

**TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY**

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

**January 30, 2001--9:45 a.m.**

***Presiding: Laurence K. Gould, Jr., 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—Robert Garcia***

**Report of California Postsecondary Education Commission: *William D. Campbell***

**Approval of Minutes of Board of Trustees' Meeting of November 14, 2001**

**Board Items**

**Report of Committees**

**Committee on Collective Bargaining: *Chair—Ralph Pesqueira***

**Committee on University and Faculty Personnel: *Chair—Murray L. Galinson***

1. Revision of Title 5, California Code of Regulation, Repeal Section 43101 of Article 6 and Adopt Section 43095 "Military Leave" to Article 5.9

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

1. 2000/2001 External Support Report

**Committee on Finance: *Chair – William Hauck***

2. Approval to Issue Debt Instruments Including Bonds for the California State University, San Marcos Field House and University Student Union and Related Matters

**Committee on Campus Planning, Buildings and Grounds: *Chair – Stanley T. Wang***

1. Amend the 2001/2002 Capital Outlay Program, Nonstate Funded

4. Certify the Final Environmental Impact Report and Approve the Campus Master Plan Revision, Amendment o the Nonstate Funded Capital Outlay Program and Schematic Plans for the Campus Village Housing, Phase I at San Jose State University.

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

**Committee on Governmental Relations: *Chair – Martha Fallgatter***

1. 2001/2002 Legislative Report No. 6

**Committee on Educational Policy: *Chair – Debra S. Farar***

2. Revision of Title 5—Credit Card Solicitation on Campus
3. Revision of Title 5—Nonresident Tuition Exemption for California High School Students
5. Revision of Title 5—Special Session Credit

**Committee on Organization and Rules**

1. Revision of Standing Orders: Extension of Program Service Areas

**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**

**November 14, 2001**

**Trustees Present**

Laurence K. Gould Jr., Chair  
Daniel Cartwright  
Martha C. Fallgatter  
Debra S. Farar, Vice Chair  
Bob Foster  
Murray L. Galinson  
Harold Goldwhite  
William Hauck  
Ricardo Icaza  
Shailesh J. Mehta  
Frederick W. Pierce IV  
Charles B. Reed, Chancellor  
Kyriakos Tsakopoulos  
Anthony 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  
William D. Campbell  
Dee Dee Myers  
Ralph Pesqueira

**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 Gould called the meeting to order at 11:30 a.m.

## Chair's Report

Chair Gould introduced and welcomed new trustee Ricardo F. Icaza.

Chair Gould noted that it had been four months since the Board had gathered in the Dumke Conference room for a regular trustees' meeting. He said that the tragic events of September 11<sup>th</sup> had brought out some of the very best of the California State University system. He pointed out that the students had been some of the prime movers in arranging many of the memorials that took place on the campuses and he asked that CSSA President Robert Garcia convey the Board's pride to the students in how they responded to the events of September 11<sup>th</sup>.

The chair also noted that the events of September 11<sup>th</sup> had caused much financial destruction. He added that he was impressed with the thoughtful manner in which faculty, staff, students and administrators from San Diego to Humboldt have discussed anticipated budget problems. The Chair commended Chancellor Reed for commencing an open dialogue about the fiscal implications of September 11<sup>th</sup>.

Chair Gould commended the faculty in the Academic Senate for its foresight in selecting the topic for this year's academic conference. He again urged the trustees to participate in the Statewide Academic Conference

Chair Gould reported that the U.S. News and World Report issued its college rankings where CSU, Dominguez Hills was cited as the most diverse public masters university in the western United States and nineteen of our campuses were listed as among the best universities awarding undergraduate or masters degrees. He also noted that six CSU campuses were ranked among the top 200 as the most wired campuses in America. These were San Francisco, Sacramento, Sonoma, San Jose, San Luis Obispo and Pomona.

The Chair was pleased to report that the Humboldt State University presidential search committee had held it's first meeting and that the search is under way.

Chair Gould reported that Kenny Guinn, Governor of Nevada, an alumni of Fresno State, was named as distinguished alumnus of the year by California State University, Fresno. He also noted that the Panetta Institute for Public Policy at CSU Monterey Bay recognized Republican Congressman Bill Young of Florida and Democratic Congressman John Murtha of Pennsylvania for exhibiting the highest standards of bi-partisan leadership.

The Chair mentioned also that Chancellor Reed had given one of the keynote addresses at the annual meeting of the Education Trust, an independent non-profit organization that helps state and local leaders build broad based coalitions to mount and sustain K--16 educational reforms.

Chair Gould reported on the visit to China that he and Chancellor Reed made with Trustee Wang to sign exchange agreements with Peking University in Beijing and with the Jiao Tong University in Shanghai. He again thanked Trustee Wang for generously giving 1.2 million

dollars over the next 10 years to allow both students and faculty to go to Universities in China to study and teach.

### **Chancellor's Report**

Chancellor Reed discussed several matters relating to employee compensation and the partnership agreement with the Governor, the job actions that did not come about on the campuses during the summer and issues relating the merit pay.

Chancellor Reed spoke about the events of September 11<sup>th</sup> and how this tragedy has changed the world and the university system forever. He commended the students, faculty and staff for the way they came together to support each other.

Chancellor Reed announced the agreement between the California State University and the University of California to create an education doctoral program.

The Chancellor noted that Elisabeth Hill, Director of the Legislative Analyst Office stated in the news that California is experiencing the steepest decline in revenue since World War II, estimating a \$12.5 billion dollar shortfall in this next year's budget. The Chancellor said that it was important for the CSU to prepare itself for a tough year ahead.

Chancellor Reed reported that all except for one of the problems with the neighborhoods surrounding CSU Dominguez Hills have been worked out. He further stated that Anschutz continues to work with the community to resolve this one matter so that the project continues to move forward.

The Chancellor reported that the initial meeting of the Humboldt Presidential Search Committee was held and that work will continue until a slate of candidates has been selected to present to the Board for final selection.

Chancellor Reed reported that safety and security is a priority for all campuses. He stated that all the campuses have worked hard to ensure the efficiency of emergency preparedness. He further stated that the presidents were asked to make sure that all of our international students and staff abroad have all the assistance they need to ensure their safety.

### **Report of the CSU Alumni Council**

Wayne Adelstein, president, reported for the Alumni Council

### **Report from the California State Student Association**

Robert Garcia, chair, reported for the CSSA.

## **Report from the California Postsecondary Education Commission**

Chair Gould referred the trustees to the report contained in their packets.

### **Approval of Minutes**

The minutes of the meetings of the Board of Trustees of July 11, 2001, September 26, 2001 and October 25, were approved as submitted.

### **Board of Trustees**

Chair Gould reported the Board had two items for consent on the agenda.

The Board of Trustees approved the following resolutions by consent:

### **Revision of Policies and Procedures for Review of Executives (RBOT 11-01-19)**

**RESOLVED**, by the Board of Trustees of the California State University that the following policies and procedures for review of executives in the California State University be amended:

1. RBOT 09-87-06, "Policies and Procedures for Review of the Chancellor," is amended in paragraph V section A addressing "Criteria" as follows:

General administrative effectiveness, including the management of human, fiscal and physical resources. Evidence in CSU operations of effective planning and decision making; development of and delegation to a management team; accomplishment of plans and objectives; flexibility in approach to solving problems and willingness to change programs and methods to keep up with current needs and developments; commitment to ~~affirmative action~~ equal employment and programmatic opportunities and wise utilization of faculty and staff.

2. RBOT 09-87-06, "Policies and Procedures for Review of Vice Chancellors," is amended in paragraph V section 1 addressing "Criteria" as follows:

General administrative Effectiveness, including the management of human, fiscal and physical resources. Evidence in CSU program operations of effective planning and decision making; development of and delegation to a management team, accomplishment of plans and objectives; flexibility in approach to solving problems and willingness to change programs and methods to keep up with current needs and developments; commitment to ~~affirmative action~~ equal employment and programmatic opportunities and wise utilization of staff.

3. RUF 01-94-01, "Policies and Procedures for Review of Presidents," is amended in paragraph V section 1 addressing "Criteria for Presidential Assessment" as follows:

1. **General Administrative Effectiveness Including Management of Human, Fiscal and Physical Resources:**

Evidence in campus operations of effective planning and decision making; development of and delegation to a management team; accomplishment of plans and objectives; flexibility in approach to solving problems and willingness to change programs and methods to keep up with current needs and developments; commitment to ~~affirmative-action~~ equal employment and programmatic opportunities and wise utilization of faculty and staff.

### **Reappointment of Ad Hoc Committee on Off-Campus Facilities (RBOT 11-01-20)**

**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  
Martha C. Fallgatter  
Laurence K. Gould, Jr., Chair of the Board, ex officio  
Ralph R. Pesqueira  
Frederick W. Pierce IV  
Kyriakos Tsakopoulos  
Charles B. Reed, Chancellor, ex officio

### **Report of Committees:**

#### **Committee of the Whole**

Chair Gould reported the committee heard two information items. The first item was Litigation Report No. 14A and the second item was a video presentation of the California State University, Northridge—Final Report on the Earthquake Recovery Program.

#### **Committee on Finance**

Trustee Galinson reported the committee had nine items for consideration but that one was postponed so that the committee heard eight. There were seven information items: California State University 2002/2003 Support Budget; Auxiliary Organization Tax-Exempt Financing at California State University, Sacramento; Auxiliary Organization Tax-Exempt Financing at San Francisco State University; California State University annual Investment Report; Development

an enhanced Capital management Plan for the Trustees Revenue Bond Program; and Annual Student Fee Report and two action items.

**Campus/Third Party Housing Development and Auxiliary Organization Tax-Exempt Financing at California State University, San Marcos (RFIN 11-01-14)**

Trustee Galinson 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 trustees:

1. Support the design, construction and management of a 475-bed on-campus student housing facility at California State University, San Marcos, engaging Allen & O'Hara Education Services LLC for this purpose, and authorize the project to proceed.
2. Confirm the Chancellor's authority to enter into and approve such agreements as are necessary to support the design, construction and management of the San Marcos student housing project and the student residential life program on behalf of the campus and the Board of Trustees, including:
  - a. The ground lease between California State University, San Marcos and the San Marcos University Corporation for the purpose of developing a 475-bed on-campus student housing facility and student residential life program;
  - b. Specific agreements negotiated by the San Marcos University Corporation and Allen & O'Hara Education Services LLC for the design, construction and management of the student housing project, and the student residential life program.

**Proposed Revisions of Title 5 Regulations—DVBE Participation Goals for Professional Bond Services (RFIN 11-01-15)**

Trustee Galinson moved the item; there was a second.

Trustee Gould stated that because this resolution proposes a change in Title 5 Regulations a public hearing must be held. He 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 Section 89030.1 of the Education Code, that the board hereby amends its regulations in Article 2 of Subchapter 9 of Chapter 1, Division 5 of Title 5 of the *California Code of Regulations* as follows:

**§ 43880. Purpose.**

These regulations implement ~~sections 16850-16857 of the Government Code, which establish minority, women and disabled veteran business enterprise participation goals, and~~ Sections 999.1-999.9 of the Military and Veterans Code which establish a disabled veteran enterprise participation ~~goals~~ goal for professional bond services contracts for issuance of bonds by or on behalf of the State of California.

Note: Authority cited: Section 89030, Education Code; ~~Section 16853(b), Government Code;~~ and Section 999.5(b) Military and Veterans Code. Reference: Section 89036, Education Code; ~~Section 16850 et seq., Government Code;~~ and Section 999 et seq., Military and Veterans Code.

**§ 43881. Definitions.**

The terms used in this article shall have the meanings described in ~~California Government Code, section 16851 and~~ Military and Veterans Code, section 999.

Note: Authority cited: Section 89030, Education Code; ~~Section 16853(b), Government Code;~~ and Section 999.5(~~b~~c) Military and Veterans Code. Reference: Section 89036, Education Code; ~~Section 16850 et seq., Government Code and~~ Section 999 et seq., Military and Veterans Code.

**§ 43882. TBE List.**

The Treasurer maintains a list of target business ~~enterprise~~ enterprises (TBE) which ~~collectively include minority-owned business enterprises (MBE's), women-owned business enterprises (WBE's) and~~ disabled veteran business enterprises (DVBE's). The list is organized by the types of professional bond services (e.g., underwriters, bond counsels, financial advisors). The list shall be known as the "TBE List." The Trustees shall use this list as evidence that TBE's meet the requirements of law. Applications for inclusion on this list, and appeals from determinations of the Treasurer, may be made in accordance with California Code of Regulations, title 2, sections 1899.510 et seq.

Note: Authority cited: Section 89030, Education Code; ~~and Section 16853(b), Government Code;~~ and Section 999.5(b) Military and Veterans Code. Reference: Section 89036, Education Code; ~~Section 16850 et. seq., Government Code;~~ and Section 999 et seq., Military and Veterans Code.

**§ 43883. Competitive Sales.**

(a) Notices. If bonds are to be sold by competitive bid, the notice of sale shall:

(1) Be delivered to all underwriters on the TBE List;

(2) Contain, in substance, the following statement:

"Firms owned by ~~minorities, women and~~ disabled veterans are encouraged to respond to this invitation for bid. The Trustees have adopted regulations and a participation ~~goals-goal~~ for professional bond services firms owned by ~~minorities, women and~~ disabled veterans. All bidders must certify awareness of these regulations and ~~goals-goal~~. Successful bidders will be required to submit reports to the Trustees concerning TBE outreach efforts and professional bond service participation in transactions related to the offer and sale of the bonds that are the subject of this notice of sale."

(b) Bids.

(1) The form for submitting bids shall contain, in substance, the following certification which shall be executed by the bidder:

"Bidder certifies that bidder is aware of the Trustees' regulations and participation ~~goals-goal~~ for TBE's offering professional bond services."

(2) The Senior Managing Underwriter may make the certification required by subdivision (a) on behalf of the syndicate or selling group.

(c) Goals for Competitive Contract. The Trustees' annual ~~goals-goal~~ for TBE participation in competitive contracts for professional bond services shall be ~~15 percent for minority business enterprises, 5 percent for women business enterprises, and 3 percent for disabled veteran business enterprises for each of the professional bond services. These goals-This goal~~ need not be met in every competitive bond transaction but will be pursued on an aggregate annual basis considering all competitive bond transactions during a year. ~~These goals-This goal~~ will also be described in each notice of sale for bonds to be sold by competitive bid.

(d) Reports. The Senior Managing Underwriter in a competitive sale of bonds shall submit a written report regarding distribution of the underwriter's discount to the Trustees within 10 days of closing a transaction where the Senior Managing Underwriter's services were used.

Note: Authority cited: Section 89030, Education Code; ~~Section 16853(b), Government Code;~~ and Section 999.5(b) Military and Veterans Code. Reference: Section 89036, Education Code; ~~Section 16850 et seq., Government Code;~~ and Section 999 et seq., Military and Veterans Code.

**§ 43884. Negotiated Sales.**

(a) ~~Goals~~Goal. The statutory ~~goals~~goal for professional bond services in connection with bonds sold in negotiated transactions need not be met in every individual contract for services but will be pursued on an aggregate annual basis considering all contracts for professional bond services during a year. Thus, during the course of a year, there may be contracts without TBE participation and contracts with TBEs as prime contractor or TBE participation substantially higher than the statutory goal.

(b) TBE Qualifications. TBEs shall be considered for only those contracts or participation in contracts commensurate with their experience, capital, and compliance with applicable licensing requirements.

(c) Reports. The Senior Managing Underwriter in a negotiated sale of bonds shall submit a written report regarding distribution of the underwriter's discount to the Trustees within 10 days of closing a transaction where the Senior Managing Underwriter's services were used.

Note: Authority cited: Section 89030, Education Code; ~~Section 16853(b), Government Code~~; and Section 999.5(b) Military and Veterans Code. Reference: Section 89036, Education Code; ~~Section 16850 et seq., Government Code~~; and Section 999 et seq., Military and Veterans Code.

And, be it further

**RESOLVED**, that the Board of Trustees has determined that the adoption of the proposed revisions 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 the 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.

**Committee On Campus Planning, Buildings And Grounds**

Trustee Wang reported the committee heard four action items.

**Amend the 2001/02 Capital Outlay Program, Nonstate Funded (RCPBG 11-10-15)**

Trustee Wang 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 2001/02 Nonstate Funded Capital Outlay Program be amended to include \$602,000 for preliminary plans, working drawings, construction, and equipment for the Sonoma State University, Public Safety Building.

**Certify a Mitigated Negative Declaration, Approve the Campus Master Plan Revision, Amendment to the Nonstate Funded Capital Outlay Program and Schematic Plans for the Student Housing Phase 1 at California State University, San Marcos (RCPBG 11-10-16)**

Trustee Wang 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:

1. The Board finds that the Mitigated Negative Declaration was prepared for the California State University, San Marcos, Student Housing Phase I project pursuant to the requirements of the California Environmental Quality Act.
2. With the implementation of the mitigation measures set forth in the Mitigated Negative Declaration, which are hereby adopted and specifically identified in the mail out, the proposed project will not have a significant effect on the environment, and will benefit the California State University.
3. The mitigation measures identified shall be monitored and reported in accordance with the plan which meets the requirements of the California Environmental Quality Act (Public Resources Code, Section 21081.6).

**Acceptance of Gift of Real Property—UNOCAL Pier at Avila Beach—California Polytechnic State University, San Luis Obispo (RCPBG 11-10-17)**

Trustee Wang 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:

1. This board concurs with the findings identified in the Negative Declaration certified by the Port San Luis Harbor District pursuant to the requirements of the California Environmental Quality Act.
2. Based on the information contained in the subject Negative Declaration and the mitigation measures identified therein, the proposed project will not have a significant effect on the environment.
3. No additional mitigation measures by the Board of Trustees as a Responsible Agency are necessary.
4. The president of California Polytechnic State University, San Luis Obispo is authorized to accept the gift of the UNOCAL Pier at Avila Beach for the purpose of advancing the educational mission of the California State University.
5. The acceptance of the UNOCAL Pier at Avila Beach is subject to the California Coastal Commission approval of the change of use and the issuance of the Coastal Development Permit.

#### **Approval of Schematic Plans (RCPBG 11-10-18)**

Trustee Wang moved the item; there was a second.

The Board of Trustees approved the following resolution:

#### **California State University, Northridge—Parking Structure 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, Northridge, Parking Structure I has been prepared in accordance with the requirements of the California Environmental Quality Act.
2. With implementation of the recommended Mitigation Measures, 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 granted by the Board of Trustees to file the Notice of Determination for the project.
4. The schematic plans for the California State University, Northridge, Parking Structure I are approved at a project cost of \$14,000,000 at CCCCI 4019.

### **Committee On Governmental Relations**

Trustee Fallgatter reported the committee heard one action item.

#### **2001/2002 Legislative Report No. 5A (RGR 11-01-06)**

Trustee Fallgatter 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 2001-02 Legislative Report No. 5A is adopted.

### **Committee on Audit**

Trustee Mehta reported the committee heard two information items, Status Report on Current and Follow-up Internal Audit Assignments and Report on Construction Auditing in the California State University, 2000/01.

### **Committee on Collective Bargaining**

Trustee Foster reported the committee ratified an agreement with the Laborer's International Union of North America for compensation increases in fiscal year 2001/02 and also heard a report by the co-chairs of the California State University/California State Employees Association (CSU/CSEA) Information Technology Committee.

### **Committee On University And Faculty Personnel**

Trustee Galinson reported the committee heard four action items.

#### **Executive Compensation (RUF 11-01-05)**

Trustee Galinson 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 CSU executive salaries table in Agenda Item 1 of the November 13-14, 2001 meeting of the Committee on University and Faculty Personnel, be approved for implementation effective July 1, 2001; and be it further

**RESOLVED**, that the life insurance and accidental death and dismemberment benefit for executives be increased to \$250,000, effective January 1, 2002; and be it further

**RESOLVED**, that effective January 1, 2002, executives receive the same dependent fee waiver benefit provided to eligible members of the California Faculty Association; and be it further

**RESOLVED**, that effective January 1, 2002, executives have the opportunity to participate in the university's Pre-Tax Parking Deduction Plan; and be it further

**RESOLVED**, that the Non-Industrial Disability benefit for executives be increased to \$250 per week, effective immediately.

**Revision of Title 5, California Code of Regulations, Section 42713, Work Assignments  
RUF 11-01-06)**

Trustee Galinson moved the item; there was a second.

Trustee Gould stated that because this resolution proposes a change in Title 5 Regulations a public hearing must be held. He 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 Section 89030.1 of the Education Code, that the board hereby amends its regulations in Section 42713, Article 2, Subchapter 7, Chapter 1, Division 5 of Title 5 of the California Code of Regulations as follows:

**§42713. Work Assignments.**

Each employee of the California State University shall be assigned to perform the duties included in the specifications of his or her position. Each full-time nonexempt employee normally shall work ~~at least~~ 40 hours a week and each part-time nonexempt employee a proportionate amount of time ~~in accordance with the workweek class to which each position is assigned~~ based on his or her assignment.

NOTE: Authority cited: Sections ~~66600~~, 89030, ~~89035~~ and 89500, Education Code. Reference: Section ~~89500~~ 89502, Education Code.

And, be it further

**RESOLVED**, That the Board of Trustees has determined that the adoption of the proposed revisions 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.

**Revision of Title 5, California Code of Regulations, Section 42933, Catastrophic Leave Donation Program (RUF 11-01-07)**

Trustee Galinson moved the item; there was a second.

Trustee Gould stated that because this resolution proposes a change in Title 5 Regulations a public hearing must be held. He 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 Section 89030.1 of the Education Code, that the board hereby amends its regulations in Section 42933, Article 4.2, Subchapter 7, Chapter 1, Division 5 of Title 5 of the California Code of Regulations as follows:

**§42933. Donation.**

- (a) Only vacation and sick leave credits may be donated. Employees may donate a maximum of ~~sixteen (16)~~ thirty-two (32) hours of leave credits per fiscal year in increments of one hour or more. Donations are irrevocable. Donated leave credits may be used only to supplement Industrial Disability leave, Nonindustrial Disability Insurance or Temporary Disability payments from the State Compensation Insurance Fund upon the application for these benefit(s) by an eligible employee.

The total amount of leave credits donated and used may not exceed an amount sufficient to ensure the continuance of the employee's regular monthly rate of compensation.

- (b) The total donated leave credits shall normally not exceed an amount necessary to continue the employee for three calendar months calculated from the first day of catastrophic leave. The appointing authority may approve an additional three-month period in exceptional cases. The leave shall not be deemed donated until actually transferred by the appointing authority's recordkeeper to the record of the employee receiving leave credits. Such transfer shall be accomplished at the end of a pay period, and credits shall be transferred in the order of the dates actually pledged.
- (c) For employees whose appointments have not been renewed, donated time may not be used beyond the employee's appointment expiration date in effect at the beginning of the disability.
- (d) Unused donated leave credits may not be used to receive service credit following a service or disability retirement.

NOTE: Authority cited: Sections 89030 and 89500, Education Code. Reference: Section 89500, Education Code.

And, be it further

**RESOLVED**, That the Board of Trustees has determined that the adoption of the proposed revisions 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 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 pursuant to the Administrative Procedure Act 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.

**Management Personnel Plan Public Safety Employees: 3% at 50 Public Employees' Retirement System Retirement Plan (RUF 11-01-08)**

Trustee Galinson 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 Public Employees' Retirement System (PERS) State Peace Officer/Firefighter 3.0% at 50 retirement plan be provided to Management Personnel Plan public safety employees, effective January 1, 2002.

### **Committee On Institutional Advancement**

Trustee Pierce reported the committee heard two information items and two action items.

### **Approval of Naming of Facilities—California State University, San Bernardino (RIA 11-01-11)**

Trustee Pierce moved the item; there was a second.

The Board of Trustees approved the following resolution:

#### **1. California State University, San Bernardino, Palm Desert Campus—Naming of the Student Union and Bookstore**

**RESOLVED**, By the Board of Trustees of the California State University that the Student Union and Bookstore at the California State University, San Bernardino, Palm Desert Campus be designated the Rancho Mirage Student Center.

#### **2. California State University, San Bernardino, Palm Desert Campus—Naming of the Wing of the Second Permanent Building**

**RESOLVED**, By the Board of Trustees of the California State University that a wing of the second permanent building at the California State University, San Bernardino, Palm Desert Campus be designated the Annenberg Wing for Education.

#### **3. California State University, San Bernardino, Palm Desert Campus—Naming of the Garden Area of the Second Permanent Building**

**RESOLVED**, By the Board of Trustees of the California State University that a garden area at the second permanent building of the California State University, San Bernardino, Palm Desert Campus be designated the Betty Barker Sculpture Garden.

### **Naming of Facility--California State University, Bakersfield (RIA 11-01-12)**

Trustee Galinson 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 Leadership Development Center at California State University, Bakersfield be named the Rayburn S. Dezember Leadership Development Center.

### **Committee On Educational Policy**

Trustee Farar reported the committee heard two information items and two action items. The information items were a Report of First Systemwide Evaluation of California State University Teacher Preparation Programs and Report from the Academic Senate of the California State University.

### **Revision of Title 5 Regulations on Refund of Fees Including Nonresident Tuition (REP 11-01-05)**

Trustee Farar moved the item; there was a second.

Trustee Gould stated that because this resolution proposes a change in Title 5 Regulations a public hearing must be held. He 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 Section 89030.1 of the Education Code, that the board hereby amends and repeals its regulations in Title 5, *California Code of Regulations*, Division 5, Chapter 1, Subchapter 5, Articles 3 and 4, Sections 41802, 41802.1, and 41913, as follows:

§ 41802. Refund of Fees ~~Other Than~~Including Nonresident Tuition ~~and Parking Fees~~.

(a) General. Money collected as a mandatory fee, ~~other than parking fees and or~~ nonresident tuition, may be refunded ~~to a student~~ in accordance with the provisions of this section.

~~(b) Refunds to Veterans. A person who has applied for or obtained enrolled status under any federal or state veterans' educational assistance plan may receive all refunds of fees in accordance with the regulations under which the federal or state veterans' educational assistance plan is operated, regardless of any limitations set~~

forth in this section

(b) Cancellation of Registration. A student who registers for classes for an academic period and who drops all classes or otherwise cancels registration for the period prior to the first day of instruction for that period shall be entitled to a refund of all tuition and mandatory fees paid less an administrative charge established by the campus.

~~(c) Application for Refund of Fees. (1) Method of Application.~~ Written application for a refund of fees, stating the reason for the request for refund, shall be made to the president. The application shall be delivered to the registrar of the campus, except that an application for refund of extension fees shall be delivered to the campus official in charge of the collection of extension course fees. If the president determines that the refund is payable, payment thereof shall be made pursuant to subsection (f).

~~(2) Persons Eligible to Make Application.~~ The application shall be made and signed by the person who applied for or obtained enrollment for the term for which the fee was paid. If, in the opinion of the president, personal application is impossible, an authorized representative of the applicant may make the application.

~~(3) Time of Application.~~ Application for refund of fees, in whole or in part, shall be delivered to the proper authority within the following time limits, unless in the opinion of the president physical disability prevents it:

~~(A) Student services fee, instructionally related activities fee, student body organization fee, and student body center fee.~~ Not later than 14 days following the day of the term when instruction begins except when otherwise specified in this section.

~~(B) Any fee refundable due to a campus regulation or because of compulsory military service.~~ At any time prior to the date when academic credit is awarded for any course or courses for the applicant is registered.

~~(C) Special session tuition fee.~~ Not later than the end of the second week of the session for which the applicant is registered.

~~(D) Extension course tuition fee.~~ Prior to the fourth meeting of the class.

~~(E) Other fees.~~ Prior to the time the fee has been earned by the Trustees as determined by the Chancellor or designee or, if not determined by the Chancellor, the president or designee.

(c) Adjustment of Registration. A student who, within the campus designated drop period and in accordance with the campus procedures, drops units resulting in a lower tuition and/or mandatory fee obligation shall be entitled to a refund of applicable tuition and mandatory fees less an administrative charge established by the campus.

~~(d) Fees Which May Not Be Refunded.~~

~~(1) A late registration fee and~~

~~(2) The student body organization fee, instructionally related activities fee, and~~

~~student body center fee except upon student withdrawal from all classes.~~

(d) Withdrawals.

For state-supported semesters, quarters and non-standard terms of courses of four (4) weeks or more:

(A) A student who, on or after the first day of instruction and up to a date that includes the sixty percent point in the academic period, either

1. drops all of the courses in which the student enrolled prior to the end of the campus-designated drop period, or
2. officially withdraws for the enrollment period in accordance with university procedures,

shall be entitled to a refund of tuition and mandatory fees on the basis of the proportion represented by the number of days in the academic period, excluding breaks of five days or more.

(B) A student who officially withdraws from the university after the sixty percent point in the academic period, fails to drop classes prior to the end of the campus drop period, or fails to officially withdraw from the campus, shall not be entitled to any refund of tuition or mandatory fees.

(2) For state-supported, non-standard terms or courses of less than four (4) weeks: a student registered for a state-supported, academic period or any course of less than four (4) weeks in duration shall not be entitled to any refund of tuition and mandatory fees if the student fails to either drop the courses or cancel registration prior to the first day of instruction for state-supported, non-standard terms or the first scheduled meeting of a state-supported course of less than four weeks that occurs during a regular semester or quarter.

(3) For self-support, special sessions and extension course tuition fees: Refunds of tuition and fee charges for self-support, special sessions and extension courses shall be made in accordance with policies and procedures established by the campus offering the session or course.

~~(e) Fees Which May Be Refunded. The following fees may be refunded:~~

~~(1) A fee collected in error.~~

~~(2) The student services fee, instructionally related activities fee, student body organization fee, and student body center fee upon complete withdrawal from the campus except that five dollars shall be retained from the student services fee to cover the cost of registration in all cases other than those mentioned in subparagraph (e)(4).~~

~~(3) The difference between the two applicable student services fees, less five dollars, if the unit load of the applicant is reduced to a lower fee category not later than 14 days following the day of the term when instruction begins.~~

~~(4) Any fee, other than an application fee, paid by an applicant unable to continue a course because of a campus rule, compulsory military service or his or her death or physical disability. In each such case, the circumstances concerning the inability to continue shall be stated on the application for refund.~~

~~(5) Application fees shall be refunded only upon satisfactory proof that the~~

applicant was unable to begin the term with respect to which application was made by reason of his or her death, physical disability or compulsory military service.

~~(6) All or part of a fee, other than a student services fee, instructionally related activities fee, a student body organization fee, a student body center fee, a summer session tuition fee, or an extension course tuition fee, not earned by the Trustees. No refund shall be made unless the chief fiscal officer of the campus or designee has certified to the amount not earned by the Trustees.~~

~~(7) Special session tuition fees, in accordance with the following formula:~~

~~FORMULA FOR REFUND SPECIAL SESSION FEES~~

~~Time of Receipt of Written Withdrawal and  
Application for Refund by the Campus Registrar \_\_\_\_\_ Refund~~

~~(A) Prior to the last day a student may register  
without payment of a late fee. \_\_\_\_\_ (Total fee paid minus \$10.00)~~

~~On or after the last day a student may register  
without payment of a late fee~~

~~1. Five Week Session or longer~~

~~First two days campus classes are scheduled \_\_\_\_\_ (Total fee paid minus the fee for one unit)~~

~~Any other day of the first week \_\_\_\_\_ (Total fee paid minus the fee for one unit time 65%)~~

~~Any day of the second week \_\_\_\_\_ (Total fee paid minus the fee for one unit time 25%)~~

~~2. Three and Four Week Sessions~~

~~First two days campus classes are scheduled \_\_\_\_\_ (Total fee paid minus the fee for one unit)~~

~~Any other day of the first week \_\_\_\_\_ (Total fee paid minus the fee for one unit times 65%)~~

~~3. Two Week Session or Less \_\_\_\_\_ (No refund)~~

~~(8) The entire extension course tuition fee if the campus discontinues the course, or, if the student withdraws from the course, a portion of the extension course tuition fee according to the following formula:~~

~~-~~

~~FORMULA FOR REFUND EXTENSION COURSE TUITION FEE~~

~~-~~

~~Time of Receipt of Written Withdrawal and  
Application for Refund by Campus Official  
Designated for Collection of the Fee \_\_\_\_\_ Refund~~

~~(A) Prior to the date of the first class session \_\_\_\_\_ Total Fee Minus \$00 \$20 per  
course as determined by the campus. If a campus refunds less than the total fee, the amount  
retained shall not exceed the cost of processing the fee refund.~~

~~(B) On or after the date of first class session:~~

~~1. Courses of five meetings or longer or, if there  
are no meetings, more than four weeks duration \_\_\_\_\_ 65% of fees collected until 25% of  
the course time has elapsed, after which no refund.~~

~~2. Course of four meetings or less or, if there are no  
meetings, four weeks or less duration \_\_\_\_\_ No refund.~~

(e) Exceptions. Notwithstanding subdivision (d):

(1) Tuition and mandatory fees shall be refunded and an administrative charge  
may not be retained if

(A) The tuition and mandatory fees were assessed or collected in error;

(B) The course for which the tuition and mandatory fees were assessed or collected was cancelled by the university; or

(C) The university makes a delayed decision that the student was not eligible to enroll in the term for which mandatory fees were assessed and collected and the delayed decision was not due to incomplete or inaccurate information provided by the student;

(D) The student was activated for compulsory military service.

(2) Tuition and mandatory fees may be refunded if the student or an authorized representative petitions the university for a refund demonstrating exceptional circumstances and the chief financial officer of the university or designee makes a determination that the tuition and mandatory fees have not been earned by the university.

~~(f) Payment of Refund. Refund made before the fee is deposited in the State Treasury may be paid from the cash state bank account containing the fee. After a fee has been deposited in the State Treasury the campus, on behalf of the student, shall present the State Controller a claim against the appropriation in which the fee was deposited.~~

(f) Payment of Refunds: Any refund of tuition and mandatory fees shall be applied in the following order:

(1) Any refunds shall first be applied toward any required return of funds that had been received by the student or on his/her behalf from federal, state, institutional, or external sources that were conditioned on the student's enrollment.

(2) The balance of any refunds shall be returned to the student or, with the student's concurrence, carried as a credit balance on the student's account with the university.

(g) Penalty Fees, Deposits, and Security or Guaranty Fees. Fees assessed to reimburse the university for additional costs resulting from dishonored payments, late submissions, or misuse of property are not subject to refund. Fees collected as a security or guarantee shall be refundable as determined by the university based on terms stipulated at the time and in accordance with conditions of their collection.

(h) "Mandatory fees," as used in this section, means systemwide fees and campus fees that are required to be paid in order to enroll in state-supported academic programs.

(i) Since the change arises in the middle of an academic year, campuses may refund fees including nonresident tuition fees following the former refund standards during a transition period that shall end with the commencement of the Fall term 2002.

Note: Authority cited: Sections 68051, 89030 and 89700, Education Code.  
Reference: Section 68051 and 89700, Education Code.

~~§ 41802.1. Refund of Fees and Charges for First-time Students Receiving Title~~

#### IV Financial Aid.

~~Notwithstanding Sections 41802, 41913, 42019, 42102, 42201 and any other provision of this title to the contrary, fees and charges normally refunded under the previously listed sections shall be refunded pursuant to this section for a student receiving a grant (Federal Pell Grant or Federal Supplemental Educational Opportunity Grant), loan (Federal Perkins Loan or Federal Family Education Loans which are Federal Stafford Loans, Supplemental Loans for Students, and Parents Loans for Undergraduate Students), or work assistance (Federal Work-Study employment) under Title IV of the Higher Education Act of 1965 as amended, who is attending the institution for the first time, and only for the first term of that attendance. The refund of fees and charges shall be equal to the portion of the period of enrollment for which the student has been charged that remains on the last day of attendance by the student, rounded downward to the nearest ten percent of that period, less any unpaid charges owed by the student for the period of enrollment for which the student has been charged, and less a reasonable administrative fee not to exceed the lesser of five percent of the fees and charges to be refunded, or \$100. No fees shall be refunded when the date of a student's withdrawal is after the 60 percent point in the period of enrollment for which the student has been charged. "The portion of the period of enrollment for which the student has been charged that remains" shall be determined by dividing the total number of weeks comprising the period of enrollment for which the student has been charged into the number of weeks remaining in that period as of the last recorded day of attendance by the student.~~

~~Note: Authority cited: Sections 89030 and 89700, Education Code. Reference: Sections 89030 and 89700, Education Code; Title 20 United States Code, Section 1091b (106 STAT. 619-620).~~

#### ~~§ 41913. Refund of Nonresident Tuition.~~

~~(a) General. Money collected as nonresident tuition may be refunded to a student in accordance with the provisions of this section.~~

~~(b) Application for Refund Tuition.~~

~~(1) Method of Application. Written application for a refund of tuition, stating the reason for the request for refund, shall be made to the president of the campus. The application shall be delivered to the registrar of the campus. If the president determines that the refund is payable, payment shall be made pursuant to subsection (f) of section 41802.~~

~~(2) Persons Eligible to Make Application. A student shall make the application personally if able to do so. If, in the opinion of the president of the campus, a student is unable to make the application personally, the parents or guardian of the student who is a minor or the duly authorized representative of the student who is of the age of majority may make the application. If, in the opinion of the president of the campus, illness or accident of the student prevented the student from making application for refund within the time limits specified in this section,~~

application may be made at a later date.

~~(c) Tuition Collected in Error. Money collected in error may be refunded in full upon proper application and without regard to time limits set forth in this section. Money which may be so refunded includes, among other money collected in error, nonresident tuition collected upon a preliminary determination of nonresident status based upon the application of the student where the determination is later found to be incorrect.~~

~~(d) Tuition for Semester. If the day of the term when instruction begins is any day of the calendar week other than Monday, or other than Tuesday if Monday falls on a holiday, the week shall be disregarded for the purposes of this section. In such a case, the first week shall be deemed to begin on the following Monday. Tuition paid for a course scheduled to continue for an entire semester may be refunded in accordance with the following schedule if application therefore is received by the registrar within the following time limits:~~

<del>Time Limit</del>	<del>Amount of Refund</del>
<del>(1) Before or during the first week of the semester</del>	<del>100%</del>
<del>(2) During the second week of the semester</del>	<del>90%</del>
<del>(3) During the third week of the semester</del>	<del>70%</del>
<del>(4) During the fourth week of the semester</del>	<del>50%</del>
<del>(5) During the fifth week of the semester</del>	<del>30%</del>
<del>(6) During the sixth week of the semester</del>	<del>20%</del>

~~(e) Tuition for Academic Year Quarter or Academic Summer Quarter. Tuition paid for courses scheduled to continue for an entire academic year quarter or an entire academic summer quarter may be refunded in the following amounts if application therefore is received by the registrar within the following time limits:~~

<del>Time Limit</del>	<del>Amount of Refund</del>
<del>(1) Before or during the first week of the quarter</del>	<del>100%</del>
<del>(2) During the second week of the quarter</del>	<del>75%</del>
<del>(3) During the third week of the quarter</del>	<del>50%</del>
<del>(4) During the fourth week of the quarter</del>	<del>25%</del>

~~(f) Tuition for Courses Scheduled for Less Than an Entire Semester or Entire Academic Year Quarter or Academic Summer Quarter. One half of the tuition paid for courses scheduled to continue for less than a semester, less than an academic year quarter, or less than an academic summer quarter may be refunded if application therefore is received by the registrar before the end of the first half of the period of time for which the course is scheduled, without regard to the day of the week upon which the course begins.~~

Note: Authority cited: Sections 66600, 68051, 89030 and 89035, Education Code.  
Reference: Sections 68051 and 89705, Education Code.

And, be it further

**RESOLVED**, That the Board of Trustees has determined that the adoption of the proposed revision 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 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 the 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.

### **Academic Plan Update for Fast-Track Program Development (REP 11-01-06)**

Trustee Farar 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 Academic Plan for California State University, Fresno (as contained in Attachment A to Agenda Item 3 of the March 20-21, 2001, meeting of the Committee on Educational Policy) be amended to include projection of a Bachelor of Science with a major in Interdisciplinary Health and Rehabilitation Sciences, with a projected implementation date of 2002; and be it further

**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 3 of the March 20-21, 2001, meeting of the Committee on Educational Policy) be amended to include projection of a Bachelor of Arts with a major in French Studies and a Bachelor of Arts with a major in Italian Studies, with projected implementation dates of 2002; and be it further

**RESOLVED**, by the Board of Trustees of the California State University, that the Academic Plan for California State University, Stanislaus (as contained in Attachment A to Agenda Item 3 of the March 20-21, 2001, meeting of the Committee on Educational Policy) be amended to include projection of a Bachelor of Arts with a major in Agricultural Studies, with a projected implementation date of 2002 and a footnote indicating that the degree title is under discussion; and be it further

**RESOLVED**, that each 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.

## **Communications and Correspondence**

### **Old Business**

### **New business**

### **Public Comments**

The Board heard comments from Pauline Robinson, CSEA Division Director, Ms. Marsha Epstein, Mr. Michael Okereke (former student California State University, Los Angeles); Mr. Jeffrey Kearin, Tom O'Neill, Christopher J. Brault, Susan Galvin Bird, James W. Bird, Ron Redmond, Duke Russell, DeAndre Ferguson, David Phelps, Michael Hannin, Larry Green and Louis Mowbray and Mr. George Kurtz.

The chair also called the names of Mr. Charles F. Goetzl, President, Academic Professionals of California, and Ms. Gwenn Hooker of CSEA who were not present.

The meeting adjourned at 1:10 p.m.

**REPORT OF CHAIR LAURENCE K. GOULD, JR.**  
**Board of Trustees**  
**The California State University**  
**November 14, 2001**

It has been four months — nearly a third of a year — since all of us have gathered together here for a regular Trustee's meeting. In the meantime it has been, in the words of the author, "...the best of times and the worst of times."

The worst occurred, of course, on September 11 with the terribly destructive attacks on the East Coast. But the worst has brought out some of the best in us. In the aftermath of the terrorist attacks, campuses throughout CSU held memorials. Some took the form of candlelight vigils. One raised a banner with the message "Love Is Stronger Than Hate." These memorials epitomized the values that universities hold by emphasizing that, even in the midst of tragedy, we should not judge people by the color of their skin or the faith they hold. Our students were prime movers in arranging these events, and Robert Garcia, I would appreciate it if you, as President of CSSA, would express to the campus student leaders how proud the Board is of the way our students responded to these worst of events.

The physical destruction on attacks has also caused financial destruction. As I have met with faculty, staff, students and administrators from San Diego to Humboldt during the past few weeks, I have been impressed by the thoughtful manner in which they have discussed the anticipated upcoming budget problems, and I want to commend Chancellor Reed for commencing an open dialogue about the fiscal implications of September 11. We will, of course, hope for the best, but we need to be prepared for all contingencies

I want to commend the Academic Senate on having a timely topic for its Academic Conference: Quality Education through Diversity.

The best of CSU was reflected during the past four months when *U.S. News and World Report* published its college rankings. Dominguez Hills was cited as the most diverse public masters university in the western U.S. Nineteen of our campuses were listed as among the best universities awarding undergraduate and masters degrees. Both Cal Poly's, San Jose, Los Angeles and Sacramento were all cited as having some of the best undergraduate engineering programs in the nation — and that includes those in both public and private colleges.

Yahoo's Internet Life recently ranked six of our campuses as among the top 200 most wired colleges in America. San Francisco, Sacramento, Sonoma, San Jose and the two Cal Poly's were all cited as among America's top 200 wired colleges.

EXHIBIT A  
Full Board Meeting  
November 14, 2001  
Page 2 of 2

As we continue to try to attract the best to CSU, I am pleased to report that the Humboldt State University presidential search committee has held its first meeting, and that search is underway. Last week I visited the Humboldt State campus to discuss the presidential search process with the many segments of the university, and I was pleased to see that Gwynna Morris, the former statewide president of the Alumni Council, is serving on the search committee.

Our alumni continue to make us proud. Kenny Guinn, who received both his bachelor's and master's degrees at Fresno, is now serving as Governor of Nevada, and he has been named the Distinguished Alumnus of the Year by Cal State Fresno.

The Panetta Institute for Public Policy at CSU Monterey Bay has recognized two members of Congress for exhibiting the highest standards of bipartisan leadership. Last Saturday night Chancellor Reed helped present awards to Republican Congressman Bill Young of Florida and Democratic Congressman John Murtha of Pennsylvania, and these awards keep CSU in the eye of national leaders.

CSU continues to promote the best in K-16 educational reforms. The Education Trust is an independent, non-profit organization that helps state and local leaders build broad based coalitions to mount and sustain K-16 educational reforms. Recently Chancellor Reed helped the Trust by giving one of the keynote addresses at its annual meeting in Washington, D.C., and there he shared CSU's efforts to make schools and colleges work for all students, especially those with low incomes.

Finally, CSU continues its best not only here at home, but abroad. Most of you know that Trustee Wang is generously giving \$1.2 million to allow both students and faculty to go to universities in China to study and teach during the next 10 years. Last month Trustee Wang, Chancellor Reed and I went to China to sign exchange agreements with Peking University in Beijing and Jiaotong University in Shanghai. In Beijing we met with a group of Cal State Hayward alumni. All of them had received executive MBA's from Hayward and they are now well on their way to successful business careers. In Shanghai we met with government leaders who had all received Masters of Public Administration from the Hayward Graduate Program. One of them is now a District Mayor in Shanghai. I will never forget the advice that Stanley gave to these graduates. To the MBA graduates working in the business world, Stanley reminded them that when they become financial successes, they need to use those resources to help improve the lives of others and the life of their community. To the MPA recipients who are active in public life in Shanghai, he urged them to use their positions to improve the lives of the ordinary citizens in Shanghai and to make sure that the Shanghai government is truly a government of the people, by the people, and for the people. Stanley's advice reflects the best of what California State University is all about and how our mission remains ever so vital in these difficult times. Stanley, thank you again for your generosity.

That concludes my report.

**REPORT OF CHANCELLOR CHARLES B. REED**  
**Board of Trustees**  
**The California State University**  
**November 14, 2001**

Thank you, Mr. Chairman.

I would like to begin by clarifying a few points about employee compensation and our contracts. This Board requested a 6% increase in compensation for this year. We were limited because of our partnership agreement with the Governor to have 4%, but this board went beyond that limitation in its request this past year. In January, the Governor recommended a 4% increase for both the University of California and the California State University. Then in the May revise the compensation was adjusted downward to 2%. That 2% would apply to everyone: administrators, faculty, staff, all employees. In comparison, other state employees had zero in their budget for compensation.

I was pleased to see one important shift in the response to this 2%. In the late summer, based upon emails and flyers, there was going to be a concerted job action on our campuses. We pointed out the importance of following the contract. And with that, good things happened. It became a teach-in and I think it became much more constructive than what we saw earlier in the summer.

I am proud of this board and what we have done since 1998. When I first came on board, I made a pledge to work as hard as I could to close the salary gap with the CPEC institutions. Incidentally, all of our comparison institutions have merit pay. Since making that commitment in 1998, we have received 23.5% in compensation increases.

We did fuss about merit pay for the first three years that I was here. I regret that, but I also believe in merit pay and I believe that every other great American college and university does it. We can improve on how we do it and I want to improve on how we do it. In May when I saw that the compensation had been reduced, I immediately took merit pay off the table. As I had said to this board before, merit pay will not work if you do not have at least 3%.

Another point of clarification I want to make is that there was no imposition. We had a contract in place and I had the responsibility to follow the exact letter of the contract. We implemented the contract when we could not get the agreement on the merit pay. So all we did this past year was implement an existing two-year contract. I have seen many signs, especially in Sacramento, about "the Chancellor has imposed." I only recommend and we have not imposed. So I hope that clears up a few points.

EXHIBIT B  
Full Board Meeting  
November 14, 2001  
Page 2 of 3

At this time two months ago, this board was supposed to be meeting and talking about important issues facing the CSU. All of that changed on the morning of September 11. That morning was one of the saddest and most horrifying mornings I can remember. But I want this Board to know how proud I am of how our university system reacted to this tragedy. Our university leaders, faculty, staff members, and students showed great compassion and generosity toward the victims of the attacks. Then they went back as determined as ever to carry on the mission of the CSU. They showed a real unity of spirit in coming together after this tragedy. In the weeks and months to come, the California State University will face many new issues and challenges. That is why I hope we can keep up this sense of unity. We will need to stay together and work as a team if we are to manage the challenges ahead.

After many weeks of somber discussions, I finally have some good news to announce. The CSU and the University of California have reached an agreement on the education doctorate. We have agreed on a "co-equal partnership" to expand our joint Ed.D. offerings in every region of the state. The agreement creates a Joint CSU/UC Ed.D. Board, which will be co-chaired by Dave Spence and his counterpart at the UC system, Judson King. The board will solicit, develop, fund, and carry out proposed joint Ed.D. programs. The CSU and the UC will each devote \$2 million to this effort over the first two years. With this agreement, the CSU has achieved its goal of expanding availability of the Ed.D. without the need for legislative action. I am very pleased that we were able to reach an agreement that builds on the strengths of both institutions. I believe that this agreement represents a smart and responsible policy move that will address the leadership needs of California's educators. I want to express my appreciation to Dick Atkinson and his colleagues for their willingness to work with us to reach this positive conclusion. I also want to thank Dave Spence and his staff for all of their hard work. They laid the groundwork for this issue by bringing it to the attention of policymakers and the public. Then they helped us reach a thoughtful and effective solution.

As you heard from both Richard West and me at our last telephone meeting, our state's budget is not in good shape. We cannot say at this point what will happen. The situation is still in flux. For next year's budget, we have been asked to prepare scenarios with cuts in our budget of 3, 5, 10, or even 15%. We won't know until next summer what the final result will be for our university. In the meantime, we are dealing with the challenges of the current year. Yesterday I met with all our presidents to talk about a partial hiring freeze that would apply immediately. This hiring freeze will apply to all vacant budgeted positions, newly established positions, temporary positions, student assistants, special consultants, and to any changes in employee classifications. Exceptions may be granted on a case-by-case basis. I have also asked the presidents to prepare for a 1 percent one-time reduction in their total current year general fund budgets.

Also, yesterday at the Finance Committee meeting we announced an augmentation of our systemwide budget advisory panel. We will add another representative from the CSU's

Academic Senate, from the union, from the students, and another president. Trustee Hauck will serve as the liaison between the Board and this newly expanded committee.

Safety and security has always been a top priority for our university, but after September 11, it seems to be in the forefront of everyone's mind. I want the board to know that our campuses have developed coordinated actions to ensure that the safety of our employees is protected. Briefly, campuses have convened their Emergency Operations teams to ensure that there are procedures in place to respond to a terrorist attack, or other threats or emergency situations. In addition, our university police chiefs have developed a coordinated hazardous materials response with local fire and police departments, the regional Office of Emergency Services, and the FBI. Each campus has developed procedures for handling of suspicious mail and substances. And our campus police departments have increased staff and delayed vacations to ensure that they are fully staffed to respond to new situations. As for our international students, we have been in communications with the directors of all of our programs abroad. We have set up an information link on our web page and we have asked all of our internationally placed students abroad to watch our web page every day.

One brief announcement: Regarding the sports complex at CSU Dominguez Hills: I am pleased to report to the Board that the Anschutz group has settled with the University Heights homeowners organization regarding their concerns about the development. We continue to be excited about the prospects for this project. We and our partners will continue to work to resolve any remaining issues or concerns with the community.

As Chair Gould mentioned, the presidential search group for Humboldt State University has had its first meeting. I want to thank Trustees Achtenberg, Farar, and Foster for their work on this committee.

Mr. Chairman, that concludes my report.