

July 19, 2016 CSU Board of Trustees Meeting Faculty Trustee's Report

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The summer meeting of the CSU Board of Trustees occurred on July 19, 2016. Ex Officio trustees Tom Torlakson, State Superintendent of Public Instruction, and Anthony Rendon, Speaker of the Assembly, were in attendance. This is a summary of the activities during the one-day ten-hour meeting:

1. The first several hours were spent in closed session to discuss executive personnel matters, pending litigation and collective bargaining items.
2. The Committee on Collective Bargaining met in open session to ratify the Collective Bargaining Agreement with Bargaining Unit 13, the California State University Employees Union (CSUEU), SEIU Local 2579. This agreement covers the English as a Second Language instructors at CSU Los Angeles. The immediate need for the new agreement was to resolve questions related to the conversion of the campus from quarters to semesters. This unit is self-funded, no state funds utilized.

Prior to the vote on this agreement, there was a public comment period related to collective bargaining: CSUEU representatives thanked everyone for the Unit 13 agreement, identified bullying as a continuing issue, advocated for increased active shooter training on the campuses, thanked the Chancellor's Office for a centralized no smoking policy and advocated for centralizing more common policies, and raised the issue of the need for campus policies covering the use of video surveillance systems to monitor the activities of staff. CFA representatives called for the CSU to establish a sustainable financial model that advocated for increases in public funding of the CSU with a focus on increasing continuing state funding commitments rather than relying on one-time funding, and called for the Chancellor to reconsider his positions regarding the Ethnic Studies Task Force Report's recommendations the system directly fund the hiring of 50 new faculty in the ethnic studies disciplines (he declined to fund) and to extend the current freeze on funding and organizational changes to existing ethnic studies programs for an indefinite period (the Chancellor did extend the current freeze to July 2017.)

3. The Committee on Finance approved as part of its consent agenda the issuance of Trustees System-wide Revenue Bonds to cover projects at California State Polytechnic University, Pomona (parking lot C reconfiguration), CSU San Bernardino (student housing and dining commons), San Diego State (Tenochca Hall Tower deferred maintenance and infrastructure replacement) and CSU Monterey Bay (acquisition of Monterey Bay Promontory Student Housing by the campus University Corporation.)

After a formal presentation and discussion, conceptual approval was given to CSU Monterey Bay to pursue a public-private partnership to develop a Sports Complex Project on campus land. This approval will permit CSU Monterey Bay to continue discussions with the BSIX Corp (B6) regarding the potential development of approximately 100 acres of campus land designated for athletics and recreational uses. The project would attract a variety of sporting and entertainment events from the region besides providing the campus with athletic and recreational facilities. The project has a current estimated cost of \$173 million and would include outdoor athletic fields,

covered multipurpose athletic fields that meet NCAA Division II standards, concessions, spectator seating and facilities, aquatics, support facilities, classroom/conference spaces, and office and administrative spaces. If this project proceeds forward, B6 would sign a ground lease for a term of not less than 40 years with the project improvements reverting to the CSU upon expiration or termination of the ground lease.

This was followed by informational presentations on CSU banking and investments and the 2016-2017 support budget. Since 2006, all CSU bank accounts have been with a single organization, Wells Fargo Bank, NA, under a zero balance account structure. This means all campus and Chancellor's Office account balances are transferred out of individual accounts each business day and rolled into a single, system-wide master account managed at the Chancellor's Office. Through this process, all balances from the individual accounts are netted against one another to generate one balance. If this master account balance is positive, the "extra" funds are sent to an investment account. If the master account balance is negative, funds are pulled from the investment account to cover the balance. Since July 2007, the investment account is a CSU System-wide Investment Fund-Trust (SWIFT) investment portfolio. All SWIFT cash and securities are held by US Bank Corp with the investment management split equally between US Bancorp Asset Management and Wells Fargo Asset Management. An update was provided regarding pending legislation that would expand the types of investments the CSU can make to include mutual funds and real estate investment trusts.

Regarding the 2016-2017 CSU support budget in terms of continuing funds, the CSU allocations in the 2016-2017 state budget plan are below the overall requests the CSU made to the state. The CSU request for increased continuing funds above its base funding level was for:

2% compensation pool increase	\$69.6 million
3% enrollment increase (10,700 FTES)	110.0 million
Student success and completion initiatives (hiring of faculty and advisors)	50.0 million
Academic facilities maintenance and infrastructure needs	25.0 million
Mandatory cost increases (health, retirement, new facilities maintenance)	43.0 million

Total	297.6 million

The 2016-2017 state budget calls for the CSU to receive the following increases in continuing funds above its base funding:

2% compensation pool increase	\$69.6 million
1.46% enrollment increase (5,200 FTES)	57.4 million
Student success and completion initiatives	10.2 million
Academic facilities maintenance and infrastructure needs	0.0 million
Mandatory cost increases (health, retirement, new facilities maintenance)	43.0 million

Total	180.2 million

The 2016-2017 state budget also calls for the CSU to receive supplemental, one-time funding in the following areas:

Graduation rate goal setting	35.0 million
Student success and completion initiatives And Graduation Initiative 2015	15.0 million
Deferred Maintenance	35.0 million

Additional	85.0 million

Providing some perspective: in 2007-2008 the state provided \$9,686 (inflation adjusted) per Full-Time Equivalent Student (FTES); in 2016-2017 the state will provide \$7,858 per FTES. Without taking into consideration inflation, in 2016-2017 community colleges will receive 34.23% more money than they received in 2007-2008; K-12 will receive 20.74% more; corrections will receive 17.32% more; health and human services will receive 13.30% more; UC will receive 1.43% more; and CSU will receive 0.05% less than the amount it received in 2007-2008.

The initial draft CSU budget for 2017-2018 will be presented to the Board during its September 2016 meeting.

4. The Committee on University and Faculty Personnel heard as an information item the executive compensation transition plans for Dr. Armiñana from his position as president of Sonoma State University, Dr. Rush from his position as president of California State University Channel Islands, and Dr. Zingg from his position as president of California State University Chico. In all three cases, they will begin a one-year paid transitional period. Over the years the Board has changed the long-term benefits of the executive transition program; in the case of Dr. Armiñana, after the initial transition year, he has retreat rights as a professor in his discipline or to be given an assignment agreeable to the president of Sonoma State.

The committee also received a summary report on the general salary increases received by all employees in collective bargaining units over the past three years, was reminded that the Board had endorsed a 2% compensation increase pool for all CSU employees as part of the 2016-2017 budget, and was informed that the Chancellor had determined it appropriate to grant a 2% increase to all non-represented non-executive CSU employees. The committee then took as an action item to approve a 2% compensation increase for executive employees. Because of reporting structures, separate resolutions and votes were required to approve the 2% compensation increase for the positions of chancellor and CSU auditor.

The final action item on the committee's agenda was to approve an exemption from the post-retirement employee waiting period to permit Dr. Benjamin Quillian, former CSU executive vice chancellor and chief financial officer and, most recently, acting vice president and chief financial officer for Administrative Affairs at California State Polytechnic University, Pomona, to work as a rehired annuitant at Pomona. The reason for this request from Pomona was so Dr. Quillian could continue his activities related to evaluating the potential uses of the 287-acre Lanterman facility that was conditionally turned over to Pomona along with the potential development of the adjoining 150-acre Spadra Farm facility that is already part of the Pomona campus. The CSU is required to make a decision regarding final acceptance of the Lanterman facility by September 2017.

5. The Committee on Committees was convened to approve adjustments to the 2016-2017 standing committee memberships and leadership cause by the departure of Trustee Lupe C. Garcia upon her recent appointment by the Governor of California to be a Superior Court judge in Alameda County. The changes did not alter my trustee assignments as a member of the committees on Educational Policy, Governmental Relations, and Organization and Rules, nor as the chair of the Committee on Campus Planning, Buildings and Grounds.
6. The Committee on Audit convened to receive a status report on current internal audit assignments. This is a routine report given at nearly every Board meeting.
7. The Committee on Campus Planning, Building and Grounds approved the schematic plans and to amend the 2016-17 Capital Outlay Program for the Baseball Clubhouse Replacement Building project at California Polytechnic State University, San Luis Obispo. The existing baseball clubhouse at 1,558 gross square feet (GSF) does not meet the current needs of the program. The proposed 9,700 GSF two-story replacement facility will provide added functionality appropriate for a NCAA Division I athletic program. As part of the project, the nearby temporary stadium

bleachers will be replaced by permanent grandstands. The \$7,575,000 project will be funded entirely from donor funds raised specifically for this project.

8. The Committee on Institutional Advancement approved two naming requests: the naming of the football stadium at San Jose State University as the CEFCU Stadium – Home of the Spartans” and the naming of the College of Business and Public Administration at California State University, San Bernardino as the Jack H. Brown College of Business and Public Administration.

The Citizens Equity First Credit Union (CEFCU) is providing \$8 million over a 15-year period to San Jose State University for the stadium naming rights for the term, to be the exclusive ATM provider at the stadium, have the opportunity to place additional ATMs on campus (non-exclusive rights), operate a kiosk near the stadium, and provide SJSU student-athletes with financial literacy awareness. Funds from the agreement will be used to support and strengthen athletics operations, improve the stadium and related facilities, and provide full funding of scholarship commitments for student athletes.

Jack H. Brown has been a long-time supporter of CSU San Bernardino and its College of Business and Public Administration. In 1992, Mr. Brown made a significant gift to the college that resulted in the naming of the college building as the Jack H. Brown Hall. In 2005, the CSU Board and CSUSB awarded Mr. Brown an honorary degree of Doctor of Humane Letters in recognition of his activities to assist the college. The naming of the college is in recognition of the CSUSB 50th anniversary gift of \$10 million to the college. This latest donation will support academic enrichment and student scholarships in the fields of business and public relations.

9. The Committee on Governmental Relations convened to hear an update on pending legislative actions. Here are highlights from that update:
 - a. SB 1412 (Block) – CSU Investment Authority (Board initiative): will provide the CSU with increased investment opportunities; approved by the Senate, passed on consent by Assembly Higher Education Committee
 - b. AB 2215 (Medina) – Lottery Fund Payments (Board initiative): removes unnecessary administrative processes currently carried out by both the CSU and the State Controller’s Office; approved by the Assembly, passed out of Senate Governmental Organization Committee on consent
 - c. AB 2017 (McCarty) – College Mental Health Services Program: would allow CSU, UC and CCC to submit proposals to augment their mental health services using Prop 63 funds; passed by the Assembly, has been double referred in the Senate to the Health Committee and the Education Committee
 - d. AB 2019 (Santiago) – California State University: Automatic Salary Adjustment for Faculty (CFA sponsored): would provide CSU faculty with annual automatic salary adjustments; dead for the session
 - e. AB 2163 (Low) – Appointment of CSU Campus Presidents (CFA sponsored): initially, this bill would have prohibited the Board from naming a campus president until the prospective candidate has visited the campus and held a public forum; a significantly altered version has been passed by the Assembly and referred to the Senate Education Committee – the revised bill requires that within 15 business days of being appointed by the Board, a new campus president will visit the campus and hold an open forum
 - f. SB 412 (Glazer and De Leon) – The California Promise: Glazer’s original bill did not get out of committee; this version would require the CSU to establish a California Promise Program at a minimum of ten campuses; the campuses would be required to enter into a pledge with a first-time student who would receive various incentives including priority registration and advisement; this version of the bill does not include a tuition freeze; the CSU has requested the bill be amended to require the pledge program for first-time freshmen be reduced to four campuses and that a similar pledge program for transfer students with Associate Degrees for Transfer be considered with a goal of 15 campuses offering transfer promises in 2017-2018 and another 5 campuses offering transfer

promises in 2018-2019; passed by Assembly Higher Education Committee and will be considered by the Assembly Appropriations Committee.

10. The Committee on Educational Policy had one informational item: a report on Graduation Initiative 2025. At the May 2016 Board meeting, a report on CSU efforts to increase student success was presented. Members of the Board asked what the next phase of the Graduation Initiative would look like. In late May 2016, the Division of Academic and Student Affairs invited the CSU presidents to nominate advisors to help the division revise its 2015 targets. Several trustees and representatives from ASCSU and CSSA were also invited to participate in the advisory committee. Over the last 8 weeks the advisory committee convened multiple full-day meetings to review national and state literature and best practices, evaluate graduation rates, and discuss revised freshman and transfer graduation rate targets for the year 2025. The work of the advisory group is continuing and during the September 20-21, 2016 Board meeting a new set of goals for Graduation Initiative 2025 will be presented. Immediately following the Board meeting, the CSU will convene a system-wide Graduation Initiative 2025 Symposium over September 21-22, 2016 in Long Beach.
11. During the full Board meeting in the afternoon, the Board affirmed passage of the action items mentioned in this report.

During the public comment session, the Board heard from: CSUEU representatives on the need for Prop 55 to pass, concerns about one-time funding being used to cover salary increases, the desire that a common In-Range Progression (IRP) process be established for all campuses, concerns about outsourcing of staff positions, and concerns regarding the use of surveillance cameras. Students, a number of them part of the Students for a Quality Education movement, spoke on the student homeless issue, in opposition of any form of student fee increases, about the need for increased state funding, in opposition of the recommendations of the Sustainable Financial Model Task Force Report, and in support of the findings of the Ethnic Studies Task Force Report.

The Board heard reports from:

- a. The Board Chair – This was Rebecca Eisen’s first report as Board chair. She congratulated the 105,000 new CSU graduates, applauded the high ratings recently received by many of the campus veterans’ programs, welcomed John Nilon as the new alumni trustee, praised past board chair Lou Monville, and announced the upcoming departures of Lori Lamb, Vice Chancellor, Human Resources and Trustee Lupe Garcia.
- b. The Chancellor – Timothy White started his report by welcoming the new campus presidents who were able to attend today’s meeting. He mentioned a number of significant grants and gifts received by CSU campuses, mentioned the importance of the recent CSU report on students who are housing displaced or have food insecurities. Lastly, he mentioned the redesign of the calstate.edu website.
- c. The ASCSU Chair – Chris Miller gave her first report as ASCSU chair. She stated the need for shared governance activities to become a habit and reminded the CSU executive branch of the importance for timely responses to the resolutions passed by the ASCSU. She spoke of the quantitative reasoning task force and ethnic studies task force activities as excellent examples of shared governance actions. She also reminded the Board of the importance of raising tenure density in the CSU.
- d. The Alumni Council President – Dia Poole introduced the members of the Alumni Council executive committee.
- e. The CSSA President – David Lopez gave his first report as CSSA president. A significant focus of his comments were on the importance of shared governance.

The Board concluded its open session with the recognition of three individuals for their services to the CSU:

- a. Conferral of Commendation – Lori Lamb
- b. Conferral of the Title of Trustee Emerita – Lupe C. Garcia
- c. Conferral of the Title of Trustee Emeritus – Lou Monville

12. After the close of the open session, the Board continued to meet in closed session to discuss executive personnel matters.