



THE CALIFORNIA STATE UNIVERSITY

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Report of the meeting of the Board of Trustees January 25-26, 2005

Kathleen Kaiser, Faculty Trustee

The Board of Trustees (BOT) met at the office of the Chancellor on January 25-26, 2005. The BOT met in closed session for the consideration of nominations for Honorary Degrees, forward by the Subcommittee on Honorary Degrees. While this was an action item, the results are kept in confidence until the campuses have a chance to confirm the conditions of acceptance with their nominees. The BOT met in closed session for the 6th year and 3rd year combined personnel review of Dr. Peter Smith, President of California State University Monterey Bay (CSU Monterey Bay) since it's founding in 1994. Peter Smith has announced that he will step down from the presidency in the middle of June 2005. Effective July 1, Peter will assume the position of Assistant Director-General for Education at the United Nations Educational, Scientific and Cultural Organization (UNESCO), based in Paris, France. He will be the first American to hold the position. Afterwards, mutual exchanges were given of congratulations and commitment to assist the campus, making its first presidential search in ten years, in such a way as to continue the tremendous progress made at CSU Monterey Bay. The second personnel review was for Dr. Rollin C. Richmond, President of Humboldt State University. This was his first 3rd year review and his significant efforts to improve working relationships with the community, particularly in the local Native American groups were noted. Dr. David S. Spence, Executive Vice Chancellor and Chief Academic Officer for the California State University, Office of the Chancellor, has accepted the presidency of the Southern Regional Education Board in Atlanta, GA, beginning in June. The Chancellor told the BOT that no plans for a search had been established yet, as completing the Stanislaus and now Monterey Bay searches had to take priority for the campuses. Finally, the confirmation process for the new trustees has not yet officially been given a hearing date.

This was a tremendously packed agenda, with one very contentious decision (the name change for California State University Hayward), outsider speakers from the University of California (UC) and California Community Colleges (CCC), and a number of significant educational policy information items, and the first interim report on the Sustainability Policy. The agenda was so crowded with speakers, that the BOT did not hear the budget report and so had no opportunity to question Vice Chancellor Richard West. A hard copy was provided and the budget will be addressed in March. Thus, I will not address this issue in my report. Despite the tremendous amount of emotion raised over the potential name change, the conduct of all speakers, in particular the students from CSU Hayward, was exemplary and received overt recognition from a number of trustees. Similarly, the student speakers on behalf of the sustainability issue were articulate and focused, representing a number of campuses. The effectiveness of this representation of student leadership anchors the quality of the education in the California State University (CSU) and lead myself and other BOT members to urge students in general and California State Student Association (CSSA) leaders in

particular to continue their participation in the shared governance process, both on their individual campuses and in CSSA.

Tuesday, January 25, 2005

1:00 PM -- **Committee on Collective Bargaining** met first in open session, adjourned to close session, and then reported back to the BOT. Minutes from November 16, 2004 were approved. Pat Gantt, Director of the California State Employee Association (CSEA) noted that they had changed their official name to California State University Employees Association.

Charles Goetzel, President of Academic Professionals of California (APC) noted that they had achieved a tentative agreement about 18 items, but also stated that these same agreements could have been achieved 18 months ago. He stated that soon the APC would be two years without a contract, while bargaining he urged that both sides think outside the box. Dennis Dillion, CSEA urged that ideas and concepts, instead of dollars, be considered as workload was causing problems.

1:45 PM -- **Committee on Institutional Advancement:** Minutes of November 16, 2004 were adopted by consent. Trustee Herbert Carter was added to the committee for this meeting's quorum. The three action items were: the naming of the Pyramid Events Center, Bldg. 73 at California State University Long Beach (CSULB) as the Mike and Arline Walter Pyramid. Next, the BOT adopted the 2003/04 Annual Report of External Support to the CSU, to be submitted to California Postsecondary Education Commission (CPEC), the California Joint Legislative Budget Committee, and the California Department of Finance (DOF). This report notes the following highlights: External Support (philanthropic {down} and grants and contracts {up}) was almost \$1,300,000,000 more than \$3,000 per student. While philanthropic giving equaled 11 percent of the state general fund allocation, 97 percent of charitable gifts were designated for specific purposes. Individuals gave \$108,000,000 while alumni membership increased, giving declined to about \$20,000,000. Finally, CSU's average cost to raise one dollar is 16 cents, but investing a dollar in the CSU fundraising returns as an average \$525.

The most powerful issue in terms of the number of those who have contacted the BOT by email, letter, phone, and requested personal appearances, was the proposed name change for CSU Hayward. There were so many requesting to speak that each side was given a total of 30 minutes. There was no 'magic bullet' as President Rees noted. The campus, while receiving recognition for its strong academic programs, has struggled in both fund raising and growth in the last several years. The name change was chosen to signify the university's expanded vision and regional role, with two campus sites--Hayward Hills and Concord, including a professional development center in Oakland. It was also to identify an expanded set of university initiatives to increase regional awareness, to increase donor recognition and fundraising capabilities and, given an enhanced presence in the region, to help increase enrollment especially among first-time freshmen. As I have stated earlier, the students were especially impressive and the individual BOT members gave this item careful thought and several spoke at length at the final vote, to clarify their reasons for their vote. The final vote was unanimous, to change CSU Hayward to CSU East Bay effective January 26, 2005.

One item was information: The Council for Advancement and Support of Education (CASE) awards were announced, with Cal Poly State University, San Luis Obispo (SLO) President Warren Baker named CASE District V11 Chief Executive Leadership Award. Nationally, Assistant Vice Chancellor for Advocacy and Institutional Relations, Karen Yelverton Zamarripa received the Marvin D. Johnson Achievement Award bestowed by CASE, by the American Association of Community Colleges, the American Association of State Colleges and Universities, and the National

Association of State Universities and Land Grant Colleges. Each of the following campuses also received some level of formal recognition for excellence: CSU Channel Islands, CSU Fresno, CSU Fullerton, Cal Poly State University, Pomona, CSU Sacramento, San Diego State University (SDSU), San Francisco State University (SFSU), San Jose State University (SJSU), and CSU Stanislaus, a very impressive list.

3:45 PM -- **Committee on Finance** approved the minutes from November 16, 2004 following an agreement to expand the notes referring to Trustee Esparza's request for information regarding the procurement and bidding process, including the opportunities available to minority firms. The delay in the committee coming to order due to the extensive discussion of the proposed name change for CSU Hayward, caused the Chancellor to delay both information items to March 15-16 BOT's meeting. The report on the 2005/06 Support Budget was not discussed, but was available in hard copy and simply noted as meeting the terms of the Compact. And Evolution of the BOT's Financing Programs, including the Systemwide Revenue Bond Program and an update on the status of the CSU's Debt Program and Debt Capacity was also available in hard copy.

There were three action items: Approval to Issue Trustees of the CSU, Systemwide Revenue Bonds and Related Debt Instruments for Various Projects, in the amount not to exceed \$178,385,000. (1) Hayward Pioneer Heights Phase 11 Student Housing for 76 housing units, with a design-bid-build project delivery and estimated cost of \$31,724,046 of which \$3,500,00 is to come from campus housing program reserves, (2) Pomona Parking Structure one will provide a net increase of 1,691 spaces and a Public Safety building for a project cost of \$37,613,000, with \$6,500,000 paid from campus parking program reserves and the project delivery method is design-bid-build, (3) San Francisco Student Housing-Villas at Parkmerced, Lot 42 Property Acquisition Project is 2.81 acres, with 66 one and two story garden apartments and parking to provide housing for graduate and married students. This has a total project cost of \$10,985,000 of which \$811,000 will come from campus reserves, (4) Fresno Association Inc. has been given the opportunity to Refinance a portion of the Save Mart Center bonds, saving about \$1,500,000, (5) San Marcos University Corporation is also refinancing bonds for Student Housing, which will save about \$1,900,000 and the annual cost of the Letter of Credit, \$330,000 a year. The next action item was for Auxiliary Organization Tax-Exempt Financing at Sonoma State University to issue four-year notes not to exceed \$13,000,000 to partially fund the construction of a Concert Hall at the Donald and Maureen Green Music Center. Final action item was the approval of Auxiliary Organization Tax-Exempt and Taxable Financing at SDSU for student housing project (65 apartments for SDSU's Greek community) not to exceed \$21,500,000 and a commercial borrowing not to exceed \$6,000,000 to finance the construction of five sorority chapter houses by the SDSU Foundation. This proposal raised numerous questions by several trustees over the legal status of risk assumed by the university in building 'Greek' housing, in regards to non-discrimination and liability in terms of alcohol and hazing events. SDSU President Stephen Weber gave assurances that the Foundation had undertaken an earlier successful project for the fraternity side of the 'Greek' community and was now attempting to complete this project for the sororities. He stated that both components of the Greek community had signed non-discrimination clauses. The number of questions raised by trustees, including the options of considering building scholarship housing at our campuses, led the board to decide to approve the proposal due to the severe consequences of a delay for pledges already given to the sororities. However, the future agenda of the BOT would entertain a full discussion of what policy issues might arise and what future actions the BOT might take in such housing projects.

5:00 PM -- **Committee on Campus Planning, Buildings and Grounds** had Trustee Hauck added to the committee as a temporary chair for a quorum and approved the minutes of November 16, 2004. We amended the 2005/06 Capital Outlay Program, Nonstate Funded to include two projects. 1)

\$25,062,000 for the preliminary plans, working drawings, and construction for the SDSU Sorority Row Housing project; and 2) \$10,985,000 for the acquisition of Real Property, Villas at Parkmerced, and Purchase of Student Housing for SFSU.

Three projects had schematic plans presented and approved: CSU Dominguez Hills had schematic plans for Educational Resource Center Addition approved for \$39,000,000. A number of sustainable features were noted for this expansion and the project's building cost of \$200 per GSF (gross square feet) is above the cost guidelines for libraries due to significant industry-wide cost increases for steel, lumber, cement and fuel, and the inclusion of limited seismic work. The issue of dramatic price increases in construction materials continues to plague all of our construction plans and in several cases has forced reengineering of existing plans in order to meet the fiscal resources, but in every case cost analysis is running higher than the 'norm' of the CSU. California Maritime Academy was approved for their Simulation Center (a tremendous increase in their training capacity for real ship situations) for \$12,193,000. Sustainability features were identified with a system to allow up to 100 percent outside air. Finally the Green Music Center and Music/Faculty Office Building at Sonoma State was affected by the cost overruns and was redesigned. The Green Music Center contains a 1,400-seat concert hall (\$32,000,000); the Music/Faculty Office Building will provide instruction capacity for 300 FTE and 20 faculty offices (\$18,000,000). The Conference Center will have the capacity to serve between 60-600 and was \$7,000,000 for a total project cost of \$57,118,000. All three have very strong sustainability features, which have helped to contain the cost estimates and will be constructed under CM at Risk delivery method as another cost control measure.

SFSU President Corrigan led the BOT through several demonstration slides to show the degree of space limitations on his campus in such an intense urban environment (inventing a new measure--students per acre) and to pave the way for BOT approval of the SFSU Campus Master Plan Revision to acquire the Stonestown Apartments. This adds 24.81 acres with 697 garden and tower apartments with 1,033 parking spaces, to be gradually filled with students, faculty, and staff. Final action item was the approval of the Proposed Agreement for the Assignment of Leashold Interest of the Stockton Center Site Authority between Master Sublessee Grupe Commercial Company and the Stockton Unified School District to support the construction of a K-8 school on 12.48 acres. This is regarded as a key stage in continuing the redevelopment of this area.

Assistant Vice Chancellor San Juan presented two information items. The first was the Status Report on the 2005/06 State Funded Capital Outlay Program which noted that while the BOT's approved budget had approved 36 projects for \$602,700,000, the governor's budget included \$261,500,000 for 20 CSU projects, with the following adjustments. The \$26,000,000 Capital Renewal program to replace 30-50 year buildings was not supported by DOF. Warren Hall seismic upgrade at CSU Hayward was reduced by \$150,000 due to an error. Humboldt State University's Forbes Physical Education Complex Renovation was reduced by \$1,051,000. Finally SJSU's Joint Library-Secondary Effects was reduced by \$395,000 to stay within Supplemental Report Language already approved.

The second information item was the Progress Report on Energy Conservation and Sustainable Building Practices, which was a report prepared by staff and not by the Advisory Committee as referenced in the BOT action item in May 2004. The CSU has set goals for the last 14 years and while initially we were successful in attaining the sequenced desired reductions, the set goal in 2001 of 15 percent reduction in energy consumption by 2004/05, compared to the baseline year of 1999/00, appears to have stalled at two percent. This is a complex subject and is also influenced by the increased amount of construction and thus occupied space in the CSU. The overall detail of the staff report was quite good, what was missing was the report from the CSU Sustainability Advisory

Committee as was made clear by the student member, Tylor Middlestadt, who noted that a short two week meeting date set before the BOT meeting in January was not enough time for a real report. A promise was elicited by the BOT to hear from the Advisory Committee before the final report is due in July.

5:40 PM -- **Committee on Committees** by consent the Minutes of July 13, 2004. Larry Adamson has been appointed approved by the Alumni Council of the CSU to serve in the position vacated by Fred Pierce, until their formal nomination and election process is completed. He was assigned to the following Standing Committees for 2004/05: Governmental Relations; Institutional Advancement; and Organization and Rules. Further, Carol Chandler was assigned as Vice Chair of the Committee on Institutional Advancement.

Wednesday, January 26, 2005

8:00 AM -- **Committee on Educational Policy** met in closed session on Tuesday to review and approve Nominees for Honorary Degrees. These now go back to their respective campuses to affirm that the other requirements of accepting the degree will be met by the candidate. In open session, the Committee approved the minutes of November 17, 2004. The California Academy of Mathematics and Science (CAMS), winner of the National Model of Excellence and winner of Blue Ribbon School Award, located on and in partnership with CSU Dominguez Hills made a tremendous presentation, anchored by a senior CAMS student's video presentation in person. Started in 1990 with a combination of public and private funding and 116 freshmen from 11 school districts in the Los Angeles Basin, CAMS has truly become a model program, now ranked second in the state among all public high schools, with a 100 percent graduation rate, 95 percent college going rate, and 70 percent majoring in math, science, technology, and/or engineering, while fully 50 percent are from low income families and 60 percent are from English as a Second Language (ESL) backgrounds. Students at CAMS also take concurrent courses at CSU Dominguez Hills. This remarkable school, its faculty and administration and the collaborative approach to the partnership with CSU Dominguez Hills hopefully will provide other shared K-12 projects, avenues by which other successful models can emerged in partnership with our other campuses. Private support is a very key aspect of this remarkable school's success.

The Committee heard David Spence, Executive Vice Chancellor and Chief Academic Officer give two information reports: Analysis of Access and Graduation Rates was the first and it was a follow up to specific requests by trustees at the last BOT meeting to have a further breakdown of the Accountability indicators by race/ethnic identity for access, retention and graduation rates of first-time freshmen. The following summary and conclusions were presented. Note this does not reflect data for transfers, two-thirds of the CSU student body.

- California public high school graduates are diverse and the CSU racial and ethnic distribution of first-time freshmen is more reflective of that diversity than the UC, but less representative than the CCC.
- Under representation of African American and Latino public high school graduates is primarily a function of an unequal distribution of academic preparation, required for UC and CSU first-time freshmen admission, across racial and ethnic subgroups.
- Those entering CSU as first-time freshmen in fall 1997, white and Asian/Pacific Islander students are more represented among baccalaureate degree recipients than are Latinos and African Americans, with differentials in mathematics and English proficiency a key factor.
- CSU first-year retention for fall 1997 first-time freshmen exceeded rates at "benchmark" institutions similar to CSU, especially in selectivity, but four-year graduation rates were lower.

- CSU six-year graduation rates for fall 1997 first-time freshmen exceeded those at "benchmark" institutions, except for African Americans.
- Additional cause for concern is that among those who complete enough credit units to graduate in four years, only a one-third did so and among those who completed units on pace to graduate in six-years, only 39 percent did so.
- California public schools and the CSU are committed to the early assessment of readiness for college English and mathematics, improved professional development of teachers and administrators, improved teacher preparation, Early Assessment Programs (EAP) in the senior year, progressive instructional improvements throughout K-12, strengthened communications and focus on the factors that matter and strategies that work.
- Efficient and effective pathways to graduation are being clarified, developed, and provided to students by CSU faculty, staff and administrators, modeling on best practices such as indicated in "Facilitating Student Success in Achieving the Baccalaureate Degree". For a copy go to <http://www.calstate.edu/BOT/Agendas/Jan05/EdPol.pdf>.

The second information item was Facilitating Graduation; Progress Report #2, which again included a brief statement of the history that all campuses are, at a minimum, close to completing roadmaps and related class scheduling. Mandatory degree-audits and advising have been hampered by PeopleSoft implementation on most campuses, which do not have Banner. Reduced fiscal resources have placed on some campuses an either/or aspect to course offerings or advising. Five campuses were visited for Assessment of Best Practices and Barriers and it was stressed that each campus is proceeding within its own context and challenges and was to be assessed internally. You may access your own campus report at <http://www.asd.calstate.edu/accountability>. The major part of the presentation was a panel on advising. President Milt Gordon noted the many approaches that CSU Fullerton is taking to advising, particularly in the freshman year. President Jolene Koester noted that CSU Northridge had actually undertaken many activities prior to the Facilitating Graduation Taskforce and stressed making improving graduation an institutional preoccupation was beyond just an objective. She noted that there is no question that admission standards affect graduation rates and that means impacting our high schools. David McNeil, Chair of the Academic Senate CSU noted that a resolution was expected this spring, that advising was a many splendor thing in its complexity, and that pre-transfer advising was rated very low in Student Needs and Priorities Survey (SNAPS) but major advising was rated high. He also referenced the decline over the last ten years in the CSU, with the ratio of student to faculty having risen 25 percent. Manolo Platin, Chair of CSSA talked about road maps and the use of incentives and disincentives, and that students were reporting no feedback loop on the degree audit until their senior year. Substituting courses was viewed as impacting quality. He further stated that the unintended function of the federal financial aid policy forced students to take excess units, if the required courses were not available; therefore CSSA opposes any excess unit penalty. Dr. David Spence again stressed how critical this process was to the success of all our institutions and to making new spaces available for students.

The last information item also included a guest from the UC, Dr. M.R.C Greenwood, Provost and Senior Vice President. David Spence reported on the 3rd year Progress Report of the Joint Doctoral Programs in Education which now has four UCs aligned with 10 of the CSUs: Santa Barbara with Cal Poly, SLO with a total of 15 enrolled candidates; Berkeley with CSU Hayward, SFSU, SJSU and a total of 20 enrolled; Irvine with CSU Los Angeles, CSU Long Beach, Cal Poly Pomona and CSU Fullerton with a total of 33 enrolled (UCLA will not participate) and finally UC San Diego with SDSU and CSU San Marcos which has not started yet but has admitted 18. There was a clear distinction in the two presentations. M.R.C. Greenwood's presentation for the UC was that quality graduate programs take time, she noted a five-year period before a valid assessment could be made and insisted that the UC administration and now faculty were behind this effort. She stated that by

September 2005, after three full years we would have involved nine UCs and 21 CSUs and argued that we should target the 'best' and not numbers. Dr. Spence argued that the State of California was being seriously affected by the failure to provide an avenue for those in higher education, especially those currently working in their profession, to receive the professional development, research and training that an Ed.D. would provide them and which the K-12 school system desperately needed. He noted the following differences: CSU views the combined total of 86 students as far too few to keep pace with the need and demand. He cited that nationally the ratio of Ed.D. to students is 7/1 and in California 14/1. While enrollment in the private sector is strong, it is very expensive. The calculation that the CSU is using would be at least one new Ed.D. per school district and would mean 1000 candidates a year to keep pace. He also argues that this is not a priority for UC, especially the faculty. He further noted that the agreement was to have funding be via enrollment and in three and one-half years neither funding nor faculty have been finalized. There were very strong responses by two campus presidents. President Welty said that the Master Plan has failed in the Central Valley and especially in graduate degrees and there are no privates. What has depressed the application process is that UC has been raising the requirements for what is a good quality program constantly so those applicants are giving up. The Central Valley can't wait for access to Educational Leadership and Administration programs. President Weber was even stronger because he noted that at SDSU they had 100 faculty in Education compared to UCSD's five, with excellent degrees, more library holdings and more publications, plus they run three public schools. President Ortiz added from his experience at CSU Fresno that over seven years, UC Davis committed six faculty and CSU Fresno committed 33 faculty to the "joint" effort and this has a political lens of 'restricted access'. Finally, Trustee Esparza noted that the key component is whether the partnership increases capacity in a system whose educational leadership has failed to educate Latino children in large numbers.

There was a change in the BOT agenda to allow Mark Drummond, Chancellor of the California Community Colleges (CCC) to make a presentation about the role of CCC and cooperation with the CSU. He stated that he and his office embraced our efforts to enhance student success. Access for the vast majority of the students of CCC is tied to funding and they are place-bound. Currently 109 CCC will expand to 112 and the expansions are primarily in Rural to suburban areas. There are ten collaborative programs within the CSU working with the CCC, but not in place-bound areas. He also noted that some students are technology bound, in that their fields of study in technology don't transfer to a CSU and they are currently trying to set up a program with CSUDH. Streamlining transfer is a critical issue for them but so is Ed.D. as they are in a leadership crisis, where the pool of available candidates for their presidencies are shrinking. California has an enormous matrix of Public Universities and they have been searching for uniform standards from the Supply side (IMPAC/CAN/ASSIST--he did not mention LDTP) but he thought that we should now tackle the Demand side. He suggested setting up a First-Year curriculum with automatic Dual Enrollment in a specific CSU at the end of the first year. Then when the 2nd year curriculum was completed the student would show up at their chosen CSU with all financial aid and academic records automatically transferred for them. If it was only the 20 percent that were the most prepared that would still put us ahead of the curve, in his view. The BOT warmly received his comments.

10 AM -- **Committee on Governmental Relations** approved the minutes of November 17, 2004. Karen Y. Zamarripa, Assistant Vice Chancellor, Governmental Affairs reviewed the Trustees' Statement of Legislative Principles and the Committee and then the BOT adopted it as Action. Karen gave and the BOT adopted the 2005/06 Legislative Report No. one, noting in particular how critical the Affinity Cards-Information Practices Act is for both the CSU and the UC and their respective alumni associations and enables each system to reach out to recent graduates. The other highlighted component was the Independent Authority for Selected Professional Doctorates, in

specific the Doctor of Audiology (Au.D.) and the Doctor of Physical Therapy (D.P.T.). This, of course, relates to the earlier presentation on the Ed.D. which would not have to be a joint venture if this were to be granted. Finally, James Gelb presented and the BOT adopted the 2005 CSU Federal Agenda and there was specific discussion of the recent changes in the Pell Grant program, which will lead to many current holders losing their Pell Grants or having them reduced. The main educational focus in Congress will be to finally reauthorize the Higher Education Act of 1965, under which in 2003/04 CSU students received \$1,500,000,000 in federal financial assistance and \$32,000,000 was earmarked for system and campus proposals. Several Federal Project Proposals for 2005 (FY 2006) were noted, in particular two new ones Pacific Area Port Security Center and Multidisciplinary Perspectives on Civic Programs, as well as the California Center for Integrative Coastal Research.

10:30 AM -- **Committee on Audit** approved the minutes of November 17, 2004 and received a status report on current and follow-up internal audit assignments as information. Campuses and their presidents were commended for the significant improvement in follow-up response times to audits. The Assignment of Functions to be Reviewed by the Office of the University Auditor for Calendar year 2005 are: FISMA, Information Systems, Auxiliary Organizations, Construction, Consultations/Investigations, Continuing Education, Student Records and Registration, and Housing/Residential Services, and was approved as Action. The BOT Committee on Audit has never had an Audit Committee Charter but this is a strongly recommended practice by the NACUBO Advisory Report on Sarbanes-Oxley (SOX) and the proposed Charter was passed as an action item.

The Report of the Systemwide Audit in Accordance with Generally Accepted Accounting Principles, Including the Report to Management conducted by KPMG, LLP for the Fiscal Year, ending June 30, 2004 was given by Dennis Hordyk, Assistant Vice Chancellor for Financial Services. In the General Fund Budget, CSU received a State budget reduction of \$452,300,000 from the CSU requested budget, which was partially offset by the fee increase of \$167,000,000, with a net loss of \$285,300,000. This was augmented by an increase for PERS contribution of \$155,100,000. In Capital Appropriation Budget a decrease is noted due to the CSU decision to take 70 percent in 2003 from the Governor's Economic Stimulus Package, going from \$525,000,000 to \$175,000,000. Enrollment from 2000 to 2004 shows a strong increase in both headcount and FTES until 2004 when headcount dropped (-2538) but FTES increased by 351. While the major increase to our operating revenues was the fee increase, the major increase in operating expense was PERS so we showed a net loss of \$19,306,000 with almost every other factor remaining stable, except for the noted exception in Capital. The University Operating Expenses by Program for 2003 and 2004 shows that instruction alone is 38 percent but that instruction and educational support actually accounts for 70 percent of the total operating expenses. There was an increase in net assets between 2004 and 2003 of \$131,619,000. The same auditor conducted the Single Audit Report of Federal Funds and only three issues raised to the level of a reportable condition on three different campuses. Each of the responsible campuses concurred with the recommendations and made plans to take the necessary steps or actually set the recommended procedures into place. This was a very positive audit for the system as a whole.

The **Committee of the Whole** approved the minutes of November 17, 2004 with a revision.

When the BOT convened, Chair Murray Galinson gave his report in shortened form due to the lateness of the hour and the list of speakers. He welcomed Larry Adamson as the Alumni Trustee due to Fred Pierce's departure. He noted that the Rose Parade featured the 57th SLO and Pomona float. The Governor's proposed budget honored the Compact with Higher Education. The CSU enrollment budget has increased, with 10,000 more students funded in 2005/06 and is now under

legislative review. Search for the Stanislaus President is proceeding with Debra Farar as the chair. President Peter Smith appointment to UNESCO was announced, as was Executive Vice Chancellor David Spence's new position. He stated that he thought the name change for CSU Hayward was in the campus' best long-term interest and noted that the BOT has been listening and staying very involved. Chair Galinson commented on the progress or lack thereof in the Joint Ed.D. and given the critical need for the expansion of programs, the BOT would pursue independent authority to offer Professional Doctorates. He then announced five trustees appointed to the Nominating Committee: Bill Hauck, Chair, Roberta Achtenberg, Vice Chair, Debra Farar, Ray Holdsworth, and Herb Carter. He also complimented CSSA on what a bright, talented and dedicated group of student leaders they had, and that Chair Manolo Platin hosted the event. Chancellor Reed in his brief report noted that Trustee Melinda Moore and her husband, Donald had established a scholarship at CSU Fullerton. Chair Murray Galinson and his wife were going to establish a fund to recognize faculty work in communities. The contributions of the following made it possible to distribute "How to Get to College" into Chinese, Japanese, and Vietnamese: Sponsors of the new posters include Cathay Bank, Polymath Academy, *Nguoi Viet Daily News*, the *Korea Times*, and the *Chinese Daily News*.

Alumni Trustee Fred Pierce was recognized for his long and distinguished service to the BOT at a reception and dinner. The Chair, the Chancellor and the entire BOT recognized him for his excellence in serving the CSU. President of the CSU Alumni Council, Bob Linscheid reported that he had enjoyed his role in the recognition of Fred Pierce's service for over 14 years. He noted that three of his own children are now attending or planning to attend the CSU and that the Affinity program represented millions for the CSU. He will be participating in CHESS.

Chair of the CSSA Manolo Platin noted that CSSA will recognize Senators Jack Scott as the Outstanding Legislator and John Vasconcellos for a Lifetime Achievement Award (the first ever given by CSSA) at CHESS. They passed a resolution against Sanctions for Excess Units and their advocacy was to "Invest Now and Protect the Future". The Compact had been opposed by CSSA but they were convinced now that having the Compact as a floor was a distinct advantage in the budget process and would continue to work at lobbying for the CSU. Their community service event, Cal State Cares was to focus on tsunami relief aid. Their initial review board had picked the finalist for student trustee, and their federal agenda was focused on the Pell Grant and Student Debt. The Resolution on Sustainability reaffirms the students' interests and they are still looking forward to a report from the Advisory Committee as note in the Committee Report.

Trustee Kaiser gave CPEC's report of December 14-15 which passed Moving the GoalPosts: The Potential Effects of Changes in the UC Admissions Requirements, approved the Santa Clarita Community College District to establish the Canyon County Education Center, gave the Transfer Making It Happen Program evaluation report, presented the staff's annual report of student fees and financial aid. There were updates on State and Federal Legislation, and State Treasurer Phil Angelides made a presentation on the California Hope Endowment plan. There was a discussion of the University Preparedness of California high school students whose conclusions were challenged by several and more details were requested.

The speakers in the public comment section included Charles Goetzel from APC urging the BOT to find new ways to help support PERS and related pension funds. Another APC representative spoke about needing a Social Justice Policy. Sara Joslin, CSSA member from CSU Sacramento presented a letter and petitions to urge the BOT to support staff, particularly in the area of salary increases. Gil Smith, representing a neighborhood organization raised issues about proposed changes at CSU Dominguez Hills and how they would affect a prior agreement. Tylor Middlestadt and a series of very articulate students made a tightly organized presentation about the Renew CSU Campaign to

Declaration of Independence from Dirty Energy as not just an environmental issue but as the 3rd largest cost factor for the CSU. They tied their comments to the failure of the Advisory Committee to have the time and notice to produce a report on renewable energy, especially solar, and green building goals for the CSU. The BOT was urged to make sure that the appropriate number of meetings and timely notice occurred so that a realistic report could be made and indeed, Chair Galinson followed up with his comments that the Advisory Committee was expected to produce a report to the BOT.