for pension and OPEB. Unrestricted net position decreased \$597.69 million in 2020.

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**Discretely Presented Component Units' Financial Position**

In 2020, the discretely presented component units (DPCUs) managed \$5.21 billion of assets, representing 23.36% of the University's \$22.30 billion combined total assets. In 2019, \$4.99 billion of assets were managed by the discretely presented component units, representing 24.18% of the combined total assets.

The philanthropic activities of the University are managed mostly by the discretely presented component units. The restricted cash and cash equivalents, pledges receivables, and endowment investments increased from \$2 billion in 2019 to \$2.09 billion in 2020. This represents 9.39% and 9.71% of the combined total assets for 2020 and 2019, respectively.

The claims liability for losses and loss adjustment expenses decreased from of \$60.45 million in 2019 to \$53.98 million in 2020. These are mainly the liabilities from the California State University Risk Management Authority, a discretely presented component unit.

The restricted net position, expendable and nonexpendable, of the discretely presented component units was \$2.60 billion, representing 93.51% of the combined restricted net position in 2020. In 2019, the restricted net position of discretely presented component units was \$2.48 billion, representing 92.67% of the combined restricted net position.

The combined University and discretely presented component units' net position reflects a deficit of \$11.48 billion in 2020 when compared to \$11.14 billion deficit in 2019.

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**Results of Operations**

The Statement of Revenues, Expenses and Changes in Net Position represents the University's and its discretely presented component units' result of operations. Major components are operating revenues, operating expenses, and nonoperating revenues (expenses). A condensed comparative presentation of the results of operations follows for the years ended June 30, 2020 and 2019:

	University		Discretely presented component units	
	2020	2019	2020	2019
	(In thousands)			
Operating revenues:				
Student tuition and fees, net	\$ 2,175,170	2,197,925	196,983	191,565
Grants and contracts, noncapital	70,304	79,131	586,416	596,454
Sales and services of educational activities	39,923	47,655	43,650	47,906
Sales and services of auxiliary enterprises, net	455,639	560,234	439,576	498,896
Other operating revenues	247,890	254,648	264,676	256,013
Total operating revenues	2,988,926	3,139,593	1,531,301	1,590,834
Operating expenses	10,460,792	9,683,523	1,743,663	1,784,670
Operating loss	(7,471,866)	(6,543,930)	(212,362)	(193,836)
Nonoperating revenues (expenses):				
State appropriations, noncapital	4,734,349	4,102,570	—	—
Financial aid grants, noncapital	2,060,158	1,980,562	3,100	2,746
Grants and gifts, noncapital	304,741	59,029	178,295	189,943
Investment income, net	173,420	204,813	39,953	66,692
Endowment income, net	35	20	38,684	59,479
Interest expense	(275,191)	(259,621)	(20,301)	(23,033)
Other nonoperating revenues (expenses)	(80,124)	(45,449)	3,753	(7,667)
Net nonoperating revenues	6,917,388	6,041,924	243,484	288,160
Income (loss) before other revenues (expenses)	(554,478)	(502,006)	31,122	94,324
State appropriations, capital	5,236	34,972	—	—
Grants and gifts, capital	63,361	60,141	8,447	31,413
Additions to permanent endowments	—	—	106,803	100,239
Change in net position	(485,881)	(406,893)	146,372	225,976
Net position – beginning of year	(14,581,167)	(14,174,274)	3,438,164	3,212,188
Net position – end of year	\$ (15,067,048)	(14,581,167)	3,584,536	3,438,164

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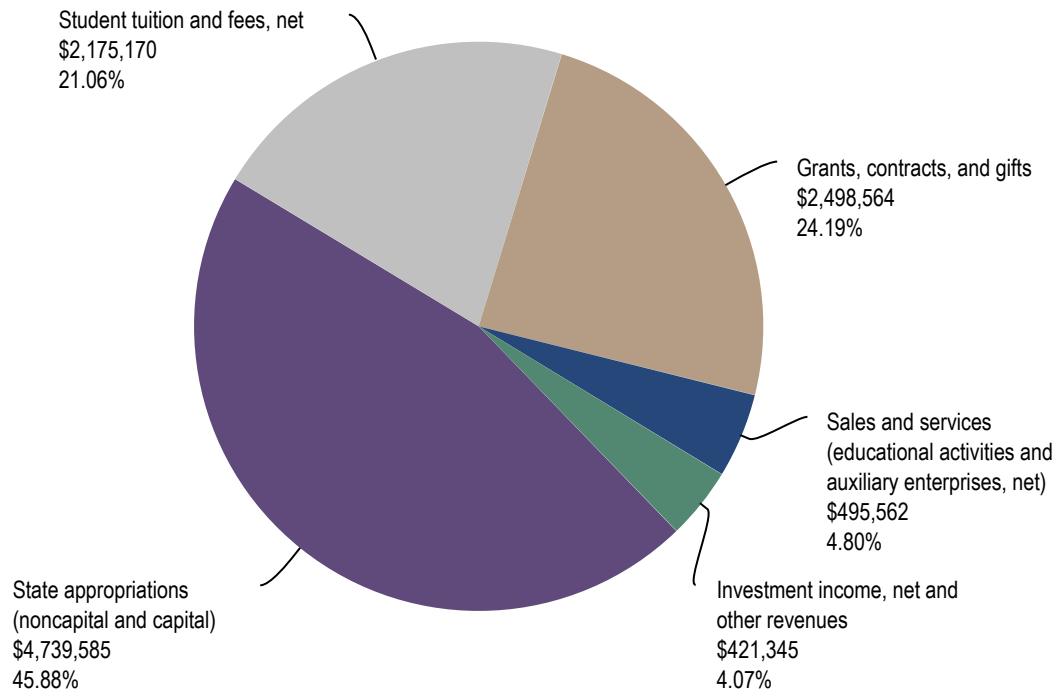
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**Revenues (Operating and Nonoperating)**

The University's two major sources of revenues are state appropriations and student tuition and fees, net, which accounted for a combined 66.94% and 66.12% of total revenues in 2020 and 2019, respectively. State appropriations are received for both noncapital and capital purposes. Another major source of revenues are grants, contracts, and gifts which represent 24.19% of total revenues in 2020. This includes revenues from student financial aid and funding through the HEERF authorized by the CARES Act enacted into law in April 2020.

**Revenues (Operating and Nonoperating)**  
**(In thousands)**



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The University's total revenues consisted of the following:

	<u>2020</u>	<u>Percentage of total</u>	<u>2019</u>	<u>Percentage of total</u>
	(In thousands)		(In thousands)	
State appropriations (noncapital and capital)	\$ 4,739,585	45.88 %	\$ 4,137,542	43.18 %
Student tuition and fees, net	2,175,170	21.06	2,197,925	22.94
Grants, contracts, and gifts	2,498,564	24.19	2,178,863	22.74
Sales and services (educational activities and auxiliary enterprises), net	495,562	4.80	607,889	6.34
Investment income, net and other revenues	421,345	4.07	459,481	4.80
Total revenues (operating and nonoperating)	<u>\$ 10,330,226</u>	<u>100.00 %</u>	<u>\$ 9,581,700</u>	<u>100.00 %</u>

*State Appropriations (Noncapital and Capital)*

The University's state appropriations (noncapital and capital) consisted of the following:

	<u>2020</u>	<u>2019</u>
	(In thousands)	
State appropriations, general fund	\$ 4,346,139	3,776,457
State's contribution on behalf of the University for OPEB	388,210	326,113
Total state appropriations, noncapital	<u>4,734,349</u>	<u>4,102,570</u>
State appropriations, capital	5,236	34,972
Total state appropriations (noncapital and capital)	<u>\$ 4,739,585</u>	<u>4,137,542</u>

The state general fund appropriations increased from \$3.78 billion in 2019 to \$4.35 billion in 2020. The increase of \$0.57 billion was to augment funding for the graduation initiative 2025, enrollment growth support, employee compensation, mandatory cost increases, deferred maintenance and other miscellaneous support.

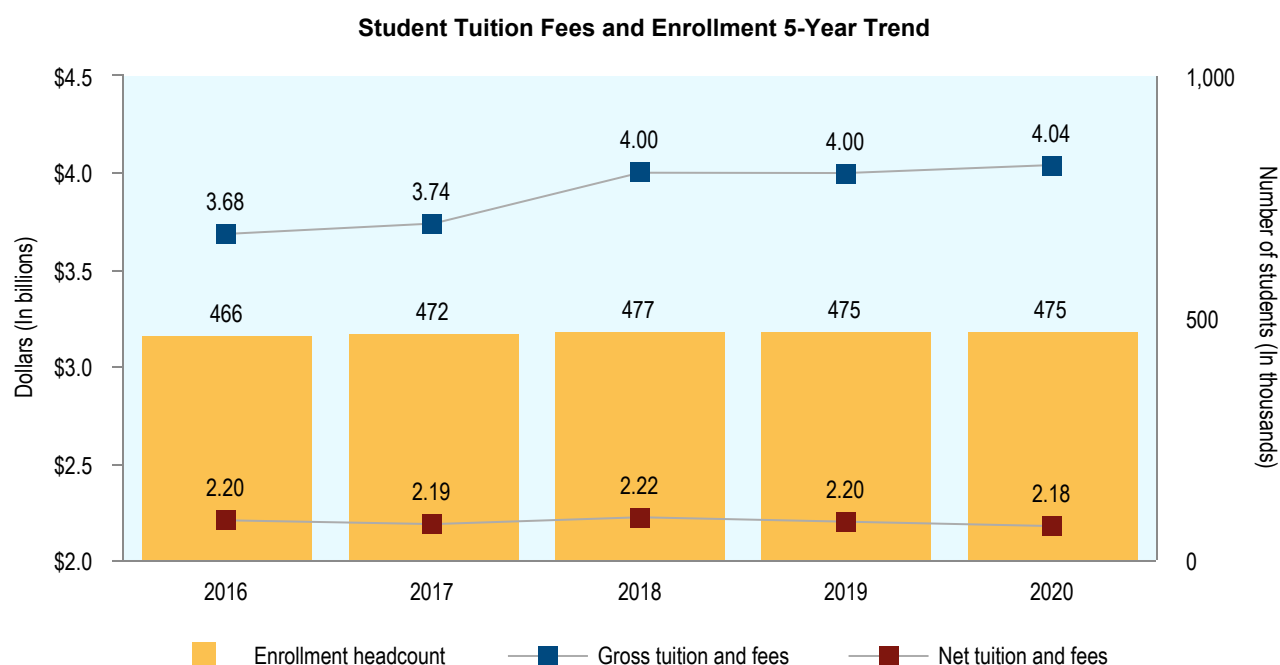
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*Student Tuition and Fees, Net*

The student tuition and fees (before scholarship allowances) remained consistent with prior year at \$4.04 billion. The following chart displays the five-year trend between enrollment headcount and student tuition and fees:



The gross student tuition fees revenue reflects an increasing trend over the last five years. This is mainly driven by student enrollment growth in the last five years. In addition to student enrollment growth, the increase in tuition rates effective in academic year 2017-2018 resulted in the upward trend in 2018.

The University offers eligible students fee waivers and institutional grants to be applied against student tuition and fees. This is in addition to federal agencies, state agencies, and nongovernmental grantor's student financial aid grants. Collectively, these are referred to as scholarship allowance; an offset to the gross student tuition and fees. The increasing gap between the gross and net student tuition and fees reflects growth in the waivers and financial aid grants made available to students. During the last three years, approximately half of the student tuition and fees were paid through waivers and financial aid grants, as shown in the table below.

	2020	2019
	(In thousands)	
Gross student tuition and fees	\$ 4,040,242	3,998,779
Less: Institutional grants	(786,717)	(802,370)
Less: Financial aid grants	(1,078,355)	(998,484)
Net student tuition and fees	\$ 2,175,170	2,197,925

**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis

June 30, 2020

(Unaudited)

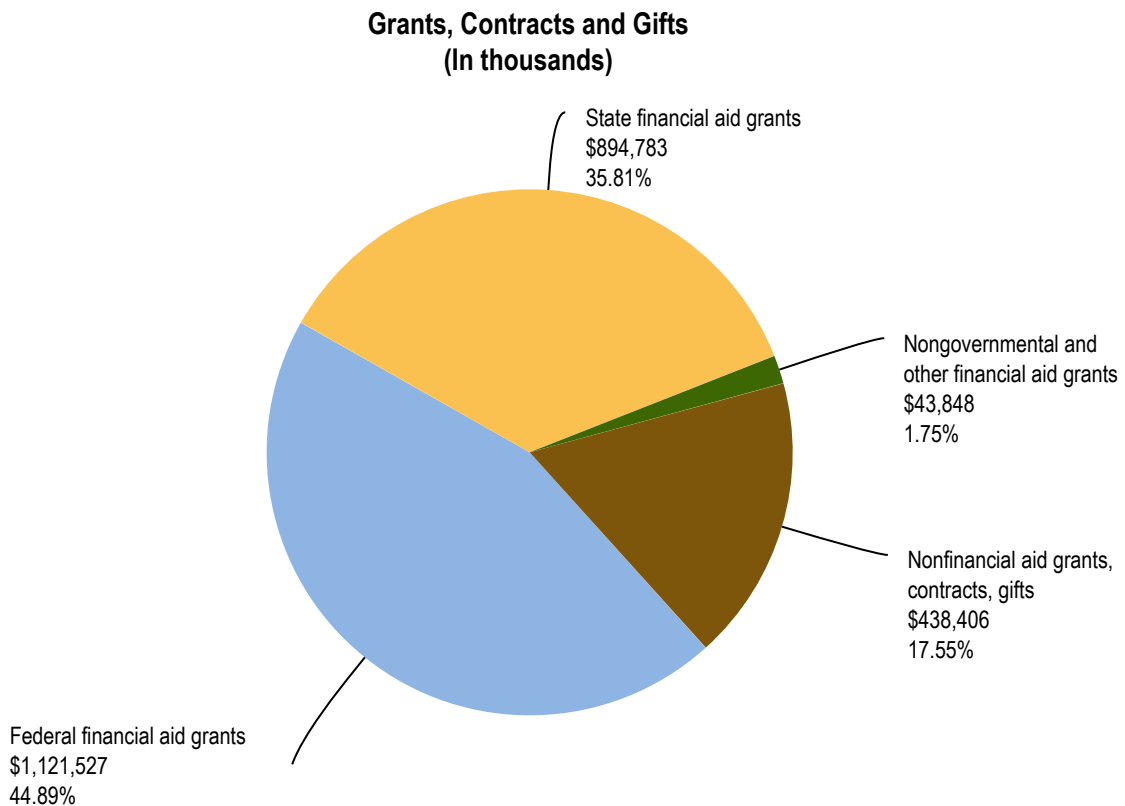
*Sales and Services (Educational Activities and Auxiliary Enterprise)*

Sales and services of educational activities include revenues related incidentally to the conduct of instruction, research, and public service, and revenues for activities that exist to provide instructional and laboratory experience for students and that incidentally create goods and services that may be sold to faculty, students, staff, and the general public. Net revenues from sales and services of educational activities amounted to \$39.92 million, a decrease from \$47.66 million in 2019.

Auxiliary enterprises exist predominantly to furnish goods or services to students, faculty, or staff, for a fee. Net revenues from sales and services of auxiliary enterprises, which are primarily for student housing and parking, amounted to \$455.64 million, which is a \$104.59 million decrease when compared to 2019. The decrease is due to loss of revenue resulting from the University's response to the pandemic by transitioning to primarily virtual instructional approach towards the last quarter of 2020.

*Grants, Contracts and Gifts*

Grants, contracts and gifts revenues are derived substantially from the student financial aid grants from federal agencies, state agencies, and nongovernmental grantors. Major federal financial aid grants came from the Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study. Major state financial aid grants came from Cal Grants and Middle Class Scholarship.



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Student financial aid grants from federal and state agencies were \$1.12 billion and \$894.78 million, respectively. A combined increase of \$0.08 billion from previous year. The financial aid increases are due to more eligible students and higher aid per student.

The remainder of the grants, contracts and gifts include non-financial aid grants, contracts, changes to permanent endowments, and gifts (capital and noncapital), which amounted to \$438.41 million, or 17.55%, of total grants, contracts, and gifts. This included \$245.05 million of HEERF grants mainly used for emergency aid to students, including but not limited to grants for food, housing, course materials, technology, health care, and childcare. Further, gifts received from discretely presented component units amounted to \$70.19 million.

*Investment and Endowment Income, Net*

Investment and endowment income for 2020 is \$173.46 million, which is \$31.38 million lower when compared to the prior year. This is primarily due to lower earnings for TRP investments.

**Expenses (Operating and Nonoperating)**

The University's total expenses of \$10.82 billion is comprised of operating expenses of \$10.46 billion, or 96.71%, and nonoperating expenses of \$355.31 million, or 3.29%.

*Operating Expenses*

When the mission-critical educational support activities of student services, academic support, student grants and scholarships, public service, and research are added to direct classroom instruction, the total instruction and educational support activities account for 70.10% and 70.31% of the 2020 and 2019 total operating expenses of the University, respectively.

	2020 (In thousands)	Percentage of total	2019 (In thousands)	Percentage of total
Instruction	\$ 3,853,279	36.84 %	\$ 3,614,639	37.33 %
Research	57,249	0.55	80,580	0.83
Public service	58,867	0.56	71,870	0.74
Academic support	1,028,607	9.83	1,042,756	10.77
Student services	1,139,403	10.89	1,083,497	11.19
Student grants and scholarships	1,195,923	11.43	915,286	9.45
Total instruction and educational support activities	7,333,328	70.10	6,808,628	70.31
Institutional support	1,195,144	11.42	1,021,045	10.54
Operation and maintenance of plant	986,818	9.43	892,396	9.22
Auxiliary enterprise expenses	399,282	3.83	440,354	4.55
Depreciation and amortization	546,220	5.22	521,100	5.38
Total operating expenses	\$ 10,460,792	100.00 %	\$ 9,683,523	100.00 %

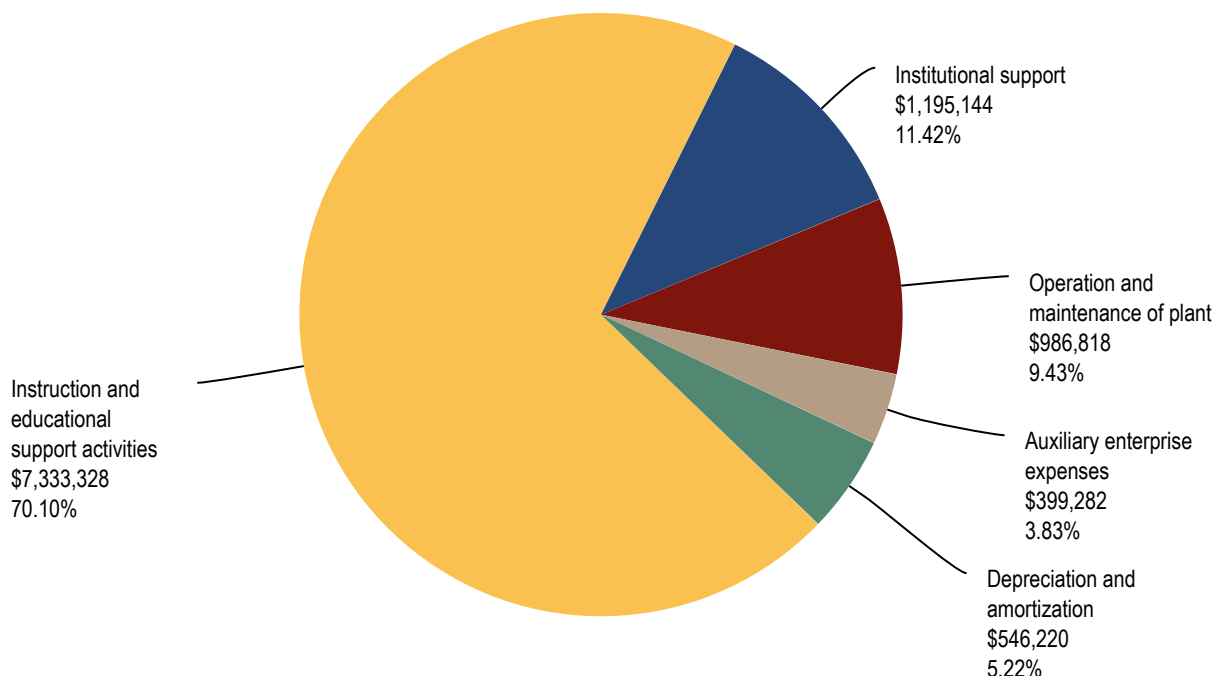


**CALIFORNIA STATE UNIVERSITY**  
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**Operating Expenses**  
(In thousands)



- **Salaries**

The University's salaries increased from \$3.72 billion in 2019 to \$3.89 billion in 2020. The increase is due mainly to employee salary rate increases during the year and higher employee headcount. The majority of the increase in salaries are in instruction and education support of \$130.74 million, in institutional support of \$27.46 million, and in operation and maintenance of plant of \$6.02 million.

- **Benefits**

The University's benefits increased from \$2.91 billion in 2019 to \$3.23 billion in 2020. The majority of the increase in benefits are in instruction and educational support of \$165.10 million. The overall increase was related to changes in pension expenses.

The pension related benefits expense increased by \$287.01 million in 2020 due mainly to additional pension liability which included the impact of service costs, interest, unfavorable experience compared to the expected and lower investment earnings. The other benefits expense increased by \$35.47 million due to increase in benefits rates and employee headcount. The OPEB expense decreased by \$6.95 million in 2020, due mainly to the smoothing effect of the changes in the assumptions and differences between actual and expected experience.

**CALIFORNIA STATE UNIVERSITY**  
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(Unaudited)

- *Scholarships and Fellowships*

The scholarship and fellowships, which represent financial aid directly paid to students, increased from \$0.92 billion in 2019 to \$1.20 billion in 2020. The increase is mainly due to the HEERF grants given to eligible students under the CARES Act enacted in April 2020.

**Discretely Presented Component Units' Results of Operations**

The discretely presented component units managed \$1.91 billion of revenues, representing 15.61% of the University's \$12.24 billion combined total revenues. This is lower compared to the 17.56% in prior year due to decrease in major revenues resulting from the significant changes to the delivery of instruction due to the coronavirus

The discretely presented component units managed \$776.26 million grants contracts, and gifts revenues, representing 23.70% of the \$3.27 billion combined total. Discretely presented component units fund many student co-curricular activities, administer research programs, raise funds, operate student unions, offer recreational programs, coordinate commercial enterprises, and develop public-private partnerships on behalf of the University.

**Factors Impacting Future Periods**

The impact of COVID-19 global pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. The University is continually monitoring the potential impacts of the COVID-19 pandemic and its effects on the financial statements. The extent to which the COVID-19 global pandemic impacts the operations going forward will depend on numerous evolving factors, which cannot be reliably predicted at this time.

On June 29, 2020, the State of California Budget Act of 2020 was signed. In the final budget for fiscal year 2020-21, the state reduced permanent base funding to the University by \$299 million, and removed \$315 million in one-time funding. The University's operating budget for fiscal year 2020-21 includes General Fund appropriation for operations of \$3.34 billion and for academic facilities and infrastructure of \$340.56 million.

The University has been proactive in mitigating the impact of the decrease in General Fund appropriation. The University implemented several cost-control measures. The CSU has and will continue to attempt to minimize negative impacts of the COVID-19 global pandemic.

**Subsequent Events**

The following information describes significant events that occurred subsequent to June 30, 2020, but prior to the date of the auditors' report.

- The Central Utility Plant Replacement project at California State University, Fresno, procured through a public-private partnership, was approved by the Trustees on January 2021. In February 2021, the Trustees entered into a project agreement with a private development partner, to design, build, finance and maintain the generation and distribution of heating and cooling services throughout the campus, and install ground mounted solar photovoltaic systems. The total project cost is approximately \$170 million and will be funded primarily through financing provided by the private development partner. The private development partner will be compensated through availability payments by the University for capital investment in the project and services relating to maintenance, management and life-cycle component, subject to deductions for performance failures.
- In December 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 was signed. This new law gives the U.S. Department of Education approximately \$22.7 billion to distribute to institutions of higher education in order to prevent, prepare for, and respond to coronavirus through the HEERF. The University have

**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis

June 30, 2020

(Unaudited)

been awarded a total of \$853 million, of which \$262 million are for student financial aid grants and \$591 million for institutional support grants.

- *SRB Issuance*

In September 2020, the University issued \$314.03 million of SRB Series 2020C (Tax Exempt), \$528.58 million of SRB Series 2020D (Taxable) and \$466.01 million of SRB Series 2020E (Taxable). The new bonds were issued to fund various capital projects, redeem maturing BANs, refund a portion of outstanding SRB Series 2011A and a portion of the SRB Series 2012A bonds.

- *BAN Issuance*

The University issued the BANs for the following capital projects:

	<b>Amount (In thousands)</b>
San Diego State University Mission Valley Real Property Acquisition and Site Development	\$ 88,970
Long Beach Hillside Renovation	31,230
Long Beach Housing Expansion Phase 1 Administration and Commons Building	18,735
San Diego State University Mission Valley Multi-Use Stadium	17,410
Monterey Bay Capital Improvement	11,745
Fresno New Student Union Project (2nd Tranche)	8,461
Total	<u>\$ 176,551</u>



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# BASIC FINANCIAL STATEMENTS

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**CALIFORNIA STATE UNIVERSITY**

Statement of Net Position

June 30, 2020

(In thousands)

<b>Assets</b>	<b>University</b>	<b>Discretely presented component units</b>	<b>Total</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 11,317	269,946	281,263
Short-term investments	3,936,203	912,878	4,849,081
Accounts receivable, net	205,891	239,547	445,438
Capital lease receivable, current portion	12,723	6,268	18,991
Notes receivable, current portion	13,363	129,345	142,708
Pledges receivable, net	2,000	86,412	88,412
Prepaid expenses and other current assets	68,090	34,061	102,151
Total current assets	<u>4,249,587</u>	<u>1,678,457</u>	<u>5,928,044</u>
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents	201	56,075	56,276
Accounts receivable, net	37,786	22,509	60,295
Capital lease receivable, net of current portion	217,728	156,730	374,458
Notes receivable, net of current portion	373,142	19,304	392,446
Student loans receivable, net	50,783	419	51,202
Pledges receivable, net	—	139,524	139,524
Endowment investments	1,677	1,812,599	1,814,276
Other long-term investments	1,996,078	411,656	2,407,734
Capital assets, net	10,139,549	871,445	11,010,994
Other assets	27,214	41,642	68,856
Total noncurrent assets	<u>12,844,158</u>	<u>3,531,903</u>	<u>16,376,061</u>
Total assets	<u>17,093,745</u>	<u>5,210,360</u>	<u>22,304,105</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	2,984,024	36,209	3,020,233
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	288,569	113,300	401,869
Accrued salaries and benefits	427,283	29,774	457,057
Accrued compensated absences, current portion	112,812	15,516	128,328
Unearned revenues	285,738	94,989	380,727
Capital lease obligations, current portion	20,897	10,769	31,666
Long-term debt obligations, current portion	171,661	145,126	316,787
Claims liability for losses and loss adjustment expenses, current portion	—	16,416	16,416
Depository accounts	13,201	15,506	28,707
Other liabilities	144,970	84,528	229,498
Total current liabilities	<u>1,465,131</u>	<u>525,924</u>	<u>1,991,055</u>



**CALIFORNIA STATE UNIVERSITY**

Statement of Net Position

June 30, 2020

(In thousands)

	<u>University</u>	<u>Discretely presented component units</u>	<u>Total</u>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences, net of current portion	\$ 157,199	7,013	164,212
Unearned revenues	6,980	59,890	66,870
Grants refundable	48,781	4,242	53,023
Capital lease obligations, net of current portion	336,175	236,004	572,179
Long-term debt obligations, net of current portion	7,870,106	447,080	8,317,186
Claims liability for losses and loss adjustment expenses, net of current portion	—	37,561	37,561
Depository accounts	2,243	23,446	25,689
Total other postemployment benefits liability	14,498,545	119,543	14,618,088
Net pension liability	8,190,770	99,240	8,290,010
Other liabilities	116,579	42,584	159,163
<b>Total noncurrent liabilities</b>	<b>31,227,378</b>	<b>1,076,603</b>	<b>32,303,981</b>
<b>Total liabilities</b>	<b>32,692,509</b>	<b>1,602,527</b>	<b>34,295,036</b>

**Deferred Inflows of Resources**

Deferred inflows of resources	2,452,308	59,506	2,511,814
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**Net Position**

<b>Net position:</b>			
Net investment in capital assets	3,566,992	329,264	3,896,256
Restricted for:			
Nonexpendable – endowments	1,677	1,414,654	1,416,331
Expendable:			
Scholarships and fellowships	22,596	250,401	272,997
Research	113	24,950	25,063
Loans	22,881	4,849	27,730
Capital projects	83,879	115,102	198,981
Debt service	28,315	8,294	36,609
Others	20,826	780,934	801,760
Unrestricted	(18,814,327)	656,088	(18,158,239)
<b>Total net position</b>	<b>\$ (15,067,048)</b>	<b>3,584,536</b>	<b>(11,482,512)</b>

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY**

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2020

(in thousands)

	<u>University</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
<b>Revenues:</b>				
Operating revenues:				
Student tuition and fees (net of University scholarship allowances of \$1,865,072)	\$ 2,175,170	196,983	(5,210)	2,366,943
Grants and contracts, noncapital:				
Federal	45,255	381,768	(8)	427,015
State	8,267	122,754	(90)	130,931
Local	2,700	20,015	—	22,715
Nongovernmental	14,082	61,879	(440)	75,521
Sales and services of educational activities	39,923	43,650	(211)	83,362
Sales and services of auxiliary enterprises (net of University scholarship allowances of \$106,201)	455,639	439,576	(3,383)	891,832
Other operating revenues	247,890	264,676	(10,285)	502,281
Total operating revenues	<u>2,988,926</u>	<u>1,531,301</u>	<u>(19,627)</u>	<u>4,500,600</u>
<b>Expenses:</b>				
Operating expenses:				
Instruction	3,853,279	124,302	(3,970)	3,973,611
Research	57,249	234,053	(946)	290,356
Public service	58,867	206,183	(235)	264,815
Academic support	1,028,607	102,352	(11,056)	1,119,903
Student services	1,139,403	193,170	(13,775)	1,318,798
Institutional support	1,195,144	247,442	(20,705)	1,421,881
Operation and maintenance of plant	986,818	51,606	(14,476)	1,023,948
Student grants and scholarships	1,195,923	87,380	(34,565)	1,248,738
Auxiliary enterprise expenses	399,282	439,035	(6,642)	831,675
Depreciation and amortization	546,220	58,140	—	604,360
Total operating expenses	<u>10,460,792</u>	<u>1,743,663</u>	<u>(106,370)</u>	<u>12,098,085</u>
Operating loss	<u>(7,471,866)</u>	<u>(212,362)</u>	<u>86,743</u>	<u>(7,597,485)</u>

**CALIFORNIA STATE UNIVERSITY**

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2020

(in thousands)

	<u>University</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
<b>Nonoperating revenues (expenses):</b>				
State appropriations, noncapital	\$ 4,734,349	—	—	4,734,349
Federal financial aid grants, noncapital	1,121,527	833	—	1,122,360
State financial aid grants, noncapital	894,783	1,895	—	896,678
Local financial aid grants, noncapital	—	115	—	115
Nongovernmental and other financial aid grants, noncapital	43,848	257	(30,034)	14,071
Other federal nonoperating grants, noncapital	249,027	111	—	249,138
Gifts, noncapital	55,714	178,184	(40,973)	192,925
Investment income, net	173,420	39,953	—	213,373
Endowment income, net	35	38,684	—	38,719
Interest expense	(275,191)	(20,301)	—	(295,492)
Other nonoperating revenues (expenses)	(80,124)	3,753	13,479	(62,892)
Net nonoperating revenues	<u>6,917,388</u>	<u>243,484</u>	<u>(57,528)</u>	<u>7,103,344</u>
Income (loss) before other revenues	(554,478)	31,122	29,215	(494,141)
State appropriations, capital	5,236	—	—	5,236
Grants and gifts, capital	63,361	8,447	(29,215)	42,593
Additions to permanent endowments	—	106,803	—	106,803
Increase (decrease) in net position	<u>(485,881)</u>	<u>146,372</u>	<u>—</u>	<u>(339,509)</u>
<b>Net position:</b>				
Net position at beginning of year	<u>(14,581,167)</u>	<u>3,438,164</u>	<u>—</u>	<u>(11,143,003)</u>
Net position at end of year	<u>\$ (15,067,048)</u>	<u>3,584,536</u>	<u>—</u>	<u>(11,482,512)</u>

See accompanying notes to financial statements.



**CALIFORNIA STATE UNIVERSITY**

Statement of Cash Flows

Year ended June 30, 2020

(In thousands)

	<u>University</u>
<b>Cash flows from operating activities:</b>	
Student tuition and fees	\$ 2,105,508
Federal grants and contracts	47,640
State grants and contracts	12,075
Local grants and contracts	2,008
Nongovernmental grants and contracts	16,425
Payments to suppliers	(1,611,144)
Payments to employees	(3,857,581)
Payments for benefits	(1,970,764)
Payments to students	(1,196,317)
Collections of student loans	2,853
Sales and services of educational activities	39,771
Sales and services of auxiliary enterprises	435,725
Other receipts	275,594
	<hr/>
Net cash used in operating activities	(5,698,207)
	<hr/>
<b>Cash flows from noncapital financing activities:</b>	
State appropriations	4,344,361
Federal financial aid grants	1,124,294
State financial aid grants	891,725
Nongovernmental and other financial aid grants	43,833
Other federal nonoperating grants	248,251
Gifts and grants received for other than capital purposes	50,638
Federal loan program receipts	1,401,994
Federal loan program disbursements	(1,409,141)
Monies received on behalf of others	186,672
Monies disbursed on behalf of others	(188,343)
Transfers to escrow agent	(59,052)
Proceeds from long-term debt	59,245
Principal paid on long-term debt	(22,650)
Interest paid on long-term debt	(27,906)
Issuance of notes receivable	(2,544)
Principal collections on capital leases	3,387
Interest collections on capital leases	1,385
Principal collections on notes receivable	13,269
Interest collections on notes receivable	19,794
Other noncapital financing activities	(100,689)
	<hr/>
Net cash provided by noncapital financing activities	6,558,253
	<hr/>

**CALIFORNIA STATE UNIVERSITY**

Statement of Cash Flows

Year ended June 30, 2020

(In thousands)

	<u>University</u>
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from capital debt	\$ 1,713,632
State appropriations	25,476
State appropriations – SPWB Lease Revenue Bond program	207
Capital grants and gifts	44,195
Proceeds from sale of capital assets	35,928
Acquisition of capital assets	(1,051,744)
Transfers to escrow agent	(226,478)
Principal paid on capital debt and leases	(366,987)
Interest paid on capital debt and leases	(314,736)
Principal collection on capital leases	6,376
Interest collection on capital leases	5,371
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Net cash used in capital and related financing activities	(128,760)
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<b>Cash flows from investing activities:</b>	
Proceeds from sales of investments	11,090,706
Purchases of investments	(11,954,640)
Investment income proceeds	126,571
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Net cash used in investing activities	(737,363)
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Net decrease in cash and cash equivalents	(6,077)
Cash and cash equivalents at beginning of year	17,595
	<hr/>
Cash and cash equivalents at end of year	\$ 11,518
	<hr/> <hr/>
<b>Summary of cash and cash equivalents at end of year:</b>	
Cash and cash equivalents	\$ 11,317
Restricted cash and cash equivalents	201
	<hr/>
Total cash and cash equivalents at end of year	\$ 11,518
	<hr/> <hr/>

**CALIFORNIA STATE UNIVERSITY**

Statement of Cash Flows

Year ended June 30, 2020

(In thousands)

	<u>University</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (7,471,866)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	546,220
Change in assets and liabilities:	
Accounts receivable, net	9,336
Student loans receivable, net	(894)
Prepaid expenses and other current assets	9,827
Other assets	1,379
Deferred outflows of resources	(164,235)
Accounts payable	(17,565)
Accrued salaries and benefits	5,649
Accrued compensated absences	30,050
Unearned revenues	(38,869)
Depository accounts	128
Total other postemployment benefits liability	1,388,592
Other liabilities	(13,821)
Deferred inflows of resources	(439,657)
Net cash used in operating activities	<u>\$ (5,698,207)</u>

**Supplemental schedule of noncash transactions:**

State's contribution for OPEB	\$ 388,210
Acquisition of capital assets through capital lease	73,804
Other assets paid through long-term debt	54,678
Amortization of net bond premium	35,562
Contributed capital assets	18,726
Change in accrued capital asset purchases	12,365

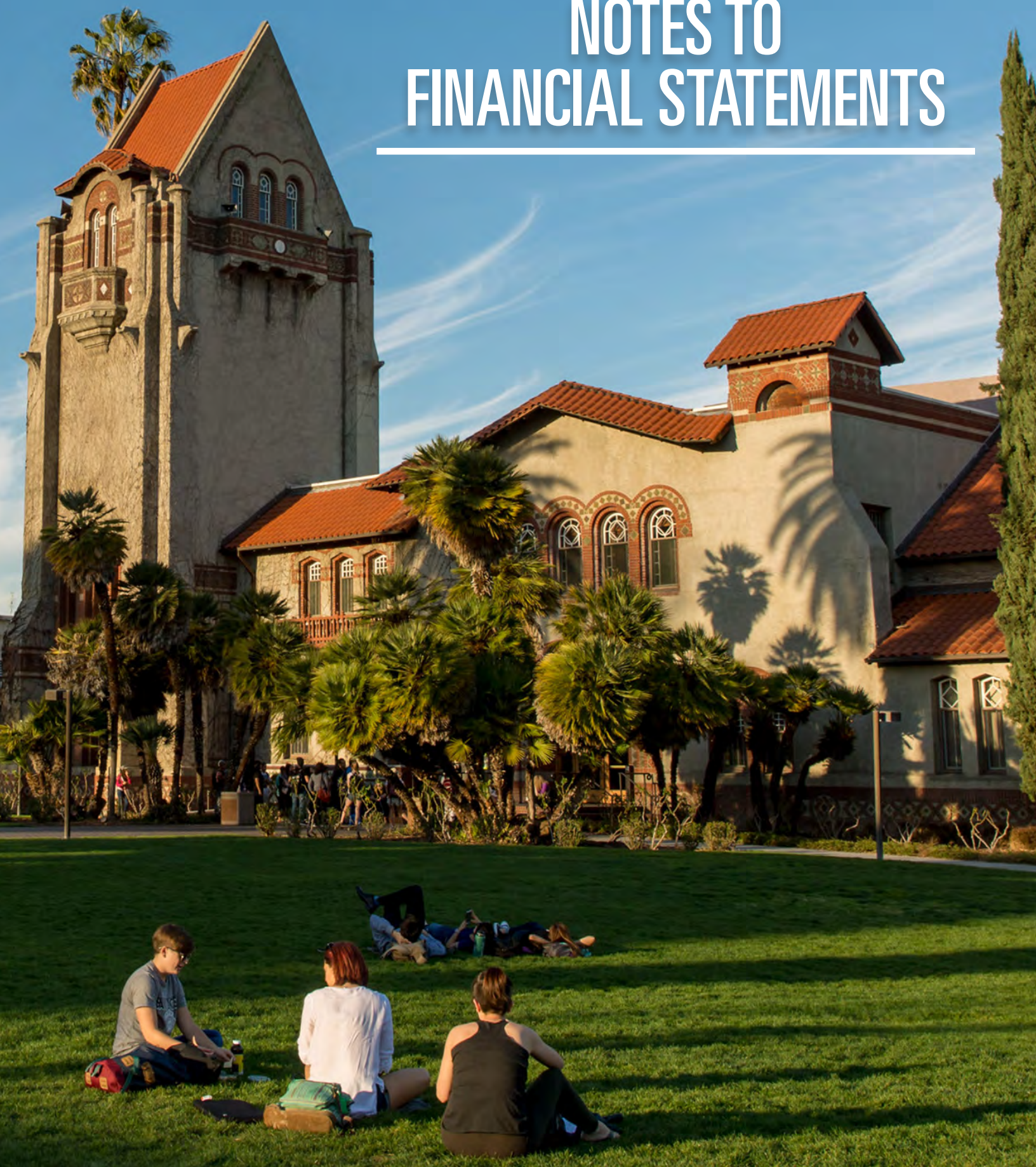
See accompanying notes to financial statements.



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# NOTES TO FINANCIAL STATEMENTS

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# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

### (1) Organization

California State University (the University) was established under the State of California Education Code as a public university to offer undergraduate and graduate instruction for professional and occupational goals emphasizing a broad liberal arts education. As an agency of the State of California (the State), the University is also included in the State's financial statements. Responsibility for the University is vested in the Trustees of California State University (the Trustees) who, in turn, appoint the Chancellor, who is the chief executive officer of the University, and the University presidents, who are the chief executive officers of the respective campuses. In addition to the Office of the Chancellor, the following 23 campuses comprise the California State University at June 30, 2020:

- California State University, Bakersfield
- California State University Channel Islands
- California State University, Chico
- California State University, Dominguez Hills
- California State University, East Bay
- California State University, Fresno
- California State University, Fullerton
- Humboldt State University
- California State University, Long Beach
- California State University, Los Angeles
- California State University Maritime Academy
- California State University, Monterey Bay
- California State University, Northridge
- California State Polytechnic University, Pomona
- California State University, Sacramento
- California State University, San Bernardino
- San Diego State University
- San Francisco State University
- San José State University
- California Polytechnic State University, San Luis Obispo
- California State University San Marcos
- Sonoma State University
- California State University, Stanislaus

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

The University provides instruction for baccalaureate, masters', doctorate, and certificate programs, and operates various auxiliary enterprises, such as student housing and parking facilities. In addition, the University administers a variety of financial aid programs that are funded primarily through state and federal programs.

### (2) Summary of Significant Accounting Policies

#### (a) Financial Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*, the accompanying financial statements present the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows of the 23 campuses and the Office of the Chancellor of the University.

In addition, the accompanying financial statements include the accounts of the 91 discretely presented component units, which are primarily University-related recognized auxiliary organizations. These discretely presented component units are legally separate entities that provide services primarily to the University and its students. Recognized auxiliary organizations include foundations, associated students, student unions, auxiliary services, university corporations, and similar organizations. Foundations, whose net position comprises approximately 79.02% of the discretely presented component unit totals, carry out a variety of campus-related activities. Such activities consist primarily of administering grants from governmental and private agencies for research, as well as soliciting and accepting donations, gifts, and bequests for University-related use. Separate financial statements are issued for each of the discretely presented component units and may be obtained from the individual campuses.

The discretely presented component units are as follows:

- California State University, Bakersfield Foundation
- Associated Students, California State University, Bakersfield, Inc.
- California State University, Bakersfield Student-centered Enterprises, Inc. (formerly California State University, Bakersfield Student Union)
- California State University, Bakersfield, Auxiliary for Sponsored Programs Administration
- California State University Foundation
- California State University Institute
- California State University Risk Management Authority
- California State University, Channel Islands Foundation
- Associated Students of California State University Channel Islands, Inc.
- CI University Auxiliary Services, Inc.
- California State University Channel Islands Financing Authority
- California State University Channel Islands Site Authority
- Chico State Enterprises (formerly The CSU, Chico Research Foundation)



# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

- The University Foundation, California State University, Chico
- Associated Students of California State University, Chico
- California State University, Dominguez Hills Foundation
- California State University, Dominguez Hills Philanthropic Foundation
- Associated Students, Inc., California State University, Dominguez Hills
- The Donald P. and Katherine B. Loker University Student Union, Inc., California State University, Dominguez Hills
- Cal State East Bay Educational Foundation, Inc.
- California State University, East Bay Foundation, Inc.
- Associated Students, Inc. of California State University, East Bay
- California State University, Fresno Foundation
- The Agricultural Foundation of California State University, Fresno
- The Bulldog Foundation (Fresno)
- Associated Students California State University, Fresno
- California State University, Fresno Athletic Corporation
- California State University, Fresno Association, Inc.
- Fresno State Programs for Children, Inc.
- Cal State Fullerton Philanthropic Foundation
- Associated Students, California State University, Fullerton, Inc.
- CSU Fullerton Auxiliary Services Corporation
- Humboldt State University Foundation
- Humboldt State University Sponsored Programs Foundation
- Associated Students of Humboldt State University
- Humboldt State University Center Board of Directors
- California State University, Long Beach Research Foundation
- CSULB 49er Foundation
- Associated Students, Inc., California State University, Long Beach
- Forty-Niner Shops, Inc. (Long Beach)
- California State University, Los Angeles Foundation
- Associated Students of California State University, Los Angeles, Inc.



# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

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(In thousands)

- University-Student Union at California State University, Los Angeles
- Cal State L.A. University Auxiliary Services, Inc.
- California Maritime Academy Foundation, Inc.
- Associated Students of the California Maritime Academy
- Foundation of California State University, Monterey Bay
- University Corporation at Monterey Bay
- Otter Student Union at CSU Monterey Bay
- California State University, Northridge Foundation
- Associated Students, California State University, Northridge, Inc.
- University Student Union California State University, Northridge
- The University Corporation (Northridge)
- North Campus - University Park Development Corporation (Northridge)
- Cal Poly Pomona Foundation, Inc.
- Associated Students, Inc., California State Polytechnic University, Pomona
- Cal Poly Pomona Philanthropic Foundation \*
- The University Foundation at Sacramento State
- Associated Students of California State University, Sacramento
- University Union Operation of California State University, Sacramento
- University Enterprises, Inc. (Sacramento)
- Capital Public Radio, Inc. (Sacramento)
- CSUSB Philanthropic Foundation
- Associated Students, Incorporated, California State University, San Bernardino
- Santos Manuel Student Union of California State University, San Bernardino
- University Enterprises Corporation at CSUSB
- San Diego State University Research Foundation
- The Campanile Foundation (San Diego)
- Associated Students of San Diego State University
- Aztec Shops, Ltd. (San Diego)
- San Francisco State University Foundation
- Associated Students of San Francisco State University

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

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(In thousands)

- The University Corporation, San Francisco State
- San José State University Research Foundation
- Tower Foundation of San José State University
- Associated Students of San José State University
- The Student Union of San José State University
- Spartan Shops, Inc. (San José)
- California Polytechnic State University Foundation (San Luis Obispo)
- Associated Students, Inc., California Polytechnic State University, San Luis Obispo
- Cal Poly Corporation (San Luis Obispo)
- California State University San Marcos Foundation
- Associated Students, Inc. of California State University San Marcos
- California State University San Marcos Corporation
- Sonoma State University Foundation
- Associated Students of Sonoma State University
- Sonoma State Enterprises, Inc.
- California State University, Stanislaus Foundation
- Associated Students Incorporated of California State University, Stanislaus
- University Student Center of California State University, Stanislaus (formerly University Student Union of California State University, Stanislaus)
- California State University, Stanislaus Auxiliary and Business Services

*\*New in FY 2019/2020*

These component units are presented in the accompanying financial statements as discretely presented component units of the University due to the nature and significance of their relationship with the University. The relationships are such that exclusion of these organizations from the reporting entity would render the financial statements incomplete, primarily due to their close affiliation with the University. These organizations are discretely presented to allow the financial statement users to distinguish between the University and the component units. None of the component units are considered individually significant to the total discretely presented component units. All significant nonexchange transactions between the University and discretely presented component units have been eliminated from these financial statements.

The accompanying financial statements also include the Stockton Center Site Authority, and Fullerton Arboretum Authority, which are included as blended component units. These organizations primarily provide services to the University in the areas of asset management and student support. The University is financially accountable for these organizations.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

### **(b) Basis of Presentation**

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

As a public institution, the University is considered a special-purpose government under the provisions of GASB Statements Nos. 34 and 35. The University records revenue in part from fees and other charges for services to external users and, accordingly, has chosen to present financial statements using the reporting model for special-purpose governments engaged in business-type activities. This model allows all financial information for the University to be reported in a single column in each of the financial statements, accompanied by aggregated financial information for the discretely presented component units, as discussed above. The effects of internal activities between funds or groups of funds have been eliminated from these financial statements.

### **(c) New Accounting Pronouncements**

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, effective for the University's fiscal year ended June 30, 2020. This Statement extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The new accounting pronouncements below reflect the extended effective dates pursuant to GASB Statement No. 95.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, effective for the University's fiscal year beginning July 1, 2020. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefits) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust fund or equivalent arrangement that meets specific criteria. The University is evaluating the effect GASB Statement No. 84 will have on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*, effective for the University's fiscal year beginning July 1, 2021. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The University is evaluating the effect GASB Statement No. 87 will have on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the University's fiscal year beginning July 1, 2021. This Statement requires that interest cost incurred before the end of the construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The University is evaluating the effect GASB Statement No. 89 will have on its financial statements.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

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(In thousands)

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*, effective for the University's fiscal year beginning July 1, 2020. This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. When a majority equity interest meets the definition of an investment as defined by GASB, the equity interest is to be reported as an investment for financial reporting purposes and measured using the equity method. Majority equity interests that do not meet the definition of an investment are to be reported as a component unit. This Statement also provides guidance for valuing the acquisition of assets and liabilities of 100% equity interests that remain legally separate, and brings this reporting in line with existing standards that apply to acquisitions that do not remain legally separate. The University is evaluating the effect GASB Statement No. 90 will have on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, effective for the University's fiscal year beginning July 1, 2022. This Statement clarifies the definition of a conduit debt obligation and establishes that a conduit debt obligation is not a liability of the issuer. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. The University is evaluating the effect GASB Statement No. 91 will have on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, effective for the University's fiscal year beginning July 1, 2021. This Statement addresses a variety of topics including issues related to leases and implementation guides, intra-entity transfers of assets, fiduciary activities, asset retirement obligations, and postemployment benefits (pensions and OPEB). The University is evaluating the effect GASB Statement No. 92 will have on its financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*, effective for the University's fiscal year beginning July 1, 2021. This Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The University is evaluating the effect GASB Statement No. 93 will have on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the University's fiscal year beginning July 1, 2022. This Statement is intended to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The University is evaluating the effect GASB Statement No. 94 will have on its financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the University's fiscal year beginning July 1, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The University is evaluating the effect GASB Statement No. 96 will have on its financial statements.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for the University's fiscal year beginning July 1, 2021. This Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The University is evaluating the effect GASB Statement No. 97 will have on its financial statements.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

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(In thousands)

### **(d) Classification of Current and Noncurrent Assets (Other than Investments) and Liabilities**

The University considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the Statement of Net Position date. Liabilities that reasonably can be expected, as part of normal University business operations, to be liquidated within 12 months of the Statement of Net Position date are considered to be current. All other assets and liabilities are considered noncurrent. For classification of current and noncurrent investments, refer to note 2(f).

### **(e) Cash and Cash Equivalents and Statement of Cash Flows**

The University considers highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The University considers amounts included in the California State University (CSU) Consolidated Investment Pool to be investments.

The Statement of Cash Flows does not include the cash flows of the discretely presented component units. Certain discretely presented component units are also participants in the CSU Consolidated Investment Pool. The University considers changes in the equity in the CSU Consolidated Investment Pool as investing cash flows of the University in the accompanying Statement of Cash Flows.

### **(f) Investments**

Investments are reflected at fair value using quoted market prices. Realized and unrealized gains and losses are included in the accompanying Statement of Revenues, Expenses, and Changes in Net Position as a component of investment income, net.

Investments that are used for current operations are classified as short-term investments. Investments that are restricted from withdrawal or use for other than current operations, designated or restricted for the acquisition or construction of noncurrent assets, designated or restricted for the liquidation of the noncurrent portion of long-term debt obligations, and restricted as to the liquidity of the investments are classified as other long-term investments.

The University invests in the Surplus Money Investment Fund (SMIF), an external investment pool. The State Treasurer invests the SMIF funds through the Pooled Money Investment Account (PMIA). PMIA policy sets as primary investment objectives safety, liquidity, and yield. The Investment Division of the State Treasurer's Office manages the PMIA under statutory authority granted by California Government Code Sections 16430 and 16480.4. The Pooled Money Investment Board governs the PMIA. The State Treasurer chairs this Board, which also includes the State Controller and the State Director of Finance.

### **(g) Accounts Receivable**

The University maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable based on types of receivables and expectations of repayment. In establishing the required allowance, management considers one or more of the following: types of receivable, state guidelines, historical losses adjusted to take into account current market conditions, the amount of receivable in dispute, the current receivable aging, and current payment patterns. The University reviews its allowance for doubtful accounts annually. Past-due balances over 90 days and over a specified amount are reviewed individually for collectibility.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

### **(h) Capital Assets**

Capital assets are stated at cost or estimated historical cost if purchased, or, if donated, at estimated acquisition value (an entry price) at date of donation. Capital assets, including infrastructure and intangible assets, with an original value of five thousand dollars or more and with a useful life of over one year, are capitalized. Such cost includes, where applicable, interest capitalized as part of the cost of constructed capital assets. Title to all University assets, whether purchased, constructed, or donated, is held by the State. Although title is not with the University for land and buildings, the University has exclusive use of these assets and is responsible for the maintenance of these assets and thus has recorded the cost of these assets in the accompanying financial statements. Capital assets, with the exception of land and land improvements, works of art and historical treasures, construction work in progress, and certain intangible assets, are depreciated or amortized on a straight-line basis over their estimated useful lives, which ranges from 3 to 45 years. Library books, unless considered rare collections, are capitalized and depreciated over a 10-year period. Periodicals and subscriptions are expensed as purchased. Works of art and historical treasures are valued at cost, if purchased, or the acquisition value (an entry price) at the date of donation, if contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Depreciation and amortization expense is shown separately in the Statement of Revenues, Expenses, and Changes in Net Position rather than being allocated among other categories of operating expenses.

### **(i) Unearned Revenues**

Unearned revenues consist primarily of fees collected in advance for summer and fall terms and professional and continuing education programs.

### **(j) Compensated Absences**

Compensated absences are recognized, as either current or noncurrent liabilities, when the right to receive the compensation is earned by the employees from vested unpaid vacation and other paid leave programs. Unused sick leave balances are not included in the compensated absences because they do not vest to employees. Vacation is accrued on a monthly basis. The University uses an employee's current pay rate as of July 1, 2020 to calculate the liability for accrued compensated absences. The University provides vacation based on length of service and job classifications.

### **(k) Grants Refundable**

The University periodically receives contributions from the federal government in support of its operation of the Federal Perkins and Nursing Loan programs, both Title IV Loan programs. The federal government has the ability to terminate its support of these programs at any time and to request that the University return those contributions on a cumulative basis, such as the Federal Perkins Loan Program which has expired in fiscal year 2018.

Accordingly, the federal contributions received and retained by the University at year-end are considered liabilities of the University and are reflected as such in the accompanying Statement of Net Position.

### **(l) Claims Liability for Losses and Loss Adjustment Expenses**

The claims liability for losses and loss adjustment expenses included in the aggregate discretely presented component units column of the financial statements includes California State University Risk Management Authority's (CSURMA) estimated ultimate cost of settling claims relating to events that have occurred on or before June 30, 2020. The liability includes the estimated amount that will be required for future payments of claims that

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the reinsurance that is related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

In the estimate of the unpaid losses and loss adjustment expenses, CSURMA and its consulting actuary have employed methods and assumptions they considered reasonable and appropriate given the information currently available. Given the inherent uncertainty in the nature of such estimates, future losses may deviate from those estimates.

### **(m) Deferred Outflows of Resources and Deferred Inflows of Resources**

The University classifies losses on debt refundings as deferred outflows of resources and amortizes it as a component of interest expense over the remaining life of the old debt or the new debt, whichever is shorter.

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources. Deferred outflows and inflows of resources related to differences between expected and actual experience and related to change in the University's proportionate share of pensionable compensation made subsequent to the measurement date are amortized over a closed period equal to the average employees' remaining service lives. The deferred outflows and inflows of resources related to differences between projected and actual earnings on pension plan investments are netted and amortized over a closed 5-year period.

Changes in total OPEB liability not included in OPEB expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the total OPEB liability are reported as deferred outflows of resources. Deferred outflows and inflows of resources related to differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average employees' remaining service lives.

### **(n) Net Position**

The University's net position is classified into the following categories:

- Net Investment in Capital Assets: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and any related deferred outflows of resources.

- Restricted:

Nonexpendable: Net position subject to externally imposed conditions that the University retains in perpetuity. Net position in this category consists of endowments held by the University or its related discretely presented component units.

Expendable: Net position subject to externally imposed conditions that can be fulfilled by the actions of the University or by the passage of time.



# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

- **Unrestricted:** All other categories of net position. In addition, unrestricted net position may have legislative or bond indenture requirements associated with their use or may be designated for use by management of the University. These requirements limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas. University housing programs are a primary example of operations that have unrestricted net position with designated uses.

Restricted or unrestricted resources are spent based upon a variety of factors, including funding restrictions, consideration of prior and future revenue sources, the type of expenses incurred, the University's budgetary policies surrounding the various revenue sources or whether the expense is a recurring cost. Unrestricted net position is negative due primarily to liabilities for pension and retiree health benefits exceeding University assets available to pay such obligations.

### **(o) Classification of Revenues and Expenses**

The University considers operating revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position to be those revenues and expenses that result from exchange transactions and from other activities that are connected directly to the University's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 35. These nonoperating activities include the University's capital and noncapital appropriations from the State, financial aid grants, net investment income, noncapital gifts, interest expense, capital grants and gifts, and changes in permanent endowments.

The State appropriates funds to the University on an annual basis. The appropriations are, in turn, allocated among the campuses by the Office of the Chancellor. Appropriations are recognized as revenue in general when authorization is received and are reported as either noncapital appropriations when used to support general operations or capital appropriations when used for capital projects.

Student tuition and fees revenue, and sales and services of auxiliary enterprises, including revenues from student housing programs, are presented net of scholarships and fellowships applied to student accounts. Certain other scholarship and fellowships are paid directly to, or refunded to, the student and are reflected as operating expenses.

### **(p) Total Other Postemployment Benefits (OPEB) Liability**

The University's total OPEB liability is an actuarial accrued liability that reflects the present value of future healthcare benefits earned by employees up to June 30, 2019. The University's total OPEB liability is determined by discounting the projected benefit for current active employees and retirees based on the discount rate required by GASB Statement No. 75 for OPEB plans which do not have assets residing in a qualified trust. The University and the State fund their current OPEB expenses on a "pay-as-you-go" basis.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

### **(g) Net Pension Liability**

The University records a pension liability equal to the net pension liability for its proportionate share in the State's defined-benefit plans: the State's Miscellaneous Plan and the Peace Officers and Firefighters Plan (Agent Multiple-Employer Defined-Benefit Pension Plans). The net pension liability is measured as the University's proportionate share of the State's total pension liability, less the University's proportionate share of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the cost sharing defined-benefit plans has been measured consistent with the accounting policies used by the plans.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, information about the fiduciary net position of the pension plan, and additions to/ deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

### **(r) Grant Revenues and Expenses**

The University records grant revenue when all applicable grant eligibility requirements are met. Expenses are recorded as expenditures are incurred. Expenditure-driven grant revenue is recorded as the expenditures are incurred, in amounts equal to the expenditures.

### **(s) Internal Services Activities**

Certain institutional internal service providers offer goods and services to University departments, as well as to external customers. These include activities such as copy centers, postal services, and telecommunications. All significant internal service activities provided to University departments have been eliminated in the accompanying financial statements. These eliminations are recorded by removing the revenue and expense in the internal service sales and service units and, if significant, allocating any residual balances to those departments receiving the goods and services during the fiscal year.

### **(t) Income Taxes**

The University is an agency of the State and is treated as a governmental entity for tax purposes. As such, the University is generally not subject to federal or state income taxes. The component units are either exempt governmental entities or not-for-profit organizations exempt under IRC Section 501(c)(3). However, the University and its component units remain subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded. If there is net income from any unrelated trade or business, such provision, in the opinion of management, is not material to the financial statements taken as a whole.

### **(u) Eliminations**

All significant nonexchange transactions between the University and its discretely presented component units have been eliminated from the total column and are separately presented in the eliminations column in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2020

(In thousands)

**(v) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results could differ from those estimates.

**(w) Risk and Uncertainties**

The Coronavirus Disease 2019 (COVID-19) has negatively affected national, state, and local economies along with global financial markets and the higher education landscape in general. While the future impact of the COVID-19 pandemic cannot be quantified at this time, the University continuous to monitor its course and, if necessary, is prepared to take additional measures to protect the health and welfare of the University.

**(3) Cash, Cash Equivalents, and Investments**

The University's cash, cash equivalents, and investments as of June 30, 2020 are classified in the accompanying Statement of Net Position as follows:

Cash and cash equivalents	\$	11,317
Restricted cash and cash equivalents		201
Total cash and cash equivalents		<u>11,518</u>
Short-term investments		3,936,203
Endowment investments		1,677
Other long-term investments		1,996,078
Total investments		<u>5,933,958</u>
Total cash, cash equivalents, and investments	\$	<u><u>5,945,476</u></u>

**(a) Cash and Cash Equivalents**

At June 30, 2020, cash and cash equivalents consist of demand deposits held at the State Treasury, commercial banks, and petty cash. Total cash and cash equivalents of \$11,518 had a corresponding carrying balance with the State Treasury and commercial banks of \$20,402 at June 30, 2020. The difference was primarily related to deposits in transit and outstanding checks.

Cash in demand deposit accounts is minimized by sweeping available cash balances into the CSU Consolidated Investment Pool on a daily basis.

*(i) Custodial Credit Risk for Deposits*

Custodial credit risk for deposits is the risk that in the event of the failure of the custodian, the deposits may not be returned to the University. The University deposits are maintained at financial institutions that are Federal Deposit Insurance Corporation secured. As a result, custodial credit risk for deposits is remote.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

### **(b) Investments**

The University's investment portfolio consists primarily of investments in the CSU Consolidated Investment Pool and SMIF. Separate accounting is maintained as to the amounts allocable to the various University funds and programs.

#### *(i) Investment Policy*

State law and regulations require that surplus monies of the University be invested. The objectives of the University's investment policy are to safeguard the principal, to meet liquidity needs of the University, and to obtain the best possible return commensurate with the degree of risk the University is willing to assume in obtaining such return. These objectives may be weighted or prioritized differently for individual portfolios depending on the purpose of the portfolio.

The University's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Section 16430, and Education Code Sections 89724 and 89725, subject to certain limitations. In general, the University's investment policy permits investments in obligations of the Federal and California state governments, certificates of deposit, high-quality domestic corporate fixed-income securities, and certain other investment instruments.

Effective January 1, 2017, changes to the Education and Government Code of the State expanded the permitted investments to include mutual funds, including equity mutual funds, subject to registration by, and under the regulatory authority of the United States Securities and Exchange Commission (SEC), or in United States registered real estate investment trusts, resulting in the establishment of the CSU Total Return Portfolio (TRP). Under State law, investment of funds in the TRP is subject to the University meeting certain conditions regarding investment oversight, reporting, and use of earnings, and may not exceed thirty percent of eligible investments thereafter. TRP investments amounted to \$1,110,236 as of June 30, 2020.

Additional earnings (if any) from TRP investments shall be used only for capital outlay or maintenance, and shall not be used for ongoing operations.

#### *(ii) Interest Rate Risk*

Interest rate risk is the risk that fluctuations in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The University's investment guidelines for the Liquidity Portfolio manage its interest rate risk by limiting an eligible investment to maximum effective maturity and by limiting the average duration of the portfolio. There are no restrictions on the duration for the investments in the TRP. The effective maturity date reflects a bond with embedded options such as a call, put, or reset date, and prepayment speed resulting in the maturity of a bond being less than the final maturity date. Duration is a measure of the sensitivity of the price of an investment relative to fluctuations in market interest rates. Durations of the University's investment portfolio for each investment type, except for SMIF in which weighted average life is used, as of June 30, 2020 are presented in the following table:

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2020

(In thousands)

Investment type	Fair value	Duration
Money market funds	\$ 188,045	—
Repurchase agreements	19,462	0.00273
Certificates of deposit	128,927	0.18171
U.S. agency securities	676,426	1.63563
U.S. Treasury securities	1,518,103	1.16541
Municipal bonds	2,560	0.90800
Corporate bonds	851,290	1.04084
Asset-backed securities	13,951	0.16480
Mortgage-backed securities	154	1.74345
Mutual funds	1,110,235	5.84117
SMIF	1,424,805	0.52329
Total	<u>\$ 5,933,958</u>	

Another way the University manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity over time as necessary to provide cash flow and liquidity needed for operations.

*(iii) Credit Risk*

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The University, except for investments in the TRP, invests in low credit risk securities such as U.S. government securities, securities of federally sponsored agencies, highly rated domestic corporate bonds, prime-rated commercial paper, repurchase and reverse repurchase agreements, banker's acceptance, and negotiable certificates of deposit. Therefore, the credit risk is low and occurrence of default risk is remote.

Investments in the TRP include SEC registered mutual funds invested per a target asset allocation which includes investment grade bonds, higher credit risk bonds (i.e. high yield bonds, bank loans, and emerging market bonds), equities and real assets. Risk for the TRP is viewed holistically and in the context of the overall CSU Consolidated Investment Pool, incorporating quantitative and qualitative assessments into oversight of the TRP. The University accepts a level of risk commensurate with the long-term investment goals of the TRP. The mutual fund investment managers are responsible for assessing the credit risk of the individual securities held in the mutual funds for the TRP. Moreover, certain passive index funds in the TRP will seek to replicate the credit risk of the underlying indices to which the index funds are benchmarked.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

Ratings of the University's investment portfolio for each investment type as of June 30, 2020 are presented in the following table:

Investment type	Fair value	AAA	AA	A	BB	B	Not rated
Money market funds	\$ 188,045	128,858	—	—	—	—	59,187
Repurchase agreements	19,462	19,462	—	—	—	—	—
Certificates of deposit	128,927	53,900	—	75,027	—	—	—
U.S. agency securities	676,426	68,184	608,242	—	—	—	—
U.S. Treasury securities	1,518,103	45,344	1,472,759	—	—	—	—
Municipal bonds	2,560	—	—	2,560	—	—	—
Corporate bonds	851,290	—	71,317	779,973	—	—	—
Asset-backed securities	13,951	13,951	—	—	—	—	—
Mortgage-backed securities	154	—	154	—	—	—	—
Mutual funds	1,110,235	55,807	246,026	—	16,401	109,818	682,183
SMIF	1,424,805	—	—	—	—	—	1,424,805
Total	<u>\$5,933,958</u>	<u>385,506</u>	<u>2,398,498</u>	<u>857,560</u>	<u>16,401</u>	<u>109,818</u>	<u>2,166,175</u>

The mutual funds credit ratings are based on average credit ratings of the underlying mutual funds. Credit ratings for mutual fund related to equity and real estate asset are not applicable.

By law, the SMIF only invests in U.S. government securities, securities of federally sponsored agencies, domestic corporate bonds, interest-bearing time deposits in California banks, savings and loan associations and credit unions, prime-rated commercial paper, repurchase and reverse repurchase agreements, security loans, banker's acceptances, negotiable certificates of deposit, and loans to various bond funds.

#### (iv) Concentration Risk

Concentration risk rises as investments become concentrated relative to a portfolio characteristic such as issuance, issuer, market sector, counterparty, or sovereign nation, and is best mitigated by diversification. The University's investment policy has concentration limits that provide sufficient diversification. As such, the concentration risk is remote.

As of June 30, 2020, the investments (excluding U.S. Treasury securities, mutual funds, and external investment pools) in Federal Home Loan Banks (\$386,868 or 6.52%) represented 5% or more of the University's investment portfolio.

#### (v) Risk and Uncertainties

The University may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that the changes could materially affect the amounts reported in the Statement of Net Position.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

The University, through the CSU Consolidated Investment Pool, invests in securities with contractual cash flows, such as asset-backed securities and mortgage-backed securities. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate values, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

### (vi) *Custodial Credit Risk*

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned to the University. Substantially all of the University's securities are registered in the University's name by the custodial bank as an agent for the University. As a result, custodial credit risk for such investments is remote.

### (vii) *Fair Value Measurements*

The University uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The University groups its assets and liabilities measured at fair value in three levels, based on markets in which the asset and liabilities are traded and the reliability of the assumptions used to determine fair value. The level in the fair value hierarchy with which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset and liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation.



**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2020

(In thousands)

The following table presents investments that are measured at fair value on a recurring basis at June 30, 2020:

Investment type	Fair value	Level 2	NAV	Not required to be leveled
Money market funds	\$ 188,045	—	188,045	—
Repurchase agreements	19,462	19,462	—	—
Certificates of deposit	128,927	128,927	—	—
U.S. agency securities	676,426	676,426	—	—
U.S. Treasury securities	1,518,103	1,518,103	—	—
Municipal bonds	2,560	2,560	—	—
Corporate bonds	851,290	851,290	—	—
Asset-backed securities	13,951	13,951	—	—
Mortgage-backed securities	154	154	—	—
Mutual funds	1,110,235	1,110,235	—	—
SMIF	—	—	—	1,424,805
Total	<u>\$ 4,509,153</u>	<u>4,321,108</u>	<u>188,045</u>	<u>1,424,805</u>

The following discussions describe the valuation methodologies used for financial assets and liabilities measured at fair value. The techniques utilized in estimating the fair value are affected by the assumptions used.

Investments are classified in Level 1 as fair value is obtained at the last sale price on the last business day of the current fiscal year, as quoted on a recognized exchange or an industry standard pricing, when available. Investments for which no sale was reported as of the close of the last business day of the current fiscal year are valued at the quoted bid price provided by the University's external investment managers or their custodians. There were no investments classified in Level 1.

Investments are classified in Level 2 as fair value is calculated using valuations that include observable market quoted prices for similar assets or liabilities. Observable inputs other than quoted prices such as price services or indices, estimates, appraisals, assumptions, and other methods that are reviewed by management. Changes in market conditions and economic environments may impact the net asset value (NAV) and consequently, the fair value of the University's interests in the funds.

There were no assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

Certain money market funds are not categorized under the fair value hierarchy and are shown at NAV. These investments are measured at amortized cost when calculating NAV per share (or its equivalent) of the investment.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

### (viii) Foreign Currency Risk

Foreign Currency Risk, also known as exchange rate risk, is the risk arising from fluctuations in the value of a base currency (U.S. dollar) against foreign currencies related to the underlying currency denomination of securities held for investment.

The majority of the Consolidated Investment Pool is invested in U.S. dollar denominated securities without foreign currency risk.

However, the TRP includes allocations to non-U.S. equities and non-dollar-denominated bonds in the underlying mutual funds for the TRP. The TRP Investment Policy includes an asset allocation policy with targets and acceptable ranges for each asset class included in the TRP, including non-U.S. equity and emerging markets bonds. Additionally, mutual funds utilized in other asset classes within the TRP may also have some foreign currency exposure. However, all mutual funds in the TRP are denominated in United States dollars.

### (viii) Discretely Presented Component Units' Investments

Investments of the discretely presented component units at fair value consisted of the following at June 30, 2020:

Investment type	Current	Noncurrent	Total
Money market funds	\$ 62,566	55,434	118,000
Repurchase agreements	525	12	537
Certificates of deposit	30,909	5,983	36,892
U.S. agency securities	22,023	6,736	28,759
U.S. Treasury securities	109,492	189,182	298,674
Municipal bonds	4,833	8,757	13,590
Corporate bonds	99,429	101,115	200,544
Asset-backed securities	3,352	1,992	5,344
Mortgage-backed securities	8,613	11,254	19,867
Mutual funds	234,922	843,234	1,078,156
Exchange-traded funds	38,430	170,410	208,840
Equity securities	44,033	466,869	510,902
Alternative investments:			
Private equity (including limited partnerships)	2,855	66,473	69,328
Hedge funds	6,144	73,318	79,462
Real estate investments (including real estate investment trust)	2,928	40,426	43,354
Commodities	282	12,871	13,153
Other alternative investments	1,352	118,965	120,317
Other external investment pools	—	24,591	24,591
Local Agency Investment Fund (LAIF)	238,546	2,289	240,835
Other investments	1,644	24,344	25,988
<b>Total</b>	<b>\$ 912,878</b>	<b>2,224,255</b>	<b>3,137,133</b>

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2020

(In thousands)

The following table presents investments of the discretely presented component units that are measured at fair value on a recurring basis at June 30, 2020:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>
Money market funds	\$ 118,000	103,505	6,158	—	8,337
Repurchase agreements	537	—	537	—	—
Certificates of deposit	36,892	2,379	34,513	—	—
U.S. agency securities	28,759	4,248	24,511	—	—
U.S. Treasury securities	298,674	168,317	130,357	—	—
Municipal bonds	13,590	5,244	8,346	—	—
Corporate bonds	200,544	138,305	54,648	—	7,591
Asset-backed securities	5,344	80	5,264	—	—
Mortgage-backed securities	19,867	5,353	14,514	—	—
Mutual funds	1,078,156	1,005,785	6,176	42,601	23,594
Exchange-traded funds	208,840	164,488	44,352	—	—
Equity securities	510,902	495,356	3,052	978	11,516
Alternative investments:					
Private equity (including limited partnerships)	69,328	1,253	1,059	12,059	54,957
Hedge funds	79,462	—	—	3,946	75,516
Real estate investments (including real estate investment trust)	43,354	511	3,139	14,667	25,037
Commodities	13,153	—	—	—	13,153
Other alternative investments	120,317	268	923	—	119,126
Other external investment pools	24,591	—	—	24,591	—
LAIF	240,835	—	—	—	240,835
Other investments	25,988	23,217	633	2,138	—
<b>Total</b>	<b>\$ 3,137,133</b>	<b>2,118,309</b>	<b>338,182</b>	<b>100,980</b>	<b>579,662</b>

For additional information regarding the investments and investment policies of the individual discretely presented component units, refer to their separately issued financial statements.

Investments reported by the University of \$61,731 are invested under contractual agreements on behalf of the discretely presented component units of the University.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2020

(In thousands)

**(4) Accounts Receivable**

Accounts receivable of the University at June 30, 2020 consisted of the following:

	<b>Current</b>	<b>Noncurrent</b>	<b>Total</b>
State appropriations	\$ 830	34,252	35,082
State appropriations – SPWB Lease Revenue Bond program	—	1,255	1,255
Discretely presented component units	52,125	1,736	53,861
Student accounts	93,265	—	93,265
Government grants and contracts	27,258	—	27,258
Others	43,200	543	43,743
	<u>216,678</u>	<u>37,786</u>	<u>254,464</u>
Less allowance for doubtful accounts	(10,787)	—	(10,787)
<b>Total</b>	<b>\$ 205,891</b>	<b>37,786</b>	<b>243,677</b>

**(5) Capital Lease Receivable**

The University has entered into capital lease agreements with certain discretely presented component units using proceeds from issuance of SRB and BANs to lease existing and newly constructed facilities to the discretely presented component units amounting to \$202,190. Interest rates range from 2% to 5.55%. Lease payments are due twice a year on May 1 and November 1. Under the capital lease agreements, payments are due to the University as follows:

Fiscal year ending June 30:	
2021	\$ 25,938
2022	21,400
2023	23,573
2024	23,616
2025	23,515
2026 - 2030	119,789
2031 - 2035	54,946
2036 - 2040	22,901
2041 - 2045	6,723
2046 - 2050	4,037
Total minimum lease payments to be received	<u>326,438</u>
Less amounts representing interest	(95,987)
Present value of future minimum lease payments to be received	230,451
Less current portion	<u>(12,723)</u>
Capital lease receivable, net of current portion	<u>\$ 217,728</u>

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2020

(In thousands)

**(6) Notes Receivable**

The University has entered into note agreements primarily with certain discretely presented component units to finance its existing and newly constructed facilities. Notes receivable from discretely presented component units amounted to \$385,190. Interest rates range from 2% to 6.48%. Note payments are due twice a year, on May 1 and November 1.

Under the agreements, payments are due to the University as follows:

Fiscal year ending June 30:

2021	\$	31,564
2022		32,594
2023		31,344
2024		31,002
2025		30,974
2026 - 2030		148,681
2031 - 2035		129,009
2036 - 2040		97,084
2041 - 2045		62,782
2046 - 2050		28,175
		<hr/>
Total minimum note payments to be received		623,209
Less amounts representing interest		(236,704)
		<hr/>
Present value of future minimum note payments to be received		386,505
Less current portion		(13,363)
		<hr/>
Notes receivable, net of current portion	\$	<u><u>373,142</u></u>

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2020

(In thousands)

**(7) Capital Assets**

Capital assets activity for the University for the year ended June 30, 2020 consisted of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending balance</u>
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	\$ 281,916	4,426	(540)	—	285,802
Works of art and historical treasures	50,100	3,481	—	—	53,581
Construction work in progress	1,156,638	965,863	(6,310)	(857,119)	1,259,072
Intangible assets	38,997	11,927	(4,386)	(5,338)	41,200
<b>Total nondepreciable/ nonamortizable capital assets</b>	<b>1,527,651</b>	<b>985,697</b>	<b>(11,236)</b>	<b>(862,457)</b>	<b>1,639,655</b>
Depreciable/amortizable capital assets:					
Buildings and building improvements	13,169,288	117,541	(44,477)	796,450	14,038,802
Improvements other than buildings	752,293	6,347	(776)	18,685	776,549
Infrastructure	1,250,573	16,592	(704)	35,442	1,301,903
Personal property:					
Equipment	904,571	45,486	(17,213)	6,542	939,386
Library books and materials	386,023	7,666	(6,120)	—	387,569
Intangible assets	275,481	4,371	(1,644)	5,338	283,546
<b>Total depreciable/ amortizable capital assets</b>	<b>16,738,229</b>	<b>198,003</b>	<b>(70,934)</b>	<b>862,457</b>	<b>17,727,755</b>
<b>Total cost</b>	<b>18,265,880</b>	<b>1,183,700</b>	<b>(82,170)</b>	<b>—</b>	<b>19,367,410</b>
Less accumulated depreciation/ amortization:					
Buildings and building improvements	(6,307,656)	(402,641)	21,149	—	(6,689,148)
Improvements other than buildings	(539,129)	(28,906)	744	—	(567,291)
Infrastructure	(592,007)	(40,699)	422	—	(632,284)
Personal property:					
Equipment	(675,658)	(60,097)	15,833	—	(719,922)
Library books and materials	(356,445)	(6,280)	6,120	—	(356,605)
Intangible assets	(256,608)	(7,652)	1,649	—	(262,611)
<b>Total accumulated depreciation/amortization</b>	<b>(8,727,503)</b>	<b>(546,275)</b>	<b>45,917</b>	<b>—</b>	<b>(9,227,861)</b>
<b>Net capital assets</b>	<b>\$ 9,538,377</b>	<b>637,425</b>	<b>(36,253)</b>	<b>—</b>	<b>10,139,549</b>

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2020

(In thousands)

Capital assets activity of the discretely presented component units of the University for the year ended June 30, 2020 consisted of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending balance</u>
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	\$ 132,976	5,220	(2,693)	—	135,503
Works of art and historical treasures	9,213	5,397	(1,688)	—	12,922
Construction work in progress	145,552	48,915	(71,683)	(51,386)	71,398
Intangible assets	10,031	1,796	(4,997)	(193)	6,637
<b>Total nondepreciable/ nonamortizable capital assets</b>	<b>297,772</b>	<b>61,328</b>	<b>(81,061)</b>	<b>(51,579)</b>	<b>226,460</b>
Depreciable/amortizable capital assets:					
Buildings and building improvements	774,038	23,985	(15,196)	9,672	792,499
Improvements other than buildings	170,816	10,366	(9,390)	33,967	205,759
Infrastructure	67,693	—	—	—	67,693
Personal property:					
Equipment	230,417	15,406	(7,321)	7,747	246,249
Intangible assets	8,044	126	(578)	193	7,785
<b>Total depreciable/ amortizable capital assets</b>	<b>1,251,008</b>	<b>49,883</b>	<b>(32,485)</b>	<b>51,579</b>	<b>1,319,985</b>
<b>Total cost</b>	<b>1,548,780</b>	<b>111,211</b>	<b>(113,546)</b>	<b>—</b>	<b>1,546,445</b>
Less accumulated depreciation/amortization:					
Buildings and building improvements	(337,682)	(25,251)	7,672	—	(355,261)
Improvements other than buildings	(97,012)	(13,375)	4,822	—	(105,565)
Infrastructure	(24,241)	(1,692)	—	—	(25,933)
Personal property:					
Equipment	(170,795)	(17,577)	6,294	—	(182,078)
Intangible assets	(6,476)	(260)	573	—	(6,163)
<b>Total accumulated depreciation/amortization</b>	<b>(636,206)</b>	<b>(58,155)</b>	<b>19,361</b>	<b>—</b>	<b>(675,000)</b>
<b>Net capital assets</b>	<b>\$ 912,574</b>	<b>53,056</b>	<b>(94,185)</b>	<b>—</b>	<b>871,445</b>

For additional information regarding the capital assets of the individual discretely presented component units of the University, refer to their separately issued financial statements.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

### (8) Lease Obligations

The University is obligated under various capital and operating leases and installment purchase agreements for the acquisition of equipment and facility rentals. A substantial amount of the capital leases are a result of the University's participation with the State in the State Public Works Board (SPWB) Lease Revenue Bond program. The University has participated in this program since 1986 in connection with the construction of campus facilities and related equipment.

As part of the annual budget process, the State of California Department of Finance augments the University's operating budget to provide additional funds for the required lease payments. The capital lease obligations related to the SPWB Lease Revenue Bond program amounted to \$143,410 at June 30, 2020. Total capital assets related to these capital leases have a carrying value of \$159,905 at June 30, 2020. The leases have terms expiring in various years through 2035. These capital leases consist primarily of leases of campus facilities, but also include certain computer, energy efficiency equipment, and telecommunications equipment. Total capital assets related to these capital leases have a carrying value of \$223,454 at June 30, 2020. The leases bear interest at rates ranging from 0.04% to 10% and have terms expiring in various years through 2049.

Operating leases consist primarily of leases for the use of real property. The University's operating leases expire in various years through 2099. The leases can be canceled if the State does not provide adequate funding. Some of these leases are with discretely presented component units for the rental of office space used in the operations of the University. Total operating lease expenditures for the year ended June 30, 2020 were \$41,694 of which \$25,721 was paid to related discretely presented component units.

Future minimum lease payments under capital and operating leases having remaining terms in excess of one year as of June 30, 2020 are as follows:

	<u>Capital leases</u>	<u>Operating leases</u>
Fiscal year ending June 30:		
2021	\$ 39,272	38,752
2022	36,790	32,542
2023	36,492	20,882
2024	34,812	18,476
2025	33,969	18,112
2026 - 2030	157,807	63,904
2031 - 2035	139,036	27,222
2036 - 2040	36,930	24,476
2041 - 2045	19,484	18,789
2046 - thereafter	12,369	2,444
Total minimum lease payments	<u>546,961</u>	<u>\$ 265,599</u>
Less amount representing interest	<u>(190,405)</u>	
Present value of future minimum lease payments	356,556	
Unamortized net premium	516	
Total capital lease obligations	<u>357,072</u>	
Less current portion	<u>(20,897)</u>	
Capital lease obligations, net of current portion	<u>\$ 336,175</u>	



# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

### (9) Long-Term Debt Obligations

#### (a) *State's General Obligation Bond Program*

The General Obligation Bond program of the State has provided capital outlay funds for the three segments of California Higher Education through voter-approved bonds. Each of the approved bond programs provides a pool of available funds, which is allocated on a project-by-project basis among the University, the University of California, and the Community Colleges. Financing provided to the University through the State's General Obligation Bonds is not allocated to the University by the State. This debt remains as obligation of the State and is funded by state tax revenues. Accordingly, such debt is not reflected in the accompanying financial statements. The total General Obligation Bonds carried by the State related to the University projects is approximately \$2,050,623 as of June 30, 2020.

#### (b) *Systemwide Revenue Bond Program*

The State University Revenue Bond Act of 1947, Sections 90010 through 90091 of the Education Code of the State of California (the Bond Act) authorizes the Trustee to issue revenue bonds to finance projects that support the University's educational mission. The University's financing program, referred to as the SRB Program, is designed to provide lower cost debt and greater flexibility to finance projects at the University than would be possible if projects were financed separately. Rather than relying on specific pledged revenues to support specific debt obligations, the SRB program pools multiple sources of revenue as the security for the debt. The University's total outstanding balance of revenue bond indebtedness under the SRB program was \$7,218,305 at June 30, 2020. Under the Bond Act authority, the University has constructed or acquired facilities located at its 23 campuses and the Office of the Chancellor.

In 2014, the State enacted legislation that granted additional capital financing authorities to the University, leading to the SRB program expanding to allow the financing of academic facilities and energy conservation projects. Allowable academic projects include construction and equipping of new and existing academic facilities; infrastructure; deferred maintenance; and refunding of SPWB lease revenue bonds (which funded the construction of certain academic facilities of the University).

Systemwide Revenue Bonds are not secured by mortgages on the facilities constructed or acquired and therefore the facilities do not act as security for the debt. Revenues pledged under the SRB program include program fees from professional and continuing education, health center facilities, housing, parking, and student union; student tuition and fees; and designated auxiliary revenues, net of maintenance and operation expenses before extraordinary items (net income available for debt service), to repay the bonds.

The SRB Indenture (The Indenture) contains provisions that define events of default related to punctuality of the payment of the outstanding principal and interest. Additionally, the Indenture describes the process for which other events of default by the Board related to covenants, agreements, or conditions of the Indenture occur for a period of sixty (60) days after written notice by bondholders (of not less than twenty-five percent (25%) in aggregate principal amount of the bonds outstanding) requiring remediation. Further, the Indenture specifies the process which the Trustees may undertake, at the request of the majority of the bondholders, to declare the principal of all of the bonds then outstanding and the interest accrued to be immediately due and payable.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

### **(c) Bond Anticipation Notes**

The Trustees have authorized the issuance of BANs to provide short-term financing to the University for certain projects. The BANs are purchased by CSU Institute with proceeds from the commercial paper issued by the Institute. The BANs are generally issued for periods of up to three years in anticipation of issuing permanent revenue bonds at a future date. State law was amended in 2008 to allow BAN maturities to extend beyond three years and the maturity date for the issuance of BANs to be determined by the Trustees. BAN interest is variable and changes based upon the cost of the Institute's commercial paper program. The maximum and minimum weighted average interest rates for the year ended June 30, 2020 were 2.25% and 1.90%, respectively. The University's BANs totaled \$129,119 at June 30, 2020. The authorized amounts totaled \$301,880, of which \$171,600 has not been issued and \$130,280 has been issued.

CSU Institute, a discretely presented component unit of the University, manages the commercial paper program. The commercial paper program is bound by certain agreements, including the Trust Indenture with the Trustee/ paying agent and the Reimbursement Agreement with the letter of credit banks. Under certain provision of the Trust Indenture, in the event of a default, the Trustees shall take actions set forth by the BAN Resolution to effect the sale of long-term bonds to refinance outstanding BANs. Upon the occurrence of certain events of default specified in the Reimbursement Agreement, the right of the CSU Institute and the University to issue notes may be terminated or be suspended by the banks.

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(In thousands)

Long-term debt obligations of the University as of June 30, 2020 consisted of the following:

Description	Interest rate percentage	Final maturity date	Original issue amount	Amount outstanding
Systemwide Revenue Bonds:				
Housing Series L - M	3%	2020/21	\$ 5,510	245
Housing Series N & Q	3.00	2021/22	6,695	470
Series 2007-B	5.45-5.55	2037/38	13,165	8,920
Series 2007-C	5.00	2028/29	63,275	26,090
Series 2010-B	5.45-6.48	2041/42	205,145	205,145
Series 2011-A	3.00-5.25	2042/43	236,410	111,685
Series 2012-A	3.00-5.00	2042/43	436,220	399,280
Series 2012-B	2.79-4.17	2036/37	16,700	14,050
Series 2013-A	3.00-5.00	2026/27	308,855	202,045
Series 2014-A	3.00-5.00	2044/45	747,740	710,830
Series 2015-A	2.00-5.00	2047/48	1,032,920	919,555
Series 2015-B	1.98-4.41	2035/36	29,305	19,435
Series 2016-A	2.00-5.00	2045/46	1,133,105	1,102,670
Series 2016B-1	1.60	2047/48	50,000	50,000
Series 2016B-2	4.00	2049/50	100,000	100,000
Series 2016B-3	4.00	2051/52	100,000	100,000
Series 2017-A	3.00-5.00	2047/48	812,030	784,495
Series 2017-B	1.55-3.90	2047/48	335,155	333,310
Series 2017-C	3.25-5.00	2037/38	49,175	43,345
Series 2018-A	4.00-5.00	2050/51	492,690	490,465
Series 2018-B	2.45-4.25	2050/51	171,000	170,840
Series 2019-A	4.00-5.00	2051/52	449,430	449,430
Series 2019-B	1.90-3.59	2051/52	81,335	81,335
Series 2020-A	5.00	2031/32	65,240	65,240
Series 2020-B	1.47-3.07	2042/43	829,425	829,425
			<u>\$ 7,770,525</u>	7,218,305
Bond Anticipation Notes	Various			129,119
Others	Various			9,012
Total				<u>7,356,436</u>
Unamortized net bond premium				685,331
Total long-term debt				<u>8,041,767</u>
Less current portion				(171,661)
Long-term debt, net of current portion				<u>\$ 7,870,106</u>

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Long-term debt principal and interest are payable in the following fiscal years:

	Principal	Interest
Fiscal year ending June 30:		
2021	\$ 171,661	324,028
2022	185,360	311,219
2023	191,892	302,130
2024	198,766	293,152
2025	206,341	283,909
2026 - 2030	1,193,615	1,268,318
2031 - 2035	1,342,767	971,597
2036 - 2040	1,311,440	669,918
2041 - 2045	1,262,739	386,684
2046 - 2050	1,005,604	141,039
Thereafter	286,251	9,974
	\$ 7,356,436	4,961,968

Long-term debt obligations of the individual discretely presented component units have been issued to purchase or construct facilities for University-related uses. For additional information regarding long-term debt obligations of the individual discretely presented component units, refer to their separately issued financial statements.

The Board of Trustees does not have a specified debt limit or debt margin, as noted in the University's Policy for Financing Activities. However, the Board finds it appropriate to establish the lowest cost debt financing programs for the University, and to use the limited debt capacity in the most prudent manner.

As of June 30, 2020, the Board had approved SRB and BANs that were authorized but unissued in the aggregate principal amount of \$1,764,565 for projects including academic, infrastructure, housing, and parking facilities. As of June 30, 2020, there are approximately \$470,840 of remaining authorized and unissued debt for the purpose of refunding certain bonds of the SPWB not previously refunded. The Board may issue all or a portion of these authorized bonds as well as other additional bonds for other new money projects or refunding purposes. The Board expects to authorize the issuance of additional Systemwide Revenue Bonds from time to time in the future. There is no limit on the amount of SRB that the Board may authorize.

**(10) Long-Term Debt Refunding**

In August 2019, the University issued SRB Series 2019B (Taxable) and 2020A (Tax Exempt), a portion of the proceeds was applied for a current refunding of SRB Series 2010A (Tax Exempt). Further, the University issued SRB Series 2020B (Taxable), a portion of the proceeds was applied for advance refunding of SRB Series 2011A (Tax Exempt). The defeasance will reduce the University's total financing cost by approximately \$65,329 over the life of the refunded bonds. The economic gain (difference between net present values of the debt service payments on the old debt and new debt) from these transactions was approximately \$50,267. Accordingly, the refunded bonds have been considered defeased and, therefore, removed as a liability from the accompanying financial statements. The total par amount of bonds outstanding as of date of refunding totaled \$269,000. The outstanding balance as of June 30, 2020 is \$193,445.

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**(11) Long-Term Liabilities Activity**

Long-term liabilities activity of the University for the year ended June 30, 2020 was as follows:

	<b>Beginning balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending balance</b>	<b>Current portion</b>
Accrued compensated absences	\$ 239,962	151,991	(121,942)	270,011	112,812
Capital lease obligations (note 8)	315,322	73,803	(32,053)	357,072	20,897
Long-term debt obligations (note 9):					
Systemwide revenue bonds	6,211,333	1,425,430	(418,458)	7,218,305	170,115
Bond anticipation notes	109,659	227,918	(208,458)	129,119	72
Other	10,046	—	(1,034)	9,012	1,474
	<u>6,331,038</u>	<u>1,653,348</u>	<u>(627,950)</u>	<u>7,356,436</u>	<u>171,661</u>
Unamortized net bond premium	620,431	114,509	(49,609)	685,331	—
Total long-term debt obligations	<u>6,951,469</u>	<u>1,767,857</u>	<u>(677,559)</u>	<u>8,041,767</u>	<u>171,661</u>
Total long-term liabilities	<u>\$ 7,506,753</u>	<u>1,993,651</u>	<u>(831,554)</u>	<u>8,668,850</u>	<u>305,370</u>

Long-term liabilities activity of the aggregated discretely presented component units of the University for the year ended June 30, 2020 was as follows:

	<b>Beginning balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending balance</b>	<b>Current portion</b>
Accrued compensated absences	\$ 21,375	11,744	(10,590)	22,529	15,516
Claims liability for losses					
and loss adjustment expenses	60,446	28,803	(35,272)	53,977	16,416
Capital lease obligations	238,245	23,284	(14,756)	246,773	10,769
Long-term debt obligations:					
Revenue bonds	19,790	—	(970)	18,820	1,030
Commercial paper, including principal rollovers	109,659	995,595	(976,135)	129,119	127,337
Notes payable	348,250	39,780	(53,245)	334,785	11,515
Other	68,329	10,551	(9,249)	69,631	5,244
	<u>546,028</u>	<u>1,045,926</u>	<u>(1,039,599)</u>	<u>552,355</u>	<u>145,126</u>
Unamortized net bond premium	40,178	4,338	(4,665)	39,851	—
Total long-term debt obligations	<u>586,206</u>	<u>1,050,264</u>	<u>(1,044,264)</u>	<u>592,206</u>	<u>145,126</u>
Total long-term liabilities	<u>\$ 906,272</u>	<u>1,114,095</u>	<u>(1,104,882)</u>	<u>915,485</u>	<u>187,827</u>

The University has entered into note agreements with certain discretely presented component units to finance existing and newly constructed facilities, using proceeds from issuance of SRB and BANs, for the discretely presented component units amounting to \$334,785 included in notes payable and \$50,405 in other long-term debt obligations as of June 30, 2020.

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The University has also entered into capital lease agreements with certain discretely presented component units using proceeds from issuance of SRB and BANs to lease existing and newly constructed facilities to the discretely presented component units amounting to \$200,707 as of June 30, 2020.

For additional information regarding the long-term liabilities of the individual discretely presented component units of the University, refer to their separately issued financial statements.

### (12) Pension Plan

#### (a) *Pension Plan Description*

The University participates in the State's Public Employee's Retirement Fund A (PERF A). PERF A is comprised of agent multiple-employer plans, which includes the State. CalPERS acts as an investment and administrative agent for participating employers. State employees served by PERF A includes the University's Miscellaneous Tier 1 employees and Peace Officers and Firefighters.

#### (b) *Benefits Provided*

The plan also provides survivor, death, and disability benefits. Eligible employees are covered by the Public Employees' Medical and Hospital Care Act (PEMHCA) for medical benefits. The benefit provisions are established by the Public Employee's Retirement Law (PERL) and the Public Employees' Pension Reform Act of 2013 (PEPRA).

A full description of the pension plans regarding numbers of employees covered, benefit provision, assumptions, and membership information are listed in the June 30, 2018 State Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report.

In general, retirement benefits are based on a formula using member's years of service credit, age at retirement, and final compensation (average salary for a defined period of employment). Retirement formulas vary based on:

- Classification (e.g., miscellaneous or peace officers and firefighters)
- Membership category (pre-PEPRA and post-PEPRA); and
- Specific provisions in employees' contracts.

CalPERS issues a publicly available Actuarial Valuation Report and Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. Copies of the CalPERS Actuarial Valuation Report and CAFR may be obtained at [www.CalPERS.ca.gov](http://www.CalPERS.ca.gov) or from the California Public Employees' Retirement System Executive Office, 400 P Street, Sacramento, CA 95814.

#### (c) *Pensionable Compensation*

For the University, the plan acts as cost sharing multiple-employer defined-benefit pension plan, which provides a defined-benefit pension and postretirement program for substantially all eligible University employees. The University's proportion of the State's net pension liability was calculated based on its proportionate share of the State's pensionable compensation. The pensionable compensation has a measurement period of July 1, 2018 through June 30, 2019.

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**(d) Contributions**

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the measurement period ended June 30, 2019, the average State's active employee contribution rates for State Miscellaneous and Peace Officer and Firefighters Plans are 6.90% and 11.46% of annual payroll, respectively. For the measurement period ended June 30, 2018, the State's contribution rates for State Miscellaneous and Peace Officer and Firefighters Plans are 29.37% and 45.37% of annual payroll, respectively.

State Miscellaneous Plan members of the University are required to contribute 5% of their annual earnings in excess of \$513 per month to CalPERS. Effective January 1, 2013, all new University employees that are considered "new members" to CalPERS are required to contribute 50% of the normal cost for their category (e.g., State Miscellaneous Plan members contribute 7.25% of their annual earnings per month to CalPERS). The University is required to contribute at an actuarially determined rate.

State Peace Officers and Firefighters Plan members of the University are required to contribute 8% of their annual earnings in excess of \$238 per month to CalPERS. Effective January 1, 2013, all new University employees that are considered "new members" to CalPERS are required to contribute 50% of the normal cost for their category (e.g., State Peace Officers and Firefighters Plan members contribute 12% of their annual earnings per month to CalPERS). The University is required to contribute at an actuarially determined rate.

The contribution requirements of the plan members are established and may be amended by CalPERS. The contractual maximum contribution required for the University is determined by the annual CalPERS compensation limit(s), which are based on provisions of Assembly Bill (AB) 340 and the IRC 401(a) 17 limits. The University's contributions to CalPERS for the most recent three fiscal years ended June 30 were equal to the required contributions and were as follows:

	<u>University's contributions</u>	
Fiscal year ending June 30:		
2020	\$	1,011,518
2019		928,987
2018		1,734,716

In 2018, the State made a supplemental pension contribution of \$876,842 to CalPERS on behalf of the University as authorized by Government Code Section 20825. The University shall repay \$156,283 amount contributed through June 30, 2030, while the remainder was recognized as State appropriations, noncapital in 2018. As of June 30, 2020, the outstanding amount to be repaid by the University is \$133,419.

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**(e) Actuarial Methods and Assumptions**

The total pension liability was measured as of June 30, 2019 (measurement date), by rolling forward the total pension liability determined by the June 30, 2018 actuarial valuation (valuation date), based on the following actuarial methods and assumptions:

Valuation date:	June 30, 2018
Actuarial cost method:	Entry age normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%, net of pension plan investment expense but without reduction for administrative expenses including inflation
Mortality rate of return	Derived using CalPERS' membership data for all funds
Postretirement benefit increase:	Contract cost of living allowance up to 2.50% until purchasing power protection allowance floor on purchasing power applies; 2.50% thereafter

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions report (Experience Study), based on CalPERS demographic data from 1997 to 2015. The Experience Study report can be obtained from [www.CalPERS.ca.gov](http://www.CalPERS.ca.gov) under Forms and Publications.

**(f) Discount Rate**

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress-tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the plans tested, none of the plan assets were exhausted. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% is applied to all plans in the PERF. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test result is presented in the GASB Crossover Testing Report, which can be obtained from [www.CalPERS.ca.gov](http://www.CalPERS.ca.gov) under GASB Statement No. 68 section.

**(g) Investment Rate of Return**

The long-term expected rate of return on pension plan investments of 7.15% was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, but without reduction for administrative expenses, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Taking into account historical returns



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of all the PERF's asset classes (which includes the agent plan and two cost-sharing plans), expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11– 60 years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation used to measure the total pension liability.

Asset class	Current target allocation %	years 1–10 <sup>1</sup> %	years 11+ <sup>2</sup> %
Global equity	50	4.80	5.98
Fixed income	28	1.00	2.62
Inflation assets	—	0.77	1.81
Private equity	8	6.30	7.23
Real estate	13	3.75	4.93
Liquidity	1	—	(0.92)
Total	<u>100</u>		

<sup>1</sup> An expected inflation of 2% used for this period

<sup>2</sup> An expected inflation of 2.92% used for this period

**(h) Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the University's proportionate share of net pension liability of the State Miscellaneous and Peace Officers and Firefighters Plans (collectively the Plans) as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.15%) or one-percentage point higher (8.15%) than the current rate:

Plan	Discount rate -1% (6.15%)	Current discount rate (7.15%)	Discount rate + 1% (8.15%)
Miscellaneous Plan	\$ 11,430,804	8,022,235	5,166,956
Peace Officers and Firefighters Plan	248,159	168,535	103,250
Net pension liability	<u>\$ 11,678,963</u>	<u>8,190,770</u>	<u>5,270,206</u>

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**(i) Changes in Net Pension Liability**

The University reported a liability of \$8,190,770 for its proportionate share of the State's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined based on an actuarial valuation as of June 30, 2018 rolled forward to the measurement date. The University's proportion of the State's net pension liability was calculated based on its proportionate share of the State's pensionable compensation. The State considered this a practical, systematic, and rational approach. At measurement date June 30, 2019, the University's proportionate share of the total State net pension liability for the State Miscellaneous and Peace Officers and Firefighters Plans were 23.85065% and 1.14289%, respectively.

	<b>State Miscellaneous Plan</b>	<b>State Peace Officers and Firefighters Plan</b>	<b>Total</b>
Balance at June 30, 2018 (measurement date)	\$ 7,570,176	163,075	7,733,251
Changes in proportionate share	(77,569)	(4,083)	(81,652)
Balance at June 30, 2018, adjusted	7,492,607	158,992	7,651,599
Changes recognized for the measurement period:			
Service cost	487,235	11,943	499,178
Interest on total pension liability	1,901,033	38,648	1,939,681
Recognized difference between expected and actual experience	484,754	7,594	492,348
Employee contributions	(224,907)	(5,005)	(229,912)
Employer contributions	(900,954)	(19,039)	(919,993)
Net investment income	(1,231,444)	(24,864)	(1,256,308)
Plan to plan resource movement	321	(4)	317
Administrative expenses	13,633	272	13,905
Other miscellaneous expense	(44)	(1)	(45)
Net changes	529,627	9,544	539,171
Balance at June 30, 2019 (measurement date)	\$ 8,022,234	168,536	8,190,770

**(j) Pension Plan Fiduciary Net Position**

The plan fiduciary net position disclosed in the GASB Statement No. 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. For example, for the accounting valuations, CalPERS must keep items such as deficiency reserves and fiduciary self-insurance included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation.

**(k) Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension**

The University recognized pension expense of \$1,573,707 for State Miscellaneous Plan and State Peace Officers and Firefighters Plan, which were reported as benefits expense.

The following table presents deferred outflows and inflows of resources as of June 30, 2020. Deferred outflows and inflows of resources are recognized for the difference between expected and actual experience and changes in

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assumptions. Deferred outflows of resources are recognized for the University's retirement contributions made subsequent to the measurement date of June 30, 2019 which will be recognized as a reduction of the net pension liability in the next measurement date. Net deferred outflows of resources are recognized for the aggregate difference (positive and negative) between projected and actual earnings on pension plan investments arising in different measurement periods. Net deferred outflows of resources are recognized for changes in the University's proportionate share of pensionable compensation.

	Deferred outflows of resources	Deferred inflows of resources
University's retirement contributions subsequent to the measurement date	\$ 1,011,518	—
Differences due to changes in assumptions	350,551	168,457
Net differences between projected and actual earnings on pension plan investments	—	61,011
Differences due to changes in proportionate share	54,883	—
Differences between expected and actual experience	429,591	24,464
Total	<u>\$ 1,846,543</u>	<u>253,932</u>

The deferred outflows of resources will be recognized as pension expense as follows:

**(i) Schedule of Differences due to Changes in Assumptions**

Measurement Period ended June 30	Initial differences*	Recognition period (year)	Increase in pension expense arising from the recognition of the effects of changes in assumptions (measurement dates)			
			2020	2021	2022	Total
Miscellaneous Plan:						
2017	\$ 1,351,750	4	\$ 337,937	—	—	337,937
Peace Officers and Firefighters Plan:						
2017	29,815	5.2	5,734	5,734	1,146	12,614
Increase in pension expense			<u>\$ 343,671</u>	<u>5,734</u>	<u>1,146</u>	<u>350,551</u>

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**ii) Schedule of Changes in Proportionate Share**

Measurement Period ended June 30	Initial differences*	Recognition period (year)	Increase (decrease) in pension expense arising from the recognition of the effects of changes in proportionate share (measurement dates)				
			2020	2021	2022	2023	Total
Miscellaneous Plan:							
2017	\$ 291,636	4	\$ 72,909	—	—	—	72,909
2018	69,770	4.1	17,017	17,017	1,702	—	35,736
2019	(72,052)	4.1	(17,574)	(17,574)	(17,574)	(1,757)	(54,479)
Peace Officers and Firefighters Plan:							
2015	7,537	5.1	148	—	—	—	148
2016	10,242	5.2	1,970	394	—	—	2,364
2017	10	5.2	2	2	—	—	4
2018	1,713	5	343	343	343	—	1,029
2019	(3,533)	5	(707)	(707)	(707)	(707)	(2,828)
Increase (Decrease) in pension expense			<u>\$ 74,108</u>	<u>(525)</u>	<u>(16,236)</u>	<u>(2,464)</u>	<u>54,883</u>

**(iii) Schedule of Differences between Expected and Actual Experience**

Measurement Period ended June 30	Initial differences*	Recognition period (year)	Increase in pension expense arising from the recognition of the effects of differences between expected and actual experience (measurement dates)				
			2020	2021	2022	2023	Total
Miscellaneous Plan:							
2018	\$ 106,313	4.1	\$ 25,930	25,930	2,593	—	54,453
2019	484,755	4.1	118,233	118,233	118,233	11,823	366,522
Peace Officers and Firefighters Plan:							
2015	3,298	5.1	65	—	—	—	65
2016	209	5.2	40	8	—	—	48
2018	4,047	5	809	809	809	—	2,427
2019	7,594	5	1,519	1,519	1,519	1,519	6,076
Increase in pension expense			<u>\$ 146,596</u>	<u>146,499</u>	<u>123,154</u>	<u>13,342</u>	<u>429,591</u>

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The deferred inflows of resources will be recognized as pension expense as follows:

**(iv) Schedule of Differences between Expected and Actual Experience**

Measurement Period ended June 30	Initial differences*	Recognition period (year)	Decrease in pension expense arising from the recognition of the differences between projected and actual earnings on pension plan investments (measurement dates)			
			2020	2021	2022	Total
Miscellaneous Plan:						
2017	\$ 92,312	4	\$ 23,078	—	—	23,078
Peace Officers and Firefighters Plan:						
2017	3,275	5.2	630	630	126	1,386
Decrease in pension expense			<u>\$ 23,708</u>	<u>630</u>	<u>126</u>	<u>24,464</u>

**(v) Schedule of Differences due to Changes in Assumptions**

Measurement Period ended June 30	Initial differences*	Recognition period (year)	Decrease in pension expense arising from the recognition of the effects of changes in assumptions (measurement dates)			
			2020	2021	2022	Total
Miscellaneous Plan:						
2018	\$ 328,556	4.1	\$ 80,136	80,136	8,014	168,286
Peace Officers and Firefighters Plan:						
2018	288	5	57	57	57	171
Decrease in pension expense			<u>\$ 80,193</u>	<u>80,193</u>	<u>8,071</u>	<u>168,457</u>

\*Adjusted for any changes in University's proportionate share

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2020

(In thousands)

**(vi) Schedule of Differences between Projected and Actual Earnings on Pension Plan Investments**

Measurement Period ended June 30	Initial differences*	Recognition period (year)	Decrease (increase) in pension expense arising from the recognition of the differences between projected and actual earnings on pension plan investments (measurement dates)				
			2020	2021	2022	2023	Total
Miscellaneous Plan:							
2016	\$ (1,140,831)	5	\$ (228,167)	—	—	—	(228,167)
2017	629,965	5	125,993	125,993	—	—	251,986
2018	218,063	5	43,613	43,613	43,613	—	130,839
2019	(118,647)	5	(23,729)	(23,729)	(23,729)	(23,730)	(94,917)
Peace Officers and Firefighters Plan:							
2016	(21,636)	5	(4,327)	—	—	—	(4,327)
2017	12,087	5	2,417	2,417	—	—	4,834
2018	4,260	5	852	852	852	—	2,556
2019	(2,241)	5	(448)	(448)	(448)	(449)	(1,793)
Decrease (Increase) in pension expense			<u>\$ (83,796)</u>	<u>148,698</u>	<u>20,288</u>	<u>(24,179)</u>	<u>61,011</u>

**(13) Other Postemployment Benefits (OPEB)**

**(a) OPEB Plan Description**

The State provides retiree health and dental benefits to annuitants of retirement systems through an agent multiple-employer defined benefit plan which operates as a single-employer defined benefit plan for the University. The design of health and dental benefit plans can be amended by CalPERS Board of Administration. To be eligible, employees must retire within 120 days of separation from employment and have met the health and dental vesting period to be eligible to receive these benefits.

**(b) Benefits Provided**

For healthcare benefits, CalPERS offers Preferred Provider Organizations (PPOs), Health Maintenance Organizations (HMOs), and Exclusive Provider Organizations (EPOs) (limited to members in certain California counties). For dental benefits, a Dental Maintenance Organization (DMO) and dental indemnity plans are offered to the University's retirees. Health plans offered, covered benefits, monthly rates, and co-payments are determined by the CalPERS Board of Administration, which reviews health plan contracts annually. At measurement date, the count of retired and active employees covered by the benefit terms were:

	<b>Headcount</b>
Retirees elected to receive healthcare benefits	31,483
Active employees	49,249
<b>Total</b>	<u><u>80,732</u></u>

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

### **(c) Contributions**

The contribution requirements of retirees and the State are established and may be amended by the State legislature. For healthcare benefits, the State makes a contribution toward the retiree's monthly health premiums, with the retirees covering the difference between the State's contribution and the actual healthcare premium amount. The State contribution is normally established through collective bargaining agreements. No retiree contribution is required for dental benefits.

For healthcare benefits, responsibility for funding the cost of the employer share of premiums is apportioned between the State and the University based on "billable" and "nonbillable" accounts. Billable accounts have special revenue sources such as fees, licenses, penalties, assessments, and interest, which offset the costs incurred by a State department during the year. The University reimburses the State for retiree's health benefit costs allocated to billable accounts but not for costs allocated to nonbillable accounts. The University is responsible for funding the costs of the billable accounts on a pay-as-you-go basis as part of the statewide general administrative costs charged to the University. The State is responsible for funding the cost of the employer share of healthcare premiums of retirees for all nonbillable accounts. Historically, the State has funded approximately 95% of the cost of the benefits.

The University is responsible for paying the cost of dental benefits for all University retirees using funds provided by the State through general fund appropriations. The University makes payments directly to Delta Dental for the retiree's monthly dental premiums. The University is paying these benefits on a pay-as-you-go basis. The State's contribution to the retirees' health benefits are recorded as State appropriations, noncapital.

In addition to the explicit University contribution provided to retirees, there is an "implicit rate subsidy". The gross premium for retired members not eligible for Medicare who are charged a premium based on the experience of both active and retired members will be receiving a subsidy because the average healthcare costs of retired members is generally higher than the blended average costs of a group comprised of both active and retired members. The subsidy is referred to as the implicit rate subsidy. The implicit subsidy associated with the retiree health costs paid during the past year is also considered to be a contribution from the University.

### **(d) Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are consistent with a long-term perspective and involve estimates of the value of reported benefits and assumptions about the probability of occurrence of events far into the future.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2020

(In thousands)

Significant actuarial methods and assumptions used to calculate the University's total OPEB liability were:

Valuation date:	June 30, 2019
Actuarial cost method:	Entry Age Normal Actuarial Cost Method and the blended discount rates in accordance with the requirements of GASB Statement No. 74 and 75.
Actuarial assumptions:	
Discount rate	3.13%
Price inflation	2.25%
Wage inflation	2.50%
Healthcare-related:	Assumptions were updated based on the 2018 Experience Review for the Years July 1, 2014, to June 30, 2018, performed by State Actuary and were first adopted beginning with the June 30, 2019 actuarial valuation. It includes rates of decrement, salary increase rates, and economic assumptions. These assumption changes increased expected total OPEB liability by 0.4 percent or \$0.36 billion.
Healthcare trend rate:	
Pre-Medicare cost trend rate	7.5% in 2021, graded down over a six-year period until to a trend rate of 4.5% in 2027, remains at 4.50 percent for ten years until the ultimate rate of 4.25 percent is reached in 2037.
Post-Medicare cost trend rate	7.5% in 2021, graded down over a six-year period until to a trend rate of 4.5% in 2027, remains at 4.50 percent for ten years until the ultimate rate of 4.25 percent is reached in 2037.
Participation rate	On average approximately 95% of all eligible retirees elect healthcare coverage.
Per capita claim costs	A retiree healthcare actuarial valuation depends on the retired member's expected healthcare claim at a given age indexed for healthcare inflation.
Pension-related:	Assumptions were based on the December 2017 Experience Study conducted by CalPERS which includes rates of decrement, salary increase rates, and economic assumptions. Assumptions were first adopted beginning with the June 30, 2018, actuarial valuation.

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions report (Experience Study), based on CalPERS demographic data from 1997 to 2015. The Experience Study report can be obtained from [www.CalPERS.ca.gov](http://www.CalPERS.ca.gov) under Forms and Publications.

**(e) Sensitivity of the University's Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

One of the key assumptions influencing costs is the assumed growth or trend in healthcare costs. The healthcare trend assumption for OPEB actuarial valuations spans over the lifetime of a covered retiree, which could extend to over 30 years. This is in contrast to the short-term healthcare inflation used to develop premiums for the next fiscal year. This long-term healthcare assumption is by far the most difficult to set.



**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2020

(In thousands)

The following table presents the University's total OPEB liability as of the measurement date, calculated using the healthcare cost trend rates that are one-percentage-point lower of (6.5% decreasing to 3.25%) or one-percentage-point higher (8.5% decreasing to 5.25%) than the current healthcare cost trend rate:

	<b>Trend rate -1% (6.5% decreasing to 3.25%)</b>	<b>Current trend rate (7.5% decreasing to 4.25%)</b>	<b>Trend rate + 1% (8.5% decreasing to 5.25%)</b>
Total OPEB liability	\$ 12,349,046	14,498,545	17,249,934

**(f) Discount Rate**

The discount rate used to estimate the total OPEB liability as of measurement dates June 30, 2019 and 2018 was 3.13% and 3.62%, respectively. The discount rates were based on Fidelity Index's 20-Year Municipal GO AA Index since the University has no plan assets sufficient to make benefit payments.

**(g) Sensitivity of the University's Total OPEB Liability to Changes in the Discount Rate**

The following table presents the University's total OPEB liability as of the measurement date, calculated using the discount rate of 3.13%, as well as what the total other postemployment benefits liability would be if it were calculated using a discount rate that is one-percentage point lower (2.13%) or one-percentage point higher (4.13%) than the current rate:

	<b>Discount rate -1% (2.13%)</b>	<b>Current discount rate (3.13%)</b>	<b>Discount rate + 1% (4.13%)</b>
Total OPEB liability	\$ 17,001,133	14,498,545	12,495,949

**(h) Changes in Total OPEB Liability**

The following table presents the changes in total OPEB liability of the University recognized over the measurement period:

Balance at June 30, 2018 (Measurement Date)	\$ 13,128,996
Changes recognized for the measurement period:	
Service cost	603,049
Interest on total OPEB liability	490,260
Recognized changes of assumptions	751,688
Differences between expected and actual experience (non-investment)	(94,145)
Employer contribution	(381,303)
Net changes	1,369,549
Balance at June 30, 2019 (Measurement Date)	\$ 14,498,545

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2020

(In thousands)

**(i) OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB**

The University recognized OPEB expense of \$714,217 which was reported as benefits expense.

The following table presents deferred outflows and inflows of resources. Deferred outflows of resources are recognized for the University's retirement contributions made subsequent to the measurement date of June 30, 2019 which will be recognized as a reduction of total OPEB liability on the subsequent measurement date. The deferred inflows of resources are recognized for the change in assumptions.

	Deferred outflows of resources	Deferred inflows of resources
University's contributions subsequent to the measurement date	\$ 404,389	—
Differences due to changes in assumptions	648,057	1,311,057
Differences between expected and actual experience (non-investment)	—	882,469
Total	<u>\$ 1,052,446</u>	<u>2,193,526</u>

The University's contributions subsequent to the measurement date includes \$388,210 contributed by the State on behalf of the University as authorized by Government Code Section 22871. The State's contributions are recognized as State appropriations, noncapital.

The deferred outflows of resources due to changes in assumptions will be recognized as OPEB expense as follows:

			Increase in OPEB expenses arising from changes of assumptions (measurement dates)							
Measurement Period ended June 30	Initial difference	Recognition period (year)	2021	2022	2023	2024	2025	2026	2027	Total
2019	\$ 751,688	7.25	\$ 103,631	103,631	103,631	103,631	103,631	103,631	26,271	648,057
Increase in OPEB expenses			<u>\$ 103,631</u>	<u>103,631</u>	<u>103,631</u>	<u>103,631</u>	<u>103,631</u>	<u>103,631</u>	<u>26,271</u>	<u>648,057</u>

The deferred inflows of resources will be recognized as OPEB expense as follows:

			Decrease in OPEB expenses arising from changes of assumptions (measurement dates)							
Measurement Period ended June 30	Initial difference	Recognition period (year)	2021	2022	2023	2024	2025	2026	Total	
2017	\$ 1,663,194	6.86	\$ 242,299	242,299	242,299	209,400	—	—	936,297	
2018	519,714	7.17	72,477	72,477	72,477	72,477	72,477	12,375	374,760	
Decrease in OPEB expenses			<u>\$ 314,776</u>	<u>314,776</u>	<u>314,776</u>	<u>281,877</u>	<u>72,477</u>	<u>12,375</u>	<u>1,311,057</u>	

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2020

(In thousands)

**Decrease in OPEB expenses arising from differences between expected and actual experience  
(non-investment)  
(measurement dates)**

<b>Measurement Period ended June 30</b>	<b>Initial difference</b>	<b>Recognition period (year)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total</b>
2018	\$ 1,111,239	7.17	\$ 154,968	154,968	154,968	154,968	154,968	26,463	—	801,303
2019	94,145	7.25	12,979	12,979	12,979	12,979	12,979	12,979	3,292	81,166
Decrease in OPEB expenses			<u>\$ 167,947</u>	<u>167,947</u>	<u>167,947</u>	<u>167,947</u>	<u>167,947</u>	<u>39,442</u>	<u>3,292</u>	<u>882,469</u>

**(14) Deferred Outflows and Inflows of Resources**

The composition of deferred outflows and inflows of resources at June 30, 2020 is summarized as follows:

	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Related to:		
Net pension liability (note 12)	\$ 1,846,543	253,932
Total other postemployment benefits liability (note 13)	1,052,446	2,193,526
Unamortized loss on SRB debt refunding	85,035	—
Unamortized gain on SRB debt refunding	—	3,825
Nonexchange transactions	—	1,025
<b>Total</b>	<u>\$ 2,984,024</u>	<u>2,452,308</u>

**(15) Claims Liability for Losses and Loss Adjustment Expenses**

The University and certain auxiliary organizations have established the CSURMA, a discretely presented component unit of the University, to centrally manage workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, and other risk-related programs. The claims liability included in the discretely presented component unit column reflects the estimated ultimate cost of settling claims related to events that have occurred on or before June 30, 2020. The liability includes estimated amounts that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not yet been reported. The liability is also reduced by estimated amounts recoverable from the reinsurer that are related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. Although considerable variability is inherent in such estimates, management believes that the liability is a reasonable estimate at June 30, 2020.

The information of the change in claims liability for losses and loss adjustment expenses may be obtained from the separate financial statements issued for CSURMA.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2020

(In thousands)

### (16) Commitments and Contingencies

The University is a defendant in multiple lawsuits involving matters not covered by the CSURMA as discussed in note 15. Management of the University is of the opinion that the liabilities, if any, arising from litigation will not have a material effect on the financial position of the University.

Federal grant programs are subject to review by the grantor agencies, which could result in requests for reimbursement to grantor agencies for disallowed expenditures. Management believes that it has adhered to the terms of its grants and that any disallowed expenditures resulting from such reviews would not have a material effect on the financial position of the University.

Authorized but unexpended costs for construction projects as of June 30, 2020 totaled \$982,672. These expenditures will be funded primarily by State appropriations and bond proceeds.

In order to secure access to electricity used for normal operation, the University participates in forward purchase contract of electricity operated by Shell Energy North America. The University's obligations under these special purchase arrangements require it to purchase an estimated total of \$15,881 of electricity at fixed prices through December 2021. The University estimates that the special purchase contract in place represent approximately 17.73% of its total annual electricity expenses.

### (17) Classification of Operating Expenses

The University has elected to report operating expenses by functional classification in the Statement of Revenues, Expenses, and Changes in Net Position, and to provide the natural classification of those expenses as an additional disclosure. For the year ended June 30, 2020, operating expenses by natural classification consisted of the following:

	Salaries	Benefits	Scholarships and fellowships expense	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	\$ 2,027,897	1,632,023	—	193,359	—	3,853,279
Research	31,035	5,779	—	20,435	—	57,249
Public service	29,561	13,539	—	15,767	—	58,867
Academic support	465,744	359,765	—	203,098	—	1,028,607
Student services	494,863	422,181	—	222,359	—	1,139,403
Institutional support	483,475	432,349	—	279,320	—	1,195,144
Operation and maintenance of plant	264,996	329,928	—	391,894	—	986,818
Student grants and scholarships	—	—	1,195,923	—	—	1,195,923
Auxiliary enterprise expenses	92,091	32,523	—	274,668	—	399,282
Depreciation and amortization	—	—	—	—	546,220	546,220
<b>Total</b>	<b>\$ 3,889,662</b>	<b>3,228,087</b>	<b>1,195,923</b>	<b>1,600,900</b>	<b>546,220</b>	<b>10,460,792</b>

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2020

(In thousands)

**(18) Transactions with Related Entities**

The University is an agency of the State and receives approximately 46% of total revenues through state appropriations. State appropriations allocated to the University aggregated \$4,739,585 for the year ended June 30, 2020. State appropriations receivable is \$36,337 at June 30, 2020.

State appropriations allocated to the University for the year ended June 30, 2020 consisted of the following:

	<u>2020</u>
State appropriations, noncapital	\$ 4,346,139
State's contribution on behalf of the University for OPEB	388,210
State appropriations, capital	<u>5,236</u>
Total state appropriations	<u>\$ 4,739,585</u>

**(19) Subsequent Events**

The following information describes significant events that occurred subsequent to June 30, 2020, but prior to the date of the auditors' report.

- The Central Utility Plant Replacement project at California State University, Fresno, procured through a public-private partnership, was approved by the Trustees on January 2021. In February 2021, the Trustees entered into a project agreement with a private development partner, to design, build, finance and maintain the generation and distribution of heating and cooling services throughout the campus, and install ground mounted solar photovoltaic systems. The total project cost is approximately \$170, 000 and will be funded primarily through financing provided by the private development partner. The private development partner will be compensated through availability payments by the University for capital investment in the project and services relating to maintenance, management and life-cycle component, subject to deductions for performance failures.
- In December 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 was signed. This new law gives the U.S. Department of Education approximately \$22,700,000 to distribute to institutions of higher education in order to prevent, prepare for, and respond to coronavirus through the HEERF. The University have been awarded a total of \$853,000, of which \$262,000 are for student financial aid grants and \$591,000 for institutional support grants.
- *SRB Issuance*  
In September 2020, the University issued \$314,030 of SRB Series 2020C (Tax Exempt), \$528,575 of SRB Series 2020D (Taxable) and \$466,010 of SRB Series 2020E (Taxable). The new bonds were issued to fund various capital projects, redeem maturing BANs, refund a portion of outstanding SRB Series 2011A and a portion of the SRB Series 2012A bonds.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2020

(In thousands)

- *BAN Issuance*

The University issued the BANs for the following capital projects:

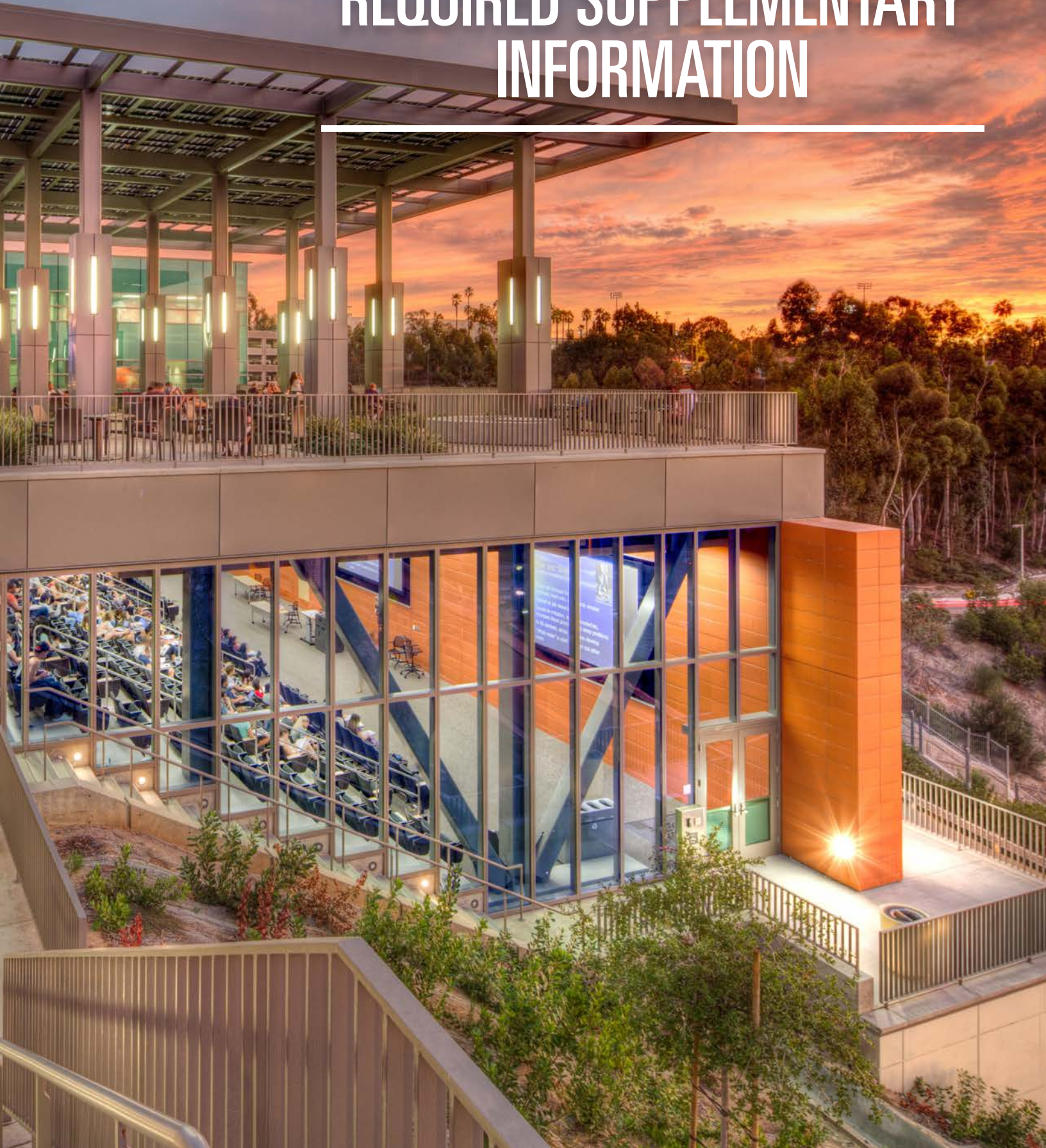
	<b>Amount</b>
San Diego State University Mission Valley Real Property Acquisition and Site Development	\$ 88,970
Long Beach Hillside Renovation	31,230
Long Beach Housing Expansion Phase 1 Administration and Commons Building	18,735
San Diego State University Mission Valley Multi-Use Stadium	17,410
Monterey Bay Capital Improvement	11,745
Fresno New Student Union Project (2nd Tranche)	8,461
Total	<u>\$ 176,551</u>



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# REQUIRED SUPPLEMENTARY INFORMATION

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**CALIFORNIA STATE UNIVERSITY**

Schedule of University's Proportionate Share of the Net Pension Liability and Related Ratios

June 30, 2020

(Unaudited)

(In thousands)

*Last Ten Fiscal Years*<sup>(1)</sup>

<b>State of California Miscellaneous Plan</b>	<b>2019<sup>(2)</sup></b>	<b>2018<sup>(2)</sup></b>	<b>2017<sup>(2)</sup></b>	<b>2016<sup>(2)</sup></b>	<b>2015<sup>(2)</sup></b>	<b>2014<sup>(2)</sup></b>
University's proportion of the net pension liability	23.85065 %	24.09757 %	23.87558 %	22.87662 %	22.84970 %	22.72891 %
University's proportionate share of the net pension liability	\$ 8,022,235	7,570,176	8,723,068	7,575,326	6,453,200	5,411,439
University's proportionate share of covered payroll	\$ 3,002,439	2,900,140	2,780,552	2,567,251	2,407,821	2,209,786
University's proportionate share of the net pension liability as a percentage of covered payroll	267.19061 %	261.02795 %	313.71711 %	295.07539 %	268.00996 %	244.88521 %
Plan fiduciary net position as a percentage of the total pension liability	71.34328 %	71.82994 %	66.41644 %	66.81100 %	70.68274 %	74.17418 %
<b>State of California Peace Officers and Firefighters Plan</b>						
University's proportion of the net pension liability	1.14289 %	1.17223 %	1.15890 %	1.15882 %	1.07094 %	1.00623 %
University's proportionate share of the net pension liability	\$ 168,535	163,075	176,894	158,599	124,994	102,216
University's proportionate share of covered payroll	\$ 41,367	41,153	38,632	37,528	33,341	30,160
University's proportionate share of the net pension liability as a percentage of covered payroll	407.41412 %	396.26516 %	457.89066 %	422.61507 %	374.89140 %	338.91247 %
Plan fiduciary net position as a percentage of the total pension liability	70.56276 %	70.53476 %	65.89199 %	66.09678 %	69.61241 %	72.18915 %

<sup>(1)</sup> The University implemented GASB Statement No. 68 effective July 1, 2014, therefore, no information is available for the measurement periods prior to June 30, 2014.

<sup>(2)</sup> The date in the column heading represents the end of the measurement period of the net pension liability, which is one year prior to the reporting period.

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY**  
 Schedule of Employer Contributions Related to Pension  
 Year ended June 30, 2020  
 (Unaudited)  
 (In thousands)

*Last Ten Fiscal Years*<sup>(1)</sup>

<b>State of California Miscellaneous Plan</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 1,000,772	\$ 902,330	836,450	737,766	641,710	588,353
Contributions in relation to the actuarially determined contributions	(992,004)	(909,834)	(839,367)	(740,571)	(644,679)	(589,385)
Contribution deficiency (excess)	<u>\$ 8,768</u>	<u>\$ (7,504)</u>	<u>(2,917)</u>	<u>(2,805)</u>	<u>(2,969)</u>	<u>(1,032)</u>
University's covered payroll	\$ 3,230,694	\$ 3,079,834	2,953,043	2,768,770	2,559,878	2,431,410
Contributions as a percentage of covered payroll	30.70560 %	29.54166 %	28.42380 %	26.74729 %	25.18397 %	24.24046 %

**State of California Peace Officers and Firefighters Plan**

Actuarially determined contribution	\$ 19,512	\$ 18,374	17,762	15,858	14,027	11,737
Contributions in relation to the actuarially determined contributions	(19,514)	(19,153)	(18,442)	(16,600)	(14,647)	(13,610)
Contribution deficiency (excess)	<u>\$ (2)</u>	<u>\$ (779)</u>	<u>(680)</u>	<u>(742)</u>	<u>(620)</u>	<u>(1,873)</u>
University's covered payroll	\$ 41,342	\$ 42,022	41,696	39,372	37,568	33,363
Contributions as a percentage of covered payroll	47.20139 %	45.57851 %	44.22966 %	42.16194 %	38.98797 %	40.79369 %

<sup>(1)</sup> The University implemented GASB Statement No. 68 effective July 1, 2014, therefore, no information is available for the measurement periods prior to June 30, 2014.

## CALIFORNIA STATE UNIVERSITY

## Schedule of Employer Contributions Related to Pensions

Year ended June 30, 2020

(Unaudited)

**Notes to required supplementary information schedule for the most recent fiscal year presented:**

Valuation date	Actuarially calculated contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.
Methods and assumption used to determine contribution rates:	
Actuarial cost method	Entry age normal in accordance with the requirement of GASB Statement No. 68.
Amortization method/period	For details, see June 30, 2018 Funding Valuation Report.
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.5%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	7%, net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of retirement are based on 15 years of mortality improvements using the Society of Actuaries 90% of Scale MP 2016. For more details, please refer to the 2017 CalPERS Experience Study and Review of Actuarial Assumptions report.
Significant factors affecting contribution rates	For details, see June 30, 2018 Funding Valuation Report.

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY

## Schedule of University's Total Other Postemployment Benefits Liability and Related Ratios

June 30, 2020

(Unaudited)

(In thousands)

Last Ten Fiscal Years <sup>(1)</sup>

	2019 <sup>(2)</sup>	2018 <sup>(2)</sup>	2017 <sup>(2)</sup>
University's total other postemployment benefits liability at beginning of the year	\$ 13,128,996	13,918,525	14,683,420
Changes recognized for the measurement period:			
Service cost	603,049	680,934	795,696
Interest on total other postemployment benefits liability	490,260	513,512	436,431
Recognized changes of assumptions	751,688	(519,714)	(1,663,194)
Recognized differences between Expected and Actual Experience (Non-Investment)	(94,145)	(1,111,239)	—
Employer contributions	(381,303)	(353,022)	(333,828)
Net changes	1,369,549	(789,529)	(764,895)
University's total other postemployment benefits liability at end of the year	\$ 14,498,545	13,128,996	13,918,525
University's covered payroll	\$ 3,272,036	3,121,856	2,994,739
University's total other postemployment benefits liability as a percentage of covered payroll	443.10469 %	420.55098 %	464.76588 %

<sup>(1)</sup> The University implemented GASB Statement No. 75 effective July 1, 2017, therefore, no information is available for the measurement periods prior to June 30, 2017.

<sup>(2)</sup> The date in the column heading represents the end of the measurement period of the total OPEB liability, which is one year prior to the reporting period.

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY**

Schedule of Employer Contributions Related to Other Postemployment Benefits

Year ended June 30, 2020

(Unaudited)

(In thousands)

Last Ten Fiscal Years <sup>(1)</sup>

	2020	2019	2018
Actuarially determined contributions	\$ 786,426	743,648	754,550
Contributions in relation to the actuarially determined contributions	(404,389)	(362,260)	(349,487)
Contribution deficiency	<u>\$ 382,037</u>	<u>381,388</u>	<u>405,063</u>
University's covered payroll	\$ 3,272,036	3,121,856	2,994,739
Contributions as a percentage of covered payroll	12.35894 %	11.60399 %	11.67003 %

**Notes to required supplementary information schedule for the most recent fiscal year presented:**

Valuation date Actuarially calculated contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumption used to determine actuarially determined contributions:

Actuarial cost method Entry Age Normal Actuarial Cost Method and the blended discount rates as required by GASB Statements No. 74 and 75. The Normal Cost and Actuarial Accrued Liability for purpose of calculating the Actuarially Determined Contribution were developed using the Entry Age Normal Actuarial Cost Method and a full-funding discount rate of 6.75 percent.

Inflation 2.25%

Payroll growth 2.50%

Retirement age The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

Mortality The mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the mortality rates, the revised rates include 15 years of projected ongoing mortality improvement using Scale MP 2016 published by the Society of Actuaries.

<sup>(1)</sup>The University implemented GASB Statement No. 75 effective July 1, 2017, therefore, no information is available for the measurement periods prior to June 30, 2017.

See accompanying independent auditors' report.

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# SUPPLEMENTARY INFORMATION

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## CALIFORNIA STATE UNIVERSITY

## Systemwide Revenue Bond Program's Net Income Available for Debt Service

Year ended June 30, 2020

(In thousands)

Gross revenues:	
Tuition fees	\$ 3,361,162
Student housing	460,682
Student unions/recreation centers	265,971
Parking	108,875
Health centers	11,028
Professional and continuing education	443,957
Auxiliary organizations <sup>1</sup>	529,243
Other related entity <sup>2</sup>	7,181
Total gross revenues	<u>5,188,099</u>
Maintenance and operation expenses <sup>3</sup> :	
Academic facilities	441,683
Student housing	310,823
Student unions/recreation centers	133,841
Parking	81,159
Health centers	6,114
Professional and continuing education	416,004
Auxiliary organizations <sup>1</sup>	474,446
Total maintenance and operation expenses	<u>1,864,070</u>
Net income available for debt service	<u>\$ 3,324,029</u>
Debt service:	
Systemwide revenue bonds debt	\$ 421,268
Designated auxiliary organizations debt	2,011
Total debt service	<u>\$ 423,279</u>

The purpose of this schedule is to meet bond reporting covenants covering the operations of the projects showing the gross revenues and expenses for the fiscal year.

- (1) This included gross revenues and maintenance and operation expenses of 17 auxiliary organizations that have financed with SRB through lease or loan arrangements. This excludes research grants and contracts activity and restricted gifts. Gross revenues under the SRB Indenture are a smaller amount derived from payments under certain leases or with the Board of Trustees.
- (2) This includes gross revenues derived from leases with California State University, Channel Islands Site Authority which are used solely to pay debt service. The maintenance and operation expenses are excluded as these are not paid by the pledged gross revenues.
- (3) Maintenance and operation expenses for the year ended June 30, 2020 include extraordinary maintenance and repair projects, which are generally paid from existing program fund balance of \$154,356, other postemployment benefits expense of \$13,148 pursuant to GASB Statement No. 75, and pension expense of \$56,110 pursuant to GASB Statement No. 68.

See accompanying independent auditors' report.



## CALIFORNIA STATE UNIVERSITY

Systemwide Revenue Bond Program's Residence and Dining Halls Operating Data by Campus <sup>(1)</sup>

Year ended June 30, 2020

(Unaudited)

(In thousands)

	Operating and other revenues	Operating expenditures	Excess of revenues over expenditures	Design capacity	Operational capacity <sup>(2)</sup>	Average number of spaces occupied	% of spaces occupied <sup>(3)</sup>
California State University, Bakersfield	\$ 4,351	2,824	1,527	500	496	277	56 %
California State University Channel Islands	13,673	2,357	11,317	1,529	1,612	1,221	76
California State University, Chico	18,947	14,757	4,191	2,239	2,308	1,788	77
California State University, Dominguez Hills	5,146	3,704	1,442	665	665	489	74
California State University, East Bay	11,663	7,729	3,933	1,296	1,666	1,051	63
California State University, Fullerton	24,692	15,783	8,909	1,924	2,045	1,334	65
Humboldt State University	11,916	(3,180)	15,095	2,061	2,084	1,395	67
California State University, Long Beach	19,344	19,676	(332)	1,826	2,048	1,354	66
California State University, Los Angeles	9,674	4,725	4,949	1,069	1,060	648	61
California State University Maritime Academy	9,631	13,128	(3,497)	988	937	701	75
California State University, Northridge	22,678	15,008	7,670	3,596	3,315	2,280	69
California State Polytechnic University, Pomona	22,388	11,860	10,528	2,440	2,462	1,644	67
California State University, Sacramento	23,762	19,231	4,532	2,088	2,175	1,721	79
California State University, San Bernardino	9,221	6,244	2,977	1,934	1,462	883	60
San Diego State University	59,024	45,106	13,918	4,839	5,600	4,896	87
San Francisco State University <sup>(5)</sup>	48,706	11,431	37,275	4,940	4,739	3,618	76
San José State University	51,826	37,649	14,177	3,939	4,059	2,813	69
California Polytechnic State University, San Luis Obispo	53,745	42,414	11,331	7,882	8,425	6,027	72
Sonoma State University <sup>(6)</sup>	26,676	16,470	10,206	3,146	3,286	2,224	68
California State University, Stanislaus	4,442	4,636	(194)	460	492	372	76
	\$ 451,505	\$ 291,552	\$ 159,954	49,361	50,936	36,736	72 %
Interest income	9,177	—	9,177				
<b>Total</b>	<b>\$ 460,682</b>	<b>\$ 291,552</b>	<b>\$ 169,131</b>				

## CALIFORNIA STATE UNIVERSITY

Systemwide Revenue Bond Program's Residence and Dining Halls Operating Data by Campus <sup>(1)</sup>

Year ended June 30, 2020

(Unaudited)

Average annual rates per academic year <sup>(4)</sup>

	Residence Halls			Apartments			Suites		
	Single	Double	Triple	Single	Double	Triple	Single	Double	Triple
California State University, Bakersfield	\$ 12,150	9,000	7,650	—	—	—	—	—	—
California State University Channel Islands	10,820	9,740	—	12,670	11,060	—	11,660	10,570	9,210
California State University, Chico	9,430	7,780	6,558	9,430	7,780	—	—	—	—
California State University, Dominguez Hills	—	—	—	—	10,360	—	—	—	—
California State University, East Bay	—	—	—	11,221	9,280	7,275	—	8,920	6,983
California State University, Fullerton	—	12,174	10,574	12,972	9,882	—	—	—	—
Humboldt State University	8,216	6,638	4,938	8,216	6,638	—	—	—	—
California State University, Long Beach	8,994	7,994	6,994	—	—	—	—	—	—
California State University, Los Angeles	—	—	—	11,296	8,725	7,025	—	—	—
California State University Maritime Academy	7,854	6,038	—	—	—	—	—	—	—
California State University, Northridge	—	—	—	12,038	7,054	—	—	6,796	—
California State Polytechnic University, Pomona	11,640	10,158	9,276	—	—	—	13,422	11,076	—
California State University, Sacramento	8,229	7,629	6,466	—	8,483	—	9,082	8,183	—
California State University, San Bernardino	8,229	6,606	—	9,651	—	—	—	—	—
San Diego State University	13,637	11,893	10,357	11,165	9,341	8,149	—	—	—
San Francisco State University <sup>(5)</sup>	—	9,656	—	13,448	10,968	10,152	—	—	—
San José State University	10,328	9,060	7,601	14,104	11,211	10,186	17,196	11,466	10,022
California Polytechnic State University, San Luis Obispo	—	8,718	8,283	10,665	10,017	—	—	—	—
Sonoma State University <sup>(6)</sup>	9,672	7,424	5,416	12,264	8,352	5,672	—	—	—
California State University, Stanislaus	7,895	—	4,813	8,409	6,970	—	—	—	—
Average annual rates	\$ 9,776	\$ 8,701	\$ 7,411	\$ 11,254	\$ 9,075	\$ 8,077	\$ 12,840	\$ 9,502	\$ 8,738

<sup>(1)</sup> Housing facilities at the Fresno, Monterey Bay, and San Marcos campuses are operated by Auxiliary Organizations.

<sup>(2)</sup> This column reflects capacity adjusted for increase or decrease in permanent conversions and temporary adjustments.

<sup>(3)</sup> Percent of spaces occupied is based on Operational Capacity. The percentages represent the average academic year occupancy, a portion of which was impacted by the COVID-19 pandemic. Due to virtual instruction for the remainder of the spring 2020 academic term, most housing facilities were closed and capacity reduced significantly.

<sup>(4)</sup> This section primarily reflects an average of the more traditional rates to students. Each campus has different rates depending on accommodations, such as super doubles, cluster occupancy, etc.

<sup>(5)</sup> The operational capacity does not include 1,207 apartment units that were occupied by students, faculty, and staff. The monthly rates for the one-bedroom, two-bedroom, or three-bedroom units (not bed-spaces) vary between \$2,140 and \$4,325.

<sup>(6)</sup> The operational capacity does not include 90 faculty and staff apartment units.

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY

## Systemwide Revenue Bond Program's Statement of Insurance Coverage

Year ended June 30, 2020

(Unaudited)

(In thousands)

Expiration date <sup>(1)</sup>	Insurance Coverage	Coverage Limit	Insurance Company	Policy number
<b>Property Insurance:</b>				
July 1, 2020	CSU Master Property Policy, "All Risk" Building, Equipment, Rental Income (excluding earthquake)	\$1,000,000 per occurrence	Alliant Property Insurance Program	017471590/06
July 1, 2020	CSU Master Property Policy, Boiler & Machinery	100,000	Alliant Property Insurance Program	017471590/06
<b>General Liability Insurance:</b>				
July 1, 2020	Bodily Injury & Property Damage Liability (Primary)	5,000	CSU Risk Management Authority (self-insured portion)	CSURMA-LIAB-1920
July 1, 2020	Bodily Injury & Property Damage Liability (Reinsurance)	5,000 xs 5,000	Ironshore Indemnity Inc.	000541309
July 1, 2020	Bodily Injury & Property Damage Liability (Reinsurance)	10,000 xs 10,000	Argonaut Insurance Company	2902105-01
July 1, 2020	Bodily Injury & Property Damage Liability (Excess)	5,000 xs 20,000	Great American Insurance Group	1827346
July 1, 2020	Bodily Injury & Property Damage Liability (Excess)	5,000 xs 25,000	Brit Syndicates Ltd. Syndicate 2987 at Lloyd's	SCP1000819
July 1, 2020	Bodily Injury & Property Damage Liability (Excess)	5,000 xs 30,000	Hallmark Specialty Insurance Company	77PEF190080
July 1, 2020	Bodily Injury & Property Damage Liability (Excess)	15,000 xs 35,000	Gemini Insurance Company	CEX09600368-06
July 1, 2020	Bodily Injury & Property Damage Liability (Excess)	50,000 xs 50,000	Multiple	Multiple
July 1, 2020	Bodily Injury & Property Damage Liability (Excess)	50,000 xs 100,000	Multiple	Multiple
July 1, 2020	Bodily Injury & Property Damage Liability (Excess)	50,000 xs 150,000	XL Insurance Company SE - Irish Branch	IE00020744LI19A
July 1, 2020	Bodily Injury & Property Damage Liability (Excess)	25,000 xs 200,000	American International Reinsurance Company, Ltd.	28336890
July 1, 2020	Bodily Injury & Property Damage Liability (Excess)	50,000 xs 225,000	Multiple	Multiple
July 1, 2020	Bodily Injury & Property Damage Liability (Excess)	25,000 xs 275,000	Argo Re Ltd.	ARGO-CAS-OCC-001363.1
July 1, 2020	Bodily Injury & Property Damage Liability (Excess)	25,000 xs 300,000	Hamilton Re, Ltd.	CX19-6549
<b>Workers' Compensation and Employer's Liability Insurance:</b>				
July 1, 2020	Workers' Compensation and Employer's Liability	2,500	CSAC Excess Insurance Authority	EIA-PE 19 EWC-143
July 1, 2020	Workers' Compensation and Employer's Liability	in excess of 2,500 up to California Workers' Compensation Statutes	Safety National Casualty Corporation	SP 4060592

<sup>(1)</sup> Additional insurance policies are maintained for the period from July 1, 2020 through July 1, 2021. These policies provide the same coverage indicated above.

See accompanying independent auditors' report.



**CSU** The California State University

*401 Golden Shore, Long Beach, CA 90802*

[www.calstate.edu](http://www.calstate.edu)



**CSU** The California  
State University

# SINGLE AUDIT REPORTS

2019-2020





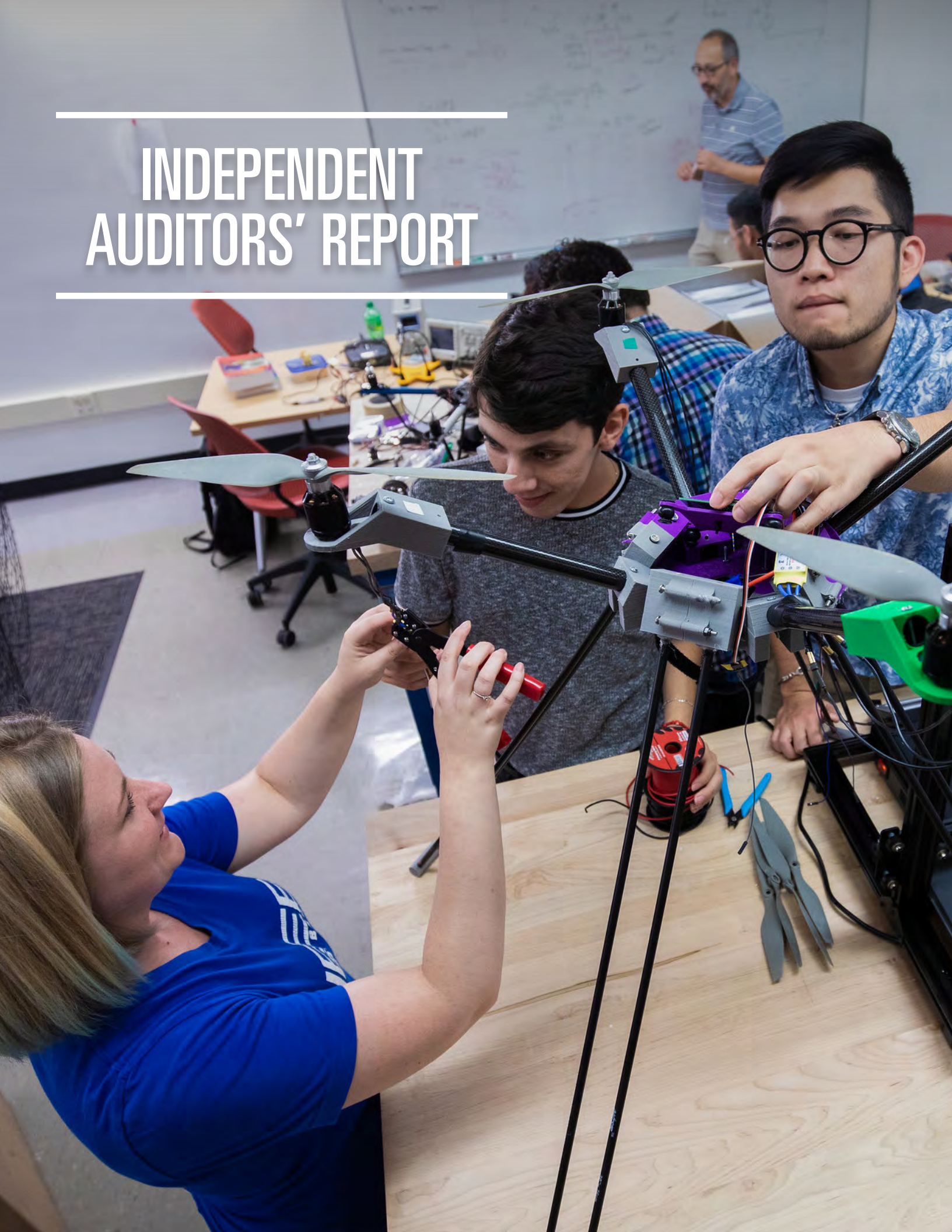
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# INDEPENDENT AUDITORS' REPORT

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KPMG LLP  
Suite 1500  
550 South Hope Street  
Los Angeles, CA 90071-2629

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

The Board of Trustees  
California State University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the California State University, an agency of the State of California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise California State University's basic financial statements, and have issued our report thereon dated March 19, 2021. Our report refers to other auditors who audited 89 of the 91 aggregate discretely presented component units, which represent 95%, 98% and 94%, respectively of the assets, net position and revenues of the aggregate discretely presented component units totals. The reports of the other auditors have been furnished to us, and our opinion, insofar as they relate to the amounts included for the 89 aggregate discretely presented component units, are based solely on the reports of the other auditors. The financial statements of 40 discretely presented component units are not audited in accordance with *Government Auditing Standards* which represent 32%, 33% and 26%, respectively of the assets, net position and revenues of the aggregate discretely presented component unit totals. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters in accordance with *Government Auditing Standards* for the discretely presented component units.

*Internal Control Over Financial Reporting*

In planning and performing our audit of the financial statements, we considered California State University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of California State University's internal control. Accordingly, we do not express an opinion on the effectiveness of California State University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether California State University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### *Purpose of this Report*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the California State University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the California State University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*KPMG LLP*

Los Angeles, California  
March 19, 2021



KPMG LLP  
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**Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

The Board of Trustees  
California State University:

*Report on Compliance for Each Major Federal Program*

We have audited the California State University's (the University) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2020. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The University's basic financial statements include the operations of the University's discretely presented component units, which expended federal awards totaling \$382,601,482, which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2020. Our audit, described below, did not include the operations of these component units because the component units engaged other auditors to perform audits in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

*Management's Responsibility*

Management is responsible for compliance with the federal status, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

*Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.



### *Opinion on Each Major Federal Program*

In our opinion, the California State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### *Other Matters*

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The University's responses and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.

### *Report on Internal Control over Compliance*

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

The University's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The University's responses and corrective action



plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the University, an agency of the State of California, as of and for the year ended June 30, 2020, and have issued our report thereon dated March 19, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Los Angeles, California  
March 19, 2021



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# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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**CALIFORNIA STATE UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
Year ended of June 30, 2020

Student Financial Assistance Cluster:

Federal Grantor Agency	CFDA	Cluster Name	Federal Program Name	Direct Award or Pass-through Entity	Pass-through Identifying Number	Amount Expended	Amounts Provided to Subrecipients
Department of Education	84.007	Student Financial Aid	Federal Supplemental Educational Opportunity Grants (FSEOG)	Direct Award		\$ 19,015,242	\$ -
	84.033	Student Financial Aid	Federal Work-Study Program (FWS)	Direct Award		22,967,965	-
	84.038	Student Financial Aid	Federal Perkins Loan Program (PERKINS LOAN advanced and ACA)	Direct Award		55,320,028	-
	84.063	Student Financial Aid	Federal Pell Grant Program (PELL)	Direct Award		1,070,747,390	-
	84.268	Student Financial Aid	Federal Direct Student Loans (DIRECT LOAN)	Direct Award		1,381,458,139	-
	84.379	Student Financial Aid	Teacher Education Assistance for College and Higher Education Grants (TEACH)	Direct Award		2,501,557	-
	84.408	Student Financial Aid	Postsecondary Education Scholarships for Veteran's Dependents (VETERANS)	Direct Award		11,620	-
<b>Department of Education Total</b>						<b>2,552,021,941</b>	<b>-</b>
Department of Health and Human Services	93.364	Student Financial Aid	Nursing Student Loans (NURSING LOAN)	Direct Award		2,923,345	-
<b>Department of Health and Human Services Total</b>						<b>2,923,345</b>	<b>-</b>
<b>Student Financial Assistance Cluster Total</b>						<b>\$ 2,554,945,286</b>	<b>\$ -</b>

Other Programs and Clusters:

Federal Grantor Agency	CFDA	Cluster Name	Federal Program Name	Direct Award or Pass-through Entity	Pass-through Identifying Number	Amount Expended	Amounts Provided to Subrecipients	
U.S. Department of Agriculture	10.001		Agricultural Research Basic and Applied Research	Direct Award		\$ 121,722	\$ -	
	10.220		Higher Education - Multicultural Scholars Grant Program	Direct Award		70,836	23,780	
	10.223		Hispanic Serving Institutions Education Grants	Direct Award		246	-	
	10.558		Child and Adult Care Food Program	Pass-through California Department of Education	04346-CACFP-12-HU-CS	30,248	-	
	10.561	SNAP CLUSTER		State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Pass-through Chico State Enterprises	SUB18-018	28,667	-
						SUB18-043	31,908	-
						SUB18-046	56,012	-
						SUB18-027	11,384	-
<b>SNAP CLUSTER Total</b>						<b>127,971</b>	<b>-</b>	
<b>10.561 Total</b>						<b>127,971</b>	<b>-</b>	
<b>U.S. Department of Agriculture Total</b>						<b>351,023</b>	<b>23,780</b>	
U.S. Department of Commerce	11.419		Coastal Zone Management Administration Awards	Pass-through Elkhorn Slough Foundation	NA14NOS4190145	15,666	-	
	11.420		Coastal Zone Management Estuarine Research Reserves	Direct Award		8,384	5,883	
	11.429		Marine Sanctuary Program	Pass-through National Oceanic and Atmospheric Administration	NA19NOS4290123	29,360	-	
	11.999		Marine Debris Program	Direct Award		6,613	-	
<b>U.S. Department of Commerce Total</b>						<b>60,023</b>	<b>5,883</b>	
U.S. Department of Defense	12.550		The Language Flagship Grants to Institutions of Higher Education	Pass-through Institute of International Education	0054-SFSU-8-CHN-280-PO1	235,850	-	
					0054-SFSU-8-LINK-280-PO5	24,228	-	
					0054-SFSU-8-SSC-280-PO6	736	-	
<b>12.550 Total</b>						<b>260,814</b>	<b>-</b>	
	12.U01		U.S. Department of Defense (not classified elsewhere)	Direct Award		44,816	-	
<b>U.S. Department of Defense Total</b>						<b>305,630</b>	<b>-</b>	
U.S. Department of the Interior	15.224		Cultural and Paleontological Resources Management	Direct Award		9,091	-	
	15.904		Historic Preservation Fund Grants-In-Aid	Pass-through Historic Preservation, Office of (OHP)	C8963512	1,000	-	
	15.944		Natural Resource Stewardship	Direct Award		11,320	-	
	15.945		Cooperative Research and Training Programs – Resources of the National Park System	Direct Award		125,336	-	
<b>U.S. Department of the Interior Total</b>						<b>146,747</b>	<b>-</b>	
U.S. Department of Justice	16.922		Equitable Sharing Program	Pass-through Orange County Sheriff's Department - Regional Narcotics Suppression Program	RSNP 07252013	41,286	-	
<b>U.S. Department of Justice Total</b>						<b>41,286</b>	<b>-</b>	

See accompanying notes to schedule of expenditures of federal awards



**CALIFORNIA STATE UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
Year ended of June 30, 2020

Federal Grantor Agency	CFDA	Cluster Name	Federal Program Name	Direct Award or Pass-through Entity	Pass-through Identifying Number	Amount Expended	Amounts Provided to Subrecipients
U.S. Department of Labor	17.277		WIOA National Dislocated Worker Grants / WIA National Emergency Grants	Pass-through Consortium, Inc	GC022 2011	59,699	-
<b>U.S. Department of Labor Total</b>						<b>59,699</b>	-
U.S. Department of State	19.421		Academic Exchange Programs - English Language Programs	Pass-through Family Health International	PO20000340	131,944	-
<b>U.S. Department of State Total</b>						<b>131,944</b>	-
U.S. Department of Transportation	20.819		Ballast Water Treatment Technologies	Direct Award		21,513	-
	20.U02		U.S. Department of Transportation (not classified elsewhere)	Pass-through Transportation, Department of (DOT, CALTRANS)	04A5368	50,580	-
<b>U.S. Department of Transportation Total</b>						<b>72,093</b>	-
Office of Personnel Management	27.011		Intergovernmental Personnel Act (IPA) Mobility Program	Direct Award		148,243	-
<b>Office of Personnel Management Total</b>						<b>148,243</b>	-
National Aeronautics and Space Administration	43.001		Science	Pass-through Association of Universities for Research in Astronomy, Inc.	STI-509915	504,746	-
	43.008		Office of Stem Engagement (OSTEM)	Direct Award		3,939	-
<b>National Aeronautics and Space Administration Total</b>						<b>508,685</b>	-
National Endowment for the Humanities	45.129		Promotion of the Humanities Federal/State Partnership	Pass-through California Humanities	HFAQ19-67 HFAQ19-156	1,332 3,149	-
	45.129 Total					4,481	-
	45.149		Promotion of the Humanities Division of Preservation and Access	Direct Award		3,550	-
	45.160		Promotion of the Humanities Fellowships and Stipends	Direct Award		25,200	-
	45.169		Promotion of the Humanities Office of Digital Humanities	Direct Award		16,956	-
<b>National Endowment for the Humanities Total</b>						<b>50,187</b>	-
National Endowment for the Arts	45.024		Promotion of the Arts Grants to Organizations and Individuals	Direct Award		9,153	-
	45.025		Promotion of the Arts Partnership Agreements	Pass-through Western States Arts Federation	TW20190008 TW20190180	2,000 2,125	-
	45.025 Total					4,125	-
<b>National Endowment for the Arts Total</b>						<b>13,278</b>	-
National Science Foundation	47.049		Mathematical and Physical Sciences	Direct Award		38,189	-
	47.050		Geosciences	Pass-through University of Connecticut	1756789 368638 322618	4,255 41,797	-
	47.050 Total					46,052	-
	47.076		Education and Human Resources	Pass-through Missouri State University	16043-007	39,018	-
	47.076 Total			Pass-through The Regents of the University of California	9400	2,677	-
<b>National Science Foundation Total</b>						<b>125,936</b>	-
U.S. Department of Environment Protection Agency	66.461		Regional Wetland Program Development Grants	Direct Award		103,476	-
	66.461 Total			Pass-through Association of Bay Area Governments	CD-99T66201	9,617	-
<b>U.S. Department of Environment Protection Agency Total</b>						<b>113,093</b>	-
U.S. Department of Energy	81.087		Renewable Energy Research and Development	Direct Award		2,410	-
	81.087 Total			Pass-through Department of Energy	AHQ-9-92092-11	785	-
	81.117		Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	Direct Award		143,745	-
<b>U.S. Department of Energy Total</b>						<b>146,940</b>	-

See accompanying notes to schedule of expenditures of federal awards

**CALIFORNIA STATE UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
Year ended of June 30, 2020

Federal Grantor Agency	CFDA	Cluster Name	Federal Program Name	Direct Award or Pass-through Entity	Pass-through Identifying Number	Amount Expended	Amounts Provided to Subrecipients	
U.S. Department of Education	84.031		Higher Education Institutional Aid	Direct Award		4,990,602	120,063	
				Pass-through Ventura County Community College District	P0103046	155,369	-	
				Pass-through Santa Barbara City College	1231.4070.562000.60	44,032	-	
				Pass-through San Mateo County Community College District	681233 P031S160245	41,685 164,449	- -	
	<b>84.031 Total</b>					<b>5,396,137</b>	<b>120,063</b>	
	84.042	TRIO CLUSTER	TRIO Student Support Services	Direct Award		2,047,955	-	
	84.044	TRIO CLUSTER	TRIO Talent Search	Direct Award		829,905	-	
	84.047	TRIO CLUSTER	TRIO Upward Bound	Direct Award		2,192,492	-	
	84.103	TRIO CLUSTER	TRIO Staff Training Program	Direct Award		403,046	-	
	84.217	TRIO CLUSTER	TRIO McNair Post-Baccalaureate Achievement	Direct Award		519,251	-	
		<b>TRIO CLUSTER Total</b>				<b>5,992,649</b>	<b>-</b>	
	84.129		Rehabilitation Long-Term Training	Direct Award		212,521	-	
	84.325		Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	Direct Award		938,192	4,425	
				Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	Direct Award	554,009	-	
	84.335		Child Care Access Means Parents in School	Direct Award		574,752	-	
	84.365		English Language Acquisition State Grants	Direct Award		760,750	-	
	84.367		Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Pass-through The Regents of the University of California	ESSA19-CMP-SONOMA ESSA19-CMP-STANISLAUS ESSA19-CWP-STANISLAUS	26,022 24,223 39,082	- - -	
				<b>84.031 Total</b>		<b>89,327</b>	<b>-</b>	
				84.382		Strengthening Minority-Serving Institutions	Direct Award	402,078
	84.411		Education Innovation and Research (formerly Investing in Innovation (i3) Fund)	Direct Award		929,403	189,680	
	84.425E		COVID-19 - Higher Education Emergency Relief Fund-Student Aid Portion	Direct Award		242,831,388	-	
	84.425F		COVID-19 - Higher Education Emergency Relief Fund-Institutional Portion	Direct Award		801,858	-	
	84.425L		COVID-19 - Higher Education Emergency Relief Fund-Minority Serving Institutions	Direct Award		1,417,114	-	
	<b>U.S. Department of Education Total</b>					<b>260,900,178</b>	<b>314,168</b>	
	U.S. Department of Health and Human Services	93.157		Centers of Excellence	Pass-through The Regents of the University of California, San Francisco	11245sc	47,596	-
		93.558	TANF CLUSTER	Temporary Assistance for Needy Families	Pass-through San Joaquin County	A-19-100	458,665	-
		93.575		Child Care and Development Block Grant	Pass-through California Department of Education	G-1801CACCDF	1,414,324	-
Pass-through California Department of Education					CCTR-9044	53,606	-	
Pass-through City and County of San Francisco					P170053	523,244	-	
<b>93.575 Total</b>						<b>1,991,174</b>	<b>-</b>	
93.596			Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Pass-through California Department of Education	CCTR-9044	116,614	-	
93.600			Head Start	Pass-through California Department of Education	15291, 15292, 15298	119,721	-	
93.658			Foster Care Title IV-E	Pass-through The Regents of The University of California, Berkeley	9898	1,086,192	-	
				Pass-through The Regents of the University of California	18-3028	1,318,249	-	
<b>93.658 Total</b>						<b>2,404,441</b>	<b>-</b>	
93.732			Mental and Behavioral Health Education and Training Grants	Pass-through The Regents of The University of California, Berkeley	9668	86,809	-	
93.859			Biomedical Research and Research Training	Direct Award		366,277	-	
				Pass-through The Regents of the University of California, San Francisco	10339sc	35,216	-	
<b>93.859 Total</b>					<b>401,493</b>	<b>-</b>		
<b>U.S. Department of Health and Human Services Total</b>					<b>5,626,513</b>	<b>-</b>		
Corporation for National and Community Service	94.006		AmeriCorps	Direct Award		161,920	-	
				Pass-through Jumpstart for Young Children, Inc.	CFDA-94.006-JS-SITE #10 CFDA-94.006-JS-SITE #322	69,530 261,573	- -	
				Pass-through California Volunteers	17-AFH26-PG99	191	-	
	<b>94.006 Total</b>					<b>493,214</b>	<b>-</b>	
94.013		Volunteers in Service to America	Direct Award		19,126	-		
<b>Corporation for National and Community Service Total</b>					<b>512,340</b>	<b>-</b>		

See accompanying notes to schedule of expenditures of federal awards

**CALIFORNIA STATE UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
Year ended of June 30, 2020

Federal Grantor Agency	CFDA	Cluster Name	Federal Program Name	Direct Award or Pass-through Entity	Pass-through Identifying Number	Amount Expended	Amounts Provided to Subrecipients
U.S. Department of Homeland Security	97.012		Boating Safety Financial Assistance	Pass-through California Department of Parks and Recreation	C8962333	3,408	-
	97.036		Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Pass-through Historic Preservation, Office of (OHP)	C1710004	4,368	-
<b>U.S. Department of Homeland Security Total</b>						<b>7,776</b>	<b>-</b>
<b>Other Programs and Clusters Total</b>						<b>\$ 269,321,614</b>	<b>\$ 343,831</b>

**Research and Development (R&D) Cluster**

Federal Grantor Agency	CFDA	Cluster Name	Federal Program Name	Direct Award or Pass-through Entity	Pass-through Identifying Number	Amount Expended	Amounts Provided to Subrecipients	
U.S. Department of Agriculture	10.226	R&D	Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	Pass-through The Regents of The University of California, Davis	A20-1464-S001	\$ 7,610	\$ -	
	10.561	R&D	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Pass-through California Department of Public Health/Nutrition Education Obesity Prevention Branch	18-10419	341,286	-	
	10.664	R&D	Cooperative Forestry Assistance	Direct Award		72,431	-	
	10.699	R&D	Partnership Agreements	Direct Award		2,096	-	
<b>U.S. Department of Agriculture Total</b>						<b>423,423</b>	<b>-</b>	
U.S. Department of Commerce	11.012	R&D	Integrated Ocean Observing System (IOOS)	Pass-through Monterey Bay Aquarium Research Institute	1611290	93,128	-	
	11.417	R&D	Sea Grant Support	Pass-through The Regents of The University of California, San Diego	R/HCE-10 R/HCE-11	28,828 25,158	- -	
	11.417 Total					53,986	-	
	11.419	R&D	Coastal Zone Management Administration Awards	Pass-through Rhode Island Department of Environmental Management	COOP Agreement 2019	37,116	-	
	11.419 Total				Pass-through University of Michigan	SUBK00009742	51,155	-
	11.420	R&D	Coastal Zone Management Estuarine Research Reserves	Direct Award		627,350	-	
				Pass-through Merkel & Associates, Inc.	05-024-35 1305M319FNFFP0234 3002.19.065658	29,454 13,251 6,896	- - -	
	11.420 Total					676,951	-	
11.463		R&D	Habitat Conservation	Pass-through California Coastal Conservancy	CONTRACT NO. 10-030	25,233	-	
<b>U.S. Department of Commerce Total</b>						<b>937,569</b>	<b>-</b>	
U.S. Department of Defense	12.300	R&D	Basic and Applied Scientific Research	Direct Award		26,528	-	
				Pass-through The Regents of the University of California	A18-0896-S001-P06921	47,348	-	
				Pass-through University of St. Andrews	112717 AGREEMENT	21,827	-	
	12.300 Total					95,703	-	
	12.431	R&D	Basic Scientific Research	Direct Award		87,796	-	
	12.630	R&D	Basic, Applied, and Advanced Research in Science and Engineering	Direct Award		615,821	-	
U.S. Department of Defense	12.631	R&D	Science, Technology, Engineering and Mathematics (STEM) Educational Program: Science, Mathematics And Research for Transformation (SMART)	Pass-through Department of Defense	W911NG1910504	143,917	-	
	12.800	R&D	Air Force Defense Research Sciences Program	Pass-through George Mason University	E2043361	56	-	
	<b>U.S. Department of Defense Total</b>						<b>943,293</b>	<b>-</b>
U.S. Department of the Interior	15.231	R&D	Fish, Wildlife and Plant Conservation Resource Management	Direct Award		71,814	-	
	15.246	R&D	Threatened and Endangered Species	Direct Award		34,379	-	
	15.564	R&D	Central Valley Project Conservation	Direct Award		194,532	-	
	15.608	R&D	Fish and Wildlife Management Assistance	Direct Award		69,858	38,922	
	15.615	R&D	Cooperative Endangered Species Conservation Fund	Pass-through California Department of Fish and Wildlife	P1680007	10,441	-	
	15.657	R&D	Endangered Species Recovery Implementation	Pass-through California Department of Fish and Wildlife	F18AC00359	12,846	-	
	15.670	R&D	Adaptive Science	Pass-through CSU Chico Research Foundation	SUB19-009	17,017	-	
	15.678	R&D	Cooperative Ecosystem Studies Units	Direct Award		19,444	-	
	15.807	R&D	Earthquake Hazards Program Assistance	Direct Award		40,424	-	
	15.808	R&D	U.S. Geological Survey Research and Data Collection	Direct Award		24,536	-	
	15.945	R&D	Cooperative Research and Training Programs – Resources of the National Park System	Direct Award		6,702	-	
	<b>U.S. Department of the Interior Total</b>						<b>501,993</b>	<b>38,922</b>

See accompanying notes to schedule of expenditures of federal awards

**CALIFORNIA STATE UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
Year ended of June 30, 2020

Federal Grantor Agency	CFDA	Cluster Name	Federal Program Name	Direct Award or Pass-through Entity	Pass-through Identifying Number	Amount Expended	Amounts Provided to Subrecipients	
National Aeronautics and Space Administration	43.001	R&D	Science	Direct Award		453,351	113,009	
				Pass-through Smithsonian Astrophysical Observatory	GO9-20082A	6,104	-	
				Pass-through University of New Hampshire	80NSSC20K1110	10,467	-	
				Pass-through Children's Creativity Museum	09/06/18 AGREEMENT	9,032	-	
43.001 Total						478,954	113,009	
<b>National Aeronautics and Space Administration Total</b>						<b>478,954</b>	<b>113,009</b>	
National Endowment for the Humanities	45.129	R&D	Promotion of the Humanities Federal/State Partnership	Pass-through California Humanities	HFAP17-11	7	-	
<b>National Endowment for the Humanities Total</b>						<b>7</b>	<b>-</b>	
National Science Foundation	47.041	R&D	Engineering	Direct Award		194,409	-	
				Pass-through CSU - San Diego Research Foundation	SA0000684	993	-	
	47.041 Total						195,402	-
	47.049	R&D	Mathematical and Physical Sciences	Direct Award		431,263	26,887	
	47.050	R&D	Geosciences	Direct Award		256,282	-	
				Pass-through Yale University	GR104085(CON-80001397)	2,472	-	
	47.050 Total						258,754	-
	47.070	R&D	Computer and Information Science and Engineering	Direct Award		202,928	-	
				Pass-through The University of Texas at El Paso	226100998E	17,242	-	
	47.070 Total						220,170	-
	47.074	R&D	Biological Sciences	Direct Award		1,590,555	403,388	
				Pass-through The Regents of the University of California, San Francisco	9807sc	507,519	-	
	47.074 Total						2,098,074	403,388
	47.075	R&D	Social, Behavioral, and Economic Sciences	Direct Award		129,828	-	
	47.076	R&D	Education and Human Resources	Direct Award		2,902,414	663,261	
				Pass-through The Regents of the University of California	KK1627	843	-	
					A00-1696S004-P056579	410	-	
Pass-through Cal Poly Corporation				2018-2-51273	159	-		
Pass-through CSU - East Bay Foundation				W1206-411	3,707	-		
Pass-through University Enterprises, Inc. (Sacramento)				533001	156	-		
				533002	4,000	-		
				532842	15,000	-		
	1826490/532851	26,166	-					
		Pass-through Smith-Kettlewell Eye Research Institute	8201301-SFSU	17,203	-			
		Pass-through The Regents of The University of California, Irvine	2018-3646	30,103	-			
		Pass-through University of Texas at El Paso	226100955B	331,332	-			
47.076 Total						3,331,493	663,261	
<b>National Science Foundation Total</b>						<b>6,664,984</b>	<b>1,093,536</b>	
U.S. Department of Energy	81.049	R&D	Office of Science Financial Assistance Program	Direct Award		228,378	-	
	81.117	R&D	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	Pass-through The Regents of The University of California, Lawrence Berkeley National Laboratory	7403049	37,582	-	
<b>U.S. Department of Energy Total</b>						<b>265,960</b>	<b>-</b>	
U.S. Department of Education	84.324	R&D	Research in Special Education	Direct Award		51,530	37,027	
<b>U.S. Department of Education Total</b>						<b>51,530</b>	<b>37,027</b>	
U.S. Department of Health and Human Services	93.084	R&D	Prevention of Disease, Disability, and Death by Infectious Diseases	Pass-through The Regents of The University of California, Riverside	S-001163	23,091	-	
	93.113	R&D	Environmental Health	Pass-through University of Southern California	93352808	20,869	-	
	93.136	R&D	Injury Prevention and Control Research and State and Community Based Programs	Pass-through California Department of Public Health	18-10467	15,001	-	
	93.143	R&D	NIEHS Superfund Hazardous Substances_Basic Research and Education	Pass-through The Regents of The University of California, Berkeley	9676	19,918	-	
	93.173	R&D	Research Related to Deafness and Communication Disorders	Pass-through Trustees of Boston University	4500003318	11,700	-	
	93.242	R&D	Mental Health Research Grants	Direct Award		660,333	188,925	
				Pass-through Boston University	4500002320	12,286	-	
93.242 Total						672,619	188,925	

See accompanying notes to schedule of expenditures of federal awards

**CALIFORNIA STATE UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
Year ended of June 30, 2020

Federal Grantor Agency	CFDA	Cluster Name	Federal Program Name	Direct Award or Pass-through Entity	Pass-through Identifying Number	Amount Expended	Amounts Provided to Subrecipients	
U.S. Department of Health and Human Services	93.243	R&D	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Pass-through The Regents of the University of California	10989sc	16,711	-	
	93.268	R&D	Immunization Cooperative Agreements	Pass-through California Department of Public Health	18-10467	7,492	-	
	93.273	R&D	Alcohol Research Programs	Pass-through Columbia University	1(GG014711-01)	14,902	-	
	93.307	R&D	Minority Health and Health Disparities Research	Direct Award		432,345	-	
				Pass-through The Board of Trustees of the University of Illinois	17233-00	22,342	-	
	<b>93.307 Total</b>						<b>454,687</b>	<b>-</b>
	93.310	R&D	Trans-NIH Research Support	Direct Award		3,576,594	1,158,111	
	93.426	R&D	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	Pass-through California Department of Public Health	18-10467	67,496	-	
	93.745	R&D	PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Fund	Pass-through California Department of Public Health	18-10467	154,154	-	
	93.837	R&D	Cardiovascular Diseases Research	Direct Award		780,941	250,334	
	93.847	R&D	Diabetes, Digestive, and Kidney Diseases Extramural Research	Pass-through The Regents of the University of California, San Francisco	8109sc	5,684	-	
	93.855	R&D	Allergy and Infectious Diseases Research	Direct Award		38,946	16,288	
				Pass-through University of Pittsburgh	CNVA00056912 (131728-1)	36,949	-	
	<b>93.855 Total</b>						<b>75,895</b>	<b>16,288</b>
	93.859	R&D	Biomedical Research and Research Training	Direct Award		2,967,790	6,261	
				Pass-through The Regents of the University of California, San Francisco	10339sc	58,758	-	
				Pass-through St. John's University	35712	15,184	-	
	<b>93.859 Total</b>						<b>3,041,732</b>	<b>6,261</b>
	93.865	R&D	Child Health and Human Development Extramural Research	Direct Award		47,736	-	
				Pass-through Research Foundation for Mental Hygiene, Inc. Columbia University	25999	45,051	-	
	<b>93.865 Total</b>						<b>92,787</b>	<b>-</b>
	93.866	R&D	Aging Research	Direct Award		117,117	59,405	
				Pass-through The Regents of the University of California, San Francisco	10295sc	74,575	-	
					11635sc	154,535	-	
					9913C	25,109	-	
				Pass-through Stanford University	61933281-133224	171,063	-	
				Pass-through University of South Carolina	20-3976	102,959	-	
<b>93.866 Total</b>						<b>645,358</b>	<b>59,405</b>	
93.879	R&D	Medical Library Assistance	Pass-through Stanford University	61100260-12656-A	3,555	-		
93.898	R&D	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	Pass-through California Department of Public Health	18-10467	54,409	-		
93.991	R&D	Preventive Health and Health Services Block Grant	Pass-through California Department of Public Health	18-10467	1,154,250	-		
<b>U.S. Department of Health and Human Services Total</b>						<b>10,909,845</b>	<b>1,679,324</b>	
<b>Research and Development (R&amp;D) Cluster Total</b>						<b>\$ 21,177,558</b>	<b>\$ 2,961,818</b>	
<b>Total expenditures of federal awards</b>						<b>\$ 2,845,444,458</b>	<b>\$ 3,305,649</b>	

See accompanying notes to schedule of expenditures of federal awards



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# NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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**CALIFORNIA STATE UNIVERSITY**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

**(1) General**

The accompanying schedule of expenditures of federal awards (Schedule) presents the activity of all federal award programs of the California State University (the University). The University does not consider itself a subrecipient of federal funds when those funds are received as payments for services rendered from individual campus foundations, which are discretely presented component units in the basic financial statements of the University. Accordingly, these amounts are not reflected in the accompanying Schedule.

For purposes of the Schedule, federal awards include all grants and contracts entered into directly between the University and agencies and departments of the federal government and pass-through agencies. The awards are classified into program categories in accordance with the provisions of the Uniform Guidance.

**(2) Basis of Accounting**

The information in the accompanying Schedule is prepared on the accrual basis of accounting and is also presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**(3) Loan Programs**

Total loans outstanding under the Federal Perkins Loan Program and the Nursing Student Loan Program are \$42,491,399 and \$2,312,082, respectively, at June 30, 2020. The amounts included in the accompanying Schedule consist of the beginning balances of the loans, loans advanced to students during the year and the administrative cost allowance for the year ended June 30, 2020.

**(4) Administrative Cost Allowances**

Administrative cost allowances included in the accompanying Schedule are summarized as follows:

Federal Pell Grant Program	\$	862,360
Federal Work-Study Program		945,736
Federal Supplemental Educational Opportunity Grant Program		413,309
Total administrative cost allowances	\$	<u>2,221,405</u>

**(5) Indirect Cost Rate**

The University did not elect to use the 10% de minimis indirect cost rate as discussed in the Uniform Guidance Section 200.414. For all sponsored programs where indirect costs are allowed to be claimed, the rates approved by the University's cognizant agency were used.



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# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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**CALIFORNIA STATE UNIVERSITY**  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2020

**(1) Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued on financial statements: Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to the financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness identified?  Yes  No
- Significant deficiencies in internal control over major programs  Yes  None Reported

Type of auditors' report issued on compliance for major programs: Unmodified opinion

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance  Yes  No

**Identification of Major Programs**

<u>CFDA number(s)</u>	<u>Name of federal program or cluster</u>
Various CFDA numbers 84.425E, 84.425F, and 84.425L	Student Financial Assistance Cluster COVID-19 - Higher Education Emergency Relief Fund
Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**CALIFORNIA STATE UNIVERSITY**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2020

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

None noted

**(3) Findings and Questioned Costs Relating to Federal Awards**

**2020-001**

Compliance requirement:	Enrollment Reporting
Campus:	Fresno, Northridge, Pomona, and San Jose
Cluster name/program:	Student Financial Assistance Cluster
CFDA number:	84.268 Federal Direct Student Loans 84.038 Federal Perkins Loan Program
Federal agency:	U.S. Department of Education
Passed through entity:	None
Award year:	July 1, 2019 through June 30, 2020

***Criteria or Specific Requirement***

Per 34 CFR Section 685.309, institutions with direct loan programs must complete and return to the National Student Loan Data System for Students (NSLDS) within 30 days the enrollment reporting roster file provided by NSLDS, unless the school expects to complete the next roster within 60 days, then they must return it within 60 days. The institution must update changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and then submit changes electronically to the NSLDS, for the purpose of providing complete and accurate data to lenders regarding enrollment status so they may properly determine when repayment of the loans should begin.

***Condition Found and Context***

During our testwork, we selected 90 students from nine campuses with direct loans that withdrew or graduated during the year and tested the University's reporting the change of status to NSLDS and noted the following:

- We identified four students from four campuses where their changes in status were not reported to the NSLDS within the 30/60-day reporting period. For these students, status changes were communicated between 80-365 days late.

Since this is a repeat finding and that non-compliance was identified at multiple campuses, we consider this to be a significant deficiency in internal control over the compliance requirement for enrollment status reporting. However, we do note this is a partial correction by the institution.

**CALIFORNIA STATE UNIVERSITY**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2020

***Cause and Effect***

The non-compliance with the 30/60-day reporting period was caused by not having sufficient procedures, such as queries to include all graduated and credential students and not scheduling and submitting degree transmissions on a monthly basis, and controls in place to report graduated and credential students to the National Student Clearinghouse (NSC) in a timely manner.

***Sampling***

Not statistical

***Isolated or Systemic***

Systemic

***Questioned Costs***

None noted

***Repeat Finding***

Yes

***Recommendation***

We recommend the University update their procedures to verify that all graduated and credential students are included in the NSC submissions and that degree transmissions to NSC are made in a timely manner to comply with the 30/60-day reporting period to NSLDS.

***Views of Responsible Officials***

The University concurs with the recommendation. Campuses will further review and refine their policies and procedures and strengthen internal controls, to ensure the timely and accurate reporting of student status changes to NSLDS.

**CALIFORNIA STATE UNIVERSITY**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2020

**2020-002**

Compliance requirement:	Disbursement to or on Behalf of Students
Campus:	San Jose
Cluster name/program:	Student Financial Assistance
CFDA number:	84.268 Federal Direct Student Loans 84.038 Federal Perkins Loan Program 84.379 Teacher Education Assistance for College and Higher Education Grants (TEACH)
Federal agency:	U.S. Department of Education
Pass-through entity:	None
Award year:	July 1, 2019 through June 30, 2020

***Criteria or Specific Requirement***

Per CFR Section 668.165 (a), before an institution disburses Title IV, Higher Education Act (HEA) program funds for any award year, the institution must notify a student of the amount of funds that the student or his or her parent can expect to receive under each Title IV, HEA program, and how and when those funds will be disbursed. If those funds include Direct Loan program funds, the notice must indicate which are from unsubsidized loans, and which are from Parent Loan for Undergraduate Students loans (PLUS). The institution must notify the student, or parent in writing of (1) the date and amount of the disbursement, and (2) the student's right, or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan or the TEACH Grant payments returned to the Education Department; and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, TEACH Grant, or TEACH Grant disbursement. The School must make disbursement notification to the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution with Direct Loans, Federal Perkins Loans or TEACH grants. Institutions that do not implement an affirmative confirmation process must notify a student no earlier than 30 days before, but no later than 7 days after, crediting the student's account and must give the student 30 days (instead of 14) to cancel all or part of the loan.

***Condition Found and Context***

During our testwork, we selected 60 students from six campuses that had disbursements where the University was required to notify the student and or parent of the loan disbursement. We noted that for 10 student samples from one campus, the University did not provide a disbursement notification to the student or parent.

***Cause and Effect***

The University's control failed in determining it did not send the required disbursement notification to the students or parent in the required timeframe with the required information. As a result, 10 students or parents were not notified of their rights, loan date or loan amounts.

***Sampling***

Not statistical

***Isolated or Systemic***



**CALIFORNIA STATE UNIVERSITY**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2020

Systemic

***Questioned Costs***

None noted

***Repeat Finding***

No

***Recommendation***

We recommend the University implement internal controls to ensure the required disbursement information is communicated to the student or parent and are sent within the required timeframe.

***Views of Responsible Officials***

The University concurs with the recommendation. The Campus will review and enhance its procedures and internal controls, to ensure the timely and accurate notification to the student or parent of their Title IV HEA disbursement and cancellation options.



**CSU** The California State University

*401 Golden Shore, Long Beach, CA 90802*

[www.calstate.edu](http://www.calstate.edu)

## AGENDA

### COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

**Meeting:** 12:00 p.m., Tuesday, March 23, 2021  
Virtually via Teleconference

Jane W. Carney, Chair  
Lateefah Simon, Vice Chair  
Larry L. Adamson  
Jack Clarke, Jr.  
Anna Ortiz-Morfit  
Krystal Raynes  
Romey Sabalius  
Peter J. Taylor

- Consent** 1. Approval of Minutes of the Meeting of January 26, 2021, *Action*
- Discussion** 2. California State University, Northridge Sierra Annex Schematic Design Approval, *Action*

**MINUTES OF THE MEETING OF THE  
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**

**January 26, 2021**

**Members Present**

Jane W. Carney, Chair  
Larry L. Adamson  
Jack B. Clarke Jr.  
Anna Ortiz-Morfit  
Krystal Raynes  
Romey Sabalius  
Peter J. Taylor

Lillian Kimbell, Chair of the Board  
Joseph I. Castro, Chancellor

Trustee Jane W. Carney called the meeting to order.

**Public Comment**

Public comment occurred at the beginning of the meeting's open session prior to all committees. No public comments were made pertaining to CPBG agenda items.

**Consent Agenda**

The minutes of the November 17, 2020 meeting of the Committee on Campus Planning, Buildings and Grounds were approved as submitted.

**\*PLEASE NOTE: Due to the Governor's proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor's Executive Orders N-25-20 and N-29-20 issued on March 12, 2020 and March 17, 2020, respectively, all members of the Board of Trustees may participate in meetings remotely, either by telephonic or video conference means. Out of consideration for the health, safety and well-being of the members of the public and the Chancellor's Office staff, the January 26-27, 2021 meeting of the CSU Board of Trustees was conducted entirely virtually via Zoom teleconference.**

### **Sonoma State University Master Plan Revision for Student Housing Project**

This action item requested the approval of the Campus Master Plan Revision for the Zinfandel Village Student Housing Replacement project at Sonoma State University.

Following the presentation, trustees commented on the importance of providing childcare and asked for further information about plans to relocate the childcare facility. President Judy Sakaki explained that the campus is currently using all available childcare capacity with a wait list, and in the future the campus will explore options to increase capacity and expand the program scope to include early childhood learning.

The trustees also asked when Sonoma State will present a plan for affordable housing. Assistant Vice Chancellor Elvyra San Juan explained that housing demand and pricing will be reviewed when the project moves forward in the future, and a report can be made to the Board of Trustees at that time.

The committee recommended approval of the proposed resolution (RCPBG 01-21-01).

Trustee Carney adjourned the Committee on Campus Planning, Buildings and Grounds.

## **COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS**

### **California State University, Northridge Sierra Annex Schematic Design Approval**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Erika D. Beck  
President  
California State University, Northridge

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

#### **Summary**

This agenda item requests the California State University Board of Trustees approve schematic plans for the California State University, Northridge Sierra Annex project.

#### **Sierra Annex**

*Project Delivery Method: Design-Build*  
*General Contractor: Gilbane*  
*Architect: Gensler*

#### **Background and Scope**

This project will construct a new 37,920 assignable square feet (ASF)/62,500 gross square feet (GSF) Sierra Annex (#137<sup>1</sup>), located immediately south of Sierra Hall (#6).

Sierra Annex is the first phase of a multiple-phase project to renovate the 58-year-old Sierra Hall, which houses the College of Social and Behavioral Sciences and the College of Humanities and encompasses classrooms, research labs, and faculty offices. Sierra Hall is the largest and the oldest classroom building on campus and has not had a major renovation since 1963. It has been determined that the most cost effective and academically feasible strategy for renovating Sierra Hall is to first construct Sierra Annex as a classroom replacement building.

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<sup>1</sup> The facility number is shown on the master plan map and recorded in the Space and Facilities Database.



Sierra Annex would replace nearly all of the lecture classrooms in Sierra Hall, which occupy about 40 percent of its space. Once Sierra Annex is constructed and occupied, it will be possible to renovate the existing Sierra Hall without disruption to the academic programs it houses or the need for temporary surge space. The planned renovation of Sierra Hall is being pursued as a separate project and is not part of the Sierra Annex project.

Sierra Annex is designed to promote student success by providing flexible, technology-rich learning spaces that support modern teaching pedagogies and enhance the university's ability to continue to adapt in the post-pandemic academic environment. Diversified classroom sizes, movable and reconfigurable room furniture, the latest audio and visual technology and lecture capture technology are all designed to accommodate for hybrid/distance learning, traditional lecture, active learning, and discussion-based learning. The consolidation and reduction of classrooms was achieved by right-sizing classrooms, scheduling courses during presently underutilized times and consolidating under-scheduled classrooms in to fewer rooms.

The new Sierra Annex building will be a three-story steel brace-frame structure with concrete-filled metal decks. The exterior architectural finish will be smooth plaster on the first floor and vertical metal panels on the upper floors. The building is designed to achieve Leadership in Energy and Environmental Design (LEED) Gold certification. Notable sustainability features include protected shaded building entries; ultra-high efficiency glazing to minimize solar heat gain; a zoned HVAC system with occupancy sensors to support partitioning and partial loads during off-hours use; a heat recovery chiller for heating and chilled water recovery (eliminates use of natural gas for heating, domestic hot water, or air conditioning); and energy-efficient lighting and control systems will be used in conjunction with natural lighting. The chosen exterior and interior building finishes are durable and will provide increased life-cycle performance, further contributing to the building's sustainability.

### **Timing (Estimated)**

Completion of Preliminary Drawings	May 2021
Completion of Working Drawings	October 2021
Start of Construction	March 2022
Occupancy	July 2023

### **Basic Statistics**

Gross Building Area	62,500 square feet
Assignable Building Area	37,922 square feet
Efficiency	61 percent

**Cost Estimate—California Construction Cost Index (CCCI) 7528<sup>2</sup>**

Building Cost (\$519 per GSF)	\$32,452,000
<i>Systems Breakdown</i>	
	<i>(\$ per GSF)</i>
a. Substructure (Foundation)	\$ 34.06
b. Shell (Structure and Enclosure)	\$ 145.25
c. Interiors (Partitions and Finishes)	\$ 88.99
d. Services (HVAC, Plumbing, Electrical, Fire)	\$ 134.50
e. Built-in Equipment and Furnishings	\$ 5.97
f. Special Construction & Demolition	\$ 1.65
g. General Conditions and Insurance	\$ 108.81
Site Development (includes landscaping)	<u>4,642,000</u>
Construction Cost	\$37,094,000
Fees, Contingency, Services	<u>9,067,000</u>
Total Project Cost (\$739 per GSF)	\$46,161,000
Fixtures, Furniture & Movable Equipment	<u>3,798,000</u>
Grand Total	<u><u>\$49,959,000</u></u>

**Cost Comparison**

The project building cost of \$519 per GSF is lower than the \$634 per GSF for the Continuing and Professional Education Classroom Building at CSU Long Beach approved in November 2016, lower than the \$560 per GSF of the College of Extended Learning Expansion at CSU San Bernardino approved in January 2017, and lower than the \$534 per GSF CSU Dominguez Hills Innovation and Instruction Building project approved in May 2018, all adjusted to CCCI 7528.

**Funding Data**

The project is funded through CSU Systemwide Revenue Bonds of \$44,809,000 and campus reserves of \$5,150,000.

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<sup>2</sup> The July 2019 *Engineering News-Record* California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco.

### **California Environmental Quality Act (CEQA) Action**

This project was included in the Environmental Impact Report (EIR) prepared for the California State University, Northridge Campus Master Plan Revision, which was certified by the Trustees in March 2006. The University has prepared a Finding of Consistency Report in March 2020 for this project which concluded that this project would have no new or greater significant environmental impacts beyond those already identified in the 2006 Final EIR.

### **Recommendation**

The following resolution is presented for approval.

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

1. The California State University, Northridge Sierra Annex project will benefit the California State University.
2. The March 2020 Finding of Consistency prepared for the California State University, Northridge Sierra Annex project has been prepared in accordance with the requirements of the California Environmental Quality Act.
3. The California State University, Northridge Sierra Annex project is consistent with the Campus Master Plan approved in March 2006.
4. Applicable mitigation measures shall be monitored and reported in accordance with the requirements of the California Environmental Quality Act (Public Resources Code, Section 21081.6).
5. The schematic plans for the California State University, Northridge Sierra Annex are approved at a project cost of \$49,959,000 at CCCI 7528.

## AGENDA

### COMMITTEE ON FINANCE

**Meeting:** 12:20 p.m., Tuesday, March 23, 2021  
Virtually via Teleconference

Jack McGrory, Chair  
Peter J. Taylor, Vice Chair  
Larry L. Adamson  
Jane W. Carney  
Jack Clarke, Jr.  
Wenda Fong  
Maryana Khames  
Anna Ortiz-Morfit  
Krystal Raynes  
Lateefah Simon

- Consent** 1. Approval of Minutes of the Meeting of January 26, 2021, *Action*  
2. California State University Quarterly Investment Report, *Information*
- Discussion** 3. California State University Information Security, *Information*

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

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

**January 26, 2021**

**Members Present**

Jack McGrory, Chair  
Peter J. Taylor, Vice Chair  
Larry L. Adamson  
Jane W. Carney  
Jack Clarke, Jr.  
Wenda Fong  
Maryana Khames  
Anna Ortiz-Morfit  
Krystal Raynes

Lillian Kimbell, Chair of the Board  
Joseph I. Castro, Chancellor

Trustee Jack McGrory called the meeting to order.

**Public Comment**

Public comment took place at the beginning of the meeting's open session, prior to all committees.

**Approval of the Consent Agenda**

The minutes of the November 17, 2020 meeting of the Committee on Finance were approved as submitted.

Agenda item two, California State University, Fresno – Approval of the Final Public-Private Partnership Agreement for the Central Utility Plant Replacement Project was approved as submitted (RFIN 01-21-01).

**\*PLEASE NOTE: Due to the Governor's proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor's Executive Orders N-25-20 and N-29-20 issued on March 12, 2020 and March 17, 2020, respectively, all members of the Board of Trustees may participate in meetings remotely, either by telephonic or video conference means. Out of consideration for the health, safety and well-being of the members of the public and the Chancellor's Office staff, the January 26-27, 2021 meeting of the CSU Board of Trustees was conducted entirely virtually via Zoom teleconference.**

## **AMENDED**

Finance

Agenda Item 1

March 23, 2021

Page 2 of 3

Agenda item three, Reporting of Auxiliary Liquidity Loans Approved by the Chancellor under Delegated Authority was an information item.

### **Strategic Partnerships**

Information on strategic partnerships at the California State University was provided including the types of partnerships, reasons for developing partnerships, and benefits. A few examples shared were: food services, campus vehicle fleets, systemwide insurance, housing and mixed used capital projects, athletics, and internships.

Following the presentation, the trustees requested additional information on partnership projects at each campus.

### **2020-2021 Student Fee Report**

Information was shared on 2020-2021 tuition and fee rates at the system and campus level. The information included total average tuition and mandatory fees for the CSU system and its comparison institutions. The six student fee categories were reviewed, including the types of fees, what they cover, and the person(s) with the authority to set and adjust each category.

Following the presentation, the trustees discussed the potential for increasing non-resident tuition. Trustee Jack McGrory commented that additional revenue should be explored through a market rate tuition fee structure for out-of-state students. He shared information about a pilot non-resident tuition program at Cal Poly San Luis Obispo and requested a report on the program after this summer. Executive Vice Chancellor and Chief Financial Officer Steve Relyea added that if successful, the program or aspects of it, could be extended to other CSU campuses on an individualized basis. Trustee Maryana Khames expressed concern over the financial impact to current students and commented that the cost of living in California is much higher than other states.

The trustees requested additional information on the process for increasing Category II – campus-based mandatory fees including student success fees, the use of alternative consultation, and the authority of the Board of Trustees to review and set these types of fees. There were opinions expressed to have the trustees play a greater role in approving Category II fees as well as contrasting opinions to continue to have the trustees set policy that allows the chancellor to manage the fees.



## **2021-2022 Operating Budget Update**

Information about state's budget outlook and preliminary proposal for the CSU was shared. The governor has proposed \$144.5 million dollars in recurring funding and \$225 million in one-time funding. The federal government has also adopted and proposed additional COVID-19 relief funding. Strategies to limit the impact of reductions were discussed.

Following the presentation, the trustees inquired about the campuses' use of designated balances and reserves for economic uncertainty to date. They were informed that campuses plan to use approximately \$200 million in 2020-2021. However, other cost reduction efforts and significant levels of one-time federal funding could affect those planned uses of reserves.

The trustees asked and were informed that the federal government has issued programmatic guidance for the first round of federal Higher Education Emergency Relief Fund moneys, that these funds are for COVID-19-related revenue losses and costs, and that campuses are required to justify their losses and costs before drawing the federal funds.

The trustees commented on the amounts being proposed by the state for CSU recurring and one-time funds and about the need to address deferred maintenance. Trustee Jack McGrory requested information on infrastructure needs, by campus, for trustee use in advocacy efforts.

Chancellor Joseph I. Castro announced that there will be no tuition increase in 2021-2022. He added that if assumptions for federal support hold, he will not support a systemwide furlough program, and will work together to do everything we can to avoid additional lay-offs of permanent CSU staff or faculty due to a lack of state funds.

Trustee McGrory adjourned the meeting of the Committee on Finance.

**COMMITTEE ON FINANCE**

**California State University Quarterly Investment Report**

**Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Robert Eaton  
Assistant Vice Chancellor  
Financing, Treasury, and Risk Management

**Summary**

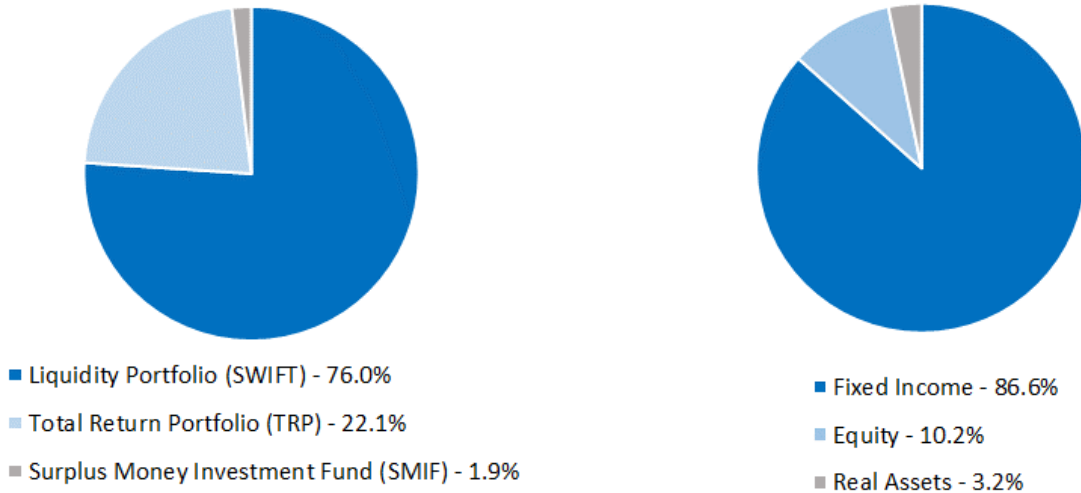
This item provides the quarterly investment report to the California State University Board of Trustees for the quarter ended September 30, 2020. The information in Attachment A provides the entire quarterly investment report regarding CSU investments as required by Education Code § 89726.

**Background**

Pursuant to the California State University Master Investment Policy (included as Attachment B) CSU investments as of September 30, 2020 consisted of investments in the Liquidity Portfolio (Systemwide Investment Fund Trust or SWIFT), the Total Return Portfolio (TRP), and the State of California Surplus Money Investment Fund (SMIF). Except for amounts held at the State in SMIF, all CSU investments are held by US Bank, the custodian bank for the CSU. Neither state general fund nor CSU auxiliary funds are included in CSU investments. In addition, this report does not include approximately \$2.04 billion in bond proceeds, which by state law are required to be held by the state and are invested in SMIF.

**CSU Investments – Balances, Allocations, and Returns  
 September 30, 2020**

	<b>Balance</b>	<b>% of CSU Investments</b>	<b>Twelve Month Returns</b>
Liquidity Portfolio (SWIFT)	\$4.019 billion	76.0%	2.81%
Total Return Portfolio (TRP)	\$1.167 billion	22.1%	5.43%
Surplus Money Investment Fund (SMIF)	\$98.8 million	1.9%	1.36%
<b>CSU Investments</b>	<b>\$5.28 billion</b>	<b>100%</b>	



**CSU Investment Portfolios**

For detailed information on the investment performance and characteristics of the CSU investment portfolios please see Attachment A.

**CSU Liquidity Portfolio (Systemwide Investment Fund Trust or SWIFT)**

The purpose of the Liquidity Portfolio is to provide sufficient and immediate liquidity to meet the operating needs of the CSU. The investment objective is safety of principal and liquidity.

The Liquidity Portfolio is managed through contracts with two investment management firms, US Bancorp Asset Management and Wells Capital Management, each of whom provides investment management services for the program. While the custodian, US Bank, holds the funds invested in the Liquidity Portfolio, for investment management purposes additions to the portfolio are split evenly between the investment managers and invested according to permitted investments outlined in the Government Code of the State and the Liquidity Portfolio investment policy. Consistent with state law, the Liquidity Portfolio is restricted to high quality, fixed income securities.

**CSU Total Return Portfolio (TRP)**

Legislation effective January 1, 2017, expanded the CSU investment authority to allow investment in mutual funds (including equity mutual funds) and real estate investment trusts. The Total Return Portfolio was created to take advantage of the new investment authority.

The purpose of the TRP is to provide opportunity for additional risk adjusted returns on CSU funds over a full market cycle. The investment objective is to achieve a prudent return within a moderate risk level.

Under State law, investment of funds in the TRP is subject to the CSU meeting certain conditions regarding investment oversight, reporting, and use of earnings, and may not be more than thirty percent of eligible CSU investments. The CSU Investment Advisory Committee (IAC), established by the Board of Trustees in September 2017, oversees the TRP and focuses on key issues such as investment policy, asset allocation, investment manager oversight, and investment performance.

The TRP investment policy provides a framework for the investment of portfolio funds in the TRP and includes the following key elements as further described in the TRP Investment Policy:

Investment Objectives	Investment Manager Selection
Spending Policy	Roles & Responsibilities
Time and Investment Horizon	Environmental, Social and Governance Framework
Risk Tolerance	Risk Management
Expected Return	Monitoring and Control Procedures
Asset Allocation	
Benchmarks	

The IAC has adopted an investment schedule for the TRP that utilizes a dollar-cost averaging approach and provides regular monthly contributions to the TRP. An initial investment of \$33.5 million into the TRP was made on April 1, 2018, and additional investments allowed the TRP to reach the fiscal year 2018-2019 statutory limit of \$600 million in the first half of 2019. After June 30, 2019, a new investment schedule was adopted by the IAC and staff, with the goal of funding the TRP to as much as 30 percent of CSU investments by mid-2020. However, in April of 2020, the IAC approved a reduced investment schedule in the amount of \$20 million total between April and July of 2020, and in August of 2020, the IAC suspended further contributions to the TRP for the time being. Both of these actions were taken in order to preserve liquidity in the CSU Liquidity Portfolio in response to the COVID-19 pandemic. The investment schedule may also be adjusted by the IAC at any time depending on market conditions.

Since the TRP inception date<sup>1</sup> through September 30, 2020, the TRP investment earnings were approximately \$96.9 million. During this period, the TRP total return exceeded the Liquidity Portfolio (SWIFT) total return by 3.89 percent annualized (net of fees) or a cumulative \$53.9 million.

In October 2020, the IAC approved the second annual TRP distribution to the system of approximately \$35 million, bringing total TRP distributions to the system since inception to \$57.4 million. TRP distributions are allocated to the campuses annually for capital outlay or maintenance. Consistent with state law, specifically Education Code § 89726, additional moneys earned through investments in the TRP shall be used only for capital outlay or maintenance and shall not be used for ongoing operations.

### **Surplus Money Investment Fund (SMIF)**

The State Treasurer also provides investment vehicles that may be used for CSU funds. The Surplus Money Investment Fund (SMIF) is used by the State Treasurer to invest state funds, or funds held by the state on behalf of state agencies, in a short-term pool. In order to facilitate certain expenditures, the CSU maintains small amounts of funds with the State. The portfolio includes Certificates of Deposit, Treasuries, Commercial Paper, Corporate Bonds, and U.S. Government Agencies.

### **Reporting Requirements**

California Education Code § 89726 requires quarterly investment reports to the Board of Trustees and an annual report to the State Legislature and the Department of Finance.

### **Next Steps**

With oversight from the IAC, staff will continue monitoring market conditions to determine if any changes in the TRP investment schedule are warranted. Staff has also resumed development of the Intermediate Duration Portfolio, consistent with the CSU Master Investment Policy, following a delay in the implementation timeline due to developments related to COVID-19. The next investment report to the Board of Trustees is scheduled for the May 2021 meeting and will provide information on the CSU quarterly investment report for the fiscal quarter ending December 31, 2020.

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<sup>1</sup> The TRP inception date was April 1, 2018.

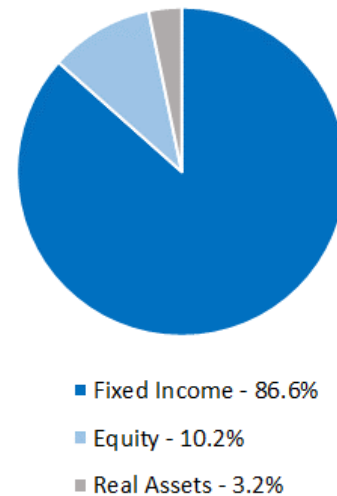
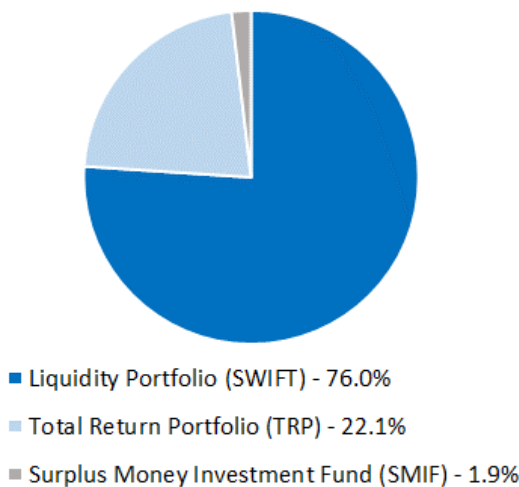
## CSU Quarterly Investment Report

### For the Fiscal Quarter Ended September 30, 2020

CSU investments as of September 30, 2020 consisted of investments in the CSU Liquidity Portfolio (Systemwide Investment Fund Trust or SWIFT), the Total Return Portfolio (TRP), and the State of California Surplus Money Investment Fund (SMIF). All CSU investments (except for funds invested in SMIF) are held by US Bank, the custodian bank for the CSU. Neither state general fund nor CSU auxiliary funds are included in CSU investments. In addition, this report does not include approximately \$2.04 billion in bond proceeds, which by state law are required to be held by the state and are invested in SMIF.

#### Balances and Allocations as of September 30, 2020

	<b>Balance</b>	<b>% of CSU Investments</b>
Liquidity Portfolio (SWIFT)	\$4.019 billion	76.0%
Total Return Portfolio (TRP)	\$1.167 billion	22.1%
Surplus Money Investment Fund (SMIF)	\$98.8 million	1.9%
<b>CSU Investments</b>	<b>\$5.28 billion</b>	<b>100%</b>



For the twelve months ended September 30, 2020, direct investment management fees<sup>1</sup>, advisory, and custodial fees totaled just under \$0.6 million, or about 0.011 percent (1.1 basis points) on CSU investments total balance as of September 30, 2020.

<sup>1</sup> Direct investment management fees exclude TRP mutual fund investment management fees. TRP mutual fund investment management fees are included as mutual fund expenses and reported as a percent of total fund assets. See TRP Fund Expense Ratio (Fee) in the table on page 5.

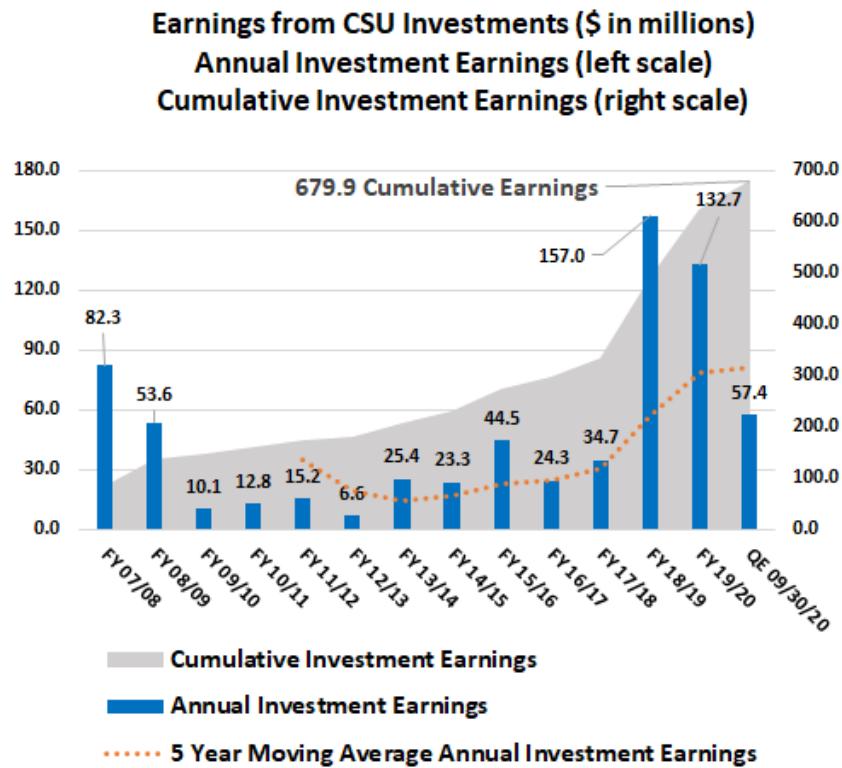


**CSU Consolidated Investment Portfolio**

The performance returns below are for the CSU Consolidated Investment Portfolio which includes the Liquidity Portfolio (SWIFT) and the Total Return Portfolio (TRP).<sup>2</sup>

	<b>CSU Consolidated Investment Portfolio</b>
1 Year Annualized Return <sup>3</sup>	3.92%
3 Year Annualized Return	2.89%
5 Year Annualized Return	2.08%
10 Year Annualized Return	1.39%

*Investment Earnings from CSU Investments Supports Campus Operations and Student Experience*



<sup>2</sup> CSU Consolidated Investment Portfolio returns will also include the Intermediate Duration Portfolio (IDP) once this portfolio is incepted. CSU Consolidated Investment Portfolio returns exclude SMIF.

<sup>3</sup> CSU Consolidated Investment Portfolio Returns reported gross of fees and as total return, including income and gains (realized and unrealized).

**CSU Liquidity Portfolio (Systemwide Investment Fund Trust or SWIFT)**

The purpose of the Liquidity Portfolio is to provide sufficient and immediate liquidity to meet the operating needs of the CSU. The investment objective is safety of principal and liquidity. Consistent with state law, the portfolio is restricted to high quality, fixed income securities.

	<u>CSU Liquidity Portfolio</u>	<u>Benchmark<sup>4</sup></u>
1 Year Annualized Return <sup>5</sup>	2.81%	2.97%
3 Year Annualized Return	2.35%	2.43%
5 Year Annualized Return	1.76%	1.68%
10 Year Annualized Return	1.23%	1.13%
Annualized Since Inception Return <sup>6</sup>	1.52%	1.77%
Yield	0.23%	0.13%
Duration (Years)	1.27	1.47
Average Credit Rating	AA-	Aaa/AA+

**Holdings by Asset Type (% of CSU Liquidity Portfolio):**

Treasuries	41.80%	CD's and Cash Equivalents	10.30%
U.S. Government Agencies	24.29%	Municipal Obligations	0.07%
U.S. Corporate Bonds	23.49%	Asset-Backed Securities	0.05%

**CSU Total Return Portfolio (TRP)**

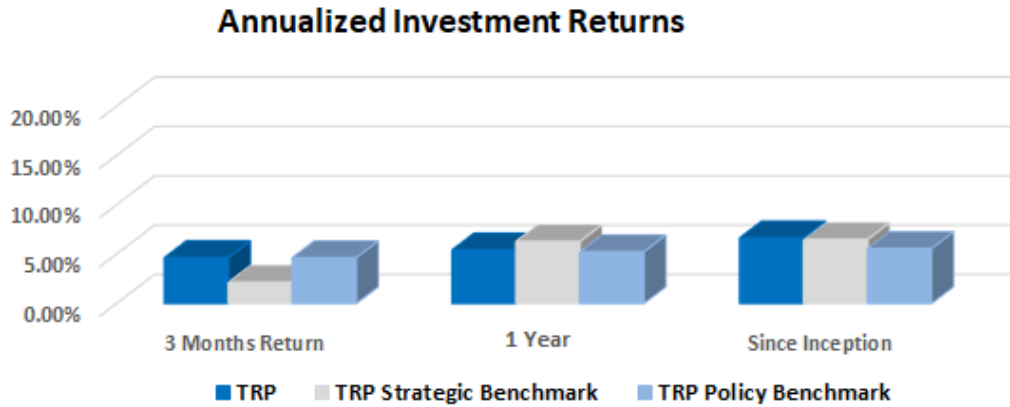
The purpose of the Total Return Portfolio is to provide opportunity for additional risk adjusted returns on CSU funds over a full market cycle. The investment objective is to achieve a prudent return within a moderate risk level. Consistent with state law, the TRP is invested in mutual funds subject to registration by, and under the regulatory authority of the United States Securities and Exchange Commission or in United States registered real estate investment trusts.

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<sup>4</sup> Benchmark for the CSU Liquidity Portfolio (SWIFT) is the Bank of America Merrill Lynch 0-3 Year Treasury Index.

<sup>5</sup> CSU Liquidity Portfolio (SWIFT) Returns reported gross of fees and as total return, including income and gains (realized and unrealized).

<sup>6</sup> Inception date for the CSU Liquidity Portfolio (SWIFT) was July 1, 2007.



	<b>CSU Total Return Portfolio</b>	<b>Strategic Benchmark<sup>7</sup></b>	<b>Policy Benchmark<sup>8</sup></b>
3 Months Return	4.65%	2.15%	4.64%
1 Year Return	5.43%	6.28%	5.24%
Annualized Since Inception Return <sup>9</sup>	6.65%	6.49%	5.57%

Since the TRP inception date through September 30, 2020, the TRP investment earnings were approximately \$96.9 million. During this period, the TRP total return exceeded the Liquidity Portfolio (SWIFT) total return by 3.89 percent annualized (net of fees) or a cumulative \$53.9 million.

In October 2020, the CSU Investment Advisory Committee approved the second annual TRP distribution to the system of approximately \$35 million, bringing total TRP distributions to the system since inception to \$57.4 million. TRP distributions are allocated to the campuses annually for capital outlay or maintenance. Consistent with state law, specifically Education Code Section § 89726, additional moneys earned through investments in the TRP shall be used only for capital outlay or maintenance and shall not be used for ongoing operations.

<sup>7</sup> The TRP Strategic Benchmark is Inflation (Core Consumer Price Index) plus 4.5% per annum. The long-term rate of inflation is assumed at 2.5% per annum.

<sup>8</sup> The TRP Policy Benchmark is a blend of passive indices whose weights match the TRP target asset allocation.

<sup>9</sup> TRP inception date was April 1, 2018.

**Holdings by Asset Type (% of CSU Total Return Portfolio):**

Equity Mutual Funds	46.13%	Passive Index Mutual Funds	74%
Fixed Income Mutual Funds	39.24%	Actively Managed Mutual Funds	26% <sup>10</sup>
Real Asset Mutual Funds	14.63%		

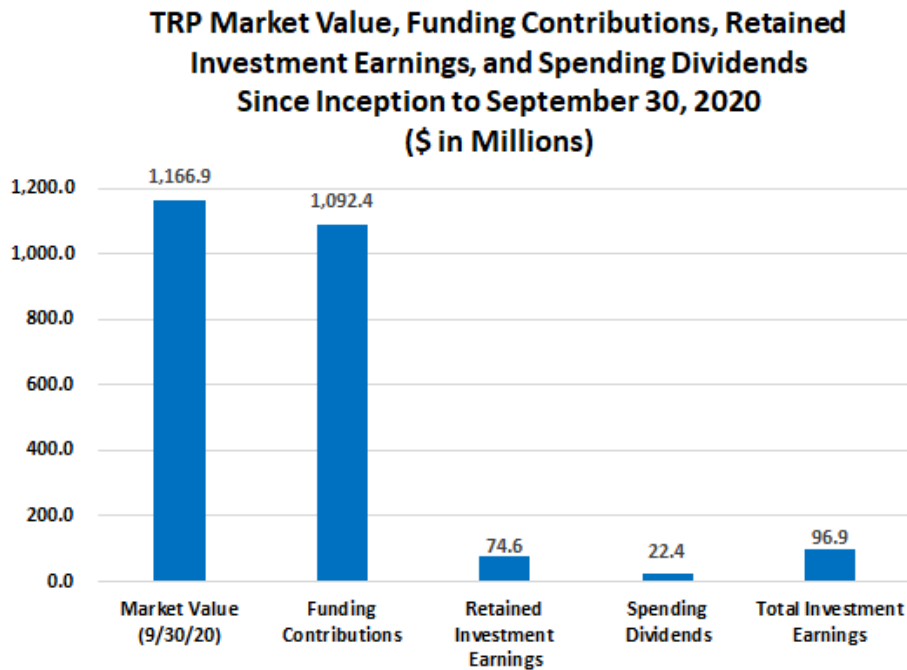
**Values, Holdings & Fees (CSU Total Return Portfolio)**

Asset Class	Strategy Name	Ticker	Value (millions)	% of Total Return Portfolio	TRP Fund Expense Ratio (Fee)	Universe Median Expense Ratio (Fee)
<b>Fixed Income</b>						
	Vanguard Total Bond Market Index Fund	VBMPX	258.3	22.13%	0.030%	0.450%
	Vanguard Inflation-Protected Securities Fund	VIPIX	59.1	5.07%	0.070%	0.450%
	Lord Abbett High Yield Fund	LHYOX	70.6	6.05%	0.620%	0.720%
	Pacific Funds Floating Rate Income Fund	PLFRX	35.6	3.05%	0.730%	0.765%
	Payden Emerging Markets Bond Fund	PYEIX	17.3	1.48%	0.690%	0.850%
	T. Rowe Emerging Markets Bond Fund	TREBX	17.1	1.46%	0.700%	0.850%
<b>Equity</b>						
	Vanguard Total Stock Market Index Fund	VSMPX	280.9	24.08%	0.020%	0.750%
	Vanguard Developed Markets Index Fund	VDIPX	140.1	12.01%	0.040%	0.890%
	Driehaus Emerging Markets Growth Fund	DIEMX	71.1	6.10%	1.220%	1.110%
	DFA Emerging Markets Value Fund	DFEVX	34.3	2.94%	0.510%	1.110%
	RWC Global Emerging Equity Fund	RWCEX	11.8	1.01%	1.250%	1.110%
<b>Real Assets</b>						
	Vanguard Real Estate Index Fund	VGSNX	81.1	6.95%	0.100%	0.890%
	Vanguard Energy Index Fund	VENAX	19.8	1.69%	0.100%	0.920%
	Vanguard Materials Index Fund	VMIAX	23.9	2.05%	0.100%	0.965%
	First State Global Listed Infrastructure Fund	FLIIX	45.9	3.93%	0.950%	0.990%
<b>Cash</b>			0.0	0.00%	NA	NA
<b>Total</b>			<b>1,166.9</b>	<b>100%</b>		

<sup>10</sup> The percent of Actively Managed Mutual Funds is likely to increase in the future while the percent of Passive Index Mutual Funds would decrease consistent with the TRP implementation plan.

***TRP Annual Spending Dividends Assist Campuses to Meet Deferred Maintenance & Capital Outlay Needs***

The following chart shows the TRP market value, total funded contributions, total retained investment earnings, total Spending Dividends, and total investment earnings since inception on September 30, 2020. Total TRP Investment Earnings equal total TRP Spending Dividends plus total TRP retained investment earnings.



**Surplus Money Investment Fund (SMIF)**

The Surplus Money Investment Fund (SMIF) is managed by the State Treasurer to invest State funds, or funds held by the State on behalf of State agencies, in a short- term pool. The portfolio includes Certificates of Deposit, Treasuries, Commercial Paper, Corporate Bonds, and U.S. Government Agencies.

<b>Apportionment Annual Yield<sup>11</sup></b>	
Trailing 12 month as of 09/30/20	1.36%
Average (FYE 06/30/07 – FYE 09/30/20)	1.14%

<sup>11</sup> Annual Yield calculated by CSU Treasury Operations based on the quarterly apportionment yield rates published by the State Controller’s Office.



# Master Investment Policy For The California State University

Approved on November 8, 2017  
By The Board of Trustees of The California State University



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## **I. Scope and Purpose**

This California State University Master Investment Policy (“MIP”) governs the investment of California State University (“CSU”) funds. CSU investments are centrally managed on behalf of the CSU System and its campuses.

The purpose of the MIP, together with investment policies that govern individual Portfolios (as defined in Section IV) and are created pursuant to delegated authority contained herein, is to provide a framework for the investment of CSU funds consistent with the goals of the CSU Board of Trustees (the “Board”) and the educational mission of the CSU.

The MIP sets forth objectives, guidelines, and responsibilities that the Board deems to be appropriate and prudent in consideration of the needs of, and the legal requirements applicable to, the CSU’s investment program. The MIP is also intended to ensure that the Board, and any parties to whom the Board delegates authority, are fulfilling their fiduciary responsibilities in the oversight of CSU investments.

The MIP is a dynamic document and will be reviewed from time to time. The MIP will be modified, if necessary, to reflect the changing nature of the CSU’s assets and investment program, organizational objectives, and economic conditions.

## **II. Compliance with Law and Adherence to Policy**

CSU investments are to be managed in full compliance with all applicable laws, rules, and regulations from various local, state, federal, and international political entities that may impact the CSU’s assets, including but not limited to the provisions of the California Education Code and California Government Code applicable to the investment of CSU funds, and in accordance with the policy objectives, guidelines, and responsibilities expressed herein.

## **III. Background and Investment Objectives**

The investment objectives for the investment of CSU funds have been established in conjunction with a comprehensive review of current and projected financial requirements. The Board desires to provide the Chancellor, the Chancellor’s Staff, and the IAC (as defined in Section V) with the greatest possible flexibility to maximize investment opportunities. However, as agents of the Board, the Chancellor, the Chancellor’s Staff, and the IAC must recognize the fiduciary responsibility of the Board to conserve and protect the assets of the CSU investment program, and, by prudent management, prevent exposure to undue and unnecessary risk.

The following objectives shall govern the investment of CSU funds:

1. Safeguard the principal.
2. Meet the liquidity needs of the CSU.
3. Obtain the best possible return commensurate with the degree of risk the CSU is willing to assume in obtaining such return.

The Board acknowledges that these objectives may be weighted or prioritized differently for individual Portfolios depending upon the purpose of the Portfolio.

#### **IV. Investment Portfolios**

Consistent with its investment objectives, the Board has determined that CSU funds may be invested in three investment portfolios (individually, a “Portfolio” and together, the “Portfolios”) created by the CSU, with oversight by the Chancellor, the Chancellor’s Staff, and the IAC, and each with its own investment policy.

The three Portfolios and general purpose of each Portfolio are as follows:

##### **Liquidity Portfolio (Systemwide Investment Fund—Trust or “SWIFT”)**

The purpose of this Portfolio is to provide sufficient and immediate liquidity to meet the operating needs of the CSU. The investment objectives for this Portfolio shall be safety of principal and liquidity. The existing CSU Systemwide Investment Fund—Trust (SWIFT) shall serve as the Liquidity Portfolio and shall be comprised of investments authorized pursuant to California Government Code Sections 16330 or 16430.

##### **Intermediate Duration Portfolio (IDP)**

The purpose of this Portfolio is to provide opportunity for modest, additional risk adjusted returns on CSU funds not needed for immediate liquidity. The investment objectives for this Portfolio shall be safety of principal, liquidity and return. The Intermediate Duration Portfolio shall be comprised of investments authorized pursuant to California Government Code Sections 16330 or 16430.

##### **Total Return Portfolio (TRP)**

The purpose of this Portfolio is to provide opportunity for additional risk adjusted returns on CSU funds over a full market cycle. The investment objectives for this Portfolio shall be to achieve a prudent total return within a moderate risk level. The

Total Return Portfolio shall be comprised of investments authorized pursuant to California Government Code Sections 16330, or 16430 or California Education Code Sections 89724 or 89725.

The acceptable allocations for the Portfolios are as follows:

<b><u>Portfolio</u></b>	<b><u>Min – Target – Max</u></b>
Liquidity – Systemwide Investment Fund Trust (“SWIFT”)	<b>5% - 20% - 100%</b>
Intermediate Duration Portfolio (“IDP”)	<b>0% - 52% - 95%</b>
Total Return Portfolio (“TRP”)	<b>0% - 28% - 30%<sup>1</sup></b>

In addition, the CSU may invest any amount (from 0% to 100%), in any California State Treasury investment option, available now, or in the future, that the IAC and the Staff deem prudent, including, but not limited to:

- Surplus Money Investment Fund (SMIF)
- Local Agency Investment Fund (LAIF)

## **V. Roles and Responsibilities**

### **Board of Trustees**

The Board assumes fiduciary responsibility to conserve and protect the investment assets of the CSU, and by prudent management, to prevent exposure to undue and unnecessary risk. However, the Board also acknowledges investments are inherently risky with risk of loss and, as such, are viewed with a long-term time horizon.

As a fiduciary, the primary responsibilities of the Board are to:

1. Maintain and approve the MIP.

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<sup>1</sup> Percentage allocations to the TRP are subject to annual phase-in restrictions through June 30, 2020 per state law.

2. Ensure that CSU investments are prudently diversified in order to obtain the best possible return commensurate with the degree of risk that the CSU is willing to assume.
3. Report annually to the California state legislature and the California Department of Finance regarding the investment of CSU funds.

The Board shall have oversight responsibility for investment of the assets and has delegated investment authority to the Chancellor, the Chancellor's Staff, and the IAC.

### **Chancellor and Chancellor's Staff**

As agents of the Board, the Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor responsible for CSU investments, and their designees (the "Chancellor's Staff"), recognize the fiduciary responsibility of the Board to conserve and protect the investment assets of the CSU and, by prudent management, to prevent exposure to undue and unnecessary risk.

The Chancellor and the Chancellor's Staff are hereby authorized to establish policies and procedures to implement the provisions of this MIP, including, but not limited to, the following activities:

1. Overseeing and implementing general administrative and investment operations for the Portfolios.
2. Informing the IAC on the overall investments of the CSU and each of the Portfolios to assist the IAC in fulfilling its duties.
3. Developing and implementing policies that are suitable for achieving the strategic objectives for each Portfolio, including coordination with the IAC in developing and implementing policies for the TRP.
4. Selecting, contracting with, and monitoring third party service providers, including, but not limited to, investment advisors, investment managers, and custodians. For the TRP, such actions will be based on the recommendations of the IAC.
5. Directing the investment of funds, including the ordering of purchase and sale transactions to, from and between the Portfolios to meet investment objectives and strategic asset allocations.

6. Monitoring and reviewing the performance of the Portfolios to their stated objectives.
7. Reporting to the Board regarding the investment of CSU funds as requested, but no less than quarterly.
8. Controlling and accounting for all investment, record keeping, and administrative expenses associated with the Portfolios.
9. Identifying the need for updates, monitoring the Portfolios for legal and policy compliance, and acting on the recommendations of the IAC, as appropriate.
10. All other duties designated or delegated by the Board or the IAC.

### **Investment Advisory Committee**

As required by state law, the CSU has created an Investment Advisory Committee (the "IAC"), to provide investment advice and expertise to the Board, particularly with respect to the management of the TRP.

The IAC shall be an advisory body and shall make recommendations, as appropriate, to the Board for approval or to the Chancellor and the Chancellor's Staff for implementation. The IAC shall be responsible for overseeing all aspects of the TRP and is hereby authorized to recommend policies and procedures for the creation and implementation of the TRP, including, but not limited to, the following activities:

1. Understanding the overall investments of the CSU and each of the Portfolios as informed by the Chancellor's Staff, investment advisors and/or investment managers.
2. Developing and approving an IAC charter to establish guidelines for operations of the IAC.
3. Developing, approving, and overseeing the implementation of an investment policy statement for the TRP.
4. Reviewing and approving target asset allocations and ranges for the TRP.
5. Monitoring and reviewing the performance of the TRP to its stated objectives.
6. Prudently reviewing, selecting, monitoring, and replacing investment management firms engaged to manage the TRP's assets.



7. Monitoring and supervising all service vendors and fees for the TRP.
8. Any other investment or administrative duties deemed necessary to prudently oversee the investment program for the TRP.

### **Prudence, Ethics and Conflict of Interest**

All participants in the investment process shall act responsibly. The standard of prudence applied by the Board, the Chancellor, the Chancellor's Staff, and the IAC, as well as any external service providers, shall be the "prudent investor" rule. The "prudent investor" rule in part, states, "A trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill and caution. A trustee's investment and management decisions respecting individual assets must be evaluated not in isolation but in the context of the trust portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the trust."

Furthermore, all participants in the investment process shall use the same care, skill, prudence, and due diligence under the circumstances then prevailing that a prudent person acting in a like capacity and fully familiar with such matters would use in the conduct of an enterprise of like activities for like portfolios with like aims and in accordance and compliance and all other applicable laws, rules and regulations.

All investment personnel shall refrain from personal business activity which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. All investment personnel shall disclose to the Chancellor's Staff or the IAC any material financial interests in financial institutions which conduct business within the jurisdiction and shall disclose any material financial investment positions which could be related in a conflicting manner to the performance of the Portfolios. All investment personnel shall report any potential conflicts of interest consistent with Government Code Section 87200. Further, the Chancellor shall report to the Board in writing any issues that could reflect any conflict in the performance of the Portfolios.

### **Document Acceptance of the Investment Policy Statement**

The Chancellor's Staff shall provide a copy of this MIP, and the relevant Portfolio investment policy, to each firm retained to provide investment services to the CSU and each such firm shall acknowledge in writing receipt of the document and accept its content.

## **VI. Environmental, Social and Governance Framework**

The Board acknowledges the importance of understanding the potential risks and value that environmental, social, and governance (“ESG”) factors may have on CSU investments. Therefore, the Board expects that the consideration of ESG factors shall be integrated into the investment decision processes of the CSU.

Approved:

The California State University Board of Trustees  
November 8, 2017

## **COMMITTEE ON FINANCE**

### **California State University Information Security**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Michael Berman  
Chief Information Officer

Ed Hudson  
Chief Information Security Officer

#### **Summary**

This information item describes the California State University's approach to Information Security, the risks that the university faces in this area, and the high-level strategies used to mitigate these risks.

#### **Background**

The CSU's information security program is overseen by the Chief Information Security Officer (CISO) who reports to the Chief Information Officer at the Chancellor's Office. Each campus has a designated Information Security Officer (ISO) charged with implementing the program locally. The CISO and the campus ISOs comprise the Information Security Advisory Committee, which meets on a regular basis to advise the CISO on policies, to review campus security posture, and to share vital information on the security threats that campuses are facing and to collaborate on solutions.

The CSU has an extensive set of information security policies and standards<sup>1</sup> which are aligned with national and international standards.<sup>2</sup> The Chancellor's Office Audit and Advisory Services division performs regular audits to assure campus compliance with these requirements, and campuses are engaged in a process of continuous improvement and response to any findings that arise from these audits. The CSU CISO and CIO meet on a periodic basis with Audit and Advisory Services to assure that information technology and audit efforts are well-aligned and that systemwide trends are assessed and addressed.

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<sup>1</sup> CSU ICSUAM 8000 series

<sup>2</sup> ISO 27001:2013 and NIST 800-171

While most activities to protect data have been delegated to the individual campuses, the Chancellor's Office has also been able to fund certain critical investments that help manage campus risk. Significantly, the Campus Network Infrastructure (CNI) program assures that every campus maintains up-to-date network and firewall hardware and software that provides an important protection against security risks. Providing common network and security hardware through the CNI program assures that campuses do not run the risk of critical hardware no longer being supported by the manufacturer, and also saves the CSU millions of dollars on an annual basis through leveraging the buying power of the institution.

### **Information Security Today**

While the need to protect our information resources is not new, the type and level of challenges are. As has been widely reported, higher education institutions throughout the nation have faced unprecedented levels of attacks in recent years. The CSU engages with national information security and technology organizations such as EDUCAUSE, California CyberSecurity Integration Center (CAL-CISC), Multi State Information Sharing and Analysis Center (MS-ISAC), and Research and Education Information Sharing and Analysis Center (REN-ISAC), as well as law enforcement. Our close connection with these organizations helps to assure that we are aware of these risks and that we take prompt action to prepare for new threats as they arise.

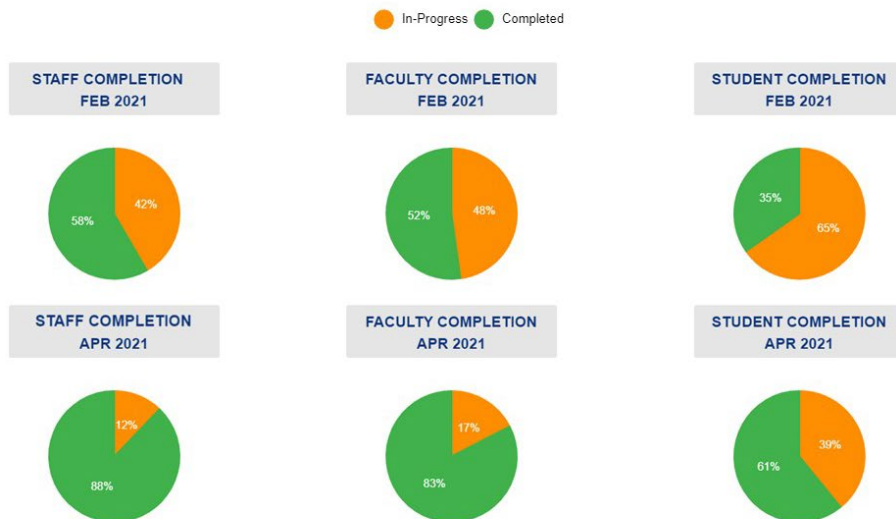
In the last year, there have been several high-profile security breaches at major universities and colleges, including incidences of ransomware that have crippled the operation of these institutions. CSU faces attacks of these kinds on a regular basis, and while there have been some relatively minor incidents, we have been able to avoid a major incident of that kind. While in past years, information security attacks often came from clever individuals acting on their own, the recent activity can be attributed to large and sophisticated teams sponsored by "nation state actors" as described in <https://www.insidehighered.com/news/2019/03/06/report-top-universities-us-targeted-chinese-hackers>. These threat actors are persistent, patient, and can consist of teams with hundreds of individuals targeting a single institution.

Based on this new and growing threat the CSU launched an initiative coordinated by the Chancellor's Office, and implemented on every campus, to undergo a review of the most likely vulnerabilities that could put a campus information technology infrastructure at risk. Every campus has completed a self-study of these risks and developed a prioritized plan for addressing them. CSU has engaged with an outside information security firm to provide specialized expertise to help campus teams perform this mitigation. We have leveraged our relationship with a major software vendor to ensure that we are using their most up-to-date recommendations to reduce risk. We have also assured that we have the contractual arrangements in place to provide expert outside help on a priority basis to respond to any critical event.

One of the components of this security improvement campaign has been to require two-factor authentication (2FA) for all campus staff, faculty, and students. 2FA requires access to two things, 1) a physical device such as a mobile phone or a smart key fob and 2) a password, in order to connect to campus systems. Adding this second factor makes it much more difficult (but not impossible) for an unauthorized individual to connect to CSU systems.

Most campuses have completely, or nearly completely, implemented 2FA for all staff members with access to the most critical data. However, providing 2FA to faculty and students is a newer endeavor. Not long ago, two-factor authentication seemed to many of us to be a “nice to have,” but the attacks that we are seeing at this time have convinced us that every CSU user must have this protection before accessing campus systems. Campuses have been working to increase coverage and as a result it is anticipated that by the end of March, 88 percent of campuses will have implemented two-factor authentication for all staff, 83 percent for all faculty, and 61 percent for all students. An overview of progress in this area is provided in the chart below. The goal is to achieve 100 percent coverage for all staff, faculty, and students this year.

### CAMPUS 2FA IMPLEMENTATION



### Information Security Risk in Perspective

Maintaining an atmosphere of open information exchange is an important value to preserve for an academic institution, but this creates a complex environment where some risk is always present. The CSU addresses risk and meets compliance requirements through balancing campus academic needs while maintaining cost-effective compensating controls and risk mitigation tools, technologies, and awareness campaigns.

The CSU maintains cyber insurance policies and engages with our cyber insurance carrier to collaboratively address risk, educate constituents, and respond effectively and quickly to cyber incidents.

### **Conclusion**

The number and sophistication of cyber-attacks continues to increase against higher education institutions. These attacks are motivated by financial gain, the wealth of personally identifiable information present and the presence of valuable confidential research and intellectual property. The CSU continues to respond to these risks, refine our approaches while reducing risk, and to ensure compliance with applicable laws and regulations. While continuing to address the challenges we face today, we are working actively to position our university for the future.

## AGENDA

### COMMITTEE ON EDUCATIONAL POLICY

**Meeting:** 1:00 p.m., Tuesday, March 23, 2021  
Virtually via Teleconference

Wenda Fong, Chair  
Romey Sabalius, Vice Chair  
Silas H. Abrego  
Larry L. Adamson  
Diego Arambula  
Jane W. Carney  
Jack Clarke, Jr.  
Douglas Faigin  
Debra S. Farar  
Maryana Khames  
Christopher Steinhauser

- Consent**
1. Approval of Minutes of the Meeting of January 26, 2021, *Action*
- Discussion**
2. Academic Planning, *Action*
  3. Academic Preparation Annual Report and Quantitative Reasoning Update, *Information*
  4. Establishing a Biennial Symposium Recognizing African American History and Achievement and Promoting Anti-Racism Work, *Action*



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

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

**January 26, 2021**

**Members Present**

Wenda Fong, Chair  
Romey Sabalius, Vice Chair  
Silas H. Abrego  
Larry L. Adamson  
Diego Arambula  
Jane W. Carney  
Jack Clarke, Jr.  
Douglas Faigin  
Debra S. Farar  
Maryana Khames  
Christopher Steinhauser

Lillian Kimbell, Chair of the Board  
Joseph I. Castro, Chancellor

Trustee Fong called the meeting to order.

**Approval of Minutes**

The minutes from January 26, 2021 were approved as submitted.

**\*PLEASE NOTE: Due to the Governor's proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor's Executive Orders N-25-20 and N-29-20 issued on March 12, 2020 and March 17, 2020, respectively, all members of the Board of Trustees may participate in meetings remotely, either by telephonic or video conference means. Out of consideration for the health, safety and well-being of the members of the public and the Chancellor's Office staff, the January 26-27, 2021 meeting of the CSU Board of Trustees was conducted entirely virtually via Zoom teleconference.**

### **Associate Degree for Transfer, Information**

The presentation began with opening remarks from Executive Vice Chancellor of Academic and Student Affairs Loren J. Blanchard. Dr. Blanchard gave an overview of milestones achieved as a result of the establishment of the Associate Degree for Transfer (ADT) via Senate Bill 1440 in 2010. Dr. Alison Wrynn, associate vice chancellor for Academic Programs, Innovation and Faculty Development, provided a detailed overview of the program and the ways the ADT has become an essential tool in reducing barriers to timely graduation. Dr. Wrynn invited Dr. James Postma, former chair of the Academic Senate CSU and ADT advocate, to share how his efforts, and the efforts of so many of the CSU and California Community College faculty, made the ADT program possible. Mr. Nathan Evans, chief of staff and senior advisor for Academic and Student Affairs, outlined transfer student data and metrics that demonstrate the growth of transfer student enrollment across multiple degree pathways.

Trustees posed questions regarding ADT student enrollment data and the projected impact of AB 705 on ADT degree pathways. A comment was made as to how to better promote awareness of transfer opportunities for California Community College students when choosing between the CSU and the University of California.

### **The Wang Family Excellence Awards, Information**

The presentation began with opening remarks from Chair Kimbell, honoring the legacy of Trustee Emeritus Stanley T. Wong, founder of the Wang Family Excellence Award. Chancellor Joseph I. Castro then acknowledged this year's award recipients: Dr. Judith E. Canner, recipient of the award for Outstanding Faculty Teaching; Dr. Cynthia A. Crawford, recipient of the award for Outstanding Faculty Innovator in Student Success; Dr. Hala Madanat, recipient of the award for Outstanding Faculty Scholarship; Dr. Aydin Nazmi, recipient of the award for Outstanding Faculty Service; and Mr. Gerald L. Jones, recipient of the award for Outstanding Staff Performance.

Chair Fong adjourned the Committee on Educational Policy.

## COMMITTEE ON EDUCATIONAL POLICY

### Academic Planning

#### Presentation By

Fred E. Wood  
Interim Executive Vice Chancellor  
Academic and Student Affairs

Alison M. Wrynn  
Associate Vice Chancellor  
Academic Programs, Innovations and Faculty Development

#### Summary

In accordance with California State University (CSU) Board of Trustees policy established in 1963, this item summarizes the CSU academic planning process, including the long-range program planning activity that took place since January 2020. The proposed resolution approves additions and modifications to campus academic plans and the CSU Academic Master Plan.

#### Background

Six areas of academic planning activity are reported in this item, and a proposed resolution concerning changes to the CSU Academic Master Plan is presented. The academic planning topics include:

1. Changes to program projections
  - New projections proposed for addition to 10-year campus academic plans and to the CSU Academic Master Plan (**Attachment A**)
  - Existing projections that will be removed from the CSU Academic Master Plan and campus academic plans
2. Changes to existing degree programs
  - Degree programs suspending new admissions
  - Discontinuance of existing degree programs
3. Total units required for Bachelor of Arts (B.A.) and Bachelor of Science (B.S.) degree programs
4. Summary of Western Association of Schools and Colleges Senior College and University Commission (WSCUC) accreditation visits (**Attachment B**)
5. Accredited academic programs and departments (**Attachment C**)
6. CSU degree proposal, review and approval process (**Attachment D**)

Revised

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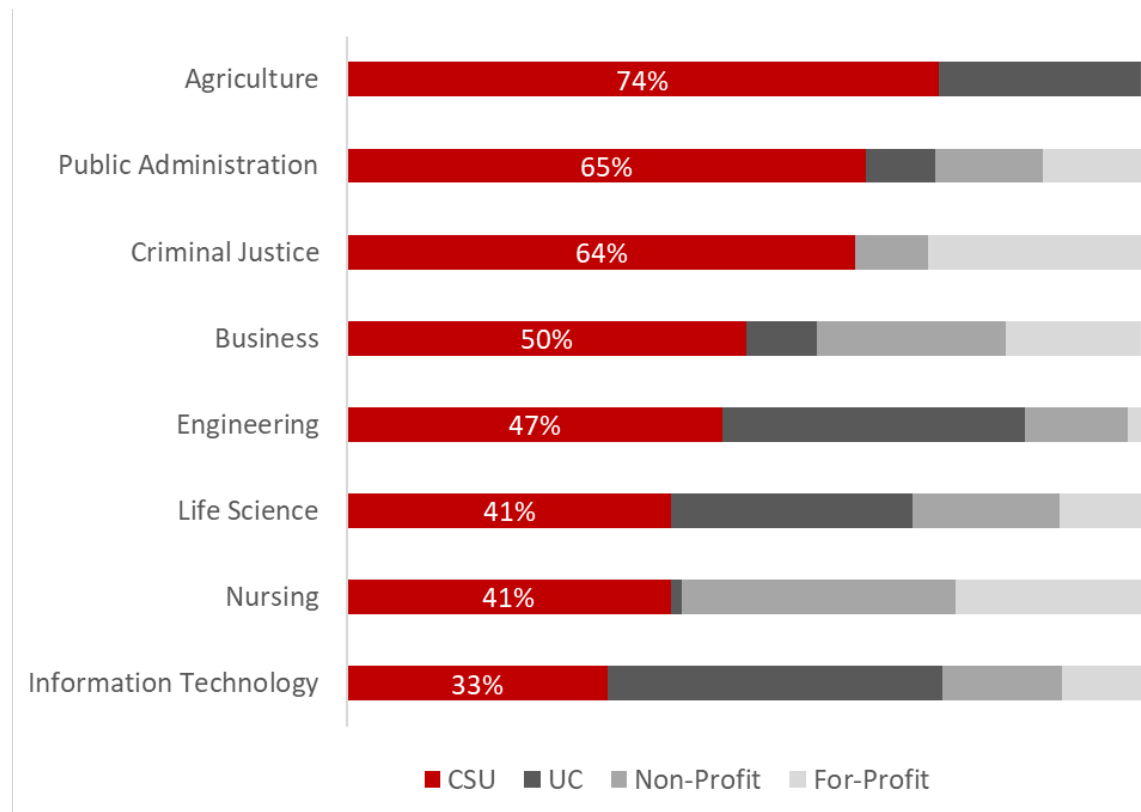
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Offering traditional and emerging degree programs, the CSU is an engine of social mobility, educating many students who are the first in their families to attend college. According to data from the U.S. Department of Labor and the State of California Employment Development Department, the educational opportunities represented by CSU degree programs, provide our graduates with a mid-career annual salary that, on average, is more than \$8,500 higher than graduates from other public universities. As a result of ongoing degree program planning and development that responds to employment demands and student interest, the CSU awards more than 100,000 bachelor's degrees every year, adding to the nearly four million CSU alumni who keep California's economy vibrant and growing.

Degree planning is a critical first step in the development of educational programs designed to meet the needs of California's skilled and diverse workforce. The CSU delivers more job-ready graduates into the workforce than any other public or private university in the state. The CSU produces 50 percent or more of California's graduates in agriculture, business, criminal justice and public administration. As can be seen in the chart below there are opportunities for enrollment growth in the areas of engineering, life science and information technology.



## **Results of Approved Projections**

As a result of trustee approval of projections in past years, 27 new degree programs were approved in 2020 by the Office of the Chancellor.

Degrees that were developed and approved during this time frame include five new allied health degree programs at Sacramento (B.S. in Public Health), Dominguez Hills (M.S. in Radiologic and Imaging Sciences), Northridge (M.S. in Nursing), Pomona (M.S. Dietetics) and San Diego (M.S. in Epidemiology).

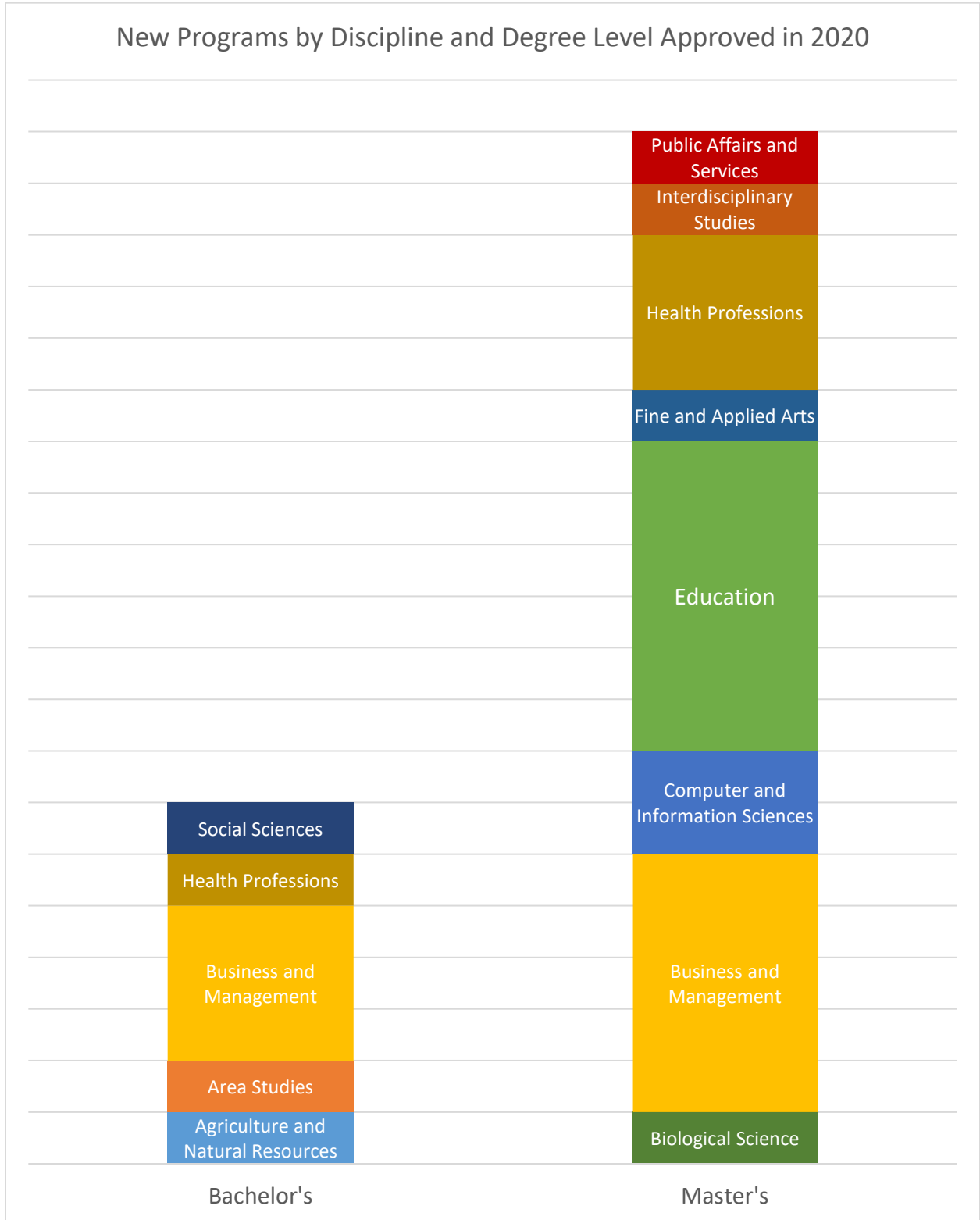
Data analytics continues to be an area of programmatic interest on CSU campuses. Programs were developed at Pomona (M.S. Business Analytics) and San José (M.S. Artificial Intelligence and M.S. in Data Science).

To meet the needs of the global economy, programs were developed at Dominguez Hills (B.A. Asian-Pacific Studies), Long Beach (M.A. International Affairs), San Marcos (M.A. in Multilingual and Multicultural Education) and San Diego (M.S. Global Business Development).

Two graduate programs were developed at Fresno and Northridge to meet new accreditation requirements. The entry-level degree for Athletic Training will become the M.S. degree.

Additionally, new programs were developed in teaching, hospitality, computer science, construction management, accounting, studio art, kinesiology, geography, sustainability management and policy, and agricultural plant and soil science.

Please see the chart on the following page for a breakdown of the disciplines where new degrees were approved last year.



## Projection Proposals

This year the Office of the Chancellor received 25 projections for new degree programs. A degree proposal may be developed only after trustees approve the preliminary step: a degree projection, which is a long-term plan to develop a degree program.

This year, campuses proposed eight bachelor's degree programs, all of which were state-support. Campuses proposed 17 new graduate programs of which eight were state-support and nine were self-support. In all, sixteen of the 25 proposed programs are state support (or 64% overall).

Following a multi-year trend, the CSU continues to see a growing number of degree programs that are well-aligned with future workforce needs, particularly in the field of health and allied health sciences. There are projections for new degree programs in health-related fields at Bakersfield (DNP Nursing), Dominguez Hills (B.S. Biophysics and B.S. Public Health) and Long Beach (M.S. Biomedical Engineering).

Another area of significant labor force demand is in data science. There are six campuses proposing nine new degree projections in data science and data analytics. Campuses with new program projections include Dominguez Hills (M.S. Financial Economics and M.A. Management of Information Systems and Technology), Monterey Bay (M.S. Accounting Analytics), Northridge (M.S. Data Science), Pomona (M.S. Digital Marketing), San Bernardino (M.S. Cybersecurity and Analytics and M.S. Logistics and E-Commerce) and San Diego (M.S. Finance and M.S. Quality Management). Data scientists are experts who interpret data and give it practical significance and application. These professionals use statistics, calculus and algebra, software programming, software engineering, data-driven problem solving and data analysis and visualization skills. Computer and information research scientists with a master's degree had a median annual wage in 2018 of \$118,370 (United States Department of Labor, 2020). In California alone, the State of California Employment Development Department has forecast demand for this field will account for 80,600 openings between 2018 to 2028, a 16% growth rate and approximately 5% faster than all other industries.

To ensure that proposed CSU degree programs are relevant and responsive to state needs, campuses consider local and statewide ongoing and emerging workforce needs. This year, new program projections continue to reflect workforce needs in the engineering, allied health and data science fields. As shown on the chart on the following page, these are among the fastest growing professional areas in California and across the nation. The State of California Employment Development Department anticipated occupational expansion of approximately 9% in the engineering field, 17% in allied health and 16% in data science between 2016 to 2026.



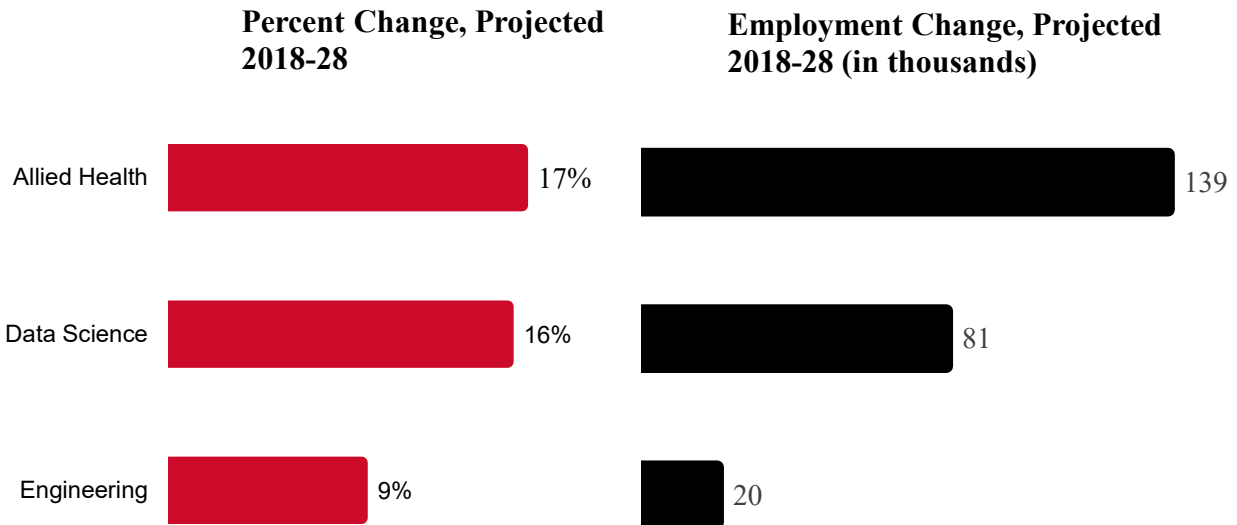
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(State of California Employment Development Department, 2019)

## 1. Changes to Program Projections

### New Projections Proposed for Addition to 10-Year Campus Academic Plans and CSU Academic Master Plan

The Academic Programs, Innovations and Faculty Development Department at the Office of the Chancellor maintains the CSU Academic Master Plan, a comprehensive list of projected programs, existing degree programs and program-review schedules for authorized degree programs. The CSU Academic Master Plan, which guides program, faculty and facility development, will be updated to reflect the resolution adopted by the board at the March 2021 meeting. The CSU Academic Master Plan and each campus academic plan will thereafter be posted online as resources for university planning.

In addition to the CSU Academic Master Plan, the Office of the Chancellor maintains the CSU Degrees Database, an online inventory of all authorized degree programs and associated concentrations (focused areas of study within the degree program). The CSU Degrees Database informs the public CSU Search Degrees website (<http://degrees.calstate.edu>), a tool for exploring the bachelor's and graduate degree programs and concentrations currently offered at CSU campuses.

The projections listed below and in **Attachment A** indicate campus intention to develop degree programs within the coming decade. Across the system, 25 new projections are proposed, eight at the undergraduate level and 17 at the graduate level. New programs are planned in response to student demand, employer need, faculty interest, and licensure and accreditation requirements.

Campuses have also removed nine existing program projections from their academic plans for a variety of reasons, including shifting priorities or resources. These projections will therefore not be developed into degree proposals. The number of existing degree programs enrolling students has also decreased this year, with 10 degree programs having been changed to “suspended admission” status—meaning that additional students will not be admitted to those programs until further notice. Campuses suspend admission to degree programs for a variety of reasons—for example, enrollment might have decreased and the program faculty would like to undertake a comprehensive review of the program to bring it up to date. Programs suspended for reasons such as this will likely remove the suspended status after the review and update to the program and begin to admit students once again. Other programs suspend admission due to new certification requirements. Additionally, 16 degree programs have been “discontinued,” meaning the campus will no longer offer the programs after all currently enrolled majors have completed their degree requirements. *In all cases, students already matriculated into a degree program are allowed to complete their degrees, even though the program has been discontinued or is not allowing new students to enroll.*

Recommendations for board approval of campus academic plans (including proposed projected programs) follow Office of the Chancellor review of campus projection proposals. Review includes consideration of “declared policy of the board to encourage broadly based degrees of high academic quality and to avoid unnecessary proliferation of degrees and terminologies” (REP-91-03). Projected programs are removed from campus academic plans if a full degree proposal is not submitted to the Office of the Chancellor within five years of the date originally projected for implementation. Campuses may request an extension of this five-year deadline if there are compelling circumstances for such an extension.

After the board approves a projection, the campus may begin developing a full degree implementation proposal, which is submitted to the Office of the Chancellor for review and final approval as a program. With confirmation from the Office of the Chancellor, a pilot degree program may enroll students for five years. Pilot programs subsequently may be proposed for conversion to permanent status, which requires the Chancellor’s approval. Traditional, fast track and pilot degree-proposal processes are described in **Attachment D**. In **Attachment A**, a 10-year overview of projected degree programs—by campus—is presented.

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## **New Projections**

### **Bakersfield**

DNP      Nursing Practice

### **Dominguez Hills**

B.S.      Biophysics

B.S.      Public Health

M.S.      Financial Economics

M.S.      Management of Information Systems and Technology

### **Fresno**

B.M.      Music

### **Humboldt**

B.A.      Cannabis Studies

### **Long Beach**

M.S.      Biomedical Engineering

### **Monterey Bay**

M.S.      Accounting Analytics

### **Northridge**

B.A.      Environmental Science

M.S.      Entertainment Media Management

M.S.      Data Science

### **Pomona**

M.S.      Digital Marketing

M.S.      Management of Architectural Practices

### **San Bernardino**

B.A.      Ethnic Studies

M.A.      STEM Education

M.S.      Cybersecurity and Analytics

M.S.      Logistics and E-Commerce

**San Diego**

B.A. Brazilian Studies  
M.S. Computer Engineering  
M.S. Finance  
M.S. Quality Management

**San José**

M.A. Higher Education Leadership  
MDes Design

**Sonoma**

B.A. Physical Science

**Removed Projections**

The following existing program projections have exceeded the five-year limit beyond their originally projected implementation date. As they have not resulted in a submitted degree proposal, and have not been re-proposed as a projection with a later implementation date, these projections will be removed from the CSU Academic Master Plan and campus academic plans. This process is completed in consultation with each campus.

**Dominguez Hills**

M.A. Communication Disorders  
M.A. International Peace and Security  
M.A. Healthcare Administration

**Long Beach**

M.A. Hospitality Management

**Monterey Bay**

B.S. Public Safety

**Northridge**

B.A. Earth and Environmental Sciences  
M.S. Information Systems Management

**San Diego**

Ph.D. Hearing Science

**San Francisco**

M.A. Modern European Languages and Literatures

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## **2. Changes to Existing Degree Programs**

### **Programs Suspending New Admissions**

Campuses have reported admission suspensions for the following degree programs, which remain on the CSU Academic Master Plan because admission may be reinstated during a future academic term. While no new matriculations will be allowed, continuously enrolled students in these programs will be allowed to complete their degrees within a reasonable timeframe.

#### **Humboldt**

M.A. Social Science

#### **Long Beach**

BFA Acting

M.S. Engineering Management

#### **Los Angeles**

M.A. Geography

M.A. Industrial and Technical Studies

#### **Sacramento**

M.S. Urban Land Management

#### **San Bernardino**

MAT Mathematics Teaching

#### **San José**

B.S. Psychology

#### **San Luis Obispo**

M.S. Accounting

#### **San Marcos**

M.S. Health Information Management

### **Discontinuance of Existing Degree Programs**

The following degree programs will no longer be offered at the reporting campus after currently enrolled students have completed their degree requirements. These programs will be removed from the CSU Academic Master Plan and campus academic plans. Discontinuances are expected to be carried out in accordance with Coded Memorandum AAP-91-14 and campus policy.

**Channel Islands**

Ed.D. Education

**Fullerton**

B.A. European Studies

M.A. French

M.A. Interdisciplinary Studies

**Long Beach**

M.A. Applied Sociology

**Northridge**

B.S. Finance

B.S. Management

B.S. Marketing

**San Bernardino**

B.A. Human Development

**San José**

B.S. Hospitality, Tourism and Event Management

**San Luis Obispo**

M.A. Education

M.S. Printed Electronics and Functional Imaging

**San Marcos**

B.A. Visual and Performing Arts

M.A. Education

**Stanislaus**

M.S. Genetic Counseling

**3. Total Units Required for Bachelor of Arts and Bachelor of Science Degree Programs**

During the Office of the Chancellor review of B.A. and B.S. degree proposals, the 120-unit limit remains a central consideration in evaluating curricular coherence and quality, student-learning outcomes, quality assurance, access, fiscal responsibility and service to students and employers. Ninety-eight percent of undergraduate programs require no more than the allowable number of units, whether through Title 5 allowances, or Chancellor-authorized exceptions. Title 5 allows for more than a 120-unit total for Bachelor of Fine Arts, Bachelor of Music, Bachelor of Architecture, Bachelor of Landscape Architecture and integrated teacher education preparation (ITEP) programs.

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**4. Summaries of WASC Senior College and University Commission Accreditation Visits**

The CSU Board of Trustees adopted a resolution in January 1991 that requires an annual agenda item on academic planning and program review, including information on recent campus accreditation visits. During the 2019-20 academic year, the WASC Senior College and University Commission granted full 10-year accreditation approval to CSU Fullerton and CSPU Pomona, as well as eight-year accreditation to CSU Bakersfield. A summary of the WASC accreditation visits appears in **Attachment B**.

**5. Accredited Academic Programs and Departments**

In 1968, the CSU Board of Trustees resolved that “each State College be encouraged, in cooperation with the Office of the Chancellor, to seek accreditation of appropriate instructional programs by national professional accrediting agencies.” Campuses are therefore expected, as reasonable, to seek professional accreditation for degree programs and academic departments, schools and colleges. **Attachment C** contains the list of all reported accredited units and degree programs.

**6. CSU Degree Proposal, Review and Approval Process**

**Attachment D** details the descriptions and illustrations of procedures and policies guiding degree proposal development, review and approval.

The following resolution is recommended for adoption and refers to changes in the CSU Academic Master Plan and campus academic plans described in this agenda item.

**RESOLVED**, by the Board of Trustees of the California State University, that the amended projections to the Academic Plans for the California State University campuses (as identified in Agenda Item 2 of the March 23, 2021 meeting of the Committee on Educational Policy) be approved and accepted for addition to the CSU Academic Master Plan and as the basis for necessary facility planning; and be it further

**RESOLVED**, that those projected degree programs proposed to be included in campus academic plans be authorized for implementation, at approximately the dates indicated on Attachment A, subject in each instance to the chancellor’s review, approval, and confirmation that there exists sufficient societal need, student demand, feasibility, financial support, qualified faculty, facilities and information resources sufficient to establish and maintain the programs; and be it further

**RESOLVED**, that degree programs not included in the campus academic plans be authorized for implementation only as pilot or fast-track programs or as modifications of existing degree programs, subject in each instance to Chancellor’s Office approval and CSU policy and procedures.



**CSU Academic Master Plan  
 10-Year Overview of Planned Programs**

Projections Proposed to the CSU Board of Trustees  
 Planned for Implementation between 2021-22 and 2030-31

Planned degree programs (“program projections”) appear in bold red font and are proposed for board approval at the March 2021 meeting. Existing, previously approved program projections appear in black font. Projected degree programs may remain on the CSU Academic Master Plan for five years after the originally approved implementation date, which appears in the second column from the left. Within that five-year window, planned launch years may be adjusted in response to societal need or campus schedules and resources. Current planned implementation years appear in the column to the left of the degree designation. Subsequent to approval of a projection, the campus may develop a full degree implementation proposal, which requires the Chancellor’s approval in order for a program to enroll students.

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
Bakersfield	2018	2019	2019	B.A.	Latina/o Latin American Studies
	2018	2019	2021	B.S.	Public Health
	2018	2019	2019	M.S.	Applied Economics and Analytics
	2018	2020	2021	M.S.	Accounting
	2018	2020	2020	M.S.	Finance
	2018	2021	2021	M.S.	Technology Management
	2018	2022	2021	M.S.	Logistics and Supply Chain Management
	2020	2021	2021	B.S.	Environmental Sciences
	2020	2022	2022	BM	Music
	2020	2022	2022	M.S.	Behavioral Neuroscience
	2021	2023	2023	DNP	Nursing

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
Channel Islands	2008	2012	2021	MPA	Public Administration
	2009	2012	2021	M.A.	History
	2011	2012	2021	M.S.	Coastal Sustainability
	2013	2013	2021	B.A.	Freedom and Justice Studies
	2013	2013	2021	M.S.	Applied Sociology
	2014	2014	2022	B.A.	Philosophy
	2015	2016	2021	M.A.	Psychology

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
Chico	2018	2020	2022	B.A.	European Studies
	2018	2020	2022	B.S.	Geography
	2020	2021	2022	M.S.	Business Analytics

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
Dominguez Hills	2014	2014	2022	M.A.	Kinesiology
	2018	2019	2021	M.S.	Accounting
	2018	2019	2021	M.S.	Business Analytics
	2019	2020	2021	BM	Music
	2019	2020	2023	B.S.	Orthotics and Prosthetics
	2019	2020	2021	M.A.	Teaching of the Spanish Language
	2020	2024	2024	M.S.	Bioanalytical Chemistry
	2020	2021	2022	MPH	Public Health
	2020	2023	2023	OTD	Occupational Therapy
	2021	2022	2022	B.S.	Biophysics
	2021	2022	2022	B.S.	Public Health
	2021	2022	2022	M.S.	Financial Economics
	2021	2022	2022	M.S.	Management of Information Systems and Technology

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
East Bay					

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
Fresno	2020	2021	2022	B.S.	Biomedical Engineering
	2020	2022	2022	BFA	Studio Art
	2021	2022	2022	BM	Music

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
Fullerton	2013	2014	2021	M.S.	Accounting and Finance
	2016	2017	2021	M.S.	Engineering Management
	2019	2020	2023	M.S.	Applied Computer Science
	2019	2020	2024	M.S.	Construction Engineering & Management

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
Humboldt	2013	2015	2019	B.A.	Child Development
	2017	2018	2020	B.S.	Nursing
	2021	2022	2022	B.A.	Cannabis Studies

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
Long Beach	2017	2018	2023	B.S.	Computational Mathematics
	2018	2017	2022	B.S.	Geographical Science
	2018	2019	2022	M.A.	Curriculum and Instruction in Physical Education
	2018	2019	2022	M.S.	Construction Management
	2019	2021	2022	B.S.	Environmental Engineering
	2020	2022	2022	B.A.	Multi-Disciplinary Science
	2020	2022	2026	MAT	Special Education
	2021	2022	2022	M.S.	Biomedical Engineering

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
Los Angeles	2017	2018	2022	M.S.	Business Analytics
	2017	2018	2022	M.A.	Pan-African Studies
	2019	2019	2022	M.S.	Marketing
	2019	2021	2021	B.S.	Engineering Technology

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
Maritime Academy					

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
Monterey Bay	2016	2016	2021	B.S.	Mechatronics Engineering
	2016	2018	2023	M.A.	Teaching English to Speakers of Other Languages
	2017	2018	2023	B.A.	Interdisciplinary Studies
	2017	2018	2023	MPH	Public Health
	2018	2019	2022	M.S.	Speech Language Pathology
	2021	2023	2023	M.S.	Accounting Analytics

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
Northridge	2016	2021	2021	M.A.	Sustainability
	2016	2021	2021	Ph.D.	Complex Systems
	2020	2025	2025	M.S.	Accounting Analytics
	2020	2023	2023	M.S.	Business Analytics
	2021	2023	2023	B.A.	Environmental Science
	2021	2022	2022	M.A.	Entertainment Media Management
	2021	2023	2023	M.S.	Data Science

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
Pomona	2015	2016	2021	M.S.	Architecture
	2015	2018	2021	M.S.	Dietetics
	2017	2017	2022	B.S.	Regenerative and Sustainable Studies
	2017	2017	2022	M.S.	Mechatronic and Robotics Engineering
	2018	2020	2022	B.S.	Materials Engineering
	2018	2020	2022	M.S.	Bioengineering
	2018	2020	2022	MUD	Urban Design
	2019	2020	2021	M.S.	Digital Supply Chain Management
	2020	2022	2022	M.S.	Financial Analysis
	2021	2022	2022	M.S.	Digital Marketing
	2020	2022	2022	M.S.	Management of Architectural Practices

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Currently Planned Implementation Year	Degree Designation	Title
Sacramento	2018	2019	2021	M.S.	Business Analytics
	2018	2020	2021	M.A.	Biotechnology
	2019	2020	2021	M.S.	Power Engineering
	2020	2022	2022	B.A.	Public Policy and Administration
	2020	2022	2022	M.A.	Environmental Studies
	2020	2021	2021	M.S.	Nutrition and Food

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
San Bernardino	2007	2015	2023	M.S.	Kinesiology
	2015	2016	2020	M.S.	Information Systems and Technology
	2016	2017	2020	M.A.	History
	2016	2017	2020	M.S.	Finance
	2017	2018	2020	M.S.	Entrepreneurship and Innovation
	2018	2019	2023	DNP	Nursing Practice
	2019	2020	2020	BFA	Studio Art Studies
	2019	2020	2020	BFA	Design Studies
	2020	2021	2022	M.A.	Speech-Language Pathology
	2020	2022	2022	M.S.	Material Science
	2020	2022	2022	M.S.	Nutrition Science
	2021	2022	2022	B.A.	Ethnic Studies
	2021	2021	2021	M.A.	STEM Education
	2021	2021	2021	M.S.	Cybersecurity and Analytics
2021	2021	2021	M.S.	Logistics and E-Commerce	

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
San Diego	2018	2019	2021	M.S.	Athletic Training
	2020	2021	2021	MA	Critical Studies in Music
	2021	2022	2022	B.A.	Brazilian Studies
	2021	2022	2022	M.S.	Computer Engineering
	2021	2022	2022	M.S.	Finance
	2021	2022	2022	M.S.	Quality Management

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
San Francisco	2017	2018	2020	MFA	Broadcast and Electronic Communication Arts
	2019	2020	2020	B.A.	Human Services
	2019	2020	2020	M.S.	Data Science and Artificial Intelligence
	2020	2021	2021	B.A.	Bilingual Spanish Journalism
	2020	2021	2021	B.A.	Ethnic Studies
	2020	2021	2021	B.A.	Race, Ethnicity, and Health
	2020	2021	2021	M.S.	Environmental Science
	2020	2021	2021	AuD	Audiology

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
San José	2017	2018	2020	M.S.	Hospitality, Tourism and Meeting Management
	2018	2019	2023	M.S.	Athletic Training
	2018	2019	2020	M.S.	Finance
	2020	2020	2022	OTD	Occupational Therapy
	2021	2022	2022	M.A.	Higher Education Leadership
	2021	2022	2022	MDes	Design



	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
San Luis Obispo	2015	2016	2022	B.S.	Built Environments
	2020	2021	2022	M.S.	Statistics

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
San Marcos	2008	2016	2022	B.A.	Philosophy
	2016	2016	2022	B.A.	Chicano/a Studies
	2016	2019	2024	B.S.	Computer Engineering
	2018	2019	2021	B.A.	Geography
	2018	2019	2023	M.S.	Applied Behavior Analysis
	2018	2019	2023	M.S.	Clinical Counseling
	2019	2020	2023	B.S.	Cybersecurity
	2020	2022	2022	B.A.	Linguistics

Campus	Year Approved by BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
Sonoma	2021	2021	2021	B.A.	Physical Science

Campus	Year Approved By BOT	Year Originally Approved for Implementation	Planned Implementation Year	Degree Designation	Title
Stanislaus	2015	2017	2021	MFA	Theatre Production

**Report on WASC Senior College and University Commission (WSCUC)  
Accreditation Activities Conducted in 2019-20**

This report includes only those campuses that engaged in WSCUC site visit accreditation activities, and that received the results of their accreditation visit in the past year.

**California State University, Bakersfield**

In February 2020, the Senior College and University Commission (WSCUC) acted to reaffirm accreditation for CSU Bakersfield for a period of eight years.

The Commission commended the institution for taking steps to improve graduation rates through several student success initiatives and for its commitment to a culture of assessment and continuous improvement. Also noted were the establishment of a coherent approach to graduate education, increasing the university's involvement and presence in the region, developing the first comprehensive capital campaign, and creating an inclusive and transparent process for strategic planning.

The Commission asked to schedule a Special Visit in Spring 2023 for the campus to respond to: further developing the capacity of institutional research to provide high quality, accurate data; re-establishing a system for completing rigorous and consistent program reviews; ensuring consistency, effectiveness and quality of academic support services; demonstrating considerable progress toward GI 2025 goals; increasing faculty and staff diversity; and establishing a process of regular assessment of administrative units.

**California State University, Fullerton**

In February 2020, the Senior College and University Commission (WSCUC) acted to reaffirm accreditation for CSU Fullerton for the maximum possible period of 10 years.

The Commission commended the institution for demonstrating a genuine institution-wide commitment to student success, building the university's assessment infrastructure and processes, and for establishing significant support structures for faculty engaged in pedagogical practices and curricular design. Also noted were its efforts at managing enrollment targets; developing a 15-year Master Plan; completing the 2018-2023 Strategic Plan; and for creating a robust, collaborative, and successful shared governance model.

The Commission requested an Interim Report in 2023 and charges the institution to: provide an update on the impact of various student success initiatives; focus on program review to ensure full participation; develop appropriate graduate learning outcomes; focus on faculty diversity; and to carefully monitor data security, compliance and student privacy rights.

**Attachment B**  
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**California State Polytechnic University, Pomona**

In February 2020, the Senior College and University Commission (WSCUC) acted to reaffirm accreditation for California State Polytechnic University, Pomona for the maximum possible period of 10 years.

The Commission commended the institution for using the semester conversion process as a catalyst for developing a student-centered Strategic Plan and for developing a coordinated advising structure. Also noted were the institution's efforts at ensuring sustainability of resources and strengthening service and support units.

The Commission asked to schedule a Special Visit in Spring 2023 for the campus to respond to: addressing issues of diversity and inclusion; developing a sustainable approach to fill interim leadership positions with permanent staff and faculty; developing a structure to establish relationships among programmatic, general education and institutional learning outcomes; articulating how assessment results provide evidence of meeting outcomes; creating a sustainable institutional plan; and completing the Campus Master Plan and Information Technology Plan.

**California State University Accredited Programs by Campus**

**California State University, Bakersfield**

<b>CSU Bakersfield Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Business Administration B.S., MBA	1975	2023-2024
Computer Engineering B.S.	10/1/2016	2023-2024
Economics B.S.	2019	2023-2024
Educational Leadership Ed.D.	2014	2021-2022
Electrical Engineering B.S.	10/1/2016	2023-2024
Engineering Sciences B.S.	10/1/2016	2023-2024
Nursing B.S.	2002	2022
Nursing M.S.	2016	2021
Public Administration MPA	1987	2022-2023
Social Work MSW	2002	2022-2023

**California State University Channel Islands**

<b>CSU Channel Islands Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Biotechnology M.S./MBA Dual Degree Program	2017	2027
Business B.S., MBA	2017	2027
Nursing B.S.	2009	2025

**California State University, Dominguez Hills**

<b>CSU Dominguez Hills Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Business Administration B.S.	2020	2024-25
Computer Science B.S.	1996	2022-23
Health Science (Orthotics and Prosthetics) M.S.	2015	2020
Music B.A.	1976	2028-29
Nursing B.S., M.S.	2004	2029
Occupational Therapy M.S.	2007	2023
Public Administration MPA	2005	2022-23
Social Work MSW	2007	2022
Theatre Arts B.A.	1987	2025-26

**California State University, East Bay**

<b>Cal State East Bay Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Accountancy M.S.	2013	2023-24
Business Administration B.S., MBA	1973-1974	2023-24
Business Analytics M.S.	1982-1983	2023-24
Computer Engineering B.S.	2013-2014	2021-2022
Counseling M.S., Concentration in School Psychology	1982-1983	2022-23
Economics B.S., M.S.	1973-1974	2023-24
Industrial Engineering B.S.	2001	2021-22
Music B.A., M.A.	1970	2020-21
Nursing B.S.	2011	2025-26
Nursing M.S.	2019	2024-2025
Social Work MSW	2003	2025-26
Speech-Language Pathology M.S.	1992-1993	2020-21

**California State University, Fresno**

<b>Fresno State Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Agricultural Education B.S.	1967	2022
Art B.A., M.A.	2019	2024
Art History B.A.	2019	2024
Business Administration B.S.	1963	2023-24
Business Administration MBA	1974	2023-24
Civil Engineering B.S.	1968	2024
Clinical Rehabilitation and Mental Health Counseling M.S.	1976 (by CORE) 2017 (by CACREP)	2022
Communicative Disorders M.A.–Deaf Education Option	1982	2023
Computer Engineering B.S.	1999	2024
Construction Management B.S.	1992	2026
Didactic Program in Dietetics	2005	2021
Dietetic Internship Program	2005	2021
Economics	2019	2023-24
Electrical Engineering B.S.	1965	2024
Geomatics Engineering B.S.	1979	2024
Graphic Design BFA	2019	2024
Industrial Technology B.S.	2016	2024
Interior Design B.A.	1986	2023
Mechanical Engineering B.S.	1965	2024
Music B.A., M.A.	1979	2022
Nursing B.S.	2006	2029

<b>Fresno State Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Nursing, M.S. (through CCNE)	2019	2025
Nursing, Post-Graduate APRN Certificate	2019	2030
Nursing DNP	pending	under review
Physical Therapy DPT	2015	2025
Public Administration MPA	1991	2020
Public Health MPH	1996	2020
Recreation Administration B.S.	1984	2021
School Psychology Ed.S.	1994	2022
Social Work B.A., MSW	1967	2024
Speech-Language Pathology, M.A.	1982	2024
Theatre Arts, B.A.	1989	2023

**California State University, Fullerton**

<b>Cal State Fullerton Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Accountancy M.S.	1966	2024
Art B.A., M.A.	1974	2024
Art BFA, MFA	1994	2024
Athletic Training M.S.	2001	2027
Business Administration B.A.	1965	2024
Business Administration MBA	1972	2024
Civil Engineering B.S.	1985	2021
Communications B.A., M.A.	1971	2021
Communicative Disorders M.A.	1971	2026
Computer Engineering B.S.	2007	2021
Computer Science B.S.	1988	2021
Counseling M.S.	2007	2023
Dance B.A.	1982	2024
Education M.S.	1970	2022
Electrical Engineering B.S.	1985	2021
Human Services B.S.	1982	2021
Information Systems M.S.	2018	2024
Information Technology M.S.	2018	2024
International Business B.A.	1984	2024
Mechanical Engineering B.S.	1985	2021
Music B.A., M.A.	1966	2024
Music B.M., MM	1975	2024
Nursing B.S.	2007	2026
Nursing DNP	2013	2029
Nursing M.S.	2002	2026
Public Administration MPA	1989	2024
Public Health MPH	2008	2020

<b>Cal State Fullerton Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Social Work MSW	2011	2023
Taxation M.S.	1996	2024
Theatre B.A.	1974	2026
Theatre BFA	2005	2026
Theatre Arts MFA	1985	2026

**Humboldt State University**

<b>Humboldt State Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Art B.A.	1978	2024-25
Business Administration, B.S., MBA	2015	2022
Child Development Laboratory	1989	2022
Environmental Resources Engineering B.S.	1981	2023
Fine Art BFA	2018	2024-25
Forestry B.S.	1979	2025-26
Music B.A.	1979	2021
Social Work B.A., MSW	2004	2027

**California State University, Long Beach**

<b>Cal State Long Beach Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Accountancy M.S.	2015	2023
Acting BFA	2021	2025
Aerospace Engineering B.S.	2001	2025
American Language Institute	2007	2027
Art B.A., BFA, M.A., MFA	1974	2027
Athletic Training B.S., MS	2006	2021
Business Administration B.S., MBA	1972	2023
Chemical Engineering B.S.	1980	2025
Civil Engineering B.S.	1963	2025
Computer Engineering B.S.	1974	2025
Computer Science B.S.	1995	2025
Construction Management B.S.	2012	2023
Dance B.A., BFA, M.A., MFA	1982	2022
Design B.A.	2007	2027
Didactic Program in Dietetics	1975	2024
Dietetic Internship	1975	2024
Education M.A., Options in Curriculum and Instruction; Dual Language Development	2008	2023 CTC Review
Educational Administration M.A.	2020	2023 CTC Review
Electrical Engineering B.S.	1963	2025



<b>Cal State Long Beach Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Family and Consumer Sciences B.A.	1977	2028
Finance M.S.	2019	2023
Health Care Administration B.S.	1992	2021
Health Care Administration M.S.	2002	2026
Hospitality Management B.S.	2010	2024
Human Experience Design Interactions M.A.	2019	2027
Industrial Design B.S.	1974	2027
Information Systems M.S.	2019	2023
Interior Design BFA	1974	2027
Journalism B.A.	1978, 2014	2026
Marketing M.S.	2019	2023
Mechanical Engineering B.S.	1963	2025
Music B.A., B.M., M.A., M.M.	1968	2023
Nursing B.S.	1967	2021
Nursing M.S.	1978	2021
Nursing DNP (with Fullerton and LA)	2012	2029
Physical Therapy DPT	2012	2022
Psychology M.S., Human Factors Option	2012	2024
Public Health MPH	1990	2022
Public Policy and Administration MPA	1990	2023
Public Relations B.A.	1978, 2014	2026
Recreation Administration M.S.	1976	2026
School Psychology Ed.S.	2012	2021
Social Work B.A.	1975	2025
Social Work MSW	1985	2025
Special Education M.S.	Prior to 1997	2023 CTC Review
Speech-Language Pathology M.A.	1970	2027
Supply Chain Management M.S.	2015	2023
Theatre Arts B.A., MFA	1973	2025

**California State University, Los Angeles**

<b>Cal State LA Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Art B.A., M.A., MFA	1974	2019-20
Accountancy M.S.	1964	2021-22
Business Administration B.S.	1960	2021-22
Business Administration MBA, M.S.	1964	2021-22
Communicative Disorders M.A. Speech-Language Pathology option	1987	2023-2024
Computer Information Systems B.S.	1964	2021-22
Computer Science B.S.	2005	2024-25

<b>Cal State LA Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Counseling M.S.	1994	2019-2020
Counseling M.S., Rehabilitation Counseling Option	1956	2021-2022
Counseling M.S., School-Based Family Counseling Option	1978	2020-21 CTC and CAEP; CACREP
Counseling M.S., School Psychology Option	1993	2022-23
Education Credentials	1959	2020-21
Education M.A.	1959	2020-21
Educational Administration M.A.	1959	2020-21
Educational Leadership Ed.D.	2011	2020-21
Engineering, Civil B.S.	1965	2024-25
Engineering, Electrical B.S.	1965	2024-25
Engineering, Mechanical B.S.	1965	2024-25
Health Care Management, M.S.		2021-22
Music B.A., B.M., M.A.	1970	2027-28
Music M.M.	1995	2027-28
Nursing B.S., M.S.	2007	2027-28
Nursing DNP	2011	2028-29
Nutritional Science M.S.–Coordinated Dietetics Program	1974	2022-23
Nutritional Science M.S.– Coordinated Dietetics Program and Didactic Program in Dietetics	1976	2022-2023
Public Administration MPA	1984	2022-2023
Social Work B.A., MSW	1979	2020-21
Special Education M.A.	1959	2020-21
Special Education Ph.D.	1971	2020-21
Teaching English to Speakers of Other Languages M.A.	1989	2020-21

**California State University Maritime Academy**

<b>CSU Maritime Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Business Administration B.S.–International Business and Logistics	2003	2026-27
Facilities Engineering Technology B.S.	1999	2025-26
Marine Engineering Technology B.S.	1978	2025-26
Mechanical Engineering B.S.	2002	2025-26

**California State University, Monterey Bay**

<b>CSU Monterey Bay Programs</b>	<b>First Granted</b>	<b>Renewal Dates</b>
College of Business	2017 (candidacy)	2021
Nursing	2016	2021
Physician Assistant M.S.	2019 (provisional)	2021
School Psychology, M.S.	2017 (candidacy)	2021
Social Work MSW	2014	2027

**California State University, Northridge**

<b>CSUN Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Accountancy B.S.	1976	2025
Art B.A., M.A.	1993	2022
Art MFA	2006	2022
Athletic Training B.S., M.S.	1995	2027
Business Administration B.S., MBA	1976	2025
Civil Engineering B.S.	1994	2022
Communicative Disorders M.S.	1976	2021
Computer Engineering B.S.	2006	2026
Computer Information Technology B.S.	2017	2026
Computer Science B.S.	1985	2026
Construction Management B.S.	2010	2021
Counseling M.S.–School Psychology Option	2004	2022
Counseling M.S.–Marriage and Family Therapy Option	2016	2021
Didactic Program in Dietetics	1985	2028
Dietetic Internship	1985	2028
Electrical Engineering B.S.	1994	2026
Engineering Management B.S.	2017	2026
Environmental and Occupational Health B.S.	1973	2026
Environmental and Occupational Health M.S.	1978	2026
Family and Consumer Sciences B.S.	1973	2023
Interior Design Option	1998	2024
Health Administration B.S.	1971	2022
Health Administration M.S.	2017	2027
Information Systems B.S.	1976	2025
Journalism B.A.	1967	2023
Manufacturing Systems Engineering B.S.	2001	2026
Mechanical Engineering B.S.	1994	2026
Music B.A., B.M., M.M.	1968	2025
Music Industry Administration M.A.	2017	2025
Nursing B.S.	1999	2024

<b>CSUN Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Physical Therapy DPT	1969	2025
Professional Accountancy MPAcc	1976	2025
Public Health B.S.	2016	2026
Public Health MPH	1980	2026
Radiologic Sciences B.S.	1977	2026
Social Work MSW	2004	2028
Taxation M.S.	1976	2025
Theatre B.A.	1991	2025
Theatre Arts M.A.	1991	2025
Tourism, Hospitality, and Recreation Management B.S.	2014	2021

**California State Polytechnic University, Pomona**

<b>Cal Poly Pomona Programs</b>	<b>First Granted</b>	<b>Renewal Dates</b>
Accountancy M.S.	2015	2029-30
Aerospace Engineering B.S.	1970	2023-24
Animal Health Science B.S.	1997	2023-24
Architecture BArch	1981	2022-23
Architecture MArch	1978	2022-23
Art History B.A.	1997	2029-30
Business Administration B.S., MBA	1995	2029-30
Chemical Engineering B.S.	1972	2023-24
Civil Engineering B.S.	1970	2023-24
Civil Engineering B.S., Geospatial Engineering Option	1992	2023-24
Computer Engineering B.S.	2004	2023-24
Computer Science B.S.	1994	2020-21
Construction Engineering and Management B.S.	1976	2023-24
Didactic Program in Dietetics (Nutrition B.S., Dietetics Option)	1993	2020-21
Dietetic Internship Program	1993	2020-21
Electrical Engineering B.S.	1970	2023-24
Electronic Systems Engineering Technology B.S.	1976	2023-24
Electromechanical Systems Engineering Technology B.S.	1976	2023-24
Food Science and Technology B.S.	2019	2025-26

**California State University, Sacramento**

<b>Sacramento State Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Accountancy M.S.	not specified	2022
Art B.A., M.A.	1974	2025
Audiology AuD	2019 (ACAE candidacy) 2020 (CAA candidacy)	2020 2025
Business Administration B.S., MBA	1963	2022
Civil Engineering B.S.	1965	2022
Communication Sciences and Disorders M.S.	1985	2027
Computer Engineering B.S.	1987	2022
Computer Science B.S.	1986	2022
Construction Management B.S.	1989	2025
Didactic Program in Dietetics	1996	2024
Dietetic Internship	2003	2024
Electrical and Electronic Engineering B.S.	1969	2022
Graphic Design BFA	2005	2025
Hospitality and Tourism Management B.S.	2020	2022
Interior Architecture BFA	2001	2025
Mechanical Engineering B.S.	1965	2022
Music B.A., B.M., M.M.	1964	2021
Nursing B.S., M.S.	BS 1962 MS 1986	2029 (CCNE) 2022 (BRN)
Photography BFA	2005	2025
Physical Therapy DPT	1997	2025
Recreation Administration B.S., M.S.	1978	2022
Social Work B.A., MSW	1966	2025
Studio Art BFA	2018	2025
Theatre B.A.	2016	2021-22

**California State University, San Bernardino**

<b>Cal State San Bernardino Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Accountancy M.S.	2009	2023-24
Administration B.A.	1994	2023-24
Art B.A., BFA	1983	2022-23
Art History & Global Cultures B.A.	1983	2022-23
Design, BFA	1983	2022-23
Studio Art MFA	1983	2022-23
Business Administration MBA	1994	2023-24
Computer Engineering B.S.	2014	2022

<b>Cal State San Bernardino Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Computer Science B.S.	1988	2022
Didactic Program in Dietetics (Nutritional Science and Dietetics B.S.)	1989	2023
Environmental Health Science B.S.	2004	2025-26
Information Systems and Technology B.S., M.S.	2015	2023-24
Music B.A., B.M.	2003	2019
Nursing B.S.	1979	2026
Nursing M.S.	2010	2027-28
Public Administration MPA	1989	2023-24
Public Health B.S., MPH	2014	2022-23
Public Health B.S.	2014	2022-23
Chemistry, B.S., Certificate	1991	2024
Robert and Frances Fullerton Museum of Art	2008	2022-23
Rehabilitation Counseling M.A.	1988	2023-24
Social Work B.A.	2006	2027
Social Work MSW	1993	2027
Theatre Arts, B.A.	2004	2020-21

**San Diego State University**

<b>San Diego State Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Aerospace Engineering B.S.	1964	2021-2022
Art B.A., M.A., MFA	1975	2022
Athletic Training, B.S.	2000	2023-2024
Audiology Joint Doctoral Program AUD	2006	2027
Civil Engineering B.S.	1964	2021-2022
Clinical Psychology Joint Doctoral Program, Ph.D.	1990	2021
Computer Engineering B.S.	2004	2021-2022
Computer Science B.S.	1994	2022
Construction Engineering B.S.	2009	2021-2022
Counseling M.S., option in Marriage and Family Therapy	2009	2022
Didactic Program in Dietetics	~1980	2027
Electrical Engineering B.S.	1964	2021-2022
Environmental Engineering B.S.	2004	2021-2022
Fowler College of Business	1955	2022-2023
Health Management and Policy division MPH, MPH/MSW	1983	2026
Interior Architecture B.A., MA, MFA	1984; 2018	2021
Journalism B.A., Option in Media Studies	2009	2021
Mechanical Engineering B.S.	1964	2021-2022

Medical Physics M.S.	2011, 2019	2023
Nursing B.S., M.S.	2001	2026
Physical Therapy DPT	2015	2030
Public Administration B.A., MPA	1979	2022
Public Health, B.S., M.S., MPH, Ph.D. (Joint Doctorate Program)	1983, 1985	2021
Rehabilitation Counseling M.S.	1978	2022
School Psychology Ed.S.	1989	2023
Social Work B.A.	1974	2026
Social Work MSW	1966	2026
Speech Language Pathology M.A.	1970	2021
Theatre B.A., M.A., MFA	1975	2024-2025

**San Francisco State University**

<b>San Francisco State Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Accountancy M.S.	1979	2024
Apparel Design and Merchandising B.S.	2003	2023
Art B.A., M.A., MFA	1983	2023
Art History B.A.	2019	2023
Business Administration B.A., B.S., MBA	1963	2024
Clinical Laboratory Science Graduate Internship Program	1977	2029
Clinical Mental Health Counseling M.S.	2019	2022
Communicative Disorders M.S.	1971	2025
Counseling M.S.	1978	2022
Didactic Program in Dietetics	1987	2026
Dietetics Internship	1991	2026
Engineering, Civil B.S.	1986	2024
Engineering, Computer B.S.	2016	2024
Engineering, Electrical B.S.	1986	2024
Engineering, Mechanical B.S.	1986	2024
Family and Consumer Sciences B.A.	2003	2023
Health Education B.S.	2009	2025
Hospitality and Tourism Management B.S.	1990	2024
Interior Design B.S.	2003	2023
Journalism B.A.	1985	2025
Music B.A., B.M., M.A., M.M.	1963	2027
Nursing B.S., M.S.	2003	2023
Physical Therapy DPT	2001	2021
Public Administration MPA	2000	2020
Public Health MPH	2003	2025
Recreation, Parks and Tourism Administration B.S.	1990	2022



Social Work B.A., MSW	1975, 1971	2026
Theatre Arts B.A., MA, and MFA: Concentration in Design and Technical Production	1982	2021

**San José State University**

<b>San José State Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Accountancy M.S.	1964	2021
Advertising B.S.	1971	2021
Aerospace Engineering B.S.	1991	2024
Animation and Illustration BFA	2021	2022
Art B.A., BFA, M.A., MFA	1974	2022
Art History and Visual Culture B.A.	2020	2022
Audiology AUD	2020 (ACAE developing) 2020 (CAA candidacy)	2023 2025
Biomedical Engineering B.S.	2011	2024
Business Administration B.S.	1964	2021
Business Administration MBA	1973	2021
Chemical Engineering B.S.	1958	2024
Civil Engineering B.S.	1958	2024
Education, concentration Speech Pathology M.A.	1989	2026
Clinical Mental Health Counseling M.S.	2021	2020
Computer Engineering B.S.	1958	2024
Computer Science B.S.	1996, 2001	2023
Dance B.A., BFA	1987	2021
Design Studies B.A., B.S., BFA	2019	2022
Didactic Program in Dietetics	1986	2028
Dietetic Internship	1986	2028
Electrical Engineering B.S.	1958	2024
Human Factors/Ergonomics M.S.	2014	2021
Industrial and Systems Engineering B.S.	1958	2024
Industrial Design B.S.	1974	2022
Industrial Technology B.S.	1980, 2010	2023
Interior Design BFA	2000	2022
Journalism B.S.	1971	2021
Library Information Science MLIS	1969	2021
Materials Engineering B.S.	not specified	2024
Mechanical Engineering B.S.	1958	2024
Music B.A., B.M., M.M.	1958	2025
Music Education M.A.	2016	2025
Nursing B.S.	not specified	2021

<b>San José State Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Nursing M.S.	1959, 1998	2021
Nursing Practice DNP	2019 (candidacy)	2021
Occupational Therapy M.S.	1991	2026
Public Administration MPA	1988	2024
Public Health MPH	1976	2021
Public Relations B.S.	1971	2021
Recreation B.S.	1987	2021
Social Work B.A., MSW	1977	2023
Software Engineering B.S.	2016	2024
Taxation M.S.	1964	2021
Theatre Arts B.A.	1982	2021
Transportation Management M.S.	1964	2021
Urban Planning MUP	1972, 1988	2025

**California Polytechnic State University, San Luis Obispo**

<b>Cal Poly San Luis Obispo Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Accounting M.S.	2014	2023
Aerospace Engineering B.S.	1969	2021
Architectural Engineering B.S.	1975	2021
Architecture BArch	1980	2023
Art and Design BFA	1995	2026-27
Biomedical Engineering B.S.	2012	2021
Bioresource and Agricultural Engineering B.S.	1973	2021
Business Administration B.S., MBA	1981	2023
Business Analytics M.S.	2017	2023
City and Regional Planning B.S.	1973	2024
City and Regional Planning MCRP	1993	2024
Civil Engineering B.S.	1973	2021
Computer Engineering B.S.	1997	2021
Computer Science B.S.	1986	2021
Construction Management B.S.	1978	2021
Didactic Program in Dietetics	2005	2023
Dietetic Internship	2005	2023
Economics B.S.	1981	2023
Electrical Engineering B.S.	1969	2021
Engineering Management MBA/M.S.	2014	2023
Environmental Engineering B.S.	1971	2021
Forestry and Natural Resources B.S.	1994	2024
Graphic Communication B.S.	2003	2022
Industrial Engineering B.S.	1969	2021

<b>Cal Poly San Luis Obispo Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Industrial Technology and Packaging B.S.	1974	2023
Journalism B.S. (provisional)	2020	2022
Landscape Architecture BLA	1975	2021
Manufacturing Engineering B.S.	1997	2021
Materials Engineering B.S.	1971	2021
Mechanical Engineering B.S.	1969	2021
Music B.A.	2003	2028-29
Quantitative Economics, M.S.	2018	2023
Recreation, Parks, and Tourism Administration B.S.	1986	2025
Software Engineering B.S.	2007	2021
Taxation M.S.	2017	2023
Didactic Program in Dietetics	2005	2023
Dietetic Internship	2005	2023

**California State University San Marcos**

<b>CSU San Marcos Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Nursing B.S.	2008	2023
Nursing M.S.	2012	2027
Social Work MSW	2013	2028
Speech-Language Pathology M.S.	2015	2027

**Sonoma State University**

<b>Sonoma State Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Art B.A., BFA	1982	2020-21
Art History B.A.	1982	2020-21
Business Administration B.S., MBA	2007	2021-22
Counseling M.A.	1984	2021-22
Education M.A.	2005	2026-27
Music B.A., B.M.	1972	2027-28
Nursing B.S., M.S.	1974	BRN 2020-21 CCNE 2024-25

**California State University, Stanislaus**

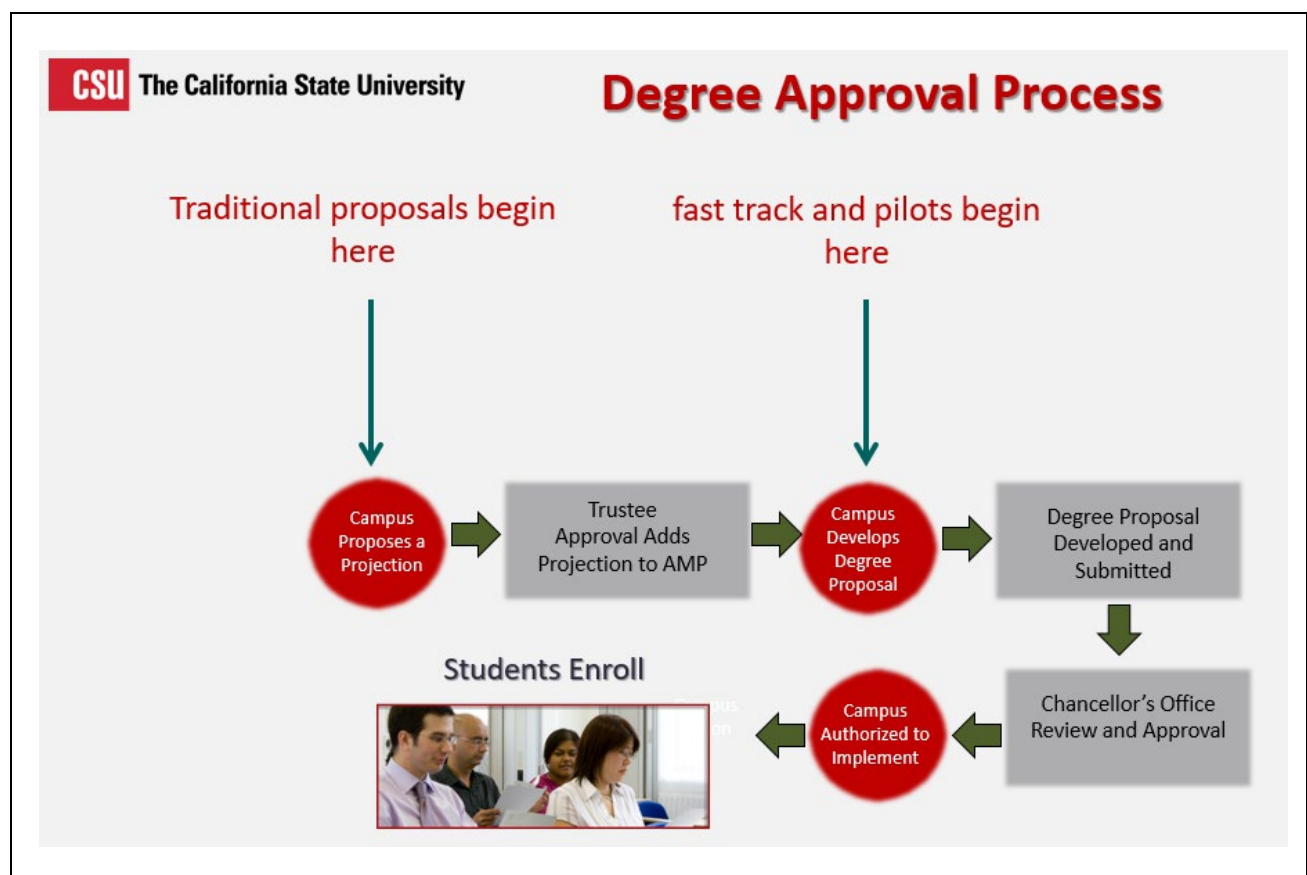
<b>Stanislaus State Programs</b>	<b>First Granted</b>	<b>Renewal Date</b>
Art B.A., BFA	1983	2020-21
Art History, B.A.	2019	2020-21
Business B.S., MBA, M.S.	2003	2022-23
Education M.A.	1991	2025-26
Genetic Counseling M.S.	2008	2025-26
Music B.A., B.M.	1981	2022-23

Nursing B.S.	1986 (BRN)	2022-23
Nursing B.S., M.S.	2010 (CCNE)	2026-27
Public Administration MPA	1982	2023-24
Social Work MSW	1996	2026-27
Theatre Arts B.A.	1983	2022-23

## CSU Degree Proposal, Review and Approval Process

The CSU degree planning process begins with campus departmental plans and ends with a campus enrolling students in the program. Along the way, plans are subjected to review and approval by the campus, the Board of Trustees and the Office of the Chancellor. Campuses may pursue one of three approaches to proposal review and approval, depending on the kind of program envisioned. The approaches are: (1) the traditional process; (2) the fast-track process; or (3) the pilot process. Each process will be explained in this overview. The process is shown in Illustration 1.

Illustration 1



## **The Traditional Process**

### **Degree Projections**

The traditional process begins with degree projections. Each January, campuses submit to the Office of the Chancellor, projection proposals that are general long-term plans to develop and implement a degree program. For this preliminary review, projection proposals must make a supportable case that the desired degree program will meet the following criteria in order to obtain a recommendation for Board of Trustees approval at the March trustees meeting.

### **Office of the Chancellor's Projection Review Criteria (All Degree Levels)**

1. Degree designation and title (e.g., B.S. Biochemistry);
2. Date approved by the campus-based academic senate;
3. Projected implementation date;
4. Delivery mode: fully face-to-face, hybrid or fully online program;
5. A brief summary of the purpose and characteristics of the proposed degree program;
6. Support mode: state-support or self-support;
7. Anticipated student demand;
8. Workforce demands and employment opportunities for graduates;
9. Other relevant societal needs;
10. An assessment of the required resources and a campus commitment to allocating those resources; and
11. As applicable:
  - a. If the projection is a pilot program, campuses will list the academic years during which the program will operate in pilot status.
  - b. For new degree programs that are not offered already in the CSU, campuses include a compelling rationale explaining how the proposed subject area constitutes a coherent, integrated degree program that has potential value to students and meets CSU requirements for an academic program at the undergraduate or graduate level.

### **Additional Criteria for Projected Bachelor's Degree Programs**

Projected bachelor's degrees are general, characterized by breadth and are as enduring as possible in content and title, whereas graduate programs are more appropriately specialized.

Resource:

[https://www2.calstate.edu/csu-system/administration/academic-and-student-affairs/academic-programs-innovations-and-faculty-development/Documents/breadth\\_epr85\\_13.pdf](https://www2.calstate.edu/csu-system/administration/academic-and-student-affairs/academic-programs-innovations-and-faculty-development/Documents/breadth_epr85_13.pdf).

### **Additional Criteria for Projected Graduate Degree Programs**

Master's degree programs should be projected only when the sponsoring department is well established and has achieved a level of quality that has been affirmed by a program review or in subjects for which national accreditation, including review by a visiting team, is available. Further requirements of new graduate programs include that:

1. There are at least five full-time faculty with the appropriate terminal degree;
2. The programs have enrollment sufficient to support offering at least four graduate-level courses each year;
3. Evidence is provided that the department can support the level of research required of a graduate program; and
4. Not less than one half of the units required for the degree shall be in courses organized primarily for graduate students.

Resources:

[https://www2.calstate.edu/csu-system/administration/academic-and-student-affairs/academic-programs-innovations-and-faculty-development/Documents/Graduate\\_Level\\_EPR\\_82\\_39.pdf](https://www2.calstate.edu/csu-system/administration/academic-and-student-affairs/academic-programs-innovations-and-faculty-development/Documents/Graduate_Level_EPR_82_39.pdf)

[https://www2.calstate.edu/csu-system/administration/academic-and-student-affairs/academic-programs-innovations-and-faculty-development/Documents/aap\\_91\\_04\\_recommendations\\_graduate\\_education.pdf](https://www2.calstate.edu/csu-system/administration/academic-and-student-affairs/academic-programs-innovations-and-faculty-development/Documents/aap_91_04_recommendations_graduate_education.pdf)

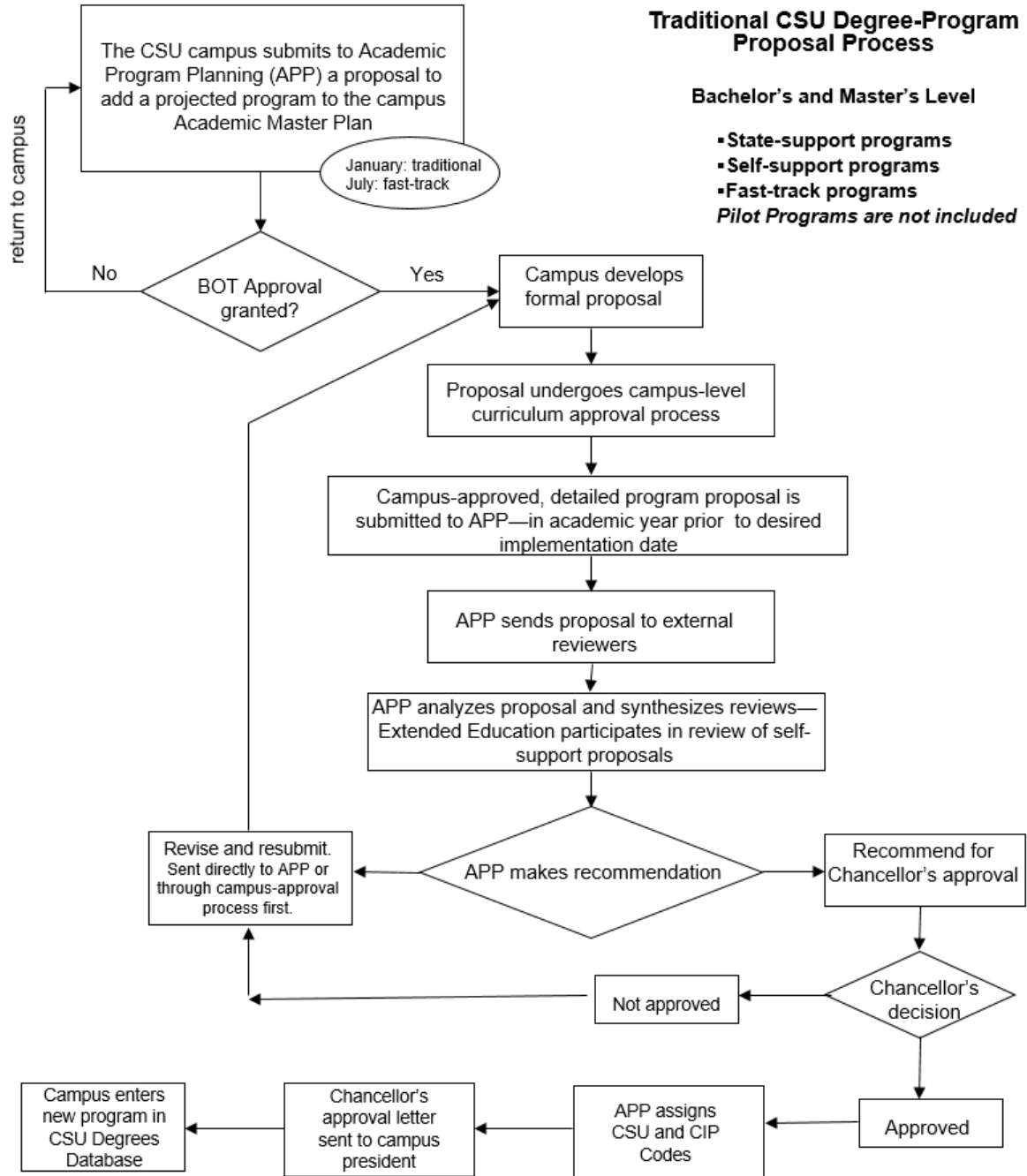
### **Degree Program Proposal Development and Review Process**

After obtaining Board of Trustees approval for a proposed projection, the campus may begin developing a full degree proposal, which must obtain campus approvals before being submitted for systemwide review. Campus-approved degree proposals are reviewed by Chancellor's Office staff who have faculty experience, and curriculum-development and review experience. Additionally, as needed, external experts review degree programs that have highly specialized curricular requirements. It is not unusual for the Office of the Chancellor to request modifications to the degree requirements or the assessment plans during the review process. Proposals must obtain the Chancellor's approval before the degree program can be implemented and enroll students. All degree program proposals are governed by California Education Code and systemwide policy, including Title 5 regulations, executive orders and coded memoranda.

Illustration 2 depicts the process for the "traditional degree program proposal." This process is used for bachelor's, master's and doctoral programs that will be run either through state support or through self-support/extended education. In this process, the full degree proposal is submitted to the Office of the Chancellor a year ahead of planned implementation.



**Illustration 2**



## **Degree Proposal Review Criteria**

During the proposal review process, reviewers evaluate proposed programs and resources according to the following review criteria:

- **Faculty**

Do the faculty appear qualified to offer this program and at this level? Does the faculty expertise span all appropriate specializations, and are there sufficient faculty members for the projected size of the program? Do they appear to have appropriate research or professional experience? Are the arrangements for administering the program sufficient to ensure that it will operate effectively?

- **Curriculum**

Does the curriculum have appropriate breadth, depth and coherence for an undergraduate or a graduate program in this field? Is it up to date, incorporating the most recent developments in the field? Is it consistent with any pertinent recommendations of professional organizations? Is it responsive to employment opportunities for graduates? If it is a baccalaureate program, would it constitute desirable preparation for graduate or doctoral study in the fields indicated in the proposal? Does the proposed bachelor's degree meet the applicable Bachelor of Arts (B.A.) and Bachelor of Science (B.S.) requirements established in Title 5? If the proposal is for a B.A. or B.S. degree, does it require no more than 120 units, or does the proposal provide a well-defended rationale for exceeding the Title 5 limit of 120 units for B.A. and B.S. degrees? Does the graduate program meet Title 5 section 40510 master's degree requirements?

- **Resources**

Does the description of facilities, equipment and information resources indicate that the campus has the resources (or reliable access to resources) that will be needed for a high-quality program? If not, what information would be minimally necessary to ensure that the resources are adequate? For self-support programs, does the budget contain three-to-five years of operation, showing multiple cohorts? Does it show full cost recovery, and are the student costs within market ranges for similar extension programs?

- **Assessment of Program Quality and Student Learning**

Does the proposal provide an assessment plan that identifies program and student learning goals? Do the student learning outcomes match with the curriculum? Are goals measurable, and will the assessment process be manageable? Is the process meaningful, with assessment results used to influence changes in the curriculum or pedagogy?

- **State Need and Student Demand**

Is a program of this kind needed in California? Is there convincing evidence provided in the proposal to demonstrate student interest in the program and employer demand for graduates? Are the sources of information on need current and credible? If the information on need for the program is not adequate, what other information might it be suggested that the campus include in the proposal?

- **Multi-Year Cost-Recovery Budget (Self-Support Programs)**

Does the budget include sufficient years to follow multiple cohorts? Is an appropriate level of student attrition built in? Are costs related to hybrid or online delivery and technical support included for programs not offered entirely in face-to-face mode?

### **The Fast-Track Process: Combined Projection and Proposal**

To review, in the traditional proposal process, a campus requests Board of Trustee approval to include a projection on the campus Academic Plan. Subsequent to Board of Trustee approval of the projection, the campus may begin developing a degree proposal that will be submitted to the Office of the Chancellor for systemwide review and approval. In the traditional process, proposals are to be submitted in the academic year preceding planned implementation.

As adopted by the Board of Trustees in July 1997, a “fast-track” process shortens the time to implementation by allowing proposals to be submitted at the same time that the projection is proposed to the Board of Trustees. Fast-track proposals still undergo systemwide review, and the fast track does not move the proposal through an expedited review process.

### **Fast-Track Criteria**

To be proposed via fast track, a degree program must meet all of the following six criteria:

1. The proposed program could be offered at a high level of quality by the campus within the campus’s existing resource base, or there is a demonstrated capacity to fund the program on a self-support basis.
2. The proposed program is not subject to specialized accreditation by an agency that is a member of the Association of Specialized and Professional Accreditors, or it is currently offered as an option or concentration that is already recognized and accredited by an appropriate specialized accrediting agency.
3. The proposed program can be adequately housed without a major capital outlay project.
4. It is consistent with all existing state and federal law, trustee policy and executive orders.
5. It is either a bachelor’s or master’s degree program.
6. The proposed program has been subject to a thorough campus review and approval process.

### **Fast-Track Timelines**

- The first Monday in January—for July approval
- The second Monday in June—for December approval

Fast-track proposals that are submitted to the Office of the Chancellor by the first Monday in January, and that raise no major issues, can be acted on by the Board of Trustees in March, sent through systemwide review and could receive Chancellor’s Office approval in July.

Proposals that are submitted by the second Monday in June, and raise no major issues, can be acted on by the Board of Trustees in September and sent through system-level review and could receive Chancellor’s Office approval in December.

### **Submitting Fast-Track Proposals**

When submitting an update to the campus Academic Plan, the campus notes any fast-track degree proposals and includes a very brief description of the program and a rationale for offering it through the fast-track process.

Resource:

[https://www2.calstate.edu/csu-system/administration/academic-and-student-affairs/academic-programs-innovations-and-faculty-development/Documents/fast\\_track\\_pilot\\_programs.pdf](https://www2.calstate.edu/csu-system/administration/academic-and-student-affairs/academic-programs-innovations-and-faculty-development/Documents/fast_track_pilot_programs.pdf)

### **The Pilot Degree Program Proposal Process**

In support of the CSU tradition of experimentation in the planning and offering of degree programs, Board of Trustee policy established in July 1997 that a limited number of proposals meeting fast-track criteria might be implemented as five-year “pilot programs” without prior review and approval by the board. Instead, the Office of the Chancellor conducts a review to confirm that all applicable policy requirements have been met. For self-support pilot programs, the Office of the Chancellor also reviews proposed projected budgets to ensure all costs will be recovered through student fees and without relying on state funds.

### **Pilot-Program Criteria**

Pilot degree programs must meet all of the following six criteria:

1. The proposed program could be offered at a high level of quality by the campus within the campus's existing resource base, or there is a demonstrated capacity to fund the program on a self-support basis.
2. The proposed program is not subject to specialized accreditation by an agency that is a member of the Association of Specialized and Professional Accreditors, or it is currently offered as an option or concentration that is already recognized and accredited by an appropriate specialized accrediting agency.
3. The proposed program can be adequately housed without a major capital outlay project.
4. It is consistent with all existing state and federal law, trustee policy and executive orders.
5. It is either a bachelor's or master's degree program.
6. The proposed program has been subject to a thorough campus review and approval process.

### **Pilot Program Implementation Procedures**

1. Prior to implementation, the campus is obligated to (1) notify the Office of the Chancellor of plans to establish the program, (2) provide a program description and list of curricular requirements and (3) confirm that each of the six pilot criteria apply to the pilot program.
2. While Chancellor's Office approval is not required, a pilot program must be acknowledged before the program is implemented.
3. A campus may implement a pilot program without first proposing the projection on the campus Academic Plan. In such cases, the program will be identified as a pilot program in the next annual update of the campus Academic Plan.

### **Pilot Operational Policy**

1. A pilot program is authorized to operate only for five years.
2. If no further action is taken by the end of the five years, no new students can be admitted to the pilot program.
3. The campus is obliged to make appropriate arrangements for students already enrolled to complete the program.

### **Pilot Conversion Procedures**

For the program to continue beyond the five-year limit, the campus must propose to the Office of the Chancellor converting the program from pilot to regular status. A pilot program could be converted to regular-program status and approved to continue to operate indefinitely if the following conditions are met:

1. The campus committed the resources necessary to maintain the program beyond five years;
2. A thorough program evaluation (including an on-site review by one or more experts in the field) showed the program to be of high quality; to be attractive to students; and to produce graduates attractive to prospective employers and/or graduate programs, as appropriate; and
3. Approval by the chancellor after review and comment by the Office of the Chancellor.

## **COMMITTEE ON EDUCATIONAL POLICY**

### **Academic Preparation Annual Report and Quantitative Reasoning Update**

#### **Presentation By**

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Marquita Grenot-Scheyer  
Assistance Vice Chancellor  
Educator Preparation and Public School Programs

#### **Summary**

As the largest and most diverse public higher education system in the nation, the California State University (CSU) is home to students from a broad range of backgrounds and experiences. This diversity can also be seen in the differing levels of academic preparedness for entering first-time first-year students. The first year of college can often determine whether students are retained for their second year and, ultimately, earn a college degree. This is why academic preparation has been identified as one of six pillars that inform the CSU's Graduation Initiative 2025.

This written item is an annual update to the Board of Trustees regarding progress towards achieving the goals of increasing degree completion and eliminating equity gaps among CSU students through the advancement of academic preparation. The item also details the CSU's progress related to a proposed first year admission requirement in quantitative reasoning.

#### **Background**

Prior to fall 2018, incoming first-year CSU students were placed into two broad categories: "college-ready" or not "college-ready". This designation was based largely on standardized tests and placement exams. Students identified as "not ready" were required to take and pass stand-alone developmental education courses that did not confer college credit. In August 2017, Executive Order 1110 transformed the CSU's approach to serving students who arrive in need of additional academic support. It broadens the incorporation of information used to assess student readiness for first-year college-level courses through multiple measures, including high school



grade point average (GPA) and completed English and mathematics courses. It also allows students participating in the CSU Early Start Program to earn college credit the summer before their first term, and, perhaps most significantly, it discontinued stand-alone, non-credit bearing developmental education courses.

As a result, today first-time first-year students are now placed across four categories to better address their academic needs. They are:

- Category I: Student has fulfilled the GE Subarea A2 or B4 requirement upon arrival  
Student has met the CSU GE Breadth Subarea A2 and/or B4 requirement via Advanced Placement (AP) examination, International Baccalaureate (IB) examination or transferable college course.
- Category II: Student placed directly into a GE Subarea A2 or B4 course  
Student has met the readiness standards via one or several of the multiple measures-informed standards.
- Category III: Student placed into a supported college-level course  
Based on multiple measures, students demonstrate a need for additional academic support in mathematics and/or written communication. These students are placed directly into college-level courses that embed or attach additional academic support. Participation in the CSU Early Start Program is recommended but not required.
- Category IV: Student required to attend the CSU Early Start Program  
Based on multiple measures, students demonstrate a need for intense academic support. Participation in the Early Start Program is required and designed to provide students intense and focused support while allowing them an opportunity to earn college-credit in the summer before their first term.

### **Evaluating Student Outcomes**

The following data reflect outcomes for fall 2018 and fall 2019 student cohorts as it relates to first-year college-level Mathematics/Quantitative Reasoning and Written Communication courses. Information is provided for the total number of students in each cohort, as well as disaggregated data by race/ethnicity.

#### *Mathematics/Quantitative Reasoning Outcomes*

Over the last two years, the CSU has observed steady progress of students completing a Mathematics/Quantitative Reasoning general education course in their first year of college. In fall 2017, the year prior to enactment of Executive Order 1110, 63 percent of entering first-time students met this requirement. As Executive Order 1110 changes were enacted, the fall 2018 entering class experienced an 11 percentage point increase with 74 percent completing the requirement. More than three-quarters, or 77 percent, of the fall 2019 student cohort met the requirement. This represented an increase of three percentage points compared to the prior year's entering class.

The gains in Mathematics/Quantitative Reasoning general education completion ensure that more students are on their path to degree after the first year, while also gaining earlier access to discipline and major courses in which to better inform their academic journey.

In addition to overall student cohort metrics, the CSU is tracking outcomes by race/ethnicity. The following charts illustrate gains made by students of color identified in need of additional academic support successfully completing the Mathematics/Quantitative Reasoning B4 requirement.

**2018 Freshmen Cohort  
 Quantitative Reasoning**

	Total Students	Needing Additional Support (Category III & IV)	Category I & II Earning B4 End of First Year	Category III & IV Earning B4 End of First Year	Earning B4 (Combined Groups)
Black	2,758	47%	73%	47%	61%
Latinx	31,699	33%	77%	54%	69%
Asian	10,600	13%	87%	59%	83%
White	13,561	13%	85%	60%	82%
Native American	114	31%	72%	49%	65%
Native Hawaiian	237	30%	80%	51%	71%
Multi-Race	3,021	20%	82%	52%	76%
Unknown	1,809	29%	81%	55%	73%
International	3,004	38%	79%	57%	70%
Total	66,803	26%	81%	54%	74%

**2019 Freshmen Cohort  
 Quantitative Reasoning**

	Total Students	Needing Additional Support (Category III & IV)	Category I & II Earning B4 End of First Year	Category III & IV Earning B4 End of First Year	Earning B4 (Combined Groups)
Black	2,738	43%	74%	52%	65%
Latinx	32,538	32%	80%	58%	73%
Asian	10,245	12%	89%	66%	86%
White	12,935	13%	87%	64%	84%
Native American	103	33%	77%	47%	67%
Native Hawaiian	230	35%	81%	61%	74%
Multi-Race	3,104	18%	85%	60%	80%
Unknown	1,342	29%	81%	58%	74%
International	2,744	35%	84%	65%	77%

**2019 Freshmen Cohort  
 Quantitative Reasoning**

	Total Students	Needing Additional Support (Category III & IV)	Category I & II Earning B4 End of First Year	Category III & IV Earning B4 End of First Year	Earning B4 (Combined Groups)
Total	65,979	25%	83%	59%	77%

*Written Communication*

Success in Written Communication outcomes looks different than in Mathematics/Quantitative Reasoning. The biggest change resulting from Executive Order 1110 in this area was a reduction in students identified as needing additional preparation. In fall 2017, 79 percent of the entering student cohort met the Written Communication general education course requirement (A2) in the first year. The following year, that figure increased to 82 percent of the entering class. The trajectory continues to move upward with a single percentage increase for fall 2019 – as 83 percent of the entering class met the A2 requirement.

As with Mathematics/Quantitative Reasoning, the CSU has tracked outcomes by race/ethnicity as outlined in the chart below.

**2018 Freshmen Cohort  
 Written Communication**

	Total Students	Needing Additional Support (Category III & IV)	Category I & II Earning A2 End of First Year	Category III & IV Earning A2 End of First Year	Earning A2 (Combined Groups)
Black	2,758	24%	79%	61%	75%
Latinx	31,699	13%	82%	64%	80%
Asian	10,600	6%	88%	69%	87%
White	13,561	5%	88%	70%	87%
Native American	114	16%	82%	72%	81%
Native Hawaiian	237	16%	83%	54%	78%
Multi-Race	3,021	7%	84%	59%	82%
Unknown	1,809	12%	83%	67%	81%
International	3,004	28%	78%	67%	75%
Total	66,803	11%	84%	65%	82%

**2019 Freshmen Cohort  
 Written Communication**

	Total Students	Needing Additional Support (Category III & IV)	Category I & II Earning A2 End of First Year	Category III & IV Earning A2 End of First Year	Earning A2 (Combined Groups)
Black	2,738	19%	79%	63%	76%
Latinx	32,538	11%	82%	64%	80%
Asian	10,245	5%	89%	79%	88%
White	12,935	4%	89%	74%	88%
Native American	103	12%	74%	58%	72%
Native Hawaiian	230	18%	78%	66%	76%
Multi-Race	3,104	6%	87%	73%	86%
Unknown	1,342	10%	83%	66%	82%
International	2,744	22%	80%	63%	76%
Total	65,979	9%	85%	67%	83%

Year-over-year results continue to mitigate concerns expressed prior to the enactment of Executive Order 1110 that policy changes would be detrimental to first-year students. For CSU’s underserved students, these outcomes can have a significant impact on closing equity gaps.

*Systemwide Evaluation Update*

The Office of the Chancellor has partnered with WestEd, a nonprofit research agency, to augment its internal evaluations and provide an objective, third-party analysis of student outcomes following implementation of Executive Order 1110. The agency has published three reports to date. The latest, “Student Progress Before and After California State University’s Executive Order 1110,” was issued in January 2021 and offers a comparison between two student cohorts for fall 2017 and 2018.

As part of the report, WestEd analysts examined systemwide student outcomes using three key variables: credits attempted and earned in the students’ first year of enrollment; completion of the Mathematics/Quantitative Reasoning and Written Communication general education requirements in their first year; and retention into their second, third and fourth semesters. When comparing outcomes between fall 2017 and fall 2018 student cohorts, WestEd found that systemwide the policy change had the intended effect of increasing the number of students completing their general education requirements and earning more college credit during their first year. The report noted that the policy change led to a significant increase in the percentage of students completing their Mathematics/Quantitative Reasoning B4 requirement, consistent with the CSU’s own internal findings.

However, the WestEd report also found differences in credit accumulation across different racial/ethnic groups. Specifically, Black/African-American students and Latino students earned fewer baccalaureate units in their first year compared to their White and Asian student counterparts. These students also arrived with less preparation through their high school course-taking patterns, particularly in quantitative reasoning. For example, Black/African-American and Latino students represented more than half of the entering student cohort and yet comprised 71 percent of those placed into Category IV for Quantitative Reasoning based on high school preparation. Students in Category IV also accumulated fewer college credits and had lower completion rates of either A2 or B4 requirements. The study also found that this group had higher attrition rates.

### **Proposed Quantitative Reasoning Admission Requirement**

The responsibility for equitable academic preparation falls to all educational segments, pre-kindergarten through higher education. In fact, the nonprofit, nonpartisan Public Policy Institute of California recently issued “Does Raising High School Graduation Requirements Improve Student Outcomes?” that examined the relationship between mathematics and science requirements and student outcomes. After evaluating California school district graduation policies for the 2018-19 academic year, the report concludes: *“More rigorous graduation requirements, particularly in math and science, can improve access to college by increasing enrollment in advanced courses, which might enhance college readiness and performance on standardized assessments.”*

Specifically, the report found that “...higher math graduation requirements were associated with a 12 percent increase in the likelihood of students taking advanced math courses; the estimate is larger among students in high-need (14%), high-poverty (16%), and urban schools (17%).” Of its three main recommendations, the report suggested the state should consider raising its minimum mathematics requirements, requirements that have not changed for nearly 20 years.

As part of its overall efforts to support student academic preparation, the Office of the Chancellor presented to the Board of Trustees a proposal for a phased implementation of an additional quantitative reasoning course in addition to the current “a-g” high school course requirement. Consequently, at the January 2020 board meeting, CSU Trustees approved a resolution that provided guidelines from which to pursue such a proposed revision to the CSU admission requirements.

The conditions outlined in the resolution included providing an update in March 2021 on the following:

- A third-party independent analysis of the planned implementation and potential impact of the proposed requirement on high school students’ application to the CSU;

- The progress of doubling STEM qualified teachers annually prepared by the CSU;
- Clarity of the charge, role and composition of a steering committee that reports to the Executive Vice Chancellor of Academic and Student Affairs;
- Clarity on exemptions for students whose public schools do not provide sufficient courses; and
- The progress on increasing outreach and awareness of the proposed requirement with schools, counselors and families.

The following is an overview of progress made on a number of these areas since January 2020.

#### *Third-Party Independent Analysis*

The CSU has contracted MDRC, a nonprofit and nonpartisan education and social policy research organization, to serve as the third-party evaluator on the potential impact of the proposed quantitative reasoning requirement on CSU applicants. The agency was chosen after an open competitive bidding process according to state regulations and CSU policy.

MDRC's study will explore the following:

- Potential disparate effects the policy change may have on underserved students, including students of color and low-income students;
- Potential effects the proposed policy change may have on California public high school students' access to the CSU system;
- Associations between additional quantitative reasoning course-taking in high school and students' college success at a CSU; and
- An assessment of the implementation needs for the proposed change to be successful and equitable.

The MDRC study team will collect, process and analyze quantitative and qualitative data during 2021 with a planned publication in early 2022. Using descriptive analyses of quantitative data as well as qualitative data collection and synthesis, the study will attempt to answer the following four research questions:

- How might the proposed admissions policy change affect California high school students' *access* to a CSU, and how might this effect differ for underserved students, including students of color and low-income students?

- How might the proposed admissions policy change influence students' *success* at a CSU and how might this influence differ for underserved students, including students of color and low-income students?
- Do high schools and districts have the capacity to offer courses that meet the proposed admissions policy change? What are the attributes (income level, racial and ethnic background, and urbanicity) of the schools that do not currently offer courses that meet the proposed requirements?
- What resources would need to be in place for this proposed change to be successful and equitable across schools and districts?

Student-level data will be collected from the California Department of Education and the California State University system. The Common Core of Data (CCD), a publicly available dataset, will be used to provide school-level characteristics, such as urban/rural regions and school size. Interviews and focus groups will be conducted with stakeholders across the state. The CSU is also exploring the inclusion of more recent student data, if available in the MDRC study.

#### *Convening of a Steering Committee*

The CSU Steering Committee on Academic Preparation and Quantitative Reasoning first convened on August 2020. The committee represents diverse stakeholders from throughout the state and across education segments, including representatives from the Governor's Office, the State Superintendent of Public Instruction, the State Board of Education and a community-based education group. The Committee has met three times and has advised on such topics as: building PK-12 teaching and course capacity in quantitative reasoning; measuring the impact of implementation via an independent third-party review; and considerations for a comprehensive outreach and communication plan to disseminate details on the proposed requirement leading up to 2027. Meeting minutes are posted on the CSU Quantitative Reasoning website (<https://www2.calstate.edu/impact-of-the-csu/student-success/quantitative-reasoning-proposal>) to ensure clear communication and transparency.

#### *Building Teacher Capacity*

In 2019, the CSU committed \$10 million to augment the CSU Mathematics and Science Teacher Initiative (MSTI) over the following four years. This investment is in addition to the \$2.7 million currently invested each year by the CSU. With this extra investment, the CSU is working to double the number of mathematics, science and computer science teachers prepared by the university (from 1,000 to 2,000 annually).

*Raising Awareness of Proposed Requirement*

In fall 2020, Office of the Chancellor staff developed an outreach and communication plan to provide information on the proposed quantitative reasoning admission requirement. The intended audience for this comprehensive outreach includes a wide variety of constituents such as elementary, middle school and high school students, families, high school counselors and Early Assessment Program coordinators. Outreach to high school districts in which additional course capacity may be needed began in fall 2020.

**Conclusion**

While the implementation of Executive Order 1110 has shown improvements in student outcomes, variations in those outcomes remain based on preparation in high school. The changes introduced by Executive Order 1110 reduce the negative consequences associated with arriving to college in need of additional preparation (i.e. requirements to take and pass stand-alone developmental education courses). Yet these changes do not completely remedy the potential adverse effects of arriving to college in need of additional academic preparation. For example, while a student may no longer be required to take a noncredit developmental education course due to their high school course taking, nevertheless that student still could be precluded from participating in a particular major, as early as their first year in college, because they are not prepared to enroll in the required courses to complete that major. The CSU remains steadfast in its commitment to ensuring that all students with a desire to earn their CSU degree can do so with the appropriate academic supports in place. This ambitious goal cannot be achieved by one single institution, and the CSU looks forward to ongoing collaboration with external stakeholders and educational partners to chart the most effective path for its students.



**COMMITTEE ON EDUCATIONAL POLICY**

**Establishing a Biennial Symposium Recognizing African American History and Achievement and Promoting Anti-Racism Work**

**Presentation By**

Fred E. Wood  
Interim Executive Vice Chancellor  
Academic and Student Affairs

Maryana Khames  
Student Trustee

Luoluo Hong  
Associate Vice Chancellor  
Student Affairs and Enrollment Management

**Summary**

Graduation Initiative 2025 constitutes a core and defining strategic direction of the California State University (CSU). Among goals identified by the CSU's Graduation Initiative 2025 is to eliminate racial/ethnic equity gaps. In the CSU's most recent review of student outcomes data, we clearly have made progress in raising graduation rates overall. However, graduation rates for first-year students continue to vary by race/ethnicity, as noted below:

<b>Student Group</b>	<b>Four-Year Graduation Rate</b>	<b>Six-Year Graduation Rate</b>
White	45%	70%
Asian or Pacific Islander	32%	70%
Latinx	25%	58%
African American or Black	20%	49%

In the weeks and months following the murder of George Floyd in Minneapolis, Minnesota, in May 2020, the nation experienced a most significant civil rights moment – one that has become a movement in many communities, including across California. Students, faculty and staff on CSU campuses have sought to find ways to advance diversity, equity and inclusion through purposeful action. This constitutes an opportunity for the CSU to strengthen its commitment to closing equity gaps and eradicating systemic barriers to college access and attainment for students who identify as Black, Indigenous and People of Color.

**REVISED**

Ed. Pol.

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As America's largest and most racially and ethnically diverse university, the California State University is and will continue to promote the principles of inclusive excellence ([www2.calstate.edu/impact-of-the-csu/diversity/inclusive-excellence](http://www2.calstate.edu/impact-of-the-csu/diversity/inclusive-excellence)) and embrace its role as a transformative institution that advances the social mobility of millions of students and their families. To recognize the meaningful and lasting contributions African American students, faculty, staff and alumni have made to the University, to California and to the nation, the CSU seeks to establish a biennial symposium recognizing African American history and achievement, as well as promoting and sustaining anti-racism work.

The following revised resolution is recommended for adoption:

**WHEREAS**, African American students, faculty, staff and alumni have made and continue to make vast, meaningful and lasting contributions to the California State University (CSU) and the state of California; and

**WHEREAS**, African Americans suffered enslavement and subsequently continue to face injustices and denial of many of the basic and fundamental rights of humanity and citizenship, reflecting a unique history of the United States with regard to race and racism; and

**WHEREAS**, the vestiges of those injustices and inequities remain evident in our society today, including within our institutions of higher education; and

**WHEREAS**, African American youth and young adults continue to experience disproportionately greater inequities in college preparation, educational access and attainment, which highlights gaps that educators are responsible to redress, as evidenced in a recent report by the Campaign for College Opportunity, *The State of Higher Education for Black Californians*; and

**WHEREAS**, the CSU enrolled 485,550 students across its 23 campuses in Fall 2020 and awards nearly half of the state's bachelor's degrees annually; one in 10 employees in California is a CSU graduate; and there are over 3.8 million living alumni; and

**WHEREAS**, the CSU enrolled 19,645 (4%) students who identify as African American across its 23 campuses in Fall 2020, which represents approximately nine percent of all Black undergraduates in California, and the gap in four-year graduation rates between Black students and white students at the CSU has increased over the past decade from 21 to over 25 percentage points; and

**WHEREAS**, Juneteenth marks the moment on June 19, 1865, when Major General Gordon Granger arrived in Galveston, Texas, and announced the end of both the Civil War and slavery, and as such, Juneteenth is recognized as a consequential day of reflection and is commemorated in communities across our state and nation; and

**WHEREAS**, Black History Month, first proposed by scholar Carter G. Woodson in 1926, seeks to recognize, study and celebrate – at all times and especially during the month of February – the heritage, contributions and achievements of African Americans; and

**WHEREAS**, multiple other holidays and commemorations recognize and honor the culture, contributions, sacrifices, achievements and legacies of Black, Indigenous and People of Color (BIPOC), including Martin Luther King, Jr. Day, Kwanzaa, Malcolm X Day, César Chávez Day, Latinx Heritage Month, Asian American and Pacific Islander Heritage Month, Indigenous Peoples’ Day and among others, and are celebrated on campuses across the CSU; and

**WHEREAS**, the Board of Trustees encourages all students, faculty, staff and administrators to continue to participate in campus activities throughout the CSU that highlight the important contributions BIPOC have made to our communities, state and nation; that acknowledge and recognize the ways in which anti-Black racism and other institutionalized forms of white supremacy continue to manifest across United States society, including in our own histories and legacies as institutions of higher education; and that foster opportunities for individual and collaborative work to promote transformative change that leads to equity and inclusion; and

**WHEREAS**, the CSU is steadfast in its commitment at all times to advance diversity, equity and inclusion; to promote cultural awareness, cross-cultural exchange, decolonization and acknowledgment of African American history; and to engage people from all walks of life in dialogue that moves our University and the communities our campuses serve toward a more socially just society, by engaging in actions that move beyond our words; therefore, be it

**RESOLVED**, by the Board of Trustees, that the California State University celebrate Black History Month, commemorate the significance of Juneteenth and draw inspiration from the many contributions to our society made by African Americans, as well as strive for transformative change that promotes social justice and closes educational equity gaps, by holding a biennial symposium in co-sponsorship with a CSU campus – commencing in calendar year 2022 and occurring every other year thereafter; and be it further

**REVISED**

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**RESOLVED**, by the Board of Trustees, that the Chancellor will appoint a standing work group comprised of Chancellor's Office and campus-based representatives to include students, *alumni*, faculty, staff and administrators in order to develop and implement each biennial symposium, where each symposium will be designed to highlight African-American history and achievement; foster authentic intercultural dialogue; advance anti-racism efforts in a sustainable manner; and reinforce an unwavering commitment to build inclusive and diverse campus communities that empower students with the ability to pursue lives of curiosity, prosperity and self-fulfillment.

**AMENDED**

**AGENDA**

**COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

**Meeting:** 2:45 p.m., Tuesday, March 23, 2021  
Virtually via Teleconference

Silas H. Abrego, Chair  
Debra S. Farar, Vice Chair  
Adam Day  
Jean P. Firstenberg  
Wenda Fong  
Christopher Steinhauser

- Consent** 1. Approval of Minutes of the Meeting of January 26, 2021, *Action*
- Discussion** 2. Executive Compensation: Interim Vice Chancellor for University Relations and Advancement – California State University, *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 Auditorium\*  
401 Golden Shore  
Long Beach, California**

**January 26, 2021**

**Members Present**

Silas H. Abrego, Chair  
Debra S. Farar, Vice Chair  
Adam Day  
Jean P. Firstenberg  
Wenda Fong  
Christopher Steinhauser

Lillian Kimbell, Chair of the Board  
Joseph I. Castro, Chancellor

**Public Speakers**

Due to the virtual format of the January 26-27, 2021 meeting, all public comment took place prior to the committee meeting's open session.

Trustee Abrego called the meeting to order.

**Approval of Minutes**

The minutes of the November 17, 2020 meeting were approved as submitted.

**CSU Salary Schedule**

Agenda item 2, CSU Salary Schedule, was presented as a consent action item. The committee recommended approval of the proposed resolution. (RUF 01-21-01)

**\*PLEASE NOTE: Due to the Governor's proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor's Executive Orders N-25-20 and N-29-20 issued on March 12, 2020 and March 17, 2020, respectively, all members of the Board of Trustees may participate in meetings remotely, either by telephonic or video conference means. Out of consideration for the health, safety and well-being of the members of the public and the Chancellor's Office staff, the January 26-27, 2021 meeting of the CSU Board of Trustees was conducted entirely virtually via Zoom teleconference.**

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**Executive Compensation: Interim Executive Vice Chancellor for Academic and Student Affairs – California State University**

Chancellor Castro presented agenda item 3 recommending compensation as published in the amended item for the interim executive vice chancellor for academic and student affairs, Dr. Fred E. Wood. Dr. Wood will receive an annual salary of \$361,242 (the same salary as the current incumbent). Additionally, Dr. Wood will receive a temporary housing allowance of \$5,000 per month while serving in this interim appointment. He will also receive an auto allowance of \$1,000 per month.

A roll call vote was taken and the committee recommended approval of the proposed resolution. (RUFP 01-21-02)

Trustee Abrego adjourned the committee meeting.

**COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

**Executive Compensation: Interim Vice Chancellor for University Relations and Advancement – California State University**

**Presentation By**

Joseph I. Castro  
Chancellor

**Summary**

This item establishes the compensation for Mr. Lawrence E. Salinas as interim vice chancellor for university relations and advancement of the California State University.

**Executive Compensation**

This item recommends that Mr. Lawrence E. Salinas receive an annual salary of \$306,472 effective April 1, 2021, the date of his appointment as interim vice chancellor for university relations and advancement of the California State University. (This is the same salary as the current incumbent.)

In accordance with existing policy of the California State University, Mr. Salinas will receive an auto allowance of \$1,000 per month and standard benefit provisions afforded CSU Executive classification employees.

**Recommended Action**

The following resolution is recommended for adoption:

**RESOLVED**, by the Board of Trustees of the California State University, that Mr. Lawrence E. Salinas shall receive a salary set at the annual rate of \$306,472 effective April 1, 2021, the date of his appointment as interim vice chancellor for university relations and advancement of the California State University; and be it further

**RESOLVED**, Mr. Salinas shall receive additional benefits as cited in Agenda Item 2 of the Committee on University and Faculty Personnel at the March 23, 2021 meeting of the Board of Trustees.



## AGENDA

### COMMITTEE ON ORGANIZATION AND RULES

**Meeting:**     **3:00 p.m., Tuesday, March 23, 2021**  
                  **Virtually via Teleconference**

Larry L. Adamson, Chair  
Adam Day, Vice Chair  
Diego Arambula  
Jack Clarke, Jr.  
Jean P. Firstenberg  
Maryana Khames  
Krystal Raynes  
Christopher Steinhauser

**Consent**

1. Approval of Minutes of the Meeting of November 17, 2020, *Action*
2. Approval of the California State University Board of Trustees Meeting Dates for 2022, *Action*

**MINUTES OF THE MEETING OF THE  
COMMITTEE ON ORGANIZATION AND RULES**

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

**November 17, 2020**

**Members Present**

Larry L. Adamson, Chair  
Adam Day, Vice Chair  
Jean Picker Firstenberg  
Maryana Khames  
Krystal Raynes  
Christopher Steinhauser

Lillian Kimbell, Chair of the Board  
Timothy P. White, Chancellor

Trustee Adamson called the meeting to order.

**Consent Agenda**

The minutes of the March 24, 2020 meeting were approved as submitted.

A request was made to remove item 2 - Approval of Amendments to the Rules Governing the Board of Trustees – from the consent agenda for separate discussion.

Andrew Jones, Executive Vice Chancellor and General Counsel and Secretary to the Board, presented the action item. EVC Jones noted the proposed amendments were to clarify the Chief Audit Officer's position as outlined in the board's Rules of Procedure. The proposed amendments clarify that the Chief Audit Officer reports directly to the board and maintains an administrative relationship to the chancellor for general day-to-day management. The proposed amendments further clarify that the Chief Audit Officer is evaluated by the board. Lastly the proposed changes clarify the current practice that the chancellor may provide input to the board when considering the appointment and compensation of the Chief Audit Officer.

**\*PLEASE NOTE: Due to the Governor's proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor's Executive Orders N-25-20 and N-29-20 issued on March 12, 2020 and March 17, 2020, respectively, all members of the Board of Trustees may participate in meetings remotely, either by telephonic or video conference means. Out of consideration for the health, safety and well-being of the members of the public and the Chancellor's Office staff, the November 17-18, 2020 meeting of the CSU Board of Trustees was conducted entirely virtually via Zoom teleconference.**

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Trustee Faigin thanked EVC Jones for the presentation and noted the importance of emphasizing that the Chief Audit Officer reports directly to the board and maintains a level of autonomy. Trustee Firstenberg also expressed her appreciation for the discussion and helpful review of the board's governing rules.

Trustee Adamson then called for a roll call vote. The committee unanimously approved the resolution. (ROR 11-20-02)

Trustee Adamson adjourned the meeting.

**COMMITTEE ON ORGANIZATION AND RULES**

**Approval of the California State University Board of Trustees Meeting Dates for 2022**

**Presentation By**

Larry L. Adamson  
Committee Chair

**Summary**

The following schedule of the CSU Board of Trustees meeting dates for 2022 is presented for approval:

**RESOLVED**, by the Board of Trustees of the California State University, that the following schedule of meetings for 2022 is adopted:

**2022 Meeting Dates**

January 25-26, 2022	Tuesday – Wednesday	Virtually or Chancellor’s Office
March 22-23, 2022	Tuesday – Wednesday	Virtually or Chancellor’s Office
May 24-25, 2022	Tuesday – Wednesday	Virtually or Chancellor’s Office
July 12-13, 2022	Tuesday – Wednesday	Virtually or Chancellor’s Office
September 13-14, 2022	Tuesday – Wednesday	Virtually or Chancellor’s Office
November 15-16, 2022	Tuesday – Wednesday	Virtually or Chancellor’s Office

## AGENDA

### COMMITTEE OF THE WHOLE

**Meeting:** 3:10 p.m., Tuesday, March 23, 2021  
Virtually via Teleconference

Lillian Kimbell, Chair  
Wenda Fong, Vice Chair  
Silas H. Abrego  
Larry L. Adamson  
Diego Arambula  
Jane W. Carney  
Jack Clarke, Jr.  
Adam Day  
Douglas Faigin  
Debra S. Farar  
Jean Picker Firstenberg  
Maryana Khames  
Jack McGrory  
Anna Ortiz-Morfit  
Krystal Raynes  
Romey Sabalius  
Lateefah Simon  
Christopher Steinhauser  
Peter J. Taylor  
Joseph I. Castro, Chancellor

- Consent**
1. Approval of Minutes of the Meeting of January 27, 2021, *Action*
  2. Appointment of Five Members to the Committee on Committees for 2021-2022, *Action*
- Discussion**
3. Conferral of Title of Vice Chancellor Emeritus—Garrett P. Ashley, *Action*

**MINUTES OF THE MEETING OF  
COMMITTEE OF THE WHOLE**

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

**January 27, 2021**

**Members Present**

Lillian Kimbell, Chair  
Wenda Fong, Vice Chair  
Silas H. Abrego  
Larry L. Adamson  
Diego Arambula  
Jane W. Carney  
Jack Clarke, Jr.  
Adam Day  
Douglas Faigin  
Debra S. Farar  
Jean Picker Firstenberg  
Maryana Khames  
Jack McGrory  
Anna Ortiz-Morfit  
Krystal Raynes  
Romey Sabalius  
Lateefah Simon  
Christopher Steinhauser  
Peter J. Taylor  
Joseph I. Castro, Chancellor  
Eleni Kounalakis, Lieutenant Governor

Chair Kimbell called the meeting to order.

**Consent Agenda**

Chair Kimbell presented the consent agenda – consisting of the minutes of the September 22, 2020 meeting – for approval. There was a motion and a second. The consent agenda was approved.

**\*PLEASE NOTE: Due to the Governor's proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor's Executive Orders N-25-20 and N-29-20 issued on March 12, 2020 and March 17, 2020, respectively, all members of the Board of Trustees may participate in meetings remotely, either by telephonic or video conference means. Out of consideration for the health, safety and well-being of the members of the public and the Chancellor's Office staff, the January 26-27, 2021 meeting of the CSU Board of Trustees was conducted entirely virtually via Zoom teleconference.**

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## **Discussion Agenda**

### **Conferral of Commendation—Loren J. Blanchard**

Chair Kimbell presented the action item commending Dr. Loren J. Blanchard, Executive Vice Chancellor for Academic and Student Affairs. There was a brief discussion and video presentation honoring Dr. Blanchard for his exemplary service, leadership, and dedication to the CSU on behalf of the students, faculty, staff, presidents, and alumni. The resolution (RCOW 01-21-01) was approved unanimously by a roll call vote.

Chair Kimbell adjourned the meeting of the Committee of the Whole.

## **COMMITTEE OF THE WHOLE**

### **Appointment of Five Members to the Committee on Committees for 2021-2022**

#### **Presentation By**

Lillian Kimbell  
Chair of the Board

#### **Summary**

At the January 26-27, 2021 meeting of the CSU Board of Trustees, five trustees were nominated to serve as members of the Committee on Committees for the 2021-2022 term.

The Committee on Committees will convene in spring 2021, following the March board meeting, to deliberate and nominate the chair and vice chair of the board, as well as all members of the standing committees for the 2021-2022 term. The committee's nominations will come before the full board for approval at the May 2021 meeting.

The following resolution is recommended for approval:

**RESOLVED**, by the Board of Trustees of The California State University, that the following trustees are appointed to constitute the Board's Committee on Committees for the 2021-2022 term:

Christopher Steinhauser, Chair  
Adam Day, Vice Chair  
Larry Adamson  
Jean P. Firstenberg  
Maryana Khames



**COMMITTEE OF THE WHOLE**

**Conferral of Title of Vice Chancellor Emeritus—Garrett P. Ashley**

**Presentation By**

Joseph I. Castro  
Chancellor

**Summary**

It is recommended that Garrett P. Ashley, Vice Chancellor of University Relations and Advancement, be conferred the title of Vice Chancellor Emeritus for his long-standing service, leadership, and dedication to the California State University. The granting of emeritus status carries the title, but no compensation.

The following resolution is recommended for approval:

**RESOLVED**, by the Board of Trustees of the California State University, that this board confers the title of Vice Chancellor Emeritus on Garrett P. Ashley, with all the rights and privileges pertaining thereto.

**TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY**

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

**March 23, 2021**

***Presiding: Lillian Kimbell, Chair***

**3:30 p.m. Board of Trustees** **Virtually via Teleconference**

**Call to Order**

**Roll Call**

**Chair's Report**

**Chancellor's Report**

**Academic Senate CSU Report: *Chair—Robert Keith Collins***

**California State Student Association Report: *President—Zahraa Khuraibet***

**California State University Alumni Council Report: *President—Michelle Power***

**Consent**

***Action*** 1. Approval of the Minutes of the Board of Trustees Meeting of January 27, 2021

***Action*** 2. Approval of Committee Resolutions as follows:

**Committee on Campus Planning, Buildings and Grounds**

2. California State University, Northridge Sierra Annex Schematic Design Approval

**Committee on Educational Policy**

2. Academic Planning
4. Establishing a Biennial Symposium Recognizing African American History and Achievement and Promoting Anti-Racism Work

**Committee on University and Faculty Personnel**

2. Executive Compensation

**\*PLEASE NOTE: Due to the Governor's proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor's Executive Order N-25-20 issued on March 12, 2020, some or all of the members of the Board of Trustees may participate in this meeting remotely, either by telephonic or video conference means. The Dumke Auditorium shall nonetheless be open and available for members of the public to attend, observe the proceedings of the meeting (including the audio/video transmissions of trustees participating from remote locations), and offer public comment pursuant to the published protocol for "Addressing the Board of Trustees."**

\*\*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. For two-day meetings, items scheduled for one day may be heard either the day before or the day after depending upon the time spent on each matter. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

### **Committee on Organization and Rules**

2. Approval of the California State University Board of Trustees Meeting Dates for 2022

### **Committee of the Whole**

2. Appointment of Five Members to the Committee on Committees for 2021-2022
3. Conferral of Title of Vice Chancellor Emeritus—Garrett P. Ashley

**\*PLEASE NOTE: Due to the Governor’s proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor’s Executive Order N-25-20 issued on March 12, 2020, some or all of the members of the Board of Trustees may participate in this meeting remotely, either by telephonic or video conference means. The Dumke Auditorium shall nonetheless be open and available for members of the public to attend, observe the proceedings of the meeting (including the audio/video transmissions of trustees participating from remote locations), and offer public comment pursuant to the published protocol for “Addressing the Board of Trustees.”**

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**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**

**January 27, 2021**

**Trustees Present**

Lillian Kimbell, Chair  
Wenda Fong, Vice Chair  
Silas H. Abrego  
Larry L. Adamson  
Diego Arambula  
Jane W. Carney  
Jack Clarke, Jr.  
Adam Day  
Douglas Faigin  
Debra S. Farar  
Jean Picker Firstenberg  
Maryana Khames  
Jack McGrory  
Anna Ortiz-Morfit  
Krystal Raynes  
Romey Sabalius  
Lateefah Simon  
Christopher Steinhauser  
Peter J. Taylor  
Joseph I. Castro, Chancellor  
Lieutenant Governor Eleni Kounalakis

Chair Lillian Kimbell called the meeting of the Board of Trustees to order.

**\*PLEASE NOTE: Due to the Governor's proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor's Executive Orders N-25-20 and N-29-20 issued on March 12, 2020 and March 17, 2020, respectively, all members of the Board of Trustees may participate in meetings remotely, either by telephonic or video conference means. Out of consideration for the health, safety and well-being of the members of the public and the Chancellor's Office staff, the January 26-27, 2021 meeting of the CSU Board of Trustees was conducted entirely virtually via Zoom teleconference.**

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### **Public Comment**

Due to the virtual format of the January 26-27, 2021 meeting, all public comment took place at the beginning of the meeting's open session prior to all committees. For the purposes of public record, the board heard from the following individuals during the revised public comment period: Lisa Swartz, CSU Student, SLO; Angel Rivera, CSU Student; Samantha Gonzalez, CSU Student; Alyssa Smith, CSU Student; Camila Rivera, CSU Student; Claire Lopez, CSU Student, SLO (SQE); Melys Bonifacio-Jerez, CSU Student, Chico (SQE); Citlali Alejo Fermin, CSU Student, East Bay (SQE); Tanya Acosta, CSU Student, Fresno (SQE); Beth Contreras, CSU Student, Fresno (SQE); Carmen Martinez, CSU Student, Sacramento (SQE); Yahaira Victorino, CSU Student, Sacramento (SQE); Nia Hall, CSU Student, San Francisco (SQE); Olivia Gerber, CSU Student, San Jose (SQE); Julian Johnson-Millan, CSU Student, Stanislaus (SQE); Kyle Campbell, CSU Student, Bakersfield (SQE); Daniela Hernandez, CSU Student, Fullerton (SQE); Ileana Lugo, CSU Student, Fullerton (SQE); Nayaly Payan, CSU Student, Los Angeles (SQE); Chloe Ricks, CSU Student, Long Beach (SQE); America Lopez, CSU Student, Long Beach (SQE); Kaila Moore-Jones, CSU Student, Northridge (SQE); Ruben Noel Ramos, CSU Student, Northridge (SQE); Julianna Gutierrez, CSU Student, San Marcos (SQE); Faith Garcia, CSU Student, San Marcos (SQE); Tessy Reese, Chair Bargaining Unit 2, CSUEU (SDSU); Don Moreno, Vice Chair Bargaining Unit 5, CSUEU (EB); Tony Spraggins, Chair Bargaining Unit 7, CSUEU (CSUN); Katie Murphy, Bargaining Unit 9, CSUEU (SFSU); Ken Monteiro, Chair, California State University Council on Ethnic Studies Professor of Psychology, Acting Director of the César E. Chávez Institute, Former Dean of the College of Ethnic Studies (SFSU); Sasha Perez, Campaign for College Opportunity; Rich McGee, Chair Bargaining Unit 9, CSUEU; Drew Scott, Teamsters Local 2010; Cal Mason, Teamsters Local 2010; Kimberly Fuentes, Policy Director, CA LULAC; Charles Toombs, President, CFA; Kevin Wehr, Vice President, CFA; Meghan O'Donnell, AVP Lecturers, CFA; Michelle Soto-Pena, Faculty, Stanislaus CFA; Chris Cox, AVP Racial & Social Justice – North, CFA; Darel Engen, AVP-South, CFA; Susan Green, Treasurer, CFA; Steven Filling, Political Action Chair, CFA; Naomi Castro, Sr. Director, Career Ladders Project; Vanessa Moreno, Program Coordinator, Council of Mexican Federations in North America (COFEM); Manny Rodriguez, Sr. Legislative Associate, Ed Trust-West; Joshua Mendoza, Student, CSU Fresno.

### **Chair's Report**

Chair Kimbell's report is available online at the following link:

<https://www2.calstate.edu/csu-system/board-of-trustees/reports-of-the-chair/Pages/january-2021.aspx>

### **Chancellor's Report**

Chancellor Joseph I. Castro's report is available online at the following link:

<https://www2.calstate.edu/csu-system/board-of-trustees/chancellor-reports/Pages/January-27-2021.aspx>

### **Report of the Academic Senate CSU**

CSU Academic Senate Chair Robert Keith Collin's report is available online at the following link:

<https://www2.calstate.edu/csu-system/faculty-staff/academic-senate/Pages/ASCSU-Chairs-Report.aspx>

### **Report from the California State Student Association**

CSSA President Zahraa Khuraibet's report is available online at the following link:

<https://www.calstatestudents.org/public-documents/#president>

### **Report of the California State University Alumni Council**

Alumni Council President Michelle Power's report is available online at the following link:

<https://www2.calstate.edu/impact-of-the-csu/alumni/council/board-of-trustee-reports/Pages/default.aspx>

### **Board of Trustees**

The minutes of the meeting of November 18, 2020 were unanimously approved as submitted.

Chair Kimbell asked to move all the consent agenda items for approval. There was a motion and a second. Chair Kimbell called for a roll call vote and the Board of Trustees unanimously approved the following resolutions:

## **COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

### **CSU Salary Schedule (RUF 01-21-01)**

**RESOLVED**, by the Board of Trustees of the California State University, that the CSU Salary Schedule as cited in Item 2 of the Committee on University and Faculty Personnel at the January 26-27, 2021 meeting of the Board of Trustees, is approved.

BoT  
Agenda Item 1  
March 23, 2021

**Executive Compensation: Interim Executive Vice Chancellor for Academic and Student Affairs – California State University  
(RUF 01-21-02)**

**RESOLVED**, by the Board of Trustees of the California State University, that Dr. Fred E. Wood shall receive a salary set at the annual rate of \$361,242 effective on or before February 15, 2021, the date of his appointment as interim executive vice chancellor for academic and student affairs of the California State University; and be it further

**RESOLVED**, Dr. Wood shall receive a temporary housing allowance and additional benefits as cited in Agenda Item 3 of the Committee on University and Faculty Personnel at the January 26-27, 2021 meeting of the Board of Trustees.

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**COMMITTEE ON INSTITUTIONAL ADVANCEMENT**

**Naming of the George and Judy Marcus Hall for Liberal and Creative Arts – San Francisco State University  
(RIA 01-21-01)**

**RESOLVED**, by the Board of Trustees of the California State University, that the new liberal and creative arts building at San Francisco State University be named the George and Judy Marcus Hall for Liberal and Creative Arts (Marcus Hall).

**Annual Report on Donor Support for 2019-2020  
(RIA 01-21-02)**

**RESOLVED**, by the Board of Trustees of the California State University, that the Annual Report on Donor Support for 2019-2020 be adopted for submission to the California Joint Legislative Budget Committee and the California Department of Finance.

## COMMITTEE ON GOVERNMENTAL RELATIONS

### **Statement of State Legislative Principles for 2021 and 2022 (RGR 01-21-01)**

**RESOLVED**, by the Board of Trustees of the California State University, that the Statement of Legislative Principles for 2021 and 2022 be adopted; and be it further

**RESOLVED**, that the chancellor is authorized to take positions on pending legislation on behalf of the California State University system; but prior to taking or changing such positions on legislative matters, the chancellor shall consult, when practical, with the chair and vice chair of the Committee on Governmental Relations; and be it further

**RESOLVED**, that any unresolved positions on a legislative proposal will be decided by the chancellor in consultation with the chair of the board; and be it further

**RESOLVED**, that the chancellor shall keep the Board of Trustees regularly informed of the positions taken and of such other matters affecting governmental relations as deemed necessary and desirable.

### **Sponsored State Legislation for 2021 (RGR 01-21-02)**

**RESOLVED**, by the Board of Trustees of the California State University, that the state legislative proposal described in this item is adopted as the 2021 Board of Trustees' sponsored legislation.

### **Federal Agenda for 2021 and 2022 (RGR 01-21-03)**

**RESOLVED**, by the Board of Trustees of the California State University, that the Federal Agenda for 2021 and 2022 be adopted.

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**COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS**

**Sonoma State University Master Plan Revision for Student Housing Project  
(RCPBG 01-21-01)**

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

1. The 2020 Addendum to the 2000 Master Plan Revision EIR was prepared to evaluate the environmental effects associated with approval of the proposed master plan revision for the Zinfandel Village Student Housing Replacement Project and confirms there are no new significant environmental impacts pursuant to the requirements of the California Environmental Quality Act and State CEQA Guidelines.
2. This resolution is adopted pursuant to the requirements of Section 21081 of Public Resources Code and Section 15091 of the State CEQA Guidelines which require that the Board of Trustees make findings prior to the approval of a project.
3. The Board of Trustees hereby approves the Addendum to the 2000 Master Plan Revision EIR and reaffirms prior adoption of the Findings of Fact and Mitigation Monitoring and Reporting Program prepared for that EIR, including all mitigation measures identified therein for RCPBG 05-10-00 of the May 2000 meeting of the Board of Trustees, which identifies the specific impacts of the proposed campus master plan and related mitigation measures, which are hereby incorporated by reference.
4. The Board of Trustees hereby approves the September 2020 Addendum to the Sonoma State University, Campus Master Plan Revision as complete and in compliance with CEQA.
5. The mitigation measures identified in the Mitigation Monitoring and Reporting Program are hereby adopted and shall be monitored and reported in accordance with the requirements of CEQA (Public Resources Code, Section 21081.6).
6. The project will benefit the California State University.
7. The Sonoma State University Campus Master Plan Revision dated January 2021 is approved.
8. The chancellor or his designee is requested under Delegation of Authority granted by the Board of Trustees to file the Notice of Determination for the Final Environmental Impact Report for the Sonoma State University master plan addendum.

**COMMITTEE ON FINANCE**

**California State University, Fresno – Approval of the Final Public-Private Partnership Agreement for the Central Utility Plant Replacement Project (RFIN 01-21-01)**

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

The development of the Central Utility Plant Replacement project through a public-private partnership, on the campus of California State University, Fresno as described in Agenda Item 2 of the January 26-27, 2021 meeting of the Committee on Finance is approved, and that the chancellor, the executive vice chancellor and chief financial officer, and their designees are authorized to execute the agreements necessary to complete the transaction.

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**COMMITTEE OF THE WHOLE**

**Conferral of Commendation–Loren J. Blanchard (RCOW 01-21-01)**

**RESOLVED**, by the Board of Trustees of the California State University, that this board commends Executive Vice Chancellor Loren J. Blanchard for his steadfast dedication and leadership on behalf of the students, faculty, staff, administrators, alumni and friends of the California State University.

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