

AGENDA

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

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

November 9, 2000 – 9:30 a.m.

Call To Order and Roll Call

Chairman's Report

Chancellor's Report

Report of the CSU Alumni Council: President: *Larry Adamson*

Report of the California State Student Association: *Shaun Lumachi*

Report of California Postsecondary Education Commission: *Ralph Pesqueira*

Approval of Minutes of Board of Trustees' Meeting of September 20, 2000

Report of Committees

Committee on Educational Policy: *Chair – Dee Dee Myers*

Committee on Finance: *Chair – William Hauck*

2. Real Property Development Project at Monterey Bay
3. Real Property Development at Hayward

Committee on Campus Planning, Building and Grounds: *Chair – Stanley Wang*

1. Categories and Criteria for the State Funded Five-Year Capital Improvement Program, 2002/03 Through 2006/07
2. Approval of Schematic Plans

Committee on University & Faculty Personnel: *Chair – Bob Foster*

3. Workers' Compensation and CSU Volunteers

Committee on Organization and Rules: *Chair – Roberta Achtenberg*

1. Amendment to Standing Orders - Delegation of Authority – University and Private Vehicle Policies and Procedures

Committee on Collective Bargaining: *Chair – Ralph Pesqueira*

Committee on Audit: *Chair – Frederick W. Pierce, IV*

Committee on Institutional Advancement: *Chair – Ali C. Razi*

1. Naming of Facility—California Polytechnic State University, San Luis Obispo

Committee on Governmental Relations: *Chair – Martha Fallgatter*

1. 1999-2000 Legislative Report No. 12

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**

September 20, 2000

Trustees Present

Laurence K. Gould, Chair
William D. Campbell
Daniel N. Cartwright
Debra S. Farar
Robert G. Foster
Murray L. Galinson
Harold Goldwhite
William Hauck
Neel I. Murarka
Dee Dee Myers
Ralph R. Pesqueira
Frederick W. Pierce IV
Ali C. Razi
Charles B. Reed, Chancellor, ex-officio
Anthony M. Vitti
Stanley T. Wang

Trustees Absent

Cruz Bustamante, Lt. Governor
Gray Davis, Governor
Delaine Eastin, Superintendent of Public Education
Robert Hertzberg, Speaker of the Assembly
Roberta Achtenberg
Martha C. Fallgatter
Shailesh J. Mehta

Chancellor's Office Staff

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

Chair Gould called the meeting to order at 9:47 a.m.

Chair's Report

Chair Gould congratulated Trustees Roberta Achtenberg, Murray Galinson, and Shailesh Mehta for their unanimous confirmation by the State Senate on August 28, 2000.

Mr. Galinson thanked Karen Yelverton-Zamarripa for her good work on their behalf.

Chair Gould also announced that in late August, Governor Davis had named President John Welty, CSU Fresno, as a member of the Commission on Improving Life Through Service; and also noted that U.S. Secretary of Education Richard Riley named Chancellor Reed to the National Commission on the High School Senior Year. He also highlighted Trustee Bubba Murarka's internship at Microsoft's headquarters in Redmond, Washington this past summer, which was documented in the 4th issue of Fortune magazine.

Chair Gould reported on his meetings of the previous week with the Statewide Academic Senate and with the California State Student Association Board; and announced that the alumni leadership will sponsor the luncheon during CSU's Legislative Day on March 12, 2001 and urged everyone's attendance.

Chair Gould thanked President Jerry Aspland for the reception held on the Maritime Academy's training ship GOLDEN BEAR in August.

The chair announced that two presidents would be stepping down, Jerry Aspland, will step down as president of the California Maritime Academy in early summer 2001; and Handel Evans will also step down early next year. He appointed two presidential selection committees, CMA Trustees' Selection Committee (Ralph Pesqueira, chair, Roberta Achtenberg and Stanley Wang); and CSUCI Trustees' Selection Committee (Denny Campbell, chair, Debra Farar, and Bob Foster). He said he hoped to have a new president at CMA selection by March 2001, and a new president at CSUCI by the summer of 2001.

The chair reminded all present that the November meeting has been changed from a Tuesday/Wednesday meeting to a Wednesday/Thursday meeting because of election night.

(The complete text of the Chairman's Report is attached marked Exhibit "A.")

Chancellor's Report

The Chancellor welcomed everyone to a new academic year and joined Chair Gould in congratulating the three trustees on their confirmation.

The Chancellor noted that he would soon complete three years as chancellor and stated that he was proud and honored to be associated with the finest educational system in the United States. He complimented the presidents for their exceptional leadership and also thanked the faculty and staff for all their hard work.

The Chancellor thanked the legislature and Governor Davis for the exceptional budget and urged the members of the board to send the governor a hand-written thank you note for his efforts on behalf of the CSU.

The Chancellor noted that enrollments are strong and that the CSU would be on target or slightly above projected enrollments and that some campuses, like Humboldt, had moved toward year-round operations to accommodate the increase.

The Chancellor reported that the legislature and the Governor came to a consensus in building a significantly new financial aid program for California students. The new program incorporates merit aid with need and that this change will help more students. He recognized and thanked Allison Jones for his hard work on this program.

The Chancellor spoke about the accountability reports and how proud he was to have been able to take the Cornerstones Report, building upon it by putting together an implementation plan that puts in place a baseline from which to work.

The Chancellor reported that Education Secretary Riley singled out the CSU as an example of a system leading in improving the public schools in America.

He also reported that the legislature would take up the revision of the Master Planning process this year. He noted an initiative by Senator DeDe Alpert that sets forth a new Master Plan using the higher education model but incorporates K-16 into the plan.

The Chancellor announced that Maria Elena Zavala, Professor of Biology, at CSU, Northridge was recognized by the White House as an outstanding science professor.

Lastly, the Chancellor stated that he was proud San Jose State for their defeat of Stanford the previous week and for being mentioned in Sports Illustrated magazine.

(The complete text of the Chancellor's Report is attached marked Exhibit "B.")

Report from the CSU Alumni Council

Larry Adamson, president, reported for the Alumni Council.

Report from the California State Student Association

Shaun Lumachi, chair, reported for CSSA.

Report from the California Postsecondary Education Commission

Trustee Ralph Pesqueira, CSU representative to CPEC, referred the trustees to the report contained in their packet.

Approval of Minutes

The minutes of the Board of Trustees' meeting of July 19, 2000, were approved as submitted.

Report of Committees

Agenda Items for the Board of Trustees

Chair Gould reported there was one item for consideration by the Board of Trustees.

Appointment of Three Members to the Fullerton Arboretum Commission (RBOT 09-09-00)

Chair Gould moved the resolution; 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 following appointments are made, effective immediately:

Dr. Ephraim Smith is appointed Commissioner of the Fullerton Arboretum Authority for term September 1, 2000 to September 1, 2004.

Dr. Judith Anderson is appointed Commissioner of the Fullerton Arboretum Authority for term September 1, 2000 to September 1, 2002.

Mr. Bill Dickerson is appointed Commissioner of the Fullerton Arboretum Authority for term September 1, 2000 to September 1, 2002.

Report from the Committee on Educational Policy

Trustee Dee Dee Myers, chair, reported the committee heard one action item and two information items. The information items were honorary degrees and the CSU Accountability Process. The board acted in closed session on nominations for honorary degrees.

Academic Plan Update for Fast-Track Program Development (REP 09-08-00)

Trustee Myers moved the resolution; 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 Academic Plan for California State University, Long Beach (as contained in Attachment A to Agenda Item 5 of the March 14-15, 2000, meeting of the Committee on Educational Policy), be amended to include projection of a Bachelor of Arts with a major in Chinese Studies, with a projected implementation date of 2001; and be it further

RESOLVED, that the degree program newly included in the campus Academic Plan is authorized for implementation, at approximately the date indicated, subject to the chancellor's determination of need and feasibility, and provided that financial support, qualified faculty, facilities, and information resources sufficient to establish and maintain the program will be available

Report on the Committee on Finance

Trustee Bill Hauck, chair, reported the committee heard four action items and three information items. The information items were: California State University 2001/2002 Support Budget; The CSU Recommended Lottery Revenue Budget 2001/2002; and California State University Tax Exempt Commercial Paper Program.

Authorize the Issuance and Sale of the San Diego State University Parking System Revenue Bonds, Series B, and Related Matters (RFIN 09-11-00)

Trustee Hauck moved the resolution; there was a second.

The Board of Trustees' approved resolutions that will achieve the following:

1. Authorize the sale and issuance of the San Diego State University Parking System Revenue Bonds, Series B, in an amount not to exceed \$15,405,000 and certain actions relating thereto including the approval of the forms of the Supplemental Indenture and Official Notice of Sale as presented to the board at this meeting.
2. Approve the form of the official statement prepared by Kelling, Northcross & Nobriga, financial advisor, and presented to the board at this meeting.

3. Provide a delegation to authorize the chancellor, the executive vice chancellor and chief financial officer, or the senior director of financing and treasury to take any and all necessary actions to execute documents for the sale and issuance of the bonds.

The complete text of the resolutions prepared by bond counsel and described above, as distributed to the Board and adopted by the Board, is on file in the office of the Chancellor, Long Beach, California.

Development of a National Training Center and Sports Complex at California State University, Dominguez Hills (RFIN 09-12-00)

Trustee Hauck announced that he appointed a subcommittee to work with President Lyons to ensure that this project serves the best interest of the CSU. The members of the ad hoc committee are: Bill Hauck, chair, Murray Galinson, Denny Campbell, Fred Pierce and Anthony Vitti.

Trustee Hauck moved the resolution; 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 Trustees:

Approve the economic framework of the public/private partnership for the construction of a National Training Center and Sports Complex at California State University, Dominguez Hills as set forth in Agenda Item 4 of the September 19, 2000 meeting of the Trustees Committee on Finance.

Approval for the Issuance of the California State Housing System Revenue Bonds, California State University San Bernardino, Apartment Complex (RFIN 09-13-00)

Trustee Hauck moved the resolution; there was a second.

The Board of Trustees' approved resolutions that will achieve the following:

1. Authorize the sale and issuance of the California State University Housing System Revenue Bonds, in an amount not to exceed \$13,815,000 and certain actions relating thereto including the approval of the form of the Notice of Sale as presented to the board at this meeting.
2. Approve the form of the official statement prepared by Kelling, Northcross & Nobriga, financial advisor, as presented to the board at this meeting.

3. Provide for a delegation to authorize 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.

The complete text of the resolutions prepared by bond counsel and described above, as distributed to the Board and adopted by the Board, is on file in the office of the Chancellor, Long Beach, California.

Joint Powers Authority at California State University, Stanislaus Stockton Center (RFIN 09-14-00)

Trustee Hauck moved the resolution; there was a second.

The Board of Trustees' approved the following resolution:

WHEREAS, Pursuant to the laws of the State of California, including the Joint Exercise of Powers Act (Sections 6500 and following of the Government Code of the State of California) (the "Law") the City of Stockton (the "City") and the Trustees of the California State University (the "Trustees") desire to create a joint exercise of powers entity to be known as the Stockton Center Site Authority (the "Site Authority") to develop and manage that portion of the California State University, Stanislaus Stockton Center not required for educational use by the Trustees;

WHEREAS, Pursuant to the law, the Trustees and the City shall create the Site Authority by entering into the Stockton Center Site Authority Agreement, dated as of September 19, 2000, in substantially the form presented to this meeting (the "JPA Agreement");

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

Section 1. The JPA Agreement is hereby approved. The Chancellor or his designee is hereby authorized and directed, for and in the name and on behalf of the Trustees, to execute and deliver the JPA Agreement with such changes therein as such officer determines are necessary and appropriate, and are approved by such officer, such approval to be conclusively evidenced by the execution and delivery of the JPA Agreement.

Section 2. The Treasurer, the officers of the Board, the Chancellor or the Executive Vice Chancellor and Chief Financial Officer or the Assistant Vice Chancellor, Campus Planning, Design, and Construction, are each

hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to assist the City and the Site Authority with the development, operation, maintenance, and financing for the Stockton Center Site.

Section 3. This resolution shall take effect from and after its passage and approval.

Report on the Committee on Campus Planning, Buildings and Grounds

Trustee Stanley Wang, chair, reported the committee heard two information items and four action items. The information items were: California Environmental Quality Act Annual Report and CSU Seismic Review Board Annual Report.

Amend the 2000/01 Capital Outlay Program, Nonstate Funded (RCPBG 09-16-00)

Trustee Wang moved the resolution; 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 2000/01 Nonstate Funded Capital Outlay Program be amended to include \$12,770,000 for preliminary plans, working drawings, construction and equipment for the California State University, Sacramento, Regional and Continuing Education/Foundation Projects Complex.

Amend the 2000/01 Capital Outlay Program, State Funded (RCPBG 09-17-00)

Trustee Wang moved the resolution; 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 2000/01 State Funded Capital Outlay Program be amended to include \$12,941,000 for preliminary plans, working drawings, construction and equipment for the San Jose State University, Energy Infrastructure Upgrade.

State and Nonstate Funded Capital Outlay Program 2001/02 (RCPBG 09-18-00)

Trustee Wang moved the resolution; 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 2001/02 State Funded Capital Outlay Program identified in Attachment A of Agenda Item 5 as distributed at the September 19-20, 2000 meeting of the trustees' Committee on Campus Planning, Buildings and Grounds is approved; and, be it further

RESOLVED, That the 2001/02 Nonstate Funded Capital Outlay Program including authorization to the chancellor to proceed in 2000/01 with design documents on fast-track projects in the 2001/02 program is approved; and, be it further

RESOLVED, That the chancellor is requested to explore all reasonable funding methods available and communicate to the governor and the legislature the need to provide funds for the state program totaling \$555,750,000 in order to develop the facilities necessary to serve all eligible students; and, be it further

RESOLVED, That the chancellor is authorized to make adjustments, as necessary, including priority sequence, scope, phase, project cost, and total budget request for the 2001/02 State Funded Program within the \$555,750,000.

Approval of Schematic Plans (RCPBG 09-19-00)

Trustee Wang moved the resolutions; there was a second.

The Board of Trustees' approved the following resolutions:

1. California State University, Sacramento—Regional and Continuing Education Building

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

1. The board finds that the Negative Declaration for the California State University, Sacramento, Regional and Continuing Education Building has been prepared in accordance with the requirements of the California Environmental Quality Act; and
2. The proposed project will not have a significant effect on the environment; and the project will benefit The California State University; and
3. The chancellor is requested, under Delegation of Authority granted by the Board of Trustees to file the Notice of Determination for the project; and

4. The schematic plans for the California State University, Sacramento, Regional and Continuing Education Building are approved at a project cost of \$7,149,000 at CCCI 3909.

2. California Polytechnic State University, San Luis Obispo—Engineering and Architecture Renovation/Replacement, Phase I

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

1. The Mitigated Negative Declaration for the California Polytechnic State University, San Luis Obispo, Engineering and Architecture Renovation/ Replacement, Phase I project was prepared pursuant to the requirements of the California Environmental Quality Act; and
2. With the implementation of the mitigation measures set forth in the Mitigated Negative Declaration, which are hereby adopted and specifically identified in Attachment A of Agenda Item 6 of the September 19, 2000 meeting of the Trustees' Committee on Campus Planning, Buildings and Grounds, herein, the proposed project will not have a significant effect on the environment, and the project will benefit The California State University; and
3. The mitigation measures shall be monitored and reported in accordance with the plan included as Attachment A herein which meets the requirements of the California Environmental Quality Act (Public Resources Code, Section 21081.6); and
4. The chancellor is requested under Delegation of Authority by the Board of Trustees to file the Notice of Determination for the project; and
5. The schematic plans for the California Polytechnic State University, San Luis Obispo, Engineering and Architecture Renovation/Replacement, Phase I project are approved at a project cost of \$12,661,000 at CCCI 3847.

Report of the Committee on Organization and Rules

Trustee Debra Farar, acting chair, reported the committee heard one action item.

Revised Schedule of Board of Trustees' Meetings, 2000/2001 (ROR 09-06-00)

Trustee Farar moved the resolution; 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 following revised schedule of meetings for 2000/2001 is adopted:

2000

| | | |
|------------------|----------------------|--------------|
| July 18 – 19 | Tuesday - Wednesday | Headquarters |
| September 19 –20 | Tuesday – Wednesday | Headquarters |
| October 26 | Thursday | Headquarters |
| November 8 – 9 | Wednesday - Thursday | Headquarters |

2001

| | | |
|-------------------|---------------------|-----------------------|
| January 23 - 24 | Tuesday – Wednesday | Headquarters |
| March 20 - 21 | Tuesday – Wednesday | CSU Long Beach |
| May 15 - 16 | Tuesday – Wednesday | Headquarters |
| July 10 –11 | Tuesday – Wednesday | Headquarters |
| September 11 - 12 | Tuesday – Wednesday | Headquarters |
| October 25 | Thursday | Headquarters |
| November 13 - 14 | Tuesday – Wednesday | Headquarters |

Report of the Committee on Governmental Relations

Trustee Debra Farar, acting chair, reported the committee heard two action items.

1999-2000 Legislative Report No. 12 (RGR 09-07-00)

Trustee Farar moved the resolution; 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 1999-00 Legislative Report No. 12 is adopted.

Proposition 38: School Vouchers. State-Funded Private and Religious Education. Public School Funding. Initiative Constitutional Amendment (RGR 09-08-00)

Trustee Farar moved the resolution; 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 board opposes Proposition 38, the “School Vouchers. State-Funded Private and Religious Education. Public School Funding.” Constitutional Amendment Initiative that will appear on the November 2000 General Election ballot.

Communications and Correspondence

Old Business

New Business

Public Comments

The board heard comments from Charles F. Goetzl, President, Academic Professionals of California; John Scannel, Citizen; Robert Garcia, President, Associated Students Incorporated, CSULB; George Kurtz, Citizen; Ms. Pauline Robinson, Division Director, CSEA; Professor Susan Meisenhelder, President, California Faculty Association; Professor Michael Clarke, CSU San Bernardino; Professor Manzar Foroohar, Cal Poly San Luis Obispo; Professor John Syer, CSU Sacramento; Professor George Diehr, CSU San Marcos; Professor Jo Bell Whitlatch, SJSU & California Faculty Association Bargaining Team Chairperson; Professor Denise Tanguay, CFA Consultant from Eastern Michigan University; and Dr. Mary Burgan, General Secretary, American Association of University Professors.

Adjournment

The meeting adjourned at 11:22 a.m.

**REPORT OF CHAIR LAURENCE K. GOULD, JR.
Board of Trustees
The California State University
September 20, 2000**

Since it is the Olympic season, I am delighted to announce that we were awarded three gold medals in Sacramento. On August 28th Trustees Roberta Achtenberg, Murray Galinson, and Shailesh Mehta were all confirmed by unanimous votes of the State Senate. Each of them is an outstanding addition to this Board. Congratulations to all of you.

Also in late August, Governor Davis named President John Welty as a member of the Commission on Improving Life Through Service. The Commission's mission is to promote community service throughout California, and in naming Dr. Welty, the Governor highlighted CSU Fresno's community service learning activities and especially the role of its students in Fresno READS.

U.S. Secretary of Education Richard Riley has named Chancellor Reed to the National Commission on the High School Senior Year. The Commission's mission is to frame a visionary way of thinking about how to improve the senior year as a transition to postsecondary education and the workforce. This appointment demonstrates again how important CSU's input and ideas are nationally, and we can be proud that our Chancellor was tapped for this assignment.

This past summer Trustee Bubba Muraka interned at Microsoft's headquarters in Redmond, Washington - a great opportunity for him. Part of his experience is memorialized in the Sept. 4th issue of Fortune magazine, and a copy of that article is in your Trustees' packet.

Last Thursday I met in this chamber with the Statewide Academic Senate. We had a wide-ranging discussion ranging from priorities for the next year to many of the challenges facing CSU. I want to thank Chair Kegley for setting aside time for me to meet with the full Senate.

Last Saturday I met with the California State Student Association Board when it met at Cal State San Bernardino, and my comments focused on access issues and the tremendous Cal Grant funding increases. Many thanks to Chair Lumachi for including me in CSSA's deliberations.

Our alumni continue to be great ambassadors, promoting CSU at every turn. I was delighted to learn that the alumni leadership will sponsor the luncheon during CSU's Legislative Day on March 12th next year, and I hope that everyone reserves that date and will participate in this important event

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EXHIBIT A

Full Board Meeting

September 20, 2000

The Maritime Academy's training ship GOLDEN BEAR docked in Long Beach in August, and while it was here President Jerry Aspland held a shipboard reception for alumni, friends, maritime industry supporters and donors. Cadets took visitors around the ship on individualized tours, and all of them were poised, polished, and professional. Jerry, thank you for making Long Beach one of your ports of call.

On a related note, Jerry Aspland has informed us that he desires to step down as president of the California Maritime Academy in the early summer 2001. Jerry has greatly strengthened the Maritime Academy during his tenure as president, made the training ship into a system-wide resource by including students and faculty from other CSU campuses on its cruises, and dramatically improved fund-raising at CMA. A search committee to select a new president needs to be formed. I am appointing Ralph Pesqueira to chair and Roberta Achtenberg and Stanley Wang to join him as Trustees on the search committee. The search will begin this fall, and I hope that we can make a selection by March.

Most of you already know that President Handel Evans recently announced that he, too, is planning to step down next year as president of Cal State Channel Island. Handel has done a great job transforming Cal-Sushi from an idea towards a beautiful university campus. He has built broad-based community support for this institution, and just last Saturday night he had 600 of the movers and shakers of Ventura County on the campus for a tremendously successful scholarship fundraiser. Another presidential search committee needs to be formed. I am appointing Denny Campbell to chair and Debra Farar and Bob Foster to join him as Trustees on the search committee, and we hope to have a permanent president in place by summer 2001.

Finally, remember that the November Board meeting will be held on a Wednesday and Thursday, November 8th and 9th. If you arrive on our normal Tuesday meeting date, you'll be a day early.

This concludes my report.

REPORT OF CHANCELLOR CHARLES B. REED

Board of Trustees
The California State University
September 20, 2000

Thank you Chairman Gould. I want to welcome this board and all of the family of CSU to a new academic year. I, too, want to join with our chair in congratulating our three new trustees on their confirmation. Senator Burton and others asked them many questions, but they had all the answers. I was very proud of them.

It will be three years a week from Sunday that this board asked me if I would join the California State University system. It has been my privilege and my honor to lead one of this nation's greatest universities. I say this every place I go. I think that this university system has the finest mission in higher education in this country. I don't think a day goes by that we don't try as hard as we can to advance the reputation and quality of the California State University. We couldn't do that if it weren't for the great presidential leadership on all of our campuses. It has just been a pleasure for me to work with the men and women who provide that leadership. I am also very proud of the accomplishments of our faculty, staff, and students in the system. As we begin this new year, I really believe that we are on the right track for the future.

I want to begin by thanking the legislature and Governor Davis once again for our budget. If you haven't already, I ask you to drop Governor Davis a hand-written note. Governors don't get too many thank-you notes. They get a lot of complaints, but it's the hand-written notes that are really important.

Let me give you a couple of figures on the budget. As we begin our new academic year, we're starting with \$333.7 million more than we had this time last year. Now, what does that mean? If you take that and you add to the previous two years since 1998, we have in this system \$843 million of new money. I know that we are building quality with that. I also know that we're serving more than 30,000 new students that weren't here three years ago. This year, the legislature and the governor provided a 6% increase in the compensation pool for all employees that this board recommended and advocated. If this 6% is agreed to and implemented, it will mean that in the past three years this board has provided percentage increases totaling 17.7% for employee compensation. One of the commitments that Trustee Vitti and I made in Sacramento was that this board was committed to closing the faculty compensation gap. We have worked very hard on this commitment. When I arrived, it was about 13%. If we can accomplish another 6% increase next year, our gap will be under 3%. I commend this board because that represents real progress.

EXHIBIT B
Full Board Minutes
September 20, 2000
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As Richard West said yesterday, we are showing strong enrollments. We are going to be on target or slightly above what we projected and I think that is where we need to be from an accountability standpoint.

Another important development took place this summer on a few of our campuses, specifically at Humboldt where they moved for the first time to year-round operations. Their enrollment was significantly beyond anything that they anticipated for the summer. I anticipate that San Francisco State will soon see the same. If we can offer the kinds of courses that students need when they need them, then we'll see our summer enrollments grow and grow.

Every once in a while something really big happens in higher education. During the last days of the legislative session, something really significant and big occurred. The legislature and the Governor came together to build a new financial aid program for California students. It was significant in that I believe it's the best financial aid program in the United States right now. That's because it provides merit aid for students to do well in school, to get good grades, and score well on standardized tests – while at the same time recognizing those students who have tremendous financial need. The melding together of those two components was a great example of the political process.

Our staff played a tremendous role in getting this financial aid program together. I especially want to thank Allison Jones. Al, stand up just for a second. I want everybody to know that I had to go San Francisco the night that we were pulling this whole thing together, but I got a hold of Al, and I told the people in the Governor's office and Senator Burton's office that I'd be back at 7am the next morning to continue to work on it. I know that Allison stayed up all night because the fax machine in the hotel in San Francisco and back in our office in Sacramento had faxes coming in at all hours. So Allison, thank you for all of your hard work.

We're going to send out a written message to our campuses about this, but this program represents an increase of somewhere near \$50 million for just our students this next year. California had been spending less than \$500 million in financial aid. When this is fully implemented, they will be spending \$1.3 billion. So it is really big. It is significant and it's forward thinking, and as I have said to some people, I think it's a way for the Governor and the legislature to say that the California dream is back in place for our students. If students work hard and if they want to go to college, they can achieve that dream.

Yesterday, you heard Trustee Campbell talking about our accountability reports. This board worked very hard to create the Cornerstones report. It was essentially completed when I arrived. But the most exciting thing for me was to say, "Let's take this and put an implementation plan together and then put an accountability plan behind it." Now, as Denny said yesterday, we have connected all of the dots. I think it is significant that this accountability report gives a baseline

for us to work from in seeking qualitative improvements at each of our campuses. As we said yesterday, "The benchmark is against each campus doing better next year." I'll provide you with copies of the information I shared back with the presidents on the areas that we're going to target for improvement.

We continue to work with the public schools. In fact, the California State University is gaining national importance in its influence in how this system is working to improve public schools in California. On national television, Secretary Riley singled out the California State University system as an example of a system leading in improving the public schools in America. I thought that was worth the price of advertisement on national television. Also, our campuses were recognized just last week by the U.S. Department of Education. Four of our universities received two and a half million dollars in GEAR-UP grants, which will enable these universities to work with middle schools to get students on the right track to attend college and complete their baccalaureate degrees.

This year, I believe that the legislature will take very seriously the revision of the Master Plan process. Senator Dede Alpert from San Diego has set forth a new Master Plan that proposes to include K-12 as well as higher education. I think that will be very helpful to our system.

Our faculty continues to receive many honors. The White House recognized Maria Elena Zavala, biology professor at CSU Northridge, as an outstanding science professor.

Lastly, I try to watch as much football as I possibly can and I want to say that San Jose State made us proud last week. They were mentioned in Sports Illustrated, where they were described as playing with urgency and emotion in defeating Stanford. Then they went on and had a second victory when they played Southern Utah.

When I pick the paper up on Sunday morning, the first thing I want to see is what all of the CSU universities have done the day or the night before. Last week only San Jose had a victory and everybody else didn't. It occurred to me that where I used to live, there would be a moving van out in front of my house with a sign on it if we didn't do any better. But I know this week will be better.

Mr. Chairman that concludes my remarks.