

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY
California State University
Office of the Chancellor—Glenn S. Dumke Auditorium
401 Golden Shore
Long Beach, CA 90802

Agenda
July 22, 2014

Time*	Committee	Place
<u>Tuesday, July 22, 2014</u>		
8:00 a.m.	Board of Trustees—Closed Session Pending Litigation—One Item Government Code §11126(e)(1) and 11126(e)(2)(B)(i) Executive Personnel Matters Government Code §11126(a)(1)	Munitz Conference Room
8:45 a.m.	Committee on Collective Bargaining—Closed Session Government Code §3596(d)	Munitz Conference Room
9:15 a.m.	Committee on Collective Bargaining—Open Session 1. Adoption of Initial Proposals For 2014-2015 Salary Re-Opener Negotiations with Bargaining Unit 4 (Academic Professionals Of California), <i>Action</i>	Dumke Auditorium
9:45 a.m.	Committee on Audit 1. Status Report on Current and Follow-Up Internal Audit Assignments, <i>Information</i> 2. Implementation Plan for the Quality Assurance Review, <i>Information</i> 3. Review and Approval of the California State University External Auditor, <i>Action</i>	Dumke Auditorium
10:15 a.m.	Committee on Governmental Relations 1. Legislative Update, <i>Information</i>	Dumke Auditorium
10:30 a.m.	Committee on Institutional Advancement 1. Naming of a Facility – San Diego State University, <i>Action</i>	Dumke Auditorium

*The Board of Trustees is a public body, and members of the public have a right to attend and participate in its meetings. This schedule of meetings is established as a best approximation of how long each scheduled meeting will take to complete its business. Each meeting will be taken in sequence, except in unusual circumstances. Depending on the length of the discussions, which are not possible to predict with precision in advance, the scheduled meeting times indicated may vary widely. For two-day meetings, items scheduled toward the end of the first day potentially may not be called until the next morning. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

- 10:45 a.m. Committee on Campus Planning, Buildings and Grounds Dumke Auditorium**
1. Amend the 2014-2015 Non-State Funded Capital Outlay Program for Projects at California State University, East Bay and California State University, Sacramento, *Action*
 2. Approval of Schematic Plans for California State University San Marcos, *Action*
- 11:15 a.m. Joint Meeting Committees on Finance and Campus Planning, Dumke Auditorium Buildings and Grounds**
1. Report on 2014-2015 State Funded Capital Outlay Program and Capital Financing Authority , *Information*
- 11:45 a.m. Committee on University and Faculty Personnel Dumke Auditorium**
1. Executive Compensation: Vice Chancellor Human Resources, *Action*
- 12:00 p.m. Luncheon**
- 1:00 p.m. Committee on Finance Dumke Auditorium**
1. 2014-2015 Support Budget, *Information*
- 1:30 p.m. Committee on Educational Policy Dumke Auditorium**
1. The State of Higher Education in California: Opportunities for Policy and Institutional Change, *Information*
 2. The California State University Graduation Initiative Update, *Information*
 3. The California State University Affordable Learning Solutions Initiative: Update, *Information*
 4. California State University Partnership with the Corporation for National and Community Service AmeriCorps*VISTA Program Volunteers In Service To America), *Information*
- 3:15 p.m. Board of Trustees Dumke Auditorium**
- Call to Order and Roll Call**
- Public Comment**
- Chair's Report**
- Chancellor's Report**

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Report of the Academic Senate CSU: *Chair—Steven Filling*

Report of the California State University Alumni Council: *President—Kristin Crellin*

Report of the California State Student Association: *President—Daniel Clark*

Approval of Minutes of Board of Trustees' Meeting of May 21, 2014

Board of Trustees

1. Conferral of the Title Trustee Emeritus: Cipriano Vargas, *Action*
2. Conferral of the Title President Emeritus: Rollin Richmond, *Action*
3. Conferral of the Title Vice Chancellor Emeritus: Gail E. Brooks, *Action*
4. Conferral of Commendation on Dr. Donald J. Para, *Action*

Committee Reports

Committee on Collective Bargaining: *Chair—Roberta Achtenberg*

Committee on Audit: *Chair—Lupe C. Garcia*

Committee on Governmental Relations: *Chair—Douglas Faigin*

Committee on Institutional Advancement: *Chair—Steven Glazer*

1. Naming of a Facility – San Diego State University

Committee on Campus Planning, Buildings and Grounds: *Chair—J. Lawrence Norton*

1. Amend the 2014-2015 Non-State Funded Capital Outlay Program for Projects at California State University, East Bay and California State University, Sacramento
2. Approval of Schematic Plans for California State University San Marcos

Joint Meeting Committees on Finance and Campus Planning, Buildings and Grounds: *Chair—Rebecca D. Eisen*

Committee on University and Faculty Personnel: *Chair—Hugo N. Morales*

1. Executive Compensation: Vice Chancellor Human Resources

Committee on Finance: *Chair—Roberta Achtenberg*

Committee of Educational Policy: *Chair—Debra Farar*

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Addressing the Board of Trustees

Members of the public are welcome to address agenda items that come before standing and special meetings of the board, and the board meeting. Comments should pertain to the agenda or university-related matters and not to specific issues that are the subject of collective bargaining, individual grievances or appeals, or litigation. Written comments are also welcome and will be distributed to the members of the board. The purpose of public comments is to provide information to the board, and not to evoke an exchange with board members. Questions that board members may have resulting from public comments will be referred to appropriate staff for response.

Members of the public wishing to speak must provide written or electronic notice to the Trustee Secretariat two working days before the committee or board meeting at which they desire to speak. The notice should state the subject of the intended presentation. An opportunity to speak before the board on items that are on a committee agenda will only be provided where an opportunity was not available at that committee, or where the item was substantively changed by the committee.

In fairness to all speakers who wish to speak, and to allow the committees and Board to hear from as many speakers as possible, while at the same time conducting the public business of their meetings within the time available, the committee or board chair will determine and announce reasonable restrictions upon the time for each speaker, and may ask multiple speakers on the same topic to limit their presentations. In most instances, speakers will be limited to no more than three minutes. The totality of time allotted for public comment at the board meeting will be 30 minutes, and speakers will be scheduled for appropriate time in accord with the numbers that sign up. Speakers are requested to make the best use of the public comment opportunity and to follow the rules established.

Note: Anyone wishing to address the Board of Trustees, who needs any special accommodation, should contact the Trustee Secretariat at least 48 hours in advance of the meeting so appropriate arrangements can be made.

Trustee Secretariat
Office of the Chancellor
401 Golden Shore, Suite 620
Long Beach, CA 90802
Phone: 562-951-4022
Fax: 562-951-4949
E-mail: lhernandez@calstate.edu

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AGENDA

COMMITTEE ON COLLECTIVE BARGAINING

Meeting: 8:45 a.m., Tuesday, July 22, 2014
Munitz Conference Room—Closed Session

9:15 a.m., Tuesday, July 22, 2014
Glenn S. Dumke Auditorium—Open Session

Roberta Achtenberg, Chair
Debra S. Farar, Vice Chair
Rebecca D. Eisen
Lupe C. Garcia
Hugo N. Morales

Closed Session – Munitz Conference Room
Government Code §35969(d)

Open Session – Glenn S. Dumke Auditorium

Consent Items

Approval of Minutes of Meeting of May 20, 2014

Discussion Items

1. Adoption of Initial Proposals For 2014-2015 Salary Re-Opener Negotiations with Bargaining Unit 4 (Academic Professionals Of California), *Action*

**MINUTES OF MEETING OF
COMMITTEE ON COLLECTIVE BARGAINING**

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

May 20, 2014

Members Present

Lou Monville, Chair
Debra Farar
Bob Linscheid, Chair of the Board
Timothy White, Chancellor

Trustee Monville called the Committee on Collective Bargaining to order.

Approval of Minutes

The minutes of the March 25, 2014 meeting were approved as submitted.

Public Speakers

The Committee heard from the public speakers.

Patrick Choi, President of Academic Professionals of California introduced himself and spoke in support of a fair contract. Chris Spofera, Vice President of SETC-United spoke of the need for increased wages.

The following California State University Employees Union speakers spoke about salaries, salary structure and workplace bullying: Pat Gantt, Steve Mottaz, Phil Sacksteder, Matthew Key, Leeanne Bowes, Sandee Noda, Loretta Seva'aetasi on behalf of Diego Campos, Steve Sloan, Neil Jacklin, Nancy Kobata, Kathryn Plunkett, Gilbert Garcia, Hai-Ling Tang, Peggy Allen, Cynthia Jones-Hunter, Janine Licausi, Joan Kennedy, Jacqueline Otis, Sherry Velthuysen, Deborah Campbell, Kevin Curtis, Pete Rauch, Cyndi Olvera, Catherine Hutchinson and Alisandra Brewer.

Andy Merrifield, Chair, California Faculty Association (CFA) Bargaining Team, spoke in support of the "Take a Stand" campaign and gave an update of the current state of negotiations. Nick Von Glahn, CFA faculty Pomona, spoke on rectifying inversion and compression problems with faculty compensation. Diane Blair, CFA faculty Fresno, spoke on increased workloads and fair compensation for the faculty. Doris M. Namala, CFA faculty Dominguez Hills, spoke on

misclassification of lecturers and, Doug Domingo-Foaraste, CFA faculty Long Beach, spoke in favor of faculty salary increases.

Action Items

Gail Brooks, vice chancellor for human resources presented the action items and reported to the Board that in closed session she briefed them on workplace bullying as requested by Trustee Monville and Chancellor White at the March 2014 Board of Trustees Meeting.

The committee then unanimously adopted initial proposals for successor contract negotiations with Bargaining Unit 1, Union of American Physicians and Dentists; initial proposals for 2014-2015 salary/benefits re-opener negotiations with Bargaining Unit 6, State Employees Trades Council-United; and, initial proposals for re-opener negotiations with Bargaining Unit 13, California State University Employees Union, English Language Program Instructors at California State University, Los Angeles.

Trustee Monville adjourned the meeting.

AGENDA

COMMITTEE ON AUDIT

Meeting: 9:45 a.m., Tuesday, July 22, 2014
Glenn S. Dumke Auditorium

Lupe C. Garcia, Chair
Adam Day, Vice Chair
Steven M. Glazer
Rebecca D. Eisen
Hugo N. Morales

Consent Items

Approval of Minutes of Meeting of May 21, 2014

Discussion Items

1. Status Report on Current and Follow-Up Internal Audit Assignments, *Information*
2. Implementation Plan for the Quality Assurance Review, *Information*
3. Review and Approval of the California State University External Auditor, *Action*

**MINUTES OF THE MEETING OF
COMMITTEE ON AUDIT**

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

May 21, 2014

Members Present

Lupe C. Garcia, Chair
Adam Day
Rebecca D. Eisen
Hugo N. Morales
Bob Linscheid, Chair of the Board
Timothy P. White, Chancellor

Chair Garcia called the meeting to order.

Approval of Minutes

The minutes of the meeting of March 26, 2014, were approved as submitted.

Quality Assurance Review for the Office of Audit and Advisory Services

Mr. Larry Mandel, vice chancellor and chief audit officer, stated that all California state agencies with an audit function are required to follow the practices put forth by the Institute of Internal Auditors (IIA), an international organization based in Florida. He stated that as a best practice, the IIA recommends that a quality assurance review (QAR) of the audit function be conducted once every five years. In January 2014, the Office of Audit and Advisory Services (OAAS) underwent a QAR by an external review team comprised of Toni Stephens, executive director of audit and compliance at The University of Texas at Dallas; Beth Buse, executive director of internal audit for the Minnesota State Colleges and Universities; and Sheryl Vacca, senior vice president and chief compliance and audit officer for the University of California. Mr. Mandel indicated that Ms. Vacca would be presenting the QAR report to the board and that he would be providing a plan of action addressing each of the recommendations for enhancements at a future board meeting.

Ms. Sheryl Vacca provided an overview of the quality assurance review. She noted that the principal objectives of the QAR were to assess the audit division's conformity to the IIA *International Professional Practices Framework*, which includes the *International Standards for the Professional Practice of Internal Auditing (Standards)* and the *Code of Ethics*; evaluate the audit division's effectiveness in carrying out its mission as defined in its charter; and identify opportunities to enhance internal audit management and work processes, as well as its value to the California State University System.

Ms. Vacca stated that based on the opinion of the QAR team, the OAAS generally conforms to the *Standards* in all material respects during the period under review, except for Standard 1312, *External Assessments*, which was rated as partially conforms. She noted that Standard 1312 requires external assessments be conducted at least once every five years, and the last full QAR of the OAAS was performed over five years ago in November 2006 with an additional review of audit coverage performed in October 2007. She explained that “generally conforms” is the highest rating and “partially conforms” means deficiencies, while they might impair, did not prohibit internal audit from carrying out its responsibilities. Ms. Vacca commented that it is very important to note that even though the external assessment was not done within the five-year time period, it did not prevent the internal auditor from providing good outcomes related to their services.

Trustee Morales asked how the issue of untimely external assessments could be addressed.

Mr. Mandel assured Trustee Morales that future external assessment reviews would be conducted within the five-year requirement. He explained that the delay was deemed necessary in order that the review address both the addition of an advisory services function to the audit office and an attempt to implement a systemwide compliance function.

Ms. Vacca continued by emphasizing that the external review team observed a number of best practices demonstrated by the OAAS. She noted that one of these best practices is that the vice chancellor and chief audit officer reports directly to the Board of Trustees through the chair of the Committee on Audit. She stated that it is the team’s opinion that this is the optimum reporting arrangement and very, very important for the audit function. In addition, she indicated that because the audit charter was being updated by the audit committee at the time of the QAR, it had not been available for review; however, the team recognized there was work being done on the charter and believed that it was moving in the right direction.

Ms. Vacca stated that based on feedback from surveys sent to internal constituents both by the external review team and by the OAAS as well as from interviews held with some board members, the constituency at the California State University System feels very positive towards the internal audit services that are provided. She noted that there is quite a bit of expertise in the internal audit arena (approximately 15 years of experience/team member, which is to be commended), as well as being certified and professionally recognized in our industry. In addition, Ms. Vacca stated that the new advisory services function has also been viewed as a very positive element. She commented that the board should be very proud of the audit team and the services that it offers.

Chair Garcia thanked Ms. Vacca for the thorough quality assurance review and noted that Mr. Mandel will provide a plan of action to address the recommendations provided in the report at a future board meeting.

Chancellor White also thanked Ms. Vacca and the other members of the QAR team, adding that it is satisfying to know that the overall external assessment was very positive. He then asked for more discussion on Standard 2000 – Management of the Internal Activity, which notes that

some of the campuses have internal audit positions that organizationally report to campus presidents or finance officers rather than to the vice chancellor and chief audit officer. Chancellor White asked where this observation ranks on a level of issues to be focused on in the future. In addition, he asked for the advantages and disadvantages of the way the system is currently conducting audit business at the campuses.

Ms. Vacca responded that from the external review team's perspective derived from reviewing documentation and workpapers, as well as through interviews, there are many different functions that are occurring at the campus level that appear under the auspice of audit. She noted her understanding that there are individuals who have the title of auditor at the campus level. She stated that while the external review team is not purporting that there has to be a full-on centralized function of internal audit for the whole system, it is important that there be a centralized communication, at least, and that these auditors if they are performing internal audit activities should at least be following the *Standards* according to the profession. She added that the external review team could not ascertain one way or another whether that was the case. In addition, Ms. Vacca indicated that from a board perspective, it is very, very difficult to know the risk process in a decentralized arena and whether or not their approach has completely remediated the issues of risk identified through audits, without it flowing up in a centralized communication. She stated that the team would advocate that there absolutely has to be some kind of centralized reporting or communication to be able to bring those issues forward to the senior leadership as well as to the board.

Chancellor White stated that even though there may be lack of awareness of a risk, the trustees as fiduciaries bear that risk.

Trustee Garcia stated that the next steps will be for Mr. Mandel to identify the prioritization of the recommendations noted in the QAR report. She further stated that there will be a lot of assessment and evaluation for this process because we want to ensure that the board is able to identify appropriately all of the risks from a system perspective.

Trustee Garcia again thanked Ms. Vacca for making the time to come and present the results of the QAR to the board and thanked Mr. Mandel and his audit team for all the work they do for the system and for the state.

Status Report on Current and Follow-Up Internal Audit Assignments

Mr. Mandel presented the Status Report on Current and Follow-up Internal Audit Assignments. He stated that the 2014 audit assignments are currently being conducted and are progressing in a timely manner for completion by the end of the calendar year. He then reminded everyone that updates to the status report are displayed in green numerals and indicate progress toward or completion of recommendations since the distribution of the agenda. Mr. Mandel stated that the campuses continue to do an excellent job in the completion of the recommendations on a timely basis. He noted that since the distribution of the current status report, additional recommendations had been completed. In addition, he reported that the one recommendation outstanding for 11 months pertaining to International Programs at California State University,

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Sacramento and the four recommendations outstanding for seven months pertaining to Centers and Institutes at California State University, San Marcos have now been completed. Mr. Mandel added that although no recommendations have been completed at the 6-month benchmark period for Credit Cards, Systemwide and Sensitive Data Security and Protection at the CSU Chancellor's Office, he indicated that he was assured by management that good progress is being made toward completing them all within a reasonable time period.

The meeting adjourned.

COMMITTEE ON AUDIT

Status Report on Current and Follow-up Internal Audit Assignments

Presentation By

Larry Mandel
Vice Chancellor
and Chief Audit Officer

Summary

This item includes both a status report on the 2014 audit plan and follow-up on past assignments. For the 2014 year, assignments were made to conduct reviews of Auxiliary Organizations, high-risk areas (Information Security, Accessible Technology, and Conflict of Interest), high profile areas (Sponsored Programs – Post Awards, Continuing Education, and Executive Travel), core financial area (Lottery Funds), and Construction. In addition, follow-up on current/past assignments (Auxiliary Organizations, International Programs, Credit Cards, Sensitive Data Security, Centers and Institutes, Hazardous Materials Management, Sponsored Programs, Student Health Services, Conflict of Interest, and Lottery Funds) was being conducted on approximately 30 prior campus/auxiliary reviews. Attachment A summarizes the reviews in tabular form. An up-to-date Attachment A will be distributed at the committee meeting.

Status Report on Current and Follow-up Internal Audit Assignments

Auxiliary Organizations

The initial audit plan indicated that approximately 273 staff weeks of activity (26.6 percent of the plan) would be devoted to auditing internal compliance/internal control at eight campuses/29 auxiliaries. Two campus/eight auxiliaries reports are awaiting a campus response prior to finalization, report writing is being completed for one campus/three auxiliaries, and fieldwork is being conducted at one campus/six auxiliaries.

High-Risk Areas

Information Security

The initial audit plan indicated that approximately 51 staff weeks of activity (5.0 percent of the plan) would be devoted to a review of the systems and managerial/technical measures for ongoing evaluation of data/information collected; identifying confidential, private or sensitive information; authorizing access; securing information; detecting security breaches; and security

incident reporting and response. Six campuses will be reviewed. Report writing is being completed at one campus.

Accessible Technology

The initial audit plan indicated that approximately 51 staff weeks of activity (5.0 percent of the plan) would be devoted to a review of compliance with laws and regulations specific to the Americans with Disabilities Act of 1990 as it applies to accessible technology requirements and program access. Six campuses will be reviewed. Three reports are awaiting a campus response prior to finalization, and report writing is being completed for three campuses.

Conflict of Interest

The initial audit plan indicated that approximately 53 staff weeks of activity (5.1 percent of the plan) would be devoted to a review of the process for identification of designated positions; monitoring, tracking, and review of disclosures relating to conflicts of interest, such as research disclosures; faculty and CSU-designated officials reporting; employee/vendor relationships; ethics training; and patent and technology transfer. Six campuses will be reviewed. Three reports have been completed, two reports are awaiting a campus response prior to finalization, and report writing is being completed for one campus.

High Profile Areas

Sponsored Programs – Post Awards

The initial audit plan indicated that approximately 50 staff weeks of activity (4.9 percent of the plan) would be devoted to a review of contract/grant budgeting and financial planning; indirect cost administration including cost allocation, cost sharing/matching, and transfer processes; effort-reporting, fiscal reporting, and progress reporting; approval of project expenditures; sub-recipient monitoring; and management and security of information systems. Six campuses will be reviewed. Report writing is being completed for two campuses.

Continuing Education

The initial audit plan indicated that approximately 50 staff weeks of activity (4.9 percent of the plan) would be devoted to a review of the processes for administration of continuing education and extended learning operations as self-supporting entities; budgeting procedures, fee authorizations, and selection and management of courses; faculty workloads and payments to faculty and other instructors; enrollment procedures and maintenance of student records; and reporting of continuing education activity and maintenance of CERF contingency reserves. Six campuses will be reviewed. Fieldwork is being conducted at one campus.

Executive Travel

The initial audit plan indicated that approximately 50 staff weeks of activity (4.9 percent of the plan) would be devoted to a review of campus travel policies and procedures to ensure alignment and compliance with CSU requirements; review of internal campus processes for monitoring, reviewing, and approving travel expense claims; and examination of senior management travel and travel expense claims for proper approvals and compliance with campus and CSU travel policy. Six campuses will be reviewed. Report writing is being completed for two campuses, and fieldwork is being conducted at one campus.

Core Financial Area

Lottery Funds

The initial audit plan indicated that approximately 51 staff weeks of activity (4.9 percent of the plan) would be devoted to a review of campus lottery fund allocation and expenditure policies and procedures to ensure compliance with CSU and state requirements; review of internal campus processes for monitoring, reviewing, and approving campus discretionary allocations to specific programs; and examination of specific programs receiving lottery funding to confirm the expenditures are in conformance with state and CSU restrictions. Six campuses will be reviewed. Three reports have been completed, and three reports are awaiting a campus response prior to finalization.

Construction

The initial audit plan indicated that approximately 39 staff weeks of activity (3.8 percent of the plan) would be devoted to a review of design budgets and costs; the bid process; invoice processing and change orders; project management, architectural, and engineering services; contractor compliance; cost verification of major equipment and construction components; the closeout process and liquidated damages; and overall project accounting and reporting. Five projects will be reviewed. One report has been completed, and report writing is being completed for one project.

Advisory Services

The initial audit plan indicated that approximately 209 staff weeks of activity (20.3 percent of the plan) would be devoted to partnering with management to identify solutions for business issues, offering opportunities to improve the efficiency and effectiveness of operating areas, and assisting with special requests, while ensuring the consideration of related internal control issues. Reviews are ongoing.

Information Systems

The initial audit plan indicated that approximately 13 staff weeks of activity (1.3 percent of the plan) would be devoted to technology support for all high-risk and auxiliary audits. Reviews and training are ongoing.

Investigations

The Office of Audit and Advisory Services is periodically called upon to provide investigative reviews, which are often the result of alleged defalcations or conflicts of interest. In addition, whistleblower investigations are being performed on an ongoing basis, both by referral from the State Auditor and directly from the CSU Chancellor's Office. Forty-three staff weeks have been set aside for this purpose, representing approximately 4.2 percent of the audit plan.

Committees/Special Projects

The Office of Audit and Advisory Services is periodically called upon to provide consultation to the campuses and/or to perform special audit requests made by the chancellor. Twenty-nine staff weeks have been set aside for this purpose, representing approximately 2.8 percent of the audit plan.

Follow-ups

The audit plan indicated that approximately 16 staff weeks of activity (1.6 percent of the plan) would be devoted to follow-up on prior audit recommendations. The Office of Audit and Advisory Services is currently tracking approximately 30 current/past assignments (Auxiliary Organizations, International Programs, Credit Cards, Sensitive Data Security, Centers and Institutes, Hazardous Materials Management, Sponsored Programs, Student Health Services, Conflict of Interest and Lottery Funds) to determine the appropriateness of the corrective action taken for each recommendation and whether additional action is required.

Annual Risk Assessment

The Office of Audit and Advisory Services annually conducts a risk assessment to determine the areas of highest risk to the system. Five staff weeks have been set aside for this purpose, representing approximately 0.5 percent of the audit plan.

Administration

Day-to-day administration of the Office of Audit and Advisory Services represents approximately 4.1 percent of the audit plan.

Status Report on Current and Follow-Up Internal Audit Assignments
 (as of 7/18/2014)

	2014 ASSIGNMENTS										FOLLOW-UP PAST/CURRENT ASSIGNMENTS					
	Aux Orgs	Conflict of Interest	Lottery Funds	Access Tech	Exec Travel	Spon Prog-Post	Info Security	Cont Educ	Auxiliary Organizations	International Programs	Credit Cards	●No.	*Recs	**Mo.	*Recs	**Mo.
BAK	RW		AC								4			6/6	-	
CHI		AI									4	25/25	-	6/6	-	
CI	RW										3					
DH			AI								3	19/19	-			
EB	AC										3	13/31	1		6/6	
FRE	FW	AC	AI								6			4/4	-	
FUL		AC									4	28/28	-	4/4	-	
HUM			AI				RW				4	21/30	6	7/7	-	
LB				RW							3	27/27	-	8/8	-	
LA			RW								4	18/18	-	4/4	-	
MA											2	4/4	-			
MB		AC									3	16/16	-			
NOR								FW			5	22/22	-	8/8	-	
POM			AI			RW					2	11/11	-			
SAC	AC	RW									5	2/41	2	5/5	-	
SB											4	28/28	-	13/13	-	
SD			AI	FW							4	11/21	3	1/1	-	
SF			RW								5	19/19	-	8/8	-	
SJ				RW							5	26/26	-		4/4	
SLO											3	12/12	-			
SM			RW								4	22/22	-			
SON			AC								3	5/5	-	3/3	-	
STA						RW					4	14/14	-	5/5	-	
CO		AI	AI								2	3/5	5		4/4	
SYS													4	0/8	4	5/5

* The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.
 ** The number of months recommendations have been outstanding.
 ● The number of auxiliary organizations reviewed.
 Numbers/letters in green are updates since the agenda mailout.
 FW = Field Work In Progress
 RW = Report Writing in Progress
 AI = Audit Incomplete (awaiting formal exit conference and/or campus response)
 AC = Audit Complete

Status Report on Current and Follow-Up Internal Audit Assignments
 (as of 7/18/2014)

FOLLOW-UP PAST/CURRENT ASSIGNMENTS												
Sen. Data Sec./Protect. *Recs **Mo.	Centers and Institutes *Recs **Mo.		Hazardous Mat. Mgmt. *Recs **Mo.		Sponsored Programs *Recs **Mo.		Student Health Svcs. *Recs **Mo.		Conflict of Interest *Recs **Mo.		Lottery Funds *Recs **Mo.	
	BAK			7/7	-							0/2
CHI					6/6	-						
CI	8/8		5/5	-								
DH	9/9		4/4	-								
EB		8/8									1/2	3
FRE									0/1	2		
FUL					10/10	-			1/2	1		
HUM												
LB	6/6						3/6	5				
LA		4/4										
MA												
MB					0/3	5			1/1	-		
NOR		5/5			5/8	5						
POM			10/10	-								
SAC							5/9	4				
SB	14/14	5/7		9								
SD							14/14	-				
SF	10/10		9/9	-								
SJ							17/17	-				
SLO		7/7		-	7/7	-						
SM		7/7		-								
SON			6/6	-			6/7	5			0/1	2
STA							4/6	4				
CO	12/12											
SYS		0/3		5								

* The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.

** The number of months recommendations have been outstanding.

• The number of auxiliary organizations reviewed.

Numbers/letters in green are updates since the agenda mailout.

Status Report on Current and Follow-Up Construction Audit Assignments
(as of 7/18/2014)

Project No.	Project	Contractor	Construction Cost	Start Date	Comp. Date	Managed By	Current	Campus Follow-Up		CPDC Follow-Up	
								RECS	*MO.	**RECS	***MO.
2013	SLO-757	Recreation Center Expansion					*				
	NO-690	Student Recreation Center	\$47,352,337	12/29/2009	Jun-12	Campus	AC	4/4	-		
	PO-145	College of Business Admin.	\$48,373,731	12/21/2009	Mar-12	Campus	AC	0/0	-		
	HU-401	College Creek Apartments	\$26,975,196	12/10/2010	Feb-12	Campus	AC	5/5	-		
	CI-221	Classroom/Fac. Off. Reno./Add.	\$41,955,981	11/9/2008	May-12	Campus	AC	6/6	-		
			\$24,159,625	9/3/2010	Sep-12	Campus	AC	0/4	3		
2014	SLO-149	Center for Science	\$82,794,636	10/10/2010	Jan-14	Campus	AC	0/2	2		
	SM-1032	University Student Center	\$37,671,543	2/8/2012	Dec-13	Campus	RW				

*FW = Field Work in Progress; RW = Report Writing in Progress; AI = Audit Incomplete (awaiting formal exit conference and/or response); AC = Audit Complete
 **The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.
 ***The number of months that recommendations have been outstanding.

COMMITTEE ON AUDIT

Implementation Plan for the Quality Assurance Review

Presentation By

Larry Mandel
Vice Chancellor and Chief Audit Officer

Summary

At the May 2014 meeting of the Committee on Audit, the results of a quality assurance review of the Office of Audit and Advisory services were presented. An implementation plan for the recommendations put forth in that review will be presented and are attached.

Office of Audit and Advisory Services (OAAS)
Recommendations for Enhancement - Implementation Plan
2014 Quality Assurance Review

Observation #1: The last full quality assurance review was performed over five years ago in November 2006 with an additional review of audit coverage performed in October 2007.

Recommendation for Enhancement #1: External assessments should be performed every five years as required by the Standards.

OAAS Management Response:

We concur. Audit management delayed performance of an external assessment as it explored development of a systemwide compliance function in 2011-2012 and subsequently redirected efforts towards the addition of advisory services in 2012-2013. In the future, external assessments will be performed every five years.

OAAS Implementation Plan for Enhancement #1:

The OAAS will complete its next external assessment in 2019 consistent with the *International Standards for the Professional Practice of Internal Auditing*.

Observation #2: Some of the campuses have internal audit positions that organizationally report to campus presidents or finance officers rather than the vice chancellor and chief audit officer (VCCAO). These positions do not have a reporting line to the VCCAO. The campus auditors are also responsible for matters other than traditional internal auditing, and they do not follow all auditing standards.

As a result of the current structure, ambiguity of the roles and duplication of efforts can occur, and the VCCAO may not be aware of issues and risks occurring at the campus level.

Recommendation for Enhancement #2: The current organization structure should be reviewed to determine if a reporting relationship should be established between campus auditors and the VCCAO in order to strengthen the effectiveness of the audit function and provide increased assurance to the chancellor and the Board of Trustees that significant risks of the system are sufficiently understood and assessed and are receiving appropriate audit coverage.

OAAS Management Response:

We concur. A review will be conducted to determine the optimum organization structure (within existing resources) to strengthen the effectiveness of the audit function and provide increased assurance to the chancellor and the Board of Trustees that significant risks of the system are sufficiently understood and assessed and are receiving appropriate audit coverage.

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OAAS Implementation Plan for Enhancement #2:

Our initial review determined that this recommendation could not be effectively implemented within the existing organizational structure. It was also determined that the implementation of this recommendation impacts our ability to effectively implement other recommendations included in the quality assurance review. Therefore, further review is needed to identify alternative organizational structures to support the system. We propose to bring the results of this review to the September 2014 meeting of the Committee on Audit.

Observation #3: Information technology is an integral part of the university's operations, and these activities are typically considered one of the highest risk areas in an organization. In preparing the risk assessment for the annual internal audit plan, a detailed information technology (IT) risk assessment is not currently being conducted.

Given the size of the CSU and the number of individual campuses with unique IT environments, limited IT activities are audited. It is important to identify IT risks and controls as part of an overall risk assessment process that includes identifying the entire IT audit universe. A more comprehensive IT audit risk assessment should be performed to ensure an effective audit plan is prepared and IT risks receive adequate coverage. The IIA's Global Technology Audit Guide (GTAG) 11, *Developing the IT Audit Plan*, is an excellent resource to follow in developing a more formalized IT audit plan.

Recommendation for Enhancement #3: A separate IT audit risk assessment should be prepared as part of the annual audit plan risk assessment process. IT audits should be performed based on this risk assessment. Staff resources should be allocated and the need for additional resources should be identified as part of the planning effort.

OAAS Management Response:

We concur. In conjunction with the evaluation of the current risk assessment process (noted below), we will evaluate the benefits of conducting an independent IT risk assessment.

OAAS Implementation Plan for Enhancement #3:

Effective September 2014, the OAAS will perform a separate IT audit risk assessment independent of our annual risk assessment process. In the short term, the new IT risk assessment will be based upon a refined version of the existing risk assessment model.

Should a new organizational structure be approved in response to recommendation #2, the IT audit risk assessment model will be further refined to include a more detailed assessment of the IT environments of each CSU campus. This in-depth approach cannot be implemented without additional resources.

Observation #4: Currently, the annual audit risk assessment process for performing the campus audits consists of meeting with the executive vice chancellors/vice chancellors to obtain their input on risks in their areas and for the system; sending a quantitative survey to the assistant vice chancellors and any others that the executives indicated should be included in the risk assessment process; and meeting with the audit committee chair to discuss systemwide risks and concerns. At the campus level, input is gained via the use of an audit universe/questionnaire and a supplemental survey that is sent to the campus presidents for distribution to their vice presidents.

While input is gained from high-level managers, not all managers and staff within the enterprise are involved. After the input is received, the results are reviewed by OAAS senior management including the VCCAO, and the audit subjects are selected and presented to the audit committee and the Board of Trustees. Using factors such as campus risk rankings, the collective knowledge of the OAAS senior directors and the VCCAO, and the VCCAO's own judgment of risks after consideration of input from senior and executive management and the audit committee chair, an audit plan is prepared.

In developing the annual audit plan, a large percentage of audit resources are utilized on auxiliary enterprise audits that are required per a 1999 board policy, Executive Order 698. These audits have been performed on a cyclical basis at all campuses for the past 15 years, and the value of these audits as well as the risks may have changed since the policy began.

Recommendation for Enhancement #4: The current risk assessment and audit planning approach should be re-evaluated.

OAAS Management Response:

We concur. The current risk assessment and audit planning approach for the campus audits will be re-evaluated to determine if the current format provides the necessary input to ascertain the highest risks to the system. We currently have plans to meet with auxiliary executive leadership to determine how we might add more value to the auxiliary organizations while still providing the Board of Trustees the assurances they require.

OAAS Implementation Plan for Enhancement #4:

The implementation plan for this item is tied to the results of the review performed for recommendation #2. Should the status quo prevail, we plan to make incremental changes to the current format for obtaining input to ascertain the highest risks to the system. More specifically, the current risk assessment model will incorporate auxiliary enterprises to ensure that we are considering current risks in these areas on a more frequent basis and if necessary, perform audits of specific high-risk areas that are identified by the systemwide risk assessment. In response to recommendation #3, we also plan to remove IT-related areas from the risk universe and conduct an independent IT risk assessment. Should a new organizational structure be approved providing more audit coverage at the campuses, individual campus risk assessments will be performed

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which will include auxiliary enterprises. A separate, systemwide risk assessment will be performed for IT-related areas.

Observation #5: The manager of investigations, reporting to a senior director, is responsible for managing investigations when requested; however, investigations are also being performed by staff at the campus level without communication to the OAAS.

Campuses each have their own method of reporting potential fraudulent activity, such as the use of individual hotlines; however, there is no centralized hotline process in place at the system level. Without adequate communication, including the use of a central hotline, or identification of fraud contacts at the campus level, the OAAS cannot effectively evaluate the potential for the occurrence of fraud.

Recommendation for Enhancement #5: The evaluation and communication of fraud risks should be reviewed on a systemwide basis.

OAAS Management Response:

We concur. During 2013, executive management considered the implementation of a systemwide hotline, but concluded that the existing reporting structure for the filing of whistleblower complaints was sufficient. In addition, under Executive Order 813, *Reporting of Fiscal Improprieties*, campuses are required to notify the CSU Chancellor's Office of all cases of actual or suspected theft, defalcation, or fraud within 24 hours. Nevertheless, in an effort to improve the evaluation and communication of fraud risks at the systemwide level, we plan to incorporate an assessment of fraud risk into our existing annual risk assessment process. Moreover in alignment with recommendation #2 above, this evaluation and communication process may be further improved if a reporting relationship should be established between campus auditors and the VCCAO in order to strengthen the effectiveness of the audit function.

OAAS Implementation Plan for Enhancement #5:

In order to determine the current fraud management climate and how best to incorporate an assessment of fraud risk into our existing annual risk assessment process, we plan to deploy a fraud survey to each campus during 2014. The survey will focus on identifying campus specific fraud prevention, detection, and response controls. The survey will also re-evaluate the implementation of a systemwide hotline, as a recent study by the Association of Certified Fraud Examiners showed that more than 40 percent of the cases included in the study were detected through a hotline tip. Survey results will be analyzed and summarized for presentation to executive management and the Board of Trustees. This approach will provide timely and initial information on the potential for the occurrence of fraud, while our existing annual risk assessment process is re-evaluated in response to recommendations #2, #3 and #4.

Observation #6: The use of an automated working paper system as well as more use of data analytics would enhance the efficiency of the audit process. Currently, the staff is using

Microsoft Office products and printing out all working papers. Although they are exploring the use of SharePoint, it is not geared toward auditing. Although some costs of implementation and maintenance would be necessary, the benefits would outweigh the cost savings in time, supplies, sustainability, efficiencies, and storage.

Recommendation for Enhancement #6: The VCCAO should consider implementing an automated working paper system and further evaluate enhancing the use of data analytical software.

OAAS Management Response:

We concur. The division had previously assessed the feasibility of using an automated working paper system, but it was determined that converting to an automated solution was not practical at the time due to budgetary constraints and the lack of trained resources needed to administer and support the system.

Price structures and system support models for these systems have changed dramatically since our initial assessment. This is due in part to changes in how the products are licensed and to the introduction of hosted/cloud offerings. The division is currently re-evaluating the feasibility of using such technology. We will assess the cost/benefits of implementing such a solution at the conclusion of our review.

OAAS Implementation Plan for Enhancement #6:

Upon funding approval, the OAAS will implement an automated working paper system. The use of an automated working paper system would greatly enhance the efficiency of the department and would be necessary if the campus-based auditor model in response to recommendation #2 is implemented.

The initial cost estimate for a subscription-based fully hosted model is approximately \$1,800 to \$2,000 per user per year. There would also be a one-time first year installation and set-up cost of approximately \$30,000 to \$40,000.

The estimated time frame to implement a pilot solution would be approximately three months after purchase, with full conversion occurring as early as six to nine months after purchase.

Observation #7: A survey of audit employees indicated that the majority of employees did not have sufficient access to computer-assisted audit techniques/tools (CAATS) or other data analysis tools. These tools are considered common place in today's internal audit repertoire. Their use enhances audits by simplifying the analysis of large volumes of data. Given the size of the university system and the limited resources, the use of audit software could result in enhanced efficiencies as well as additional tools for not only the audit staff but university managers.

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Recommendation for Enhancement #7: The VCCAO should explore options to incorporate the use of CAATS in audits. In addition, the VCCAO should look for ways to train staff in the use of these techniques or tools.

OAAS Management Response:

We concur. As a general practice, all staff members currently utilize Microsoft Excel and Microsoft Access for data mining and analysis. While these applications have been sufficient to support the current needs of the division, we will review the costs and benefits of using other data analysis tools to determine if they would enhance efficiencies within the division.

OAAS Implementation Plan for Enhancement #7:

Previous experience using data analysis software tools did not prove to be value added. As a result, we will provide training to each of our staff in the use of Microsoft Excel and Microsoft Access for data mining and analysis as these applications are sufficient to support the current needs of the department.

COMMITTEE ON AUDIT

Review and Approval of the California State University External Auditor

Presentation By

George V. Ashkar
Assistant Vice Chancellor/Controller
Financial Services

Summary

This item requests the California State University Board of Trustees to approve the selection of KPMG as the audit firm to provide a variety of audit functions for five fiscal years, beginning July 1, 2014 and ending June 30, 2019, with optional one-year extensions for up to three additional years, and to authorize the chancellor, or his designees, to finalize negotiations for a master service contract with said firm.

Background

In January, the California State University posted a Request for Proposal (RFP) to solicit proposals from qualified independent public accounting firms for the purposes of establishing a CSU master service contract for the performance of a variety of audit functions for five fiscal years, beginning July 1, 2014 and ending June 30, 2019, with optional one-year extensions for up to three additional years. The firm or firms awarded would also perform optional tasks or optional services for individual campuses on an as-requested basis in accordance with the provisions of the RFP and any subsequent contract.

Three audit firms (Grant Thornton, KPMG, and PricewaterhouseCoopers) submitted proposals in response to the RFP, which were carefully analyzed in Phase I of the process by the evaluation team based on the criteria specified in the RFP, consisting of:

- the firm's experience, organizational resources, and sustainability;
- qualification and experience of the proposer's project team;
- work plan and methodology;
- technical experience;
- overall capability, stability, size, and structure of the firm.

All three firms were then advanced from the first phase of the review to the second phase for final evaluation based on total five year pricing for required tasks. Based on the second phase criteria of price, KPMG was chosen with the lowest bid submitted.

The following resolution is presented for approval:

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

1. Acknowledge their review of the Request for Proposal (RFP 4422) process in soliciting proposals from qualified independent public accounting firms for the purposes of performing financial statements and other audits for the CSU system, beginning with the 2014-2015 fiscal year audit.
2. Authorize the chancellor, or his designees, to finalize negotiations for the master service contract with KPMG for the performance of a variety of audit tasks for five fiscal years, beginning July 1, 2014 and ending June 30, 2019, with optional one-year extensions for up to three additional years.

AGENDA

COMMITTEE ON GOVERNMENTAL RELATIONS

Meeting: 10:15 a.m., Tuesday, July 22, 2014
Glenn S. Dumke Auditorium

Douglas Faigin, Chair
Steven M. Glazer, Vice Chair
Talar Alexanian
Adam Day
Debra S. Farar
Margaret Fortune
Lupe C. Garcia
Lillian Kimbell
J. Lawrence Norton
Steven G. Stepanek

Consent Items

Approval of Minutes of Meeting of May 21, 2014

Discussion Items

1. Legislative Update, *Information*

**MINUTES OF THE MEETING OF
COMMITTEE ON GOVERNMENTAL RELATIONS**

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

May 21, 2014

Members Present

Debra Farar, Acting Chair

Adam Day

Lupe C. Garcia

Bob Linscheid, Chair of the Board

J. Lawrence Norton

Steven G. Stepanek

Cipriano Vargas

Timothy P. White, Chancellor

Trustee Farar called the meeting to order.

Approval of Minutes

The minutes of March 26, 2014, were approved as submitted.

Legislative Update

Mr. Garrett Ashley, vice chancellor for university relations and advancement, and Ms. Karen Y. Zamarripa, assistant vice chancellor for advocacy and state relations, presented this item.

Mr. Ashley reported that the California State University (CSU) leadership and partners have been to Sacramento on several occasions to advocate for the system's budget. Advocacy efforts include the CSU Legislative Advocacy Day, Engineering Advocacy Day, and the annual Joint Higher Education Advocacy Day.

Ms. Zamarripa provided an update on current bills in the state legislature and an overview of advocacy activities:

- The CSU has been successful in moving forward its sponsored legislation on the faculty trustee holdover appointment and on reporting requirement modifications, pending further action in the senate.

- The priority bill dealing with the winemaking programs has moved from its policy committee. The priority bill on a state-supported loan program for SB540 students is pending action in fiscal committee.
- **AB 2153 (Gray) Postsecondary Education: Course Offerings:** This bill is in response to the Bureau of State Audit report urging the CSU and the legislature to define “supplant,” and is sponsored by the California Faculty Association. It would effectively prohibit any programs or courses for undergraduate students through extended education.
- **AB 2610 (Williams) California State University: Special Sessions:** Assemblymember Das Williams has an alternative measure to address the definition of “supplant” after the conclusion of the work being done by a statewide task force chaired by California State University, San Marcos President Karen Haynes and comprised of students, faculty and deans.
- **SB 943 (Beall) California State University: Personal Services Contracting:** This bill, sponsored by the California State University Employees Union, would have required the CSU to go through the State Personnel Board prior to entering into any personal service contracts. The CSU opposed this bill, which failed in the Senate Education Committee.
- **AB 2235 (Buchanan) Education Facilities: Kindergarten-University Public Education Facilities Bond of 2014:** This bill would place a general obligation bond on a future ballot, and is supported by the CSU and the K-12 community.
- **SB 850 (Block) Baccalaureate Degree Pilot Program:** This bill allows up to 15 community college districts to pilot baccalaureate degree programs under specific conditions, such as no duplication of programs already offered in the region.
- **SB 967 (De León and Jackson) Student Safety: Sexual Assault and AB 1433 (Gatto) Student Safety:** These bills deal with sexual assault programs and reporting on college campuses. These measures are consistent with current CSU policy and/or parallel pending federal requirements.

The CSU has been working closely with faculty, staff and students to advocate for the \$95 million budget request. A campaign has been developed that goes beyond traditional lobbying. As a result, seventy-eight members of the legislature and all members of the Latino Caucus have signed letters to their leadership seeking the additional support for the CSU.

Ms. Zamarripa thanked Sarah Couch and the California State Student Association for their hard work on this campaign delivering signs and posting on social media, as well as Diana Guerin and Academic Senate for their ongoing support.

COMMITTEE ON GOVERNMENTAL RELATIONS

Legislative Update

Presentation By

Garrett Ashley
Vice Chancellor
University Relations and Advancement

Karen Y. Zamarripa
Assistant Vice Chancellor
Advocacy and State Relations

Summary

This item contains an overview of key issues and legislative measures that may impact or interest the California State University (CSU). The status of each bill is current as of June 30, 2014.

Background

The legislature began summer recess on July 4 and will return in a month to finish the second year of the 2013-14 legislative session. Both houses have completed their policy review of all measures. When the legislature returns in August, bills will be heard in their respective fiscal committees and taken up on the floor of each house. Adopted measures are sent to the Governor for his final consideration. Following the conclusion of the session on August 30, members will return to their districts and likely focus on the upcoming November general election.

Bonds

The November ballot includes an \$11 billion water bond that was approved by the legislature in 2009. The CSU has an interest in this matter given the funding dedicated to applied research and workforce development. Governor Brown has urged the legislature to replace this item with a new bond measure that reduces the amount and eliminates earmarks while focusing on groundwater, storage and the Delta tunnels.

A K-12/higher education bond is also being proposed by Assembly Member Joan Buchanan given the backlogs and growing needs of all education segments. While there is tremendous support for an education bond in 2014 or 2016, it remains unclear whether Governor Brown and the legislature will be able to resolve key issues before they adjourn.

Affordability and Financial Aid

Affordability and financial aid remain trending issues, even with the tuition fee freeze for CSU and the University of California (UC). Several measures explored novel fee structures while others prohibited new or increased student campus-based fees. While these bills were not successful, elected officials continue to focus on student costs.

The measures that have been successful this year are those that deal with the Cal Grant process including increasing the awards' sizes, expanding the number of awards granted, simplifying the financial aid application or extending the period of application. All of these proposals would benefit CSU students, but the cost for these proposals has made it difficult to get them enacted.

Campus Safety and Climate

Campus safety and climate were a significant issue all year as a result of devastating incidents at universities throughout the country and state. Campus sexual violence and assault came to the attention of many as a result of victims' reports from public and private institutions, pending legal action under Title IX, and renewed attention by the federal government. While no CSU campus has been targeted by the US Department of Education's review of some 55 institutions, the Joint Legislative Audit Committee (JLAC) requested the Bureau of State Audits (BSA) to investigate the matter after news reports regarding incidents at UC and private institutions in Southern California. The report was released June 24 and was the subject of a hearing in the State Capitol on June 30.

Three measures are also working through the legislative process addressing various aspects of this important issue. The CSU agrees overall with the measures introduced, which mirror or strengthen existing and newly established policies on the matter.

Assembly Speaker Emeritus John Perez created a select committee to look at campus climate in response to a hate crime incident at San Jose State University. The committee report anticipated this summer is expected to address the role of ethnic studies programs on our college campuses, training of campus personnel and students regarding discrimination and hate crimes, and the diversity of university faculty and staff.

Board of Trustees Sponsored Legislation

AB 2324 (Williams) Faculty-Trustee Holdover Appointment: This proposal allows a current faculty trustee a holdover period pending reappointment or new appointment by the Governor so that there is no interruption in representation on the board.

STATUS: The bill passed the Senate Appropriations Committee and will now move onto the Senate Floor. We expect it to move across the Governor's desk long before the legislature adjourns.

AB 2736 (Committee on Higher Education) Postsecondary Education: California State University: This bill was as amended to authorize the Board of Trustees to implement a statewide voluntary fee for the California State Students Association (CSSA). The other three provisions deal with minor reporting changes for the system.

STATUS: The bill passed unanimously in the Senate Education Committee this week and will be heard in Senate Appropriations the first part of August.

Priority Bills

AB 1989 (Chesbro) Underage Drinkers: Students in Winemaking and Brewery Science Programs: This measure is co-sponsored with the UC and creates a narrow exception to the current Alcoholic Beverage Control Act related to the consumption of alcohol by underage persons. The bill allows CSU and the UC students, who are at least 18 years of age and enrolled in an enology degree granting program, such as at Cal Poly SLO and Fresno State, to taste, but not consume, wine for educational purposes.

CSU POSITION: SUPPORT/SPONSOR

STATUS: The bill is pending action on the Senate Floor and then will move to the Governor's desk.

AB 2610 (Williams) California State University: Special Sessions: The bill was amended at the request of the CSU to implement the definition of "supplant" that was crafted by the Extended Education Task Force appointed by Chancellor White earlier this year. The legislature had concerns that the task force definition was too broad as reflected by the Senate Education Committee Chair, Carol Liu, and her staff where the bill was heard on July 26. The committee also believed that the definition proposed by the California Faculty Association (CFA) in AB 2153 was too restrictive.

After days of negotiation between the committee and CSU, AB 2610 now establishes a definition of "supplant" that: 1) responds to the California State Auditor's recommendation that the legislature adopt a "supplant" definition; 2) provides clear guidance to the CSU about what supplanting is and is not, and; 3) allows extended education to continue to meet the needs of students and the workforce. The bill also requires annual reporting to the Board of Trustees on FTEs undergraduate enrollment in state-support, self-support and the number of matriculated state-supported students enrolling in self-support courses during the academic year.

There are a few remaining issues that the committee and CSU expect to resolve in the Appropriations Committee in August.

CSU POSITION: SUPPORT
STATUS: This bill was passed unanimously by the Senate Education Committee and will be considered next in the Appropriations Committee when the legislature returns from summer recess.

SB 1210 (Lara) Postsecondary Education: California Student Education Access Loan Program: This bill is co-sponsored with UC, would establish the Dream Loan Program to serve CSU and UC students who meet the AB 540/130/131 eligibility criteria, but lack access to federal student loans. Students would qualify for up to \$4,000 in loans per academic year under a financial partnership between the state and participating institutions.

CSU POSITION: SUPPORT/SPONSOR
STATUS: This measure passed out of the Assembly Higher Education Committee and will be heard next in the Assembly Appropriations Committee.

Other Legislation of Interest

AB 46 (Pan) California State University: Online Education: This proposal requires extensive data collection regarding university resources used by faculty and staff associated with educational programming vendor contracts. The CFA sponsored this measure in response to the Udacity contract with San Jose State University. The CSU offered amendments to provide *readily available* data that results from such agreements and would make it available at the request of the Academic Senate. This is consistent with CFA's intent to get information to assess the success of online courses. To date, CFA has rejected the most critical amendment – to remove language that would require CSU to track and report not only student outcomes from online courses, but also student use of university resources related to such courses.

CSU POSITION: OPPOSE UNLESS AMENDED
STATUS: The bill will be considered in the Senate Appropriations Committee in August. We estimate at least \$400,000 in new costs for the CSU before we calculate the impact of the provision regarding tracking of student use of university resources.

AB 736 (Fox) California State University: Antelope Valley: This bill authorizes the CSU to do a feasibility study for a free-standing off-campus center at Antelope Valley. We have estimated costs of up to \$600,000 for the study to do physical, academic and environmental planning and traffic components. This has been a long-standing issue for the community given its distance from CSU Bakersfield. The author is one of the two Democrat incumbents targeted

in the upcoming fall election. As amended in the Senate Education Committee this week, the CSU is not required to move ahead on the study unless and until non-state sources have been retained to cover costs. The bill requires funding to be derived solely from non-state sources.

CSU POSITION: NO OFFICIAL POSITION
STATUS: The bill will be heard in the Senate Appropriations Committee in early August.

AB 938 (Weber) Public Postsecondary Education: Fees: This bill was amended in late June to prohibit any new Student Success Fees or increases to existing ones without a vote of the student body.

CSU POSITION: NONE
STATUS: The bill was further amended in the Senate Education Committee to state that the CSU will ensure that low-income students receive financial aid to cover these mandatory fees. The bill will be heard next in the Senate Appropriations Committee in August.

AB 1348 (J. Perez) Postsecondary Education: California Higher Education Authority: This proposal creates a new higher education coordinating body that includes oversight for public and all private colleges and universities. The governing body consists of nine public members appointed by the Governor, Assembly Speaker and the Senate Rules Committee as well as a student representative from each segment. The bill excludes segmental representatives from the board unlike the California Postsecondary Education Commission (CPEC) which was closed after the Governor deleted all funding several years ago.

CSU POSITION: CONCERNS
STATUS: The bill passed in the Senate Education Committee last week following nine months of discussions with the Speaker's staff about our suggestions and concerns. In deference to the Speaker Emeritus, we took the unusual step of expressing concerns about the lack of segmental representation on the governing board. UC and the California Community Colleges (CCC) shared our concerns. The bill will be heard in the Senate Appropriations Committee later this summer but there is no funding in the measure or budget to implement it.

AB 1433 (Gatto) Student Safety: This measure require any sexual or violent crime reported to campus police be immediately disclosed to a local public law enforcement agency which has a Memorandum of Understanding with the campus, if the victim agrees to the release of such information. Campuses will continue to serve as the lead agency for investigation of the crime. It also requires that any sexual assault or hate crime that takes place on or near a campus be

reported to the campus law enforcement by the campus security authority, consistent with the Clery Act.

CSU POSITION: SUPPORT
STATUS: The bill was placed on the Senate Education's consent file and will be heard in the Senate Appropriations Committee on June 30.

AB 1451 (Holden) Concurrent Enrollment in Secondary School and Community College: This bill expands opportunities for high school students to dual enroll at local community colleges. The CSU has supported the bill as a partner to the CCC as well as to give students another way to progress to their degree. The CSU believes that concurrent enrollment supports students on their pathway from high school to community colleges and ultimately the CSU – all of which have a positive impact on college affordability, access and completion.

CSU POSITION: SUPPORT
STATUS: The bill passed in the Senate Education Committee and will be heard by the Senate Appropriations Committee in August.

AB 1456 (Jones-Sawyer) Higher Education: Tuition and Fees: Pilot Program: This proposal directs the California Student Aid Commission (CSAC) and the Legislative Analyst Office (LAO) to study a pilot program where students are not charged tuition fees or housing costs, but rather commit to pay a percentage of their salary back to the institution post-graduation. It asks for four campuses to be identified as participants (one from each public segment and one non-profit, spread evenly across the state), but does not guarantee funding for the backfill of lost revenue.

CSU POSITION: NO OFFICIAL POSITION
STATUS: This measure was approved by the Assembly and is now in the Senate Rules Committee but was never referred to a policy committee. As the measure is keyed fiscal and does not have an urgency clause, the bill is dead.

AB 1549 (Rendon) Postsecondary Education: Equity in Higher Education Act: This proposal requires higher education institutions to post their policies on sexual assault on their websites. It is understood that the author, who requested the BSA report on sexual assaults, will amend the bill to implement recommendations of the final report.

CSU POSITION: WATCH
STATUS: The bill passed in the Senate Education Committee and is headed to the Senate Appropriations Committee in August.

AB 1927 (Frazier) Student Financial Aid: Debit Cards: This bill proposes that all California universities and colleges who offer financial aid disbursement via a third party debit card establish best practices and protect students from what some would call predatory practices by vendors such as Higher One. The most restrictive provisions were removed by the Assembly Banking Committee, addressing CSU concerns. While numerous community colleges have partnered with vendors like Higher One, only one CSU campus, Fresno, has signed a contract for this purpose.

CSU POSITION: NO OFFICIAL POSITION
STATUS: The Senate Appropriations Committee will consider this measure in August.

AB 1924 (Logue) Public Postsecondary Education: Baccalaureate Degree Pilot Program: This proposal is the third attempt by the author to create a new pathway for a student to complete their degree in four years at a cost not to exceed \$12,000. Per the language in the measure, an institution would volunteer to participate in the program. A similar version of the proposal creates a program at the UC capping total fees at \$25,000.

CSU POSITION: NO OFFICIAL POSITION
STATUS: The measure will not be heard this year and is dead.

AB 1953 (Skinner) Higher Education Energy Efficiency Act: Grants: This proposal establishes financial assistance via no-interest, low-interest loans and loan loss reserves, and directs the California Energy Commission, in coordination with the CSU chancellor and UC president, to provide building retrofits that reduce energy demand on our campuses. The author is negotiating with leadership and the administration regarding the funding mechanism.

CSU POSITION: SUPPORT
STATUS: This measure passed out of the Senate Energy, Utilities and Communications Committee and now goes to the Senate Appropriations Committee.

AB 1969 (Levine) Postsecondary Education: Intersegmental Coordination in Governance: The proposal requires the CSU and the CCC, and requests the UC, to coordinate the procuring of systemwide information technology and software for the purposes of enhancing student achievement. In addition, the measure requires that any future upgrades or revisions of our existing systems make them compatible with other segments.

CSU POSITION: NO OFFICIAL POSITION
STATUS: All three segments have concerns about this measure and expected a different outcome in the policy committee this week. The CSU experts are

concerned with the feasibility and cost of this measure. The bill will be heard by the Senate Appropriations Committee in early August.

AB 1977 (R. Hernandez) Public Postsecondary Education: Student Academic Preparation and Educational Partnerships: This bill increases financial support for academic programs like the Early Academic Outreach Program (EAOP), the Mathematics, Engineering, Science Achievement (MESA) program, and the Puente program. These preparation programs are not funded by a line item in the CSU budget.

CSU POSITION: NO OFFICIAL POSITION
STATUS: The measure was placed on the Assembly Appropriations suspense file due to costs and is now dead for the session.

AB 2099 (Frazier) Postsecondary Education: Title 28 Awards: This bill establishes minimum student outcome requirements for postsecondary institutions that educate student veterans and are utilizing their federal veteran's education benefits. Ultimately, the author's goal is to steer veterans away from enrolling at for-profit colleges that have high default and low graduation rates. The graduation and default rates that institutions must meet in order to enroll veterans utilizing their veteran's education benefits mirror that of the Cal Grant program. This bill would also require that institutions be fully *compliant* with the federal Principles of Excellence.

CSU POSITION: SUPPORT IF AMENDED
STATUS: This bill passed the Senate Education Committee and will be heard in Senate Appropriations Committee in August. The CSU remains concerned with the requirement that all campuses fully comply with the federal principles, thus requiring new hires on every CSU campus at a significant unfunded cost.

AB 2153 (Gray) Postsecondary Education: Course Offering: This proposal, sponsored by the CFA, proposed a very restrictive statutory definition of "supplant" for extended education courses and programs at the CSU. The definition would have had harmful consequences on extended education and would have eliminated many options for students to enroll in extended education.

CSU POSITION: OPPOSE
STATUS: This bill is no longer moving forward. Some of its provisions have been mitigated and will be amended into AB 2610 (Williams and Gray).

AB 2235 (Buchanan) Education Facilities: Kindergarten-University Public Education Facilities Bond Act of 2014: This bill authorizes a \$9 billion general obligation bond to be placed before the voters on the November 2014 statewide general election and gives higher

education \$3 billion. The bond provides \$500 million to the CSU (and the UC) and \$2 billion to the community colleges.

CSU POSITION: SUPPORT
STATUS: This measure was approved by the Senate Governance and Finance Committee and now goes to the Senate Appropriations Committee.

AB 2721 (Pan) Trustees of the California State University: Non-faculty Employees: This proposal adds a staff representative as a voting member of the Board of Trustees. As introduced, the nomination of proposed appointees to the Governor by the union required the staff trustee to be someone covered by HEERA. The CSU offered amendments to allow all staff to be considered for this appointment and the creation of a staff council similar to the Academic Senate for nominations to the Governor. The committee proposed changes consistent with CSU suggestions. ASR staff is working with legislative staff to ensure that the final bill language reflects these changes correctly.

CSU POSITION: PENDING
STATUS: The bill passed the Senate Education Committee and will be heard in the Senate Appropriations Committee in August.

SB 845 (Correa) Postsecondary Education: Electronic Disbursement of Student Financial Aid: This bill is seen as another approach to the issues raised by AB 1927 (Frazier) regarding financial aid disbursement via debit cards. Senator Correa and his staff have worked closely with Chancellor's Office ASR and Contracts and Procurement staff to draft a bill that establishes *guidelines* for campus contract with third party vendors for this purpose. The measure is supported by CSSA.

CSU POSITION: SUPPORT
STATUS: The bill will be heard by the Assembly Appropriations Committee in August.

SB 850 (Block) Community College Districts: Baccalaureate Degree Pilot Program: This measure authorizes a pilot program for CCC baccalaureate degrees that are not offered by the CSU and UC. Up to 15 districts can offer one program each to respond to workforce needs after being approved by the CCC chancellor and Board of Governors. The CSU worked closely with Senator Block to develop amendments that addressed concerns from Academic Affairs and in turn we were one of two supporters asked to testify in committee earlier this week. The CSU played a significant role responding to questions by committee members during the hearing noting a strong partnership with the CCC and interest in finding ways to serve students and the state.

CSU POSITION: SUPPORT
STATUS: This measure passed out of the Assembly Higher Education Committee and now goes to the Assembly Appropriations Committee.

SB 943 (Beall) CSU: Personal Services Contracting: This measure establishes standards for personal service contracts similar to those of the State Civil Service Act to be applicable to the CSU. It requires the Public Employment Relations Board to review and disapprove a contract that does not meet those standards among other things.

CSU POSITION: OPPOSE
STATUS: This measure was defeated in the Senate Education Committee.

SB 967 (DeLeon) Student Safety: Sexual Assault: This proposal requires the public segments as well as the independent universities and colleges to adopt policies on campus sexual violence, including an affirmative consent standard in the determination of whether consent was given by a complainant and to provide written notification to the victim about the availability of resources and services. Much of what the measure proposes to do is already required by federal regulations, but both Assembly Member Gatto and Senator DeLeon have Occidental College within their districts where significant issues have been raised by students and others.

CSU POSITION: SUPPORT
STATUS: This measure passed out of the Assembly's Judiciary and Higher Education Committees and now goes to the Assembly Appropriations Committee. The CSU supports the intent of the bill and is working with the author on some of the wording in the measure.

SB 1017 (Evans) Education Finance: Oil and Gas Severance Tax: This proposal establishes an oil severance tax which would designate fifty percent of the revenues received to the UC, CSU, and CCC; twenty-five percent to the Department of Park and Recreations; and twenty-five percent towards the California Health and Human Services Agency. The CSU would be required to use the funds provided to the system for the following purposes: 1) deferred maintenance; 2) instructional equipment replacement; 3) pay off debt from a statewide bond; and, 4) minor capital outlay projects as allocated by a newly created oversight board rather than the Board of Trustees.

CSU POSITION: NO OFFICIAL POSITION
STATUS: This measure was held on the Senate Appropriation Committee's suspense file and is now dead for the year.

SB 1022 (Huff) Public Postsecondary Education: Labor Market Outcome Information:

This proposal requires the UC and CSU to create a website similar to what the community colleges had created known as “Salary Surfer.” The website would show how much more income you would make with a degree in a certain field as compared to not having a degree and would provide a statistical listing of colleges that offer degrees in that field.

CSU POSITION: SUPPORT

STATUS: The bill will be heard in the Assembly Appropriations Committee in August.

SB 1196 (Liu) Public Postsecondary Education: State Goals: This bill reflects the legislature’s interest in being involved in and party to the sustainability plans and accountability agreement between Governor Brown, the CSU and the UC. As amended in the Senate Education Committee last Wednesday, the bill creates a task force to work with all the parties to develop measures of success tied to the statewide goals enacted last year through SB 195.

CSU POSITION: WATCH

STATUS: The bill will be heard in the Senate Appropriations Committee in August.

SB 1325 (Yee) California State University: Contractors: This proposal requires that any contracts entered into by the system with a private vendor include a provision that any data collected by the contractor related to a student or a faculty member of the university, be provided to the university in both electronic and paper formats. Also, any contract entered into with a non-state entity must explicitly address the issue of ownership of the intellectual property.

CSU POSITION NO OFFICIAL POSITION

STATUS: The measure was sent back to the Senate Rules Committee as the author is on indefinite leave. The contents of this measure have been amended into AB 46 (Pan) reported here.

AGENDA

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Meeting: 10:30 a.m., Tuesday, July 22, 2014
Glenn S. Dumke Auditorium

Steven M. Glazer, Chair
Douglas Faigin, Vice Chair
Roberta Achtenberg
Debra S. Farar
Margaret Fortune
Hugo N. Morales
J. Lawrence Norton
Steven G. Stepanek

Consent Items

Approval of minutes of meeting of March 25, 2014

Discussion Items

1. Naming of a Facility—San Diego State University, *Action*

**MINUTES OF THE MEETING OF
COMMITTEE ON INSTITUTIONAL ADVANCEMENT
Office of the Chancellor
Glenn S. Dumke Auditorium
401 Golden Shore
Long Beach, California**

March 25, 2014

Members Present

Roberta Achtenberg
Rebecca Eisen
Debra Farar
Margaret Fortune
Bob Linscheid, Chair of the Board
Steven G. Stepanek
Cipriano Vargas
Timothy P. White, Chancellor

Trustee Farar called the meeting to order.

Approval of Minutes

The minutes of January 29, 2014, were approved as submitted.

Measuring Advancement

Trustee Farar announced that the Measuring Advancement report will be postponed.

Naming of an Academic Program – California State University, Northridge

Mr. Garrett P. Ashley, vice chancellor for university relations and advancement, reported that the proposed naming recognizes a \$10 million contribution by David Nazarian in support of the strategic initiatives of the College of Business and Economics. In addition, Mr. Nazarian has committed to raising another \$15 million over the next three to five years.

President Dianne Harrison and Chancellor White thanked Mr. Nazarian for his generous support, which will help launch new academic programs, enhance learning opportunities and increase engagement with the business community.

The committee unanimously recommended approval by the board of the proposed resolution (RIA 03-14-05) that the College of Business and Economics at California State University, Northridge be named the David Nazarian College of Business and Economics.

Naming of a Facility – California State University, Fresno

Mr. Ashley reported that the proposed naming recognizes Coach Margie Wright, the NCAA Division I all-time winningest softball coach and second all-time in NCAA Division I victories regardless of sport. She was the driving force behind the construction of the softball diamond, which has proved to be a blueprint for softball growth at the NCAA Division I level.

President Joseph Castro and Chancellor White thanked Ms. Wright for her tireless commitment to student-athletes and her continued involvement in the community.

The committee unanimously recommended approval by the board of the proposed resolution (RIA 03-14-06) that the softball diamond in the Department of Intercollegiate Athletics at California State University, Fresno be named the Margie Wright Softball Diamond.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Naming of a Facility–San Diego State University

Presentation by:

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Summary

This item will consider naming the Basketball Performance Center at San Diego State University as the Jeff Jacobs JAM Center.

This proposal, submitted by San Diego State University, meets the criteria and other conditions specified in the Board of Trustees Policy on Naming California State University Facilities and Properties including approval by the system review panel and the campus academic senate.

Background

The proposed naming of the facility recognizes the \$3 million in combined contributions: \$1.5 million by Jeff Jacobs and a trio of \$500,000 gifts from Hal Jacobs, Steve Altman and Jim Morris (JAM). These gifts account for 25% of the construction costs for the new facility breaking ground in July 2014. The facility will house both the men and women's basketball teams for practice and skill instruction. This facility will help alleviate some scheduling difficulties amongst the three venues where these teams currently practice. This facility will also be available to host special events with the nearby Parma Payne Goodall Alumni Center.

Jeff Jacobs is a long-time benefactor of Aztec Athletics. He is a charter member of the Director's Cabinet—a group of civic leaders who support student-athlete scholarships annually at a minimum of \$30,000. Since its formation in 2001, nearly \$12 million has been raised for scholarships through the Director's Cabinet.

Last year Jeff Jacobs donated \$1 million as the lead gift to the Basketball Performance Center and has now pledged another \$500,000 for the project. He was also instrumental in assisting athletics with asking Hal Jacobs, Steve Altman and Jim Morris for \$500,000 each for the project. Derived from the last names of these three donors, the acronym JAM plays well with the game of basketball.

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All of these benefactors support the mission of San Diego State University and public higher education. Jeff Jacobs is a University of California, Berkeley graduate. Hal Jacobs is a University of California, San Diego alumnus. Steve Altman is a Northern Arizona University undergraduate and received a law degree from the University of San Diego. Jim Morris is a University of California, Berkeley graduate.

San Diego State University is pleased to recognize Jeff Jacobs, Hal Jacobs, Steve Altman and Jim Morris for their generosity and desire to provide our student athletes with the facilities needed to remain national contenders.

Recommended Action

The following resolution is recommended for approval:

RESOLVED, by the Board of Trustees of the California State University, that the SDSU Basketball Performance Center at San Diego State University be named the Jeff Jacobs JAM Center.

AGENDA

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Meeting: 10:45 a.m., Tuesday, July 22, 2014
Glenn S. Dumke Auditorium

J. Lawrence Norton, Chair
Rebecca D. Eisen, Vice Chair
Talar Alexanian
Adam Day
Lillian Kimbell
Steven G. Stepanek

Consent Items

Approval of Minutes of Meeting of May 20, 2014

Discussion Items

1. Amend the 2014-2015 Non-State Funded Capital Outlay Program for Projects at California State University, East Bay and California State University, Sacramento, *Action*
2. Approval of Schematic Plans for California State University San Marcos, *Action*

**MINUTES OF MEETING OF
COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS**

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

May 20, 2014

Members Present

Rebecca D. Eisen, Chair
J. Lawrence Norton, Vice Chair
Edmund G. Brown, Jr., Governor
Adam Day
Lillian Kimbell
Bob Linscheid, Chair of the Board
Gavin Newsom, Lieutenant Governor
Cipriano Vargas
Timothy P. White, Chancellor

Approval of Minutes

The minutes for the March 2014 meeting were approved as submitted.

Amend the 2013-2014 Capital Outlay Program, Non-State Funded

Assistant Vice Chancellor Elvyra F. San Juan presented agenda item 1 which proposes to amend the 2013-2014 non-state funded capital outlay program with three projects: Food Service at California State University, Northridge; Mangrum Track Field Lighting and Cell Tower at California State University San Marcos; and Wine Spectator Learning Center Renovation at Sonoma State University.

The committee recommended approval of the proposed resolution (RCPBG 05-14-06).

Status Report on the 2014-2015 State Funded Capital Outlay Program

Ms. San Juan reported on the progress of the state funded capital outlay program. The funding of \$6 million for equipment projects on three campuses and reappropriation of the California State Polytechnic University, Pomona Administration Replacement Building has not secured approval by both the senate and assembly but will be further considered by each house later this week.

Annual California Environmental Quality Act (CEQA) Report

Ms. San Juan presented the report with the use of a PowerPoint presentation. She provided a brief overview of the California Environmental Quality Act (CEQA) in the context of campus planning and project considerations that come before the committee on Campus Planning, Buildings and Grounds for approval and further to serve as a foundation to the board on its roles and responsibilities with regards to CEQA compliance.

CEQA aims to inform decision-makers and the public regarding potential significant environmental impacts of projects. There are a number of areas of campus development that require the preparation of CEQA documents. Two of these are revisions to campus physical master plans and the approval of schematic designs for campus projects. There are a number of different types of actions for CEQA depending on the type of project and its impacts. Typically, campuses contract with a CEQA expert and traffic consultants to develop the appropriate CEQA documents. The documents articulate the analysis of potential impacts and appropriate mitigation measures based on the technical judgment of contracted CEQA experts, pursuant to CEQA.

Chancellor's Office initiatives were completed to assist campuses with assessing and addressing environmental impacts and comply with CEQA including: 1) updating the CSU CEQA Handbook, a guide to conducting environmental reviews of CSU projects; 2) hosting CEQA workshops to provide campuses with up-to-date information on emerging environmental topics; 3) establishing systemwide master enabling agreements for six CEQA consultants, thus streamlining the contracting process; 4) creating guidelines for traffic and transportation impact studies, a component of an EIR; and 5) developing a manual of best practices in the preparation of a transportation demand management manual.

Attachment A to the item lists the CEQA items approved by the board and by Ms. San Juan (under delegated authority) for the reporting period (fiscal year 2012-2013).

Approval of Schematic Plans

Ms. San Juan, along with President Haynes, California State University San Marcos, presented the item. In light of the recent fires that began May 14 in San Diego County, Ms. San Juan asked President Haynes to provide a brief report on the fires that threatened the campus and resulted in the postponement of commencement ceremonies. President Haynes, with photographs as backdrop, reported on the impact and effects of the fire on California State University San Marcos. The campus was evacuated in an orderly fashion and the emergency operations center was opened that afternoon. Over nine fires erupted in North San Diego County over the next three days. With much gratitude to first-responders, multiple communities, and sister campuses (San Diego State, CSU Long Beach and Cal Maritime), no buildings or members of the university community were harmed in the fires.

With a PowerPoint presentation, President Haynes presented the item for approval of schematic plans for California State University San Marcos—Field House Expansion. The school has built

a robust athletic program that provides opportunities for hundreds of student athletes, fosters student engagement and university pride, and opens another welcoming door to the community. The Field House Expansion will bring athletic facilities up to NCAA Division II standards, providing a home court for the men's and women's basketball and women's volleyball teams who currently play off-campus at local school sites. This project will allow student athletes to play local and regional universities during regular season, reducing their time on the road and away from their studies, and provide greater opportunities for spectator following and support. The multipurpose athletic center will provide expanded opportunities for fitness, recreation and other important co-curricular activities for all students.

Ms. San Juan identified sustainable design features including the use of natural ventilation, energy efficient LED lighting and the use of indirect natural daylighting. The campus completed a Mitigated Negative Declaration to comply with the California Environmental Quality Act (CEQA) and there are no significant impacts.

The committee recommended approval of the proposed resolution (RCPBG 05-14-07).

Approval of the Campus Master Plan Revision and Schematic Plans for the Recreation Wellness Center for San Francisco State University

President Wong, San Francisco State University, along with Ms. San Juan presented the item for approval of the campus master plan and schematic plans for the Recreation Wellness Center. With the use of a PowerPoint presentation, President Wong explained how the revised siting of the Recreation Wellness Center will further the campus vision of establishing the "Campus Main Street" as first proposed in San Francisco State's 2007 Master Plan. The proposed site brings the Recreation Wellness Center close to the heart of campus and to existing student housing.

Ms. San Juan reported the campus completed a Final Environmental Impact (EIR) in 2009. For this master plan change and schematic design, a Mitigated Negative Declaration was prepared to analyze the environmental effects. The study found that there will not be significant effects above and beyond those previously adopted by the Board of Trustees with the 2009 EIR.

The committee recommended approval of the proposed resolution (RCPBG 05-14-08).

Approval of the Amendment of the 2013-2014 Non-State Capital Outlay Program and approval of Schematic Plans for Plaza Linda Verde for San Diego State University

President Hirshman, San Diego State University, along with Ms. San Juan presented the item for approval of the amendment of the 2013-2014 non-state capital outlay program and schematic plans for Plaza Linda Verde. With the use of a PowerPoint presentation, President Hirshman introduced the proposed new mixed-use development that will consist of two six-story buildings and a seven-story parking structure. The residential component will allow 600 additional students to live on campus in living/learning communities; the retail component will increase the time students spend on campus, reduce travel in the surrounding area and will also benefit

faculty, staff and local community. The food market that will be the anchor of the retail development and will be the only such store within walking distance where students and local residents will be able to purchase groceries and fresh produce.

Ms. San Juan reported that in May 2011, the board approved the project level Final Environmental Impact (FEIR) for this project. An addendum to the EIR was prepared for this project as the height of two buildings changed from five stories to six stories and the parking structure changed from four stories to seven stories above ground. It was determined that no new or substantially more severe impacts would occur.

Lt. Governor Newsom asked why the project was not going forward with retail in the parking garage. Ms. San Juan responded that the project's strategy is to evaluate the outcome of the retail space planned for the lower floor of the housing units first. President Hirshman added that this is a more conservative approach in light of the economy.

Lt. Governor Newsom inquired regarding CSU's construction sustainability goal for Leadership in Energy and Environmental Design (LEED) certification. Ms. San Juan responded that the CSU on the whole trends to achieve LEED silver equivalent, although San Diego State achieved LEED platinum with their recent student union, believed to be the first LEED platinum student union in the country.

The committee recommended approval of the proposed resolution (RCPBG 05-14-09).

Approval of the Amendment of the 2013-2014 Non-State Capital Outlay Program and Schematic Plans for Campus Village 2 for San José State University

President Qayoumi, San José State University, along with Ms. San Juan presented the item for approval of the amendment of the 2013-2014 non-state capital outlay program and schematic plans for Campus Village 2. With the use of a PowerPoint presentation, President Qayoumi emphasized the importance of on-campus housing to improve the success of the school's students, and how this project will improve the quality of the campus housing. A secondary effect of the project will be the demolition of two dormitories that are beyond their useful life.

Ms. San Juan noted that part of the project's sustainable features will include dual-plumbing to accommodate future recycled water for non-potable use when a city recycled supply loop can be economically extended to this part of campus. An item to approve the project financing is being presented to the Committee on Finance later this afternoon.

The committee recommended approval of the proposed resolution (RCPBG 05-14-10).

Certify the Final Environmental Impact Report, Approve the 2014 Master Plan Revision and the Amendment of the 2013-2014 Non-State Capital Outlay Program for Student Housing South for California Polytechnic State University, San Luis Obispo

Trustee Eisen announced there were 14 speakers wishing to make public comments regarding agenda item eight, Certify the Final Environmental Impact Report, Approve the 2014 master Plan Revision and the Amendment of the 2013-2014 Non-State Capital Outlay Program for Student Housing South for California Polytechnic State University, San Luis Obispo, and proceeded to call them to the public microphones.

Ms. Linda White, San Luis Obispo resident, requested to cede her time to Ms. April Pearson, a California Environmental Quality Act (CEQA) land use attorney. Ms. Pearson spoke on behalf of the residents of the community of San Luis Obispo. The community is asking that the CSU trustees not certify the Environmental Impact Report (EIR) for the Cal Poly San Luis Obispo Student Housing South project as there was an insignificant level of review and analysis of the environmental impacts, in particular, a failure to analyze mitigations and their feasibility. The residents are longtime supporters of the university; many are professors and retired faculty, and in general, these residents are not opposed to housing at the campus. They are asking for the EIR to adequately address other possible locations and to adopt mitigation measures to lessen the impact on the community.

Mr. John Keisler, San Luis Obispo resident, asked 1) why were plans prepared, designed and build documents solicited in October and November 2013 before any public meetings or any public comment was achieved; 2) has anyone on the committee on campus planning, buildings and grounds or the board visited the proposed 13-acre site; 3) has anyone on the committee or board attended the two Cal Poly-sponsored meetings on campus; 4) has anyone on the committee or board members attended (or viewed the video of) the March 25, 2014 public town meeting hosted by the City of San Luis Obispo, where 175 residents attended and over 50 speakers spoke in regards to the project, most of them oppose it due to the location; 5) has anyone viewed the correspondence prepared by the City of San Luis Obispo that was sent to the chancellor and the board; and 6) why does Cal Poly with over 6,000 acres, select a site for their student housing project across the street from neighborhoods and an elementary school?

Ms. Rebecca Keisler, Co-chair of the Monterey Heights Neighborhood Association of San Luis Obispo, referenced the petition submitted to the board signed by 250 local friends and neighbors opposing the proposed location of the Student Housing South project. Ms. Keisler stated that five-story institutional-style buildings, housing over 1,400 students, the square footage of four super Walmarts do not belong across the street from single-story/single-family homes on a residential substandard (Slack) street. Dense student housing complexes belong deeper in the campus, allowing a buffer to city residents. California environmental law requires a project to respect the home and living environment of every Californian.

Mr. Derek Johnson, Director of Community Development, City of San Luis Obispo, stated that the city has submitted letters to Cal Poly on the recirculated EIR and the original EIR and wish to

acknowledge President Armstrong's role in reaching out to the community and his leadership role in addressing issues with the city. President Armstrong provided two letters that were forwarded to the Board of Trustees both in response to city comments on the draft EIR and a proposed range of future collaborations. Mr. Johnson does not support or oppose the project. The city is requesting that the board fully consider the city's letter and incorporate mitigation measures into the Final EIR.

Ms. Joi Sullivan, Cal Poly San Luis Obispo student and president for Cal Poly's Associated Students Inc. for the 2014-2015 school year, recounted how her experience in her first year at Cal Poly was instrumental to her success due to the proximity of her dorm to the core of campus, encouraging her involvement in campus life. Ms. Sullivan supports the Student Housing South project and submitted a letter from San Luis Obispo County Supervisor (and former faculty member of Cal Poly) Adam Hill in support of the project.

Trustee Emeritus George Gowgani, San Luis Obispo resident, expressed his strong support for approval of the Student Housing South project. Trustee Gowgani, who is a Cal Poly graduate and former faculty member, reinforced the importance of freshman being with their peers further noting that on-campus housing is a factor in increased graduation rates and parent satisfaction.

Ms. Brea Haller, third-year agricultural business major and second generation Cal Poly student from the Imperial Valley, supports the Student Housing South project, emphasizing the importance of a centralized location for freshman housing to students' success. Ms. Haller presented a letter of support from San Luis Obispo County Supervisor Debbie Arnold who represents District 5.

Mr. John W. Evans, member of the Building, Design and Construction Committee with San Luis Obispo County's Economic Vitality Corporation, spoke in support of the Student Housing South project. He also presented a letter from the San Luis Obispo Economic Vitality Corporation supporting the on-campus housing project at Cal Poly San Luis Obispo.

Mr. Brady Hiob, third-year mechanical engineer student, chairman elect of the University Union Advisory Board of the Associated Students, Inc. and chief financial officer of the Associated Students, Inc. for the 2014-2015 school year, expressed his support for the Student Housing South project, emphasizing the importance of its proximity to other first-year student housing and the campus core. Mr. Hiob presented a letter from the San Luis Obispo Chamber of Commerce in support of the Student Housing South project.

Ms. Jackie Caplan Wiggins, Vice Chair, Parent and Family Program Advisory Council and parent of two current Cal Poly San Luis Obispo students, expressed her support for the Student Housing South project. She feels it's very important to have campus housing available for both first and second-year students as a buffer between the transition of dependent living with parents and family and complete independence. The proposed site has close access to both dining and other popular student gathering places, and is thus in the students' best interest for health, well-being and safety.

Mr. Jake Rogers, third-year agricultural business student and Associated Students, Inc. chief of staff for the 2014-2015 school year, expressed his support for the Student Housing South project and its proposed location. Additionally, Mr. Rogers submitted a letter in support of the project on behalf of Questa College, a longtime partner with Cal Poly San Luis Obispo in supporting the San Luis Obispo community, and their president, Dr. Gilbert Stork.

Dr. Michael Lau, Past Vice President Cal Poly Alumni Association San Luis Obispo Chapter and Incoming Cal Poly Alumni Association Regional Director Central Coast Region, stated his support for the Student Housing South project noting the importance of creating a community in which students can grow and develop.

Mr. Jason Colombini, senior majoring in agricultural business, outgoing Associated Students, Inc. president, is a third-generation Cal Poly student with a total of seven family members having attended Cal Poly, all of whom lived in university housing during either all or part of their college experience. Mr. Colombini expressed his support for the Student Housing South project and submitted a letter on behalf of the Cal Poly Alumni Association in support of the project representing 140,000 Cal Poly alumnae.

Trustee Eisen thanked all the speakers acknowledging both their time and distance traveled in order to address the Board of Trustees and introduced President Armstrong, Cal Poly San Luis Obispo, and Ms. San Juan to present the item. With the use of a PowerPoint presentation, President Armstrong, explained how the Student Housing South project meets the demographic needs of the campus to ensure a successful future for Cal Poly and its students by enhancing 'learn by doing' and promoting an inclusive and holistic living learning polytechnic campus environment. The campus community is essentially residential yet there is only capacity to house approximately 36 percent of the students in university housing. A recent housing demand study completed in 2012 found there is need for an additional 3,000 housing units on campus. The adjacent neighborhoods consist of about 65 percent rentals, housing mainly Cal Poly San Luis Obispo students.

On-campus housing is critical for student success. It's also critical that freshmen are grouped together to improve graduation rates, retention, and on-campus social participation. This project will move more than 1,400 students from the San Luis Obispo neighborhoods back onto the campus and increase the number of students housed on campus from 36 percent to 44 percent. The long-range goal for the university is 66 percent. The project is consistent with the city's approved housing goals which have suggested that the university require freshmen to live on campus.

The campus evaluated more than half a dozen potential sites for the project. Campus representatives met with the neighbors and the city at two public forums and collected public input on the project's EIR. This process confirmed that no other site will provide the required amount of freshman housing while keeping the new housing clustered near existing freshman housing, building upon the existing infrastructure.

In evaluating other sites, it was clear that they would result in a significant increase in project costs. The university is working with both neighbors and the city to address as many of their concerns as possible. For example, the height of the building closest to the local neighborhood has been lowered to three stories. A green barrier is planned to provide a buffer between the campus and the local neighborhood to help prevent students from walking into the neighborhood.

The university is prepared to fund more than \$500,000 in improvements to the local neighborhood in partnership with the city. There are ongoing efforts to enhance programs related to student behavior, establish rules for the Greek Community, and to hire two additional police officers to service this area of campus. Additionally, the university is working with the city to develop a formal agreement that outlines further solutions and steps to demonstrate its commitment to being good neighbors. A future annual public meeting with the city and neighbors to discuss Cal Poly's plans for future enrollment growth and housing is being planned.

Ms. San Juan pointed out that copies of the letters received in the last few days concerning this project are in the trustees' packets. These include letters in opposition and in support of the project as well as a CSU response to those letters. Ms. San Juan continued with a series of slides to highlight the information and analyses included in the EIR. The project level EIR was prepared to evaluate the environmental impacts of the proposed master plan change and has sufficient detail to be used as the CEQA document for the approval of schematic plans.

The campus assessed a number of project site alternatives and evaluated how well each site met the campus' project objectives which include co-locating freshman housing to promote freshman engagement, retention, and academic success. One common thread between the 2001 master plan and this plan is to increase the amount of on-campus student housing. There are three areas of the EIR that are identified as having the potential for significant and unavoidable environmental impacts. The first area is air quality due to the generation of emissions during construction, increased traffic trips and energy use. Dust and emissions during construction will be mitigated similar to any other construction project but cumulative long-term operational air quality impacts would remain significant.

The second area is related to aesthetics and the loss of scenic views. Two mitigation measures are designed to reduce this impact: 1) the elimination of one floor of one residential building along Slack Street results in a 3-story building instead of a 4-story building; and 2) the use of a landscape plan to provide visual screening of the housing development.

The third area is related to increased traffic impacts to surrounding intersections, where under the city traffic thresholds, one additional trip generated is considered a significant impact. Off-site mitigation has been proposed to reduce the adverse impacts to these intersections but the impacts would remain significant and unavoidable.

There are five intersections that are impacted with the addition of the project. The net trips added by the project range from -5 (trips were reduced) during the morning peak period and up to 79

trips added during the afternoon peak period. Net trips from the project would be at most 79 in addition to the existing 4,104 peak-hour trips at the most heavily impacted intersection at Foothill Boulevard and Santa Rosa. The traffic impact from the project (across the five intersections) ranges from 1.9 percent of existing trips to 2.6 percent.

Four of the five intersections are already at a “poor” Level of Service. At three of the intersections, the city has identified improvements that include intersection widening, signalization or installation of a roundabout and a two-way left-turn lane. The campus calculated the number of trips that would be added and calculated its fair share for mitigation of off-site impacts at \$534,000. The item’s resolution includes the request to seek funding for the CSU’s fair share amount from the legislature consistent with the *City of Marina* decision. Improvements to the two other intersections have not yet been identified by the city.

Ms. San Juan reported on the alternatives that were considered by the campus for the project, as described in the item. They were found inadequate in that they would not meet the programmatic requirement to co-locate freshman housing. In addition, the alternative sites would incur a cost premium to develop due in part to: topography (hillside), the need to construct a local dining commons, replacement of a bridge, and the higher cost per square foot in anticipation of an additional story for the building to compensate for the reduced number of acres than available in the proposed site.

The EIR identifies significant impacts, mitigation measures and analyzes project alternatives. The Findings of Fact and Statement of Overriding Considerations identify benefits and merits of the project that outweighs the significant unavoidable impacts in support of additional student housing at Cal Poly San Luis Obispo. Approval of this master plan revision would allow the campus to proceed with schematic design and return to the board for financing and schematic approval at a later date.

Trustee Garcia requested confirmation that the \$500,000 for mitigation President Armstrong referenced is the same as the \$534,000 that Ms. San Juan gave in her report. President Armstrong confirmed they were the same. Trustee Garcia noted that as the \$534,000 may not be received from the state, are there other funds available to address the mitigation that has been identified?

President Armstrong confirmed that there are funds available to address the CSU’s fair share of the mitigation cost. Implementation of mitigation measures will depend on the city’s readiness to collaborate.

Trustee Norton asked President Armstrong how does the university respond when notified that a group of students are engaged in some form of disruptive behavior, and if the group is off-campus, is there a different response.

President Armstrong responded that under the leadership of Keith Humphrey, Vice President for Student Affairs, the campus has added a staff position whose responsibility is off-campus student life, providing resources to the tenet that the university does hold students accountable for their

behavior off-campus. This work includes communication with the Greek Community administering rules for registering parties.

Vice President for Student Affairs Humphrey, Cal Poly San Luis Obispo, concurred with President Armstrong's assessment.

Trustee Eisen asked President Armstrong if he thought these behavior issues with students are easier to resolve on-campus versus if students are scattered off-campus.

President Armstrong responded affirmatively. The project will increase on-campus housing to about 44 percent from the current 36 percent of student enrollment. Freshmen will move into better housing, and close to 1,400 sophomores will move out of the neighborhoods into on-campus housing. The university wants to reduce the number of student rentals in the city.

Trustee Vargas stated his support for the project based on three factors: 1) the need for additional on-campus student housing at Cal Poly San Luis Obispo based on the data provided; 2) the improved academic achievement as a result of the support received via living on-campus; and 3) safety. When students live on-campus, there is the opportunity to engage more effectively and access resources to assist with any issues. Residential advisors provide support across multiple areas: educational programming, social interactions, and community building—all elements found to enrich a student's experience which correlate with academic success.

President Armstrong added that Trustee Vargas's comment reminded him that the project will also help the university towards its goal to enhance diversity on the campus. The on-campus community will positively influence the university's ability to enhance the cultural livelihood of students into the future.

Chancellor White commented on what has changed in higher education between the master plans of 2001 and 2014, and perhaps most notably, what students need to succeed in the university environment. Developing best practices to address the issues of academic support and the living/learning environment for first-year and second-year students is a top priority in educational policy. This project has the potential to allow for more detailed planning in this area. Chancellor White also stated that the recruitment and retention of more first generation students (to attend college) and more students from a lower economic stratum of California are in the best interests of the CSU. Those students in particular need more living/learning support that this project would afford.

Lt. Governor Newsom concurred with the chancellor's remarks and expressed his strong support for the project, but did note there were a number of concerns shared by public speakers from the San Luis Obispo community. In consideration of those concerns, he asked if the public could be given 30 seconds to respond to the opposition to the EIR and impacts which appear to have been addressed by the university.

Mr. Derek Johnson, Director of Community Development, City of San Luis Obispo, addressed Lt. Governor Newsom's question stating that in the totality of the letter submitted by the city to the Board of Trustees on Friday, May 16, 2014, it is believed that at least with regards to traffic, the technical analysis prepared on the project severely understates the impacts and to that extent, while it is appreciated that the university has pledged to provide for off-campus mitigations, the methodology itself lends to understating those impacts and to that extent that is why the city has submitted some information into the record that challenges the technical approach to calculating the impacts.

Trustee Day thanked Ms. San Juan and President Armstrong for their detailed presentation of the item. He confirmed with Ms. San Juan that the alternative '*H-12 and H-16*' is not being considered as it does not meet all the programmatic objectives, and that it is not just a cost factor. Ms. San Juan concurred. Trustee Day expressed his support of the project, and stated, similarly to Trustee Garcia, if the legislature doesn't approve the funding for the fair share mitigation costs, he hoped the CSU would find other means to mitigate those impacts.

Lt. Governor Newsom expressed his confidence that under President Armstrong's stewardship of the university, the campus would continue to do the requisite public outreach and address the noted concerns and mitigations as they relate to traffic.

President Armstrong agreed and pledged as such to the Board of Trustees, campus neighbors and to the city to be good neighbors and work together toward common long-term goals.

The committee recommended approval of the proposed resolution (RCPBG 05-14-11).

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Amend the 2014-2015 Non-State Funded Capital Outlay Program for Projects at California State University, East Bay and California State University, Sacramento

Presentation By

Elvyra F. San Juan
Assistant Vice Chancellor
Capital Planning, Design and Construction

Summary

The California State University Board of Trustees approved the 2014-2015 non-state funded capital outlay program at its November 2013 meeting. However, as non-state funded projects can require a fairly long lead time to secure third party funding agreements or approval of viable financing plans, it is not always possible for campuses to complete the necessary requirements in time to include them in the capital outlay program. This item allows the board to consider the scope and budget of projects not included in the previously approved non-state funded capital outlay program.

1. California State University, East Bay Cellular Antennas Relocation

PWC¹ \$1,500,000

California State University, East Bay wishes to proceed with improvements to rooftop space on the Valley Business and Technology Center (#21²) to enable the relocation of antennas and installation of an equipment screen wall and supporting equipment for four cellular carriers. The campus will sublease approximately 1,092 gross square feet (GSF) to the carriers for the development of the cellular array and supporting infrastructure atop the four-story structure. The proposed improvements will create a screened enclosure to house antennas for AT&T, Sprint, T-Mobile and Verizon wireless services. The antennas will be securely attached to a metal wall that will effectively screen the appearance of the cellular installations from ground level views.

The terms of the subleases are for five years with a provision for two additional five-year extensions. Cellular antennas were previously located on the campus at the roof level of Warren Hall. With the demolition of the building in 2013, the wireless carriers were forced to relocate their facilities to a temporary cell tower site north of the Science Building (#1). The new location

¹ Project phases: P – Preliminary Plans, W – Working Drawings, C – Construction, E – Equipment

² Building numbers correspond to the Space and Facilities Data Base and campus master plan maps.

will minimize visual impacts and provide improved cellular coverage for the campus and surrounding neighborhoods.

The project will be funded by the cellular carriers.

2. California State University, Sacramento
Student Housing, Phase II **PWCE** **\$49,814,000**

California State University, Sacramento wishes to proceed with the design and construction of a new 350-bed housing project (#21) in the northeast quadrant of the campus close to other existing and planned student housing. A market demand study conducted in 2011 demonstrated a need for an additional 1,557 beds built in multiple phases. The 123,600 GSF complex will be designed with a combination of single- and double-occupancy rooms with shared bathrooms and living areas.

The project will be partially funded by an \$11.3 million contribution from housing reserves with the remainder of the project costs financed from the California State University Systemwide Revenue Bond program. The bonds will be repaid from housing revenues.

Recommendation

The following resolution is presented for approval:

RESOLVED, By the Board of Trustees of the California State University, that the 2014-2015 non-state funded capital outlay program is amended to include: 1) \$1,500,000 for preliminary plans, working drawings, and construction for California State University, East Bay Cellular Antennas; and 2) \$49,814,000 for preliminary plans, working drawings, construction and equipment for California State University, Sacramento Student Housing, Phase II.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Approval of Schematic Plans for California State University San Marcos

Presentation By

Elvyra F. San Juan
Assistant Vice Chancellor
Capital Planning, Design and Construction

Summary

Schematic plans for the following project will be presented for approval:

California State University San Marcos—Mangrum Track Field Lighting and Cell Tower
Project Engineer: Booth & Suarez

Background and Scope

California State University San Marcos proposes to proceed with the installation of four lights for the existing Mangrum Track Field (#60¹). A cell tower will be installed on top of one of the new light poles. A 600 gross square foot (GSF) utility building will be constructed to house telecommunications equipment and a back-up generator. The campus' 12 kilovolt (kV) electrical system will be extended to the center of the athletic fields for distribution of power to the new lights and to serve planned athletic fields in the future.

The project entails the installation of one 119-foot-tall stadium light standard with telecommunications equipment and three 90-foot-tall stadium light standards. The 119-foot-tall standard will be located on the southwest side of Mangrum Track with telecommunications equipment mounted above the stadium light fixture. Two of the three proposed 90-foot-tall stadium light standards will be installed on the east side of the track, and the third will be installed on the northwest side of the track. Stadium light fixtures will be mounted at the top of the standards.

The project will construct a concrete block equipment shelter and adjoining generator enclosure west of the track between the track and McMahan House (#50). The equipment shelter (maximum height of 13.5 feet) will house mobility system racks, equipment cabinets, condenser units, and other equipment associated with the proposed cell tower. Three global positioning system (GPS) antennas will be mounted to the roof of the shelter, inside the parapet.

¹ Building numbers correspond to the Space and Facilities Data Base and campus master plan maps.

A 50-kilowatt (kW), 210-gallon diesel tank generator will be located inside the generator enclosure to provide a back-up energy source.

Other associated electrical equipment, including a transformer and switchgear, will be housed just west of the equipment shelter. Existing landscaping removed by construction of the proposed project will be replaced.

Sustainable features include light fixtures with state-of-the-art glare protection to reduce the amount of light spilling off campus. The proposed fixtures would utilize a technology that provides, on average, a greater than 50 percent reduction in light spill and uses 40 percent less energy as compared to typical field lighting.

Timing (Estimated)

Preliminary Plans Completed	October 2014
Working Drawings Completed	November 2014
Construction Start	December 2014
Occupancy	March 2015

Cost Estimate – California Construction Cost Index (CCCI) 6077²

Installation Cost	\$801,000
Fees, Contingency, Services	<u>240,000</u>
Total Project Cost	<u>\$1,041,000</u>

Cost Comparison

The cost information is based on estimates provided by AT&T and the project engineer.

Funding Data

The project will be entirely funded by AT&T, including all utilities and maintenance, in exchange for siting of the cell tower. The university will retain ownership of the electrical service and lighting.

California Environmental Quality Act (CEQA) Action

² The July 2013 *Engineering News-Record* California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco and is updated monthly.

An Initial Study/Mitigated Negative Declaration (IS/MND) was prepared to analyze the potential significant environmental effects of the proposed project in accordance with the requirements of CEQA and state CEQA Guidelines. The Final Mitigated Negative Declaration is presented to the Board of Trustees for review and certification as part of this agenda item. It can be viewed at http://www.csusm.edu/pdc/MND%20Documents/Mangrum_IS-MND_complete.pdf. The public review period began on April 14, 2014, and closed on May 13, 2014. Comments were received from the City of San Marcos regarding the height of the cell tower equipment above the lighting standard and compliance with City code relating to wireless telecommunication facilities.

Recommendation

The following resolution is presented for approval:

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

1. The Final Initial Study/Mitigated Negative Declaration has been prepared to address any potential significant environmental impacts, mitigation measures and comments associated with approval of the California State University San Marcos, Mangrum Track Field Lighting and Cell Tower, and all discretionary actions related thereto, as identified in the Final Initial Study/Mitigated Negative Declaration.
2. The Final Initial Study/Mitigated Negative Declaration was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.
3. This resolution is adopted pursuant to the requirements of Section 21081 of Public Resources Code and Section 15091 of the State CEQA Guidelines which requires that the Board of Trustees make findings prior to the approval of a project that the mitigated project as approved will not have a significant impact on the environment, that the project will be constructed with the recommended mitigation measures as identified in the mitigation monitoring program, and that the project will benefit the California State University. The Board of Trustees makes such findings with regard to this project.
4. The chancellor is requested under Delegation of Authority granted by the Board of Trustees to file the Notice of Determination for the project.
5. The schematic plans for the California State University San Marcos, Mangrum Track Field Lighting and Cell Tower are approved at a project cost of \$1,041,000 at CCCCI 6077.

AGENDA

JOINT MEETING OF THE COMMITTEES ON FINANCE AND CAMPUS PLANNING, BUILDINGS AND GROUNDS

Meeting: 11:15 a.m., Tuesday, July 22, 2014
Glenn S. Dumke Auditorium

Committee on Finance

Roberta Achtenberg, Chair
Steven M. Glazer, Vice Chair
Talar Alexanian
Adam Day
Rebecca D. Eisen
Debra S. Farar
Margaret Fortune
Lupe C. Garcia

**Committee on Capital Planning,
Buildings and Grounds**

J. Lawrence Norton, Chair
Rebecca D. Eisen, Vice Chair
Talar Alexanian
Adam Day
Lillian Kimbell
Steven G. Stepanek

Consent Items

Approval of Minutes of Meeting of May 20, 2014

Discussion

1. Report on 2014-2015 State Funded Capital Outlay Program and Capital Financing Authority , *Information*

**MINUTES OF THE JOINT MEETING OF THE
COMMITTEES ON FINANCE AND CAPITAL PLANNING,
BUILDINGS AND GROUNDS**

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

May 20, 2014

Members Present

Finance Committee

Rebecca D. Eisen, Acting Chair
Adam Day
Lillian Kimbell
Bob Linscheid, Chair of the Board
J. Lawrence Norton
Timothy P. White, Chancellor

Campus Planning, Buildings and Grounds Committee

Rebecca D. Eisen, Acting Chair
J. Lawrence Norton
Adam Day
Lillian Kimbell
Bob Linscheid, Chair of the Board
Cipriano Vargas
Timothy P. White, Chancellor

Trustee Eisen called the meeting to order.

Approval of Minutes

The minutes of March 25, 2014 were approved by consent as submitted.

Capital Financing and the 2014-2015 Governor's Budget Proposal, *Information Item*

Mr. Steve Relyea, Executive Vice Chancellor and Chief Financial Officer, summarized the March Board of Trustees meeting presentation made to this same joint committee on the capital financing changes proposed for the CSU in the 2014-2015 Governor's Budget. In that presentation, staff outlined key elements of the Proposal including an initial funding level of \$297 million. He reminded the board that from that discussion, staff was then asked to return to the May meeting to present additional information on the Proposal, with focus on two areas— one, additional analysis of the initial funding level of the Proposal by utilizing CSU partners in

the financial community, and two, providing an assessment of the Proposal's risks to the CSU. Mr. Relyea then introduced Robert Eaton, Acting Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management to provide additional details.

Mr. Eaton stated that, under the Proposal, the budget burden for debt service on State General Obligation (GO) bonds and State Public Works Board (PWB) bonds that have been issued on behalf of the CSU would be shifted from the State to the CSU on a permanent basis. To accommodate this shift, the CSU general fund base budget would be increased permanently by approximately \$297 million beginning in fiscal year 2014-2015. In years in which the debt service exceeds the \$297 million level, the CSU would need to utilize other resources to meet the obligation. In years in which the debt service is less than the \$297 million level, the CSU would have cash flow available to meet other needs, including capital needs.

Mr. Eaton reported that there have been recent CSU projects that have been approved by the legislature and funded with PWB bonds, but which are not yet reflected in the debt service schedules for PWB bonds. With these projects in mind, the Department of Finance (DOF) has provided the CSU with a signed letter agreeing to a series of increases to the CSU general fund base budget in the near future. This would result in a \$20 million increase to the CSU base budget by 2017-2018, or an increase in the shift from \$297 million to \$317 million. However, he noted, this potential increase would not be in statute and would be subject to approval by the legislature in future budgets, therefore the focus of the discussion would be on the Proposal's initial \$297 million funding level. He added that this represents the debt service on today's existing debt and does not include any new debt that might be issued by the CSU.

The Proposal would also allow the CSU to pledge its annual general fund support appropriation to secure CSU debt. The use of the annual general fund support appropriation to fund academic buildings and infrastructure projects, and to refund, restructure, or retire PWB bond debt would be limited to 12 percent of the annual general fund support appropriation. Similarly, the funding of pay-as-you-go projects would fall within the same 12 percent limitation. The Proposal would also allow the CSU to pledge any of its other revenues to secure debt; it would streamline the project submittal process to the DOF and the legislature, and it would add flexibility under the State University Revenue Bond Act of 1947 to allow the CSU to utilize the new authorities through its existing SRB program.

At the March meeting, staff presented an overview of the potential impact the Proposal might have in addressing the CSU's growing \$1.8 billion backlog in deferred maintenance, focusing on the different initial funding levels. Under a \$397 million scenario, the CSU could make progress in addressing its deferred maintenance backlog. The backlog would not be eliminated, but based on staff assumptions and analysis, the additional \$100 million in revenues would support enough additional debt issuance to fund approximately \$1.6 billion of deferred maintenance need over the next 12 years, and by 2023, the backlog would be about \$1.3 billion less than under the current Proposal's \$297 million initial funding level.

Mr. Eaton stated that staff enlisted the assistance of the CSU's debt programs financial advisor, KNN Public Finance, as well as the investment banking teams at Barclays Capital and Bank of America Merrill Lynch, to analyze the Proposal under a number of interest rate, debt structuring, initial funding level, and debt policy assumptions to provide independent views on the ability of the CSU to address its capital needs under the Proposal. The results of these independent analyses were quite varied but support the basic conclusion presented at the March meeting that the \$297 million does not provide the CSU with adequate resources to address its deferred maintenance backlog.

With respect to the CSU's credit ratings, Mr. Eaton commented that the CSU would not expect any near term impact. The \$297 million permanent increase to the CSU general fund base budget mitigates the shift of GO and PWB debt service to the CSU. Since the rating agencies already incorporate PWB debt and/or CSU financial operating data into their rating analyses on the CSU's SRB program, this would not require a complete re-evaluation of the CSU. As an example, if the CSU were to be downgraded one level by each rating agency, the impact on the CSU's cost of capital under current market conditions would be about 0.20% or twenty basis points. This translates into about \$20,000 for every \$10 million of debt issued.

Regarding the potential refinancing of PWB debt with CSU debt, Mr. Eaton informed the board that there are approximately \$218 million, or 20%, of the total \$1.1 billion in PWB bonds that have been issued on behalf of the CSU that presently could be refinanced for net present value savings of about \$23 million, or 10.5% of the outstanding bonds. However, while the savings would be real and it certainly would make sense to refinance the bonds, relative to overall deferred maintenance backlog and capital needs, the savings are not significant and, as such, would not provide a meaningful impact on that problem.

As presented at the March meeting, the Proposal presents real challenges to the CSU. The adequacy of the \$297 million funding level to meet new capital needs would be the primary challenge. In order to address the growing deferred maintenance backlog, the CSU will need to identify other resources and there also would be the ongoing risk that the GO and PWB debt service would continue to be the responsibility of the CSU even in the face of future budget cuts due to economic downturns, thereby putting greater pressure on funds available to meet operating needs.

Trustee Norton questioned the impact this would have on tuition. Chancellor White stated that any disinvestment from the state in the CSU could very well impact student tuition and academic programs. The CSU has pushed hard on the DOF to provide additional resources for deferred maintenance, however, it does not look like the CSU will be getting additional funds.

Trustee Garcia stated that the CSU would likely incur new debt in order to tackle deferred maintenance and inquired about strategies to deal with this issue. Chancellor White noted that the budget request approved by the trustees in November included \$15 million for debt service. Although the proposed budget is far less than the CSU request, the CSU will still need to identify

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funds to support debt financing. This coming November the CSU will once again include an amount for debt financing in its budget request.

Lt. Governor Newsom mentioned the new buildings that were just approved and the perceived propensity to invest in new structures versus older structures and that the state is not going to bail the CSU out of its deferred maintenance issue. Chancellor White stated that the resources for the new buildings are restricted resources and would not be available for the existing deferred maintenance on state buildings and noted that deferred maintenance for buildings with restricted resources or using auxiliary funds are maintained using those restricted funds.

There being no further questions, Trustee Eisen adjourned the Joint Committee on Finance and Capital Planning, Buildings and Grounds.

JOINT MEETING

COMMITTEE ON FINANCE

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Report on 2014-2015 State Funded Capital Outlay Program and Capital Financing Authority

Presentation By

Elvyra F. San Juan
Assistant Vice Chancellor
Capital Planning, Design and Construction

Ryan Storm
Interim Assistant Vice Chancellor
Budget

Robert Eaton
Acting Deputy Assistant Vice Chancellor
Financing, Treasury, and Risk Management

Summary

This item reports on:

- 1) 2014-2015 support budget debt service increase.
- 2) New statutory authority granted in the passage of the budget, including capital financing authority for academic and instructional support facility needs.
- 3) Proposed debt program structure and draft revisions to the CSU Policy for Financing Activities (RFIN 03-02-02) to implement the new financing authority.
- 4) Final report on the 2014-2015 State Funded Capital Outlay Program.
- 5) 2014-2015 capital projects proposed for financing under the new authority.

2014-2015 Support Budget Debt Service Increase

The 2014-2015 Budget Act includes an increase to the CSU support budget by approximately \$297 million to accommodate the debt service shift (comprised of \$198 million for State General Obligation (GO) bond debt payments and \$99 million for State Public Works Board (PWB) bond debt payments including principal and interest).

In order to accommodate recent projects that have been approved by the legislature and have been funded with PWB bonds, but which are not yet reflected in the debt service schedules, the Department of Finance (DOF) has agreed to a series of increases to the CSU general fund

support budget in the near future. This would result in a \$20 million increase to the CSU support budget by 2017-2018, or an increase in the debt service shift from \$297 million to \$317 million. However, this potential increase would not be in statute and would be subject to approval by the legislature in future budgets.

New Statutory Authority

- 1) Education Code Sections 89770-89774, 90083
 - a. Authority for the CSU to pledge, in addition to any of its other revenues, its annual general fund support budget appropriation, less the amount of that appropriation required to meet GO and PWB debt service, to secure CSU debt issued pursuant to the State University Revenue Bond Act of 1947¹ ('47 Bond Act). The new authority also provides that the state will not restrict or impair the CSU's ability to pledge its annual general fund support budget appropriation, as long as any debt supported by the pledge remains outstanding.

Under this provision, no more than 12 percent of the annual general fund support budget appropriation may be used to: (a) fund debt service for capital expenditures; and (b) fund projects on a pay-as-you-go basis (using available resources like one-time funds for deferred maintenance).
 - b. Add flexibility under the '47 Bond Act that allows the CSU to utilize the new authorities through its existing Systemwide Revenue Bond (SRB) program.
 - c. Streamline of the project submittal process to the DOF and the legislature.
- 2) Health and Safety Code Section 13146 - Authority for State Fire Marshal to delegate enforcement of Building Standards related to fire and panic safety to the CSU. As a result of the new authority, a plan is being developed to increase campus and professional development training to secure State Fire Marshal recognition of a Designated Campus Fire Marshal.
- 3) Public Contract Code Section 10742 - Authority to publish public notices of Public Works Contracts on the CSU website (new), or to general circulation newspapers (existing) for projects greater than \$15,000 to inform the public of CSU projects.
- 4) Public Contract Code 10726 - Authority to receive bids for multiple public works projects for CSU campuses as a single project. This will facilitate campuses working together to streamline the construction delivery process.

¹ The State University Revenue Bond Act of 1947 is the authority under which the CSU's Systemwide Revenue Bond program has been created.

Proposed Debt Program Structure and Draft Revisions to the CSU Policy for Financing Activities (RFIN 03-02-02)

At the May meeting, program structure, key financial considerations and risks of the new program were discussed, including the potential impact of the new debt program on the CSU credit rating, and the potential cash flow savings from restructuring existing PWB bond debt.

With the changes to the Education Code now final, the CSU must decide how best to incorporate and implement the new program. The CSU could utilize its new authority to structure a new capital financing program through the existing SRB program or create a new, stand-alone debt program. By working through the existing SRB program, legal documentation, the costs of developing the new program (including credit rating discussions and program administration) would be less compared to the creation of a new, stand-alone program.

While there are certain risks in working through the SRB program, such as the introduction of state general fund appropriation risk into the SRB program, or the potential risk of debt service coverage dilution, which could impact credit ratings over time and increase the cost of capital, these risks are manageable and the staff recommendation, at this point, is to work through the existing SRB program. Furthermore, staff recommends that, at a future meeting, the board take action to add revenues allowed under the new authorities to the pledge securing CSU debt under the SRB program.

Given that the new revenue sources available to support debt under the new authorities will be limited (i.e. that portion of operating funds allocated by the board to support the financing of deferred maintenance and critical infrastructure needs), staff recommends that the capital financing resource be centrally managed as a strategic resource with some flexibility to permit campuses to manage their own resources for individual projects in the future. With this approach in mind, the prioritization of campus projects eligible for financing under the new authorities would remain a function of the Office of the Chancellor to evaluate campus needs and provide recommendations to the board on project priorities.

Due to the varying nature (complexity, dollar amount, project type) of campus financed projects, it is also recommended that campuses be allowed to make use of pay-as-you-go funds and/or reserves to reduce the amount of debt issued and speed project implementation.

With respect to the possible refinancing of PWB debt into the SRB program, at this point, staff recommends that any refinancing be done in accordance with existing CSU policy—i.e. when the refinancing generates net present value savings.

Consistent with the existing CSU Policy for Financing Activities (RFIN 03-02-02), staff recommends that the chancellor, through delegated authority, develop and establish other debt

structure and policy changes (e.g. debt service coverage ratios) needed to utilize the new authorities and establish a new capital financing program.

Attachment A is a version of the existing CSU Policy for Financing Activities (RFIN 03-02-02), using *italics* for proposed new language and ~~strike through~~ for deletions in accordance with the preliminary recommendations outlined above. Utilizing input from the board, staff will continue evaluating the new authorities with the intent of returning to the board in September for action on program structure and policy.

Final Report 2014-2015 State Funded Capital Outlay Program

The CSU's state funded 2014-2015 capital outlay program request was approved at the November 2013 Board of Trustees' meeting. Due to the uncertainty of the potential funding source for the 2014-2015 state capital program, the board approved resolutions directing staff to negotiate with the administration and the legislature during the budget process to maximize funding opportunities for the campuses. The trustees approved the entire state funded priority list (32 projects) of \$456 million for the 2014-2015 capital outlay program. The governor included capital funding of \$5,766,000 in the January budget proposal to fund three equipment projects out of the 18 projects submitted to the Department of Finance. These projects were approved by the legislature and are appropriated in the 2014-2015 Budget Act. The projects are:

Campus	Project	Amount
Chico	Taylor II Replacement Building	\$2,740,000
East Bay	Warren Hall Replacement Building	\$1,061,000
Monterey Bay	Academic Building II	\$1,965,000
Total		\$5,766,000

2014-2015 Capital Projects to be Funded from the New Authority

At a future board meeting, a handout will be provided listing the projects proposed to be funded or financed from the 2014-2015 support budget based on the 2014-2015 Capital Outlay Priority List previously approved by the board and will reflect if the trigger included in the 2014-2015 Budget Act results in an increase in one-time funds for CSU deferred maintenance. The highest priority project is the California State University, Fresno Utilities Infrastructure project which is currently being considered for funding through the equipment lease financing program in order to enable the campus to proceed to construction as quickly as possible in light of the repeated failures to the electrical distribution system. The second priority is the Statewide Infrastructure Improvements program which is designed to address building and infrastructure systems that have passed their useful life.

In light of the growing concern of utility failures, the system dedicated \$5 million to update campus utility master plans with the specific intent to address the trustees' concerns that

increased utility failures significantly impact our student learning environment and exposes the system to the risk of campuswide shutdowns and/or individual building shutdowns due to aged utilities.

The utility master plans are still in progress and a rank order list of critical projects is being compiled for funding from the new capital financing authority. The specific project(s) and proposed funding for each campus are being reviewed as a result of the critical infrastructure assessments. It is anticipated many campus projects will be structured in multiple phases as a key strategy to address limited support budget resources to fund debt service in fiscal years 2014-2015 through 2016-2017.

**CSU Policy for Financing Activities
Board of Trustees' Resolution**

WHEREAS, The Board of Trustees of The California State University ("the Board" or "the Trustees") finds it appropriate and necessary to use various debt financing programs afforded to it through the methods statutorily established by the legislature, and to use to its advantage those programs available to it through debt financing by recognized auxiliary organizations of the California State University; and

WHEREAS, The Board wishes to establish and maintain policies that provide a framework for the approval of financing transactions for the various programs that enable appropriate oversight and approval by the Trustees; and

WHEREAS, Within a policy framework, the Board desires to establish appropriate delegations that enable the efficient and timely execution of financing transactions for the CSU and its recognized auxiliary organizations in good standing; and

WHEREAS, The Board recognizes that there is a need from time to time to take advantage of rapidly changing market conditions by implementing refinancings that will lower the cost of debt financing for the CSU and its auxiliary organizations and that such refinancings could be better implemented by reducing the time required to authorize such refinancings; and

WHEREAS, The Board finds it appropriate to establish the lowest cost debt financing programs for the CSU, and to use the limited debt capacity of the CSU in the most prudent manner; and

WHEREAS, There are certain aspects of the tax law related to the reimbursement of up-front expenses from tax-exempt financing proceeds that would be more appropriately satisfied through a delegation to the Chancellor without affecting the Trustees' ultimate approval process for such financings; now, therefore be it

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

Section 1. General Financing Policies

1.1 The State University Revenue Bond Act of 1947 (Bond Act) provides the Board of Trustees with the ability to acquire, construct, or refinance projects funded with debt instruments repaid from various revenue sources.

1.2 The long-term debt programs of the Board of Trustees established pursuant to the Bond Act shall be managed by the Chancellor to credit rating standards in the "A" category, *at minimum*.

1.3 The intrinsic rating of any debt issued by the Trustees shall be at investment grade or better.

1.4 The Trustees debt programs should include the prudent use of variable rate debt and commercial paper to assist with lowering the overall cost of debt.

1.5 The Trustees programs shall be designed to improve efficiency of access to the capital markets by consolidating ~~revenue~~ bond programs where possible.

1.6 The Chancellor shall develop a program to control, set priorities, and plan the issuance of all long-term debt consistent with the *state and non-state funded* five-year ~~non-state~~ capital outlay program.

1.7 The Chancellor shall annually report to the Trustees on the activity related to the issuance of long-term debt.

Section 2. Financing ~~Program~~ Structure of the CSU's Debt Programs

2.1 To use the limited debt capacity of CSU in the most cost effective and prudent manner, all on-campus student, faculty, and staff rental housing, parking, student union, health center, and continuing education capital projects will be financed by the Trustees using a broad systemwide multi-source revenue pledge under the authority of the Bond Act in conjunction with the respective authority of the Trustees to collect and pledge revenues.

Other ~~revenue-based~~ on-campus and off-campus projects will also be financed through this ~~program and~~ *structure under the authority of* the Bond Act, unless

there are compelling reasons why a project could not or should not be financed through this ~~program~~ *structure* (see Section 3 below).

2.2 The Chancellor shall establish minimum debt service coverage and other requirements for Bond Act financing transactions and/or for the related campus programs, which shall be used for implementation of the Trustees' debt programs. The Chancellor shall also define and describe the respective campus program categories.

2.3 The Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management, and each of them (collectively, "Authorized Representatives of the Trustees"), are hereby authorized and directed, for and in the name and on behalf of the Trustees, to take any and all actions necessary to issue bonds pursuant to the Bond Act to acquire or construct projects. Authorized Representatives of the Trustees, with the advice of the General Counsel, are authorized to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, all bond resolutions, bond indentures, official statements and all other documents, certificates, agreements and information necessary to accomplish such financing transactions.

2.34 The Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the ~~Senior Director of Financing and Treasury~~ *Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management*, and each of them (collectively, "Authorized Representatives of the Trustees"), are hereby authorized and directed, for and in the name and on behalf of the trustees, to take any and all actions necessary to refinance any existing bonds issued pursuant to the Bond Act ~~of 1947~~ if the refinancing transaction will result in net present value savings, as determined by an Authorized Representative of the Trustees and which determination shall be final and conclusive. Authorized Representatives of the Trustees, *with the advice of the General Counsel*, are authorized to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, all bond resolutions,

bond indentures, official statements and all other documents, certificates, agreements and information necessary to accomplish such refinancing transactions.

Section 3. Other Financing Programs

3.1 The Board recognizes that there may be projects, or components of projects, that a campus wishes to construct that are not advantaged by, or financing is not possible, or is inappropriate for ~~the~~ a Bond Act financing program. A campus president may propose that such a project be financed as an auxiliary organization or third party entity financing, if there is reason to believe that it is more advantageous for the transaction to be financed in this manner than through ~~the~~ a Bond Act financing program.

3.1.1 Such financings and projects must be presented to the Chancellor for approval early in the project's conceptual stage in order to proceed. The approval shall be obtained prior to any commitments to other entities.

3.1.2 These projects must have an intrinsic investment grade credit rating, and shall be presented to the Trustees to obtain approval before the financing transaction is undertaken by the auxiliary organization or other third party entity.

3.1.3 If a project is approved by the Trustees, the Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the ~~Senior Director of Financing and Treasury~~ *Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management*, and each of them (collectively, "Authorized Representatives of the Trustees") are hereby authorized and directed, for and in the name and on behalf of the Trustees, to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, any and all documents and agreements with such insertions and changes therein as such Authorized Representatives of the Trustees, with the

advice of the General Counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof, in order to assist with the planning, design, acquisition, construction, improvement, financing, and refinancing of the projects.

3.2 The Chancellor may require campus presidents to establish campus procedures applicable to campus auxiliary organizations for the issuance of debt instruments to finance or to refinance personal property with lease purchase, line-of-credit, or other tax-exempt financing methods. The procedures issued by the Chancellor need not contain a requirement for approval of the Trustees or the Chancellor but may include authority for campus presidents to take all actions to assist the auxiliary organization on behalf of the Trustees to complete and qualify such financing transactions as tax-exempt.

Section 4. State Public Works Board Lease Revenue Financing Program

4.1 The authorizations set forth in this section shall be in full force and effect with respect to any State Public Works Board project which has been duly authorized by the Legislature in a budget act or other legislation and duly signed by the Governor and which is then in full force and effect.

4.2 The Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the ~~Senior Director of Financing and Treasury~~ *Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management*, and *Assistant Vice Chancellor for Capital Planning, Design and Construction* each of them (collectively, "Authorized Representatives of the Trustees") are hereby authorized and directed, for and in the name and on behalf of the Trustees, to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, any and all construction agreements, equipment agreements, equipment leases, site leases, facility leases and other documents and agreements with such insertions and changes therein as such Authorized Representatives of the Trustees, with the advice of the General Counsel, may require or approve, such approval to be

conclusively evidenced by the execution and delivery thereof, in order to provide for the planning, design, acquisition, construction, improvement, financing, and refinancing of the projects.

Section 5. Credit of the State of California

5.1. The delegations conferred by this resolution are limited and do not authorize the Chancellor or other Authorized Representatives of the Trustees to establish any indebtedness of the State of California, the Board of Trustees, any CSU campus, or any officers or employees of any of them. Lending, pledging or otherwise using the credit established by a stream of payments to be paid from funds appropriated from the State of California for the purpose of facilitating a financing transaction associated with a capital project is permitted only if specifically authorized by a bond act or otherwise authorized by the legislature.

Section 6. Tax Law Requirement for Reimbursement of Project Costs

6.1 For those projects which may be financed under the authority of the Trustees, the Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the ~~Senior Director of Financing and Treasury~~ *Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management*, and each of them (collectively, "Authorized Representatives of the Trustees"), are hereby authorized to make declarations on behalf of the Trustees solely for the purposes of establishing compliance with the requirements of Section 1.150-2 of the U.S. Treasury Regulations; provided, however that any such declaration:

6.1.1 Will not bind the Trustees to make any expenditure, incur any indebtedness, or proceed with the project or financing; and

6.1.2 Will establish the intent of the Trustees at the time of the declaration to use proceeds of future indebtedness, if subsequently authorized by the

Trustees, to reimburse the Trustees for expenditures as permitted by the U.S. Treasury Regulations.

Section 7. Effective Date and Implementation

7.1 Within the scope of this financing policy, the Chancellor is authorized to further define, clarify and otherwise make and issue additional interpretations and directives as needed to implement the provisions of this policy.

7.2 This resolution supersedes RFIN ~~11-98-18~~ 03-02-02 and shall take effect immediately. ~~However, the Chancellor shall have the authority to authorize on an individual basis, auxiliary organization projects that are in the planning stage as of the adoption of this policy to proceed under the previous policy in order to prevent situations that would result in additional project costs or additional time to completion.~~

AGENDA

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Meeting: **11:45 a.m., Tuesday, July 22, 2014**
 Glenn S. Dumke Auditorium

Hugo N. Morales, Chair
Lillian Kimbell, Vice Chair
Roberta Achtenberg
Douglas Faigin
J. Lawrence Norton

Consent Items

Approval of Minutes of Meeting of May 20, 2014

Discussion Items

1. Executive Compensation: Vice Chancellor Human Resources, *Action*

**MINUTES OF THE MEETING OF
COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

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

May 20, 2014

Members Present

Debra Farar, Chair
Lou Monville, Vice Chair
Lillian Kimbell
Bob Linscheid, Chair of the Board
J. Lawrence Norton
Steven G. Stepanek
Timothy P. White, Chancellor

Approval of Minutes

The minutes of March 26, 2014, were approved as submitted.

Executive Compensation

Agenda Item 1 was presented by Chancellor White. He proposed an annual salary of \$297,870 for Dr. Lisa Rossbacher as president of Humboldt State University. She will also receive a monthly auto allowance of \$1,000. He noted that the auto allowance is in accord with existing policy and the proposed compensation is equal to the current president's pay. Chancellor White stated that because Humboldt State does not have an official university residence for the president, Dr. Rossbacher will receive a \$50,000 annual housing allowance per trustee policy. Dr. Rossbacher will receive standard benefits for Executive classification employees including relocation benefits.

Lieutenant Governor Gavin Newsom indicated that while he supported the recommended salary and stipends for Dr. Rossbacher, he wanted to acknowledge the public speakers from the previous committee meeting who commented on their personal hardships as a result of the cut backs in funding for salaries. He also made comments to the effect that constituents will need to work together to restore state support in the university.

A motion was passed to recommend adoption of Agenda Item 1 as submitted. (RUF 05-14-04)

Chancellor White presented Agenda Item 2. He explained that while Mr. Steve Relyea's appointment and compensation as executive vice chancellor and chief financial officer were approved at the March 26, 2014 meeting of the Board of Trustees, there was a change to the May 1, 2014 appointment date specified in the resolution. Chancellor White explained that following the Board meeting it was determined that Mr. Relyea would begin his appointment a day earlier

than what was published in the resolution. Chancellor White stated that he consulted with Chair Linscheid who was in agreement with the change. Because this took place between Board meetings, the administrative change was made and subsequently brought to the Board so Mr. Relyea's revised appointment date of April 30, 2014 would be reflected in the Board record. A motion was passed to recommend adoption of the item as submitted. (RUF 05-14-05)

Chancellor White presented Agenda Item 3 which provided information on the executive transition of President Rollin Richmond who will step down from his presidency of Humboldt State in June 2014. Chancellor White explained that when Dr. Richmond was appointed into his executive position in 2002, trustee policy provided for a one year transition program to which he is entitled. Chancellor White presented Dr. Richmond's transition assignment as published in the agenda item. He stated that Dr. Richmond will also represent the CSU on the Global Climate Leadership Council at the University of California. Dr. Richmond's salary during his transition assignment will be set at the annual rate of \$223,311. Chancellor White noted that Dr. Richmond's auto and housing allowance will be discontinued when he steps down from his presidency on June 30, 2014.

Trustee Farar adjourned the meeting.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Executive Compensation: Vice Chancellor, Human Resources

Presentation By

Timothy P. White
Chancellor

Summary

The proposed compensation for Ms. Loretta Lamb as vice chancellor for human resources for the California State University will be presented.

Executive Compensation

As vice chancellor for human resources, Ms. Lamb will receive an annual salary of \$263,000. She is expected to assume the position of vice chancellor on or before September 15, 2014. In accord with existing policy, Ms. Lamb will receive the following benefits:

- An auto allowance of \$1,000 per month;
- A temporary housing allowance of \$2,750 per month for six months;
- Standard benefit provisions afforded CSU Executive classification employees;
- A transition program for university executives provided she meets the eligibility requirements passed by the Board of Trustees on November 15, 2006 (RUFP 11-06-06); and
- Reimbursement for actual, necessary and reasonable moving and relocation expenses.

Recommended Action

The following resolution is recommended for adoption:

RESOLVED, by the Board of Trustees of the California State University, that Ms. Lamb shall receive a salary set at the annual rate of \$263,000 effective the date of her appointment as vice chancellor for human resources for the California State University; and be it further

RESOLVED, Ms. Lamb shall receive additional benefits as cited in Item 1 of the Committee on University and Faculty Personnel at the July 22, 2014 meeting of the Board of Trustees.

AGENDA

COMMITTEE ON FINANCE

Meeting: **1:00 p.m., Tuesday, July 22, 2014**
 Glenn S. Dumke Auditorium

Roberta Achtenberg, Chair
Steven M. Glazer, Vice Chair
Talar Alexanian
Adam Day
Rebecca D. Eisen
Debra S. Farar
Margaret Fortune
Lupe C. Garcia

Consent Items

Approval of Minutes of Meeting of May 20, 2014

Discussion Items

1. 2014-2015 Support Budget, *Information*

**MINUTES OF THE MEETING OF
COMMITTEE ON FINANCE**

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

May 20, 2014

Members Present

Rebecca Eisen, Acting Chair
Adam Day
Lillian Kimbell
Bob Linscheid, Chair of the Board
J. Lawrence Norton
Timothy P. White, Chancellor

Trustee Eisen called the meeting to order.

Approval of Minutes

The minutes of March 25, 2014 were approved by consent as submitted.

Report on the 2014-2015 Support Budget, *Information Item*

Mr. Ryan Storm, Interim Assistant Vice Chancellor for Budget, presented an update on the 2014-2015 support budget.

He highlighted the most significant components of the 2014-2015 Governor's Budget Proposal issued in January, which are: (1) an increase of \$142.2 million that could be used for operating and capital needs of the CSU and (2) a new capital budget proposal that would shift debt service and future capital funding responsibilities from the state to the university.

The May Revision is the DOF's opportunity to alter the January Budget Proposal. Anticipating this opportunity, the Chancellor's Office requested additional funding from the DOF for the capital budget proposal last month. But, no additional funding was provided at the May Revision to complement the statutory flexibilities and tools envisioned under the proposal.

The May Revision estimated state revenue increases of \$2.4 billion above the January budget forecast. Several other expenditure priorities have nullified any of these state revenues being used to augment the CSU budget under the DOF plan. These other priorities include a much larger than anticipated increase in Medi-Cal caseloads; a shoring up of the CalPERS & CalSTRS retirement systems; a required adjustment to the state's constitutional spending guarantee for K-

12 schools and community colleges (Proposition 98); and, new expenditures to combat the drought.

Mr. Storm informed the board that the Legislative Analyst's Office (LAO) released its analysis of the May Revision, and in it they estimated that state revenues will be \$2.5 billion higher than the DOF's estimate—or \$4.9 billion above the January budget forecast. However, he cautioned that the LAO revenue estimate could result in no more than several hundred million dollars of additional resources for non-Proposition 98 programs and departments like the CSU, given higher spending required on Proposition 98 for K-12 schools and community colleges.

In the past, the CSU has made final budgetary decisions at the May Board of Trustees meetings, when it was generally known how the state would fund the CSU at that time. In good economic times, a funding agreement or compact with the then governor would be assumed and ultimately funded. In more challenging economic times, the trustees anticipated in the March and May meetings the need to align the trustees' budget with budget reduction amounts indicated in the governor's January budget proposal or the May Revision.

This year is different. There is no budget reduction, however the DOF's funding plan is significantly less than the trustees' budget request. The state has positive revenues and there has been significant interest by the legislature to reinvest in the CSU after many years of significant funding reductions. Many legislators have expressed an interest in expanding capacity on CSU campuses - both in new student enrollments and more access to courses for current students. As a consequence, staff is working with the legislature to improve the CSU's budget picture with the end goal of producing additional degree-holding graduates that can serve California. The legislature may accomplish this by redirecting funding away from the other priorities to the CSU budget or they may accomplish this by assuming the higher revenue estimate of the LAO. With final state budget decisions still to be determined, there is not enough information to determine a final budget for the CSU at this meeting.

Instead, the Chancellor's Office will await final state decisions before finalizing the CSU budget, pursuant to the resolution (RFIN 11-13-07) passed in November 2013 that authorizes the chancellor to adjust and amend the support budget to reflect changes in the assumptions upon which the budget is based. The Chancellor's Office will provide proper notification to the Board of Trustees in the future.

Lt. Governor Gavin Newsom commented the he believes this is the right approach and feels the sentiment in Sacramento is the desire to invest in CSU. It is wise to not just give up and accept the budget proposal as it is currently drafted.

California State University Annual Debt Report, *Information Item*

Mr. George V. Ashkar, Assistant Vice Chancellor/Controller for Financial Services presented the debt report. This report is provided annually to give the status of the CSU revenue projects. The

Systemwide Revenue Bond (SRB) program provides capital financing for revenue generating projects of the CSU – projects in which the facility being built generates revenue through fees, rents, and other charges to use the facility. Typical projects include student housing, parking facilities, student union facilities, health center facilities, continuing education facilities, and certain auxiliary organization projects.

Mr. Ashkar reported the outstanding SRB debt to be \$3,605,000,000 as of June 30, 2013, and \$3,507,000,000 as of December 31, 2013. He explained that debt service coverage is an indicator of the financial strength of the overall SRB financing program and is the ratio of net operating cash flow available after operating expenses have been paid relative to debt service, (i.e. the principal and interest). For the year ended June 30, 2013, debt service coverage was 1.63, exceeding the minimum benchmark of 1.45 established by Executive Order 994. Exceeding the benchmark is desirable.

He informed the board that the SRB program has a rating from Moody's of Aa2 and a rating from Standard & Poors of AA-, both with stable outlooks. These two ratings are generally equivalent, and are very good ratings. The rating from Standard & Poors reflects an upgrade from A+ in July 2013. The impact of this improvement in the rating from Standard & Poors is roughly 20 basis points or 0.20% in the cost of financing a project based upon current market conditions. Stated differently, this would translate into an annual cash flow benefit of about \$20 thousand for every \$10 million that is financed through the program.

Since the last debt report a year ago, the CSU has had one bond issuance under its SRB program. That sale took place in July 2013 and totaled approximately \$309 million in bonds issued to refund existing SRB campus and auxiliary debt, producing net present value savings of approximately \$20 million.

The SRB program has been a valuable tool for our universities to rely on for needed facilities that are ineligible for any kind of state funded support. The program is well managed at both the system and campus level, and remains strong.

Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Various Projects, *Action Item*

Mr. George V. Ashkar, Assistant Vice Chancellor/Controller for Financial Services presented an item requesting authorization to issue long term Systemwide Revenue Bonds (SRB) financing and the issuance of Bond Anticipation Notes (BANs) to support interim financing under the Commercial Paper Program in an aggregate amount not-to-exceed \$150,700,000 to provide financing for two campus projects, and to refund an outstanding issue of Auxiliary Organization Bonds. Mr. Ashkar noted that, as was discussed in the annual report on the Systemwide Revenue Bond program, the following are financing items in which revenue generated by the relevant facilities covers the cost of debt service and operating expense.

The board was asked to approve resolutions related to the financing and the refunding of:

1. The San Jose State University Campus Village Housing 2 Project

A ten story, 850 bed facility to be occupied by first-time freshman as part of the on-campus freshman housing requirement.

The approximately 193 thousand gross square foot facility will replace a portion of existing, older inventory that will be demolished, providing a net increase of 450 beds. The not-to-exceed par value of the proposed bonds is approximately \$141 million that includes project, program reserves, and financing costs. The housing program net revenue debt service coverage is 1.25 in 2017-2018, the first full year of operations, which exceeds the CSU benchmark of 1.10 for the program.

For all campus pledged revenue programs, the campus' overall net revenue debt service coverage for the first full year of operations is projected to be 1.62, which exceeds the CSU benchmark of 1.35 for the campus. Again, exceeding the benchmark is desirable. The specific benchmark requirements of 1.35 for a campus and 1.10 for a program are requirements set forth in Executive Order 994, Financing and Debt Management Policy. The levels are based off of feedback that CSU has received from rating agencies and the bond market industry as desirable for the CSU bond credit. The CSU has a goal to have an overall system minimum debt service coverage ratio of 1.45 per Executive Order 994 and 1.25 for auxiliary organizations.

The debt service coverage ratio is computed by taking the revenue, subtracting the operating expenditures, and then dividing by the annual debt service.

2. California State University San Marcos Field House Expansion

This project will be a multipurpose venue for sports, enabling the campus to achieve National Collegiate Athletic Association Division II membership standards. In June 2013, a \$25 per-term increase in Student Body Center fees was approved to support the project financing.

The not-to-exceed value of the proposed bonds is \$6,925,000 and is based on a total project budget of \$11,400,000, with Student Union Program Reserve contributions of \$5,500,000, and additional financing costs being funded by the bonds.

The campus financial plan projects a Student Union Program net revenue debt service coverage of 1.71 in 2017-2018, the first full year of operations, which exceeds the CSU benchmark of 1.10 for the program. For all pledged revenue programs, the campus overall net revenue debt service coverage for the first full year of operations is projected to be 1.80, which exceeds the CSU benchmark of 1.35 for the campus.

3. The CSU, Chico Research Foundation - Office Building Refinancing

The CSU Chico Research Foundation, a recognized Auxiliary Organization in good standing, seeks approval for the refund of an existing stand-alone auxiliary organization bond issue through SRB to generate savings of capital. On April 15, 2014, The Chico Research Foundation Board of Directors adopted a resolution authorizing the refunding of the auxiliary bonds through the SRB program.

The size of the proposed refunding, related to the original costs associated with the 2003 bonds for acquisition and improvements of a 19,000 square foot office building (known as "25 main"), is at a not-to-exceed par amount of \$2,915,000 and is estimated to generate a net present value savings of approximately \$237,000.

Staff recommended approval of these three projects authorizing the sale and issuance of SRB bond anticipation notes and CSU Systemwide Revenue Bonds not-to-exceed \$150,700,000. Upon motion duly made and seconded, the committee approved the Issuance of Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Various Projects (RFIN 05-14-03).

There being no further questions, Trustee Eisen adjourned the Committee on Finance.

COMMITTEE ON FINANCE

2014-2015 Support Budget

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

Ryan Storm
Interim Assistant Vice Chancellor
Budget

Summary

The purpose of this agenda item is to inform the California State University (CSU) Board of Trustees of budget-related decisions made by the state affecting the CSU and describe the CSU expenditure plan for 2014-2015. The CSU must align the November 2013 support budget request of \$237.6 million with the \$142.2 million provided by the state in the final budget act.

Background

At its November 2013 meeting, the Board of Trustees approved the CSU 2014-2015 Support Budget Request. That budget request called for an increase of \$334.3 million, including \$237.6 million from state funds and \$96.7 million of net student fee revenues tied to enrollment growth. The approved uses of the increase included funding for:

- Mandatory cost increases, including health benefits and new space,
- Student success and completion,
- A three percent compensation increase pool,
- Enrollment growth, and for
- Financing maintenance and infrastructure needs.

As discussed at the January 2014 CSU Board of Trustees meeting, the 2014-2015 Governor's Budget identified a \$1.9 billion surplus for 2014-2015. This surplus was net of \$8.3 billion of increased state revenues between 2013-2014 and 2014-2015.

The governor utilized a portion of these revenues to provide a \$142.2 million state general fund increase for the CSU support budget. This amount is consistent with the governor's multi-year funding plan first proposed and adopted in 2013-2014.

By the end of May 2014, the governor and legislature had both estimated higher state revenues and priorities for those funds. Specifically, the governor estimated \$10.7 billion (\$2.4 billion more than his January 2014 estimate) and the legislature estimated \$13.2 billion of increased revenues between 2013-14 and 2014-15, net of a \$1.6 billion surplus for 2014-2015. While the governor maintained his January 2014 commitment of \$142.2 million at the May Revision, the Senate and the Assembly proposed an additional \$95 to \$100 million for the CSU, respectively. These latter amounts would have met the Trustees' request.

However, the final budget agreement presumes the lower of two statewide revenue estimates and the enacted budget is consistent with the governor's proposal released in January 2014 for the CSU. It provides a programmatic increase of \$142.2 million from the state General Fund, bringing state support for the CSU to \$2.7 billion.

Because the state provided approximately 60 cents for every dollar requested by the Board of Trustees, there is a need to further prioritize and re-size what were already reasonable and necessary new expenditure levels in the CSU support budget request.

Proposed Expenditure Plan

Enrollment

Many CSU campuses experienced record levels of applications for Fall 2014. A total of 761,000 individuals applied to CSU campuses for Fall 2014, an increase of over 14,000, or two percent. In spite of this, state budget cuts during the recession continue to have repercussions today that constrain the ability of the CSU to admit eligible applicants.

This revised budget attempts to achieve a balance between various critical program needs and a constrained budget augmentation from the state. The revised budget plan will allow growth in state-assisted enrollment in the CSU system by approximately 9,900 students (approximately 8,300 full-time equivalent students). Even with this additional funding, it is likely that campuses would have to redirect resources from other program areas to reach this student access goal.

Employee Compensation Pool

At this juncture, there are critical salary-related concerns across CSU employee groups that require attention by the CSU leadership and in the collective bargaining process. Reduced levels of funding from the state during the recent recession and the necessary priority given to preserving the quality of academic programs, student services, and public safety have limited the CSU to providing a general compensation increase of only 1.34 percent since 2007 and 2008. In fiscal year 2009-2010 furloughs were imposed and CSU employees experienced a nine percent salary reduction.

The proposed pool will provide resources that build upon the 1.34 percent provided in 2013-2014 to continue to address the pressing need to compensate employees fairly for the work they perform and enhance the CSU's ability to recruit and retain top quality faculty and staff. An allocation of approximately \$91.6 million amounts to approximately a three percent increase in the total CSU compensation pool to employees. However, the distribution of the pool to various groups will depend on market factors, the collective bargaining process, and other factors. It is not anticipated that all employee categories will receive raises or receive the same amounts.

Infrastructure Needs

There are ample examples on every CSU campus of academic and plant facilities that are in need of repair or replacement. The systemwide backlog cost is approximately \$1.8 billion with that cost growing by approximately \$100 million per year. With \$10 million annually dedicated to pay the debt service on bonds, approximately \$130 million of the university's most pressing facility repairs could be accomplished, depending upon market rates of interest. In lieu of this commitment, very limited financial resources are available for the CSU to make a marked improvement in existing campus facilities.

Student Access, Success, and Completion Initiatives

An allocation of \$22 million will be used to address key factors that impact student access and success such as reducing time to degree, closing the achievement gap, and improving graduation rates. Systemwide objectives will guide campus proposals to hire more tenure-track faculty and staff, scale up existing best practices or implement new and innovative strategies to enhance academic advising, improve student services focused on retention and shortened time to degree, and close the achievement gap through targeted academic and student support, specifically to underserved and under-prepared first-time freshman.

Mandatory Costs

Approximately \$14.3 million of the augmentation will be used to meet anticipated mandatory costs. Mandatory costs are the expenditures the university must pay regardless of the level appropriated by the state. These costs include recent increases to employee health benefits, operations, and maintenance of newly constructed space. Without funding for the mandatory cost increases, campuses would have to redirect resources from other program areas to meet their obligations. Funding mandatory costs preserves the integrity of the CSU programs.

Other Budget Items

Several issues are worthy of note.

Capital Outlay and Financing Framework

The state budget also contains the governor's capital outlay and financing framework proposal. This provides the CSU \$297 million that will be used in the short term to pay existing general obligation and state Public Works Board debt service. There remains an understanding in the out years that the spikes in debt service that have been discussed at Board of Trustee meetings will garner additional resources. As that debt is retired over time, this funding can be used for new infrastructure investments or other CSU priorities. This also provides the CSU new financing flexibilities and tools that provide the CSU significant new autonomy to repair, maintain, renovate, and construct academic-related facilities.

Student Success Fee Moratorium

New state law places a moratorium on new student success fees until January 2016. In addition, the chancellor is required to review the CSU Fee Policy as it relates to student success fees and recommend any changes to the board by February 2015. The board has the discretion to act on those recommendations.

Academic Sustainability Plan

State law established last year requires the CSU to report on a number of student success performance measures. Some examples include the number of students enrolled by different student categories, two-year and three-year graduation rates of community college transfer students, and the number of degree completions by varying student categories. The state budget builds upon these performance measures by requiring the CSU to prepare a multi-year plan that would establish annual goals for the performance measures and outline how assumed revenues and expenditures would sustain the plan and achieve the goals. This proposal would require the

trustees to adopt a multi-year budget plan based on yet-to-be defined assumptions prescribed by the Department of Finance (DOF). The plan is due to the state in November 2014. This will be a significant departure from the practice in which the trustees annually determine revenue and expenditure assumptions and adopt the CSU support budget.

Awards for Innovation in Higher Education

The state budget includes a one-time \$50 million program administered by a new seven-member selection committee. The purpose of the program is to identify and reward public colleges and universities that have particular success in: (1) increasing the number of bachelor's degrees awarded; (2) improving four-year graduation rates; and (3) easing transfer through the public higher education system and recognizing learning that has occurred across the public higher education system or elsewhere. Awards will be provided to the colleges and universities that have or plan to bring successful models to scale for the benefit of the three public higher education institutions. Campus applications are due to the DOF in January 2015. The structure of the program sidesteps Chancellor's Office involvement, which could be challenging in fulfilling the purpose of the program. The state does not have an institution that can take any identified best practices to scale at CSU campuses like the Chancellor's Office.

Possible Deferred Maintenance Funding

The CSU could receive up to \$50 million of one-time funding for campus deferred maintenance projects. The state budget structured this in a way that if state property tax revenues exceed May 2014 estimates by \$200 million, CSU and the University of California will each be provided \$50 million. This positive budget "trigger" is feasible, considering that property tax data this summer must eclipse the springtime estimate by only 1.3 percent. It is expected that the CSU will learn of the outcome by August 2014.

Summary

The governor signed the 2014-2015 Budget Act and the higher education budget trailer bill on June 20, 2014. In terms of appropriations for the CSU, the enacted budget is consistent with the governor's proposal released in January 2014 and sustained at the May Revision. It provides a programmatic increase of \$142.2 million from the state General Fund for support of the CSU, bringing state support for the CSU to \$2.7 billion out of a \$108 billion state General Fund budget.

The enacted budget is inconsistent with the spending plan tied to the amount approved at the November 2013 meeting of the Board of Trustees. While challenging to prioritize and to allocate funding among the many CSU needs, this will continue the process that began in 2013-2014 of

reinvestment in the students, faculty, staff, and campuses of the CSU. After careful consideration of the CSU's most pressing needs, the above plan is presented to the board.

The enacted budget also contains significant policy changes, including a temporary moratorium on the creation of new student success fees, the development of a multi-year academic sustainability plan, the competitive participation for one-time innovation awards, and the possibility of one-time deferred maintenance funding if state property tax revenues exceed earlier expectations.

AGENDA

COMMITTEE ON EDUCATIONAL POLICY

Meeting: 1:30 p.m., Tuesday, July 22, 2014
Glenn S. Dumke Auditorium

Debra S. Farar, Chair
Margaret Fortune, Vice Chair
Roberta Achtenberg
Talar Alexanian
Rebecca D. Eisen
Douglas Faigin
Lupe C. Garcia
Steven M. Glazer
Lillian Kimbell
J. Lawrence Norton
Steven G. Stepanek

Consent Items

Approval of Minutes of Meeting of May 20, 2014

Discussion

1. The State of Higher Education in California: Opportunities for Policy and Institutional Change, *Information*
2. The California State University Graduation Initiative Update, *Information*
3. The California State University Affordable Learning Solutions Initiative: Update, *Information*
4. California State University Partnership with the Corporation for National and Community Service AmeriCorps*VISTA Program Volunteers In Service To America), *Information*

**MINUTES OF MEETING OF
COMMITTEE ON EDUCATIONAL POLICY**

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

May 20, 2014

Members Present

Debra S. Farar, Chair
Rebecca D. Eisen
Lupe C. Garcia
Lillian Kimbell
Lou Monville
Bob Linscheid, Chair of the Board
J. Lawrence Norton
Steven G. Stepanek
Cipriano Vargas
Timothy P. White, Chancellor

Trustee Farar called the meeting to order.

Approval of Minutes

The minutes of March 26, 2014, were approved as submitted.

Access to Excellence Progress Report

Ron Vogel, associate vice chancellor for academic affairs, reported that the trustees approved *Cornerstones*, an earlier CSU strategic plan in 1998. A decade later, its successor, *Access to Excellence*, was brought before the board. It has guided the system the last seven years. Its three priorities are to (1) increase student access and success; (2) meet state needs by continuing to invest in applied research and addressing workforce and societal needs; and (3) sustain institutional excellence through investments in faculty and staff. Dr. Vogel outlined eight commitments that were developed to provide a framework for CSU initiatives. As economic, political, social and environment changes occur in California, *Access to Excellence* has remained flexible and responded to new and evolving initiatives, including the Graduation Initiative; SB1440, the associate degree for transfer program; the Early Start program; and the Voluntary System of Accountability and its Public Good page. Work continues throughout the CSU on all initiatives. More will evolve and the system is poised to respond to changes in higher education. The challenges are daunting and exciting, he said. The system will continue to work with its partners: state policy leaders, business community, California leaders and other constituencies. The CSU's commitments and initiatives will help position California for the 21st century.

Trustee Monville asked how the system is measuring closing the achievement gap, complying with SB 1440 and increasing the pathway for transfer students. Ken O'Donnell, senior director, student engagement and academic initiatives and partnerships, said the CSU is aligning issues to the strategic plan and ensuring, as initiatives are implemented, that they follow the priorities agreed to seven years ago. SB 1440 is measured by a few metrics. Previous board reports have focused on available pathways for students, transfer patterns and curricular pathways. The next focus in terms of metrics is how many students are being served, number of units saved and how the achievement gap is closing.

Trustee Hugo Morales asked about changes in outreach. Vice Chancellor for Advancement Garrett Ashley reported that there has been an expansion of each initiative with greater numbers of high school and middle school students contacted. Additionally, the CSU has increased its number of partners, and soon will have more and better ways to measure effectiveness in terms of number of prospective students applied, admitted and their preparation. On the academic affairs side, Carolina Cardenas, director of academic outreach and Early Assessment, said campus and system outreach counselors saw more than a million students across California at all grade levels: elementary, middle, high school and community college. Even with the budget cutbacks of the last five years, the number of students served has increased. She said the campuses are very resourceful in determining how to use their teams to do outreach, specifically with those students who have less access to CSU services. A dozen years ago the outreach offices saw 700,000 students and this year they saw 1.1 million students. The allocation of resources from the state was fairly level, but the campus offices increased their number of federal grants.

Update on Reducing Bottlenecks and Improving Student Success

Responding to the board's request, Executive Vice Chancellor and Chief Academic Officer Ephraim P. Smith reported that the Chancellor's Office has defined near-term targets to make progress toward the 2017 goals and has drafted a number of metrics to provide indications of progress solving enrollment bottlenecks. He said it is a methodical approach with many facets that cannot be solved overnight; however, the campuses and Chancellor's Office have a good handle on what is needed to alleviate the bottlenecks. Gerry Hanley, assistant vice chancellor for academic technology services, thanked board members, chancellor and presidents for visiting with the faculty the previous day to view the poster session on redesigning face-to-face classes to online to help with bottlenecks. Dr. Hanley reminded the board that at the March meeting he outlined a four-year plan for multiple strategies for solving the bottleneck enrollment problems by redesigning the ways the CSU is addressing a number of student needs. Rather than rebuilding what has been done, Dr. Hanley said the system is finding new ways of providing services to students through advising, online courses and redesigning high enrollment-low success courses to ensure that students can succeed and graduate.

The system will eliminate all significant bottlenecks by fall 2017, Dr. Hanley said. Beginning next year, all campuses will provide all students an electronic advising tool so they know their

progress toward their degree. The degree audit tool will enable students to see what courses have already been taken and what are the remaining requirements for graduation. About half of the campuses will begin using the Course Scheduler that will allow students to create a schedule that includes their classes, work schedules and breaks. The remaining campuses are using other scheduling software. Additionally, in fall 2014 the campuses will be hiring 700 new tenure track faculty members, a net increase of about 150 new tenure track faculty members. Beginning in fall 2014, all students who are not college ready in math and English will participate in Early Start, and more transfer students will participate in SB 1440, the associate degree for transfer program. The CourseMatch program will provide more online access for students who are place-bound when they need to take a course that is not delivered on their campus. This summer there will be 470 fully online summer courses delivered through Extended Education with a probable increase to more than 700 fully online courses. In fall 2015 the CSU has to provide a one-stop-shop for all fully online classes every semester, so the summer program provides preparation. In fall 2014 there will be fewer than 700 courses because of different constraints.

Faculty members are redesigning the high enrollment classes that have had a history of low student success. Twenty-two of these courses have been identified across the CSU; about 70 percent will engage in the redesign process. As all the strategies are implemented, Dr. Hanley said there should be an increase in the students' course load per term. Currently the average is 13 units, which should increase if there is success eliminating the bottlenecks. There should also be an increase in time to degree. The six-year graduation rates for full-time, first-time students, is 51.4 percent. Over time, that will increase. All these combined strategies will show that the CSU is successfully providing students the courses they need to graduate.

Chair Linscheid said what really resonated with him was when trustees had the opportunity to meet with stellar faculty members at the poster session who have developed tremendous ways of affecting change in that arena. He thanked Academic Affairs for bringing them in for a hands-on, learn-by-doing discussion. Trustee Rebecca Eisen asked about human advising rather than eAdvising. Dr. Hanley said the CSU is not cutting back on advisers, but funding will be available to increase the numbers. After using an eAdvising tool, students can come to an adviser prepared about what they need to do to continue on the right path. Trustee Steven Stepanek asked if campuses are going to continue to allow the same number of students entering in terms of capacity if it is expect waitlisted students will decrease and the number of units will increase. Dr. Smith reported that when allocating FTES (full-time equivalent students) per campus, the chancellor said the first step was to take care of current students so they can take a full load and graduate in a timely manner. Trustee Morales asked about Early Start students. Dr. Smith said last summer there were approximately 17,000 to 18,000 students enrolled in Early Start, which included all math students and the lowest quartile of English students. This summer all math and English students will be included for an estimated 25,000 to 26,000 students. Approximate 80 percent of the students enroll at their destination campus, and 20 percent take the courses as a visitor on another campus. Faculty grade the students and those grades are accepted at all the campuses.

Trustee Lawrence Norton asked about students taking higher unit loads. Dr. Hanley said giving more resources to campuses to adopt course scheduler tools and the accompanying training can help students move their way through the graduation process. Trustee Garcia asked about costs associated with the higher loads. Dr. Smith said there would not be an additional cost to students because of the way CSU tuition is structured and the financial aid factor. If the current average is 13 units per student, for example, going to 13.1 or 13.2 would not result in an extra cost. Chancellor White commended the Academic Affairs division, the faculty and the campus presidents and provosts for the progress that has been made in the singular focus on student success and achievement. He enjoyed meeting with faculty at the poster session, adding that the one constant theme showed the integration of technology and faculty. The poster session was a classic example of where the technology was providing opportunities in a given course, but the individualization that was necessary to make that work came from the interaction of faculty with students and technology. Integration is the key to success, he said, adding that the evidence is becoming clear that this is the right way going forward. The CSU is teaching and educating students, not training technicians. The technology requires both academic advising on the staff level and the faculty involvement on the academic level with the student to really make it work well.

Doctor of Nursing Practice Programs

Christine Mallon, assistant vice chancellor for academic programs and faculty development, said that every CSU degree changes a life. With nursing, CSU degrees save lives. CSU doctor of nursing practice programs (DNP) transform health care to save more lives, improve more lives and create a more effective health care practice and policy system. She gave an example of a recent graduate whose son had been killed in a car accident. She was asked if she wanted to donate his tissues and the answer was yes, which inspired her commitment to help other families save lives through organ and tissue donation. Her CSU doctor of nursing practice program helped her do that. Her research focused on the Latino population and the effectiveness of a single culturally sensitive 40-minute educational intervention with Latino teens to commit to donating organs and tissue. She found that there was a 20 percent increase. Through a foundation she established, her DNP research will touch the lives and save the lives of people she never will know. Dr. Mallon mentioned that this research and other research conducted by DNP students would be on display at a poster session. The DNP is one of three doctoral programs that the state legislature authorized for the CSU. Prior to 2005, the CSU could only offer joint programs with the University of California or a private institution. The CSU doctoral authority independently was given first with the doctor of education degree in 2005 and that was followed in 2010 by legislation that allowed CSU to offer the doctor of physical therapy and doctor of nursing practice. CSU DNP programs serve a diverse population of students who are already registered nurses and have master's degrees when they enter the programs. This spring marks the graduation of the inaugural DNP cohorts: there are 31 new doctor of nursing practice graduates at the Fresno State and San José State collaborative, and 28 at the Long Beach-Los Angeles collaborative.

Pre-Doctoral Program

Dr. Mallon said that the CSU pre-doctoral program and its Sally Casanova scholarships invite CSU students into a pathway that leads them to doctoral education. The pre-doctoral program helps students develop graduate-level writing and research skills, prepares them to choose and apply to appropriate doctoral programs, supports their attending and presenting at academic conferences and awards a limited number of summer internships where students are placed at universities across the country where they participate in ongoing research with established faculty. The program aims to prepare a diverse future faculty for the CSU by encouraging Ph.D.-minded students to return to the CSU for an academic career teaching, mentoring, researching and advancing the creative arts. Results from a survey last year of 1,860 past pre-doctoral scholars showed that 57 percent had completed a Ph.D., which is comparable with the national average of 10-year completion rate for Ph.D. programs. Thirty-five percent are now CSU faculty.

The CSU Graduation Initiative

Robyn Pennington, chief of staff for business and finance, presented the update, saying that the initiative has and will continue to improve access, quality and persistence to degree completion by focusing on programs such as Early Start and reducing bottlenecks, she said. Working with faculty leadership, the CSU has defined success not only in terms of degree completion, but also as the attainment of a quality education through engaged learning and the use of high-impact practices. This initiative began in 2009 and was focused on the six-year graduation rate of the 2009 cohort of first-time full-time freshmen targeted to graduate in 2015. All 23 campuses helped set the system goals as well as individual campus goals which were to raise the six-year graduation rates to the top quartile of national averages among their peer groups, which are a group of similar universities in the United States. As 2015 approaches the CSU anticipates that the campuses will likely hit the overall target of 54 percent, which is an 8 percent increase from the baseline graduation rate of 46 percent. The 54 percent target is 7 percent higher than the graduation rate of comprehensive public universities, which is currently at 47 percent. It is also higher than the 50 percent graduation rate at all comprehensive universities, including private universities.

At his State of the CSU address in January, Chancellor White charged the CSU to further improve overall six-year graduation rates by 10 percent to nearly 60 percent by 2025. The CSU is the largest provider of baccalaureate degrees in the state. For the initiative's next phase the system office will work with presidents and their leadership and a handful of national advisers to set targets that are ambitious, feasible, sensitive to local context and considers available resources. The focus will continue on closing the achievement gap between underrepresented minorities and others with an expansion of Early Start, freshmen learning communities, and other high-impact practices shown to particularly benefit underserved populations. They will use the student success dashboard to track progress. Trustee Morales asked about freshmen learning communities. Ken O'Donnell explained that they are a way to improve student success in terms of persistence and in terms of deepening the learning, making it more contextualized. One

dimension is putting students together into cohorts where they get to know each other, not just in a social setting, but also in an educational one. They take freshman courses, such as composition, develop a theme and let that become the centerpiece of the learning community, so that students are picking up that proficiency with each other at the same time. All the CSU campuses have some type of learning communities, he said. The CSU does not have the number of student participating yet, but will begin to put that information into the student success dashboard once there is a consistent definition of learning communities.

Trustee Garcia asked about closing the achievement gap. Mr. O'Donnell said the expansion of Early Start should help, as well as developing different interventions since not all underserved populations are the same. The use of the student success dashboard will let campuses drill down and see exactly where the leaks are; the ability to push data back out to local decision-makers is going to be one of the most powerful ways for closing the gap. Ms. Pennington said the CSU also will look at what is working at other similar campuses nationally. Trustee Monville said the CSU needs to tell the story of what it does for the economy, for California and what it means to the state when the CSU graduates 100,000 students into the economy annually. He added that the system needs to continue to make the case for additional resources to hire more faculty to teach students. Trustee Eisen mentioned the *New York Times* article about the University of Texas at Austin also struggling to close the gap and increase graduation rates. She asked how the CSU learns what other universities are doing. Dr. Smith said the CSU has been part of the Ed Trust group since 2009. It is a national foundation that is working to improve graduation rates in K-12 and at the university level. The systems come together quarterly to discuss best practices. Several CSU campuses have presented their findings. Dr. Vogel said that UC Riverside had been written up under Chancellor White's former leadership there as an institution that closed the gap on both ends. He mentioned the Alliance group, where the CSU is a member, that consists of 11 presidents who are sharing their data. The Alliance is funded through several foundations. Chancellor White said the CSU also belongs to the national association of system heads (NASH) where system leaders and provosts gather, and the issue of graduation and better serving underserved communities is a part of that conversation. Many CSU presidents have leadership positions in other professional organizations. What is making a difference for students, he said, is the recognition that while CSU is a large system, individual students have personal needs and a large part of their ability to succeed is, first of all, getting the right academic and financial aid support from staff members, academic insights from faculty members around the style of their learning and around their family circumstance and their personal circumstances. He said the real opportunity for the CSU going forward is finding a way to personalize the CSU student experience. The CSU is focused on those levels of support to enable students who have all the intellect in the world and just need a little more guidance because they do not receive it in their family, or they came out of a low-performing public school or private school. California needs them to succeed and that is what the CSU is about.

Trustee Farar adjourned the Committee on Educational Policy.

COMMITTEE ON EDUCATIONAL POLICY

The State of Higher Education in California: Opportunities for Policy and Institutional Change

Introduction By

Roberta Achtenberg
Member, Board of Trustees

Presentation By

Michele Siqueiros
Executive Director
Campaign for College Opportunity

We invited the Campaign for College Opportunity to present their perspective on the state of college achievement in California.

Background on the Campaign for College Opportunity

The Campaign for College Opportunity is focused on a single mission: to ensure that the next generation of California students has the chance to attend college and succeed to keep the workforce and economy strong.

The Campaign is a California non-profit organization co-founded in 2003 by the unique alliance of prominent organizations including the Mexican American Legal Defense and Educational Fund (MALDEF), the California Business Roundtable and the Community College League of California. This alliance believed strongly in the power of Californians to preserve the historic promise of the 1960 California Master Plan for Higher Education to provide an opportunity to go to college for every eligible student in the state.

The Campaign's work is guided by three main priorities: to engage a broad coalition of California leaders and organizations in support of higher education access and success; to raise public awareness and share research highlighting the challenges and opportunities facing California; and to support policy solutions and reforms to our higher education system so that we can produce the one million additional college graduates our state needs.

At the forefront of the Campaign's work is an ambitious policy agenda. First, is to call on the Governor and Legislature to articulate statewide goals for college access and completion and

prioritize funding and policy reforms to help meet these goals. This is critical to ensuring that the next generation of Californians is not less educated than the current generation. In addition, the Campaign encourages our state policymakers and higher education leaders to:

1. Invest in higher education
2. Increase access and preparation for college
3. Meet capacity and ensure a spot for all eligible students
4. Maintain affordability for low-income students
5. Improve the transfer pathway from two-year colleges to four-year universities
6. Promote policy and finance reforms that support improved student outcomes.

The Campaign for College Opportunity Perspective

California's diversity is increasing as is the demand by employers for educated workers. Business leaders and civil rights activists agree that the state's economic future will depend on our ability to better prepare and educate the populace. The low educational attainment rates of California's Latinos coupled with little or no improvement over time for African Americans is startling and unacceptable. We believe that more Californians deserve the opportunity to go to college and graduate, and that gaps in educational success must be closed. And there is no way we can do this without the California State University (CSU) system playing a critical role.

In November 2013, the Campaign for College Opportunity launched a new series of reports on the *State of Higher Education in California* to bring attention to the critical challenges facing higher education in the state and the opportunities for solving them. *The State of Latinos in Higher Education in California* was the first report in this series, followed by *The State of Blacks in Higher Education in California*, *The Gender and Racial Gap Analysis*, and a performance report conducted by California State University, Sacramento's Institute for Higher Education Leadership and Policy (IHELP) titled *Average Won't Do*. And, on July 1st, a first of its kind analysis on the real cost of college based on time to degree for CSU graduates was released.

In comparison to other states, California finds itself average at best in six key performance categories. In preparation, how prepared students are for college-level work, CA is worse than most states despite improvements over the last decade. In affordability, how easily families can pay for college, CA is average compared to other states but in the last decade, affordability is on the decline. In participation, the number of students going to college, CA is better than most states, a consistent trend over the last ten years. In completion, the number of students earning a certificate or degree, CA is average compared to other students with no significant improvement over the last ten years. In terms of the benefits of a college degree to the student and state, CA is better than most states. And, in terms of how well financed our colleges and universities are, CA is average.

Key findings from our Latino, Black and Real Cost of College reports related to the CSU include:

- Latinos make up 41% of first-time freshman at the CSU but only 33% of the total undergraduate population.
- Black students represent less than 5% of the undergraduate student body at the CSU. Black enrollment from high school directly to CSU has increased by only half of one percentage point from 8.9 percent in 2000 to 9.4 percent in 2010.
- In 2011, 83 percent of entering Blacks require remediation compared to 75 percent of Latinos, and 41 percent of Whites.
- Across the CSU system, just over half of freshman receive a bachelor's degree within six years; less than twenty percent receive a bachelor's degree within four years.
- Only 10 percent of first-time Latino freshmen and 8 percent of Black freshmen will graduate from CSU within four years. 45 percent of Latinos and 35 percent of Blacks graduate within six years. However, almost 24 percentage points separate White and Black six-year graduation rates.
- The median time and amount of credits to earn a degree from the CSU is 4.7 years with 135 credits. That means half of all CSU students take longer than 4.7 years to graduate and earn more than 135 credits.

The full reports, webinars and media coverage are on the Campaign's website at www.collegecampaign.org.

These reports shine a light on some of the critical challenges facing higher education in California, and while revealing, few of the statistics are particularly surprising although still disturbing. The reports are a catalyst for conversations centered on solutions. This includes urging the Governor, state policymakers and higher education leaders to make college going, success and equity a top priority in expectations of CSU leaders and in policy and budget decisions. More funding, more accountability and a clear public agenda with intentional goals to increase college-going and success are critical pieces of the puzzle. Through these reports, the goal is developing good data and discussing race as an opportunity to design solutions for closing gaps and reversing negative trends - instead of assigning blame.

The CSU already has led the way in many areas: serving more than 400,000 students who make up one of the more diverse student bodies in the world, and vigorously supporting the passage of historic transfer reform legislation ([SB 1440](#)) which the Campaign championed and CSU leaders implemented. Several years ago the CSU launched the Graduation Initiative in a strategic effort to increase college graduation rates for all students and close the racial/ethnic gaps, and the CSU was revolutionary in the development of an Early Assessment Program (EAP) that began addressing the low rates of college readiness in the incoming freshman class. Much of this was accomplished in spite of a series of devastating budget years for the system that forced deep cuts.

And yet, much more needs to be done and attention must be sustained on some of these efforts for the sake of improving college access and success for students and for the benefit of California's economic future.

In April, the Campaign embarked on a statewide Listening Tour that is engaging prominent community, business, civil rights and education leaders to discuss a new plan for higher education that will be presented to state policymakers and education leaders in the fall. If California is to significantly increase the number of college graduates that can help meet the workforce needs of the future, there is no way for this to be done without the CSU. And in particular, it is impossible without increasing the number of underrepresented students who enroll and graduate from the CSU system and improving the transfer pathway for receiving community college students.

COMMITTEE ON EDUCATIONAL POLICY

The California State University Graduation Initiative

Presentation By

Ephraim P. Smith
Executive Vice Chancellor
and Chief Academic Officer

Ken O'Donnell
Senior Director
Student Engagement
and Academic Initiatives & Partnerships

Summary

This is the latest in a series of regular updates on the California State University Graduation Initiative as requested by the board at its January 2014 meeting. As related in January, this initiative began in 2009 when the presidents and provosts of all 23 CSU campuses committed to raising systemwide six-year graduation rates by 8 percentage points, and closing the gap by half in those rates between students of color and other students. In his 2014 "State of the CSU" address, Chancellor Timothy P. White committed the system to continuing its focus on student success, and to raising graduation rates by additional 10 percent by 2025.

The CSU is on track to meet those overall goals, and in so doing should provide the state with its share of the additional graduates needed to close the million-degree shortfall first identified in a 2009 report from the Public Policy Institute of California (PPIC).

Efforts to close the achievement gap have been less successful. Going forward we expect to sharpen our focus by making widespread use of the Student Success Dashboard (demonstrated at past board meetings), to assist campuses identify and target resources to specific populations and programs.

Also we are exploring the systematic use of interventions meant to support successful "habits of mind," as identified in the recent *New York Times* article "Who Gets to Graduate?" At the system level such work is just beginning, but one example is a recent expansion of CSU's Early Start program intended to extend the socialization and cohorting benefits of summer remediation

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into the first regular term of the freshman year, with coordinated advising, tutoring and faculty- and student-led mentoring. The project is piloted on four campuses this year and next, with possible expansion the year after, as part of the chancellor's \$50 million commitment to Student Success.

In the meantime, the Chancellor's Office is expected to convene campus groups in the coming academic year to agree on 2025 goals specific to each campus that, in the aggregate, will meet the systemwide commitment laid out in the Chancellor's January 2014 "State of the CSU address."

COMMITTEE ON EDUCATIONAL POLICY

The California State University Affordable Learning Solutions Initiative: Update

Presentation By

Gerry Hanley
Assistant Vice Chancellor
Academic Technology Services

Summary

A significant factor of the affordability of a college education is the cost of course materials like text books and lab supplies, with an average annual cost exceeding \$1,000 per student. The California State University's Affordable Learning Solutions initiative (AL\$, www.affordablelearningsolutions.org) has produced a number of systemwide business strategies and technologies and campus-based programs that are driving down the cost of course materials for students while offering greater access to no-cost or low-cost academic instructional content for faculty. Twenty CSU campuses have customized their own AL\$ programs to fit their campus culture. Four other state systems of higher education have adopted the CSU's AL\$ program through the CSU's MERLOT program (Multimedia Educational Resources for Learning and Online Teaching, www.merlot.org).

Background

The 2008 California Bureau of State Audits report indicated that CSU students paid \$812 per year for textbooks. Applying a historic textbook inflation trend of 6.1 percent annually means CSU students now are paying more than \$1,000 per year for textbooks.

In the 2012 Florida student textbooks survey, a sample of more than 20,000 Florida students reported that the high cost of textbooks had caused them to, frequently, occasionally, or seldom:

- Not purchase the required textbook (64%)
- Not register for a course (45%)
- Take fewer courses (49%)
- Drop a course (27%)
- Withdraw from a course (21%)
- Fail a course (17%)

The affordability of course materials is a significant barrier for student success. Strategies for improving the affordable choices of course materials for CSU students has become part of a number of campus Graduation Initiative programs.

In 2010, the CSU launched the first phase of the AL\$ initiative with a website for faculty and students to explore the range of no-cost and low-cost instructional materials (<http://affordablelearningsolutions.org>). The initial focus was to provide faculty with information and strategies to incorporate Open Educational Resources (OER: free, online instructional resources that can be reused and remixed) and CSU licensed library resources in their courses through learning management systems and other technologies.

Recognizing the trends in the publishing industry toward digital textbooks, the CSU implemented business models for publishers' e-textbooks, saving students significant amounts of money thus encourage all students to purchase or rent the textbook rather than foregoing the necessary materials due to prohibitive costs. For example, the CSU's Rent Digital program has negotiated at least a 60 percent discount on rented digital textbooks (which students can print if they choose). When the program began in fall 2012, the four e-textbook distributors/publishers provided 5,000 e-textbook titles at this discounted price. In spring 2014, more than 50,000 e-textbook titles from nine distributors/publishers were available to students and faculty. The estimate is that CSU bookstores saved CSU students more than \$30 million in 2013-14 through a variety of programs, such as print rental programs, used book programs, digital textbook programs, and buy-back programs.

Affordable Learning Solutions Principles

Choice—Enable the discovery of course-appropriate content, including commercial publisher content, library resources and a wide array of open educational resources.
Affordability—Deploy technology and business solutions that reduce the cost of learning materials to the student and the institution.
Accessibility—Every student, regardless of economic, physical or learning disability, is entitled to a high-quality education with complete access to all learning materials.

The CSU's AL\$ initiative team supports leaders from across the university to implement their affordable learning solutions programs through collaborative teamwork among bookstores, libraries, centers for faculty development, disability services centers and faculty. For example,

- CSU Dominguez Hills: More than 200 of its 750 faculty members chose low-cost or no-cost alternatives to textbooks.
- Cal Poly Pomona: More than 140 of its 1,200 faculty chose low-cost or no-cost alternatives to textbooks. (2012-13 data)
- CSU San Marcos: Launched "CALMing Down Prices" with its Cougar Affordable Learning Materials program in which its Instructional Development Services office is building a community of faculty who showcase their strategies for choosing no-cost and low-cost alternatives.

- CSU Fullerton's Affordable Learning Solutions program includes the Titan Bookstore "Lowest Price Guarantee" program for course materials.

Combined with a systemwide marketing campaign coordinated with CSU Chancellor's Office Public Affairs/Communications Department and additional collaborations with the California State Students Association, local campus programs are creating the opportunities for students and faculty to discover and choose no-cost and low-cost, quality course materials and instructional resources, thereby lowering the total cost of attendance for CSU students.

CSU Leadership in Open Educational Resources

Since 1997, the CSU has been the national and international leader in open educational resource services for students and faculty. MERLOT (Multimedia Educational Resources for Learning and Online Teaching) currently provides more than 45,000 free instructional materials (e.g. animations, simulations, free online courses, free etextbooks, and more), and has been adopted by over 500 universities and colleges and engaged millions of students, faculty, staff, K-12 teachers, and other educators over the years.

In January 2013, the California state senate passed SB 1053, which designated the CSU to lead the development and delivery of an open, online library of free textbooks (and other open educational resources) for the faculty and students of California's three higher education systems. The legislation required the acquisition of external funds before match state funds would be available. The CSU developed and was awarded grants from the William and Flora Hewlett Foundation and the Bill and Melinda Gates Foundation totaling \$1 million which is being matched by \$1 million in state funds to build the open online library and support faculty leadership in building and reviewing the collection of open textbooks. The CSU is facilitating faculty academic senate appointees from the California Community Colleges, the California State University, and the University of California to identify and review a collection of free open textbooks that could be adopted by faculty in the top 50 courses across the three systems.

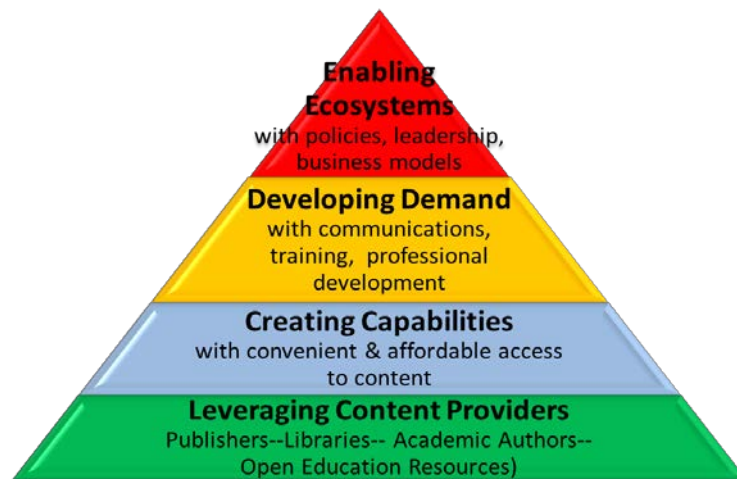
Leveraging the CSU's expertise and MERLOT technologies, CSU has recently created the "California Open Online Library for Education" (www.cool4ed.org) which showcases faculty who have adopted open etextbooks as well as the wealth of free and open educational resources in MERLOT. Currently, the COOL4ED website has more than 3,400 free and open etextbooks available in a wide range of disciplines. With a special focus on student needs, the CSU also created a student-centered portal for easy discovery, use and sharing of free and open instructional materials at www.merlotx.org.

CSU's leadership in Affordable Learning Solutions has been recognized by the State University of New York system, the University System of Georgia, the Tennessee Board of Regents, and

the Oklahoma State Regents for Higher Education. Each of these systems has become a CSU-MERLOT partner, paying for CSU resources, and adapting the CSU-MERLOT AL\$ technology platform and services to meet their state system's needs.

- <http://affordablelearninggeorgia.org>
- <http://affordablelearningtbr.org>
- <http://affordablelearningok.org>
- http://teachingcommons.cdl.edu/als_suny

Affordable Learning Solutions Initiative is a top priority within the CSU. Continuous development and implementation of programs to deliver a variety of quality academic content that is both affordable and accessible to our faculty and students will support CSU students' success in completing their CSU education.



2014 Priorities for Affordable Learning Solutions Initiative:

1. Strengthen collaborations with California State Student Association (CSSA), the Chancellor's Office public affairs office and CSU stakeholder communities to expand the systemwide marketing campaign for the Affordable Learning Solutions Initiative.
2. Focus on scaling and sustaining campus affordable learning campaigns to accelerate the adoption and effective use of more affordable course materials. Continue to share exemplary practices and facilitate the adoption of such practices.
3. Continue developing CSU-business partnerships that result in high-quality, more accessible, and more affordable content for CSU institutions and students.
4. Continue to streamline the technologies that result in more convenient and cost-effective delivery of quality and accessible digital content.

5. Improve accountability strategies and tools that will enable CSU campuses to measure the student cost savings produced by affordable learning initiatives.

COMMITTEE ON EDUCATIONAL POLICY

California State University Partnership with the Corporation for National and Community Service AmeriCorps*VISTA Program (Volunteers In Service To America)

Presentation By

Ephraim P. Smith
Executive Vice Chancellor
and Chief Academic Officer

Kristina Barger
VISTA Program Manager

Summary

AmeriCorps*VISTA (Volunteers in Service to America) is a part of the national service movement through the Corporation for National and Community Service and is often referred to as the domestic Peace Corps. VISTA members volunteer to serve full-time for one year on poverty-alleviation projects with a non-profit organization or public agency. As with the Peace Corps, competition is intense; the recent graduates selected for these slots are bright and committed.

In the first agreement of its kind, VISTA has partnered with the California State University system to support CSU science, technology, engineering and math (STEM) departments and colleges with 15 VISTA members in 2014-2015, and the program is anticipated to grow to 30 the following year. VISTA members will build partnerships with CSU faculty, staff, students, alumni and local communities to support the academic and professional success of traditionally underrepresented students in STEM.

CSU STEM VISTA members will collaborate with industry partners, local community organizations and schools to increase hands-on learning experiences such as service learning, internships and undergraduate research. These high-impact practices have been shown to increase graduation rates and close achievement gaps.

Along the way, CSU STEM VISTA will contribute to broader system-level efforts to improve STEM degree production overall; in particular by bringing the most engaging educational practices at CSU campuses to a greater share of the students majoring in STEM fields. At the intersection of research, teaching and service, CSU STEM VISTA members epitomize the CSU and its value to California.

Ed. Pol
Agenda Item 4
July 22, 2014
Page 2 of 2

This report will profile the 15 outstanding individuals selected to serve in CSU STEM departments or colleges in the program's inaugural year. It will highlight the significant number who are CSU alumni and representative of the depth and diversity of CSU students. Their success as graduates is a powerful symbol of the CSU's educational impact and a model for other CSU STEM students to emulate. The report will close with a forecast of the program's benefits in addressing issues of poverty, empowering communities, building organizational capacity and strengthening educational effectiveness.

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

**California State University
Office of the Chancellor
Glenn S. Dumke Auditorium
401 Golden Shore
Long Beach, CA 90802**

July 22, 2014

Presiding: Lou Monville, Chair

3:15 p.m. Board of Trustees Dumke Auditorium

**Call to Order and Roll Call
Public Comment**

Chair's Report

Chancellor's Report

Report of the Academic Senate CSU: *Chair—Steven Filling*

Report of the California State University Alumni Council: *President—Kristin Crellin*

Report of the California State Student Association: *President—Daniel Clark*

Approval of Minutes of Board of Trustees' Meeting of May 21, 2014

Board of Trustees

1. Conferral of the Title Trustee Emeritus: Cipriano Vargas, *Action*
2. Conferral of the Title President Emeritus: Rollin Richmond, *Action*
3. Conferral of the Title Vice Chancellor Emeritus: Gail E. Brooks, *Action*
4. Conferral of Commendation on R. Donald J. Para, *Action*

*The Board of Trustees is a public body, and members of the public have a right to attend and participate in its meetings. This schedule of meetings is established as a best approximation of how long each scheduled meeting will take to complete its business. Each meeting will be taken in sequence, except in unusual circumstances. Depending on the length of the discussions, which are not possible to predict with precision in advance, the scheduled meeting times indicated may vary widely. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

Committee Reports

Committee on Collective Bargaining: *Chair—Roberta Achtenberg*

Committee on Audit: *Chair—Lupe C. Garcia*

Committee on Governmental Relations: *Chair—Douglas Faigin*

Committee on Institutional Advancement: *Chair—Steven Glazer*

1. Naming of a Facility—San Diego State University

Committee on Campus Planning, Buildings and Grounds: *Chair—J. Lawrence Norton*

1. Amend the 2014-2015 Non-State Funded Capital Outlay Program for Projects at California State University, East Bay and California State University, Sacramento
2. Approval of Schematic Plans for California State University San Marcos

Joint Meeting Committees on Finance and Campus Planning, Buildings and Grounds: *Chair—Roberta Achtenberg*

Committee on University and Faculty Personnel: *Chair—Hugo N. Morales*

1. Executive Compensation: Vice Chancellor Human Resources

Committee on Finance: *Chair—Roberta Achtenberg*

Committee of Educational Policy: *Chair—Debra Farar*

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

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

May 21, 2014

Trustees Present

Bob Linscheid, Chair
Lou Monville, Vice Chair
Talar Alexanian
Adam Day
Rebecca D. Eisen
Debra S. Farar
Lupe C. Garcia
Lillian Kimbell
J. Lawrence Norton
Steven Stepanek
Cipriano Vargas
Timothy P. White, Chancellor

Chair Linscheid called the meeting to order.

Public Comment

The board of heard from several individuals during the public comment period: Sandra Rowley, SLO community member spoke against the proposed new student housing project; Ahn Tran, student CSULB, representing Real food for CSU campaign, spoke in support of the sustainability policy; Linda White, SLO community, spoke about the EIR report regarding the new student housing project; Karen Adler, SLO community, spoke against the new student housing project; John Keisler, SLO community, spoke in opposition to the proposed student housing site; Rebbeca Keisler, SLO community, spoke against the SLO student housing project; Derek Johnson, Director of Community Development SLO, addressed the board with questions to the EIR; Brea Haller, SLO student, spoke in support of the student housing project location; John Evans, SLO County Economic Vitality Corporation Building Design and Construction Committee, spoke in favor of the proposed SLO student housing project; Michael Lau, Director, Alumni Association Director SLO, spoke of the benefits of the SLO student housing project; Jason Colombini, SLO student, spoke in support of the committee's unanimous vote for the SLO student housing project; Pat Gantt, President, CSUEU, spoke in regard to working together towards the budget and in opposition of

CSU contracting out; Mike Geck, CSUEU organizing San Marcos representative, spoke in support of staff and the rally that took place at San Marcos during recent fires; Loretta Sevaatasi, CSUEU San Francisco State, spoke about the value staff are to the CSU; Tessy Reese, CSUE San Diego State, spoke about bargaining and also the many services staff provide; Pam Robertson, CSUEU Sacramento State, spoke about the services staff provide to students; Michael Chavez, CSUEU statewide representative, asked that the Governor restore the ninety five million that was taken out of the CSU budget; Reggie Keys, CSUEU Pomona, spoke against outsourcing of jobs; John Orr, Bargaining Unit 7, spoke about raises received and stated his opposition to the proposed parking fees; Rocky Sanchez, Bargaining Unit 7, vice chair, Pomona, urged the presidents to take a look at the compensation pool; Rich McGee, Bargaining Unit 9, chair, spoke about the student dashboard and against contracting out; Susan Smith, Bargaining Unit 9, spoke about the erosion of bargaining units and poor treatment of CSU employees; Alisandra Brewer, vice president, representation Sonoma State, spoke about the broken compensation system and urged the board to continue its commitment coming to the bargaining table.

Chair's Report

Chair Linscheid's complete report can be viewed online at the following URL:
<http://calstate.edu/bot/chancellor-reports/140521.shtml>

Chancellor's Report

Chancellor Timothy P. White's complete report can be viewed online at the following URL:
<http://www.calstate.edu/bot/chancellor-reports/140521.shtml>

Report of the Academic Senate CSU

CSU Academic Senate Chair, Diana Guerin's complete report can be viewed online at the following URL:
http://www.calstate.edu/AcadSen/Records/Chairs_Reports/documents/May_2014_Chairs_Rept.pdf

Report of the California State University Alumni Council

Alumni Council President, Kristin Crellin's complete report can be viewed online at the following URL: <http://www.calstate.edu/alumni/council/bot/20140521.shtml>

Report from the California State Student Association

CSSA President Sarah Couch's complete report can be viewed online at the following URL:
<http://www.csustudents.org/wp-content/uploads/public-documents/pdf/CSSA-Report-to-BoT-May-2014.pdf>

Committee Reports

Approval of Minutes of Board of Trustees Meeting

The minutes of the meeting of March 26, 2014, were approved.

Committee on Collective Bargaining

Trustee Monville reported the committee approved the meeting minutes of March 25, 2014. He also stated that after hearing from several speakers the committee unanimously passed the following proposals: Adoption of Initial Proposals for Successor Contract Negotiations with Bargaining Unit 1, Union of American Physicians and Dentists, Adoption of Initial Proposals for 2014-2015 Salary/Benefits Re-Opener Negotiations with Bargaining Unit 6, State Employees Trades Council-United (SETC) and Adoption of Initial Proposals for Re-Opener Negotiations with Bargaining Unit 13, California State University Employees Union (CSUEU) English Language Program Instructors at California State University, Los Angeles

Committee on University and Faculty Personnel

Trustee Farar reported the committee heard one information item pertaining to Executive Compensation and Individual Transition and also heard two action items as follow:

Executive Compensation: President–Humboldt State University (RUFPP 05-14-04)

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 Dr. Lisa A. Rossbacher shall receive a salary set at the annual rate of \$297,870 and an annual housing allowance of \$50,000 effective the date of her appointment as president of Humboldt State University; and be it further

RESOLVED, that Dr. Rossbacher shall receive additional benefits as cited in Item 1 of the Committee on University and Faculty Personnel at the May 20-21, 2014 meeting of the Board of Trustees.

Approval of Change in Appointment Date: Executive Vice Chancellor and Chief Financial Officer (RUF 05-14-05)

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 administrative change in the effective date of Mr. Relyea's appointment as executive vice chancellor and chief financial officer from May 1, 2014 to April 30, 2014 is ratified and approved.

Joint Meeting of the Committees on Educational Policy and Campus Building and Grounds

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

California State University Sustainability Policy Proposal (RJEP/CPBG 05-14-01)

Trustee Eisen 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 revised Sustainability Policy in Agenda Item 1 of the May 20-21, 2014 joint meeting of the CSU Board of Trustees' Committees on Educational Policy and Campus Planning, Buildings and Grounds is adopted.
2. The progress in achieving the goals stated in this revised Sustainability Policy shall be evaluated at the end of 2016-2017. Interim reports may be requested.
3. The chancellor or his designee is authorized to take all necessary steps to implement the intent of this policy including seeking available state, federal, grant, and private sector funds.

Committee on Campus Planning Buildings and Grounds

Trustee Eisen reported the committee heard two information items: the Status Report on the 2014-2015 State Funded Capital Outlay Program; and Annual California Environmental Quality Act (CEQA) Report. Trustee Eisen reported that the committee also heard and six action items as follow:

Amend the 2013-2014 Capital Outlay Program, Non-State Funded (RCPBG 05-14-06)

Trustee Eisen 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 2013-2014 non-state funded capital outlay program is amended to include:

1. \$2,717,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Northridge Food Service;
2. \$1,041,000 for preliminary plans, working drawings, construction, and equipment for the California State University San Marcos Mangrum Track Field Lighting and Cell Tower; and 3) \$4,226,000 for preliminary plans, working drawings, construction, and equipment for the Sonoma State University Wine Spectator Learning Center Renovation.

Approval of Schematic Plans (RCPBG 05-14-07)

Trustee Eisen 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 Final Initial Study/Mitigated Negative Declaration has been prepared to address any potential significant environmental impacts, mitigation measures, comments and responses to comments associated with approval of the California State University San Marcos Field House Expansion, and all discretionary actions related thereto, as identified in the Final Initial Study/Mitigated Negative Declaration.
2. The Final Initial Study/Mitigated Negative Declaration was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.
3. This resolution is adopted pursuant to the requirements of Section 21081 of Public Resources Code and Section 15091 of the State CEQA Guidelines which require that the Board of Trustees make findings prior to the approval of a project that the mitigated project as approved will not have a significant impact on the environment, that the project will be constructed with the recommended mitigation measures as identified in the mitigation monitoring

program, and that the project will benefit the California State University. The Board of Trustees makes such findings with regard to this project.

4. The chancellor is requested under Delegation of Authority granted by the Board of Trustees to file the Notice of Determination for the project.
5. The schematic plans for the California State University San Marcos Field House Expansion, are approved at a project cost of \$11,400,000 at CCCI 6077.

Approval of the Campus Master Plan Revision and Schematic Plans for the Recreation Wellness Center for San Francisco State University (RCPBG 05-14-08)

Trustee Eisen 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 Final Initial Study/Mitigated Negative Declaration has been prepared to address any potential significant environmental impacts, mitigation measures and comments associated with approval of the San Francisco State University, Recreation Wellness Center project, and all discretionary actions related thereto, as identified in the Final Initial Study/Mitigated Negative Declaration.
2. The Final Initial Study/Mitigated Negative Declaration was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.
3. This resolution is adopted pursuant to the requirements of Section 21081 of Public Resources Code and Section 15091(a) (3) of the State CEQA Guidelines which finds that there will not be a significant effect above and beyond that previously identified and analyzed in the Program EIR, that the Findings of Fact and associated Statement of Overriding Considerations previously adopted by the Board of Trustees as part of the certification of the Campus Master Plan EIR in November 2007 account for the impact related to the Recreation Wellness Center project, that the project will be constructed with the recommended mitigation measures as identified in the included in the Initial Study/Negative Declaration mitigation monitoring program, and that the project will benefit the California State University. The Board of Trustees makes such findings with regard to this project.

4. The San Francisco State University Campus Master Plan Revision dated May 2014 is approved.
5. The chancellor is requested under Delegation of Authority granted by the Board of Trustees to file the Notice of Determination for the project.
6. The schematic plans for the San Francisco State University, Recreation Wellness Center are approved at a project cost of \$86,487,000 at CCCCI 6077.

Approval of the Amendment of the 2013-2014 Non-State Capital Outlay Program and Approval of Schematic Plans for Plaza Linda Verde for San Diego State University (RCPBG 05-14-09)

Trustee Eisen 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 Final Environmental Impact Report (Final EIR) for the San Diego State University, Plaza Linda Verde project included a project level analysis that addressed the potential significant environmental impacts, mitigation measures, comments and responses to comments associated with approval of the Plaza Linda Verde project, and all discretionary actions related thereto. The Board of Trustees certified the Final EIR as adequate under CEQA and the project was approved in May 2011.
2. Subsequent to project approval, San Diego State University has made certain limited revisions to the design of the approved project. An Addendum to the previously certified Final EIR has been prepared that has determined these revisions would not involve new significant environmental effects or a substantial increase in the severity of significant effects previously identified in the Final EIR. The Board of Trustees has considered the Final EIR and the Addendum to the Final EIR concurrent with its consideration of the proposed schematic design plans.
3. The 2013-2014 non-state funded capital outlay program is amended to include \$142,700,000 for preliminary plans, working drawings, construction, and equipment for the San Diego State University, Plaza Linda Verde project.
4. The chancellor is requested under Delegation of Authority granted by the Board of Trustees to file the Notice of Determination for the project.

5. The schematic plans for the San Diego State University, Plaza Linda Verde are approved at a project cost of \$142,700,000 at CCCCI 6077.

Approval of the Amendment of the 2013-2014 Non-State Capital Outlay Program and Schematic Plans for Campus Village 2 for San José State University (RCPBG 05-14-10)

Trustee Eisen 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 Final Initial Study/Mitigated Negative Declaration was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.
2. The San José State University Campus Village, Phase 2 project is consistent with the Final Negative Mitigated Declaration prepared and that the effects of the project were fully analyzed in the Final Negative Mitigated Declaration.
3. The 2013-2014 non-state funded capital outlay program is amended to include \$126,186,000 for preliminary plans, working drawings, construction, and equipment for the San José State University, Campus Village, Phase 2 project.
4. The schematic plans for the San José State University, Campus Village, Phase 2, are approved at a project cost of \$126,186,000 at CCCCI 6077.

Certify the Final Environmental Impact Report, Approve the 2014 Master Plan Revision and the Amendment of the 2013-2014 Non-State Capital Outlay Program for Student Housing South for California Polytechnic State University, San Luis Obispo (RCPBG 05-14-11)

Trustee Eisen moved the item; there was a second. The Board of Trustees approved the following resolution with one abstained vote from Trustee Morales:

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

1. The Final EIR for the Student Housing South Project including the Master Plan revision dated May 2014, has been prepared to address the potential significant environmental impacts, mitigation measures, project alternatives, comments, and responses to comments associated with the proposed project and related master plan revision, pursuant to the requirements of the

California Environmental Quality Act, the CEQA Guidelines, and CSU CEQA procedures.

2. The Final EIR addresses the proposed project and all discretionary actions relating to the project as identified in the project description of the Final EIR.
3. This resolution is adopted pursuant to the requirements of Section 21081 of Public Resources Code and Section 15091 of the state CEQA Guidelines, which require that the Board of Trustees make findings prior to the approval of a project along with a statement of fact supporting each finding.
4. The board hereby adopts the Findings of Fact and the Mitigation Monitoring and Reporting Program, including all mitigation measures identified therein, for Agenda Item 8 of the May 20-21, 2014, meeting of the Board of Trustees' Committee on Campus Planning, Buildings and Grounds, which identifies the specific impacts of the proposed project and related mitigation measures, which are hereby incorporated by reference.
5. The board has adopted the Findings of Fact and Statement of Overriding Considerations that outweigh certain remaining unavoidable significant impacts to aesthetics resources, air quality, traffic and circulation.
6. The Final EIR has identified potentially significant impacts that may result from project implementation. However, the Board of Trustees, by adopting the Findings of Fact, finds that the inclusion of certain mitigation measures as part of the project approval will reduce most, but not all, of those effects to less than significant levels. Those impacts that are not reduced to less than significant levels are identified as significant and unavoidable as there are no additional feasible mitigation measures or alternatives that would reduce the identified impacts to a less significance, and therefore these significant and unavoidable impacts are overridden due to specific project benefits identified in the Statement of Overriding Considerations.
7. A portion of the mitigation measures necessary to reduce traffic impacts to less than significant levels is the responsibility of and under the authority of the City of San Luis Obispo and other responsible transportation agencies. The city and campus are not in agreement. The board therefore cannot guarantee that certain mitigation measures that are the sole responsibility of the city will be timely implemented. The board therefore finds that certain impacts upon traffic may remain significant and unavoidable if mitigation measures are not implemented and adopts Findings of Fact that include specific Overriding Considerations that outweigh the remaining, potential, unavoidable significant impacts with respect to traffic that are not under the authority and responsibility of the board.

8. Prior to the certification of the Final EIR, the Board of Trustees reviewed and considered the above-mentioned Final EIR, and finds that the Final EIR reflects the independent judgment of the Board of Trustees. The board hereby certifies the Final EIR for the project as complete and adequate in that the Final EIR addresses all potentially significant environmental impacts of the proposed project and fully complies with the requirements of CEQA and the CEQA Guidelines. For the purpose of CEQA and the CEQA Guidelines, the administrative record of proceedings for the project includes the following:
 - a. The 2013 Draft EIR and 2014 Recirculated Draft EIR for the California Polytechnic State University, Student Housing South project, including Campus Master Plan;
 - b. The Final EIR, including comments received on the Draft and Recirculated EIRs, and responses to comments;
 - c. The proceedings before the Board of Trustees relating to the subject project and master plan revision, including testimony and documentary evidence introduced at such proceedings; and
 - d. All attachments, documents incorporated, and references made in the documents as specified in items (a) through (c) above.
9. It is necessary, consistent with the California Supreme Court decision in *City of Marina* to pursue mitigation funding from the legislature to meet its CEQA fair-share mitigation obligations. The chancellor is therefore directed to request from the governor and the legislature, through the annual state budget process, the future funds (approximately \$534,000) necessary to support costs as determined by the trustees necessary to fulfill the mitigation requirements of CEQA.
10. In the event the request for mitigation funds is approved in full, the chancellor is directed to proceed with implementation of the 2014 Campus Master Plan Revision for California Polytechnic State University, San Luis Obispo. Should the request for funds only be partially approved, the chancellor is directed to proceed with implementation of the project, funding identified mitigation measures to the extent of the available funds. In the event the request for funds is not approved, the chancellor is directed to proceed with implementation of the project consistent with resolve number 11 below.
11. Because this board cannot guarantee that the request to the legislature for the necessary mitigation funding will be approved, or that the city or other responsible transportation agencies will fund the measures that are their responsibility, this board finds that the impacts whose funding is uncertain remain significant and unavoidable, and that they are necessarily outweighed by the Statement of Overriding Considerations adopted by this board.

12. The board hereby certifies the Final EIR for the California Polytechnic State University, San Luis Obispo Campus Master Plan revision dated May 2014 as complete and in compliance with CEQA.
13. The mitigation measures identified in the Mitigation Monitoring and Reporting Program are hereby adopted and shall be monitored and reported in accordance with the Mitigation Monitoring and Reporting Program for the Agenda Item 8 of the May 20-21, 2014 meeting of the Board of Trustees' Committee on Campus Planning Buildings and Grounds, which meets the requirements of CEQA (Public Resources Code, Section 21081.6).
14. The project will benefit the California State University.
15. The above information is on file with The California State University, Office of the Chancellor, Capital Planning, Design and Construction, 401 Golden Shore, Long Beach, California 90802-4210, and at California Polytechnic State University, Facilities Planning and Capital Projects, Building 70, San Luis Obispo, California 93407-0690.
16. The California Polytechnic State University, San Luis Obispo Campus Master Plan Revision dated May 2014 is approved.
17. The chancellor or his designee is requested under the Delegation of Authority by the Board of Trustees to file the Notice of Determination for the Project.
18. The 2013-2014 non-state funded capital outlay program is amended to include \$198,863,000 for preliminary plans, working drawings, construction, and equipment for the California Polytechnic State University, San Luis Obispo Student Housing South project.

Joint Meeting of the Committees of Finance and Campus Planning Building and Grounds

Trustee Eisen reported the committee heard one information item pertaining to Capital Financing and the 2014-2015 Governor's Budget Proposal.

Committee on Educational Policy

Trustee Farar reported the committee heard five information items: *Access to Excellence: Progress Report 2011-2013*; Update on Reducing Bottlenecks: Improving Student Success; California State University Doctor of Nursing Practice Programs; The California State University Pre-Doctoral Program; and The California State University Graduation Initiative.

Committee on Audit

Trustee Garcia reported the committee heard two information items: Quality Assurance Review of the Office of Audit and Advisory Services and the Status Report on Current and Follow-Up Internal Audit Assignments.

Committee on Governmental Relations

Trustee Farar reported the committee heard one information item consisting of the Legislative Report.

Committee of Finance

Trustee Eisen reported the committee heard two information items: Report on the 2014-2015 Support Budget and the California State University Annual Debt Report. The committee also heard one action item as follows:

Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Various Projects (RFIN 05-14-03)

Trustee Eisen moved the item; there was a second. The Board of Trustees approved the following resolution:

Orrick, Herrington & Sutcliffe LLP, as bond counsel, prepared resolutions presented in Item 3 of the Committee on Finance at the May 20-21, 2014 meeting of the CSU Board of Trustees that authorize interim and permanent financing for the projects at San Jose State University (Campus Village Housing 2), California State University San Marcos (Field House Expansion), and The CSU Chico (Research Foundation—Office Building Refunding). The proposed resolutions will achieve the following:

1. Authorize the sale and issuance of Systemwide Revenue Bond Anticipation Notes and/or the related or stand-alone sale and issuance of the Trustees of the California State University Systemwide Revenue Bonds in an aggregate amount not-to-exceed \$150,700,000 and certain actions relating thereto.
2. Provide a delegation to the chancellor; the executive vice chancellor and chief financial officer; the assistant vice chancellor, Financial Services; and the acting deputy assistant vice chancellor, Financing, Treasury, and Risk Management; and their designees to take any and all necessary actions to execute documents for the sale and issuance of the bond anticipation notes and the revenue bonds.

The resolutions will be implemented subject to the receipt of good bids consistent with the projects' financing plans.

Committee on Organization and Rules

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

Schedule of California State University Board of Trustees' Meetings, 2015 (ROR 05-14-02)

Trustee Norton 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 following schedule of meetings for 2015 is adopted:

January 27-28, 2015	Tuesday – Wednesday	Headquarters
March 24-25, 2015	Tuesday – Wednesday	Headquarters
May 19-20, 2015	Tuesday – Wednesday	Headquarters
July 21, 2015	Tuesday	Headquarters
September 8-9, 2015	Tuesday – Wednesday	Headquarters
November 17-18, 2015	Tuesday – Wednesday	Headquarters

Committees on Committees

Trustee Eisen reported the committee heard two action items as follow:

Election of the Chair and Vice Chair of the Board of Trustees for 2014-2015 (RCOC 05-14-01)

Trustee Eisen 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, on recommendation by the Committee on Committees, that Lou Monville be elected chair 2014-2015.

RESOLVED, By the Board of Trustees of The California State University, on recommendation by the Committee on Committees, that Rebecca D. Eisen be elected vice chair for 2014-2015.

Committee Assignments for 2014-2015 (RCOC 05-14-02)

RESOLVED, By the Board of Trustees of The California State University, on recommendation by the Committee on Committees that the following appointments be made to the Standing Committees for the 2014-2015 year:

AUDIT

Lupe C. Garcia, Chair
Adam Day, Vice Chair
Steven M. Glazer
Rebecca D. Eisen
Hugo Morales

COLLECTIVE BARGAINING

Roberta Achtenberg, Chair
Debra Farar, Vice Chair
Rebecca Eisen
Lupe C. Garcia
Hugo Morales

**CAMPUS PLANNING, BUILDINGS
AND GROUNDS**

J. Lawrence Norton, Chair
Rebecca D. Eisen, Vice Chair
Talar Alexanian
Adam Day
Lillian Kimbell
Steven G. Stepanek

EDUCATIONAL POLICY

Debra S. Farar, Chair
Margaret Fortune, Vice Chair
Roberta Achtenberg
Talar Alexanian
Rebecca Eisen
Douglas Faigin
Lupe Garcia
Steven M. Glazer
Lillian Kimbell
J. Lawrence Norton
Steven G. Stepanek

INSTITUTIONAL ADVANCEMENT

Steven Glazer, Chair
Douglas Faigin, Vice Chair
Roberta Achtenberg
Debra Farar
Margaret Fortune
Hugo Morales
J. Lawrence Norton
Steven G. Stepanek

FINANCE

Roberta Achtenberg, Chair
Steven Glazer, Vice Chair
Talar Alexanian
Adam Day
Rebecca Eisen
Debra Farar
Margaret Fortune
Lupe C. Garcia

GOVERNMENTAL RELATIONS

Douglas Faigin, Chair
Steven M. Glazer, Vice Chair
Talar Alexanian
Adam Day
Debra Farar
Margaret Fortune
Lupe C. Garcia
Lillian Kimbell
J. Lawrence Norton
Steven G. Stepanek

ORGANIZATION AND RULES

Steven G. Stepanek, Chair
Hugo Morales, Vice Chair
Roberta Achtenberg
Debra S. Farar
Margaret Fortune
Lupe Garcia
J. Lawrence Norton

**UNIVERSITY AND FACULTY
PERSONNEL**

Hugo N. Morales, Chair
Lillian Kimbell, Vice Chair
Roberta Achtenberg
Douglas Faigin
J. Lawrence Norton

Board of Trustees

Chair Monville reported the Board heard one action item as follows:

Conferral of the Title Trustee Emeritus: Bob Linscheid (RBOT 05-14-06)

Chair Monville moved the item; there was a second. The Board of Trustees approved the following resolution:

WHEREAS, Trustee Bob Linscheid was appointed as a member of the Board of Trustees of the California State University by the California State University Alumni Council in 2005, and since that time has served ably in that position;

WHEREAS, Trustee Linscheid has been a member of the Board of Trustees for nine years, and through his service as Chair and Vice Chair, has offered steadfast leadership to the University; and

WHEREAS, Trustee Linscheid, alumnus of Chico State University and long-time supporter of the CSU, represented the three million CSU alumni as the Alumni Trustee from 2005-2014, and furthered alumni impact by formerly serving twice as president of the systemwide CSU Alumni Council, member of Chico State’s University Foundation, and president of Chico State Alumni Association; and

WHEREAS, Trustee Linscheid has chaired the Campus Planning, Building and Grounds Committee and served on the Educational Policy, Institutional Advancement, Collective Bargaining, Finance and Governmental Relations committees; and

WHEREAS, Trustee Linscheid, as the president and chief executive officer of the San Francisco Chamber of Commerce, offered his expertise in public policy, economic development and organization management to guide the Board of Trustees and its committees with sound leadership, the highest professional integrity and always with a focus on students, faculty and staff; and

WHEREAS, Trustee Linscheid has been a tireless advocate for CSU students, advocating side-by-side with other higher education leaders for resources that will ensure that students receive a world-class education at an affordable price;

WHEREAS, Trustee Linscheid has steered the University system through a period of enormous growth and budgetary challenges, and has dedicated his career to helping individuals reach their academic potential; and

WHEREAS, It is fitting that the California State University recognize those members who have made demonstrable contributions to this public system of higher education and the people of California; now, therefore, be it

RESOLVED, By the Board of Trustees of the California State University that this board confers the title of Trustee Emeritus on Bob Linscheid, with all the rights and privileges thereto.

BOARD OF TRUSTEES

Conferral of the Title Trustee Emeritus – Cipriano Vargas

Presentation By:

Lou Monville
Chair

Summary

It is recommended that Trustee Cipriano Vargas whose term expired on June 30, 2014, be conferred the title of trustee emeritus for his service. The granting of emeritus status carries the title, but no compensation.

The following resolution is recommended for approval:

WHEREAS, Cipriano Vargas was appointed as a member of the Board of Trustees of the California State University in 2012 by Governor Jerry Brown, and since that time has actively served in that position; and

WHEREAS, throughout his service as a member of the Board of Trustees, he has provided a valuable student voice to the consideration of matters imperative to the purpose of this system of higher education; and

WHEREAS, Mr. Vargas is a first generation college graduate who mentored students from farm-working family backgrounds as they acclimated to college life; and

WHEREAS, Mr. Vargas is a trusted advocate for his peers who, in 2012, was elected vice president of external affairs for Associated Students, Inc. at California State University San Marcos; and

WHEREAS, Mr. Vargas served on the committees for Campus, Planning and Grounds, Educational Policy, Institutional Advancement and Governmental Relations; and

WHEREAS, Mr. Vargas' service to the Board and the aforementioned committees has been influential to deliberations and decisions, so that the CSU may continue to serve the present and future good of the state and its people; and

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WHEREAS, it is fitting that the California State University recognize those members who have made demonstrable contributions to this public system of higher education and the people of California; now, therefore, be it

RESOLVED, by the Board of Trustees of the California State University, that this board confers the title of Trustee Emeritus on Cipriano Vargas, with all the rights and privileges thereto.

BOARD OF TRUSTEES

Conferral of Title of President Emeritus: Rollin Richmond

Presentation By

Timothy P. White
Chancellor

Summary

It is recommended that the title of President Emeritus be conferred on Rollin C. Richmond for his distinguished service. The following resolution is recommended for approval:

WHEREAS, Rollin Richmond served as the sixth president of Humboldt State University from 2002 through the end of its Centennial Celebration in 2014; and

WHEREAS, under President Richmond's leadership, Humboldt State University developed a national reputation as a student-centered and diverse university focused on environmental sustainability, which places an emphasis on student and faculty research, technology and new teaching approaches; and

WHEREAS, President Richmond successfully advanced the mission of the California State University through his steadfast support of scientific research, helping secure millions in funding for CSU campuses through the California Institute for Regenerative Medicine and contributing to system-wide efforts such as CSUPERB (CSU Program for Education and Research in Biotechnology) and COAST (Council on Ocean Affairs); and

WHEREAS, President Richmond helped spearhead a variety of technology initiatives that enhance and expand student learning opportunities such as Cal State Online, which provides online degrees for the California State University system, and Humboldt State's online General Education package, which allows students to complete all of their general education coursework online; and

WHEREAS, President Richmond has been widely credited for enhancing the university's relationship with the community by improving ties with local schools, businesses and governments, supporting community partnerships and grant programs, serving on the Board of Directors of the United Way of Humboldt County and the Board of Directors of St. Joseph's Hospital, and collaborating with the Humboldt County Office of Education on many efforts; and

WHEREAS, President Richmond has been an exemplary partner to local businesses, helping champion development of the California Center for Rural Policy, which provides business development assistance and policy research on the North Coast and establishment of the Office of Economic Community and Business Development, which fosters faculty and student partnerships with local businesses and became the Small Business Association's regional center serving ten Small Business Development Centers in Northern California; and

WHEREAS, President Richmond's continued commitment to diversity has led to more than doubling of the university's population of underrepresented students, resulting in the university qualifying for Hispanic-Serving Institution status, expanded opportunities for international students with the creation of the Dual Degree Program with X'ian University in China, and increased support for former military personnel through the Veterans Enrollment and Transition Services Office, earning the university recognition as a top school for military veterans several years in a row; and

WHEREAS, amidst many years of state budget cuts and severe reductions, President Richmond diligently worked to secure funding for substantial physical improvements to campus including the LEED-certified Behavioral & Social Sciences building, the Kinesiology & Athletics Building and the College Creek Apartment complex; and

WHEREAS, President Richmond's dedication to fostering alumni support and relations resulted in the establishment of a new Advancement Foundation, a more than doubling of the campus endowment over the last decade and creation of the university's first endowed chair—the Kenneth L. Fisher Chair in Redwood Forest Ecology; now, therefore, be it

RESOLVED, that the Board of Trustees of the California State University confer the title of President Emeritus on President Rollin C. Richmond, with all the rights and privileges pertaining thereto.

BOARD OF TRUSTEES

Conferral of Title of Vice Chancellor Emeritus: Gail E. Brooks

Presentation By

Timothy P. White
Chancellor

Summary

It is recommended that the title of Vice Chancellor Emeritus be conferred on Ms. Gail E. Brooks for her distinguished service. The following resolution is recommended for approval:

WHEREAS, Gail E. Brooks, vice chancellor of human resources, has served the California State University for eight years; and

WHEREAS, Ms. Brooks proposed and the Board supported the first CSU Systemwide Human Resources Strategic Vision and Goals setting aspirational goals for the kind of environment where employees can thrive; and

WHEREAS, her leadership brought systemwide and campus personnel together to support our employees, to improve outcomes in the negotiation and administration of labor agreements and to achieve operational efficiencies; now, therefore, be it

RESOLVED, that the Board of Trustees of the California State University confer the title of Vice Chancellor Emeritus on Ms. Gail E. Brooks, with all the rights and privileges pertaining thereto.

BOARD OF TRUSTEES

Conferral of Commendation on Dr. Donald J. Para

Presentation By

Timothy P. White
Chancellor

Summary

It is recommended that Dr. Donald J. Para be commended for his distinguished service as Interim President of CSU Long Beach. The following resolution is recommended for approval:

WHEREAS, Donald J. Para served as the interim president of California State University, Long Beach from July 2013 to July 2014; and

WHEREAS, Dr. Para's vision for California State University, Long Beach has established outstanding academic offerings in the arts, and his leadership in academic affairs has resulted in the University's highly rated programs receiving major support from the National Science Foundation, the National Endowment for the Arts, the Carnegie Foundation, and others; and

WHEREAS, Dr. Para is a respected leader known for strongly speaking out in support of higher education on behalf of underserved communities and in support of increasing access to higher education as well as promoting programs that increase diversity for both California State University, Long Beach and for the CSU system; and

WHEREAS, Dr. Para worked diligently as an innovator for the arts and arts education, is sought after for his record of support and leadership, and is known for his deep commitment to bringing people together through the arts and business, as demonstrated by establishing the MBA/MFA degree in theatre management, making CSU Long Beach only the second university in the nation to offer this terminal degree; and

WHEREAS, Dr. Para was the driving force behind the establishment of the Leadership Fellows Program at CSU Long Beach to develop the next generation of university leaders who can respond systematically to critical issues in higher education; now, therefore, be it

RESOLVED, that the Board of Trustees of the California State University provide this commendation to Dr. Donald J. Para for outstanding service to CSU Long Beach.