

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

**California State University
Office of the Chancellor
401 Golden Shore
Long Beach, California**

January 29, 2003—10:15 a.m.

Presiding: Debra S. Farar, Chair

Call To Order and Roll Call

Chair's Report

Chancellor's Report

Report of the CSU Alumni Council: *President—Wayne Adelstein*

Report of the California State Student Association: *Chair—Artemio Pimentel*

Report of California Postsecondary Education Commission: *Anthony M. Vitti*

Approval of Minutes of Board of Trustees' Meetings of October 31, 2002, November 13, 2002 and December 16, 2002

Board Items

1. Recognition of CSULA Emeriti Association

Report of Committees

Committee on Collective Bargaining: *Chair—Robert G. Foster*

Committee on Institutional Advancement: *Chair – Frederick W. Pierce IV*

1. Approval of Naming of Facility – California State University, Long Beach
2. Approval of Naming of Facility – California State University, Fresno
4. 2001/2002 Annual Report on External Support

Committee on Governmental Relations: *Chair – Murray L. Galinson*

1. Adoption of Trustees' Statement of Legislative Principles
2. 2001/2002 Legislative Report No. 1
3. California State University Federal Agenda for 2003

Committee on Finance: *Chair – William Hauck*

3. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Various Projects
4. Auxiliary Organization Tax-Exempt Financing at California State University Chico
5. Public Sector Partnership in the Development of a California Regional Crime Laboratory Facility at California State University, Los Angeles
6. Real Property Development Project at California State Polytechnic University, Pomona for the Southern California Regional Blood Processing Center for the American Red Cross

Committee on Educational Policy: *Chair – Roberta Achtenberg*

2. Modification of California State University Admission Policy for Upper-Division Transfer Students

Committee on Audit: *Chair – Shailesh J. Mehta*

Committee on Campus Planning, Buildings and Grounds: *Chair – Ralph R. Pesqueira*

1. Amend the 2002/2003 Capital Outlay Program, Nonstate Funded
4. Approval of Schematic Plans

Communications and Correspondence

Old Business

New Business

Public Comment

Adjournment

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

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

October 31, 2002

Trustees Present

Debra Farar, Chair
Cruz Bustamante, Lt. Governor
Roberta Achtenberg
William D. Campbell
Delaine Eastin, Superintendent of Public Instruction
Robert Foster
Murray L. Galinson
Harold Goldwhite
William Hauck
Ricardo F. Icaza
M. Alexander Lopez
Shailesh J. Mehta
Dee Dee Myers
Ralph Pesqueira
Frederick W. Pierce IV
Charles B. Reed, Chancellor
Erene S. Thomas
Kyriakos Tsakopoulos
Anthony Vitti
Martha C. Walda

CORRECTED

Trustees Absent

Gray Davis, Governor
Herb Wesson, Speaker of the Assembly

Chancellor's Office Staff

Louis Caldera, Vice Chancellor, University Advancement
Christine Helwick, General Counsel
Jackie R. McClain, Vice Chancellor, Human Resources
David S. Spence, Executive Vice Chancellor and Chief Academic Officer
Richard West, Executive Vice Chancellor and Chief Financial Officer

Chair Farar called the meeting to order at 9:06 a.m. and asked that Ms. Leticia Hernandez call the roll.

Ms. Hernandez called the roll and reported that a quorum was present.

Chair Farar announced that former Chancellor Tien of UC Berkeley had passed away. She remarked that he was a true leader who will be missed.

Chair Farar recognized the State Superintendent of Public Instruction, Delaine Eastin, who thanked the trustees and the CSU for being true partners in helping to shape a reform agenda for the schools of the state of California. She also praised the CSU for its role in developing more and better teachers and she thanked the Chancellor for his efforts to give the CSU the Educational Doctorate, Ed.D. She stated that it was important that the CSU continue to “fight the good fight” to stay the course in making sure that there is a real powerful alliance between the UC and said that the Trustees of the California State University can drive that alliance. She said that she was very proud of this Board of Trustees.

Chair Farar thanked Trustee Eastin for her inspirational remarks and also for the work that she does on behalf of public education.

Action Items

Chair Farar stated that there were two action items on the consent calendar. Both items were approved without objection.

Reappointment of Ad Hoc Committee on Off-Campus Facilities (RBOT 10-02-06)

RESOLVED, By the Board of Trustees of The California State University that the Ad Hoc Committee on Off-Campus Facilities be renewed. The membership of this committee shall consist of:

Anthony M. Vitti, Chair
William D. Campbell
Debra S. Farar, Chair of the Board, ex-officio
Bill Hauck
Frederick W. Pierce IV
Charles B. Reed, Chancellor, ex-officio
Kyriakos Tsakopoulos

Appointment of Ad Hoc Committee on Executive Compensation (RBOT 10-02-07)

RESOLVED, By the Board of Trustees of The California State University that an Ad Hoc Committee on Executive Compensation be established. The membership of this committee shall consist of:

Murray Galinson, Chair
William D. Campbell
Debra S. Farar, Chair of the Board, ex-officio
Bill Hauck
Shailesh J. Mehta
Charles B. Reed, Chancellor, ex-officio
Anthony M. Vitti

Chair Farar asked Chancellor Reed to comment before she called on Executive Vice Chancellor Richard West to make a presentation on the Support Budget item.

Chancellor Reed thanked Superintendent Eastin for her leadership and passionate work on behalf of the students of California.

Chancellor Reed gave an overview of the budget process noting that the actions to be taken at the board meeting constituted the first important step in the process because the board was not only being asked to approve a budget but to approve priorities for the budget.

He further indicated that because of a provision in the current state budget, it was some possibility of additional reductions for the CSU in the current year.

The Chancellor reported on a meeting he attended in Washington, D.C. with administrators from other university systems where they discussed a conference paper, entitled “Weathering the Double Whammy,” and stated that when the paper is finalized, he would make copies available to the trustees and presidents. He explained that the “double whammy” is the worst two things that could happen at the same time: no money, more students.

Chancellor Reed remarked on his five-year tenure at the CSU and stated that he was proud of what had been accomplished during this time. He said that the CSU has accommodated more than sixty thousand more students and he recognized the leadership—Governor and Legislature—for funding the UC, CSU, community colleges and the public schools well during that time.

Chancellor Reed stated that for the short term, the CSU has already taken a \$43 million cut, which the CSU will not get back. The CSU is also absorbing \$22 million in energy costs, and in addition to the \$75 million more in health care costs that the CSU is spending this year, the current budget recommendation calls for another \$32 million for increases in health care.

Chancellor Reed stated that one of the biggest challenges to the CSU is enrollment management. Chancellor Reed reported that the CSU admitted 18,291 more students this year and that the presidents did plan and anticipate the increase and those students were accommodated.

However, the problem now is to match up the budget and the decisions that are made in Sacramento with the decisions that this board and the presidents have to make. He stated that in this budget the trustees would be requesting a 5% increase in enrollment and said that it was important to take this risk and convince the governor and the legislature that they have to make increasing enrollment a priority and they have to pay for it.

Chancellor Reed stated that in order to continue to build quality, the budget recognizes the need to improve libraries, scientific and technical equipment, and fixed costs. In addition, the CSU's budget is committed to funding 1,200 full time tenure-track searches this year.

The Chancellor stated that in the long run, the economy will get better, and that the CSU needs to be prepared for that as well. He discussed the workforce development project, which can be found on the web at <http://www.csuadvantage.org>.

Chair Farar thanked the Chancellor for an informative overview and called on Executive Vice Chancellor Richard West and Assistant Vice Chancellor Patrick Lenz to make the presentation.

Mr. West explained that the presentation would be done in three parts. A general overview of California's economic conditions, then a review of the current state budget and some of the deficit solutions put in place with observations the legislative analyst has made with respect to the budget year coming up and the demographics of the budget and finally a review the budget details of the CSU's budget proposal to the Governor. He stated that there were two components of the CSU's budget and that although focus would be on the state budget request, the board will also be asked to approve a Lottery Budget as a separate action. He then asked Assistant Vice Chancellor Patrick Lenz to make the presentation.

Chair Farar thanked Mr. West and Mr. Lenz for their presentation and asked for questions from the trustees.

Mr. Icaza asked about mandatory costs, specifically the two full-year costs of faculty representing approximately 29.9 million dollars and the two full-year costs of non-faculty of 1.9 million. He stated that his understanding was that because of the turnover and step process these costs are covered or offset by the fact that faculty is replaced with lower wage employees.

A lengthy discussion about this matter ensued. Mr. Lenz responded that certainly there are some assumptions as a result of implementing ACR 73. He stated that he was unaware of an offset that would deal with these specific costs.

Mr. West added that the ACR 73 study did assume those benefits as part of the strategy and required the costs that were identified. He added that the other pressures on the budget are on serving those additional students enrolled beyond the budgeted amounts and if there are savings in those areas, those would go to meet enrollment demands. He further stated that when the agreement was made with faculty, CSU always anticipated that funding would be requested in

the year that it came into effect. Mr. West stated that the budget proposal is consistent with what had been planned.

Chancellor Reed reiterated that the CSU was meeting its obligations to all the bargaining units and that if there were any cost savings they would be used to manage enrollment as Mr. West had explained. He also stated that CSU's budget is appropriated in a lump sum and it is up to the CSU to manage those resources and make sure that all costs are managed properly including such things as higher enrollment and increased energy and healthcare costs.

Trustee Mehta requested clarification about the item under discussion, stating that it was his understanding this item is in the mandatory category was because it is a firm commitment. Mr. West indicated that Trustee Mehta was correct.

Trustee Pierce asked about the state university fee. He stated that when the board discussed increasing the non-resident student tuition the board had discussed the possibility of taking a look at longer term fee policy.

Mr. West responded, the way the Partnership is structured, there is an implicit fee policy and the Department of Finance would like to continue the same practice. He also stated that separate from the Governor's staff, the legislature had asked CPEC to do some analysis of fee options, which is currently under review. The CSU will be reviewing any recommendations for the impact on CSU.

Trustee Pierce stated that he is concerned about what would happen if the budget is not funded as expected that the trustees would be put in a position of increasing fees without appropriate notice to the students.

Trustee Campbell avowed that the time to graduation rate has improved dramatically since the CSU switched from the Orange Book formulas and line-item budgeting to the Partnership approach to budgeting. He stated that although only 15% of the budget was open to negotiation each year because of mandatory state laws guaranteeing K-12 a certain amount of money, the state expenditure for higher education has increased from 9% to 11% from 1962 to 2002. Because both sides have honored the partnership, it has allowed the CSU to adhere to the Master Plan of Higher Education. Also, the students have been treated so much better. He encouraged the board to keep the compact with the Department of Finance because the CSU system works well because of it.

Mr. Foster commented on the obvious effects of the stock market decline on revenues to the state. He explained that an important contributor to this loss of confidence on the part of investors is the ability to believe financial statements. He stated that the CSU's figures are believable; they're in the right place and urged that the university keep that in mind. He congratulated Executive Vice Chancellor West and his staff for doing a great job again providing a budget that is understandable and more importantly, it is believable.

Lt. Governor Bustamante questioned whether the budget was honoring the discussions held last year relative to the out-of-state fee revenues covering the faculty contract. He stated that the LAO and the budget staff in the legislature believed that the revenues that came as a result of increases in non-resident tuition were expected to fully cover costs of the faculty compensation in the partnership. He was concerned that the Assembly might interpret this as an effort on CSU's part to double-dip.

Mr. West stated that the discussion of the non-resident tuition, was for the current 2002/03 budget year, not the budget proposal being discussed. The contract for all employees, including the faculty, was for 2002/03 and the costs for 2/3 were partially covered with the 1.5% pool of which about .5% was from the non-resident tuition increase. This new proposal addresses the 2003/04 budget, which includes an additional cost starting July 1, 2003 that was part of the contract that was negotiated with the faculty on a three year basis. The difference is relates to fiscal years and the non-resident tuition income that the university gets from students on an on-going basis this year pays for this year and becomes part of the base for the next year.

The CSU did disclose to the staff that when we signed the agreement last spring with the faculty there were going to be new on-going costs as the salary increases kicked in during the contract period in the budget year 2003/04. .

Chancellor Reed added that when it was recommended to this board to increase non-resident tuition by 15%, it was a revenue source in total. This revenue source was not earmarked for compensation or salaries for any specific labor group. It became a part of this total budget and was added to the total. .

Statewide Academic Senate Chair Kegley took a moment to thank the board for its support of ACR 73. She stated that this is a plan to increase the quality of education for students, addressing a national issue. It is easy in good budget times to do something. It is difficult in difficult budget times to do something and she thought this was a courageous act on the part of the trustees to move forward and make ACR 73 a budget priority. .

CSSA President Pimentel stated that next year's budget does not call for student fee increases, but asked about the possibility of increases and the timing of notification.

Mr. West indicated that a student fee increase would be a debate that starts with the January Governor's proposal. He also explained that given the discussions with the Department of Finance, he did not see that there would be a fee proposal. He stated that the Governor was clear last year about how he wanted to treat education as priority including higher education and that the state would continue to favor access over other priorities. However, this is a difficult budget year and he said that it would be prudent to consider that everything is on the table. He also said that timing is uncertain and that there will be more uncertainty as the CSU goes forward, but as of today, fees are not on the table.

Chair Farar called for a motion, there was a second.

Mr. Icaza offered the following amendment to the motion:

WHEREAS the faculty and staff of California State University are the University's most valuable asset in carrying out the mission of the University, and

WHEREAS the faculty and staff of the CSU are deeply concerned that the compensation elements of the 2003/04 budget proposal are divisive and unfair, creating unnecessary and counterproductive tension among faculty and staff; and

WHEREAS the faculty and staff of the CSU are interested in a productive dialogue with the University Trustees to resolve this problem;

BE IT THEREFORE RESOLVED that the 2003/04 draft budget proposal shall be amended to reflect the following changes:

1. Move the ongoing cost of the faculty compensation agreement (\$29.9 million) and the non-faculty compensation agreements (\$1.9 million) outside the Partnership portion of the budget;
2. Move the parity increase for non-faculty employees (\$26.6 million) outside the Partnership portion of the budget;
3. Within the Partnership portion of the budget, increase the 2003-04 non-Unit 6 General Compensation Increase from 1% (\$22.9 million) to 3.52% (\$80.5 million) and provide a 1.52% compensation supplement to Unit 6 employees (\$0.7 million); and
4. Reduce the compensation supplement provided outside the partnership portion of the budget to 0.48% (\$11.2 million).

The motion was seconded.

Chair Farar asked for comments prior to taking a vote.

Trustee Goldwhite stated that although he did not like some of the language in the document, he spoke in favor of the amendment. He stated that the budget proposal was unlikely to be funded completely and that there would be extensive further negotiations, but the board makes a public statement of where its priorities are with the budget.

Trustee Foster reiterated his earlier comments about adequate disclosures about credibility. He further stated that to him the proposed amendment was the equivalent of playing smoke and mirrors, and behaving like Enron and Worldcom by moving items off the balance sheet when it really is an obligation. He asked Trustee Icaza to explain what part of the budget would cover the approximate \$60 million dollars he proposes moving out of mandatory costs "(above the line)" into "below the line," because those are costs that have to be covered.

Trustee Icaza stated that \$29 million are not a legitimate expense. This is an evaluation that has been done by the faculty with respect to parity. He stated that he was not convinced that that's the proper thing to do. He stated that he was suggesting that the higher priority is the compensation for the faculty and staff.

Trustee Goldwhite stated that Mr. Foster had the proposal before him and the amounts above the line and below the line are exactly the same as in the CSU's budget proposal. He said that there has just been some movement, but that the amounts are the same.

Trustee Foster noted that balance sheet movement is a game people play with off-balance sheet and on-balance sheet. These are obligations that should be in the mandatory category and they should remain there.

Dr. Farar opened the discussion for public comment.

Public Comments

The board heard comments from Ms. Pauline Robinson, District Director, CSEA; Mr. Pat Hallahan, International Representative, SETC and the State University Police Association; Dr. Susan Meisenhelder, CFA; Dr. John Travis, CFA; Dr. Patricia Hill, CFA; Dr. Mark Sekelek, CFA; Dr. Floyd Anscomb, Union of American Physicians and Dentists; Mr. Charles Goetzel, President, Academic Professionals of California. Dr. Meisenhelder introduced 23 CFA campus representatives.

Chair Farar called for a roll call vote on the amendment to the motion. Ms. Hernández called the roll and reported that the motion failed.

California State University, 2003/2004 Support Budget (RBOT 10-02-08)

The original motion was again moved; there was a second. Chair Farar asked for a roll call vote. Ms. Hernández called the roll and reported that the trustees passed the following resolution:

State Appropriated 2003/2004 Support Budget

RESOLVED, By the Board of Trustees of the California State University, that the 2003/2004 Support Budget is approved as submitted by the chancellor and as included with agenda item 3 of the Board of Trustees October 31, 2002 meeting; and be it further

RESOLVED, That the chancellor is authorized to adjust and amend this budget to reflect changes in the assumptions upon which this budget is based, and that such changes made by the chancellor be communicated promptly to the trustees; and be it further

RESOLVED, That the chancellor is authorized to comply with requests of the Department of Finance and the legislature regarding establishment of priorities within this budget; and be it further

RESOLVED, That copies of this resolution be transmitted to the California Postsecondary Education Commission, to the governor, to the director of finance and to the legislature.

(a) **2003/2004 Lottery Revenue Budget**

Chair Farar moved the resolution; there was a second. Chair Farar asked for a roll call vote. Ms. Hernández called the roll and reported that the trustees passed the following resolution:

RESOLVED, By the Board of Trustees of the California State University, that the 2003/2004 Lottery Revenue Budget totaling \$39.1 million included in agenda item 3 of the Board of Trustees October 31, 2002 meeting be approved for implementation by the chancellor, with the authorization to make transfers between components of the Lottery Revenue Budget and to phase expenditures in accordance with receipt of lottery funds; and be it further

RESOLVED, That the chancellor is hereby granted authority to adjust the 2003/2004 Lottery Revenue Budget approved by the Board of Trustees to the extent of receipt of greater or lesser lottery revenue than budgeted in 2003/2004 to respond to opportunities or exigencies; and be it further

RESOLVED, That a report of Lottery Revenue Budget receipts and expenditures be made to the Board of Trustees.

Old Business

New Business

Adjournment

The meeting adjourned at 11:13 a.m.

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

**Trustees of the California State University
Office of the Chancellor
Dumke Auditorium
Long Beach, California 90802**

November 14, 2002

Trustees Present

Debra S. Farar, Chair
Roberta Achtenberg
Cruz Bustamante, Lt. Governor
Bob Foster
Murray L. Galinson
Harold Goldwhite
William Hauck
M. Alexander Lopez
Ralph Pesqueira
Frederick W. Pierce IV
Charles B. Reed, Chancellor
Erene S. Thomas
Kyriakos Tsakopoulos
Anthony Vitti

Trustees Absent

William D. Campbell
Ricardo Icaza
Gray Davis, Governor
Delaine Eastin, Superintendent of Public Education
Shailesh J. Mehta
Dee Dee Myers
Martha Walda
Herb Wesson, Jr., Speaker of the Assembly

Chancellor's Office Staff

Christine Helwick, General Counsel
Jackie R. McClain, Vice Chancellor, Human Resources
David S. Spence, Executive Vice Chancellor and Chief Academic Officer
Richard West, Executive Vice Chancellor and Chief Financial Officer

Chair Farar called the meeting to order at 10:57 a.m.

Chair's Report

Chair Farar stated that the 2002/03 academic year began with the CSU setting an enrollment record by admitting more than 406,000 students.

Chair Farar noted that the CSU faces a number of challenges similar to those that face other universities around the country and that the way in which the CSU responds to those challenges, like managing its enrollment growth while maintaining quality programs and services; preserving access and affordability for students during difficult budget times; recruiting and retaining faculty members; and keeping facilities and technology up to date will have an important impact not only on CSU students but also on the many institutions that look to the CSU as a model.

Chair Farar spoke about Proposition 47 and thanked the efforts of the Californians for Higher Education, Vice Chancellor Caldera, Trustee Bill Hauck, Chancellor Reed, Mr. Jorge Haynes, the university presidents, the alumni association, the CSSA, the employee unions, and the hundreds of faculty, staff, student, and alumni volunteers who helped promote this initiative.

Chair Farar acknowledged Trustee Bill Hauck, who added his thanks to the students and presidents, as well as to everyone who worked on the bond issue. He also gave a short report on the second cycle for the bond that will be up for a vote in the March 2004 election.

Chair Farar thanked the board members who participated in the October 31 meeting to discuss and adopt the Trustees' budget for 2003/2004. She stated that the budget was a solid, fair budget that reflects CSU's top priorities for the year ahead.

Chair Farar reported on the two presidential searches currently underway and stated that if everything continues on track, the board will be presented with final slates of candidates for both campuses in mid-March.

Chair Farar reported on various events and campus visits including the 14th annual Envisioning California Conference in Sacramento with Trustee Goldwhite, the CSU Reading Conference on "Preparing Teachers to Teach Reading Effectively," the grand opening of the BioTrek project at Cal Poly Pomona. Campus visits included Stanislaus, Los Angeles, Hayward, Fresno, Channel Islands and Long Beach. Chair Farar noted that these were all very positive visits and the enthusiasm of the faculty and staff on all of the campuses was contagious.

Chair Farar congratulated Cal State Northridge for its participation in the Carnegie Corporation's prestigious *Teachers for a New Era* project. She also noted that CSUN is the alma mater of Governor-elect Linda Lingle, of Hawaii, who credits CSUN with helping her to develop some of the skills she's needed in her political career.

Chair Farar recognized various CSU Students for their accomplishments. They are: Ari Soto, a manufacturing systems engineering major at Cal State Northridge, won a \$5,000 scholarship

from the Congressional Hispanic Caucus Institute for his community service activities; David L. Pagni, a mathematics professor at CSU Fullerton, who received a \$6.5 million National Science Foundation grant—the largest ever for the university—to enhance teacher preparation and to help students excel in mathematics; and members of the Anaheim Angels, who won their first World Series. Four of their players attended CSU campuses: Kevin Appier, pitcher – Fresno State; Matt Wise, pitcher – CSU Fullerton; Adam Kennedy, 2nd base – CSUN; Jeff DaVanon, right field – San Diego State.

Chair Farar recognized Chancellor Reed, who five years ago agreed to lead the California State University.

(The complete text of the Chair’s Report is attached marked “Exhibit A.”)

Chancellor’s Report

Chancellor Reed stated that the CSU was entering into some uncharted territory with the budget and noted that by the next board meeting there would be a clearer picture about what the Governor was recommending. At this time it was unclear whether there would be mid-year cuts.

Chancellor Reed thanked Bill Hauck, Louis Caldera, Jorge Haynes and all the presidents for their work with Prop 47 and said that everybody had done a fantastic job with the bond.

The Chancellor stated that in the interest of time he would send the board members his report in memo format.

(The complete text of the Chancellor’s Report is attached marked “Exhibit B.”)

Report of the CSU Alumni Council

Wayne Adelstein, president, reported for the Alumni Council

Report from the California State Student Association

Artemio Pimentel, chair, reported for the CSSA.

Report from the California Postsecondary Education Commission

Trustee Vitti stated that there was nothing to report from CPEC.

Approval of Minutes

The minutes of the meeting of the Board of Trustees of September 18, 2002 were approved as corrected.

Report of Committees

Committee on Collective Bargaining

Trustee Foster reported the committee recognized two speakers from the Academic Professional of California, Dr. Charles Goetzl, President and Ms. Christine McCarthy, Vice President.

Committee on Institutional Advancement

Trustee Pierce reported the committee heard one information item updating the committee on advancement activities and action item, and one action item as follows:

Revision of Title 5, California Code of Regulations, Adding Article 15. Alumni Associations (RIA 11-02-09)

Trustee Pierce moved the resolution; there was a second.

Chair Farar stated that this resolution proposed a change in Title 5 regulations and therefore a public hearing must be held. She asked for public comment on the proposed changes in the regulations.

Hearing none, the public hearing was closed.

The Board of Trustees approved the following resolution:

RESOLVED, By the Board of Trustees of the California State University, acting under the authority prescribed herein and pursuant to Sections 89030 and 89030.1 of the Education Code, that the board hereby adopts regulations relating to the internal management of the university comprising Article 15 (commencing with Section 42397) of Subchapter 5, Chapter 1, Division 5 of Title 5 of the California Code of Regulations as follows:

Article 15. Alumni Associations

Section 42397. Purpose.

Campus alumni organizations aid the California State University in achieving its goals by providing leadership in fostering participation and support of campus priorities and representing alumni interests. As a public trust and the beneficiary of the support provided by alumni associations, the trustees are obligated to require that the funds raised by alumni associations be properly controlled and expended. Consequently, it is the intent of the trustees (1) to develop policies and procedures governing the recognition and management of alumni organizations, including the use of funds and institutional resources and, (2) to ensure cooperative and collaborative efforts between the alumni organizations and the campuses. To accomplish this, the campus president has the responsibility of granting and periodically reviewing recognition of a campus alumni association. These provisions govern the relationship between the alumni association and the campus it supports.

Note: Authority cited: Sections 89030 and 89031.1, Education Code. Reference: Sections 89030 and 89902, Education Code.

Section 42397.1. Recognition.

- (a) A campus president, by agreement between the campus and the organization, may recognize as the campus alumni association a single campuswide organization that has the following characteristics:
- (1) is organized and operated solely for the benefit of the university and its alumni;
 - (2) has as its purpose providing service and support to its members, the alumni of the campus, and to the university;
 - (3) does not restrict membership or benefits of membership on the basis of race, religion, national origin, gender, physical disability or sexual orientation;
 - (4) recognizes the unique role of the campus president in setting campus priorities;
 - (5) is the umbrella organization for the constituency alumni groups of the campus; and
 - (6) irrevocably dedicates its assets for the benefit of a campus of the California State University. In the event of the association's dissolution, its assets shall be transferred to the campus or an auxiliary organization designated by the campus president for purposes consistent with the purposes of the association and the terms of the individual gifts that are part of the assets, and, if a corporation, in conformance with the California Nonprofit Corporation Law.
- (b) Each recognized alumni association shall enter into an agreement with the campus that shall include the following:
- (1) the provisions of this article shall be incorporated by reference;
 - (2) the exchange of value between the campus and the alumni association shall be expressed and may include provision of facilities and other tangible as well as intangible exchanges;
 - (3) a license agreement for use of the campus name and symbols;
 - (4) authority and responsibility with regard to use of the campus alumni database; and
 - (5) the term of the agreement.
- In addition, the agreement may include other provisions unique to each campus and alumni association such as the following:
- (6) financial management and record keeping arrangements between the parties;
 - (7) provisions for the construction and operation of an on-campus alumni center;
 - (8) provisions for use of alumni association name and symbols; and
 - (9) such other provisions that may pertain to the relationship between the campus and the alumni association.
- (c) Compliance with this article and the agreement between the campus and the alumni association is a condition of continued recognition. A copy of this article and the agreement

shall be given to all members of the campus alumni association's governing body and to any new member of the governing body when the new member takes office.

- (d) To obtain and maintain recognition, the campus alumni association shall submit the following to the campus president or designee on an annual basis or otherwise as specified by the campus president:
 - (1) a current list of officers, members of the governing body, and the principal contact person for the organization;
 - (2) a statement of the organization's purpose and goals consistent with subsection (a) and copies of the current enabling documents of the organization (*i.e.*, bylaws, constitution, articles of incorporation, or other governing document);
 - (3) a current roster of names and addresses of donors and members, unless such records are otherwise maintained by the campus;
 - (4) a statement signed by the officers/representatives of the organization that the governing body has read and formally voted that it will comply with this article and the agreement;
 - (5) a copy of the organization's annual financial statements;
 - (6) for an organization with accounts at a financial institution, a list identifying all such accounts, including the institution's name and address, the organization's account numbers, and a statement signed by an appropriate officer or representative of the organization authorizing the campus to obtain upon request from the financial institution information, records, or photocopies of transactions relating to the accounts; and
 - (7) for an incorporated, tax-exempt organization, (A) a copy of the organization's state and federal tax-exempt status determination letter; (B) a copy of the organization's most recent Internal Revenue Service Form 990; and (C) a list of the types of activities, including fundraising and membership drives, the organization intends to undertake and how the organization intends to financially support these activities.
- (e) The following are among the privileges that may be granted by the campus president to a recognized campus alumni association:
 - (1) use of the name of the campus and symbols, including the name of its mascot or other identifying marks that would cause the public to assume it is dealing with the university or a university recognized group;
 - (2) use of the campus as approved by the campus president or designee in performance of an association's recognized activities; and
 - (3) use of a campus auxiliary organization's investment services, as approved by the campus president or designee.
- (f) Under the authority of the campus president, the recognized campus alumni association may be assigned the responsibility of ensuring that all geographical and special interest chapters of the campus alumni association, as well as other recognized constituency alumni groups, are in compliance with this article.

- (g) After July 1, 2003, use of the campus name and symbols, including mascot or other identifying mark, by an organization that has operated as a campus alumni association, is prohibited unless the organization has been recognized by the campus as the campus alumni association under the provisions of this article. A campus alumni association that meets the criteria of this article and has been recognized as the campus alumni association shall not have that recognition withdrawn by the campus president except for material noncompliance with this article, after having been given an opportunity to correct the noncompliance.

Note: Authority cited: Sections 89030 and 89031.1, Education Code. Reference: Sections 89030 and 89902, Education Code.

Section 42397.2. Organization.

- (a) A campus alumni association may be included as part of the university or an auxiliary organization or, if organizationally separate from the university or an auxiliary organization, shall obtain and maintain status as a tax-exempt organization under state and federal law.
- (b) The campus president or designee shall be an *ex officio* voting or non voting member of the association's governing body.
- (c) Campus presidents are responsible for determining that campus alumni associations are in compliance with this article and have authority to require campus alumni associations to provide written evidence of compliance.
- (d) Campus presidents may, after consultation with the campus alumni association, establish additional written campus policies governing campus alumni associations consistent with this article. Copies of these policies and any amendments thereto shall be forwarded promptly upon their issuance to the Chancellor.
- (e) A campus alumni association shall comply with campus policies pertaining to use of the campus name and symbols.

Note: Authority cited: Sections 89030 and 89031.1, Education Code. Reference: Sections 89030 and 89902, Education Code.

Section 42397.3. Fundraising.

- (a) Fundraising campaigns proposed by a campus alumni association shall be approved in advance in writing by the campus president or designee as provided in campus policy. Solicitations of membership dues do not require such advance approval and are not fundraising within the meaning of this article. All fundraising campaigns shall be coordinated through the campus development office. Campus alumni associations may accept gifts only if the associations comply with the financial policies of this article, including, for alumni associations separate from the state, maintaining state and federal tax-exempt status. Campus alumni associations shall acknowledge and thank donors who have made gifts in a manner consistent with campus development policies.
- (b) A campus alumni association shall advise donors that any restrictive terms and conditions attached to gifts for the campus are subject to campus approval.
- (c) All gifts for the benefit of a campus alumni association shall be reported by the association to the campus president or designee.

Note: Authority cited: Sections 89030 and 89031.1, Education Code. Reference: Sections 89030 and 89902, Education Code.

Section 42397.4. Financial Activities.

- (a) **Financial Control:** Financial activities of a campus alumni association shall be administered and reported to its governing body in accordance with prudent business practices, generally accepted accounting principles, and this article.
- (b) **State Funds:** State Funds shall not be transferred to a campus alumni association. Payments for commensurate value received are permitted, but gifts or unrestricted grants are not.
- (c) **Submission of Budget and Report of Expenditures:** The campus alumni association shall submit its budget to the campus president for review at least 30 days prior to the commencement of the fiscal year. Within 180 days of the close of each fiscal year, the campus alumni association shall submit to the campus president a detailed report comparing budgeted to actual expenditures by fund source. Upon request, a campus alumni association shall submit to the president, within 30 days of such request, interim financial information.
- (d) **Bonding and Insurance:** The governing body of a campus alumni association shall make an express determination of the appropriateness, necessity, and amounts of any bonds for officers and staff members. General liability and directors' and officers' liability insurance also shall be obtained in amounts determined annually by the governing body to be reasonable, appropriate, and necessary. The insurance may be provided by a campus auxiliary organization. Any general liability insurance obtained by or on behalf of a campus alumni association shall name the campus as an additional insured.
- (e) **Funds for Support of University Departments:** Restricted funds received or unrestricted funds, including investment payout, allocated for support of campus departments or programs, shall be transferred at least annually to the campus, unless otherwise provided by the campus president, and shall be administered in accordance with campus policies and expended from campus department or program accounts.
- (f) **Bank Accounts:** Only the following expenditures for campus alumni association activities may be made from bank accounts:
 - (1) payments for goods, facilities, and services including salaries of staff, if the goods, facilities, and services are in connection with official activities of the campus alumni association;
 - (2) payments for audit, tax preparation, and legal fees;
 - (3) payments to donors and members to refund contributions and dues as permitted by law, or to return overpayments pursuant to a donor's or member's request;
 - (4) payments to other organizations of donations or other remittances made in error;
 - (5) transfers to the campus or a campus auxiliary organization;
 - (6) travel expenses reimbursement, scholarships, support of campus activities; and
 - (7) legally appropriate payments from its bank account to support ballot measures beneficial to the university and endorsed by the trustees.

- (g) Disbursements: All disbursements on behalf of a campus alumni association shall be approved by an officer or employee designated by the governing body. The governing body of the campus alumni association shall specify an amount beyond which checks must bear the signatures of two persons designated by the governing body.
- (h) Financial Statements: Financial statements and expenditures by a campus alumni association shall be in accordance with campus policies, with detailed budgets approved by the campus alumni association's governing body.
- (i) Payments to University Employees: A campus alumni association shall not (a) directly or indirectly employ, (b) supplement the salary of, or (c) provide any consulting fees, loans, or perquisites to campus employees outside of established personnel policies and practices of the California State University.
- (j) Payments to Directors and Officers: Except for reimbursement for expenses incurred on its behalf, a campus alumni association shall not pay any salaries, consulting fees, loans, or perquisites to a campus alumni association director, officer, or volunteer without the campus president's prior written approval.
- (k) Deposit of Gifts to the Campus: Campus funds or gifts payable to the California State University shall not be deposited with or transferred to a campus alumni association.
- (l) Solicitation Literature: When a fundraising campaign has been approved by the campus president, a campus alumni association's solicitation literature shall make it clear when gifts are to be made payable to the campus alumni association. Each campus alumni association shall develop a procedure to document when gifts intended for it have erroneously been made payable to the campus and, when such documentation is provided, the campus may issue an exchange check to a campus alumni association.
- (m) Gift Expenses: If charges against gifts are to be made for costs of administering a gift to the campus alumni association, the campus alumni association shall include in its literature a statement to that effect. The charges shall be approved by the campus president and the campus alumni association's governing body, and the nature of such charges shall be disclosed in the campus alumni association's audited financial statement.
- (n) Report to Registry of Charitable Trusts and Statement of Domestic Nonprofit Corporation: Complete copies of the campus alumni association's annual report to the State Registry of Charitable Trusts and bi-annual Statement of Domestic Nonprofit Corporation shall be provided by the campus alumni association to the campus president, at the time the report or statement is filed.
- (o) Political Activities: No substantial part (as those terms are used in the Internal Revenue Code and regulations) of the activities of a campus alumni association shall attempt to influence legislation, or participate or intervene in any political campaign in support of or opposition to legislation. No part of those activities may be on behalf of any candidate for public office. However, advocacy on behalf of the campus is permitted if it is consistent with the legislative, budgetary, and electoral objectives of the university, pursued in coordination with the campus president, consistent with state law, the Internal Revenue Code and regulations, and in accordance with the articles and bylaws of the campus alumni association.
- (p) Conflicts of Interest: Business transactions involving the campus alumni association and the personal or business affairs of a director, officer, or staff member shall be approved in advance by the governing body. In addition, directors, officers, and staff members of a

campus alumni association shall disqualify themselves from making, participating in making, or in any way attempting to use their official positions to influence a decision in which they have or would have a financial interest, as provided in Government Code Section 87100 and the definitions of the Political Reform Act and its implementing regulations, as if the director, officer, or staff member were a state employee. A financial interest exists if it is reasonably foreseeable that the decision will have a material financial effect on the director, officer, or staff member or his or her immediate family, or on any business entity in which a \$2,000 or more investment is held; any real property in which a \$2,000 or more interest is held; any source of income of \$500 or more received within the past 12 months; any donor of gifts aggregating \$250 or more received in the past 12 months; or any business in which a position of management is held.

- (q) Services to Constituency Alumni Groups: With the approval of the campus president or designee, a campus alumni association may provide to officially recognized constituency alumni groups the following, subject to the same conditions pertaining to the campus alumni association: cash management, disbursement, and accounting services; gift reporting; and, in appropriate cases, coverage under the campus alumni association's insurance policies, inclusion in the campus alumni association's financial statements, external audits and tax reporting, or use of the campus alumni association's tax identification number.

Note: Authority cited: Sections 89030 and 89031.1, Education Code. Reference: Sections 89030 and 89902, Education Code.

Section 42397.5. Audit.

- (a) A campus alumni association shall permit the Chancellor, the university auditor, the campus president, and the campus internal auditor or designee to inspect and audit its books and records as well as those of its financial institution(s) as relates to the campus alumni association's account(s). In addition, a campus alumni association shall permit the university auditor and the campus internal auditor to review directly all bank account records.
- (b) A campus alumni association with annual gross revenues in excess of \$1 million shall have an annual audit of its financial statements performed in accordance with generally accepted auditing standards and in accordance with any additional systemwide procedures prescribed by the Chancellor or designee, by a certified public accountant selected by the alumni association.
- (c) A campus alumni association with annual gross revenues in excess of \$500 thousand and less than \$1 million shall have an annual review of its financial statements performed by a certified public accountant selected by the alumni association in accordance with standards for accounting and review services and in accordance with any additional systemwide procedures prescribed by the Chancellor or designee.
- (d) A campus alumni association with annual gross revenues less than \$500 thousand shall have its financial statements compiled by a certified public accountant selected by the alumni association in accordance with standards for accounting and review services and in accordance with any additional systemwide procedures prescribed by the Chancellor or designee.
- (e) A campus alumni association whose assets and records are in the custody of an auxiliary organization shall present its financial position through supplemental schedules attached to the audited financial statement of the auxiliary organization in sufficient detail to fully represent the financial position and activities of the alumni association. These schedules

shall be subjected to the same procedures as the auxiliary's statements and in accordance with any additional systemwide procedures prescribed by the Chancellor or designee.

- (f) When completed, the campus alumni association's financial statements shall be furnished to the campus president or designee on the date designated by the campus president or designee.
- (g) A campus alumni association shall make its financial statements available upon request for public inspection within a reasonable period of time.

Note: Authority cited: Sections 8903 and 89031.1, Education Code. Reference: Sections 89030 and 89902, Education Code.

Section 42397.6. Organization of Constituency Alumni Groups.

- (a) A constituency alumni group organized after the effective date of this article shall be organized within and as part of the campus alumni association.
 - (1) A constituency alumni group representing a school, college, department, or other unit shall secure the endorsement of the school, college, department, or other unit. The administrative head of the represented unit or designee shall periodically review and provide advice concerning the planned activities of the constituency alumni group, and shall serve as an *ex officio* voting or nonvoting member of the governing body of the constituency alumni group, if any, or of any executive or similar committee empowered to act for the governing body, if any, of the constituency alumni group.
 - (2) A constituency alumni group, as part of the campus alumni association, shall comply with all applicable campus policies and campus alumni association policies.
- (b) A constituency alumni group separately organized prior to the effective date of this article shall be organized within and become a part of the campus alumni organization and shall comply with subdivision (a), unless the campus president enters into an agreement with the constituency alumni group which provides as follows:
 - (1) The separate constituency alumni group agrees to the following characteristics:
 - a. is organized and operated solely for the benefit of the campus and the alumni of a school, college, department, or other campus administrative, academic, geographic, or other constituent unit;
 - b. has as its purpose providing service and support to its members, the alumni of a constituent unit, and to the university;
 - c. does not restrict membership or benefits of membership on the basis of race, religion, national origin, gender, or sexual orientation;
 - d. recognizes the unique role of the campus president or designee in setting campus or campus unit priorities; and irrevocably dedicates its assets for the benefit of the campus or appropriate unit of the campus. In the event of the group's dissolution, its assets shall be transferred to the campus alumni association, the campus, an appropriate unit of the campus, or an auxiliary organization designated by the campus for purposes consistent with the purposes of the group and the terms of any

individual gifts that are part of its assets, and, if a corporation, in conformance with the California Nonprofit Corporation Laws.

- e. A constituency alumni group representing a school, college, department, or other unit shall secure the endorsement of the school, college, department, or other unit. The administrative head of the represented unit shall periodically review and provide advice concerning the planned activities of the constituency alumni group and shall serve as an *ex officio* voting or nonvoting member of the governing body of the constituency alumni group, if any, or of any executive or similar committee empowered to act for the governing body, if any, of the constituency alumni group.
- (2) The separate constituency alumni group agrees to obtain and maintain recognition, as a separate constituency alumni group by submitting the following to the campus president or designee on an annual basis or otherwise as specified by the campus president:
 - a. a current list of officers, members of the governing body, and the principal contact person for the group;
 - b. a statement of the group's purpose and goals consistent with subsection (a) and copies of the current enabling documents of the group (*i.e.*, bylaws, constitution, articles of incorporation, or other governing document);
 - c. a current roster of names and addresses of donors and members, unless such records are otherwise maintained by the campus;
 - d. a statement signed by the officers/representatives of the group that the governing body has read and formally voted that it will comply with this article and the agreement;
 - e. a copy of the group's annual financial statements;
 - f. for a group with accounts at a financial institution, a list identifying all such accounts, including the institution's name and address, the group's account numbers, and a statement signed by an appropriate officer or representative of the group authorizing the campus to obtain upon request from the financial institution information, records, or photocopies of transactions relating to the accounts;
 - g. for an incorporated, tax-exempt organization, (A) a copy of the organization's state and federal tax-exempt status determination letter; (B) a copy of the organization's most recent Internal Revenue Service Form 990; and (C) a list of the types of activities, including fundraising and membership drives, the organization intends to undertake and how the organization intends to financially support these activities.
 - (3) The provisions of this article shall be incorporated by reference;
 - (4) The exchange of value between the campus and the constituency alumni group shall be expressed and may include provision of facilities and other tangible as well as intangible exchanges;
 - (5) A license agreement for use of the campus name and symbols; and
 - (6) The term of the agreement.

- (7) Privileges granted including authorization to use the name of the campus or other institutional unit. Without authorization, no group may:
 - a. represent itself as raising funds or otherwise providing support on behalf of or for the benefit of the campus, or any part of it, including its alumni;
 - b. use the name of the campus or any of its facilities or programs either expressly or by implication in connection with its activities; or
 - c. use campus facilities or resources in connection with its activities.
- (8) If a separate constituency alumni group does not comply with this article, the campus president or designee shall by written notice require the constituency alumni group to comply within 90 days or recognition as a constituency alumni group will be withdrawn.
 - a. In the event the group fails to comply within this time period, the campus president or designee may withdraw the constituency alumni group's recognition. In appropriate circumstances, the campus president may extend the period for compliance when action to remedy noncompliance is in progress.
 - b. Upon withdrawal of recognition, the assets of the constituency alumni group shall be transferred to the campus alumni association, the campus, or the designated campus auxiliary organization for purposes consistent with the purposes of the group and the terms of any individual gifts that are part of the assets.
- (9) Use of the campus or unit name and symbols, including mascot or other identifying mark by a separate constituency alumni group after July 1, 2003, is prohibited unless the group has entered into an agreement and has been recognized by the campus under the provisions of this article.

Note: Authority cited: Sections 89030 and 89031.1, Education Code. Reference: Sections 89030 and 89902, Education Code.

Section 42397.7. Fundraising by Constituency Alumni Groups.

Fundraising activities of constituency alumni groups shall be governed by the fundraising provisions of this article applicable to campus alumni associations.

Note: Authority cited: Sections 89030 and 89031.1, Education Code. Reference: Sections 89030 and 89902, Education Code.

Section 42397.8. Financial Activities of Constituency Alumni Groups.

Financial activities of constituency alumni groups shall be governed by the financial activities provisions of this article applicable to campus alumni associations.

Note: Authority cited: Sections 89030 and 89031.1, Education Code. Reference: Sections 89030 and 89902, Education Code.

Section 42397.9. Audit of Constituency Alumni Groups.

The audit requirements of constituency alumni groups shall be governed by the audit provisions of this article applicable to campus alumni associations.

Note: Authority cited: Sections 89030 and 89031.1, Education Code. Reference: Sections 89030 and 89902, Education Code.

Section 42397.10. Waiver.

For good cause and to address circumstances unique to a campus, a campus president may request that the Chancellor waive certain provisions of this article for a particular group or groups on that campus. Such waiver shall be in writing and shall specify the reasons for the waiver. Any waiver shall be subject to such terms and conditions as deemed advisable by the Chancellor.

Note: Authority cited: Sections 89030 and 89031.1, Education Code. Reference: Sections 89030 and 89902, Education Code.

Section 42397.11. CSU Alumni Council and Systemwide Constituency Alumni Groups.

- (a) The Chancellor may recognize a CSU Alumni Council having systemwide jurisdiction and possessing rights to represent the CSU alumni organizations before the Trustees. The Council shall be governed by the provisions of this article applicable to campus alumni associations with the system and the Chancellor replacing the campus and the campus president in those provisions.
- (b) Systemwide constituency alumni groups may be recognized and regulated by the Chancellor as provided in the provisions of this article relating to campus constituency alumni groups. Systemwide constituency alumni groups shall relate to the CSU Alumni Council as provided in the provisions of this article addressing campus constituency alumni groups and their relationship to the campus alumni associations. The provisions of the campus constituency alumni groups shall apply to systemwide constituency alumni groups with the Chancellor or designee assuming the rights and responsibilities of the campus president or designee.

Note: Authority cited: Sections 89030 and 89031.1, Education Code. Reference: Sections 89030 and 89902, Education Code.

And be it further

RESOLVED, That the Board of Trustees has determined that the adoption of the proposed section will not impose a cost or savings on any state agency; will not impose a cost or savings on any local agency or school district that is required to be reimbursed under Section 17561 of the Government Code; will not result in any nondiscretionary cost or savings to local agencies; will not result in any cost or savings in federal funding to the state; and will not impose a mandate on local agencies or school districts.

And, be it further

RESOLVED, That the Board of Trustees delegates to the Chancellor of the California State University authority to further adopt, amend, or repeal this revision if further adoption, amendment or repeal is required and is nonsubstantial or solely grammatical in nature, or sufficiently related to the original text that the public was adequately placed on notice that the change could result from the originally proposed regulatory action.

Joint Committee on Educational Policy and Campus Planning Buildings and Grounds

Trustee Achtenberg reported that the Joint Committee heard one information item, Setting Campus Enrollment Ceilings to Assist Enrollment Management.

Committee on Finance

Trustee Hauck reported the committee heard one information item, 2002/2003 Student Fee Report; and one action item as follows:

Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Various Projects (RFIN 11-02-11)

Trustee Hauck moved the item; there was a second.

The Board of Trustees approved the resolutions prepared by Orrick, Herrington & Sutcliff LLP as bond counsel for the Trustees by unanimous vote. The resolutions are on file and relate to the San Jose State University, Campus Village Housing Phase I, the CSU Monterey Bay, New Foundation Student Housing, and the California State University, Stanislaus, Student Housing Project Phase III. Separate sets of financing resolutions, one for each project, were adopted to accomplish the following:

Authorize the sale and issuance of Systemwide Revenue Bond Anticipation Notes and the related sale and issuance of the Trustees of the California State University, Systemwide Revenue Bonds in an amount not-to-exceed \$322,535,000 and certain actions relating thereto.

Provide a delegation to the Chancellor, the Executive Vice Chancellor And Chief Financial Officer, and their designees to take any and all necessary actions to execute documents for the sale and issuance of the bond anticipation notes and the revenue bonds.

The resolutions will be implemented subject to the receipt of good bids consistent with the project's financing budget.

Committee on Campus Planning, Buildings and Grounds

Trustee Pesqueira reported the committee heard one information item, "California State University Seismic Review Annual Report," and two action items as follow:

Amend the 2002/2003 Capital Outlay Program, Nonstate Funded (RCPBG 11-02-16)

Trustee Pesqueira moved the item; there was a second.

The Board of Trustees approved the following resolutions:

RESOLVED, By the Board of Trustees of The California State University, that the 2002/03 Nonstate Funded Capital Outlay Program is amended to include: 1) \$3,348,000 for preliminary plans, working drawings, construction and equipment for the California State University, Channel Islands, Science Annex project; 2) \$28,200,000 for preliminary plans, working drawings, construction and equipment for the California State University, Fullerton, Parking Structure I project; 3) \$7,850,000 for preliminary plans, working drawings and construction for the San Diego State University, Bioscience Center project; and 4) \$1,294,000 for preliminary plans, working drawings, construction and equipment for the California Polytechnic State University, San Luis Obispo, Student Union Renovation project.

Approval of Schematic Plans (RCPBG 11-02-17)

Trustee Pesqueira moved the item; there was a second.

The Board of Trustees approved the following resolution:

1. CSU Channel Islands—East Campus Residential Development Town Center

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

1. The FEIR/SEIR was prepared to include the Specific Reuse Plan for the East Campus Residential Development (150 acres), and more specifically the Town Center Development, and the Board of Trustees concurs with the findings identified pursuant to the requirements of the California Environmental Quality Act.
2. Based on the information contained in the subject FEIR/SEIR and the mitigation measures identified therein, the proposed project, East Campus Residential Development Town Center, will not have any additional or previously unknown significant adverse effects on the environment.
3. Therefore, no additional mitigation measures are hereby adopted or required by the Board of Trustees as a Responsible Agency.
4. The project will benefit the California State University.
5. California State University, Channel Islands recommends that the Board of Trustees approve the Town Center schematic plans.

6. The schematic plans for the California State University, Channel Islands, East Campus Residential Development Town Center are approved at an estimated project cost of \$14,014,000 at CCCI 3909.

2. CSU Monterey Bay—North Quad Student Housing, Phase I

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

1. The board finds that the Mitigated Negative Declaration for the California State University, Monterey Bay, North Quad Student Housing, Phase I project has been prepared in accordance with the requirements of the California Environmental Quality Act.
2. The proposed project will not have a significant effect on the environment, and the project will benefit the California State University.
3. The chancellor is requested under Delegation of Authority by the Board of Trustees to file the Notice of Determination for the project.
4. The schematic plans for the California State University, Monterey Bay, North Quad Student Housing, Phase I project are approved at a project cost of \$39,049,000 at CCCI 4019.

Committee on Governmental Relations

Trustee Galinson reported the committee heard one action item as follows:

2001-2002 Legislative Report No. 11 (RGR 11-02-07)

Trustee Galinson moved the resolution; there was a second.

RESOLVED, By the Board of Trustees of the California State University, that the 2001-02 Legislative Report No. 11 is adopted.

Committee on Audit

Trustee Tsakopoulos reported the committee heard one information item, “Status Report on Current and Follow-up Internal Audit Assignments.”

Committee on University and Faculty Personnel

Trustee Foster reported the committee heard one action item which was a recommendation for a 1.68% raise for CSU executives. Because of comments received from representatives of APC, the committee postponed consideration of this matter until the January meeting so that the trustees could gather further information. Trustee Foster stated that he understands that the APC

package which included a 1.62% pay increase and a provision for tuition fee waiver were part of the give and take at the bargaining table. He asked the board to reconsider the committee's decision to postpone the item.

Executive Compensation (RBOT 11-02-09)

Trustee Foster moved the original item; there was a second.

There was a short discussion about the procedure. General Counsel Helwick responded that the Board could take up the original item as presented to the committee, thereby undoing the recommendation by the committee to postpone the item.

Trustee Galinson stated that he was in favor of the item.

The Board of Trustees approved the following resolution:

RESOLVED, By the Board of Trustees of The California State University, that the CSU executive salaries table in Agenda Item 1 of the September 17-18, 2002 meeting of the Committee on University and Faculty Personnel, be approved for implementation effective July 1, 2002; and be it further

RESOLVED, that bereavement leave for executives be increased to five days of leave with pay; and be it further

RESOLVED, that the maternity/paternity/adoption leave benefit for executives be increased to thirty (30) days of paid leave; and be it further

RESOLVED, that an executive may take Family Medical Leave (FML) to care for his/her registered domestic partner who has a serious medical condition; and be it further

RESOLVED, that effective January 1, 2003, executives receive the same dependent fee waiver benefit provided to eligible members of the Management Personnel Plan.

Ad Hoc Committee on Off-Campus Facilities

Trustee Vitti reported the committee heard one information item regarding the further development of the El Toro Center by the Fullerton campus.

Committee on Educational Policy

Trustee Achtenberg reported the committee heard three information items, Modification of California State University Admission Policy for Upper-Division Transfer Students; California

State University Accountability Process—The Second Biennial Report, and Report of the California State University Presidents Commission on Teacher Education, and one action item as follows:

California State University Northridge Participation in the *Teachers for a New Era* Initiative (REP 11-02-09)

Trustee Achtenberg moved the item; there was a second.

The Board of Trustees approved the following resolution:

RESOLVED, By the Board of Trustees of the California State University, that the proposal submitted by California State University, Northridge to the Carnegie Corporation of New York to participate in the *Teachers for a New Era* initiative (as contained in Attachment A to Agenda Item 4 of the November 12-13, 2002 meeting of the Committee on Educational Policy) is approved.

Communications and Correspondence

Old Business

New Business

Public Comments

The board heard comments from Dr. Charles Goetzl, President, Academic Professionals of California; Susan Meisenhelder, President, California Faculty Association.

Trustees Foster and Hauck responded to issues presented by the public speakers.

Adjournment

The meeting was adjourned at 11:44 a.m.

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

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

December 16, 2002

AMENDED

Trustees Present

Debra Farar, Chair
Cruz Bustamante, Lt. Governor
Roberta Achtenberg
Robert Foster
Murray L. Galinson
Harold Goldwhite
William Hauck
Ricardo F. Icaza
M. Alexander Lopez
Shailesh J. Mehta
Dee Dee Myers
Ralph Pesqueira
Frederick W. Pierce IV
Charles B. Reed, Chancellor
Erene Thomas
Kyriakos Tsakopoulos
Anthony Vitti
Martha C. Walda

Trustees Absent

William D. Campbell
Gray Davis, Governor
Delaine Eastin, Superintendent of Public Instruction
Robert Wesson, Speaker of the Assembly

Chancellor's Office Staff

Louis Caldera, Vice Chancellor, University Advancement
Christine Helwick, General Counsel
Jackie R. McClain, Vice Chancellor, Human Resources
David S. Spence, Executive Vice Chancellor and Chief Academic Officer
Richard West, Executive Vice Chancellor and Chief Financial Officer

Chair Farar called the meeting to order at 10:02 a.m. and asked that Ms. Leticia Hernandez call the roll.

Ms. Hernandez called the roll and reported a quorum present.

Chair Farar asked that Ms. Hernandez read into the record the official statement and proof of service about the meeting. Ms. Hernandez read into the record that notice of special meeting was distributed to the interested parties on November 29, 2002 by mail and electronically.

Chair Farar thanked the members of the board for making themselves available for this special meeting.

Chair Farar stated that because of the unprecedented budget shortfall and financial crises facing the state of California, the California State University is being asked to reduce expenses by an additional \$59.6 million, in addition to the \$65 million already cut from the budget bill passed this summer. She further stated that in order to maintain quality and continue to provide access in the current budget year the fee level must be reassessed. She pointed out that the state university fee for California residents has not increased since 1994/95 and stated that because she has always been a proponent of low fees it was painful for her to consider a mid-year fee increase but that with budget cuts of this magnitude an increase is necessary in order to sustain quality and access to the CSU and to protect the mission of the CSU.

Chair Farar reviewed the procedure for the meeting stating that Executive Vice Chancellor West would present the item, she would call for a motion and second on the resolution, which would be followed by the list of speakers, comments by trustees and finally the vote.

Chancellor Reed reported that he and Executive Vice Chancellor West had learned in early December that the Governor was going to significantly increase the cut originally anticipated. Given the magnitude of the reduction, the Chancellor began consulting immediately with the affected constituent groups.

The Chancellor reported that he called Art Pimentel and arranged for Executive Vice Chancellor West and his staff to travel to meet with the CSSA to discuss this matter. Chair Debra Farar also attended that meeting. He also reported that during the week prior to the Board's meeting in December, meetings were held with the presidents to discuss how these additional cuts would affect the campuses.

The Chancellor then called on Mr. West to present the item.

Mr. West stated that he would go over the current level of the state budget, outlining the mid year reductions and some of the other costs and reductions that affect the CSU.

Mr. West reported that in addition to the \$43 million dollars that was cut from the CSU's budget at the beginning of this fiscal year, there is now a mid-year reduction of \$59.6 million dollars. In

addition to these cuts, there are further unfunded costs of \$22.8 million, for employee health premiums and compensation. All of these factors combine to a reduction in the current year budget of \$125.4 million dollars.

Mr. West also pointed out that the CSU is over-enrolled by 8,000-9,000 students over the 315,000 FTE that were provided for in the budget, or a \$50-\$60 million dollar one-time redirection to the instructional program.

Mr. West stated that in the current year, the CSU will address the \$125.4 million by identifying operating reductions, through hiring deferrals, hiring freeze, and reducing plant maintenance and academic support and deferral of expenditures in areas of technology equipment, libraries and scheduled maintenance.

Mr. West reported that of the \$125.4 million dollars, \$20 million dollars would be generated from a student fee increase of 10% for undergraduates and 15% for graduates. The student fee increase will generate a gross of \$30 million, however one-third (\$10 million) of these fees will be redirected to financial aid affecting about 100,000 or one quarter of CSU students. In addition, the Department of Finance has informed the CSU that there will be an increase in the Cal-Grant entitlement that affects about 30,000 additional students impacted by the fee increase.

Mr. West stated that the resolution before the Board is a recommendation for a fee increase of 10% for undergraduates and 15% for graduate students for the balance of this year. Semester students at the undergraduate level will pay \$72.00 dollars additional and graduate students will pay \$114.00. The annualized costs are \$1572 for undergraduates and \$1734 for graduate students. For campuses on the quarter system, of which there are six, the amount of the increase is \$96.00 total or \$48.00 dollars per quarter.

Mr. West also informed the board that he convened the systemwide budget advisory committee, which includes students, labor, academic senate and the presidents, in addition to speaking to some legislative leaders to inform them of CSU's recommendations and to seek their counsel.

Mr. West concluded by reaffirming the CSU's commitment to serve students at the funded enrollment level and that access will be preserved for instruction and student services.

Chair Farar thanked Mr. West for his presentation and asked for a motion. Trustee Achtenberg moved the resolution.

Trustee Hauck seconded the motion noting that the motion before the Board was to approve the resolution that appeared on page four of the handout. He added that he did not think that there was anyone at the table who wanted to take this step. But added that all Trustees are mindful of the fact that access to the CSU had to be maintained. Because neither the Board, nor the state was empowered to print money, there was no alternative but to take this action now rather than to wait. He said that to wait would put the CSU in an even deeper financial hole.

The Board heard from Academic Chair Jackie Kegley who read a statement from Academic Senate giving the sense of the senate in favor of the fee increase.

The Board heard from CSSA Chair Artemio Pimental who stated that the CSSA opposed the student fee increase.

Public Comments:

Gaylen Stocking; Charles Goetzl, President Academic Professionals of California, Christine McCarthy, Vice President, Academic Professionals of California, Susan Meisenhelder, president, California Faculty Association. The Board also heard from the following campus representatives of CSSA: Ruth Christiansen, Bakersfield; Jimmy Reed, Chico; Calvin Baylor, Dominguez Hills; Cindi Newbold, Hayward; Caitlin Gill, Humboldt; Danny Vivian, Long Beach; Carlos Illingworth, Los Angeles; Uwaifor Obonor, Northridge; Eric Guerra, Sacramento; Ann Marie Butler, San Bernardino; Priscilla Ocen, San Diego; Bruce Wolf, San Francisco; Maribel Martinez, San Jose; Jocelyn Brown, San Marcos; Lisa Canini, Sonoma; Cesar Rumayor, Stanislaus and Pauline Robinson, CSEA

Chancellor Reed stated that he appreciated the sacrifices that all the students made in order to attend the Board of Trustees meeting and thanked Artemio Pimentel and the CSSA executives for their leadership.

Chancellor Reed noted that these are extremely tough times for the state of California. The current budget situation in California is worse than all of the other 50 states except Colorado. He stressed the severity of how a \$30 billion dollar shortfall of revenue will affect every Californian and reminded everyone that state government has only two options when facing this type of budget situation and that was to cut services or increase revenues.

Chancellor Reed stated no one wanted to recommend raising fees, but said that everybody has to share in how the CSU will continue to serve students with the necessary course sections. He said that raising the fee by \$72 dollars per semester would create the necessary revenue to accomplish this goal for the last half of this year. He pointed out that this increase is less than half of the national average increase because most other institutions have raised their fees by almost 10%.

The Chancellor called upon Dr. Allison Jones to talk about financial aid and how many students will get financial aid from two sources, the increase of the \$10 million dollars that this fee will raise and Cal Grants.

The Chancellor said that postponement of dealing with this budget shortfall would only create greater pain in the future.

The Chancellor called on the presidents to talk about how the budget is affecting their campus. The Board heard from Presidents Stephen Weber, SDSU and James Rosser, CSULA who registered their support for the proposed increase and their commitment to maximizing the quality of environment and resources for all students, faculty and staff.

Lt. Governor Bustamante stated that he believed the action to increase fees is premature because the Legislature had not yet reviewed the budget cuts that the governor proposed. He reminded the trustees that the governor indicated that he did not support increased fees. He also stated that in terms of overall costs, the CSU did not have the lowest cost. He compared California's total education costs, i.e., room and board and fees/tuition, to those of the states of Virginia, Illinois and Michigan where California education costs were 42%, 21% and 28% higher respectively. He also stated that the legislature had fully funded education during the last five years, over and above enrollment growth and employee compensation.

There was a lengthy discussion about the comments made by the Lt. Governor with the Chancellor indicating that he was not aware of the data that the Lt. Governor had used to make his comments. Trustees Vitti, Pesqueira and Foster questioned many of the points raised by the Lt. Governor.

Trustee Foster congratulated the students, Mr. Pimentel in particular, noting that they had made a very compelling argument for postponement of the fee increase, but gave his reasons as to why he was voting in favor of the resolution. He stated that the real enemy of the future is delay today. Problems do not improve by not deciding them. Indecision really is the enemy of the future. He further stated that the Trustees have a responsibility to the entire system to make sure quality is maintained, to make sure that access is maintained, and to make sure this is a good institution.

Trustee Lopez stated his opposition to the fee increase and his agreement with the Lt. Governor. He stated that raising the fees goes against the mission and purpose of the CSU and those students that are served by the CSU.

Trustee Thomas moved to postpone the vote on the resolution until after January 10 to allow input by the students contemplated by the shared governance policy. There was a second. A short discussion followed.

Chair Farar asked for a vote by roll call. Ms. Hernandez called the roll and reported that the motion failed. The vote was 13 against and three in favor.

Trustee Goldwhite stated his reasons for being in favor of the increase and urged the trustees to refer to the statement made earlier by the chair of the Academic Senate which stated the concerns of most thoughtful faculty about continued lack of funding.

Trustee Pesqueira complimented the students for the way in which they presented themselves and the way they expressed their views. He also stated his reasons for his vote in favor of the proposed increase.

Trustee Icaza stated that he was against the fee increase.

Trustee Lopez stated that he hoped that in the future students would be consulted and advised of all the options available prior to having to make decisions such as the one before the Board today.

Chair Farar asked Ms. Hernandez to call for the vote by roll call. The Lt. Governor asked for clarification of the question. Mr. Hauck explained the resolutions and indicated that a yes vote is a vote to increase the fees by 10% and a no vote is a vote to defeat that motion.

Ms. Hernandez called the roll and reported that the motion passed. The vote was thirteen in favor and three against.

The trustees passed the following resolution:

RESOLVED, By the Board of Trustees of the California State University, that the following schedule for the State University Fee, which incorporates a ten percent increase for undergraduate and fifteen percent increase for graduate students, for the 2002/2003 academic year, effective winter/spring term 2003 is approved until further amended:

2002-03 State University Fee Schedule (Effective Winter/Spring 2003)

All Campuses, except California State University, Stanislaus:

<u>Units</u>	<u>Per Semester</u>	<u>Per Quarter</u>	<u>Per Academic Year</u>
Undergraduate			
6.1 or more	\$786	\$524	\$1,572
0 to 6.0	\$456	\$304	\$912
Graduate			
6.1 or more	\$867	\$578	\$1,734
0 to 6.0	\$504	\$336	\$1,008

California State University, Stanislaus:

<u>Units</u>	<u>Per Semester</u>	<u>Winter Term</u>	<u>Per Academic Year</u>
Undergraduate			
6.1 or more	\$715	\$142	\$1,572
0 to 6.0	\$385	\$142	\$912
Graduate			
6.1 or more	\$789	\$156	\$1,734
0 to 6.0	\$426	\$156	\$1,008

And, be it further

RESOLVED, That the chancellor may approve individual campus State University Fee rates that do not exceed the maximum fee rates established by this fee schedule.

Old Business

New Business

Adjournment

The meeting adjourned at 11:13 a.m.

BOARD OF TRUSTEES

Recognition of the Emeriti Association of California State University, Los Angeles

Presentation By:

Debra S. Farar
Chair

Harold Goldwhite
Faculty Trustee

Summary:

This item recognizes the 25th anniversary of the founding of the Emeriti Association of California State University, Los Angeles.

The following resolution is proposed:

WHEREAS, The Emeriti Association of California State University, Los Angeles, was established on February 9, 1978, climaxing more than a year of planning and organizational effort; and

WHEREAS, This was the first Emeriti Association to be established within the California State University; and

WHEREAS, The Emeriti Association has successfully encouraged members to continue contributing to the University through their scholarly endeavors and advice at all levels of governance regarding issues where their perspective is of unique value; and

WHEREAS, The Emeriti Association, through its publications and other activities, labors to secure and enhance the status and rights of retired faculty and to inform and assist other faculty in their transition to retirement; and

WHEREAS, The Emeriti Association has established and continues to fund and support endowed fellowships for outstanding graduate students in a variety of disciplines; and

WHEREAS, Dr. Sidney Albert was the moving force in establishing the Emeriti Association of California State University, Los Angeles, as well as the California

BOT

Agenda Item 1

January 28-29, 2003

Page 2 of 2

State University Emeriti and Retired Faculty Association (CSU ERFA), which recognized its 15th anniversary in 2001; therefore be it

RESOLVED, That the Board of Trustees and Chancellor of the California State University extend their appreciation and thanks to the Emeriti Association of California State University, Los Angeles, as it begins the year-long recognition of its 25th anniversary during Emeriti Week (February 2003); and be it further

RESOLVED, That the Trustees and Chancellor extend thanks to Dr. Sidney Albert for his recognition of the lasting significance and relevance of emeriti faculty to the University, years before he, himself, retired and joined that august group.

REPORT OF CHAIR DEBRA S. FARAR
Board of Trustees
The California State University
November 13, 2002

Good morning. The 2002/03 academic year is off to a roaring start, and it has been a busy and challenging time for all of us.

This fall, the CSU set an enrollment record with more than 406,000 students. With this milestone, we remain the largest university system in the country. We serve more students than the State University of New York (SUNY) system, which has 64 community college and university campuses.

The CSU faces a number of challenges that are similar to those facing other universities around the country. But given our size, and given the fact that many issues tend to reach California first, we face those challenges sooner and on a larger scale than most other institutions. That is why many universities around the country watch our actions very closely. They want to see how we deal with issues like:

- Managing our enrollment growth while maintaining quality programs and services also
- Preserving access and affordability for students during difficult budget times and
- Recruiting and retaining faculty members and
- Keeping our facilities and technology up to date

The decisions that we make on these issues will have an important impact not only on our students but also on the many institutions that look to us as a model. That is why I want to make sure we understand the potential significance of every action we take.

As we look to the months and years ahead, we will be working harder than ever to meet our challenges, especially given California's precarious budget situation. Fortunately, this board has a strong tradition of working in a collaborative and thoughtful way to solve problems. I know that we can continue to work together as we chart a strong course for the CSU's future.

Now with that, let me share some updates. As Vice Chancellor Caldera reported yesterday, in the general election held on November 5th, California voters passed Proposition 47, a \$13 billion education bond act that will support construction and renovation of public school facilities around the state. This bond will send \$496 million to the CSU for much-needed capital outlay projects on all 23 campuses. It won with 58.9 percent of the vote.

On behalf of the board, I want to thank everyone who helped us get the message out about this measure. We really appreciate the efforts of the Californians for Higher Education, Vice

EXHIBIT A

Full Board Meeting

January 28-29, 2003

Page 2 of 5

Chancellor Caldera, Trustee Bill Hauck, Chancellor Reed, Mr. Jorge Haynes, the university presidents, the alumni association, the CSSA, the employee unions, and the hundreds of faculty, staff, student, and alumni volunteers who helped us promote this initiative. You all provided the critical momentum that was needed to carry the vote across the state. I thank you all very much for a job very well done.

Bill Hauck, who spearheaded Prop 47, and still is would like to comment on this most important item.

Thank you Debra, I would just like to add my thanks to the students particularly as well as to everybody, the presidents. This was the largest bond voters have ever been asked to approve in the United States. 13.05 billion. It is obviously critical to the CSU system, but it also critical to the K-12 system in California and in an election where the voter profile would not indicate that we would succeed or would have a very difficult time succeeding, actually we're now up to 59 percent of the vote. It is remarkable, really, and a tribute to California voters who obviously are still saying that even in difficult economic times they are willing to continue to make a commitment to both K-12 and public higher education in the state. So as I said, I would like to add my sincere thanks to all of you for your efforts. It was a campaign a little over \$8 million-dollars. Higher Education committed combined between UC/CSU and the community colleges a million dollars and actually contributed \$1.1 million. So we met the goal. Surprisingly, we are fifteen months away from the next election. In March of 2004, the second half of this bond program for \$12 billion and change goes on the ballot. So yesterday in Sacramento the executive committee of the campaign, which I've chaired which also is co-chaired by CTA and by the University of California on behalf of higher education decided to leave the campaign apparatus in place. Retained the campaign consultant, Woodward-McDowell, Dick Woodward specifically, and asked him to come back to the executive committee with a plan for the next election by the middle of January, when we will meet again. The campaign will conclude with some funds remaining, not a lot, but enough to continue to function and one of the things we are going to look real carefully at and hopefully executive is an aggressive earned media program beginning early next year to demonstrate to voters that the money they've agreed to spend is being spent wisely. Demonstrate to them specifically, tangibly that we are delivering in the public education system in the state real good product for the money that they've agreed to spend and the money that they've committed to over a very long period of time. It's difficult to think about having to gear this effort up again in so short a time, but that's the legislation that put this bond on the ballot at the same time put the second bond on the ballot in March of 2004. The turnout prospects in March '04 should be a little bit better. There will be a competitive democratic primary for president and we clearly do better, our survey research shows us clearly that we do better among democratic voters than we do among republican voters. But we won both democrats and independents/declined to states in this election, we did not fare as well with republican voters and we need to do a better job of making our case with them. That was a lot

longer than I anticipated, but I appreciate everybody's efforts and we're obviously still on the road to completing this cycle.

Thank you again on behalf of the board, Bill for all of your hard work and countless hours to help make this happen.

Thank you to the board members who participated in the October 31 meeting to discuss and adopt the Trustees' budget for 2003/2004. This is a solid, fair budget that reflects our top priorities for the year ahead.

We recognize that the 2003/2004 fiscal year will likely be complex and difficult. We will count on Chancellor Reed and Executive Vice Chancellor Richard West to keep us informed of the fiscal realities on the horizon.

Two presidential searches are currently underway. The CSU Sacramento search committee held its initial meeting on October 18. The committee, chaired by Bill Hauck, had a thorough discussion of campus attributes as well as presidential characteristics and qualities.

The Cal Poly Pomona search team, chaired by Tony Vitti with Harold Goldwhite and Ralph Pesqueira, held its initial meeting on November 5th. Once again, we had a very comprehensive discussion about what we will look for in a candidate. And I want to thank the local advisory committee members for being engaged and energized about these searches.

If everything continues on track, the board will be presented with final slates of candidates for both universities in mid-March.

In September, I attended the 14th annual Envisioning California Conference in Sacramento along with Trustee Goldwhite. The theme this year was, "Moving California's Master Plan for Higher Education Into the 21st Century." Chancellor Reed, Vice Chancellor Spence, Academic Senate Chair Kegley, Presidents Armiñana, Gerth, and Koester and Assistant Vice Chancellor Zamarripa were moderators and panelists. I would like to add that I thought, along with most of the attendees, that this was a most valuable and informative event.

In October, along with Trustee Thomas, Vice Chancellor Spence and numerous reading faculty representatives and renowned reading experts, I attended the CSU Reading Conference on "Preparing Teachers to Teach Reading Effectively." This, too, was most important and valuable conference.

Also in October, Ralph Pesqueira and I attended the grand opening of the BioTrek project at Cal Poly Pomona. This is a very impressive rain forest simulation and water conservation center. It

EXHIBIT A

Full Board Meeting

January 28-29, 2003

Page 4 of 5

will offer hands-on learning experiences in biological and environmental sciences to about 10,000 students and visitors each year.

Also in October and earlier this month I was fortunate to visit the campuses of Stanislaus, Los Angeles, Hayward, Fresno, Channel Islands and Long Beach. These were all very positive visits and the enthusiasm of the faculty and staff on all of the campuses was contagious.

Recently I spent a day at CSU Channel Islands. While I have been on the campus several times, this is first time that I had to search for parking. To me, that is a very good sign – it is a sign that this is a real campus. I had a wonderful tour, and enjoyed meeting with faculty, staff and students.

A heartfelt thanks to all of the campuses for hosting me.

During my visit to the Fresno campus, along with Trustee Thomas, I also attended the CSSA meeting. It was a real treat to see Chair Pimentel and his colleagues in action. I am always so impressed with the engagement and efforts of our students and I wasn't disappointed at the Fresno meeting. I hope to be able to attend future meetings because, as I said at that meeting and as I always say, "you, the students, are the reason we are all here."

I want to once again congratulate Cal State Northridge, my alma mater, for its participation in the Carnegie Corporation's prestigious *Teachers for a New Era* project. This effort will bring much-deserved attention and recognition to the university. And speaking of my alma mater, I was delighted to learn that the elected Governor of Hawaii, Linda Lingle, is a Northridge alumna. She credits CSUN with helping her to develop some of the skills she's needed in her political career. I join in Northridge's pride when Governor-elect Lingle stated, "It was a terrific school, it gave me a really top-notch education.

Finally, I want to recognize some important accomplishments by members of the CSU family:

Ari Soto, a manufacturing systems engineering major at Cal State Northridge, won a \$5,000 scholarship from the Congressional Hispanic Caucus Institute for his community service activities. Ari is developing a nonprofit foundation – called Technology Empowering Communities Hands-on (TECH) – which recycles used technology from large companies and sends it to schools and non-profit organizations with limited resources. He was honored at a special ceremony this fall at the Kennedy Center in Washington D.C.

David L. Pagni, a mathematics professor at CSU Fullerton, has received a \$6.5 million National Science Foundation grant—the largest ever for the university—to enhance teacher preparation and to help students excel in mathematics. The five-year grant project will help more than 9,000

high school students and 7,000 middle school students in Orange County improve their mathematics skills.

And I would be remiss not to mention the Anaheim Angels winning of their first World Series championship last month. The Angels are a true California team: Four of their players attended CSU campuses. Kevin Appier, pitcher – Fresno State; Matt Wise, pitcher – CSU Fullerton; Adam Kennedy, 2nd base – CSUN; Jeff DaVanon, right field – San Diego State.

And last but certainly not least, I would like to report that around this time five years ago, Chancellor Reed agreed to lead the California State University. Those of you who were here at the time remember the Chancellor's official start date as March 1, but all of us who know Charlie know that in reality he started the second he accepted the appointment. The entire board joins me in expressing our appreciation for all of your hard work and extraordinary leadership. We are very pleased that you made the right decision.

That concludes my report. I would now like to recognize Dr. Charles Reed to deliver the Chancellor's Report.

REPORT OF THE CHANCELLOR CHARLES B. REED
Board of Trustees
The California State University
November 13, 2002

Let me begin by reiterating what I mentioned two weeks ago, which is that our biggest challenge right now is weathering the “double whammy” – a bad economic situation and rising enrollment.

We’re entering into uncharted territory with the current budget situation. We still do not know if or how much of an additional cut we will see for this year, and next year is anyone’s guess. California is going to have a massive funding gap and no one seems to have a concrete plan for how we can close it. But one thing we do know for sure is that lots of things will change between now and when a final budget is signed.

A few words on last week’s elections: In California, the biggest winner of all was education. Californians voted to approve more than \$22 billion worth of school construction bonds. I see that as an affirmation once again of how important education is to our citizens. People in this state view education as the key to our future. They understand that if we build quality schools, we are building a bright future for our children and for California. Those sentiments came through in the polling booth, especially on Prop. 47, which won 59 percent of the vote.

Chair Farar, I want to join you in thanking Louis Caldera, Bill Hauck, our presidents, and all of the faculty, staff, student, and alumni volunteers who helped us get out the vote. CSU campuses got energized about this election, and I believe it made a real difference.

As Chair Farar mentioned, we have presidential searches underway in Sacramento and Pomona, and we will be doing a third in Chico. I visited the Chico campus last week and I had a chance to talk informally with many different groups about what they want to see in a new president. All of the constituent groups appear to be mobilized and ready to participate. They will be an important resource for us when we begin the search in a few months.

I want to thank Executive Vice Chancellor Dave Spence and the rest of his team for putting together the new CSU accountability report. The very first job this board asked me to do was to implement Cornerstones. This report is a key component of our Cornerstones implementation. It gives us a clear measure of how we are doing, and it allows us to benchmark our progress from one year to the next. It also helps our external audiences – including legislators, policymakers, and the public – by letting them see exactly how we are doing in each of the nine key categories. This is one of the most important things we can be doing to carry out our objectives and to be accountable for our work. Thanks again to everyone who helped us complete this ambitious project.

EXHIBIT B
Full Board Meeting
January 28-29, 2003
Page 2 of 2

As you heard this morning, we are going to have to take a serious look at enrollment management. This is something we have never really done before except on one or two campuses. But the current situation is pushing us up against the limits of our capacity. We are going to need to study this very carefully. We will have to determine what we can manage and how we can continue to fulfill our mission of providing access to students. The issue will come up for a vote in January. But the conversation will go on long after that as we continue to assess student demand versus institutional capacity.

Congratulations to CSU Stanislaus President Marvalene Hughes, who was named this year's winner of the CEO Award from the Council for the Advancement and Support of Education (CASE) – District VII. She was honored for her contributions to the campus community and for her support of advancement at CSU Stanislaus. She will receive the award at the CASE District VII conference next month.

One interesting note: CASE started this award in 1999, and three out of the four awards given have gone to CSU presidents. John Welty and Bob Maxson were the two earlier winners. I think this is a sign that our presidents truly stand out among their peers in terms of support for university advancement efforts.

I want to close on one brief personal note. It was five years ago this month that this board voted to hire me. I knew that coming to California from Florida would be a big change. But I wanted to come to the California State University because I truly believe that this university system has the best mission in the world. This is a university that provides real opportunity to students who might not otherwise have a chance at higher education. It has been a great privilege to work on behalf of CSU students, and it has been a real honor to work for this board. I think we have made a great deal of progress in a number of areas, and I am excited about the many projects that we have left to do. I want to thank each of you for your support over the time we have worked together. I look forward to continuing to work with you to help the CSU carry out its mission.