

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
September 8-9, 2015

Time*	Committee	Place
<u>Tuesday, September 8, 2015</u>		
10:00 a.m.	Call to Order	Dumke Auditorium
	Board of Trustees—Closed Session	Munitz Room
	Executive Personnel Matters Government Code §11126(a)(1)	
	Pending Litigation Government Code §11126(e)(1) City of San Diego v. CSU City of Hayward v. CSU	
	Committee on Collective Bargaining—Closed Session Government Code §3596(d)	
12:00 p.m.	Luncheon	
1:00 p.m.	Committee on Governmental Relations 1. Legislative Update, <i>Information</i>	Dumke Auditorium
1:30 p.m.	Committee on Audit 1. Status Report on Current and Follow-Up Internal Audit Assignments, <i>Information</i>	Dumke Auditorium
1:45 p.m.	Committee on Organization and Rules 1. Proposed California State University Board of Trustees Meeting Dates for 2017, <i>Information</i>	Dumke Auditorium

*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.

- 1:50 p.m. Committee on Finance Dumke Auditorium**
- Consent**
1. California State University Annual Investment Report, *Information*
 2. 2016-2017 Lottery Revenue Budget, *Information*
 3. Update on 2015A and 2015B Systemwide Revenue Bond Issuance, *Information*
- Discussion**
4. Update on Governmental Accounting Standards Board (GASB) Statement No.68—Accounting and Financial Reporting for Pensions, *Information*
 5. Planning for the 2016-2017 Support Budget, *Information*
- 3:00 p.m. Committee on Educational Policy Dumke Auditorium**
- Consent**
1. Academic Master Plan Update for Fast-Track Program Development, *Action*
 2. Recommended Amendment to Title 5 Regarding AB 2000, *Information*
 3. Recommended Addition to Title 5 Regarding Enrollment Services, *Information*
- 3:05 p.m. Joint Committee on Educational Policy and Finance Dumke Auditorium**
1. Academic Sustainability Plan, *Information*
- 3:45 p.m. Committee on Institutional Advancement Dumke Auditorium**
- Consent**
1. Naming of the Cymer Plaza – San Diego State University, *Action*
 2. Naming of the William E. Leonhard Entrepreneurial Center Floor – San Diego State University, *Action*
 3. Naming of the Zahn Innovation Platform – San Diego State University, *Action*
- Discussion**
4. Designation of the California Maritime Academy as a Purple Heart University, *Action*
 5. 2015-2016 California State University Trustees’ Award for Outstanding Achievement, *Information*

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Wednesday, September 9, 2015

- 8:00 a.m. Committee on University and Faculty Personnel Dumke Auditorium**
Consent
1. Executive Transition Program Update – Dr. Mohammad Qayoumi, *Information*
Discussion
2. Compensation Analysis for Employee Groups, *Information*
3. Employee Compensation Policy and Reexamination of Policy on Presidential Compensation, *Information*
- 9:30 a.m. Committee on Campus Planning, Buildings and Grounds Dumke Auditorium**
Consent
1. Amend the 2015-2016 Capital Outlay Program for California State Polytechnic University, Pomona, California State University, Sacramento and San Diego State University, *Action*
Discussion
2. Approval of the Draft 2016-2017 Capital Outlay Program and the Draft 2016-2017 through 2020-2021 Five-Year Capital Improvement Program, *Action*
- 10:15 a.m. Committee of the Whole Dumke Auditorium**
1. Proposed Name Change for California Maritime Academy, *Action*
- 10:45 a.m. Board of Trustees Dumke Auditorium**

Call to Order

Roll Call

Public Speakers

Chair’s Report

Chancellor’s Report

Report of the Academic Senate CSU: Chair—Steven Filling

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

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

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Board of Trustees

Consent

1. Approval of the Minutes of the Board of Trustees Meeting of July 21, 2015
2. Approval of Committee Resolutions as follow:

Board of Trustees

1. Recognition of the 20th Anniversary of California Maritime Academy's Admission

Committee on Educational Policy

1. Academic Master Plan Update—Fast-Track

Committee on Institutional Advancement

1. Naming of the Cymer Plaza – San Diego State University
2. Naming of the William E. Leonhard Entrepreneurial Center Floor – San Diego State University
3. Naming of the Zahn Innovation Platform – San Diego State University
4. Designation of the California Maritime Academy as a Purple Heart University

Committee on Campus Planning, Buildings and Grounds

1. Amend the 2015-2016 Capital Outlay Program for California State Polytechnic University, Pomona, California State University, Sacramento and San Diego State University
2. Approval of the Draft 2016-2017 Capital Outlay Program and the Draft 2016-2017 through 2020-2021 Five-Year Capital Improvement Program

Committee of the Whole

1. Proposed Name Change for California Maritime Academy

12:00 p.m. Luncheon

12:45 p.m. Board of Trustees—Closed Session
Executive Personnel Matters
Government Code §11126(a)(1)

Munitz Conference Room

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Addressing the Board of Trustees

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

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

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

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

Trustee Secretariat
Office of the Chancellor
401 Golden Shore, Suite 620
Long Beach, CA 90802
Phone: 562-951-4022
Fax: 562-951-4949
E-mail: lhernandez@calstate.edu

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AGENDA

COMMITTEE ON GOVERNMENTAL RELATIONS

Meeting: **1:00 p.m., Tuesday, September 8, 2015**
 Glenn S. Dumke Auditorium

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

Consent Items

Approval of Minutes of Meeting of May 19, 2015

Discussion Items

1. 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 Conference Center
401 Golden Shore
Long Beach, California**

May 19, 2015

Members Present

Douglas Faigin, Chair
Silas Abrego
Talar Alexanian
Debra S. Farar
Margaret Fortune
Lupe C. Garcia
Lillian Kimbell
Lou Monville, Chair of the Board
J. Lawrence Norton
Steven G. Stepanek
Timothy P. White, Chancellor

Trustee Faigin called the meeting to order.

Approval of Minutes

The minutes of March 25, 2015, were approved as submitted.

Legislative Update

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

Mr. Ashley reported that the legislature has concluded the first policy deadline for measures introduced in 2015. They will now consider the fiscal impact of each measure, releasing only those deemed a priority by the legislative leadership within the context of the state's fiscal resources.

Ms. Zamarripa provided an overview of advocacy activities and the status of Board of Trustees' sponsored bills:

- **SB 462 (Wolk) Alcoholic beverages: tied house restrictions: Sonoma County:** This bill would expand non-state funding opportunities to support the Green Music Center at Sonoma

State University and its programming for the campus and community at large. This bill is on the Senate floor and will move shortly to the second house.

- **AB 819 (Irwin) Public postsecondary education: alumni associations:** This bill would allow the CSU and the University of California to continue offering alumni affinity programs. This measure was unanimously supported by both the policy and fiscal committees.
- **SB 634 (Block) Postsecondary education: interstate reciprocity agreement:** This bill would authorize California to join the national State Authorization Reciprocity Agreement (SARA), providing consumer protections for students taking advantage of distance education. A coalition would like to use this measure to regulate non-state, for-profit institutions. As a result of this opposition, the bill has been delayed until January.

Other bills of interest to the CSU include those dealing with education and infrastructure bonds; sexual assault and campus climate; campus-based fees; admissions and non-residency; and executive compensation.

Between now and mid-June, the CSU community will continue to work together to advocate for the \$97 million budget request. On May 26, CSU presidents and community members will meet with local legislators in Sacramento.

Trustee Faigin adjourned the meeting.

COMMITTEE ON GOVERNMENTAL RELATIONS

Legislative Update

Presentation By

Garrett Ashley
Vice Chancellor
University Relations and Advancement

Karen Y. Zamarripa
Assistant Vice Chancellor
Advocacy and State Relations

Summary

This item contains an updated review of bills introduced this year that may impact or be of interest to the California State University (CSU).

Background

The legislature returned from its summer recess in mid-August to complete their work for the year. The end of August was the deadline for fiscal committees to report bills to the floor. The legislative deadline for each house to pass bills before the interim recess is September 11. Any bills that are not passed by that deadline will become two-year bills, and may or may not be taken up when the legislature returns to Sacramento in December.

The one remaining significant bill of concern to the CSU is Assembly Bill 1000, which would codify CSU policies regarding implementation of student success fees.

Board of Trustees' Sponsored Legislation

AB 819 (Irwin) - CSU and University of California Alumni Affinity Programs

This measure seeks permanent authority for the CSU and the University of California (UC) to participate in affinity programs, which benefit the campuses and their alumni associations. The current statutory authority for affinity programs sunsets in January 2016.

Status: The measure was signed into law by the governor, Chapter 121, Statutes of 2015.

SB 462 (Wolk) - Sonoma State Green Music Center Ad/Sponsorship Allowances

This measure would allow local wineries and beer manufacturers to purchase ad space, donate products for sale or provide sponsorship for events at the Sonoma State University Donald and Maureen Green Music Center.

Status: The measure passed out of the Senate and the Assembly Governmental Organization Committee with unanimous support. The bill now goes to the Assembly Appropriations Committee.

SB 634 (Block) - State Authorization Reciprocity Agreement (SARA)

The U.S. Department of Education is expected to issue regulations to require every campus that offers online programs be authorized to do so in every state. In response, accrediting agencies throughout the country have developed a collaborative, known as the State Authorization Reciprocity Agreement (SARA), to facilitate common standards and access for students and universities. This measure provides the statutory authorization necessary for California to enter into SARA through the Western Interstate Commission for Higher Education (WICHE).

Status: The measure was scheduled to be heard in the Senate Education Committee on April 22. However, opposition has emerged from consumer advocates who want the state to regulate out-of-state, for-profit institutions in the same way they regulate those institutions physically located in California. This is a major issue that has been highly controversial for decades. The measure is now a two-year bill.

CSU Investment Authority

This proposal would increase the system's investment earnings on its funds through a broader range of investments to support campus infrastructure and capital outlay.

Status: The CSU is preparing legislation to implement changes developed in consultation with the Department of Finance and budget staff. The goal is to have a bill on the governor's desk by adjournment.

Key Measures

AB 38 (Eggman) - California State University: New Campuses

This measure would request the Legislative Analyst's Office (LAO) to conduct a study to assess the need for new CSU campuses.

CSU Position: NO OFFICIAL POSITION

Status: The measure passed out of the Assembly and was held by the Senate Rules Committee. Language was included in the final budget act to have

LAO do a study regarding the need for CSU and UC campuses within the year. This is partially in response to continued interest in campuses in Chula Vista, Antelope Valley and the Stockton Center at CSU Stanislaus.

AB 42 (Kim) - Postsecondary Education Mandatory Fee Freeze

This measure would prohibit the CSU, California Community Colleges (CCC) and the UC from increasing mandatory tuition and fees until fiscal year 2018-19, when the temporary taxes established by Proposition 30 expire.

CSU Position: OPPOSE UNLESS AMENDED
Status: The measure is now a two-year bill.

AB 147 (Dababneh) - Animal Research

This measure would require California's higher education institutions that conduct scientific research on domestic dogs or cats to offer the animals to animal rescue operations after they are no longer needed.

CSU Position: NO OFFICIAL POSITION
Status: The measure is on the Senate floor. UC and private institutions are impacted much more significantly than the CSU.

AB 340 (Weber) - Campus Climate Report

This measure would require the CSU, CCC and the UC, beginning in 2017-18, to provide a report once every two years on new developments and efforts being undertaken around campus climate. The report would be submitted to the legislature, governor and attorney general.

CSU Position: SUPPORT
Status: The measure passed the Senate Education Committee. The bill was scheduled to be heard by the Senate Appropriations Committee on August 17.

AB 716 (Low) - California State University Special Sessions

This measure would place into the Education Code the definition of "supplanting," included in the CSU executive order on this subject; specifically, that supplanting results when the number of state-supported course offerings decrease, while the number of self-supporting versions of that course increase. The measure would also require, to the extent possible, that any course offered as a condition of completing an undergraduate degree should be offered as a state-supported course.

CSU Position: NO OFFICIAL POSITION

Status: The measure passed out of the Senate Education Committee and is now on the Senate floor.

AB 967 (Williams) - Postsecondary Education: Sexual Assault

This measure would mandate institutions that receive state financial aid establish a uniform process for sexual assault disciplinary proceedings that treats all students in the same manner, regardless of their major or their participation with an athletic program. It also would specify forms of discipline for violations, including expulsion, suspension, and loss of aid and housing privileges; effectively creating determinate sentencing for student code of conduct violations. Finally, the measure requires annual reporting on sexual assault cases, including the number of cases each year and resulting outcomes.

CSU Position: SUPPORT

Status: The bill was scheduled to be heard by the Senate Appropriations Committee on August 17.

AB 968 (Williams) - Postsecondary Education: Transcripts

This measure would mandate that a student's suspension or expulsion be included on their transcript for as long as the prohibition is in place. This is consistent with current CSU policy.

CSU Position: SUPPORT

Status: The measure passed out of the Senate Education Committee and was expected to go to the fiscal committee mid-August.

AB 970 (Nazarian) – Labor Commissioner: Enforcement of Employee Claims

This measure expands the role of the state's Labor Commissioner to cite an employer for violations of state and local minimum wage laws.

CSU Position: OPPOSE UNLESS AMENDED

Status: The measure is pending final action on the Senate floor. The CSU requested amendments to make clear that state agencies, departments and universities are not subject to local ordinances but remain subject to state minimum wage laws. The author did amend the measure, but not in a manner which makes it clear that the CSU is excluded. Subjecting the CSU to local ordinances would be a significant shift in policy and increase unfunded mandates for campuses, with costs estimated to be in the millions of dollars.

AB 1000 (Weber) - California State University: Student Success Fees

This measure would codify the recently adopted Board of Trustees' resolution on Category II Student Success Fees. It would also require a report from the chancellor on all fees adopted and rescinded in each academic year to the Department of Finance and the Legislature.

CSU Position: OPPOSE

Status: The measure passed out of the Senate Education Committee and was scheduled to be heard by the Senate Appropriations Committee on August 17. The CSU requested amendments that balance governance and accountability in a manner that recognizes the role of the board in setting policy. Proposed amendments were rejected by the author.

AB 1317 (Salas) - Executive Officer Compensation

This measure would request the UC to adopt policies prohibiting a salary increase for executive officers if systemwide mandatory fees were increased within the last two years.

CSU Position: WATCH

Status: The measure originally applied to the CSU and the UC, but was passed out of the Assembly Appropriations Committee with amendments removing all references to the CSU. The measure is now a two-year bill.

AB 1349 (Weber) - California First Act

This measure would require the university to guarantee undergraduate admissions to a CSU campus, though not necessarily at a campus or in a major of the applicant's choice, to all California residents who apply on time and satisfy the undergraduate admissions eligibility requirements of the university, regardless of state funding levels.

CSU Position: WATCH

Status: The measure was held in the Assembly Appropriations Committee and is dead for the session.

AB 1366 (Lopez) - Dream Resource Centers

This measure would require the CCC and CSU to either establish Dream Resource Centers or ensure a designated staff person who is knowledgeable in financial aid, services and academic opportunities for all students meeting specific requirements is available.

CSU Position: NO OFFICIAL POSITION

Status: The measure passed out of Senate Education Committee and now heads to the Senate Appropriations Committee. Amendments are pending to eliminate the mandate for campus centers.

SB 3 (Leno) – Minimum Wage

This measure would increase the state minimum wage to \$13 an hour by July 1, 2017 and put in place an annual increase yearly thereafter tied to the California Consumer Price Index (CCPI).

CSU Position: NO OFFICIAL POSITION
Status: The bill has been approved by the Senate on a partisan vote and was then passed out of the Assembly Labor Committee on a 5-2 vote. The measure was scheduled to be heard next in the Senate Appropriations Committee after the summer recess. The measure is supported by employee organizations with opposition from private sector employers and the California Chamber of Commerce. The Department of Finance also opposes the measure given its estimated negative impact on the state of over \$360 million. Estimated cost for the CSU in 2017 is over \$35 million. Labor groups have begun work on a future state ballot initiative on this matter.

SB 8 (Hertzberg) - The Upward Mobility Act

Presently, this measure is only legislative intent language that would extend sales tax on service-based industries. It would also examine the impact of lowering and simplifying the personal income tax California currently uses. The bill intends to generate an estimated \$10 billion in new revenues that would be directed as follows: \$3 billion for K-14 education; \$3 billion for local government services; \$2 billion for low-income tax credits; and \$1 billion each for the UC and the CSU.

CSU Position: WATCH
Status: The measure is a two-year bill.

SB 15 (Block) - Postsecondary Education Financial Aid

This measure is Senate Pro Tem de León's higher education proposal to allocate more funds to higher education and state financial aid programs.

CSU Position: SUPPORT
Status: The measure passed out of the Senate, and will not advance until next year given the budget agreement between the Senate and Assembly. One component, a new incentive program to encourage CSU students to complete at least 30 units a year towards their degree, remains a keen interest of Senate Pro Tem de León.

SB 42 (Liu) – Postsecondary Education: Office of Higher Education Performance and Accountability

As introduced, this measure would have created the Commission on Higher Education Performance and Accountability, a replacement for the unfunded California Postsecondary

Education Commission (CPEC). This new commission would serve many of the same purposes as CPEC, but would not include representation from the higher education segments on the governing board.

CSU Position: PENDING
Status: The measure passed out of the Assembly Higher Education Committee on July 7. Like other segments, the CSU supported the original measure with the addition of segmental representatives on the governing board. In an effort to negotiate this matter with the administration, the author amended the measure to establish a higher education entity *within* the Governor's Office with an advisory committee appointed by the Senate and Assembly.

SB 247 (Lara) - Dream Centers

This measure would allow high schools, CCC, CSU and UC campuses to establish on-campus "Dream Centers" to assist undocumented students with student support services, including financial aid.

CSU Position: NO OFFICIAL POSITION
Status: The measure was held on the suspense file in the Appropriations Committee and is dead for the year.

SB 668 (Leyva) - Sexual Assault: Counselor-Victim Privilege

This measure would require all campuses to contract out with a sexual assault center, like the California Coalition Against Sexual Assault (CALCASA), to provide sexual assault counseling to our students on campus.

CSU Position: WATCH
Status: The author has deferred action on this bill until 2016 given concerns expressed by the CSU and others.

SB 669 (Pan) - California State University Personal Service Contracts

This measure would restrict the CSU's authority to manage its employees and subject the campuses to the same contracting-out restrictions and constraints imposed on state civil service.

CSU Position: OPPOSE
Status: This measure is very similar to last year's SB 943, which died in its first policy committee. It was referred to the Senate Education Committee and was scheduled to be heard on April 22, but was pulled by the author and is now a two-year bill.

SB 707 (Wolk) - Gun-Free School Zone

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This measure would prohibit a person with a concealed weapon permit from bringing a firearm onto K-12 school grounds or higher education campuses, including the CSU.

CSU Position: SUPPORT

Status: The measure passed out of the Assembly Public Safety Committee and now heads to the Assembly Appropriations Committee. The measure is sponsored by the California College and University Police Chiefs Association.

AGENDA

COMMITTEE ON AUDIT

Meeting: **1:30 p.m., Tuesday, September 8, 2015**
 Glenn S. Dumke Auditorium

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

Consent Items

Approval of Minutes of Meeting of July 21, 2015

Discussion Items

1. Status Report on Current and Follow-up Internal Audit Assignments, *Information*

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

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

July 21, 2015

Members Present

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

Chair Garcia called the meeting to order.

Approval of Minutes

The minutes of the meeting of May 19, 2015, were approved as submitted.

Status Report on Current and Follow-Up Internal Audit Assignments

Mr. Larry Mandel, vice chancellor and chief audit officer, presented the item by providing a status report on the 2015 audit plan and follow-up on past audit assignments.

Mr. Mandel reported that a majority of the 2015 audit assignments are currently in process. He added that the remaining three subjects, Cloud Computing, Scholarships, and Student Activities, will be initiated in the coming months. He reminded everyone that updates to the status report are displayed in green numerals and indicate progress toward or completion of recommendations since the distribution of the agenda. Mr. Mandel stated that the campuses and the CSU Chancellor's Office continue to do a good job completing recommendations on a timely basis. He noted that there is only one long-outstanding recommendation, and it relates to Sponsored Programs at California State University, Stanislaus. He stated that the campus has indicated that the delay is due to the need for a meet and confer and anticipated completion by the September Board meeting.

Mr. Mandel also reported that both the reviews and associated recommendations pertaining to the construction projects are also being completed timely.

Chair Garcia thanked Mr. Mandel and his audit team for the continued progress and the campus presidents and their teams for moving these items forward on the remediation of the action items.

The meeting adjourned.

COMMITTEE ON AUDIT

Status Report on Current and Follow-up Internal Audit Assignments

Presentation By

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

Summary

This item includes both a status report on the 2015 audit plan and follow-up on past assignments. For the 2015 year, assignments were made to conduct reviews of Auxiliary Organizations, high-risk areas (Information Security, Clery Act, Information Technology (IT) Procurement, Payment Card Industry Data Security Standards, Admissions, Cloud Computing, Scholarships, and Student Activities), a high profile area (College Reviews), and Construction. In addition, follow-up on current/past assignments (Auxiliary Organizations, Accessible Technology, Executive Travel, Sponsored Programs, Continuing Education, Information Security, IT Procurement, College Reviews, and Clery Act) was being conducted on approximately 32 prior campus/auxiliary reviews. Attachment A summarizes the reviews in tabular form. An up-to-date Attachment A will be distributed at the committee meeting.

Status Report on Current and Follow-up Internal Audit Assignments

Auxiliary Organizations

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

High-Risk Areas

Information Security

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

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

Clery Act

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

Information Technology Procurement

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

Payment Card Industry Data Security Standards

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

Admissions

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

Cloud Computing

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

Scholarships

The initial audit plan indicated that approximately 43 staff weeks of activity (4.2 percent of the plan) would be devoted to a review of campus and/or auxiliary activities pertaining to scholarships, including establishing student eligibility, awarding, and recordkeeping and protection of sensitive information; coordination between the financial aid department and awarding departments; and review of disbursement procedures for awarded scholarships. Six campuses will be reviewed. Fieldwork is being conducted at four campuses.

Student Activities

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

programs; review and testing to ensure appropriate staffing of student programs by qualified individuals and volunteers, including student leaders; and assessment to determine that required policies regarding non-discrimination, alcohol and drugs, and hazing are monitored and enforced. Six campuses will be reviewed.

High Profile Area

College Reviews

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

Construction

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

Advisory Services

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

Technology Support

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

Investigations

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

Committees/Special Projects

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

Follow-ups

The audit plan indicated that approximately 15 staff weeks of activity (1.5 percent of the plan) would be devoted to follow-up on prior audit recommendations. The Office of Audit and Advisory Services is currently tracking approximately 32 current/past assignments (Auxiliary Organizations, Accessible Technology, Executive Travel, Sponsored Programs, Continuing Education, Information Security, IT Procurement, College Reviews, and Clery Act) to determine the appropriateness of the corrective action taken for each recommendation and whether additional action is required.

Annual Risk Assessment

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

Aud
Agenda Item 1
September 8-9, 2015
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Administration

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

Status Report on Current and Follow-Up Internal Audit Assignments
(as of 9/1/2015)

2015 ASSIGNMENTS										FOLLOW-UP PAST/CURRENT ASSIGNMENTS				
Aux Orgs	Info Security	Clerk Act	College Reviews	IT Procure	PCI	Adm	Cloud Comptg	Scholar	Student Activity	Auxiliary Organizations	Accessible Technology	Executive Travel	*Recs	**Mo.
										●No.	*Recs	**Mo.	*Recs	**Mo.
BAK					RW					4	35/35	-		
CHI			AC							3	25/25	-		
CI						RW				3	32/32	-	6/6	-
DH								FW		3	19/19	-	6/6	-
EB										3	31/31	-		
FRE						RW				6	36/36	-		
FUL	RW			AC						4				
HUM		AI								4	30/30	-		
LB	AI					AC				4			3/3	-
LA		AC	AC					FW		4	18/18	-	5/5	-
MA		RW								2	5/13	4		
MB						RW				2	17/23	6		
NOR	AI		AC							5				
POM			AC	FW						2	11/11	-	7/7	4/4
SAC			AC							5	41/41	-		
SB	AC			AI		RW				4	6/23	4		
SD		AI								4	21/21	-	7/7	6/6
SF	AC	RW								3	4/17	3	1/1	-
SJ		AI				RW		FW		5	26/26	-	9/9	-
SLO		AC						FW		3	11/11	-		
SM										4	22/22	-	4/4	-
SON				AC						3	5/5	-		
STA										4	14/14	-		
CO				AI						2	5/5	-	0/1	0/3
SYS													4	0/4
														2

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

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

Status Report on Current and Follow-Up Internal Audit Assignments
(as of 9/1/2015)

FOLLOW-UP PAST/CURRENT ASSIGNMENTS												
	Sponsored Programs		Continuing Education		Information Security		IT Procurement		College Reviews		Clery Act	
	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.
BAK					10/10	-						
CHI	6/6	-			11/21	7			0/5	2		
CI	1/1	-										
DH												
EB			3/3	-							0/6	2
FRE					0/11	2						
FUL	10/10	-	2/2	-			0/0	-				
HUM					4/4	-						
LB					1/6	5						
LA									0/4	2	0/3	2
MA	7/7	-			0/7	5						
MB	3/3	-										
NOR	8/8	-	5/5	-					1/4	3		
POM	3/3	-							0/3	3		
SAC									0/8	3		
SB			7/7	-	0/10	5						
SD												
SF	4/4	-	5/6	4								
SJ												
SLO	7/7	-									0/3	2
SM												
SON	0/0	-					0/0	-				
STA	6/7	13	1/3	6								
CO												
SYS	2/5	4	2/2	-								

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

** The number of months recommendations have been outstanding.

• The number of auxiliary organizations reviewed.

Numbers/letters in green are updates since the agenda mailout.

[illegible]

AGENDA

COMMITTEE ON ORGANIZATION AND RULES

Meeting: **1:45 p.m., Tuesday, September 8, 2015**
 Glenn S. Dumke Auditorium

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

Consent Items

Approval of Minutes of March 24, 2015

Discussion Items

1. Proposed Schedule of Board of Trustees' Meetings for 2017, *Information*

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

March 24, 2015

Members Present

Steven G. Stepanek, Chair
Hugo N. Morales, Vice Chair
Roberta Achtenberg
Debra S. Farar
Margaret Fortune
Lupe C. Garcia
J. Lawrence Norton

Trustee Stepanek called the meeting to order.

Approval of the Minutes

The minutes of the January 28, 2015 meeting were approved as submitted.

Action Item

Trustee Stepanek introduced one action item on the agenda, Schedule of Meetings for 2016, and commented that these dates do not conflict with any of the meetings with the UC Board of Regents.

COMMITTEE ON ORGANIZATION AND RULES

Proposed Schedule of Board of Trustees' Meetings for 2017

Presentation By

Lillian Kimbell
Committee Chair

Summary

The following schedule of the CSU Board of Trustees' meetings for 2017 is presented for information and will be proposed for action at the November 2015 meeting.

Proposed 2017 Meeting Dates

January 24-25, 2017	Tuesday – Wednesday	Headquarters
March 21-22, 2017	Tuesday – Wednesday	Headquarters
May 23-24, 2017	Tuesday – Wednesday	Headquarters
July 18-19, 2017	Tuesday – Wednesday	Headquarters
September 19-20, 2017	Tuesday – Wednesday	Headquarters
November 14-15, 2017	Tuesday – Wednesday	Headquarters

AGENDA

COMMITTEE ON FINANCE

Meeting: **1:50 p.m., Tuesday, September 8, 2015**
 Glenn S. Dumke Auditorium

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

Consent

Approval of Minutes of Meeting of May 19, 2015

1. California State University Annual Investment Report, *Information*
2. 2016-2017 Lottery Revenue Budget, *Information*
3. Update on 2015A and 2015B Systemwide Revenue Bond Issuance, *Information*

Discussion

4. Update on Governmental Accounting Standards Board (GASB) Statement No.68—Accounting and Financial Reporting for Pensions, *Information*
5. Planning for the 2016-2017 Support Budget, *Information*

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

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

May 19, 2015

Members Present

Rebecca Eisen, Acting Chair
Talar Alexanian
Debra S. Farar
Margaret Fortune
Lupe Garcia
Lou Monville, Chair of the Board
Timothy P. White, Chancellor

Trustee Eisen called the meeting to order.

Approval of Minutes

The minutes of March 25, 2015 were approved by consent as submitted.

Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Projects at San Francisco State University and San Diego State University

Mr. Robert Eaton, Assistant Vice Chancellor for Financing, Treasury, and Risk Management presented two projects for which staff requested financing through the CSU's Systemwide Revenue Bond (SRB) and commercial paper programs. He noted that additional action was approved for the second of these projects in the Committee on Campus Planning, Buildings and Grounds.

Mr. Eaton presented the first project, the Mashouf Wellness Center project at San Francisco State University. He stated the project's budget was \$86.5 million of which \$29.7 million would be paid from student union reserves and the balance, \$56.8 million would be financed. The requested not-to-exceed amount of \$67,935,000 also included an additional \$11 million related to financing costs. He added that the debt service coverage ratios for this project are good, exceeding the CSU benchmarks for both the campus and the program, and stated staff recommended approval of financing for the project.

Mr. Eaton introduced the second project, the San Diego State University Research Foundation Engineering and Interdisciplinary Sciences Complex. He stated that the San Diego State

University Research Foundation would finance and lease the project to the campus and that the project's budget was \$79.7 million and would be funded from multiple sources: \$25 million from auxiliary reserves; \$4.7 million from campus reserves or the CSU's 2015-2016 capital improvement program; and up to \$50 million from financing. He added that the requested not-to-exceed amount of \$57,925,000 also included an additional \$7.9 million for financing costs related to the transaction. He also noted that the not-to-exceed amount was based on the absence of any fundraising, however, the campus would be planning a fundraising campaign and any dollars raised in support of the project would be used to reduce the financing component accordingly.

Mr. Eaton stated that the debt service coverage ratios for this project were good, exceeding the CSU benchmarks for the campus, the auxiliary, and the project. He added that staff recommended approval of financing for the project.

Trustee Taylor inquired if the student body center fees used to fund the debt service for the Mashouf Wellness Center were fees the students voted upon. Mr. Eaton responded yes, there was a referendum that took place in 2009 and it was approved by the students.

Trustee Taylor further inquired about coverage ratios. He asked if the coverage levels were set when the SRB program was created. Mr. Eaton responded that they were established in 2002 and indicated that staff was currently looking at revising those ratios under the new capital financing authorities. Trustee Taylor stated that he would be glad to be part of that review and Mr. Eaton indicated that staff would appreciate his input.

Trustee Eisen inquired about Mashouf Wellness Center project and the accurateness of the chart that was presented to the board. She pointed out that the board had reviewed the project in July 2012 and approved the schematics in May 2014. Mr. Eaton responded that the 2012 action was likely an amendment to the master plan. He added that financing is generally the last step in that process with respect to board approvals.

The committee recommended approval to issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Projects at San Francisco State University and San Diego State University (RFIN 05-15-08).

Approval to Extend the Bond Anticipation Note and Bond Sale Dates for an Auxiliary Project at California State University, Fullerton

Mr. Eaton stated this item requests board approval to amend the resolutions authorizing financing under the CSU's commercial paper and Systemwide Revenue Bond programs for the CSU Fullerton Auxiliary Services Corporation, Western State University College of Law Acquisition Project. He added the amendments would extend the dates by which interim financing and bonds may be issued.

He stated that in 2012, the board authorized financing to allow the Fullerton Auxiliary Services Corporation to purchase a facility adjacent to the campus, commonly known as Western State University College of Law, for campus academic programs. Through a sale-leaseback arrangement, the seller was allowed to remain in the facility as tenant for up to three years. Mr.

Eaton stated that since that time, the tenant has been delayed in finding a suitable replacement site, thus extending the amount of time that the tenant will need to stay at the facility. This in turn required similar extension on the terms of interim financing and bond financing for the facility. He stated the board is being requested to approve resolutions to extend the date to sell bond anticipation notes and bonds to September 2018.

Chancellor White clarified that the CSU is accommodating the request of another educational institution because of their inability to find adequate space. He added that there was a choice to deny their request but felt that at the collegial level it was inappropriate because students would have been negatively affected. He inquired if there are any additional costs associated with appropriate professional decision.

Mr. Eaton responded that there are no additional costs. He stated that, through provisions in the lease arrangement on the extension, the campus would continue to receive lease payments at the fair market rate. He added he had confirmed that the campus programs would not be disadvantaged by this extension.

The committee recommended approval to extend the Bond Anticipation Note and Bond Sale dates for an auxiliary project at California State University, Fullerton (RFIN 05-15-09).

Report of the 2015-2016 Support Budget

Mr. Ryan Storm, Assistant Vice Chancellor for Budget, stated that he would provide a brief recap of the Trustees' Support Budget, the Governor's January and May Revision proposals, a report on the legislative budget hearings, and next steps.

Mr. Storm indicated that the development of the 2015-2016 state budget began last fall when the Trustees adopted a \$269 million budget request that would increase funded enrollment, invest in student success and completion initiatives, and invest in academic facilities, among other things. The first state response to the Trustees' budget request came in January when the Governor's Department of Finance issued its 2015-2016 budget proposal. He stated that the most significant components of that proposal were an increase of \$119.5 million that could be used for operating and capital needs of the CSU, a one-time appropriation of \$25 million to address the CSU's most pressing deferred maintenance and infrastructure needs, and a one-time appropriation of \$25 million for another phase of the Innovation Awards.

Mr. Storm then moved on to the May Revision, stating that it was the Governor's and Department of Finance's opportunity to alter the January budget proposal. The May Revision, he stated, consisted of an additional \$38 million of permanent, reoccurring dollars to the CSU support budget. He added that this additional funding was to support two board priorities: student success and completion initiatives and new funded student enrollments. He added that this was the first time in a few years that the Governor's administration has provided new, permanent support budget funding and explicitly stated how that funding should be spent. Altogether, the Governor proposed an increase of \$157.5 million from the general fund, plus \$35 million of new, one-time funding that would pay for energy efficiency and renewable energy projects on CSU campuses.

Mr. Storm stated the May Revision was an encouraging step, considering the limited resources that have been provided to CSU since recovery from the Great Recession began in 2012-2013. He added, however, that the CSU has done its part in containing costs, leaving tuition flat for four years in a row, keeping funding requests at a minimum for several years, and has not received funding restorations like other state programs during these good economic times. He stated that the CSU has and would continue to request full funding of the Trustees' support budget plan from the state and do its best to advocate for a budget that would allow the university to fulfill its obligations to the people of the State of California.

Mr. Storm then discussed the budget subcommittees for education finance in the Assembly and the Senate and stated that several hearings were held this spring on the Governor's higher education budget proposals. He added that many legislators have expressed an interest in expanding capacity on CSU campuses, both in new student enrollments and more access to courses and supportive services for current students. He stated that as a result, staff is working with the Legislature to improve the CSU's budget picture with the end goal of producing additional degree-holding graduates that could serve California.

Mr. Storm then presented the next steps on the support budget. He indicated that the state is less than two months away from completing its 2015-2016 budget and explained the milestones that would follow. First, he stated that the Assembly and Senate would independently wrap up their post-May Revision budget hearings this week and would make decisions on the governor's and their own budget proposals. Secondly, the houses would hold budget hearings to reconcile differences between their budget plans in order to create a single budget plan. Then, he stated the legislature would vote on a final state budget in the middle of June. He added that the governor may veto portions of the budget and approve the remainder by June 30. What this means for the CSU is there is no budget reduction, however the Governor's plan is significantly less than the trustees' budget request.

Mr. Storm stated that with final state budget decisions still to be determined, there is not enough information to determine a final budget for the CSU for the approaching fiscal year at this meeting. Instead, Chancellor's Office staff will await final state decisions before finalizing the CSU budget, pursuant to the resolution (RFIN 11-14-05) passed in November 2014 that authorized the chancellor to adjust and amend the support budget to reflect changes in the assumptions upon which the budget is based. Chancellor's Office staff will provide proper notification to the Trustees.

Trustee Monville thanked the entire team for their ongoing efforts in advocating for the CSU in Sacramento. He added that additional baseline funding, not one-time finding, will help the CSU make long term decisions and planning for the future of California. He asked Mr. Storm to elaborate on the dialogue the CSU is having in that regard. Mr. Storm stated that decisions were a reflection of estimated revenues by the Department of Finance and what is believed to be sustainable over a long period of time. He added that typically with one-time funding, the CSU could invest in deferred maintenance, capital projects, and instructional equipment, which are very limiting.

Trustee Monville stated that the board has been focused on graduation initiatives and time to degree, which partially depend on additional tenured faculty. He added that if the board is to

make that a strategic investment and improve those areas, ongoing and not one-time dollars are needed. He stated the board is committed to work with the governor and legislature to advocate for the dollars we need.

Trustee Brewer asked Mr. Storm to expand upon the constraints that Proposition 98 and Proposition 2 present for the CSU. Mr. Storm responded that Prop 98 is a constitutional guarantee that there would be a certain amount of money always dedicated to education. He added that during the recession, K-14 funding had significant reductions and that part of that constitutional framework required that as money becomes available within the state, the state needs to maintain or put more money back into those areas of K-14 education. He added that approximately 40 percent of all state general fund reserves go to K-14 but that nearly all of that necessary repayment to K-14 education due to the recession is completed. Prop 2 is a way for the state to deal with the ups and downs of a volatile revenue stream and this is one more program taking money out of the mix that could be used for discretionary programs like the CSU. He added overall, the amount of money dedicated towards the CSU has been reduced a bit.

Trustee Taylor stated that he is curious about the pilot project at University of California (UC) Riverside regarding cost and expense control on a department by department basis and its applicability to CSU. He was also curious as to whether there are any conversations regarding UC's exploration of hybrid defined benefit and defined contribution program and how that applies to the CSU. Mr. Storm responded that there have been some initial conversations with the governor's Department of Finance regarding activity-based cost modeling. He added that staff would continue that discussion and whether it makes sense for the CSU to explore it. Ms. Lori Lamb, Vice Chancellor for Human Resources stated that the system has the authority to offer a voluntary defined contribution plan in addition to its defined benefit plan. She added that staff is working on retirement plan options with a consultant and that a comprehensive pro-con analysis from their consultant in the next 30-60 days and the results will be brought to the board.

Trustee Eisen inquired about the historical funding levels of the CSU. Chancellor White stated that the CSU is \$405 million below funding levels in 2007-2008 in absolute dollars. He added that, although the CSU is still below historic levels of funding, the advocacy efforts have helped. He then paused to recognize the achievement of the May Revision and stated that it reflected the CSU students, faculty, staff, and trustee efforts. Advocacy, he added, is helping to create pressure to move the needle in a meaningful way. He stated that additional funding is needed to create opportunity and access for students in California's future.

California State University Auxiliary Organizations

Mr. Steve Relyea, Executive Vice Chancellor and Chief Financial Officer, stated that the presentation was an update on CSU's auxiliary organizations, as requested at the March board of trustees meeting. He added that there are currently 86 CSU auxiliary organizations. These organizations provide essential services and activities, and are vitally important to ensuring student success and the financial strength of the university. Each auxiliary organization must have an operating agreement with the CSU. The agreement outlines its function and responsibilities to the university.

Mr. Relyea described auxiliary organizations as separate legal entities created to support the educational mission of the university. They are self-supporting, do not receive funds from CSU's operating budget, and are subject to California corporate law, the Education Code, and the policies of the CSU. He added that each organization had an operating agreement with the campus and trustees that specified the activities it is allowed to perform and that each organization is required to submit its annual budget and program offerings to the campus president for approval. He stated that upon review, the president may instruct the organization to not implement a specific program or expenditure, if it is deemed to be inconsistent with either the policies of the Board of Trustees, or campus policy.

Mr. Relyea indicated that the services typically provided by auxiliary organizations include: associated student body programs, student unions, and recreation centers; programs that support research, special projects and scholarships; foundations that manage grants, endowments and gifts; organizations that run dining services and bookstores; and areas that support real estate transactions and public private partnership agreements. He then turned the presentation over to Mr. John Griffin, Auxiliary Organizations Association President, to talk about the contributions of these organizations.

Mr. Griffin discussed examples of the valuable contributions of several auxiliary organizations and how they were supporting student success by providing students with hands-on-learning opportunities, preparing students for the workforce, increasing research opportunities, funding scholarships, retaining and recruiting faculty, helping students save money on textbooks, and providing support for capital improvement projects.

Mr. Relyea thanked Mr. Griffin and asked President Hagan to talk about his experience with auxiliary organizations. He added that President Hagan was the Chief Financial Officer (CFO) at CSU, Fullerton prior to becoming the president at CSU, Dominguez Hills. In both of these roles he has had an opportunity to interact with auxiliary organizations.

President Hagan stated that at CSU, Dominguez Hills auxiliary organizations provide important services that support student success. An important role for auxiliary organizations relates to supporting capital infrastructure needs. As financial support for the CSU has both declined and shifted dramatically, identifying new revenue streams has become critical.

He stated that auxiliary organizations allow the campuses to act with greater flexibility. One area that auxiliary organizations have helped to address is affordable housing. Significant home prices throughout Southern California are a deterrent to recruiting entry level faculty and staff. At CSU Fullerton, the business auxiliary worked to develop homes that could be leased to faculty and staff at below market rates. Likewise, CSU, Dominguez Hills envisions developing housing in a similar way.

He then referred to the Stub Hub Center at CSU, Dominguez Hills. In 2003, the foundation auxiliary organization assisted in building this sports entertainment venue for the campus and community. This privately developed center provides world class sporting facilities to the south bay community. The StubHub Center has transformed the community and increased the university's engagement with the region. The partnerships allowed for millions of dollars in renovations for CSU, Dominguez Hills athletic fields and facilities and produces annual revenue

for the university of approximately \$500,000 which is used for student scholarships and planned capital project debt service.

He concluded by stating that every president could talk about how they have utilized auxiliary organizations to help with fundraising and capital projects. The CSU's auxiliary organizations have become an essential element in CSU's efforts to meet the needs of its students.

Mr. Relyea thanked President Hagan and concluded by stating that campuses use auxiliary organizations in many beneficial ways to support the university's mission to empower student success.

COMMITTEE ON FINANCE

California State University Annual Investment Report

Presentation By

Robert Eaton
Assistant Vice Chancellor
Financing, Treasury and Risk Management

Summary

This item provides the annual investment report for fiscal year 2014-2015 for funds under the California State University Investment Policy.

Background

Most CSU funds are invested through the CSU Systemwide Investment Fund-Trust (SWIFT) investment portfolio, which was established in July 2007 for the purpose of enhancing centralized cash and investment management. On a daily basis, net investable cash from the Chancellor's Office and campus-controlled bank depository and disbursement accounts is pooled and moved into SWIFT for investment. All SWIFT cash and securities are held by US Bank, the custodian bank for SWIFT, and for investment management purposes the SWIFT portfolio is divided equally between two investment management firms, US Bancorp Asset Management and Wells Fargo Asset Management (formerly Wells Capital Management).

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. Beginning fiscal year 2014-2015, the agreement with the state was lifted, which required the CSU to maintain a minimum balance of approximately \$310 million in the SMIF during prior fiscal years to assist in the funding of payroll. The Local Agency Investment Fund (LAIF) is used by the State Treasurer to invest local agency funds. For 2014-2015, the CSU did not invest funds in LAIF. The year-end results for these two funds are reported in Attachment A.

The California State University Investment Policy in effect during fiscal year 2014-2015 is included as Attachment B.

Market Summary

For the fiscal year ending June 30, 2015, U.S. Gross Domestic Product grew by 2.4%, with solid contributions from consumption and housing offset by tepid growth in government and exports. Employment conditions continued to improve as the unemployment rate fell from 6.1% at the end of June 2014 to 5.3% at the end of June 2015. Nonfarm Payrolls added 2.9 million jobs in the fiscal year, an increase of 283,000 over the previous fiscal year. Driven by a strong U.S. dollar and declining oil and commodity prices, inflation stayed well below the Federal Reserve's (Fed's) 2% target range.

The basic conduct of monetary policy was relatively unchanged during the fiscal year. The Fed kept the federal funds target range at 0.0% to 0.25%. It also completed the tapering process of its asset purchase program in October 2014 and, as expected, continued to re-invest principal proceeds in order to maintain a stable portfolio size. The year ended with considerable investor disagreement over the timing and pace of any Fed rate tightening. One camp, seemingly favored by Fed Chairman Janet Yellen, favors an "earlier and gradual" timing and pace of rate hikes versus the more traditional accommodative stance of a "later and faster" timing and pace. Other factors complicating the Fed's decision are the strong dollar and international concerns such as Greece and China, which can impact the stability of financial market conditions.

Credit market conditions were less favorable in the fiscal year ending June 30, 2015 versus the prior period as credit spreads widened meaningfully during the year, particularly for corporate securities. Generally, balance sheet fundamentals remained relatively solid for entities rated A or higher. However, driven by challenging conditions for revenue growth and very low interest rates, some companies conducted more mergers and acquisitions, or re-leveraged their capital structures for the benefit of shareholders, which eroded credit quality around the edges. As a result, rating agency activity was skewed toward the negative during the year, further pressuring credit spreads. In addition, investors demanded higher yields as the markets became more skittish over concerns about Greece, Puerto Rico, China, Ukraine / Russia and the direction of U.S. monetary policy.

Investment Account Performance

As of June 30, 2015, the asset balance in the SWIFT portfolio totaled \$3.22 billion. The objective of SWIFT is to maximize current income while preserving and prioritizing asset safety and liquidity. Consistent with the California State University Investment Policy and state law, the portfolio is restricted to high quality, fixed income securities.

As of June 30, 2015, the SWIFT portfolio's holdings by asset type were as follows:

Cash	0.81%
US Treasuries	22.50%
US Government Agencies	35.84%
Corporate Securities—Long Term	35.95%
Corporate Securities—Short Term	<u>4.90%</u>
	100.00%

The SWIFT portfolio provided a return of 0.71% during the 12 months ended June 30, 2015. This return was greater than the benchmark for the portfolio, which is a treasury based index.

	<u>SWIFT</u> <u>Portfolio</u>	<u>SWIFT</u> <u>Benchmark</u> ¹	<u>LAIF</u> ²
1 Month Return	-0.004%	0.023%	N/A
3 Months Return	0.112%	0.122%	0.073%
12 Months Return	0.710%	0.648%	0.268%
Annualized Return since SWIFT Inception	1.376%	1.849%	1.116%

Update on the California State University Investment Authority, Policy, and Portfolio Review Initiative

As presented to the board at its January 2015 meeting, staff has been reviewing the existing legislation governing the CSU's investments and working with key partners in the legislature, the Department of Finance, and the State Treasurer's Office to change that legislation in order to provide the CSU with greater investment flexibility and increased earnings on its existing base of funds. Discussions with these key partners are ongoing. The goal is to provide the CSU with the same investment flexibility as the University of California, which has broader latitude in the types of investments it may choose when investing its funds, and which has been able to earn significantly higher returns than the CSU. This potential for additional revenues would have a meaningful impact on the CSU's ability to address a variety of needs, including its deferred maintenance and critical infrastructure backlog.

Along with possible legislative changes, staff will conduct a review of the CSU's investment policy and present appropriate amendments to the policy to the board for discussion and approval at a future meeting. Based upon any legislative and policy changes, staff would then work to restructure the CSU's investment portfolio to meet the CSU's needs.

¹ Bank of America Merrill Lynch 0-3 Year Treasury Index

² LAIF investment returns are provided for reference only

Surplus Money Investment Fund (SMIF)

The Surplus Money Investment Fund (SMIF) is a vehicle used and 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. Cash in this account is available on a daily basis. The portfolio's composition includes CD's and Time Deposits, U.S. Treasuries, Commercial Paper, Corporate Securities, and U.S. Government Agencies. As of June 30, 2015, the amount of CSU funds invested in SMIF was approximately \$90 million.

SMIF Performance

Apportionment Annualized Return

FYE 06/30/15	0.25%
FYE 06/30/14	0.24%

Quarterly Apportionment Yield Rate FYE 06/30/06 - FYE 06/30/15

Average	1.78%
High	5.24%
Low	0.22%

Local Agency Investment Fund (LAIF)

The Local Agency Investment Fund (LAIF) is a vehicle used and managed by the State Treasurer to invest local agency funds. All investments are purchased at market, and market valuation is conducted quarterly. As of June 30, 2015, there were no CSU funds invested in LAIF.

LAIF Performance

Apportionment Annualized Return

FYE 06/30/15	0.27%
FYE 06/30/14	0.25%

Quarterly Apportionment Yield Rate FYE 06/30/06 - FYE 06/30/15

Average	1.79%
High	5.25%
Low	0.23%

The California State University Investment Policy

The following investment guidelines have been developed for use when investing California State University funds.

Investment Policy Statement

The objective of the investment policy of the California State University (CSU) is to obtain the best possible return commensurate with the degree of risk that the CSU is willing to assume in obtaining such return. The Board of Trustees desires to provide the Chancellor and his designees with the greatest possible flexibility to maximize investment opportunities. However, as agents of the trustees, the Chancellor and his designees must recognize the fiduciary responsibility of the trustees to conserve and protect the assets of the portfolios, and by prudent management prevent exposure to undue and unnecessary risk.

When investing CSU funds, the primary objective of the CSU shall be to safeguard the principal. The secondary objective shall be to meet the liquidity needs of the CSU. The third objective shall be to return an acceptable yield.

Investment Authority

The CSU may invest monies held in local trust accounts under Education Code Sections 89721 and 89724 in any of the securities authorized by Government Code Sections 16330 and 16430 and Education Code Section 89724 listed in Section A, subject to limitations described in Section B.

A. State Treasury investment options include:

- Surplus Money Investment Fund (SMIF)
- Local Agency Investment Fund (LAIF)
- State Agency Investment Fund (SAIF)

Eligible securities for investment outside the State Treasury, as authorized by Government Code Section 16430 and Education Code Section 89724, include:

- Bonds, notes or obligations with principal and interest secured by the full faith and credit of the United States;
- Bonds, notes or obligations with principal and interest guaranteed by a federal agency of the United States;

- Bonds or warrants of any county, city, water district, utility district or school district;
- California State bonds, notes, or warrants, or bonds, notes, or warrants with principal and interest guaranteed by the full faith and credit of the State of California;
- Various debt instruments issued by: (1) federal land banks, (2) Central Bank for Cooperatives, (3) Federal Home Loan Bank Bd., (4) Federal National Mortgage Association, (5) Federal Home Loan Mortgage Corporation, and (6) Tennessee Valley Authority;
- Commercial paper exhibiting the following qualities: (1) "prime" rated, (2) less than 180 days maturity, (3) issued by a U.S. corporation with assets exceeding \$500,000,000, (4) approved by the PMIB. Investments must not exceed 10 percent of corporation's outstanding paper, and total investments in commercial paper cannot exceed 30 percent of an investment pool;
- Bankers' acceptances eligible for purchase by the Federal Reserve System;
- Certificates of deposit (insured by FDIC, FSLIC or appropriately collateralized);
- Investment certificates or withdrawal shares in federal or state credit unions that are doing business in California and that have their accounts insured by the National Credit Union Administration;
- Loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration;
- Student loan notes insured by the Guaranteed Student Loan Program;
- Debt issued, assumed, or guaranteed by the Inter-American Development Bank, Asian Development Bank or Puerto Rican Development Bank;
- Bonds, notes or debentures issued by U.S. corporations rated within the top three ratings of a nationally recognized rating service;

B. In addition to the restrictions established in Government Code Section 16430, the CSU restricts the use of leverage in CSU investment portfolios by limiting reverse repurchase agreements used to buy securities to no more than 20 percent of a portfolio.

C. Furthermore, the CSU:

- Prohibits securities purchased with the proceeds of a reverse repurchase from being used as collateral for another reverse repurchase while the original reverse repurchase is outstanding;
- Limits reverse repurchase agreements to unencumbered securities already held in the purchased with the proceeds of the repurchase (but in any event not more than one year) and;
- Limits reverse repurchase agreements to unencumbered securities already held in the portfolio.

Investment Reporting Requirements

Annually, the Chancellor will provide to the Board of Trustees a written statement of investment policy in addition to a report containing a detailed description of the investment securities held by the CSU, including market values.

(Approved by the CSU Board of Trustees in January 1997; and as amended in September 2011 and November 2013)

COMMITTEE ON FINANCE

2016-2017 Lottery Revenue Budget

Presentation By

Ryan Storm
Assistant Vice Chancellor
Budget

Background

On November 6, 1984, California voters approved Proposition 37, known as the California Lottery Act. The Lottery Act allows for the expenditure of lottery revenues to supplement funds allocated for public education. To date, the California State University has received apportionments from the state based on total full time equivalent students totaling \$1.07 billion, which equals approximately 3.7 percent of all lottery revenue distributed for educational purposes. Recently, annual CSU lottery fund receipts have averaged \$45 million per year.

The Lottery Act codifies the Legislature's intent that lottery funds be used "exclusively for the education of pupils and students" and that no funds can be used for non-instructional purposes, such as the acquisition of property, construction of facilities, or financing research. To that end, the CSU has adopted guidelines to ensure that lottery funds are used only for and in support of instruction or instructional-related purposes.

Each year, the CSU Board of Trustees is asked to adopt a systemwide lottery revenue budget that incorporates CSU guidelines and adheres to Lottery Act provisions. The budget identifies expected lottery receipts that the CSU will receive in the budget year and the program areas for allocation of those receipts, including an expenditure allowance for the general management of lottery fund operations and reporting requirements. Approximately 90 percent of anticipated lottery receipts are allocated directly to campuses for instructionally-related programs and activities. Remaining funds are allocated for CSU programs that assist student education, such as the Summer Arts, Pre-Doctoral, and Doctoral Incentive programs. Only about 1.3 percent of lottery resources are used by the Chancellor's Office to manage lottery fund operations and reporting requirements.

CSU allows for the carryforward of 50 percent of annual lottery allocations to the campuses to address long-range educational programs, instructional equipment purchases, or instructional program development that crosses several years. The CSU chief financial officer reviews campuses' lottery balances to ensure appropriateness, and approves planned uses of campuses' balances in excess of policy guidelines.

The board has delegated authority to the chancellor for management of lottery fund receipts, which are used to supplement the total amount of money allocated to CSU for public education in accordance with state statutes. The CSU prepares a formal report on lottery fund revenues and expenditures each May to the Governor and Legislature, in accordance with the 2015-2016 Budget Act. The board receives an updated report at the September and November meetings.

2016-2017 Lottery Budget Proposal

The lottery revenue budget proposal for fiscal year 2016-2017 is presented to the Committee on Finance as an information item.

The total lottery budget for 2016-2017 is projected at \$49.2 million. After setting aside \$5 million for CSU's systemwide reserve, \$44.2 million is available for allocation. The proposed budget includes a small increase of \$63,000 for system programs administration. The chancellor, as the chief executive officer of the CSU, is delegated authority for development and oversight of the lottery budget and for the deposit, control, investment, and expenditure of lottery revenues received.

Beginning CSU lottery reserves of \$5 million are used to assist with cash-flow variations due to fluctuations in quarterly lottery receipts and other economic uncertainties. Interest earnings on lottery balances are managed by the chancellor in accordance with CSU revenue management program guidelines and procedures.

After setting aside \$5 million for beginning reserves, the \$44.2 million 2016-2017 lottery budget proposal remains principally designated for campus-based programs and three system-designated programs that have traditionally received annual lottery funding support. The 2016-2017 budget proposes a small increase of \$63,000 for Chancellor's Office administration of the lottery fund and for system programs administration, bringing the total to \$607,000—or about 1.3 percent of total projected lottery revenues. The increase is due to higher salary and healthcare costs. As compared to the 2015-2016 lottery budget, no other changes are proposed for the 2016-2017 lottery budget.

System-Designated Programs

Of the \$44.2 million available for expenditure, \$4.6 million will be allocated to the three system-designated programs and administration costs as follows: the Chancellor's Doctoral Incentive Program (\$2 million), which provides financial assistance to graduate students to complete doctoral study in selected disciplines of particular interest and relevance to the CSU; the California Pre-Doctoral Program (\$814,000), which supports CSU students who aspire to earn doctoral degrees and who have experienced economic and educational disadvantages; the CSU Summer Arts Program (\$1.2 million), which offers academic credit courses in the visual,

performing, and literary arts; and lottery fund and system programs administration costs (\$607,000).

Campus-Based Programs

The remaining \$39.5 million in 2015-2016 lottery revenue will continue to be used for campus based programs (\$31.5 million) and increased financial aid for the trustee-approved Early Start program (\$8 million). Campus-based program funding is undesignated and allows presidents flexibility in meeting unique campus needs. Traditionally, projects receiving campus-based funds have included replacement and purchase of new instructional equipment, curriculum development, and scholarships. Early Start program funds will provide campus-based financial aid as need-based fee waivers to ensure that student financial hardship is not a barrier to enrollment in the Early Start summer curriculum. The program serves first time freshman students who are deficient in math and/or English skills through additional college preparatory instruction during the summer term prior to matriculation at any of the CSU campuses.

The CSU lottery revenue budget proposed for 2016-2017 is as follows:

2015-2016 Adopted and 2016-2017 Proposed Lottery Budget		
	2015-2016 Adopted Budget	2016-2017 Proposed Budget
Sources of Funds		
Beginning Reserve	\$ 5,000,000	\$ 5,000,000
Receipts	44,100,000	44,163,000
Total Revenues	\$ 49,100,000	\$ 49,163,000
<i>Less Systemwide Reserve</i>	<i>(5,000,000)</i>	<i>(5,000,000)</i>
Total Available for Allocation	\$ 44,100,000	\$ 44,163,000
Uses of Funds		
<i>System Programs</i>		
Chancellor's Doctoral Incentive Program	\$ 2,000,000	\$ 2,000,000
California Pre-Doctoral Program	814,000	814,000
CSU Summer Arts Program	1,200,000	1,200,000
	\$ 4,014,000	\$ 4,014,000
<i>Campus-Based Programs</i>		
Campus Programs	\$ 31,542,000	\$ 31,542,000
Campus Early Start Financial Aid	8,000,000	8,000,000
	\$ 39,542,000	\$ 39,542,000
<i>Lottery Fund & System Programs Administration</i>	\$ 544,000	\$ 607,000
Total Uses of Funds	\$ 44,100,000	\$ 44,163,000

In fiscal year 2014-2015, similar to years prior, the majority of lottery allocations were spent on instructional and instructionally-related programs and services to supplement the CSU operating budget.

The following table summarizes how lottery revenues were spent in 2014-2015, which also includes funds available from prior years:

2014-2015 Lottery Fund Expenditure Report		
System-Designated & Campus-Based Programs		
(in thousands)		
Program Support Area	Expenditures	Percentage of Total Expenditures
Academic Programs and Support	\$ 21,777	39.3%
Library Services	15,959	28.8%
Student Services	5,951	10.8%
Administration & Reporting	2,740	4.9%
Financial Aid	8,949	16.2%
Total Expenditures	\$ 55,376	100.0%

The 2014-2015 lottery expenditures were \$19.2 million above the 2013-2014 expenditures of \$36.1 million. The difference is attributable to lottery fund receipts from the state that exceeded revenue estimates, resulting in higher balances. The Chancellor's Office was able to use the carry forward balances in 2014-2015 to fund several systemwide and campus programs, such as library services, early assessment program support, and technology initiatives.

COMMITTEE ON FINANCE

Update on 2015A and 2015B Systemwide Revenue Bond Issuance

Presentation By

Robert Eaton
Assistant Vice Chancellor
Financing, Treasury and Risk Management

Summary

The Systemwide Revenue Bond (SRB) program traditionally provides capital financing for revenue generating projects of the California State University – student housing, parking, student union, health center, continuing education facilities, certain auxiliary projects, and other projects approved by the CSU Board of Trustees. In addition, under the CSU's new capital financing authorities, the SRB program provides capital financing for the CSU's capital improvement program.

In August 2015, the CSU issued two SRB series, 2015A and 2015B, totaling \$1,063,675,000, of which \$1,034,370,000 was tax-exempt and \$29,305,000 was taxable. Of the total issued \$684,710,000 was for new money projects, including systemwide infrastructure improvement projects, and commercial paper payoff, at an all-in true interest cost of 3.95%. The CSU took advantage of low interest rates and issued \$378,965,000 in bonds to refund existing debt, producing net present value savings of \$57 million. The refunding of debt will save SRB programs across the CSU approximately \$3.1 million in annual cash flow savings.

COMMITTEE ON FINANCE

Update on Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions

Presentation By

Steve Relyea
Executive Vice Chancellor and Chief Financial Officer

Summary

This item provides an update on the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 – Accounting and Financial Reporting for Pensions, which requires the CSU to recognize its share of the State’s net pension liability in its audited financial statements.

Background

As reported to the CSU Board of Trustees in previous meetings, GASB 68, which is effective for fiscal year 2014-2015, requires each governmental employer participating in a pension plan to recognize a proportionate share of the collective net pension liability on the face of the employer’s financial statements. CalPERS provides the information to the State Controller’s Office for all state employees. The State Controller’s Office then breaks down the CSU’s proportionate share.

According to the information received from the State Controller’s Office in August, the CSU’s proportionate share of the State’s net pension liability as of June 30, 2015 was approximately \$5.9 billion.

At the time of drafting the agenda, Chancellor’s Office staff and the CSU’s external auditor, KPMG, are examining the State Controller’s calculations. Upon completion of that examination, allocable amounts will be distributed to the 23 campuses and the Chancellor’s Office for incorporation into CSU’s 2014-2015 Financial Statements.

Bond advisors are aware that GASB 68 is a financial reporting requirement affecting all public universities and governmental entities.

COMMITTEE ON FINANCE

Planning for the 2016-2017 Support Budget

Presentation By

Ryan Storm
Assistant Vice Chancellor
Budget

Summary

As part of the preparation of the California State University (CSU) support budget request for the 2016-2017 Governor's Budget, the CSU Board of Trustees will be provided preliminary assumptions for purposes of crafting a budget request to the governor that will be presented to the board for review and approval in November 2015.

State Budget Overview

The California State Constitution requires the submittal of the governor's budget proposal each year by January 10. In order to meet consequent deadlines of the submittal of budget requests to the Department of Finance, it is necessary to commence planning for the requested 2016-2017 CSU Support Budget.

The significant tax revenues produced by Proposition 30 and the ongoing economic recovery allowed the state to begin anew to invest in public higher education. Specifically, it is estimated that state tax revenues will have increased by \$28.2 billion between the recession low point of 2011-2012 and the current fiscal year 2015-2016—a 32 percent increase. CSU has benefited from the state's recovery with permanent General Fund increases of \$125.2 million in 2013-2014, \$142.2 million in 2014-2015, and full funding of the trustees' 2015-2016 support budget request of \$216.5 million in the recently-enacted state budget. Also, the economic recovery will allow the state to set aside \$3.5 billion in operating reserves and retire \$1.9 billion of operating debt in 2015-2016. Under current assumptions, the state's operating debt will be completely eliminated by 2017-2018.

While the state has made significant strides on the path to economic recovery, significant expenditure obligations and risks persist. The state is challenged by long term debts, deferrals, and budgetary obligations in excess of \$200 billion, according to estimates by the Department of Finance. Examples of these obligations include health and pension obligations for state employees and teachers and deferred maintenance. While the state's economy is steadily growing, capital gains taxes make up a significant portion of the state budget revenue picture and

because this revenue source is highly volatile it can dramatically swing from one year to the next.

If the state's economic recovery continues, revenues could grow between three and five percent per year through 2017-2018, but slow to one percent in 2018-2019, according to projections by the Department of Finance. The outlook over the next three fiscal years ranges from continued constraint to some level of opportunity.

The Governor's Multi-Year Funding Plan for CSU

In January 2013, Governor Brown's budget proposal included a multi-year plan to provide funding stability to CSU and the University of California (UC). This plan calls for state funding increases to the two universities totaling \$511 million each over the course of four years, culminating with the 2016-2017 fiscal year. Recognizing that both CSU and UC endured state funding reductions in equal dollar amounts during the recent fiscal crisis and that an ongoing investment in the university systems is important to the vitality of the state's economy and people, the governor's administration has since added additional years and new permanent funding commitments to the plan. The cumulative, potential increase occurs in annual increments as follows (actual funding provided by the state noted in parenthesis):

- \$125.1 million in 2013-2014 (provided by the state)
- \$142.2 million in 2014-2015 (provided by the state)
- \$119.5 million in 2015-2016 (\$216.5 million provided by the state)
- \$139.4 million in 2016-2017
- \$155.4 million in 2017-2018
- \$134.6 million in 2018-2019
- Cumulative, potential increase in funding = \$816.2 million

Although the legislature never formally adopted this multi-year plan, it did approve the first and second year increases of \$125.1 million and \$142.2 million, and with the governor's consent went above and beyond in 2015-2016 to fully fund the CSU support budget request of \$216.5 million. If the increases through 2018-2019 remain at the actual and proposed levels, the new six year total would be \$913.2 million. This is very close, but still shy of the cuts totaling approximately one billion dollars from 2008-2009 through 2011-2012.

One tenant of the governor's multi-year funding plan is that the universities not increase tuition between 2013-2014 and 2016-2017. CSU's support budget is dependent on two revenue sources: state general fund and tuition revenue. Each makes up approximately half of the support budget. With the governor's multi-year plan, the CSU has limited opportunities to expand enrollment, fund compensation increases or make larger steps toward removing bottlenecks and improving

student success outcomes after accounting for inflationary increases and growing mandatory cost obligations.

The State's Funding Plan Does Not Meet CSU's Needs for 2016-2017

In 2015-2016, the state fully funded the CSU support budget request for the first time since 2006-2007. This preliminary 2016-2017 proposed budget plan will allow the CSU to meet its mandatory cost obligations, fund compensation and grow systemwide student enrollment three percent, while also dedicating funds to student success and completion priorities. Additionally, significant progress can be made on infrastructure and deferred maintenance needs. The estimated \$2.5 billion backlog of deferred maintenance and critical infrastructure projects continues to grow and will continue to require additional funds in each state budget to deliver the type of infrastructure that our campuses need in order to offer the best possible student experience. The governor's multi-year funding plan would provide a \$139.4 million increase in 2016-2017, which is only enough to fund the minimum cost increases required by the CSU and allow for modest enrollment growth of one percent.

2016-2017 CSU Support Budget—Preliminary Planning Approach

In this agenda item we share with the board a preliminary plan for the crafting of a support budget request for 2016-2017. The planning approach represents a credible statement of the university's key funding needs. At this planning stage, it is important for the board to provide input on its fiscal policy priorities for 2016-2017.

The preliminary incremental budget request and expenditure plan is summarized below. At this point, these estimated amounts are approximate and would add to our 2015-2016 base budget of just over \$5 billion.

Proposed Incremental Increase in Expenditures:

• Mandatory Costs (health benefits, pensions, & new space maintenance)	\$46.0 million
• 2% Compensation Pool	\$68.0 million
• 3% Funded Enrollment Growth	\$106.0 million
• Student Success and Completion Initiatives	\$50.0 million
• Facilities and Infrastructure Needs	\$25.0 million
Total Ongoing Expenditure Increase	\$295.0 million

Sources of New Revenue

• General Fund Revenue from Governor's Multi-Year Plan	\$124.4 million
• Middle Class Scholarship Redirected Funds	\$15.0 million
• Net Tuition from 3% Funded Enrollment Growth	\$54.6 million
• Preliminary Board of Trustees Additional Request	\$101.0 million
Total Additional Revenue Needed	\$295.0 million

Mandatory Costs

Mandatory costs are costs that have already been determined by state law, CSU policy, and operational needs. At this point in time, there is little to no discretion over these costs.

Compensation Pool

The compensation pool is based on the current agreements reached through the collective bargaining process. The multi-year impact of these agreements is to provide three percent in 2014-2015, and two percent in 2015-2016 and 2016-2017. This item would conditionally commit \$68 million to the compensation pool, pending final agreements.

Funded Enrollment Costs

There is strong current and future demand for a CSU education. Between 22,000 and 32,000 students each year have been denied access during the fall admission cycles between 2010 and 2014 because the university did not have sufficient financial resources from the state to admit these students and provide them with a quality education. In terms of the future, it is anticipated that demand for a CSU education will likely grow due to enrollment funding provided to the California Community Colleges. Specifically, the community colleges received new enrollment funding equivalent to 30,000 additional full-time equivalent students (FTES), or 60,000 headcount, in the 2014-2015 and 2015-2016 state budgets. The CSU may begin to see an increase in applicants from these cohorts of community college students seeking to complete their degrees at the CSU. Access to education and the preparation of the state's future workforce depends on the state investing in the CSU.

The proposed expenditure plan to support enrollment represents a three percent increase in FTES, or approximately 10,700 FTES. This increase would allow for growth in the number of students admitted and served, as well as accommodate existing demand by current students for additional courses (allowing improved time-to-degree), and for some campuses to consider a move back to a state-supported summer term. The costs of accommodating additional enrollment are covered by additional tuition revenue from new students and state general fund. For planning

purposes, a one percent increase in enrollment would cost approximately \$35.5 million and would provide access to approximately 3,560 FTES or 4,300 new students.

Student Success Completion Initiatives

The CSU will continue to invest in people, programs, and strategies which facilitate degree completion and student success. Complementing the objectives of the graduation initiative, resources will support tenure-track faculty hiring, enhancements to academic and career advising, reduction of bottlenecks to student academic progress, programs which improve student academic preparation, and expansion of high-impact practices which strongly correlate with retention. The categories of costs associated with these investments are as varied as the initiatives themselves, but at their core, these initiatives require professional staff and faculty with the expertise to teach, research, advise, implement, program, counsel, coordinate, and analyze the many facets of these initiatives. For planning purposes, we estimate a salary and benefit cost of \$100,000 per faculty and \$75,000 per staff. As a result, \$50 million would allow each campus the opportunity to hire between 20 and 25 new faculty and staff to support campus-based student success and completion initiatives.

Facilities and Infrastructure Needs

The CSU's backlog of facilities maintenance and infrastructure needs is massive and growing. Even with the state statutorily changing the way it handles CSU academic-related infrastructure needs by providing the CSU with the autonomy to self-determine CSU's capital program, the state will need to provide additional revenue for the CSU to aggressively capitalize on the new program. The CSU will receive \$35 million per year to finance the university's most pressing renewal projects from the 2014-2015 and 2015-2016 capital outlay budget. While this is in addition to a one-time \$25 million state appropriation for deferred maintenance projects also in 2015-2016, this commitment of funds is far from adequate to halt the growth of the CSU's \$2.5 billion deferred maintenance backlog. Roughly \$150 million per year is needed to keep up with our aging infrastructure; this amount does not include reducing the backlog.

Agenda item 2 of the September 8-9, 2015 meeting of the Committee on Campus Planning, Buildings and Grounds, Approval of the Draft 2016-2017 Capital Outlay Program and the Draft 2016-2017 to 2020-2021 Five-Year Capital Improvement Plan, includes the draft priority list (Attachment B) for the 2016-2017 capital outlay program. The list prioritizes critical infrastructure and utility renewal projects in addition to other academic program needs that would be financed using the 2016-2017 support budget requested amount of \$25 million. The CSU is separately requesting \$50 million from the state to further address the deferred maintenance backlog and \$90 million of cap and trade funds to implement greenhouse gas and energy reduction projects.

Preliminary Revenue Plan

The preliminary expenditure plan continues to address many of the CSU's educational and operational needs. But if required to do so, it would be exceedingly difficult for the CSU to operate within the confines of the governor's multi-year funding plan. Increased mandatory costs and compensation pool costs together would consume approximately \$114 million of the \$139.4 million available from the governor's multi-year funding plan. With the addition of \$18 million from tuition revenue associated with a one percent enrollment growth, this leaves approximately \$43 million to address enrollment, student success, and facilities. For illustration purposes, if the remaining \$43 million were spread evenly among the remaining items, CSU would be able to serve 3,560 new FTES, hire two to three student success and completion-related faculty or staff per campus, and finance approximately \$45 million of facility and infrastructure needs. This scenario would do very little to serve prospective and current student needs and would only marginally address the deferred maintenance and critical infrastructure backlog.

At this preliminary stage, the planning effort focuses on stating the CSU's needs and being positioned for opportunity. Accounting for enrollment growth revenue and the governor's funding commitment of \$139.4 million, these recommended items would require additional new ongoing revenues from state and/or tuition revenue sources of roughly \$155.6 million.

Conclusion

This is an information item, presenting a preliminary framework for the 2016-2017 CSU Support Budget request to the governor and the Department of Finance. Estimated amounts for each item on the above lists may be revised, based on updated information, in the course of preparing the budget for the board's review and approval. The board will be presented with an updated and detailed support budget recommendation in November 2015 as an action item.

AGENDA

COMMITTEE ON EDUCATIONAL POLICY

Meeting: **3:00 p.m., Tuesday, September 8, 2015**
 Glenn S. Dumke Auditorium

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

Consent Items

Approval of Minutes of Meeting of July 21, 2015

1. Academic Master Plan Update for Fast-Track Program Development, *Action*
2. Recommended Amendment to Title 5 Regarding AB 2000, *Information*
3. Recommended Addition to Title 5 Regarding Enrollment Services, *Information*

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

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

July 21, 2015

Members Present

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

Trustee Farar called the meeting to order.

Approval of Minutes

The minutes of May 20, 2015, were approved as submitted.

**California State University Alcohol Policies, Other Substances and Prevention Programs:
Seventh Biennial Report**

With the concurrence of the committee, Trustee Farar presented agenda item 1 as a consent information item. The item was approved as submitted.

Trustee Farar adjourned the Committee on Educational Policy.

COMMITTEE ON EDUCATIONAL POLICY

Academic Master Plan Update for Fast-Track Program Development

Presentation By

Christine Mallon
Assistant Vice Chancellor
Academic Programs and Faculty Development

Summary

In January of each year, campuses may expand their academic plans by submitting for trustee approval a list of proposed projections for new degree programs. A projection signals campus intention to implement a degree program, and approval authorizes the campus to begin developing a degree program proposal. Subsequent to trustee approval of projections in March, campuses may begin developing corresponding degree program proposals. To allow for an expedited proposal-review-approval-and implementation cycle, policy allows for submission of “fast-track” degree program projections each June, with trustee action following at the September board meeting. Fast-track proposals represent bachelor and master’s degree programs that can be implemented without major capital outlay, that do not require accreditation approval and that will require no expenditure beyond the campus’s existing resources. Trustee approval at the September meeting adds the program projection to the Academic Master Plan. This then allows the chancellor to approve the corresponding program proposal for implementation, following a system-level review indicating that the proposed degree program has been planned appropriately.

For fast-track consideration, 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 and trustee policy.
5. It is either a bachelor or master’s degree program.
6. The proposed program has been subject to a thorough campus review and approval process.

Ed. Pol.
Agenda Item 1
September 8-9, 2015
Page 2 of 2

The following fast-track proposal has been submitted by the campus, and the corresponding degree projection is proposed for inclusion in the CSU Academic Master Plan:

San Francisco State University
Bachelor of Science, Environmental Science
Fall 2016, planned implementation

The proposed resolution refers to the academic plans approved by the Board of Trustees in March 2015 and includes customary authorization for newly projected degree programs. The following resolution is recommended for adoption:

RESOLVED, by the Board of Trustees of the California State University, that the academic plan degree projections for San Francisco State University (as contained in Attachment A to Agenda Item 1 of the March 24-25, 2015 meeting of the Committee on Educational Policy) be amended to include a projected Bachelor of Science degree program with a major in Environmental Science and Management, planned for fall 2016 implementation.

COMMITTEE ON EDUCATIONAL POLICY

Recommended Amendment to Title 5 Regarding AB 2000

Presentation By

Loren J. Blanchard
Executive Vice Chancellor
Academic and Student Affairs

Ray Murillo
Director, Student Programs
Student Academic Support

Summary

Existing law provides that a person, other than a nonimmigrant alien, who attended high school in California for three or more years, who has graduated from a California high school or attained its equivalent, who has registered at or attends an accredited institution of higher education in California not earlier than the fall semester or quarter of the 2001-2002 academic year, and who, if he or she is an alien without lawful immigration status, has filed an affidavit, as specified, is exempt from paying nonresident tuition at the California Community Colleges and the California State University (CSU).

Assembly Bill 2000, approved by the Governor and filed with the Secretary of State on September 27, 2014, amended Section 68130.5 of the Education Code, relating to exemption from nonresident tuition. In addition to the conditions described above, this amendment provides that a student may qualify for exemption from nonresident tuition by either of the following:

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

These provisions modified the original provision regarding years of school attendance required to qualify for the exemption. The revised provisions were communicated to CSU campuses upon newly enacted Education Code and are currently utilized in determining eligibility for the California nonresident tuition exemption.

The proposed new Title 5 changes would bring CSU regulations into alignment with the updated Education Code section. An item will be presented at the November meeting for board action to adopt the following recommended amendments to Title 5.

Title 5. California Code of Regulations
Division 5. Board of Trustees of the California State Universities
Chapter 1. California State University
Subchapter 5. Administration
Article 4. Nonresident Tuition

§ 41906.5. Nonresident Tuition Exemption for California High School Students

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

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

(1) Satisfied either of the following:

(A) High school attendance in California for three or more years.

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

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

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

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

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

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

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

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

Students who are victims of trafficking, domestic violence, and other serious crimes who have been granted T or U visa status, under Title 8, United States Code, Sections 11101(a)(15)(T) or (U), are exempt from paying nonresident tuition if they (1) ~~attended high school in California for three or more years, Satisfied either of the following: (A) High school attendance in California for three or more years, or (B) attainment of credits earned in California from a California high school equivalent to three or more years of full-time high school coursework and a total of three or more years of attendance in California elementary schools, California secondary schools, or a combination of those schools;~~ (2) graduated from a California high school or attained the equivalent; and (3) registered as an entering student or are currently enrolled at a CSU campus.

COMMITTEE ON EDUCATIONAL POLICY

Recommended Addition to Title 5 Regarding Enrollment Services

Presented By

Loren J. Blanchard
Executive Vice Chancellor
Academic and Student Affairs

Ray Murillo
Director, Student Programs
Student Academic Support

Summary

In order to enforce the various levels of Title IX training that are now required by law, it is imperative that campus presidents be authorized to withhold enrollment services by means of registration holds for students who do not comply. The use of registration holds to encourage students to fulfill various requirements is a long-standing and necessary practice that enables campuses to manage their routine business and to meet statutory obligations. In general, the practice is implicit in the standing orders of the Board of Trustees as well as in Title 5.

Although a specific instance of withdrawing services has been defined in Title 5 with respect to non-payment of debts in Section 42381, this circumstance does not represent the only occasion whereby such authority may be exercised. Given the statutory intent of the legislation as well as the long-standing practice to impose various registration holds, a more general statement of this authority in Title 5 would be helpful, particularly if it articulated examples of its use.

Moreover, until now Title 5 has been silent on the role of enrollment services including the establishment of enrollment periods for each term, the necessity of creating a registration priority system, and the importance of adjusting the system based on course demand and available resources. The board has elsewhere comprehensively defined its intentions with respect to enrollment services, but it would be useful to specify the president of each campus as the authority to exercise this responsibility, which would include the management of withdrawing enrollment services for students who do not fulfill requirements.

The proposed Title 5 addition would position this new enrollment services language at the end of Article 2 on Curricula. This article already describes the creation of courses under programs, the definition of units for these courses, appropriate grading methods and the recommending role of faculty on various related matters. By adding the proposed language for the new section 40106,

any ambiguity about the appropriate use of registration holds beyond non-payment of debts would be eliminated.

Title 5. California Code of Regulations
Division 5. Board of Trustees of the California State Universities
Chapter 1. California State University
Subchapter 2. Educational Program
Article 2. Curriculum
§ 40106. Enrollment Services

Section 40106 - Enrollment Services

The president or designee is responsible for establishing the enrollment period for each academic term and for ensuring the general access of qualified students to the courses they need over time in order to complete their educational programs. As the appropriate campus authority, the president is responsible for the implementation of a registration priority system and for various adjustments to this system based on course demand and available resources. The president is also authorized to withhold enrollment services on either a temporary or permanent basis for any students who do not meet University requirements for continued attendance, including but not limited to evidence of satisfactory academic progress, the submission of required documents, payment of fees, the completion of mandatory orientation or other training programs, inoculation requirements, and the fulfillment of any disciplinary sanctions.

AGENDA

JOINT MEETING OF THE COMMITTEES ON EDUCATIONAL POLICY AND FINANCE

Meeting: 3:05 p.m., Tuesday, September 8, 2015
Glenn S. Dumke Auditorium

**Committee on Educational
Policy**

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

Committee on Finance

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

Consent

Approval of the minutes of the meeting of November 12, 2014

Discussion

1. Academic Sustainability Plan, *Information*

**MINUTES OF THE MEETING OF JOINT
COMMITTEES ON EDUCATIONAL POLICY AND FINANCE**

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

November 12, 2014

Members Present

Educational Policy Committee

Debra S. Farar, Chair
Margaret Fortune, Vice Chair
Roberta Achtenberg
Talar Alexanian
Rebecca D. Eisen
Douglas Faigin
Lupe C. Garcia
Steven M. Glazer
Lillian Kimbell
J. Lawrence Norton
Steven G. Stepanek

Finance Committee

Roberta Achtenberg, Chair
Steven M. Glazer, Vice Chair
Talar Alexanian
Adam Day
Rebecca D. Eisen
Debra S. Farar
Margaret Fortune
Lupe Garcia

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

Trustee Farar called the meeting to order.

Approval of Minutes

The minutes of September 9, 2014 were approved by consent as submitted.

Approval of the Academic Sustainability Plan, *Action Item*

Ryan Storm, Interim Assistant Vice Chancellor for Budget, informed the Board that the Academic Sustainability Plan needs Board approval as required by state law. He added that if approved, the plan will be submitted to the legislature. Mr. Storm stated that input received from the Board at its' September meeting was considered and incorporated into the proposed plan. He noted that at the September meeting staff discussed the elements of the plan and statutory requirements and assumptions that the university is required to use in preparation of the plan.

Mr. Storm indicated that staff consulted with many CSU stakeholders while developing the plan. These groups included presidents, provosts, student affairs vice presidents, faculty and various other CSU constituencies. The plan presented at this meeting incorporates feedback from these groups.

Mr. Storm stated that 16 performance measures have been addressed in the plan as required by law. The plan groups the measures into general categories of student access, degrees earned, and efficiency. He then summarized the proposed plan stating that the plan would highlight several system-wide and campus-based strategies already in place that would continue to positively affect performance measures, such as the Graduation Initiative and the Early Assessment and Early Start programs. He added that an approach of identifying recent trend data, estimating a future trend and establishing goals that align with those projections would be implemented.

Mr. Storm indicated that the law also required the development of a budget and that the CSU plan includes two budgets. The "State Budget" was constructed using the governor's office multi-year funding plan and tuition and fee assumptions and complies with the legal requirement. He added that while grateful to the governor's office for its continuing new investment in the CSU, the "State Budget" assumptions are insufficient in many ways. The "CSU Budget" offers opportunity for current and prospective students, quality education improvements, and ultimately meets California's need for an educated, prepared workforce. Because there are two budgets in the plan, there are two distinct paths and potential outcomes. He added that the performance measures and goals would be affected by different funding levels.

Mr. Storm stated that the "CSU Budget" assumptions translate into significant improvements in eight of the 16 performance measures, particularly in the categories of student access and several of the efficiency measures, more specifically in the areas of funded student enrollment increases, cost per degree, and number of degrees. However, he added, in the short term both budget assumptions have little or no effect on the eight other measures, particularly in the categories of degrees earned and other efficiency measures, or more specifically, graduation rates and total units earned by students. Any significant impact on these measures will take time.

Mr. Storm presented a slide which illustrated the different enrollment projections that emerge between the "State Budget" and the "CSU Budget" assumptions. Based on the "State Budget" assumption a one percent enrollment increase per year could raise enrollment in college year

2017 to approximately 433,000 students. He stated that the “CSU Budget” assumption reflects a three percent enrollment increase per year and could raise enrollment in college year 2017 to approximately 468,000 students. He added that it would mean that 45,000 additional students could receive a higher quality CSU education under the “CSU Budget” assumption than under the “State Budget” assumption. This would also means more degrees earned, and ultimately, a better educated society and a diversified, stronger California economy.

Mr. Storm stated that the recommended plan strikes a balance in meeting the requirements of the law and showing that an enriched budget would allow for funded enrollment increases and student success initiatives that would positively affect graduation rates, progress and time to degree and the efficiency of the system to graduate more students over the long-term.

Trustee Faigin stated that the plan was well-presented. He added that there is no harm in asking the State for additional funding.

Trustee Norton inquired if Mr. Storm had received clarification from the Department of Finance on how the plan was to be viewed. Mr. Storm responded that he had received clarification and it will be viewed as a planning tool.

Trustee Eisen inquired as to where the plan was to be submitted and what would happen to it after it is submitted. Mr. Storm responded that it will be submitted to the Department of Finance, the Legislature, and others. He added that this is a new report.

Trustee Eisen stated that this was a great opportunity to advocate for the CSU and the plan did a good job of demonstrating the CSU’s true needs. Trustee Farar concurred with Trustee Eisen’s comment.

The committee recommended approval of the Academic Sustainability Plan (REP/FIN 11-14-01).

There being no further questions, Trustee Farar adjourned the Joint Committees on Educational Policy and Finance.

**JOINT MEETING OF THE
COMMITTEES ON EDUCATIONAL POLICY AND FINANCE**

Academic Performance Measures (Academic Sustainability Plan)

Presentation By

Ryan Storm
Assistant Vice Chancellor
Budget

Ed Sullivan
Assistant Vice Chancellor
Academic Research and Resources

Summary

In 2014 state law was passed as a part of the budget bill requiring the California State University Board of Trustees to develop and approve a three-year academic sustainability plan. There are no changes in 2015 to the requirements of the law. The board will be presented with the required elements of the law, the Department of Finance assumptions that must be incorporated into a plan, and Chancellor's Office staff's preliminary recommendation to the board for purposes of crafting a plan. Staff will return to the board for review and final approval of a plan at the November 2015 board of trustees meeting.

Background

Starting with the Budget Act of 2014 and continued in the Budget Act of 2015, the trustees are required to develop and approve a plan that details the university's academic and fiscal sustainability over a three-year period and submit that plan to the Department of Finance and the legislature no later than November 30, 2015.

The plan must include the following three components:

- 1) Projections of available resources in the 2016-2017, 2017-2018, and 2018-2019 fiscal years, using state general fund and tuition fee revenue assumptions provided by the Department of Finance. Projections of expenditures in each of those years and descriptions of any changes to current operations necessary to ensure that expenditures projected for those years are not greater than the available resources projected for those years.
- 2) Projections of resident and non-resident enrollment in each of those years.
- 3) Goals for 16 performance measures, described in state law, in each of those years.

Components 1 and 2: Revenue, Expenditure and Enrollment Assumptions

In a letter dated August 3, 2015 to the CSU, and included as Attachment A, the Department of Finance revealed the state general fund and tuition fee revenue assumptions for the academic sustainability plan. In short, the state general fund assumptions align with the governor's multi-year funding plan and other baseline adjustments, including savings from the middle class scholarship, state public works board debt service payments, and the state's contribution to the Public Employees' Retirement System on behalf of CSU employees. In addition, the Department of Finance directed the board to craft a plan that assumes no systemwide tuition fee or category II campus-based fee increases. The board must decide how it will prepare the academic sustainability plan using less than ideal revenue assumptions. This presents a challenge, as the Department of Finance's revenue assumptions fall short of CSU's annual, identified financial needs.

For illustration purposes, the Department of Finance expects the CSU to assume only \$124.4 million of new state general fund support and no new systemwide tuition fee revenue for 2016-2017. CSU's typical support budget request (a combination of state general fund support and tuition fee revenue) is \$100-\$150 million more than the current multi-year plan provides.

Component 3: Goals for Performance Measures

State law identified 16 performance measures that were to be reported on annually in March. Under the Department of Finance's assumptions, the CSU cannot establish and accomplish all of the goals in student achievement given that the state's financial commitment to the CSU is closest to the 2008-2009 level of three billion.

Another significant challenge is that the Department of Finance's assumptions provide only 40 to 50 cents of every dollar needed to meet CSU's most critical needs. Each of the 23 CSU campuses have implemented strategies to improve their graduation rates, close the achievement gap for under-represented minorities, and increase retention rates across the system. Many of these efforts have been successful and with the funding of the trustees support budget in 2015-2016 more progress will continue to be made in the highest priority areas. However, the modest proposed increases in state funding for the next two years, combined with the mandate to hold tuition rates flat, impedes the university's ability to maximize student success, scale up successful programs to serve more students, and compete against other university priorities such as mandatory costs, predictable compensation increases, and funding of deferred maintenance and infrastructure improvements.

The CSU Graduation Initiative 2025 includes stretch goals for each campus in six areas: four- and six-year graduation rates for freshman; two- and four-year graduation rates for transfer students; and closing the achievement gap for underrepresented freshman and transfer students.

Campus leaders have prioritized their budgets accordingly to meet these goals by focusing on increased tenure-density among faculty, improved advising, reducing bottlenecks, scaling high-impact practices, moving more students through college-preparation curriculum sooner, and using data to make decisions across campus. The 16 performance measures required by the law track some of this progress and add additional metrics for further detail.

Statutory Performance Measures

1. The number of California Community College (CCC) transfer students enrolled and the percentage of CCC transfer students as a proportion of the total number of undergraduate students enrolled.
2. The number of new CCC transfer students enrolled and the percentage of new CCC transfer students as a proportion of the total number of new undergraduate students enrolled.
3. The number of low-income students enrolled and the percentage of low-income students as a proportion of the total number of undergraduate students enrolled.
4. The number of new low-income students enrolled and the percentage of low-income students as a proportion of the total number of new undergraduate students enrolled.
5. The four-year graduation rate for students who entered the university four years prior and, separately, for low-income students in that cohort.
6. The four-year and six-year graduation rates for students who entered the university six years prior and, separately, for low-income students in that cohort.
7. The two-year transfer graduation rate for students who entered the university two years prior and, separately, for low-income students in that cohort.
8. The two-year and three-year transfer graduation rates for students who entered the university three years prior and, separately, for low-income students in that cohort.
9. The two-year, three-year, and four-year transfer graduation rates for students who entered the university four years prior and, separately, for low-income students in that cohort.
10. The number of degree completions annually, in total and for the following categories: (A) freshman entrants, (B) CCC transfer students, (C) graduate students, (D) low-income students.
11. The percentage of freshman entrants who have earned sufficient course credits by the end of their first year of enrollment to indicate that they will graduate within four years.
12. The percentage of CCC transfer students who have earned sufficient course credits by the end of their first year of enrollment to indicate that they will graduate within two years.

13. For all students, the total amount of funds received from all sources specified for the year, divided by the number of degrees awarded that same year.
14. For undergraduate students, the total amount of funds received from all sources specified for the year expended for undergraduate education, divided by the number of undergraduate degrees awarded that same year.
15. The average number of CSU course credits and the total course credits, including credits accrued at other institutions, accumulated by all undergraduate students who graduated, and separately for freshman entrants and CCC transfer students.
16. The number of degree completions in science, technology, engineering, and mathematics (STEM) fields, in total, and separately for undergraduate students, graduate students, and low-income students. "STEM fields" include, but are not limited to, all of the following: computer and information sciences, engineering and engineering technologies, biological and biomedical sciences, mathematics and statistics, physical sciences, and science technologies.

Recommendation

While the law requires the CSU to develop an academic sustainability plan using the Department of Finance's revenue assumptions, it does not preclude the CSU from using its own revenue assumptions in the trustees' support budget to build its own, preferable academic sustainability plan.

Therefore, staff suggests that the plan follow the same strategy used in 2014 which is comprised of two parts:

1. Identify priorities and high-level goals using Department of Finance revenue assumptions. Taking a pragmatic approach, the board could establish goals that only commit to make some qualitative improvement in the performance measures.
2. Identify specific targets using CSU revenue assumptions. The board presents required fiscal conditions (\$250 to \$350 million per annum) and commensurate student achievement goals.

This two-part approach would fulfill the requirements of the law by preparing a plan using the Department of Finance's revenue assumptions, but it would also demonstrate to the administration, the legislature, and others, that with requisite resources the CSU could achieve greater student achievement.

It is important that the board create goals that are reasonable under each revenue assumption. There is ample evidence that fewer financial resources will result in fewer faculty, staff, and improvements to facilities, which are essential for student success and completion. Additionally,

this approach furthers the discussion between the CSU, the administration, the legislature, and other stakeholders about appropriate funding levels and what the CSU expects regarding student success and completion.

Conclusion

This is an information item presenting a preliminary recommendation to the board to develop and approve a statutorily-required academic sustainability plan covering the 2016-2017, 2017-2018 and 2018-2019 fiscal years. Staff will return to the board for review and final approval of the plan at the November 2015 board meeting.



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

August 3, 2015

Mr. Lou Monville
Chair of the Board of Trustees
California State University
401 Golden Shore, Room 620
Long Beach, CA 90802

Dr. Timothy P. White
Chancellor
California State University
401 Golden Shore, Room 641
Long Beach, CA 90802

Dear Chair Monville and Chancellor White:

The Budget Act of 2015 includes a significant amount of additional resources for the California State University (CSU), consistent with the Administration's multi-year funding plan, and provides the Trustees with broad discretion to govern the university to meet state goals.

The Administration continues to expect the CSU to use available resources to maintain affordability, decrease the time it takes students to complete programs, increase the percentage of students who graduate, and ease the transfer of community college students into the university. The additional funds should allow the university to accelerate its efforts to improve student success, including through the Graduation Initiative announced by the Chancellor.

The Budget Act requires the Trustees to approve a plan that details any changes necessary to support the university's sustainability over a multi-year period and submit that plan to the Department of Finance (Finance) and the Legislature no later than November 30, 2015. Specifically, the plan must include the following components:

- Projections of available resources in the 2016-17, 2017-18, and 2018-19 fiscal years, using any assumptions provided by Finance to project General Fund appropriations and student tuition and fee revenues.
- Projections of expenditures in each of those years and descriptions of any changes to current operations necessary to ensure that expenditures projected for those years are not greater than the available resources projected for those years.
- Projections of resident and nonresident enrollment in each of those years, assuming implementation of any changes described in the plan.
- The university's goals for the measures reported in each of those years pursuant to Education Code section 89295, assuming implementation of any changes described in the plan.

Pursuant to these provisions, the Trustees should develop the plan using the following assumptions:

- *General Fund Appropriations:* The Trustees should expect adjustments to the General Fund appropriations included in the 2015-16 budget only for the following:

- Consistent with the Administration's multi-year funding plan, increases of \$124,406,000 in 2016-17, \$129,382,000 in 2017-18, and \$134,557,000 in 2018-19. These amounts represent increases equal to the augmentations provided to the University of California in each of those years.
- Consistent with the intent of Chapter 22, Statutes of 2015, that savings realized from changes made to the allocations for the Middle Class Scholarship Program be used to support higher education, increases of \$15,000,000 in 2016-17 and \$26,000,000 in 2017-18.
- Consistent with the Administration's limited commitment to fund certain State Public Works Board lease-revenue bond rental payments the CSU will begin making, increases of \$7,865,000 in 2016-17 and \$5,070,000 in 2017-18.
- Pursuant to statutory provisions specifying that the CSU's General Fund appropriation will be adjusted to fund changes in the CSU's contribution to the Public Employees' Retirement System that result from changes in the employer contribution rate applied to the CSU's 2013-14 salary base, increases of \$20,461,000 in 2015-16, \$44,072,000 in 2016-17, \$12,325,000 in 2017-18, and \$12,348,000 in 2018-19.
- *Student Tuition and Fees:* The Trustees should **assume** that the amounts charged in 2016-17 for the undergraduate tuition fee and the graduate and postbaccalaureate tuition fee will remain equal to or less than the amounts charged in 2015-16.

Thank you for the board's attention to the development of this plan. The Administration's intent is that receipt of the plan will inform the ongoing discussion between the Administration, the Legislature, and the Trustees about the CSU's long-term sustainability and changes that can be made to university policies, practices, and systems to advance the state's goals for higher education.

If you have any questions or need additional information, please feel free to call me at (916) 445-4141.

Sincerely,



MICHAEL COHEN
Director

cc: Members of the Board of Trustees of the California State University
Mr. Steve Relyea, Executive Vice Chancellor and Chief Financial Officer, California State University
Mr. Ryan Storm, Assistant Vice Chancellor for Budget, California State University

AGENDA

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Meeting: **3:45 p.m., Tuesday, September 8, 2015**
 Glenn S. Dumke Auditorium

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

Consent Items

Approval of minutes of meeting of May 19, 2015

1. Naming of the Cymer Plaza – San Diego State University, *Action*
2. Naming of the William E. Leonhard Entrepreneurial Center Floor – San Diego State University, *Action*
3. Naming of the Zahn Innovation Platform – San Diego State University, *Action*

Discussion

4. Designation of the California Maritime Academy as a Purple Heart University, *Action*
5. 2015-2016 California State University Trustees' Award for Outstanding Achievement, *Information*

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

May 19, 2015

Members Present

Douglas Faigin, Acting Chair
Silas Abrego
Debra S. Farar
Margaret Fortune
Lou Monville, Chair of the Board
J. Lawrence Norton
Steven G. Stepanek
Timothy P. White, Chancellor

Trustee Faigin called the meeting to order.

Approval of Minutes

The minutes of March 25, 2015, were approved as submitted.

Trustee Faigin recognized the CSU recipients of the 2015 Council for Advancement and Support of Education (CASE) Awards, including California State University, Long Beach; California State University, Stanislaus; Peter Smits, vice president emeritus at California State University, Fresno; and President Alexander Gonzalez, California State University, Sacramento.

Naming of an Academic Program – San Diego State University

Mr. Garrett P. Ashley, vice chancellor for university relations and advancement, reported that the proposed naming recognizes the \$2.5 million additional commitment from J. Keith Behner and Catherine M. Stiefel. Mr. Behner and Ms. Stiefel launched the Brazil Program in 2013 with an initial gift of \$325,000. The gift will allow for research specializations in the areas of health, environmental science, international business and urban development.

The committee unanimously recommended approval by the board of the proposed resolution (RIA 05-15-06) that the Brazil Program at San Diego State University be named The J. Keith Behner and Catherine M. Stiefel Brazil Program.

Naming of a Facility – California State Polytechnic University, Pomona

Mr. Ashley reported that the proposed naming recognizes the \$2,059,000 gift by the J. Willard and Alice S. Marriott Foundation in the expansion of The Collins College of Hospitality Management at Cal Poly Pomona. The building will include flexible classrooms, restrooms, an exterior arcade and colonnade, and a grab n' go café.

The committee unanimously recommended approval by the board of the proposed resolution (RIA 05-15-07) that The Learning Center at The Collins College of Hospitality Management at California State Polytechnic University, Pomona be named the Marriott Learning Center.

Trustee Faigin adjourned the meeting.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Naming of the Cymer Plaza– San Diego State University

Presentation by:

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Summary

This item will consider naming the Engineering and Interdisciplinary Sciences Complex Plaza at San Diego State University as the Cymer Plaza. This proposal meets the criteria and other conditions specified in the Board Policy on Naming California State University Facilities and Properties, including approval by the system review panel and the campus university senate.

Background

The proposed naming of Cymer Plaza recognizes a one million dollar gift commitment by Cymer LLC. Cymer LLC's president and chief operations officer, Edward J. Brown, Jr., is an alumnus of San Diego State University, having graduated with a bachelor's degree in industrial arts in 1979. The company has been a longtime employer and internship provider to SDSU students, and in 2012, gifted \$300,000 to upgrade the Doc Morris Lab, which is a core part of the physics program. In addition, Cymer has supported numerous student projects in engineering, computer sciences and physics.

Recommended Action

The following resolution is recommended for approval:

RESOLVED, by the Board of Trustees of the California State University, that the Engineering & Interdisciplinary Sciences Complex Plaza at San Diego State University, be named the Cymer Plaza.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Naming of the William E. Leonhard Entrepreneurial Center Floor – San Diego State University

Presentation by:

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Summary

This item will consider naming the Engineering & Interdisciplinary Sciences Entrepreneurial Center Floor at San Diego State University as the William E. Leonhard Entrepreneurial Center Floor. This proposal meets the criteria and other conditions specified in the Board Policy on Naming California State University Facilities and Properties, including approval by the system review panel and the campus university senate.

Background

The proposed naming of the William E. Leonhard Entrepreneurial Center Floor recognizes a one million dollar gift commitment by alumnus William E. Leonhard (College of Engineering, '64). The contribution will be used to support the Engineering & Interdisciplinary Sciences Complex at San Diego State University.

Recommended Action

The following resolution is recommended for approval:

RESOLVED, by the Board of Trustees of the California State University, that the Engineering & Interdisciplinary Sciences Complex Entrepreneurial Center Floor at San Diego State University, be named the William E. Leonhard Entrepreneurial Center Floor.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Naming of the Zahn Innovation Platform – San Diego State University

Presentation by:

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Summary

This item will consider naming the Innovation Platform in the Engineering and Interdisciplinary Sciences Complex at San Diego State University as the Zahn Innovation Platform.

This proposal meets the criteria and other conditions specified in the Board of Trustees Policy on Naming California State University Academic Entities, including approval by the system review panel and the campus university senate.

Background

The proposed naming of the Innovation Platform in the Engineering and Interdisciplinary Complex at San Diego State University recognizes a four million dollar gift by the Moxie Foundation. The gift will be used to create and endow the Zahn Innovation Platform (ZIP), which will serve as a campus-wide hub for cross-discipline collaboration, creative problem solving, exploration of new ideas and the launch of new ventures. As part of the Engineering and Interdisciplinary Sciences Complex at San Diego State University, ZIP will house three different components designed for the San Diego State University community to interact in the ethos of innovation: the ZIP Launchpad, ZIP Lab, and ZIP Lounge.

Irwin Zahn is the founding donor of the Zahn Innovation Center at San Diego State University and the chairman and CEO of the Moxie Foundation. His son, Peter Zahn, is a business attorney and president of the Moxie Foundation. ZIP is part of a larger \$5.125 million commitment from the Zahn family and the Moxie Foundation to the San Diego State University Engineering and Interdisciplinary Sciences Complex.

Recommended Action

The following resolution is recommended for approval:

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RESOLVED, by the Board of Trustees of the California State University, that the Innovation Platform in the Engineering and Interdisciplinary Sciences Complex at San Diego State University be named the Zahn Innovation Platform.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Designation of the California Maritime Academy as a Purple Heart University

Presentation by:

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Rear Admiral Thomas A. Cropper
President
California Maritime Academy

Summary

The California Maritime Academy celebrates a rich military connection with many veteran students, faculty and staff calling the campus home. Generations of Cal Maritime graduates have served with distinction in both the armed forces and the Merchant Marine, leading to the campus motto: “To work, or to fight: we are ready.”

The entire CSU system shares a deep appreciation for these individuals, yet it is particularly appropriate that Cal Maritime extend this recognition based on its unique mission and history. Additionally, the City of Vallejo adopted the designation of Purple Heart City and has requested that the California Maritime Academy – as the resident university – consider this designation.

The designation of Purple Heart University is intended to honor the service and sacrifice of the U.S. Armed Forces’ brave men and women wounded or killed in action.

Therefore, the following resolution is recommended for approval:

WHEREAS, the students, faculty, staff and all California Maritime Academy stakeholders have the greatest admiration and gratitude for all of the brave men and women who have served or are serving in our Armed Forces; and

WHEREAS, the Purple Heart Medal as a military decoration traces its origins to General George Washington’s General Orders to the Continental Army on August 7, 1782 which established the Badge of Military Merit; and

WHEREAS, the Badge of Military Merit was revived in 1932, on the 200th anniversary of George Washington’s birth, when the U.S. War Department

authorized a new Purple Heart Medal to be awarded to any Service member who has been wounded in action or killed in action, and the first awardees received it retroactively for their World War I service; and

WHEREAS, nearly two million Purple Heart Medals have been awarded to combat veterans, and this figure represent the selfless sacrifices that our Veterans and Service members have made; and

WHEREAS, the California Maritime Academy celebrates its rich military connection, has been home to many veterans and wishes to honor and thank each of them for their dedication to duty, selfless sacrifice and personal courage for the United States of America; now, therefore, be it

RESOLVED, by the Board of Trustees of the California State University, that this board designates the California Maritime Academy a Purple Heart University and salutes our Purple Heart Medal recipients for their service, valor and sacrifice.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

2015-2016 California State University Trustees' Award for Outstanding Achievement

Presentation By

Timothy P. White
Chancellor

Ali C. Razi
Trustee Emeritus

Steven Stepanek
Faculty Trustee

Summary

Each year, the California State University (CSU) Board of Trustees provides scholarships to high-achieving students who have demonstrated financial need and overcome profound personal hardships to attain an education from the CSU. These students have superior academic records and are also providing extraordinary service to their communities.

Background

Since its inception, over 300 students have received the CSU Trustees' Awards for Outstanding Achievement. Thanks to donor generosity, one student from each campus will receive an award.

These distinguished awards are funded by personal contributions from the CSU trustees, employees, and friends of the university. Endowments have been established by the William Randolph Hearst Foundation, Trustee Emeritus Kenneth Fong, Trustee Emeritus Murray L. Galinson, Trustee Emerita Claudia Hampton, Trustee Emeritus William Hauck, Trustee Emeritus Ali C. Razi, Chancellor Emeritus Charles B. Reed, and the John and Beverly Stauffer Foundation. Additional named scholarships have been funded by: Trustee Rebecca Eisen, Trustee Peter Taylor, CSU Foundation Chair Ronald Barhorst, CSU Foundation board member Peter Brightbill/Wells Fargo, CSU Foundation board member Michael Lizárraga/TELACU, CSU Foundation board member Michael Lucki, Sycuan Band of Kumeyaay Nation, Fresno State Foundation and The Henry J. Kaiser Family Foundation. CSU Foundation board member Sheri Slate's company Cisco is funding a scholarship and also sponsoring the awards ceremony. Travel for the scholars has been generously provided by Southwest Airlines.

The recipients of the 2015-2016 CSU Trustees' Award for Outstanding Achievement include:

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Charmaine Parubrub
California State University, Bakersfield
Henry J. Kaiser Family Foundation Scholar

Gabriel Guillén
California State University Channel Islands
William Randolph Hearst Scholar

Courtney Sage Silver
California State University, Chico
Trustee Emeritus Murray L. Galinson Scholar

Dominique Dalanni
California State University, Dominguez Hills
Cisco Scholar

Patrick Michael Sorgaard
California State University, East Bay
Michael and Debe Lucki Scholar

April Booth
California State University, Fresno
Trustee Emeritus Peter Mehas Scholar

Todd Callahan
California State University, Fullerton
Sycuan Band of the Kumeyaay Nation Scholar

Shayne Sines
Humboldt State University
*CSU Foundation Board of Governors' Scholar
Sponsored by Ronald R. and Mitzi Barhorst*

Heather Valenova Dayag
California State University, Long Beach
Trustee Emerita Claudia Hampton Scholar

Samantha Lorenz
California State University, Los Angeles
Trustee Rebecca Eisen Scholar

Devin Schumacher
California Maritime Academy
William Randolph Hearst Scholar

Jason Rodriguez
California State University, Monterey Bay
William Randolph Hearst Scholar

Amanda Nuno
California State University, Northridge
Trustee Emeritus Kenneth Fong Scholar

Tyler Kent Sullivan
California State Polytechnic University, Pomona
Trustee Peter and Coralyn Taylor Scholar

Yuriy Dzyuba
California State University, Sacramento
Sycuan Band of the Kumeyaay Nation Scholar

Alexander Soto
California State University, San Bernardino
TELACU Scholar

Edwin Perez
San Diego State University
William Randolph Hearst Scholar

Christine D. Gonzalez
San Francisco State University
Trustee Emeritus Ali C. Razi Scholar

Melissa Ortiz
San José State University
Trustee Emeritus William Hauck Scholar

Mario Alberto Viveros Espinoza
California Polytechnic State University, San
Luis Obispo
William Randolph Hearst Scholar

Maylin Caldwell
California State University San Marcos
Wells Fargo Scholar

Danielle R. Hansen
Sonoma State University
Chancellor Emeritus Charles B. Reed Scholar

José Godínez
California State University, Stanislaus
William Randolph Hearst Scholar

AGENDA

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Meeting: **8:00 a.m., Wednesday, September 9, 2015**
 Glenn S. Dumke Auditorium

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

Consent Items

Approval of Minutes of Meeting of July 21, 2015

1. Executive Transition Program Update – Dr. Mohammad Qayoumi,
Information

Discussion

2. Compensation Analysis for Employee Groups, *Information*
3. Employee Compensation Policy and Reexamination of Policy on Presidential Compensation, *Information*

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

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

July 21, 2015

Members Present

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

Trustee Morales called the meeting to order.

Approval of Minutes

The minutes of May 19, 2015 were approved as submitted.

Public Speakers

The committee then heard from the following public speakers:

Lillian Taiz, California Faculty Association (CFA) Political Action Legislative Chair Los Angeles, Andrew Merrifield, CFA Bargaining Team Sonoma, and Susan Meisenhelder, CFA Bargaining Team San Bernardino, spoke about executive salary increases.

Compensation for Unrepresented Employees

Information on the 2015-2016 Management Personnel Plan (MPP) and Confidential employees compensation was shared with the Board. Chancellor Timothy P. White authorized a two percent compensation pool for eligible unrepresented employees in the Management Personnel Plan and for Confidential employees effective July 1, 2015.

Compensation for Executives

Recommendations for executive compensation were presented. Chancellor Timothy P. White recommended a two percent compensation increase for system executives for fiscal year 2015-2016. Trustee Lupe Garcia recommended a two percent compensation increase for the vice chancellor and chief audit officer for fiscal year 2015-2016. Board Chair Lou Monville recommended a two percent compensation increase for Chancellor White for fiscal year 2015-2016.

After the presentation of this item, there was a brief discussion. Trustee Eisen inquired about the total value of the 2% increase. Chancellor White stated that the total increase was \$187,299 with \$4,395 of that amount supporting supplemental compensation.

Trustee Abrego asked when the budget was submitted did it mention enrollment impaction and that we should take action on that as well. Chancellor White stated the budget included the 2% increase for all employee groups and it addressed enrollment growth of 12,000 students, investment in capital projects, and IT.

The Board adopted the item as submitted. (RUFP 07-15-02)

Compensation Overview

Chancellor White and Vice Chancellor Lamb provided general information regarding compensation challenges faced by the California State University (CSU) as background for the Board of Trustees as they review future proposals and plans related to this topic.

After the presentation of this item, there was a brief discussion. Trustee Garcia asked if there was a timeline of the compensation policy and plan. Vice Chancellor Lamb stated that more information would be provided at the September 2015 and November 2015 Board of Trustees meetings.

Trustee Faigin inquired if it is a good construct to compare the CSU to other markets and if that is most appropriate? And, what is the reason for the increase in health care costs? Vice Chancellor Lamb responded that using comparable data is the best practice but is not the only relevant factor. Another important factor is availability of resources, and that an increase in health care costs most often come from employee usage and claims, and that our health care coverage benefits are above most markets.

Trustee Eisen commended the efforts at a more sophisticated level of analysis and stated that the base salary chart did not take into account health care benefits.

Trustee Garcia suggested that the conflict of interest of foundations be addressed in a subsequent salary policy.

State Superintendent of Public Instruction Tom Torlakson mentioned that the goal of retaining quality employees is daunting and suggested the CSU brief the Department of Finance about its current needs. Chair Monville stated that the CSU will be addressing the Department of Finance our needs and appreciated the advice from Mr. Torlakson.

Trustee Morales adjourned the meeting.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Executive Transition Program Update – Dr. Mohammad Qayoumi

Presentation By

Lori Lamb
Vice Chancellor for Human Resources

Summary

Information will be provided on the transition of Dr. Mohammad H. Qayoumi from his position as president of San José State University.

Background

At the November 14-15, 2006 meeting of the California State University (CSU) Board of Trustees a resolution (RUFP 11-06-06) was adopted requiring the chancellor to report on new individual transition programs in an open meeting of the Committee on University and Faculty Personnel.

Trustee policy provides for an executive transition program for individuals appointed into an executive position between November 18, 1992 and November 14, 2006 (RUFP 11-92-04). Under the provisions of the program, the executive is entitled to a paid transitional period of one year.

Information

On August 17, 2015, Dr. Mohammad H. Qayoumi resigned from the position of president of San José State University. His transition assignment to which he is entitled under the executive transition program is effective August 18, 2015 through August 17, 2016.

During his transition assignment he will be reassigned into the Management Personnel Plan (MPP – Administrator IV) and is eligible for standard benefits applicable to MPP employees. Dr. Qayoumi will have a salary set at the annual rate of \$261,000. His auto allowance was discontinued effective August 17, 2015.

Duties during his transition assignment include:

- To be available at the request of the interim president and the new president if appointed during the year for advice and counsel on matters pertaining to San José State University.

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- To be available to the chancellor and to other system executive/vice chancellors for advice and counsel on matters pertaining to the CSU.

During this transition period, Dr. Qayoumi will also be serving, as Chief Advisor to the President of his home country, Afghanistan.

Following the transition year, he has retreat rights at San José State University in the College of Engineering, Department of Electrical Engineering.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Compensation Analysis for Employee Groups

Presentation By

Timothy P. White
Chancellor

Lori Lamb
Vice Chancellor for Human Resources

Summary

Building on the July 2015 presentation, Chancellor White and Vice Chancellor Lamb will provide additional information regarding compensation challenges facing the California State University (CSU) as background for the Board of Trustees as they consider future proposals, compensation plans, and the CSU budget.

Background

Last month the Board heard general information on compensation including:

- 59% of the total budget for the CSU is spent on salaries/wages and fringe benefit costs.
- Over the last five years fringe benefit costs have risen roughly 30% an increased cost to the system of nearly \$111 million.
- For illustrative purposes, a 1% compensation increase for all employee groups increases the cost to the system by approximately \$32.8 million. Below is the cost to increase each employee group by 1%:

Faculty	\$16.5 million
Staff	\$11.8 million
Management	\$4.4 million
Executives	\$120 thousand
- Despite salary increases in the past two-three years, the gap between CSU salaries and other relevant market means persists for several employee groups.
- Market competitiveness of employee groups varies depending on the unit and circumstances. Noteworthy trends include:
 - 1) Longer-serving employees are often further behind the market than recently-hired employees; and
 - 2) Employees at the larger campuses are often further behind the market than those at smaller campuses.

- In addition to the salary increases implemented at the system level, other interventions are in process such as faculty equity programs, in-range-progression programs for staff, and equity adjustments for Management Personnel Plan (MPP) employees. The campus investment in these programs is expected to exceed \$18 million.

This initial information highlighted the need for compensation to be thoughtfully and strategically addressed. As a result, the following progress has taken place:

1. We retained Sibson Consulting as compensation consultants. They performed initial reviews of the CSU compensation methodologies and provided an initial assessment.
2. We are preparing a Request for Proposal for consulting services to conduct a comprehensive total compensation study.
3. We are looking broadly at factors affecting compensation.
4. We are providing additional analyses on compensation issues and will continue to provide analyses and progress reports on development of an overall compensation program.
5. We are proposing a comprehensive discussion of compensation policy that covers all employee groups as part of the September 2015 University and Faculty Personnel Agenda Item 3. This proposed policy will help establish the framework to build an appropriate infrastructure to support a comprehensive compensation program.

Factors Affecting Compensation

Compensation decisions are complex. Best practice compensation decisions go beyond evaluating an employee's skills, experience and capabilities, taking into account numerous factors including, but not limited to:

- Market Competitiveness (lag/lead comparisons)
- Recruitment and Retention Data
- Geographic Differentials
- Fiscal Resources

Market competitiveness is determined first through a comprehensive understanding of the work being done, then identifying other organizations where similar work is done and comparing the average compensation at those organizations. The challenge is that while some positions, such as faculty, are limited to higher education, other positions exist in many different types of organizations. For example, for information technology professionals, we must look more broadly than higher education for meaningful comparisons. In addition, the labor market differs for different employee groups. Thus, for presidents we consider national labor markets since we recruit broadly for these critical leadership positions. In contrast, for many staff positions, we generally review local labor markets.

Competitiveness is also impacted by total compensation (salary and benefits). For this report we will consider only salary competitiveness as compared to market means. As stated above, we will conduct a thorough total compensation study in the coming year.

Compensation decisions must also take into consideration issues of supply and demand. Examining recruitment and retention data is a way of assessing supply and demand for various types of work. If an organization has difficulty recruiting or retaining appropriately quality individuals in positions, it may require adjustment in compensation.

Geographic differences should also be considered when examining compensation. These differences play out within the CSU in many ways and create significant complexities. The appropriate rate of compensation for a job will be influenced by location and its attendant cost of living. As a system we are increasingly challenged with these geographic differences, yet to date we have maintained a single pay structure for each employee group. Many organizations have differential pay scales for different geographic regions. For example, the University of California uses different pay scales depending on the geographic area of California in which their employees work. We will continue to analyze the geographic pay differentials and provide recommendations as warranted in the future.

The availability of fiscal resources is a primary determining factor in making compensation decisions. An organization must have the resources to fund whatever decisions are made.

One essential overlay must be acknowledged in any discussion of compensation for CSU employees: the critical role of collective bargaining for our 47,000 represented employees. As we develop specific strategies and approaches, we are fully committed to negotiating in good faith with our unions over those matters that fall within scope, and we welcome union input.

Additional Analyses on Compensation Factors

Faculty

Faculty are our largest employee group – roughly 25,000 instructional faculty are engaged in direct service to our students. Faculty consist of two primary groups:

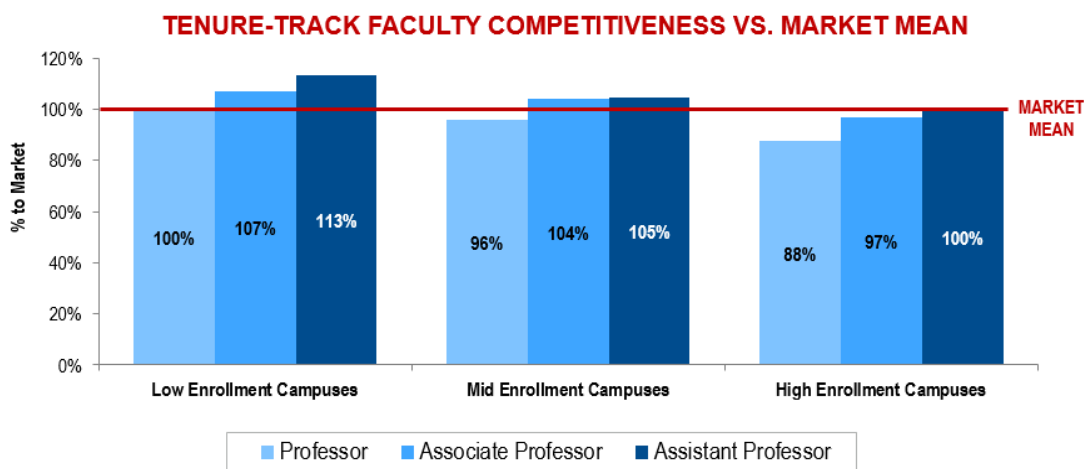
- Tenure-track and tenured faculty (assistant, associate and full professors) who engage in teaching, research and service to the universities and communities; and
- Lecturers (full time and part time) who generally perform only teaching activities.

Tenure-track faculty are typically recruited through national searches, and as such the CSU competes with a wide range of institutions across the country. In addition, the campuses of the CSU differ in size, mission, mix of programs, and other factors. We currently group our

campuses into three tiers for comparison purposes based primarily on budget and enrollment; the tiers are provided in Attachment 1.

The source of salary data for tenure/tenure-track faculty is presently the annual salary survey published by the Association of American University Professors (AAUP). Data is provided to the AAUP from colleges and university across the nation, including the CSU, and is considered reliable.

Salary competitiveness for our tenure-track faculty:

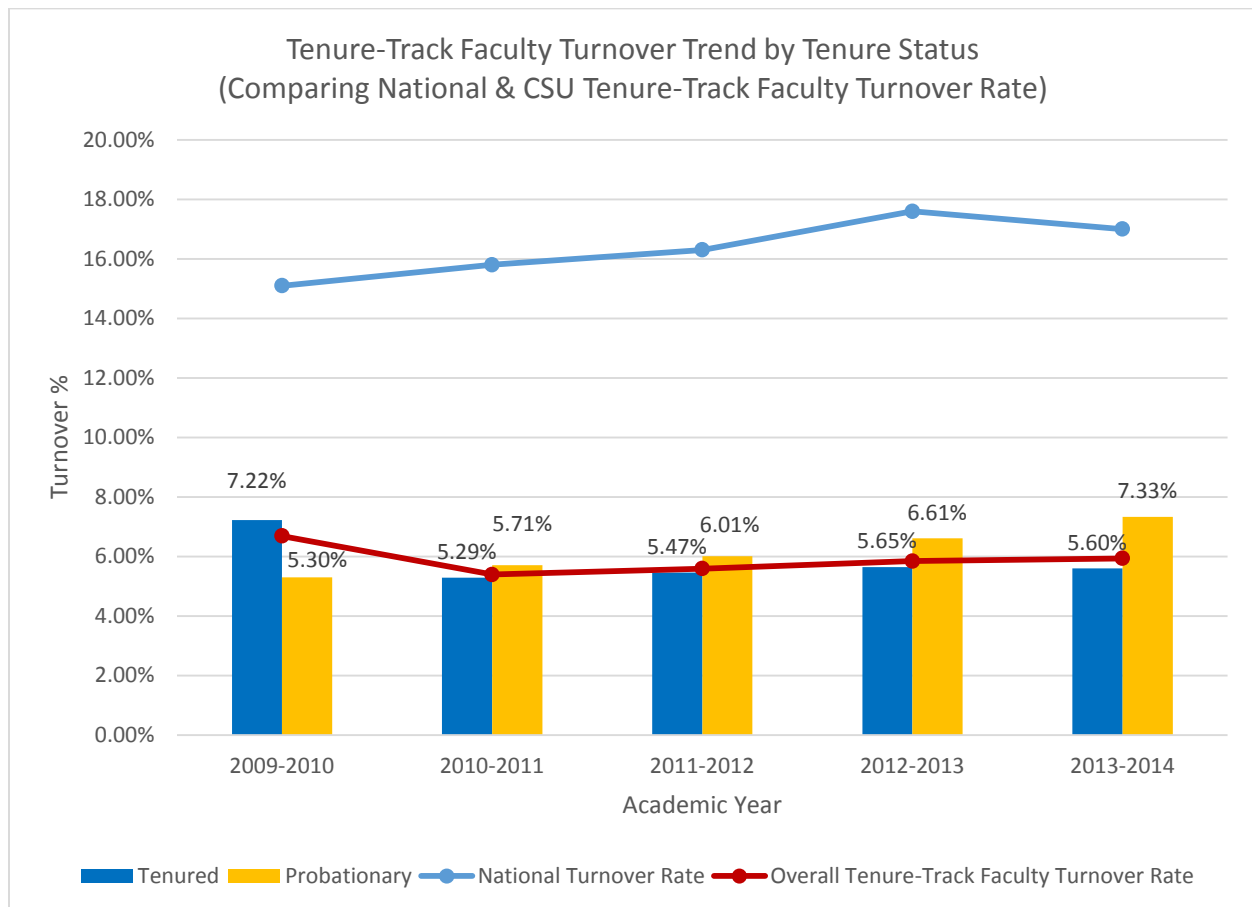


(Source: Sibson Consulting)

Less complete information is available regarding benchmark comparators for lecturers. The analysis used was based on all the comparison institutions identified in Attachment 1 in which full-time lecturer data was available (from 15 of the 23 comparator institutions). The data are from the Integrated Postsecondary Education Data System, and the most recent available is Fall 2013. At that time the average salary for a full-time lecturer in the CSU was about \$56,000, compared to \$50,000 per year for the comparison institutions.

In addition to looking at market competitiveness, it is also critical to look at recruitment and retention of the relevant employee group. Each year the Chancellor's Office collects data from all campuses regarding the recruitment and retention of tenure-track faculty. These data indicate that in general campuses have sufficient candidate pools and are successful in making tenure-track hires. In addition, the overall turnover rates for all employee groups, including faculty, are

below national benchmarks for employers of our size. Turnover rates for tenure-track instructional faculty are also lower than those for staff in the CSU.



However, turnover among faculty does vary by discipline, as does the supply of qualified faculty. The following data illustrate some of the additional complexities:

Discipline	Median starting salaries for assistant professors ¹	Average applications per search ¹	Average annual turnover rate ²
Nursing	\$77,000	7	11.2%
History	\$63,000	89	4.5%

¹ Average for recruitments for fall 2012 and fall 2013.

² 5-year average.

The turnover rate for nursing faculty is almost double the overall faculty turnover rates. Filling those vacancies is difficult because market demand for nurses creates well-paying opportunities

elsewhere. Fields such as history, by contrast, have much lower turnover and large numbers of qualified applicants.

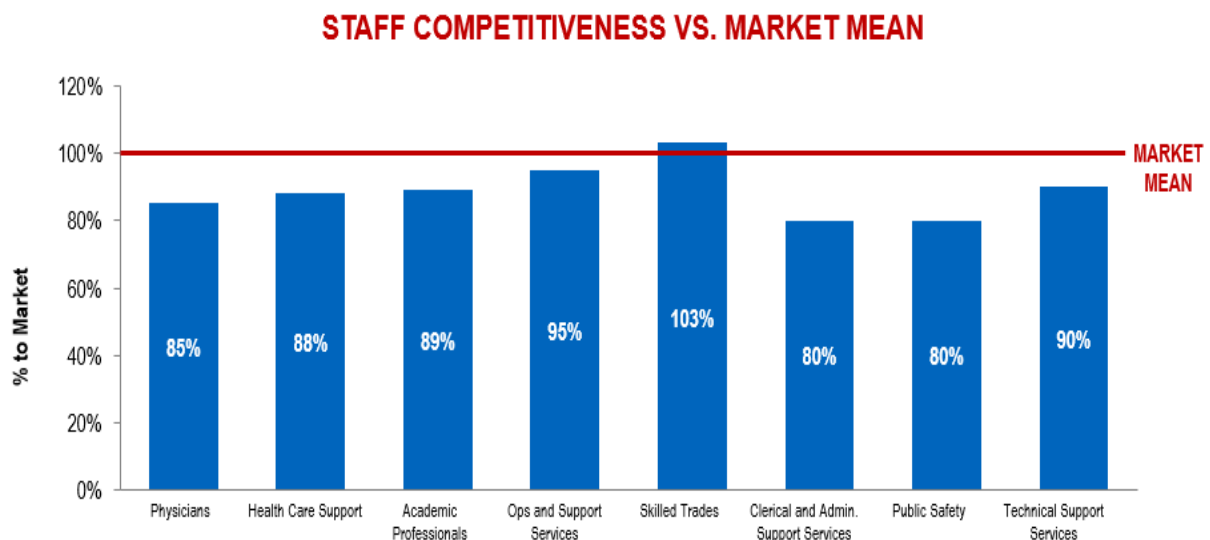
In summary, overall tenure/tenure-track faculty salaries are a weighted average of 103% of market mean for assistant professors, 100% for associate professors, and 92% for full professors. Full-time lecturers appear slightly above market. Significant issues with turnover and retention are isolated to specific disciplines.

Staff

Eight different staff units are examined for market competitiveness. Within these eight units, not all positions are examined because of the broad variety of responsibilities and lack of similarity to positions within other organizations.

For staff data comparisons we use a variety of sources including but not limited to COMBASE (Western Management Group), CompData, CUPA-HR, Economic Research Institute Salary Assessor, EduComp (Western Management Group), Mercer and Towers Watson. We also use data obtained from the University of California system, as appropriate.

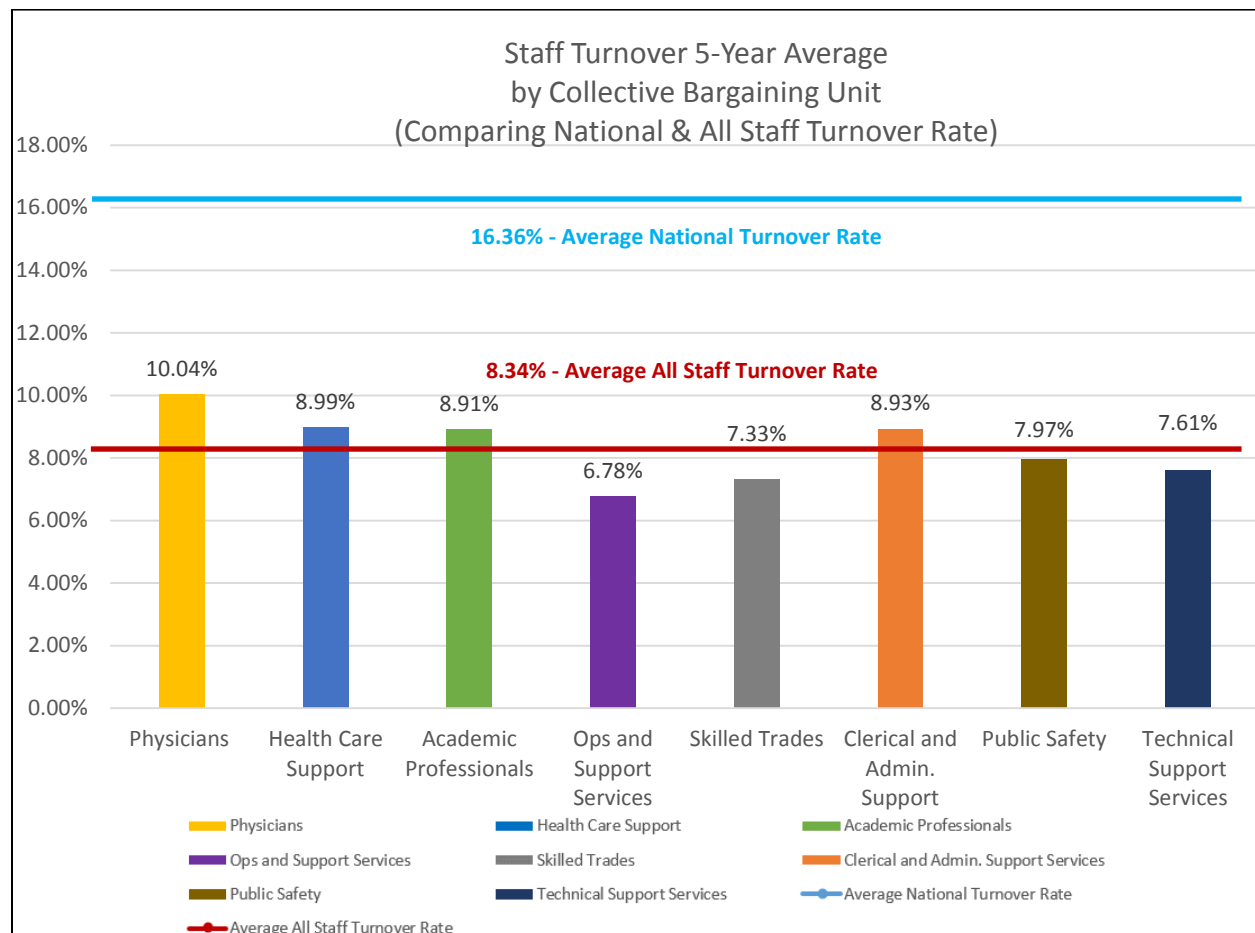
Staff salary competitiveness follows:



2015 Staff market study; includes 12-month classifications and employees with 0.5 or greater time base.

Source: Sibson Consulting

Turnover data for staff follows:



As with faculty, differentiations within these units are important. Additional complexities are illustrated below:

Position	Market Competitiveness	Average Annual Turnover Rate ¹
Technical Support Services	90%	7.61%
Public Safety	80%	7.97%
Skilled Trades	103%	7.33%

¹5-year average

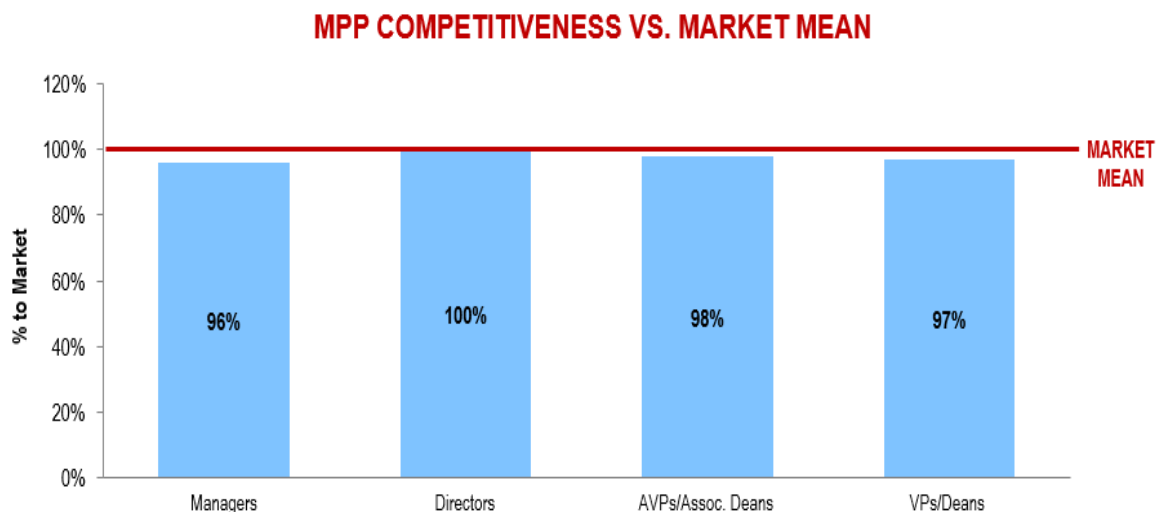
In summary, most staff employee groups are below the market mean salary. Specific examples include public safety personnel and the clerical/admin support units. While turnover in the public safety unit is comparable to overall staff turnover in most years, recruitment and training costs are significant, and it is important to minimize unnecessary turnover. Turnover is relatively high in the clerical and administrative support unit. Turnover is also high among the physicians, whose average salaries are 85% of the market mean.

On the other hand there are staff employee groups, such as the skilled trades, whose salary is actually above market and turnover in these units is low.

Management Personnel Plan Employees

The Management Personnel Plan (MPP) employees are a broad group consisting generally of vice presidents, deans, associate vice presidents, associate deans, directors, and managers. Within this group not all positions can be benchmarked because of the variety in responsibilities and lack of similarity to positions in other organizations. Because of these challenges we use a variety of comparative sources of data depending on the position.

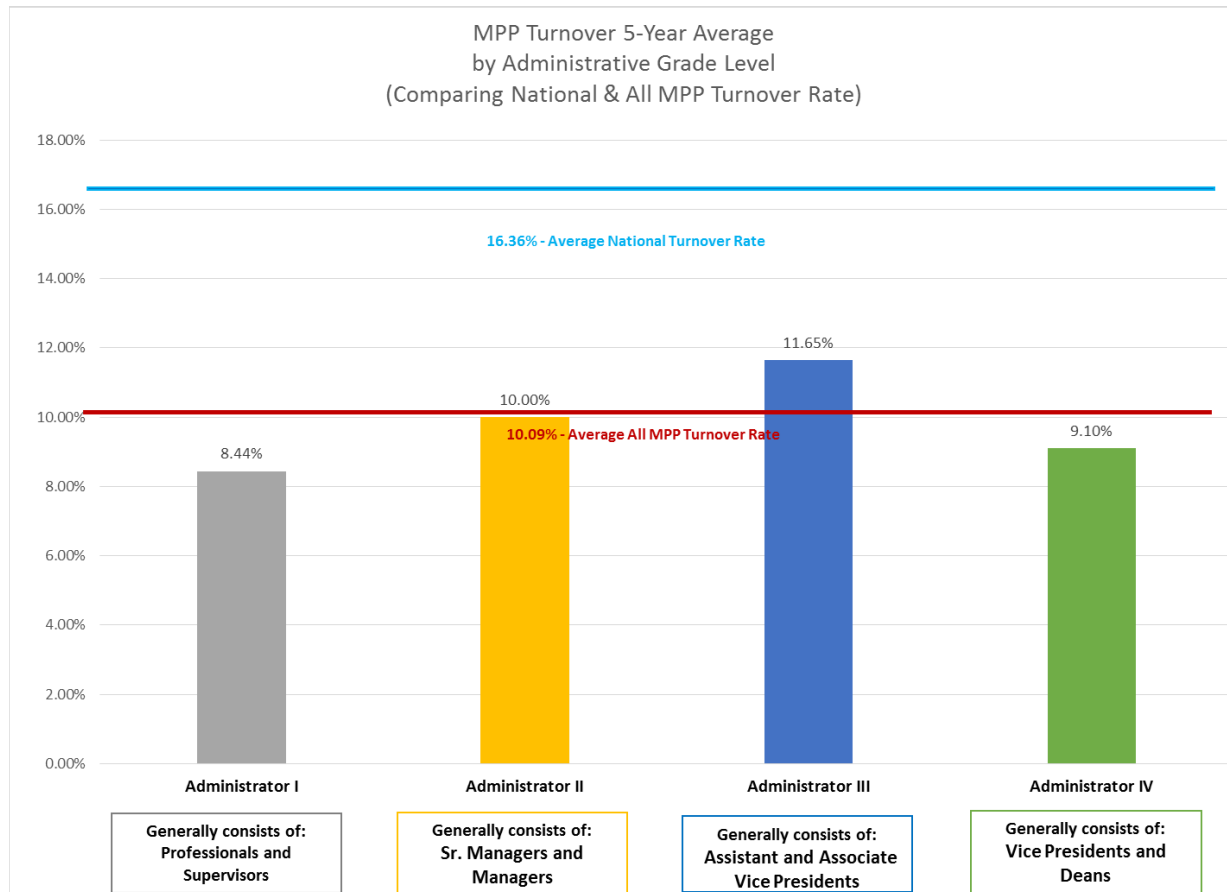
Salary competitiveness for the MPP employees is as follows:



2015 MPP market study; includes 12-month classifications and employees with 0.5 or greater time base.

Source: Sibson Consulting

Turnover for MPP employees is reflected below:

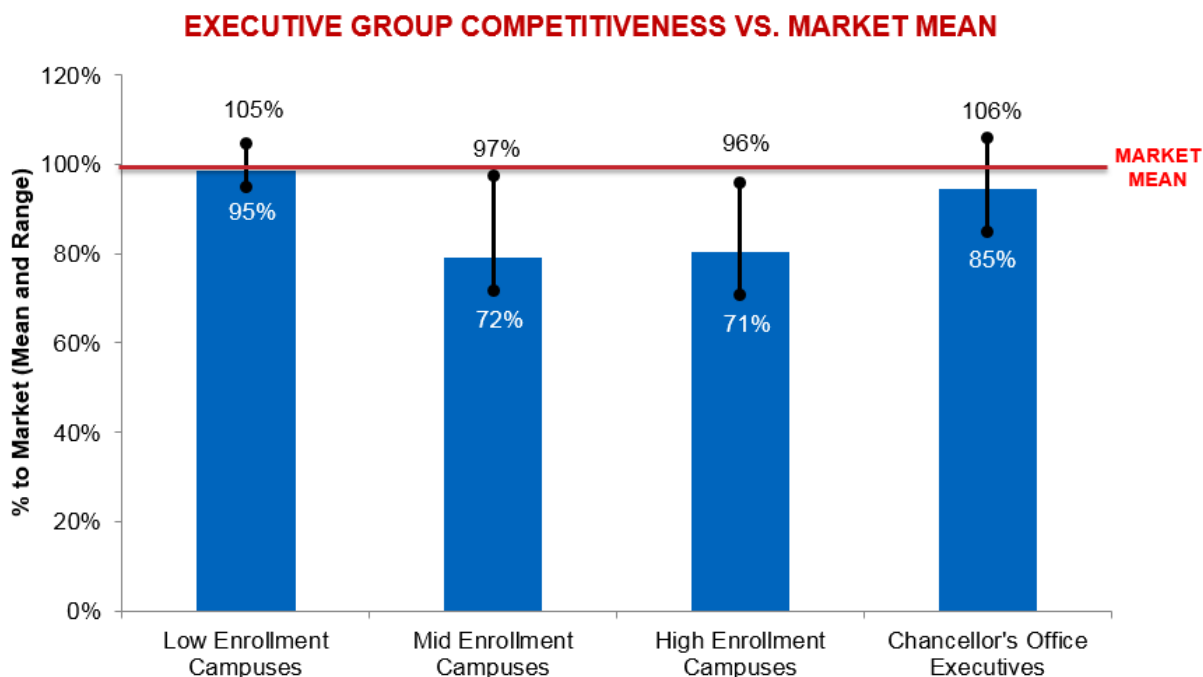


In summary, MPP salaries are at or above market. Within these broad groupings there is variation in both salary competitiveness and employee turnover.

Executives

The executives in the CSU consist of the chancellor, executive vice chancellors, vice chancellors and presidents. This group, has unique competitiveness factors for the CSU because of the broad markets from which we draw to recruit these individuals. For purposes of analyzing presidential compensation, we use the same comparator institutions as we use for faculty (Attachment 1). For the chancellor, we use a set of large system comparators as defined in Attachment 2. For the executive vice chancellors and vice chancellors we use a set of comparators based on system offices that have similar positions, which are also found in Attachment 2.

For the executives, salary competitiveness follows:



Data Source: Sibson Consulting

Regarding executive turnover, it occurs episodically in the CSU. The length of executive's appointments often exceeds the national average of 5 to 7 year duration. In the past 5 years, only 1 executive has left for a comparable position elsewhere, all other separations have been retirements. Turnover is circumstantial and most often leads to retirement.

In summary, the data indicates that of the thirty executive employees, four are above the market mean (the highest being 106%), and twenty six are at (n=1) or below (n=25) the market mean (the lowest being 71%).

Overall Conclusions

As these data indicate, the issues surrounding salary and compensation are complex. Continued study is warranted and necessary, and over the coming year we will continue to bring the results of our work to the Board.

While the average salaries for some employee groups are at or near market, substantial market lags are present for other groups. Moreover, any future analysis that considers the impact of

geographic differentials on the cost of our workforce would significantly alter this profile, as will total compensation analysis. A “one size fits all” remedy is not feasible.

The issues in salary we have identified herein cannot be addressed adequately without significant increases in resources available for salary, coupled with a robust analysis of total compensation.

We will continue to refine and expand our analyses to include a review of total compensation as well as the impact of geographic differentials. The results will enable us to develop more effective compensation strategies, consistent with our compensation philosophy, and to develop thoughtful and strategic priorities.

Attachment 1

CSU High Enrollment	Comparison Institutions
San Diego State San Jose State San Francisco State CSU Fullerton CSU Northridge CSU Long Beach CSU Sacramento	Georgia State University Florida International University Wayne State University Kent State University University of Texas at Arlington Florida Atlantic University University of Wisconsin at Milwaukee University of North Carolina at Charlotte
CSU Mid-Enrollment	Comparison Institutions
Cal Poly San Luis Obispo CSU San Bernardino CSU East Bay CSU Fresno CSU Los Angeles CSU Dominguez Hills Cal Poly Pomona CSU Chico	Ball State University Cleveland State University University of Maryland, Baltimore County James Madison University Portland State University Illinois State University University of Texas at El Paso Northern Arizona University Boise State University Towson University
CSU Low Enrollment	Comparison Institutions
Humboldt State Sonoma State CSU Bakersfield CSU Channel Islands CSU San Marcos CSU Monterey Bay CSU Stanislaus	Florida Gulf Coast University Western Washington University Western Carolina University Texas A&M University Corpus Christi University of Wisconsin at Lacrosse

Note: We are not able to identify valid comparisons for the California Maritime Academy because of the lack of sufficient comparison institutions.

Attachment 2

Chancellor Comparison Systems:

Arizona Board of Regents
Colorado State University System
Minnesota State Colleges and Universities
Pennsylvania State System of Higher Education
State University of New York (SUNY)
Texas A&M University System
Texas State University System
University of California
University of Wisconsin System
University System of Maryland

Executive Vice Chancellor and Vice Chancellor Comparison Institutions:

City University of New York (CUNY)
Pennsylvania State System of Higher Education
State University of New York (SUNY)
State University System of Florida
Tennessee Board of Regents
Texas A&M University System
University of California
University of North Carolina System
University of Texas System
University System of Georgia
University System of Maryland
University System of Ohio

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Employee Compensation Policy and Reexamination of Policy on Presidential Compensation

Presentation By:

Timothy P. White
Chancellor

Lori Lamb
Vice Chancellor for Human Resources

Summary

Chancellor White and Vice Chancellor Lamb will discuss with the Board of Trustees an Employee Compensation Policy that covers all employee groups within the California State University. Also, the Policy on Presidential Compensation is brought back to the Board for reexamination per the directive of the Board at the time this policy was enacted in May 2012. Staff recommend that the categorical policy limitation on presidential compensation be lifted. This recommended change, if adopted by the Board at a future Board meeting, will not change or restrict the Board's authority and responsibility to set proper salaries for presidents. Under the proposed policy the Board will continue to set the salary of presidents as it deems appropriate after review of comprehensive information related to that appointment.

Background

Policy on Compensation

A key best practice in compensation for effective organizations is to articulate a compensation philosophy that guides compensation planning and implementation decisions for all employees. In this spirit, a proposed policy is offered for review and discussion, and if supported the policy will be brought forth for adoption at a future Board meeting.

The proposed policy follows on the next page.

Proposed Board of Trustees Policy on Compensation

Scope

This policy governs compensation for all California State University (CSU) employees.

Guiding Principles

It is the continued intent of the Board of Trustees to compensate all CSU employees in a manner that is fair, reasonable, competitive, and fiscally prudent in respect to system budget and state funding. The goal of the CSU's compensation philosophy is to attract, motivate, and retain the most highly qualified individuals to serve as faculty, staff, and executives, whose knowledge, experience, and contributions can advance the university's mission.

The CSU adheres to compensation practices that are fair and equitable in design, application, and delivery.

Implementation

The CSU will continue to evaluate competitive and fair compensation for all employees based on periodic market comparison surveys and the depth of skill and experience of an individual employee. In addition, the CSU will maintain and update annually a tiered list of CSU comparison institutions for applicable employee groups. The list may take into account geographic location, enrollment, budget, research funding, and such other variables as deemed appropriate. Compensation will be guided by reference to the mean and/or median of the appropriate tier of comparison institutions, together with an individual's skill set, and length, depth and effectiveness of applicable experience, and other meritorious achievement and contributions to the success of the California State University.

The compensation system for the California State University shall be (a) administered in a manner that complies with all applicable laws, and (b) consistent with applicable administrative policies, rules and collective bargaining agreements.

Policy on Presidential Compensation

In May 2012 the Board of Trustee Special Committee on Presidential Selection and Compensation recommended and the trustees adopted a Policy on Presidential Compensation that temporarily prohibited increased dedication of state funds to presidential compensation when a vacancy occurred (RSCPSC 05-12-02). The policy was deemed necessary and was adopted in the midst of the great recession. In that policy, the Board contemplated that circumstances would change in the years ahead and requested that the policy be reexamined in January 2014. Staff deems that timing is now appropriate to reexamine the current policy. The current policy:

- 1. The goal of the CSU continues to be to attract, motivate, and retain the most highly qualified individuals to serve as faculty, staff, administrators, and executives, whose knowledge, experience, and contributions can advance the university's mission.*
- 2. It is the continued intent of the Board of Trustees to compensate all CSU employees in a manner that is fair, reasonable, competitive, and fiscally prudent, in respect to the system budget and state funding.*
- 3. To that end, the CSU will continue to evaluate competitive and fair compensation for all CSU employees based on periodic market comparison surveys.*
- 4. In addition, the CSU will maintain and update annually a tiered list of CSU comparison institutions for presidential compensation. The list will take into account location, enrollment, budget, percentage of students receiving Pell Grants, six year graduation rates, research funding, and such other subjects as from time to time be deemed appropriate. Presidential compensation will be guided with reference to the mean of the appropriate tier of comparison institutions, together with an individual candidate's reputation for national policy leadership and length and depth of executive experience.*

Notwithstanding the presidential compensation criteria enumerated in item 4 (above) and until the Board of Trustees of the California State University reexamines this policy in January 2014, when a presidential vacancy occurs, the successor president's base salary, paid with public funds, shall not exceed the previous incumbent's pay. Salary compensation above the incumbent's base pay deemed necessary to retain the best leader shall be paid from foundations, and shall not exceed 10% of the base salary.

In our reexamination of the current policy, it is clear many elements of this presidential policy articulate sound compensation philosophies that the Board of Trustees can use effectively for all faculty and staff, such as: 1) the goal of attracting, motivating and retaining highly qualified individuals to serve, 2) principles of fairness and reasonableness, 3) market competitiveness, and 4) fiscal responsibility. Those elements have been imported into the proposed policy discussed earlier in this item.

Staff now feel that the economic circumstances that required such policy be put in place in May 2012 have improved, and that the policy be reexamined.

The current policy creates the potential for inequity and for limiting the pool of finalists for Board consideration for these vital positions. The CSU is entering into a period of four presidential searches in a very competitive market, and for some of the campuses the current president's salary is well below market. Without a change in policy these gaps will be perpetuated which is inconsistent with our guiding principles.

Thus, it is staff recommendation that the categorical policy limitation on presidential compensation be lifted (i.e., delete: "*the successor president's base salary, paid with public funds, shall not exceed the previous incumbent's pay.*"). This recommended change, if adopted by the Board at a future Board meeting, will not change or restrict the Board's authority and responsibility to set proper salaries for presidents. Under the proposed policy the Board will continue to set the salary of presidents as it deems appropriate after review of comprehensive information related to that appointment.

The second element of policy that was inserted in May 2012 was the requirement that only non-state funds be used for up to a 10% salary increase if warranted. Staff recommendation is that this directive be lifted (i.e., delete: "*Salary compensation above the incumbent's base pay deemed necessary to retain the best leader shall be paid from foundations, and shall not exceed 10% of the base salary.*"). This directive has created unintended and unforeseen inequities across campuses whose Foundations have a range of capacities and inclinations to provide such support, among other complications. It also creates complications and the potential appearance of conflicts for the presidents, as after appointment they are members of the Foundation Boards in *ex officio* capacities.

Following Board discussion, any items in this regard will be brought forward at a future Board meeting for action.

AGENDA

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Meeting: **9:30 a.m., Wednesday, September 9, 2015**
 Glenn S. Dumke Auditorium

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

Consent Items

Approval of Minutes of Meeting of July 21, 2015

1. Amend the 2015-2016 Capital Outlay Program for California State Polytechnic University, Pomona, California State University, Sacramento and San Diego State University, *Action*

Discussion Agenda

2. Approval of the Draft 2016-2017 Capital Outlay Program and the Draft 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan, *Action*

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

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

July 21, 2015

Members Present

J. Lawrence Norton, Chair
Peter J. Taylor, Vice Chair
Kelsey Brewer
Adam Day
Rebecca D. Eisen
Margaret Fortune
Lou Monville, Chair of the Board
Steven G. Stepanek
Timothy P. White, Chancellor

Trustee J. Lawrence Norton called the meeting to order.

Approval of Minutes

The minutes of May 19-20, 2015 were approved as submitted.

Amend the 2015-2016 Capital Outlay Program for California State University, Fullerton and California State University, Sacramento

Trustee Norton presented agenda item 1 as a consent action item. Trustee Douglas Faigin requested additional information regarding the use of student success fees for the funding of the East and West Practice Fields Lighting Improvements project at CSU Fullerton. President Mildred Garcia explained that this is the first project funded from the Student Success Initiative fees at the request of the students. She further stated a website has been established that will track these fees to provide full transparency and allow students and others to monitor how the fees are being used.

The committee recommended approval of the proposed resolution (RCPBG 07-15-11).

Approve Schematic Plans for California State University, Northridge and San Diego State University

Executive Vice Chancellor and Chief Financial Officer Steve Relyea introduced agenda item 2, Approval of Schematic Plans for California State University, Northridge and San Diego State

University. He explained that the first project, Sustainability Center for CSU Northridge, was last approved by the board in November 2014 for amendment into the 2014-2015 Capital Outlay Program. He added that funding for the project will come from Associated Student designated capital reserves, therefore this project will not return to the board for approval of bond financing. The second project, Engineering & Interdisciplinary Sciences Complex for San Diego State, was last brought to the board in May 2015 for amendment into the 2014-2015 Capital Outlay Program and for bond financing. Today the board is asked to consider the approval of schematic plans for both projects.

Mr. Relyea next introduced President Dianne Harrison to begin the CSU Northridge Sustainability Center project presentation. President Harrison identified the need and purpose of the proposed center, noting that sustainability is one of the university's seven campus planning priorities. The proposed new facility will provide a permanent home for both the Associated Students Recycling Center and the Institute for Sustainability. The facility will highlight and promote model sustainability practices and collaboration between the two groups, including student projects focused on the Campus as a Living Lab, Earth Fair, America Recycles Day, and Recycle-mania. Assistant Vice Chancellor Elvyra F. San Juan presented the physical master plan of the campus showing where the new facility will be constructed and the rendered project.

Next, Ms. San Juan asked President Elliot Hirshman to present San Diego State's Engineering & Interdisciplinary Sciences Complex project. President Hirshman thanked the staff in the Chancellor's Office, the San Diego State Business and Financial Affairs team, and the university's auxiliaries for their leadership and innovation in pursuing this project. The project will pave the way for a transformative facility for the Science, Technology, Engineering and Mathematics (STEM) disciplines, while eliminating \$16 million of deferred maintenance and accessibility barriers.

President Hirshman added that the Engineering & Interdisciplinary Sciences Complex will provide state of the art teaching and research labs which will provide expanded capacity to address bottleneck courses in impacted programs. The modernized facilities will support innovations in the engineering curriculum such as the shift towards project-based learning and house several research centers.

Lastly, President Hirshman highlighted the Thomas Day Quadrangle, the centerpiece of the new complex. The landscaped quadrangle will connect the new development to the campus' historic core; a space to host formal and informal campus events while providing a sense of place and identity for the STEM disciplines. He thanked those donors who have made the space possible: Keven Mayer, Executive Vice President of the Disney Corporation, Diane Denkler, the first woman to receive an engineering degree at San Diego State, and most notably Trustee Adam Day and the Day Family, who are leading the fundraising effort for the Thomas Day Quadrangle.

Ms. San Juan presented the physical master plan of the campus showing the location where the new facility will be constructed and the rendered project using stucco and red tile roofing.

Staff recommended approval of both projects.

Trustee Rebecca D. Eisen asked if due diligence was performed to ascertain whether the architects and contractors for both projects have their own sustainability practices and policies in place, to be in alignment with the CSU's Sustainability Policy. Ms. San Juan responded that usually sustainability is part of the selection criteria when evaluating the design professionals and construction teams, and called upon the respective campus representatives to address Trustee Eisen's question.

Mr. Robert Schulz, Associate Vice President of Operations at San Diego State, stated that sustainability of the new facility as a whole and the approach taken was very much part of the evaluation process in selecting Clark Construction and AC Martin as the design-build team. AC Martin in particular has a strong commitment to advance sustainability for all of their projects.

Trustee Eisen reiterated that firms with whom the CSU does business should be committed to sustainability within their own organizations, and not just address sustainability to the extent of their contractual agreements with the CSU, as is the commitment of the CSU's Sustainability Policy.

President Harrison stated that the nature of many products (e.g., appliances, composting toilets, and recycled cement material) already reflect the sustainability beliefs of the companies and vendors we are engaged with.

Mr. Ken Rosenthal, Associate Vice President of Facilities Development and Operations at CSU Northridge, added that it was very important that the contractor and the architect for the sustainability center have a robust sustainability policy. Gilbane, the selected contractor, practices materials diversion in all of its projects and has recently built a materials sorting facility recycling center.

Trustee Lupe C. Garcia commented that we should consider working with companies who have demonstrated through policies and practices a reputation of being committed to sustainability in the same manner as we have defined in our own CSU Sustainability Policy. This should be across all vendors, not just in design and construction, to help ensure that we are aligning ourselves with parties who are delivering on sustainability in a manner congruent with the CSU, and that the requirement be embedded in our vendor selection process. She asked if this is currently the practice or if it is something we are moving towards. Ms. San Juan responded that such a requirement is not embedded specifically into our prequalification process of architects or general contractors.

Trustee Eisen thanked Ms. San Juan recognizing that this discussion is really on a broader topic than solely design and construction. Trustee Eisen agreed with Trustee Garcia in that CSU third party vendor selection, regardless of service or product, should ensure the vendor has a sustainability policy in place.

Mr. Relyea stated that staff will review procurement processes and contracts, from the stand point Trustee Eisen described, in terms of identifying the vendor's commitment to sustainability.

Trustee Adam Day recused himself from the motion discussion and vote of the item due to his involvement in fundraising for the Engineering & Interdisciplinary Sciences Complex project at San Diego State. Based on discussion with General Counsel it was noted that this was not legally required.

The committee recommended approval of the proposed resolution (RCPBG 07-15-12).

Trustee Norton adjourned the meeting.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Amend the 2015-2016 Capital Outlay Program for California State Polytechnic University, Pomona, California State University, Sacramento and San Diego State University

Presentation By

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

Summary

The California State University Board of Trustees approved the 2015-2016 Capital Outlay Program at its November 2014 meeting. This item allows the board to consider the scope and budget of projects for amendment into the previously approved capital outlay program.

1. California State Polytechnic University, Pomona			
Scolinos Baseball Field Improvements, Phase I		PWC¹	\$974,000

California State Polytechnic University, Pomona wishes to proceed with the design and construction of the Scolinos Baseball Field Improvements, Phase I, located on the east side of the campus. This first phase includes the installation of new field lighting and would bring the field up to National Collegiate Athletic Association Division I standards, allowing Cal Poly Pomona to host regional playoff games and conference championships. The existing baseball field does not have an artificial lighting source to illuminate the field. The proposed project includes the installation of eight light poles between 80 and 100 feet tall. The scope of work includes new underground electrical lines and lighting controls.

The project will be donor funded.

2. California State Polytechnic University, Pomona			
Student Health and Counseling Center Renovation		PWC	\$2,645,000

California State Polytechnic University, Pomona wishes to proceed with the renovation of the Student Health Center (#46²), located on the western edge of campus near Environmental Design (#7). The proposed project will renovate 6,600 gross square feet (GSF) of underutilized space in the Student Health Center to incorporate Counseling & Psychological Services, creating a single

¹ Project phases: P – Preliminary Plans, W – Working Drawings, C – Construction, E – Equipment

² Facility number shown on master plan map and recorded in Space and Facilities Database

destination for all student health services. Currently, Counseling & Psychological Services is located across campus in the Bronco Bookstore (#66).

The project will provide additional physician treatment and exam rooms, and upgrade the waiting areas, triage areas, and nurse stations. The scope will include new counseling offices and a group therapy room. The pharmacy will be relocated and incorporated into the main entrance waiting room area with appropriate privacy upgrades to meet current California State Board of Pharmaceutical Criteria.

The project will be funded from Student Health Facility fee revenue.

3. California State University, Sacramento
Baseball Field Lighting Improvements **PWC** **\$880,000**

California State University, Sacramento wishes to proceed with the design and construction of new baseball field lighting at the John Smith Field located on Campus Drive on the west side of campus. The project will install eight light poles, between 80 and 100 feet tall, around the perimeter of the playing field. The scope of work also includes the installation of underground electrical lines, a lighting control system, and a new transformer. The illumination of the field will expand the hours of operation that would allow the team to conduct evening practices and games.

The project will be funded from designated capital reserves.

4. California State University, Sacramento
Center for International Programs and Global Engagement **PWCE** **\$946,000**

California State University, Sacramento wishes to proceed with the renovation of Room 1001 (5,200 GSF) in the Library (#40) for the Center for International Programs and Global Engagement. This project will improve resources for international students as well as improve the coordination of study abroad programs by housing multiple campus programs serving international students into a central location. The project scope includes a reception area with display space for the Center's artifact collection, a large multipurpose room with smart classroom capabilities, seven administrative offices, and a work room.

The project will be funded from designated capital reserves.

5. California State University, Sacramento

University Union Renovation and Expansion, Phase I

PWCE \$41,215,000

California State University, Sacramento wishes to proceed with the design and construction of the first phase of a University Union (#40) renovation and expansion project to meet the high demand for informal recreation space, student offices, group meeting rooms, special event space, and casual seating. A future second phase will add a satellite ballroom to the Union complex.

The Phase I project will demolish 18,193 GSF and remodel 11,347 GSF in the existing University Union and construct 72,629 GSF of new space. The project will build medium and large sized meeting space and food service storage; expand food service and casual seating; and construct office space for both Associated Students Business offices and Student Government offices. The project scope includes the renovation of the coffee shop, meeting rooms, informal space, and student activities offices.

The project will be financed from the CSU Systemwide Revenue Bond program. The bonds will be repaid from University Union fees, approved by the university president per Executive Order 1054 on April 23, 2015 via the Alternative Consultation Process.

6. San Diego State University

College of Extended Studies Classroom Renovation

PWCE \$4,500,000

San Diego State University wishes to proceed with a renovation project on the third floor of the Extended Studies Center building (#72b) located on Hardy Avenue at Campanile Drive on the southern boundary of the campus. The project will provide additional classrooms and administrative space for the College of Extended Studies.

The renovation of existing office space (14,900 GSF) will provide seven classrooms, six of which will include moveable partitions that can be opened to create three larger classrooms for a combined maximum capacity of 244 student stations. The balance of the floor space will include renovated offices to serve the College of Extended Studies. In addition, a new air handler to serve the additional occupant load will be added on the roof. The current occupants of the third floor, University Relations and Development, will be relocated to the Geography Annex Building (#28) in fall 2015.

The project will be funded from San Diego State University Foundation designated reserves.

**7. San Diego State University
Multi-purpose Recreation Field**

PWCE \$3,161,000

San Diego State University wishes to proceed with the design and construction of a multi-purpose recreation field (105,000 GSF) that contains shared lines for soccer and flag football. The field location will be the site of the former parking lot W located in the campus core on Aztec Circle Drive south of Parking Structure 4 (#82). The lot has been out of service for the past six years having been used as the staging area for various campus construction projects which are now completed.

The project will provide additional field capacity to accommodate recreational sports programming including sports clubs, intramural sports and informal recreation, as well as event space for other student organization activities and summer camps. The field will be constructed of synthetic turf in order to minimize the need for water and maintenance. The field will have a 10-foot buffer area that can serve as a running track. The project will include sports field lighting, an accessible entryway, and a fenced storage area.

The project will be funded from University Union designated reserves.

Recommendation

The following resolution is presented for approval:

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

1. \$974,000 for preliminary plans, working drawings and construction for the California State Polytechnic University, Pomona Scolinos Baseball Field Improvements, Phase I;
2. \$2,645,000 for preliminary plans, working drawings and construction for the California State Polytechnic University, Pomona Student Health and Counseling Center Renovation;
3. \$880,000 for preliminary plans, working drawings and construction for the California State University, Sacramento Baseball Field Lighting Improvements;
4. \$946,000 for preliminary plans, working drawings, construction and equipment for the California State University, Sacramento Center for International Programs and Global Engagement;

5. \$41,215,000 for preliminary plans, working drawings, construction and equipment for the California State University, Sacramento University Union Renovation and Expansion, Phase I;
6. \$4,500,000 for preliminary plans, working drawings, construction and equipment for the San Diego State University College of Extended Studies Classroom Renovation; and
7. \$3,161,000 for preliminary plans, working drawings, construction and equipment for the San Diego State University Multi-purpose Recreation Field.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

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

Presentation By

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

Summary

This item seeks California State University Board of Trustees approval of the Draft 2016-2017 Capital Outlay Program budget which is a preliminary view of the development of the CSU's 2016-2017 capital budget request. The Draft 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan is also provided as a work in progress as the final plan will be submitted to the legislature per statute later this year. The final 2016-2017 Capital Outlay Program budget and Five-Year Capital Improvement Plan will be presented for approval at the November 2015 board meeting.

Draft 2016-2017 Capital Outlay Program Overview

The primary objective of the capital outlay program is to plan, design and construct facilities appropriate to the California State University's educational programs, to create environments conducive to learning, and to ensure that the quality and quantity of facilities at each of the 23 campuses serve the students equally well.

Enactment of the 2014-2015 Trailer Bill Language granted the CSU greater authority to utilize operating funds and other revenue sources to finance deferred maintenance and capital outlay projects. The new finance authority provides a management tool that enables the CSU to address facility deficiencies and this new authority is reflected in the campus planning of facility projects.

In March 2015, the board approved the categories and criteria for setting priorities for the academic program. Attachment A proposes additional changes in italics for the board's consideration for use in the development of the 2016-2017 Capital Outlay Program budget resulting from the new authority. Proposed changes will result in the categorization of self-support projects as:

(IA) addressing critical deficiencies in an existing facility (such as installing a fire sprinkler system in a dorm); or (IB) modernizing a facility (like renovating a student health center built in

1965); or (II) constructing new space to accommodate increased numbers of students (such as additional bed spaces for student housing or a new parking structure). Implementation procedures for the board's debt policy are still in development to allow broad consultation with the campuses and the capital outlay program planning will continue to evolve.

If approved by the board, the Draft 2016-2017 Capital Outlay Program budget, including the draft project list (Attachment B) provided with this agenda item will be published and distributed to the campuses, Board of Trustees, and the Department of Finance and legislature. In addition, the final 2016-2017 Capital Outlay Program budget will be presented to the board for action at the November meeting and, if approved, submitted to the Department of Finance and legislature.

Draft 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan

The Draft Five-Year Capital Improvement Plan identifies the campuses' academic and self-support capital project priorities to address facility deficiencies and accommodate student growth over the five-year period. The draft plan also includes projects that may be funded from the 2015-2016 support budget increase that provides \$25 million for capital financing or for pay-as-you-go projects pending the board's approval to issue additional long term debt. The draft plan can be viewed

at: http://www.calstate.edu/cpdc/Facilities_Planning/majorcapoutlayprogram.shtml. The final Five-Year Capital Improvement Plan will be presented to the board for action at the November meeting and submitted to the Department of Finance and legislature.

Recommendation

The following resolution is presented for approval:

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

1. The updated Categories and Criteria for the 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan in Attachment A of Agenda Item 2 of the September 8-9, 2015 meeting of the Committee on Campus Planning, Buildings and Grounds be approved;
2. The chancellor is directed to use these categories and criteria to prepare the 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan;
3. The Draft 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan is approved;
4. The Draft 2016-2017 Capital Outlay Program budget including the Attachment B project list is approved; and
5. The chancellor is authorized to make adjustments, as necessary, including priority sequence, scope, phase, project cost, financing source, and total budget request for the Draft 2016-2017 Capital Outlay Program.

Categories and Criteria to Set Academic *Capital Outlay* Program Priorities

Blue italics are used below to denote proposed new or significantly modified language.

General Criteria

Priorities will be determined based upon the strategic needs of the system in consideration of existing deficiencies in the type, amount and/or condition of campus space to serve the academic master plan. In particular, priority will be given to projects that address critical seismic and infrastructure deficiencies, including life and fire safety, utilities infrastructure critical to campuswide operations, capital renewal and minor capital outlay in existing facilities. Projects programmed for modernizing existing facilities or constructing new replacement buildings in response to academic needs or enrollment demand will be considered on a case-by-case basis. Campuses are encouraged to identify funding sources for projects to reduce total project financing costs *and to identify the degree to which the proposed project expands debt capacity* to receive priority consideration; however such elements will not guarantee a higher prioritization for the project based on the strategic needs of the system.

Self-support projects (student housing, parking, student unions, etc.) proposed for any given year will be categorized according to the criteria discussed below.

A campus may submit a maximum of one major *debt financed academic facility or academic support* capital project *and one debt financed self-support project each year* for the 2016-2017 budget year and the 2017-2018 planning year. Up to three academic projects *and three* self-support projects per year can be accommodated for the 2018 through 2021 planning years, including health and safety projects. *This approach aims to encourage campuses to identify their facility needs and not impose a one project limit across all five-years that may inadvertently reduce the true funding level needed for academic and self-support projects.*

Exceptions to these limits will be considered on an individual project basis. Equipment, seismic strengthening, *donor and capital reserve funded* projects are excluded from these limits. Seismic strengthening projects will be prioritized according to recommendations from the CSU Seismic Review Board.

Approval of multi-phase projects may require the project funding to be allocated over more than one year. *Campuses are encouraged to use designated capital reserves to co-fund projects.* Campus requests for preliminary plans, working drawings and construction (PWC) lump sum funding will be considered on an individual project basis based on the project's complexity, scope, schedule and the availability of campus funds to co-fund the project.

Current trustee-approved campus physical master plan enrollment ceilings apply to on-campus seat enrollment only. These numbers are to be used as the basis of comparison for capital projects that address enrollment demand. Enrollment estimates that exceed these figures should be accommodated through distributed learning and other off-campus instructional means. *Campus utilization of space, along with relative deficits of space, demand for space, and/or deficiencies of space will also be considered.*

Individual Categories and Criteria

Projects will be placed within each category based on the established criteria and predominant purpose of the project. Total capital funding available, both from financing and cash reserves, will be distributed among the categories IA, IB, and II and allocated to projects within each category.

I. Existing Facilities/Infrastructure

A. Critical Deficiencies – CD (Critical Deficiencies)

These projects correct structural, health and safety code deficiencies by addressing life safety problems and promoting code compliance in existing facilities. Projects include seismic strengthening, correcting building code deficiencies and failing infrastructure, and addressing regulatory changes which impact campus facilities or equipment. This category also includes the systemwide Infrastructure Improvements and Minor Capital Outlay programs.

B. Modernization/Renovation – FM (Facilities Modernization)

This category makes new and remodeled facilities operable by providing group II equipment (furnishings) and replacing utility services/building systems to improve facilities and the campus infrastructure. Projects in this category includes: modernizing existing facilities or constructing new replacement buildings in response to academic and support program needs as well as enrollment demand.

II. Growth Facilities – ECP (Enrollment/Caseload/Population)

This category eliminates instructional and support deficiencies to support campus growth including new buildings and their group II equipment, additions, land acquisitions and site/infrastructure development.

DRAFT 2016-2017 Capital Outlay Program Project List

Cost Estimates are at Engineering News Record California Construction Cost Index 6255 and Equipment Price Index 3298

This Draft Project List and order is subject to change as campuses are confirming project scope, budget, campus co-funding and schedule.

ACADEMIC PROJECTS

Cate- gory	Campus	Project Title	FTE	Phase	Campus Reserves	SRB Debt Request	Total Budget	Funds to Complete	Cumulative Budget Request
IA	Statewide	Water Conservation	0	PWC		4,000,000	4,000,000		4,000,000
IA	Statewide	Infrastructure Improvements *	0	PWC	18,786,000	150,000,000	168,786,000		172,786,000
IA	San Bernardino	Utilities Infrastructure	N/A	C		33,332,000	33,332,000		206,118,000
IA	Pomona	Electrical Infrastructure Upgrades	N/A	C		21,677,000	21,677,000		227,795,000
IB	Dominguez Hills	Center for Science & Innovation	TBD	W		2,031,000	2,031,000	93,714,000	229,826,000
II	Monterey Bay	Academic Building III	1,500	WC	500,000	34,364,000	34,864,000	1,307,000	264,690,000
IB	San Francisco	Creative Arts Replacement Building	867	W		1,230,000	1,230,000	42,165,000	265,920,000
IB	Chico	Siskiyou II Science Replacement	24	P		2,877,000	2,877,000	78,113,000	268,797,000
IB	San Diego	IVC North Classroom Reno. (Seismic)	0	PWC		1,919,000	1,919,000		270,716,000
IB	Humboldt	Jenkins Hall Renovation	15	P		333,000	333,000	11,532,000	271,049,000
IB	Fresno	Central Plant Replacement, Ph. 1	N/A	P		1,892,000	1,892,000	50,876,000	272,941,000
IB	San José	Science Replacement Building	TBD	P		2,540,000	2,540,000	80,550,000	275,481,000
IB	Stanislaus	Library Renovation (Seismic)	-15	PW		3,539,000	3,539,000	47,379,000	279,020,000
IB	Long Beach	Student Success Bldg./Peterson Hall 2	0	PW	1,000,000	1,150,000	2,150,000	38,744,000	281,170,000
IB	Fullerton	McCarthy Hall Renovation, Ph. 1	0	PWC	2,039,000	12,726,000	14,765,000	107,674,000	295,935,000
IB	San Diego	Utilities Upgrade, Ph. 1	N/A	P	1,730,000		1,730,000	28,922,000	297,665,000
IB	Channel Islands	Gateway Hall	TBD	P		1,983,000	1,983,000	66,619,000	299,648,000
IB	East Bay	Library Renovation (Seismic)	N/A	P		1,541,000	1,541,000	53,285,000	301,189,000
IB	Northridge	Sierra Hall Renovation, Ph. 1	N/A	P		1,867,000	1,867,000	55,974,000	303,056,000
IB	Sacramento	Infrastructure Upgrade, Ph. 1	N/A	PW	3,351,000		3,351,000	33,511,000	306,407,000
IB	Los Angeles	JFK Library Renovation (Seismic)	N/A	P		1,900,000	1,900,000	55,931,000	308,307,000
II	Maritime	Learning Commons	N/A	PW		1,458,000	1,458,000	24,965,000	309,765,000
II	Sonoma	Professional Schools Building	513	PW		2,306,000	2,306,000	38,544,000	312,071,000
II	Bakersfield	Humanities Office Bldg. Classroom	652	P		109,000	109,000	4,478,000	312,180,000
Total Academic Projects			3,556		\$ 27,406,000	\$ 284,774,000	\$ 312,180,000	\$ 914,283,000	\$ 312,180,000

SELF-SUPPORT / OTHER PROJECTS

Cate- gory	Campus	Project Title	FTE	Phase	Self-Support Reserves	SRB Debt Request	Total Budget	Funds to Complete
IA	Pomona	Kellogg West Renovation (Seismic)	N/A	PWC	7,769,000		7,769,000	7,769,000
IB	Northridge	Satellite Student Union Housing Reno.	N/A	PWC	5,496,000		5,496,000	13,265,000
IB	Fresno	Parking Lot P27 Improvements	N/A	PWC	1,782,000		1,782,000	15,047,000
II	Humboldt	Schatz Energy Research Lab Expansion	N/A	PWC	498,000		498,000	15,545,000
II	Stanislaus	University Union Reno./Exp. (Seismic)	N/A	PWC	3,015,000	46,425,000	49,440,000	64,985,000
II	San Marcos	Extended Learning Building	TBD	PWCE	745,000	13,507,000	14,252,000	79,237,000
II	San Bernardino	College of Extended Learning Expansion	N/A	PWCE	5,000,000	15,947,000	20,947,000	100,184,000
II	Monterey Bay	Student Union	N/A	PWCE		50,000,000	50,000,000	150,184,000
II	Fullerton	Parking & Transportation Services	N/A	PWC	7,000,000	8,367,000	15,367,000	165,551,000
II	San José	Student Recreation and Aquatic Center	N/A	PWCE		130,000,000	130,000,000	295,551,000
IB	San Francisco	Science Replacement Building	TBD	PW	11,164,000		11,164,000	142,743,000
Total Self-Support / Other Projects			-		\$ 42,469,000	\$ 264,246,000	\$ 306,715,000	\$ 142,743,000

Grand Total Academic and Self-Support	3,556	\$ 69,875,000	\$ 549,020,000	\$ 618,895,000	\$ 1,057,026,000	\$ 618,895,000
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Categories:

- I Existing Facilities/Infrastructure
 - A. Critical Infrastructure Deficiencies
 - B. Modernization/Renovation
- II New Facilities/Infrastructure

P = Preliminary plans W = Working drawings C = Construction E = Equipment

* The Infrastructure Improvements program addresses smaller scale utility, building system renewal and upgrades across the CSU and the projects are listed separately.

AGENDA

COMMITTEE OF THE WHOLE

Meeting: 10:15 a.m., Wednesday, September 9, 2015
Glenn S. Dumke Auditorium

Lou Monville, Chair
Rebecca D. Eisen, Vice Chair
Silas H. Abrego
Kelsey Brewer
Adam Day
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lupe C. Garcia
Lillian Kimbell
Hugo N. Morales
J. Lawrence Norton
Steven G. Stepanek
Peter J. Taylor

Consent Items

Approval of Minutes of Meeting of March 24, 2015

Discussion Items

1. Proposed Name Change for California Maritime Academy, *Action*

**MINUTES OF MEETING OF
COMMITTEE OF THE WHOLE**

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

March 24, 2015

Members Present

Lou Monville, Chair
Rebecca D. Eisen
Roberta Achtenberg
Talar A. Alexanian
Kelsey Brewer
Adam Day
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lupe C. Garcia
Steven M. Glazer
Lillian Kimbell
Hugo N. Morales
J. Lawrence Norton
Steven Stapnek

Approval of Minutes

Chair Monville, hearing no objections, approved the minutes of November 13, 2014.

Information Item

General Counsel's Report

Executive Vice Chancellor and General Counsel Framroze Virjee presented his annual report regarding significant litigation facing the CSU, including a PowerPoint presentation depicting litigation and claim statistics.

The meeting adjourned.

COMMITTEE OF THE WHOLE

Proposed Name Change for California Maritime Academy

Presentation By

Timothy P. White
Chancellor

Rear Admiral Thomas A. Cropper
President
California Maritime Academy

Summary

As part of the recognition of 20 years as a university in the California State University system, it is proposed that the name of California Maritime Academy be changed to California State University Maritime Academy.

Background

The California Maritime Academy was founded in 1929 as the California Nautical School, serving as the only United States maritime academy on the West Coast and becoming a unique campus of the California State University system in 1995. Cal Maritime continues to evolve, flourish and expand on its traditional and important role as a nautical training school for seafarers by becoming a complex university that grants undergraduate and graduate degrees in marine transportation, marine engineering technology, international business and logistics, mechanical engineering, global studies and maritime affairs, and facilities engineering technology.

In its 20 years as a unique campus of the California State University system, Cal Maritime's graduates have filled leadership roles within maritime and transportation-related fields that are critical to the economies of California, the nation and the world. Cal Maritime's graduates enjoy high-placement rates into lucrative careers at sea and on shore within months of their matriculation. Cal Maritime continues to fill a key role as the only degree-granting U.S. maritime academy on the Pacific Rim, with a clear and enduring responsibility to train, educate and develop graduates for leadership roles in the expanding global maritime profession.

Whole
Agenda Item 1
September 8-9, 2015
Page 2 of 2

The following resolution is recommended for approval:

RESOLVED, by the Board of Trustees of the California State University, that the name of California Maritime Academy be changed to California State University Maritime Academy, effective September 9, 2015.

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

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

September 8-9, 2015

Presiding: Lou Monville, Chair

10:45 a.m.	Board of Trustees	Dumke Auditorium
	Call to Order	
	Roll Call	
	Public Speakers	
	Chair's Report	
	Chancellor's Report	
	Report of the Academic Senate CSU: <i>Chair—Steven Filling</i>	
	Report of the California State University Alumni Council: <i>President—Dia S. Poole</i>	
	Report of the California State Student Association: <i>President—Taylor Herren</i>	

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

Board of Trustees

Consent

1. Approval of the Minutes of the Board of Trustees Meeting of July 21, 2015
2. Approval of Committee Resolutions as follow:

Board of Trustees

1. Recognition of the 20th Anniversary of California Maritime Academy's Admission

Committee on Educational Policy

1. Academic Master Plan Update—Fast-Track

Committee on Institutional Advancement

1. Naming of the Cymer Plaza – San Diego State University
2. Naming of the William E. Leonhard Entrepreneurial Center Floor – San Diego State University
3. Naming of the Zahn Innovation Platform – San Diego State University
4. Designation of the California Maritime Academy as a Purple Heart University

Committee on Campus Planning, Buildings and Grounds

1. Amend the 2015-2016 Capital Outlay Program for California State Polytechnic University, Pomona, California State University, Sacramento and San Diego State University
2. Approval of the Draft 2016-2017 Capital Outlay Program and the Draft 2016-2017 through 2020-2021 Five-Year Capital Improvement Program

Committee of the Whole

1. Proposed Name Change for California Maritime Academy

12:00 p.m. Luncheon

12:45 p.m. Board of Trustees—Closed Session
Executive Personnel Matters
Government Code §11126(a)(1)

Munitz Conference Room

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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**

July 20, 2015

Trustees Present

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

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

Chair Monville asked to move the item on the consent agenda, there was a second. The Board of Trustees approved the following resolution:

Amendment to Committee Assignments for 2015-2016 (RCOC 07-15-03)

Chair Monville asked to move the item, there was a second. The Board of Trustees approved the following resolution:

The Board of Trustees approved the following resolution:

RESOLVED, By the Board of Trustees of The California State University, on recommendation by the Committee on Committees that the following amendments, noted in italics, be made to the Standing Committees for the 2015-2016 year:

AUDIT

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

COLLECTIVE BARGAINING

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

**CAMPUS PLANNING, BUILDINGS AND
GROUNDS**

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

EDUCATIONAL POLICY

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

FINANCE

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

GOVERNMENTAL RELATIONS

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

INSTITUTIONAL ADVANCEMENT

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

ORGANIZATION AND RULES

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

UNIVERSITY AND FACULTY PERSONNEL

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

Board of Trustees
July 21, 2015 – 9:00 a.m.

Present

Lou Monville, Chair
Rebecca D. Eisen, Vice Chair
Silas Abrego
Toni Atkins, Speaker of the Assembly
Kelsey Brewer
Adam Day
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lupe Garcia
Hugo Morales
J. Lawrence Norton
Steven Stepanek
Peter Taylor
Tom Torlakson, Superintendent of Public Instruction
Maggie K. White
Timothy P. White, Chancellor

Chair Monville called the meeting to order.

Chair Monville asked to move the item on the consent agenda, there was a second. The Board of Trustees approved the following resolution:

Conferral of the Title Trustee Emeritus – Steven M. Glazer (RBOT 07-15-05)

WHEREAS, Steven M. Glazer was appointed as a member of the California State University Board of Trustees in 2011 by Governor Brown and has ably served for four years; and

WHEREAS, Trustee Glazer has exemplified the ideals and values inherent in the mission of the California State University as an alumnus of San Diego State University and as trustee; and

WHEREAS, Trustee Glazer, as chair of the governmental relations and institutional advancement committees, has provided strong leadership and considerable expertise on matters of advocacy and philanthropy; and

WHEREAS, Trustee Glazer served as an excellent ambassador of the California State University in discussions with state policymakers; and

WHEREAS, Trustee Glazer continues to exhibit the highest principles of public service in support of the California State University mission of providing students with the opportunity for a lifetime of success; now, therefore, be it

RESOLVED, by the Board of Trustees of the California State University, that the title of Trustee Emeritus be conferred on Steven M. Glazer, with all the rights and privileges thereto.

July 21, 2015 – 1:00 p.m.

Public Comment

The board of heard from several individuals during the public comment period: Richard Schave, CSULA community, addressed the board regarding concerns over noise issues in the student union area on campus; James Odling, CSULA community, spoke to the board about noise issues on campus; Pat Gantt, president, CSUEU addressed the board regarding the ending of Proposition 30 and future budget issues that face the CSU.

Chair's Report

Chair Monville's complete report can be viewed online at the following URL:
<http://www.calstate.edu/BOT/chair-reports/jul2015.shtml>

Chancellor's Report

Chancellor Timothy P. White's complete report can be viewed online at the following URL:
<http://www.calstate.edu/bot/chancellor-reports/1507521.shtml>

Report of the Academic Senate CSU

CSU Academic Senate Chair, Steven Filling's complete report can be viewed online at the following
URL: http://www.calstate.edu/AcadSen/Records/Chairs_Reports/documents/July_21_2015_Chairs_BOT_Rept.pdf

Report of the California State University Alumni Council

Alumni Council President, Dia Poole's complete report can be viewed online at the following
URL: <http://www.calstate.edu/alumni/council/bot/20150721.shtml>

Report from the California State Student Association

CSSA President Taylor Herren's complete report can be viewed online at the following URL:
<http://www.csustudents.org/wp-content/uploads/CSSA-Report-July-2015.pdf>

Board of Trustees

Approval of the Consent Items

Chair Monville asked to move the items on the consent agenda, there was a second. The Board of Trustees approved the minutes of the meeting of May 20, 2015 and the following resolutions:

The Board of Trustees approved **Executive Compensation: Interim President – San José State University (RBOT 07-15-06)** with one abstention:

RESOLVED, by the Board of Trustees of the California State University, that Dr. Susan Martin shall receive a salary set at the annual rate of \$346,000 effective August 18, 2015, the date of her appointment as interim president of the San José State University; and be it further

RESOLVED, Dr. Martin shall occupy the official presidential residence located in San José, California, after a brief period in transition, as a condition of her employment as interim president; and be it further

RESOLVED, Dr. Martin shall receive additional benefits as cited in Agenda Item 4 of the Committee on University and Faculty Personnel at the July 21, 2015 meeting of the CSU Board of Trustees.

Committee on University and Faculty Personnel

Compensation for Executives (RUFPP 07-15-02)

RESOLVED, by the Board of Trustees of the California State University, that the individuals named in the salary tables cited in Item 2 of the Committee on University and Faculty Personnel at the July 21, 2015 meeting of the Board of Trustees shall receive the annual base salaries cited in the tables effective July 1, 2015 or the date of hire, as appropriate.

Committee on Campus Planning, Building and Grounds

Amend the 2015-2016 Capital Outlay Program for California State University, Fullerton and California State University, Sacramento (RCPBG 07-15-11)

RESOLVED, by the Board of Trustees of the California State University, that the 2015-2016 Capital Outlay Program be amended to include: 1) \$1,520,000 for

preliminary plans, working drawings and construction for the California State University, Fullerton East and West Practice Fields Lighting Improvements; 2) \$1,804,000 for the California State University, Fullerton McCarthy Hall Laboratory Suite Improvement; and 3) \$5,983,000 for preliminary plans, working drawings and construction for the California State University, Sacramento Dining Commons Servery Renovation.

Approval of Schematic Plans for California State University, Northridge and San Diego State University (RCPBG 07-15-12)

California State University, Northridge—Sustainability Center

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

1. The board finds that the Categorical Exemption for the California State University, Northridge Sustainability Center project has been prepared pursuant to the requirements of the California Environmental Quality Act.
2. The project will not have significant adverse impacts on the environment, and the project will benefit the California State University.
3. The schematic plans for California State University, Northridge, Sustainability Center are approved at a project cost of \$4,563,000 at CCCI 6151.

San Diego State University—Engineering and Interdisciplinary Sciences Complex

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

1. An Initial Study/Mitigated Negative Declaration (IS/MND) for the project was approved by the board in May 2015.
2. The project will not have significant adverse impacts on the environment, and the project will benefit the California State University.
3. The schematic plans for the San Diego State University Engineering and Interdisciplinary Complex are approved at a project cost of \$79,600,000 at CCCI 6151.

BOARD OF TRUSTEES

Recognition of the 20th Anniversary of California Maritime Academy's Admission

Presentation By:

Lou Monville
Chair

Rear Admiral Thomas A. Cropper
President
California Maritime Academy

Summary

The California Maritime Academy is proudly celebrating its two-decade legacy as a unique campus of the California State University.

In that 20-year timespan, both the system and the campus benefitted from their close association. The campus greatly expanded its educational offerings, facilitating student success through a wide array of undergraduate and graduate degrees. Cal Maritime exemplified the CSU's learn-by-doing model as its students gained direct experience through applied education, leading to a strong record of successful and influential alumni in the maritime industry and beyond.

It is therefore appropriate that the system as a whole join in celebrating this milestone with the Cal Maritime community.

The following resolution is recommended for approval:

WHEREAS, the California Maritime Academy was founded in 1929 as the California Nautical School, serving as the only United States maritime academy on the West Coast and becoming a unique campus of the California State University in 1995; and

WHEREAS, Cal Maritime continues to evolve, flourish and expand on its traditional and important role as a nautical training school for seafarers by becoming a complex university that grants undergraduate and graduate degrees in marine transportation, marine engineering technology, international business and logistics, mechanical engineering, global studies and maritime affairs, and facilities engineering technology; and

WHEREAS, Cal Maritime continues to fill a key role as the only degree-granting U.S. maritime academy on the Pacific Rim, with a clear and enduring responsibility to train, educate and develop graduates for leadership roles in the expanding global maritime profession; and

WHEREAS, in a world where 80 percent of all trade by value and 90 percent of all trade by volume travels by sea, Cal Maritime graduates fill leadership roles within maritime and transportation-related fields that are critical to global economic prosperity; and

WHEREAS, Cal Maritime graduates enjoy high placement rates into lucrative careers at sea and on shore within months of their matriculation, contributing to a thriving community of three million living alumni of the California State University; now, therefore, be it

RESOLVED, by the Board of Trustees of the California State University, that the systemwide community joins in celebrating September 15, 2015, as the 20th anniversary of the California Maritime Academy's admission into the California State University.