

AGENDA

COMMITTEE ON FINANCE

Meeting: **3:00 p.m., Tuesday, July 21, 2020**
Virtually via Teleconference

Jack McGrory, Chair
Peter J. Taylor, Vice Chair
Larry L. Adamson
Jane W. Carney
Rebecca D. Eisen
Wenda Fong
Maryana Khames
Jeffrey R. Krinsk
Hugo N. Morales
Lateefah Simon

- Consent**
1. Approval of Minutes of the Meeting of May 12, 2020, *Action*
 2. California State University, Sacramento Conceptual Approval of Two Public Private Partnerships for the Development of Real Property, *Action*
 3. California State University Doctorate of Occupational Therapy Tuition, *Action*
- Discussion**
4. Appointment of the California State University Investment Advisory Committee Chair, *Information*
 5. 2020-2021 Final Budget, *Information*

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

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

May 12, 2020

Members Present

Lillian Kimbell, Chair
Jack McGrory, Vice Chair
Larry L. Adamson
Jane W. Carney
Rebecca D. Eisen
Juan F. Garcia
Hugo N. Morales
Romey Sabalius
Lateefah Simon
Peter J. Taylor
Adam Day, Chair of the Board
Timothy P. White, Chancellor

Trustee Lillian Kimbell called the meeting to order.

Public Comment

Due to the virtual format of the May 12, 2020 meeting, all public comment took place at the beginning of the meeting's open session prior to all committees. Union representatives made comments regarding the use of university reserves to maintain payroll. They also requested that employees be kept informed of plans to return to work and that physical and health safety measures be taken to protect employees.

Several students expressed concern about increasing financial demands and requested additional assistance from university and federal resources.

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

Approval of Minutes

The minutes of the March 24, 2020 meeting of the Committee on Finance were approved as submitted.

California State University Fiscal Status Report

The report provided information on the fiscal condition and outlook of the CSU in light of the impact COVID-19 has had on the university. Health and safety requirements associated with the COVID-19 pandemic have significantly impacted both the state and the CSU. With the shift in March 2020 to a virtual modality, the most significant impact has been revenue losses to CSU campus enterprise activities (such as student housing and parking) and CSU non-profit auxiliary organizations. An update on the CSU's investments, financing, and reserves was also provided, including how these are being managed to help weather the impacts of COVID-19.

Following the presentation, the trustees asked about the use of reserves, debt service coverage payments, and resources available to campuses to cover payroll costs and revenue losses. Several trustees shared that tuition increases should not occur in the near term to which Executive Vice Chancellor Steve Relyea added that all other possible options would be considered first and that a tuition increase would only be explored as a last resort. In regards to CSU investments, the trustees asked about financial markets and commended the Chancellor's Office staff for their prudent management of the CSU investment portfolio.

California State University Doctorate of Occupational Therapy Tuition

The presentation included information on a proposal to establish a tuition rate for all occupational therapy doctorate programs to be offered by the CSU. An action item will be presented in July.

Following the presentation, a trustee asked how the proposed tuition rate compared with other CSU doctorate programs and the response from Chancellor's Office staff was that the methodology used to establish the CSU physical therapy doctorate rate was a factor in determining the proposed occupational therapy doctorate rate.

Trustee Kimbell adjourned the meeting of the Committee on Finance.

COMMITTEE ON FINANCE

California State University, Sacramento Conceptual Approval of Two Public Private Partnerships for the Development of Real Property

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

Robert S. Nelsen
President
California State University, Sacramento

Robert Eaton
Assistant Vice Chancellor
Financing, Treasury, and Risk Management

Summary

California State University, Sacramento requests conceptual approval to pursue two public-public partnership agreements on campus land commonly known as the Ramona property.

Background

The Ramona property is a 25-acre parcel located about half a mile to the south of the campus. It is located within a manufacturing, research, and development zone designated by the city. The parcel was purchased from the California Department of General Services (DGS) in 2005 for \$2.5 million dollars. Prior to the purchase, the parcel was the location of the former California Youth Authority, the structures for which were demolished by the campus in 2010. The original intent of the campus was to develop faculty/staff housing on the site, but because of the downturn in the housing market at the time, the site was never developed. The property has direct vehicular, bike, and pedestrian access to the main campus, since the City of Sacramento completed a road extension of Ramona Avenue in 2019. The property was used as temporary parking during construction of Parking Structure V in 2018.

A master plan for site is currently under development.

Project Descriptions

California Mobility Center

The first project proposed is the California Mobility Center (CMC), an electric/autonomous vehicle prototyping facility in partnership with a public-private consortium comprised of the Sacramento Municipal Utility District (SMUD); PEM Motion USA, (a U.S. subsidiary of PEM Motion, a German based corporation specializing in, among other things, electromobility consulting, design, and engineering services); the City of Sacramento; the University of California, Davis; the Los Rios Community College District; and various regional economic development organizations.

SMUD is funding the initial investment of \$15 million for the California Mobility Center. The first phase of the project is planned for 2020-2021 and will focus on acquiring about 25,000 square feet of temporary space for offices, workshops, and showrooms for the CMC offsite (from the Ramona property) at Army Depot Park, site of the former Sacramento Army Depot. The second phase, planned for 2022, will be the construction of a factory building on the Ramona property. The factory building will include laboratories, an assembly line, workshops, offices, and meeting rooms. Implementation of the factory will occur in two stages: the first stage focusing on broad application of autonomous vehicles and the second stage focusing on more specific uses. CMC expects federal, state, and private grants and fees from CMC applicants to support future operations and expansion of the CMC. The CMC would utilize approximately 17 acres of the 25-acre site.

Northern Region Consolidated Forensic Science Laboratory Campus

The second project is the Northern Region Consolidated Forensic Science Laboratory Campus (CFSLC), a forensic science laboratory campus for the California Department of Justice (DOJ) Bureau of Forensics. The project proposes to consolidate laboratories at four different departments within the Bureau of Forensics (California DNA Laboratory, Sacramento Regional Crime Laboratory, California Criminalistics Institute, and the Bureau of Forensic Science Headquarters) into a single campus-like environment on an 8-acre site. Current facilities are deficient, overcrowded, or do not meet the needs of a modern forensic science laboratory. The DOJ also has difficulty attracting and retaining qualified personnel in the Bay Area due to the high cost of living. A single location would be cost effective, streamline management, allow for sharing of resources between departments, and provide modern laboratories. The new facility would be about 200,000 square feet. It is anticipated that a portion of the building will be allocated for the campus to use as instructional space. Similar to the Hertzberg-Davis Forensic Science Building at CSU Los Angeles, the CFSLC is expected to have space available for the University's Criminal Justice program.

The site would be leased to the DGS for 75 years at \$10.00 per year. The CFSLC will be developed over a five-year period at an estimated cost of \$444 million. The DOJ is seeking State budget approval to fund the project and operations. The project schedule calls for entering into the lease agreement by June 2021 and construction completion by December 2025.

Facility Planning, Construction, and Operation

The planning, design, and construction of the facilities will comply with CSU planning and construction guidelines.

The campus is currently working with both the CMC and the DOJ in exploring options for operating the respective facilities. The intent of the parties will be to have agreements that identify joint facility use, levels of responsibility, contributions, operational cost participation, and mechanisms for future changes or adjustments. The campus expects the facilities to become the property of the CSU at the conclusion of the partnership relationships.

Educational Benefits

Both projects will provide opportunities for collaboration between campus departments and the public/private entities. They will create internships and employment opportunities for students as well as applied research opportunities for faculty.

The College of Engineering and Computer Science is well-known for its engineering curriculum and the CMC will provide opportunities for educational uses and technical training. It will link university research with private enterprise.

The University's College of Criminal Justice is one of the largest in North America and provides a minor in Forensic Investigation. The partnership between the DOJ and the University's Criminal Justice program and labs will allow for academic and research synergies. The University will gain modern instructional space and research labs. Similar partnerships have been done at CSU Los Angeles and Fresno State.

The project will promote close collaboration between the operational California Department of Justice crime laboratories and various Sacramento State departments, such as chemistry, biological sciences, psychology, anthropology, nursing, and criminal justice. The proximity of the Forensic Science Laboratory will create internships and full-time professional career opportunities for Sacramento State undergraduate and graduate students, as well as increased opportunities for faculty applied research. A ready source of forensic science adjunct faculty positions for Sacramento State is another outcome of this partnership.

Approval of the Final Development Plan

Per Board of Trustees policy, as the project moves forward, all related master plan revisions, amendments of the capital outlay program, proposed schematic plans, financial plans, proposed key business points of the finalized development plan, and the required environmental documents will be presented at future meetings for final approval by the board prior to execution of any commitments for development and use of the project.

Recommendation

The following resolution is presented for approval:

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

1. Approve the concept of two public-public partnerships for the Ramona property at California State University, Sacramento;
2. Authorize the chancellor and the campus to enter into negotiations for agreements as necessary to develop final plans for the public-public partnerships as explained in Agenda Item 2 of the July 21-22, 2020 meeting of the Committee on Finance;
3. Will consider the following additional action items relating to the final plan:
 - a) Certification of Final California Environmental Quality Act (CEQA) documentation.
 - b) Approval of development and financial plans negotiated by the campus with the advice of the chancellor;
 - c) Approval of any amendments to the Non-State Capital Outlay Program;
 - d) Approval of the schematic designs.

COMMITTEE ON FINANCE

California State University Doctorate of Occupational Therapy Tuition

Presentation By

Steven Relyea
Executive Vice Chancellor
Administration and Finance

Ryan Storm
Assistant Vice Chancellor
Budget

Summary

This action item is presented to the California State University Board of Trustees to recommend authorization of a California State University Doctor of Occupational Therapy tuition rate. The tuition rate is recommended in order to implement provisions of Assembly Bill (AB) 829 of 2019 (Bloom), which authorized the CSU to award Doctor of Occupational Therapy (OTD) degrees. It is anticipated that OTD degree programs will be implemented as early as summer/fall term 2023.

Background

On August 30, 2019, Governor Newsom signed into law AB 829, which was codified as California Education Code 66043 and 66043.1 and allows the CSU to offer independently a doctoral degree in occupational therapy. Prior to the passage of the bill, the CSU could only offer OTD programs in partnership with the University of California (UC) or a California private institution of higher education. CSU OTD degree programs were authorized to focus on preparing occupational therapists to provide health care services.

The Board of Trustees may establish, adjust and abolish systemwide tuition and fees, including those for the newly authorized OTD degree programs. The recommended OTD tuition rate supports curriculum development and delivery, highly specialized faculty resources, doctoral advising and mentoring, required low-faculty-to-student ratios in supervised clinical settings, program administration, facilities, library resources, provisions for carrying out professional mandates and national professional accreditation. It will also provide for the creation of a Western Association of Schools and Colleges Senior College and University Commission (WSCUC)-required “doctoral culture,” typified by academic rigor, intellectual exchange and a research-and-scholarship environment appropriate to a doctoral-granting institution.

Education Code 66043 stipulates that the OTD degree programs offered by the CSU shall be distinguished from doctoral programs at the UC. The UC does not currently offer any independent occupational therapy doctoral programs. Education Code 66043.1 stipulates that the CSU shall provide any startup and operation funding needed for the degree programs from within existing budgets for academic program support, without diminishing the quality of program support offered to CSU undergraduate programs.

Proposed Doctorate of Occupational Therapy Tuition Rate

Based on program-cost analysis conducted in consultation among the Chancellor's Office and CSU campuses planning to offer the OTD, the CSU Occupational Therapy Doctorate tuition rate is recommended to be set at \$8,598 per term.

The tuition rate recommendation includes the following:

- 1) The tuition rate of \$8,598 per term will be established as the CSU Occupational Therapy Doctorate Tuition for students enrolled in CSU OTD degree programs.
- 2) Students enrolled in CSU OTD programs shall also be subject to campus-based mandatory fees.
- 3) Proposals to the Board of Trustees to recommend increases in the CSU OTD Tuition will be based on increased costs of the programs.
- 4) As the OTD is a postbaccalaureate-entry degree program and students will not enter from established professional careers, the financial aid set-aside from OTD tuition will be 25 percent of the academic year fee rate. After need-based aid has been distributed to qualifying students, remaining funds from the set-aside will be used for general operating support of the OTD program.

The tuition model recommended is comparable to other allied health doctoral programs in the CSU. Per semester, tuition for the Doctor of Audiology is \$7,371, the Doctor of Nursing Practice is \$7,635, and the Doctor of Physical Therapy is \$8,598.

The OTD tuition rate model recommended will generate sufficient revenue to fund total program cost while holding the CSU firmly within the legislative guidelines established in statute.

Recommendation

The following resolution is presented for approval:

CSU Occupational Therapy Doctorate Tuition Fee

RESOLVED, By the Board of Trustees of the California State University, that the CSU Occupational Therapy Doctorate Tuition Fee is hereby established; and, be it further

RESOLVED, That the tuition fee rate approved for the 2022-2023 academic year and Summer 2023 shall be \$8,598 per semester campus term. Students will be assessed the Occupational Therapy Doctorate Tuition Fee rate each term, irrespective of the number of units taken. Students enrolled in Occupational Therapy Doctorate degree programs also shall be subject to campus-based mandatory fees; and, be it further

RESOLVED, That recommended increases in the CSU Occupational Therapy Doctorate Tuition Fee will be based on increased costs of the programs, and be it further

RESOLVED, That the chancellor is delegated authority to further adopt, amend, or repeal the CSU Occupational Therapy Doctorate Tuition Fee rate if such action is required by the budget act, and that such changes made by the chancellor are communicated promptly to the trustees.

COMMITTEE ON FINANCE

Appointment of the California State University Investment Advisory Committee Chair

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

Robert Eaton
Assistant Vice Chancellor
Financing, Treasury, and Risk Management

Summary

This item provides the California State University Board of Trustees with information concerning the appointment of the CSU Investment Advisory Committee Chair for the 2020-2021 fiscal year.

Background

At its September 2017 meeting, the CSU Board of Trustees established the CSU Investment Advisory Committee (IAC). In establishing the membership of the IAC, the board determined that three of the members would be ex officio: (1) the Chair of the Committee on Finance of the CSU Board of Trustees; (2) the Executive Vice Chancellor and Chief Financial Officer of the California State University; and (3) the Assistant Vice Chancellor, Financing, Treasury, and Risk Management for the California State University. In addition, the Chair of the Committee on Finance would serve as Chair of the IAC, and the Executive Vice Chancellor and Chief Financial Officer would serve as Vice Chair of the IAC.

Appointment of Jack McGrory as Chair of the Investment Advisory Committee

For the fiscal year 2020-2021, Trustee Jack McGrory has been appointed Chair of the Committee on Finance for the CSU Board of Trustees. With this appointment, Trustee McGrory now becomes, and has agreed to serve as, a member and Chair of the IAC for the 2020-2021 fiscal year.

COMMITTEE ON FINANCE

2020-2021 Final Budget

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

Ryan Storm
Assistant Vice Chancellor
Budget

Summary

This agenda item provides information to the California State University Board of Trustees on final budget-related decisions made by the state of California affecting the CSU operating budget.

Background

Since the May Board of Trustees meeting, there have been several important developments on the 2020-2021 state budget.

The governor's May Revision proposal concluded that the severe drop in economic activity due to COVID-19 has created a state budget deficit of \$54.3 billion dollars—that is \$13.4 billion in the current year and \$40.9 billion in the upcoming fiscal year. The \$54.3 billion is equivalent to one-third of the state's annual general fund budget.

In order to narrow the budget deficit, the governor proposed the following for the CSU:

1. The governor repealed his January proposal to provide a \$199 million recurring state General Fund increase.
2. The governor proposed a \$398 million recurring state General Fund reduction to the CSU operating budget, effective July 1, 2020. If adopted, it would be a ten percent decrease in state support, equivalent to a 5.6 percent operating budget reduction.
3. If the federal government were to provide the state with approximately \$14 billion of one-time assistance during the 2020-2021 fiscal year, the governor's administration would restore some portion of the \$398 million reduction on a one-time basis.

On June 15, 2020, the state legislature adopted a bicameral budget agreement and proposed the following for the CSU:

1. Effective July 1, 2020, the CSU would receive a \$199 million recurring state General Fund increase.
2. However, if the federal government does not provide the state with approximately \$14 billion of one-time assistance by September 1, 2020, the legislature's budget plan would repeal the recurring increase and reduce the CSU recurring operating budget by \$202 million.

In summary, the governor's plan would have reduced the CSU's recurring funding by \$400 million and the legislature's plan would have reduced the CSU's recurring funding by \$200 million.

CSU and the Final Budget Agreement

On June 22, 2020, the governor, senate pro tem, and assembly speaker announced a three-party consensus agreement on the 2020-2021 state budget. This final budget agreement struck a compromise on the CSU recurring operating budget and included a few one-time augmentations.

On the operating budget, the agreement reduced the recurring CSU operating budget by \$299.1 million from the state general fund. In total, recurring state support for the CSU operating budget now stands at \$3.72 billion. If the federal government were to provide funding to California by October 15, 2020 to help mitigate the impact of COVID-19 on the state's finances, the CSU would be provided a proportional share of this one-time funding in 2020-2021 to mitigate the reduction and potentially augment the CSU operating budget on a one-time basis.

The final budget agreement also included two, non-recurring increases in support of other state leadership priorities including \$6 million for 2021 Summer term financial aid for students and \$3 million for emergency student financial aid for eligible AB 540 students.

Conclusion

The state completed its work on the budget for 2020-2021 when Governor Newsom signed the budget act and the related legislation on June 29, 2020. The CSU greatly appreciates all CSU stakeholders' advocacy efforts. These efforts were critical in keeping the CSU a budget priority for legislators and the governor, thereby minimizing reductions to the CSU budget.