

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
November 12-13, 2014

Time*	Committee	Place
<u>Wednesday, November 12, 2014</u>		
8:30 a.m.	Call to Order	Dumke Auditorium
8:35 a.m.	Board of Trustees—Closed Session Pending Litigation—Government Code §11126(e)(1) ASLON v. CSU Gibson v. CSU Sackos v. CSU Keller v. CSU Anticipated Litigation—One Item Executive Personnel Matters Government Code §11126(a)(1)	Munitz Conference Room
9:45 a.m.	Committee on Collective Bargaining—Closed Session Government Code §3596(d)	Munitz Conference Room
10:45 a.m.	Committee on Collective Bargaining—Open Session 1. Ratification of Tentative Agreement with Bargaining Units 2, 5, 7 & 9 (California State University Employees Union), <i>Action</i> 2. Ratification of Tentative Agreement with Bargaining Unit 4 (Academic Professionals of California), <i>Action</i> 3. Ratification of Tentative Agreement with Bargaining Unit 6 (State Employees Trades Council), <i>Action</i> 4. Ratification of Tentative Agreement with Bargaining Unit 3 (California Faculty Association), <i>Action</i> 5. Ratification of Tentative Agreement with Bargaining Unit 10 (International Union of Operating Engineers), <i>Action</i>	Dumke Auditorium

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- 11:15 a.m. Committee on Governmental Relations Dumke Auditorium**
 1. Legislative Update, *Information*
- 11:45 a.m. Luncheon**
- 12:30 p.m. Committee on Institutional Advancement Dumke Auditorium**
 1. Naming of a Facility—California State Polytechnic University, Pomona, *Action*
 2. The Class of 3 Million, *Information*
- 1:00 p.m. Committee on Educational Policy Dumke Auditorium**
 1. Associate Degrees for Transfer: SB 1440 Update, *Information*
 2. The California State University Graduation Initiative Update, *Information*
 3. Student Success and Completion Initiatives, *Information*
 4. Preparing Educators for the Common Core State Standards, *Information*
- 2:30 p.m. Joint Committee on Educational Policy and Finance Dumke Auditorium**
 1. Approval of the Academic Sustainability Plan, *Action*
- 3:00 p.m. Committee on Campus Planning, Buildings and Grounds Dumke Auditorium**
 1. Amend the 2014-2015 Non-State Funded Capital Outlay Program for California State University Channel Islands, California State University, Northridge, and California State Polytechnic University, Pomona, *Action*
 2. Approval of Schematic Plans for California State University Channel Islands, California State Polytechnic University, Pomona and California Polytechnic State University, San Luis Obispo, *Action*
 3. Approval of the 2015-2016 Capital Outlay Program and the 2015-2016 through 2019-2020 Five-Year Capital Improvement Program, *Action*
- 3:30 p.m. Joint Committee on Finance and Campus Planning, Buildings and Grounds Dumke Auditorium**
 1. New Capital Financing Authority and Revisions to the California State University Policy for Financing Activities, *Action*
- 4:45 p.m. Committee on Audit Dumke Auditorium**
 1. Status Report on Current and Follow-Up Internal Audit Assignments, *Information*
 2. Status Report on the Implementation Plan for the Quality Assurance Review, *Information*

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Thursday, November 13, 2014

- 8:00 a.m. Committee on University and Faculty Personnel Dumke Auditorium**
1. Executive Compensation: President, California State Polytechnic University, Pomona, *Action*
 2. Executive Transition and Vice Presidential Salary Annual Report, *Information*
 3. Compensation for Unrepresented Employees, *Information*
 4. Compensation for Executives, *Action*
- 8:30 a.m. Committee on Finance Dumke Auditorium**
1. Approval of the 2015-2016 Support Budget Request, *Action*
 2. Approval of the 2015-2016 Lottery Revenue Budget, *Action*
 3. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Projects at California State University Channel Islands and California Polytechnic State University, San Luis Obispo, *Action*
 4. Real Property Development Project at California State Polytechnic University, Pomona for Innovation Village Phase V, Commercial Office and Research Facility for Southern California Edison Company, *Action*
 5. 2014-2015 Student Fee Report, *Information*
 6. Working Group on Category II Student Success Fee, *Information*
- 10:30 a.m. Committee of the Whole Dumke Auditorium**
1. Title IX Compliance Update - Preventing, Addressing and Eliminating Sexual Violence on California State University Campuses, *Information*
- 11:30 a.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***

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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 September 10, 2014

Board of Trustees

1. Conferral of Title of President Emeritus: Dr. J. Michael Ortiz, *Action*
2. Conferral of Title of Executive Vice Chancellor Emeritus: Ephraim P. Smith, *Action*

Committee Reports

Committee on Collective Bargaining: *Chair—Roberta Achtenberg*

Committee on Governmental Relations: *Chair—Douglas Faigin*

Committee on Institutional Advancement: *Chair—Steven Glazer*

1. Naming of a Facility—California State Polytechnic University, Pomona

Committee of Educational Policy: *Chair—Debra S. Farar*

Joint Committees on Educational Policy and Finance: *Chair—Debra S. Farar*

1. Approval of the Academic Sustainability Plan

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

1. New Capital Financing Authority and Revisions to the California State University Policy for Financing Activities

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

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

1. Amend the 2014-2015 Non-State Funded Capital Outlay Program for California State University Channel Islands, California State University, Northridge, and California State Polytechnic University, Pomona
2. Approval of Schematic Plans for California State University Channel Islands, California State Polytechnic University, Pomona and California Polytechnic State University, San Luis Obispo
3. Approval of the 2015-2016 Capital Outlay Program and the 2015-2016 through 2019-2020 Five-Year Capital Improvement Program

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Committee on University and Faculty Personnel: *Chair—Lillian Kimbell*

1. Executive Compensation: President, California State Polytechnic University, Pomona
4. Compensation for Executives

Committee on Finance: *Chair—Roberta Achtenberg*

1. Approval of the 2015-2016 Support Budget Request
2. Approval of the 2015-2016 Lottery Revenue Budget
3. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Projects at California State University Channel Islands and California Polytechnic State University, San Luis Obispo
4. Real Property Development Project at California State Polytechnic University, Pomona for Innovation Village Phase V, Commercial Office and Research Facility for Southern California Edison Company

Committee of the Whole: *Chair—Lou Monville*

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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
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AGENDA

COMMITTEE ON COLLECTIVE BARGAINING

Meeting: 9:45 a.m., Wednesday, November 12, 2014
Munitz Conference Room—Closed Session

10:45 a.m., Wednesday, November 12, 2014
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—Dumke Auditorium

Consent Item

Approval of the Minutes of the Meeting of July 22, 2014

Discussion Items

1. Ratification of Tentative Agreement with Bargaining Units 2, 5, 7 & 9 (California State University Employees Union), *Action*
2. Ratification of Tentative Agreement with Bargaining Unit 4 (Academic Professionals of California), *Action*
3. Ratification of Tentative Agreement with Bargaining Unit 6 (State Employees Trades Council), *Action*
4. Ratification of Tentative Agreement with Bargaining Unit 3 (California Faculty Association), *Action*
5. Ratification of Tentative Agreement with Bargaining Unit 10 (International Union of Operating Engineers), *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**

July 22, 2014

Members Present

Roberta Achtenberg, Chair
Debra Farar, Vice Chair
Rebecca Eisen
Lou Monville, Chair of the Board
Hugo Morales
Timothy White, Chancellor

Chair Achtenberg called the Committee on Collective Bargaining to order.

Approval of Minutes

The minutes of the May 20, 2014 meeting were approved as submitted.

Action Items

The committee adopted initial proposals for 2014-2015 salary re-opener negotiations with Bargaining Unit 4, Academic Professionals of California (APC). Associate Vice Chancellor John Swarbrick presented the item.

Public Speakers

Trustee Achtenberg commented, in the future, the board would not consent to audio visual materials being used in public comment absent extraordinary circumstances.

The committee then heard from the public speakers.

California Faculty Association's Jennifer Eagen, Kelly Janousek, and Melina Abdullah spoke about faculty salary and workload. California State University Employee Union's (CSUEU) Pat Gantt presented a video on employee salary issues. Mike Geck, Loretta Seva'aetasi, Tessy Reese, Michael Chavez, Rocky Sanchez, Rich McGee and Alisandra Brewer all spoke about salaries for CSUEU represented employees.

Chair Achtenberg then adjourned the meeting.

AGENDA

COMMITTEE ON GOVERNMENTAL RELATIONS

Meeting: 11:15 a.m., Wednesday, November 12, 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 September 9, 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**

September 9, 2014

Members Present

Douglas Faigin, Chair
Talar Alexanian
Adam Day
Debra S. Farar
Margaret Fortune
Lupe C. Garcia
Steven M. Glazer
Lillian Kimbell
Lou Monville, Chair of the Board
Steven G. Stepanek
Timothy P. White, Chancellor

Trustee Faigin called the meeting to order.

Approval of Minutes

The minutes of July 22, 2014, were approved as submitted.

Legislative Update

Mr. Garrett P. 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 legislature returned from summer recess in August and focused on finalizing several complex issues prior to the end of the session. The most pressing topic was the future of the state's water infrastructure, which resulted in a \$7.3 billion water bond for the November ballot. The legislative session ended on August 29, and several bills of interest to the California State University (CSU) were sent to the governor.

Ms. Zamarripa provided an overview of the legislative items that could have a significant impact on the CSU:

Gov. Rel.

- AB 1476 (Atkins), which proposes to amend the 2014 Budget Act to include \$50 million in one-time funding for University of California (UC) and CSU respectively, is now before the governor.
- The CSU-sponsored legislation on the faculty trustee holdover appointment (AB 2324) and reporting requirement modifications (AB 2736) were approved by the legislature and are awaiting action by the governor. AB 2736 has been amended to clarify the board's authority to adopt a systemwide voluntary fee for the California State Student Association.
- AB 1989, a priority bill dealing with students in winemaking and brewery programs, has been signed by the governor. SB 1210, a priority bill on a state-supported loan program for AB 540 (2001) students, is pending action by the governor.
- The CSU is supporting SB 850, which allows up to 15 community college districts to pilot baccalaureate degree programs that are not offered by the CSU or the UC.
- AB 2610, which responds to the Bureau of State Audit (BSA) recommendation that the CSU define "supplant" for extended education programs, is being held by the legislature. The CSU will continue to work with CFA in order to come to an agreement on the definition of supplant.
- The CSU is opposing AB 46, which requires unfunded, mandatory reporting on services used by students in online courses.
- AB 2721 (Pan), which is a CSUEU-sponsored measure that would add a staff trustee to the Board of Trustees, has been approved by the legislature and is awaiting action by the governor.

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 the final actions of key issues and legislative measures of interest to the California State University.

Background

The Legislature returned to complete their session on August 30. At which point, the Governor had 30 days to work through the bills that made it to his desk. Per the Governor's office, 1,074 made it to his desk in 2014, with 930 signed into law and 143 vetoed.

Board of Trustees Sponsored Legislation

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

STATUS: The bill was signed into law by the Governor. Chapter 340, Statutes of 2014.

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

STATUS: The bill was signed into law by the Governor. Chapter 511, Statutes of 2014.

Priority Bills

AB 1989 (Chesbro) Underage Drinkers: Students in Winemaking and Brewery Science Programs: This measure was co-sponsored with the University of California and created a narrow exception to the current Alcoholic Beverage Control Act related to the consumption of alcohol by underage persons. The bill allowed CSU and 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 and beer for educational purposes.

CSU POSITION: SUPPORT/SPONSOR
STATUS: The bill was signed into law by the Governor. Chapter 162, Statutes of 2014.

AB 2610 (Williams) California State University: Special Sessions: The bill proposed a definition of “supplant” to guide our extended education and special session programs and courses, as recommended by the Bureau of State Audits earlier this year.

CSU POSITION: SUPPORT IF AMENDED
STATUS: The bill passed in the Senate Education Committee without any “no” votes and was placed on the Appropriations Committee suspense file pending further amendments. A resolution on the final amendments was not successful, so the bill died.

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

CSU POSITION: SUPPORT/SPONSOR
STATUS: The bill was signed into law by the Governor. Chapter 754, Statutes of 2014.

Other Legislation of Interest

AB 46 (Pan) California State University: Online Education: This proposal required extensive data collection regarding educational programming specific to online programs and courses, including information available on the use of campus resources for those students taking advantage of such offerings. It was sponsored by the California Faculty Association (CFA) in response to their concerns about San José State University and their Udacity partnership.

CSU POSITION: OPPOSE UNLESS AMENDED
STATUS: The bill was vetoed by the Governor.

Veto Message: “I am returning Assembly Bill 46 without my signature. This bill would require the Trustees of the California State University to provide to the Cal State Academic Senate and campus academic senates, upon request, specific data on students who take any online course offered by Cal State or its contracting entity. The Academic Senate passed a resolution calling the bill unnecessary and citing student privacy and cost issues, among other concerns. I agree. I am aware of the deep concerns that the sponsor of the bill has expressed regarding online courses. These courses, however, could play an important role in helping to reduce the bottleneck that too often prevents students from graduating on time. This is one of the reasons I believe that we should not unduly limit the introduction of online courses in the Cal State system. Sincerely, Edmund G. Brown Jr.”

AB 938 (Weber) Public Postsecondary Education: Fees: This measure required campuses to use State University Grants (SUG), the system’s financial aid resources, to cover Student Success Fees (SSF) of low income students, which would require a new approach for packaging financial aid for said students. Currently, SSFs are covered by the total financial aid package for needy students, including Pell and Cal Grants as well as SUG.

CSU POSITION: PENDING
STATUS: The bill was dropped by the author.

AB 1348 (J. Perez) Postsecondary Education: California Higher Education Authority: This proposal created a new higher education coordinating body to oversee all public and private colleges and universities in California. The governing body would consist 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 which was closed after the Governor deleted all funding several years ago.

CSU POSITION: CONCERNS
STATUS: The bill was held in the Senate Appropriations Committee in August and is dead.

AB 1433 (Gatto) Student Safety: This measure required any sexual or violent crime reported to campus police be immediately disclosed to a local public law enforcement agency that 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 required 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 signed into law by the Governor. Chapter 798, Statutes of 2014.

AB 1451 (Holden) Concurrent Enrollment in Secondary School and Community College: This bill expanded opportunities for high school students to dual enroll at local community colleges. We supported the bill as a partner to the CCC, as well as to give students another way to progress to their degree. The CSU believed 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 was held in the Senate Appropriations Committee in August and is dead.

AB 1476 (Committee on Budget and Fiscal Review) Budget Act of 2014: This measure, with the three principal co-authors of Muratsuchi, Skinner and Williams, provided \$100 million of one-time funds split evenly between the UC and the CSU for investments in deferred maintenance consistent with the final budget enacted in July.

CSU POSITION: SUPPORT
STATUS: The bill was signed into law by the Governor. Chapter 798, Statutes of 2014. *However, the Governor used his blue pencil authority to veto a funding increase to CSU and UC.*

Veto Message: “To the Members of the California State Assembly: I am signing Assembly Bill 1476 with the following reductions. I am reducing the \$50,000,000 General Fund augmentation for deferred maintenance at the University of California. I am also reducing the \$50,000,000 General Fund augmentation for deferred maintenance at the California State University. This year's budget would have provided \$200 million for critical deferred maintenance at University of California, California State University and other state facilities if property tax revenues exceeded budget estimates at the time of the second principal apportionment in July. Unfortunately, property tax revenues were below budget estimates and the additional \$200 million was not available for deferred maintenance this year. Making investments to maintain the state's aging infrastructure continues to be a major priority for my administration, as is paying down the state's debts

and reducing other long-term liabilities. However, we are nearly one quarter into the fiscal year now and we should not commit additional General Fund monies of this magnitude when we are facing unanticipated costs such as fighting the state's extreme wildfires. Sincerely, Edmund G. Brown Jr.”

AB 1549 (Rendon) Postsecondary Education: Equity in Higher Education Act: The measure was rewritten the second week of August to require the Bureau of State Audits to conduct six campus-based audits (two UC campuses, two CCC and two CSU campuses) every three years to verify that California’s public institutions are in compliance with the federal Title IX regulations. Should a campus be found not in compliance, then the campus would be required to redirect state general fund support to address the issues raised by the audit.

CSU POSITION: WATCH
STATUS: The bill was held in the Senate Appropriations Committee in August and is dead.

AB 1927 (Frazier) Student Financial Aid: Debit Cards: This bill proposed 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.

CSU POSITION: NO OFFICIAL POSITION
STATUS: The bill was vetoed by the Governor.

Veto Message: “I am returning Assembly Bill 1927 without my signature. Earlier this year, I signed SB 845 (Correa), requiring California's higher education institutions to consult with stakeholders and adopt a model contract that can be used to disburse financial aid or refunds to students on payment cards. Any additional changes to this area of the law are premature. Sincerely, Edmund G. Brown Jr.”

AB 1953 (Skinner) Higher Education Energy Efficiency Act: Grants: This proposal established financial assistance via no-interest, low-interest loans and loan loss reserves, and directed 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 was negotiating with leadership and the administration regarding the funding mechanism for this measure, given that both segments had not been given access to Proposition 39 dollars for this purpose.

CSU POSITION: SUPPORT

STATUS: The bill passed out of the Senate Energy, Utilities and Communications Committee, was placed on the suspense file in the Senate Appropriations Committee, and is dead.

AB 1969 (Levine) Postsecondary Education: Intersegmental Coordination in Governance: The proposal required the CSU and the CCCs, and requested the UC, to coordinate the procuring of large systemwide information technology and software that will enhance student achievement and have demonstrable cost benefit to the partners.

CSU POSITION: NO OFFICIAL POSITION
STATUS: The bill was vetoed by the Governor.

Veto Message: “I am returning Assembly Bill 1969 without my signature. When viable, the University of California, California State University and California Community Colleges have coordinated on major information technology projects. I prefer to maintain the current flexibility that allows the segments to identify and pursue opportunities for joint projects when it makes programmatic and fiscal sense. Sincerely, Edmund G. Brown Jr.”

AB 2099 (Frazier) Postsecondary Education: Title 38 Awards: This bill established minimum student outcome requirements for postsecondary institutions that educate student veterans and are utilizing their federal veteran education benefits. Ultimately, the author’s goal was to steer veterans away from enrolling at for-profit colleges that have high default and low graduation rates. The graduation and default rate that institutions must meet in order to enroll veterans utilizing their veteran’s education benefits mirrors that of the Cal Grant program.

CSU POSITION: SUPPORT
STATUS: The bill was signed into law by the Governor. Chapter 676, Statutes of 2014.

AB 2153 (Gray) Postsecondary Education: Course Offering: This bill, 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 was held in the Senate policy and died.

AB 2235 (Buchanan) Education Facilities: Kindergarten-University Public Education Facilities Bond Act of 2014: This bill authorized a \$4.3 billion K-12 and higher education

modernization and construction General Obligation bond on the November 2014 statewide general election ballot. The measure allocated \$200 million to each segment of public higher education. The Department of Finance opposed the bond as they suggest it would create new debt obligation for the state while not shifting more responsibilities to the local level. Finance also expected the UC and CSU to self-finance their infrastructure needs for capital projects from their existing budget allocation, and if a future bond were approved, any debt service be covered within CSU resources.

CSU POSITION: PENDING
STATUS: This bill was not taken up by the Senate Floor.

AB 2721 (Pan) Trustees of the California State University: Non-faculty Employees: This bill added 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 be a member of a representative unit. 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 CSUEU rejected those amendments.

CSU POSITION: PENDING
STATUS: The bill was vetoed by the Governor.

Veto Message: “I am returning Assembly Bill 2721 without my signature. This bill adds an additional member to the California State University Board of Trustees. Since the Board of Trustees was established in 1960, there have only been 4 additions to the Board. The last of these was the addition of the non-voting student member in 1999. I am not persuaded that increasing the membership of the Board beyond 25 is necessary. Sincerely, Edmund G. Brown Jr.”

SB 845 (Correa) Postsecondary Education: Electronic Disbursement of Student Financial Aid: This bill was seen as another approach to the issues raised by AB 1927 (Frazier) regarding financial aid disbursement via debit cards. Senator Correa and his staff worked closely with CSU to draft a bill that established guidelines for campus contracts with third-party vendors for this purpose. The measure was supported by CSSA.

CSU POSITION: SUPPORT
STATUS: The bill was signed into law by the Governor. Chapter 120, Statutes of 2014.

SB 850 (Block) Community College Districts: Baccalaureate Degree Pilot Program: This bill authorized a pilot program in up to 15 community college districts to offer baccalaureate degrees that are not offered by the CSU and UC. The CSU worked closely with Senator Block to

develop amendments that addressed concerns from Academic Affairs, and in turn the university was one of two supporters asked to testify in earlier committees. The university played a significant role responding to questions by committee members during the hearing, noting our strong partnership with the CCC and interest in finding ways to serve students and the state.

CSU POSITION: SUPPORT
STATUS: The bill was signed into law by the Governor. Chapter 747, Statutes of 2014.

SB 872 (Committee on Budget and Fiscal Review) Budget Act of 2014: This measure, with the three principal co-authors of Muratsuchi, Skinner and Williams, provided \$100 million of one-time funds split evenly between the UC and the CSU for investments in deferred maintenance consistent with the final budget enacted in July.

CSU POSITION: SUPPORT
STATUS: The measure was known as a “budget trailer bill” and was not moved off the Senate Floor in lieu of AB 1476 becoming the vehicle for the budget clean-up and additional funding for CSU and UC. This bill is dead.

SB 967 (DeLeon) Student Safety: Sexual Assault: This bill required 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 bill proposed to do is already required by federal regulations, but both Assembly Member Gatto and Senator de Leon have Occidental College within their districts where significant issues have been raised by students and others.

CSU POSITION: SUPPORT
STATUS: The bill was signed into law by the Governor. Chapter 748, Statutes of 2014.

SB 1022 (Huff) Public Postsecondary Education: Labor Market Outcome Information: This bill required 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 was signed into law by the Governor. Chapter 394, Statutes of 2014.

SB 1196 (Liu) Public Postsecondary Education: State Goals: This bill reflected 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, the bill created 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 was held on the Assembly Appropriations Committee's suspense file and is dead.

AGENDA

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Meeting: 12:30 p.m., Wednesday, November 12, 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 September 9, 2014

Discussion Items

1. Naming of a Facility—California State Polytechnic University, Pomona, *Action*
2. The Class of 3 Million, *Information*

**MINUTES OF THE MEETING OF
COMMITTEE ON INSTITUTIONAL ADVANCEMENT**

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

September 9, 2014

Members Present

Steven M. Glazer, Chair
Roberta Achtenberg
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lou Monville, Chair of the Board
Hugo N. Morales
Steven G. Stepanek
Timothy P. White, Chancellor

Trustee Glazer called the meeting to order.

Approval of Minutes

The minutes of July 22, 2014 were approved as submitted.

Recognition of Recipients of the 2014-2015 CSU Trustees' Award for Outstanding Achievement

Chancellor White shared that each year the California State University (CSU) Board of Trustees provides scholarships to high-achieving students who excel academically and make a difference in their communities. This year, all scholarships were increased to a minimum of \$6,000. He thanked trustees and members of the CSU Foundation board for their contributions to the CSU Trustees' scholarships.

Chancellor White introduced Trustee Emeritus Ali C. Razi, CSU Foundation Board of Governors member and CSU Trustees' Award selection committee chair, whose leadership continues to expand this scholarship program. Thanks to his generosity, the top scholar receives \$12,000.

Chancellor White and Dr. Razi recognized the recipients of the 2014-2015 CSU Trustees' Award for Outstanding Achievement:

Ms. Faith Ihem, California State University, Bakersfield, *Angelina Aliberti and Lawrence L. Ruggie Scholar*

- Ms. Teresa Castillo, California State University Channel Islands, *Sycuan Band of the Kumeyaay Nation Scholar*
- Ms. Natalie Holmberg-Douglas, California State University, Chico, *Robert & Dorothy Talty Scholar*
- Ms. Pamela Hernandez, California State University, Dominguez Hills, *Trustee Emerita Claudia Hampton Scholar*
- Ms. Jessica Mery, California State University, East Bay, *Southwest Airlines Scholar*
- Mr. Bryan L.L. Wood, California State University, Fresno, *William Randolph Hearst Scholar*
- Mr. Michael Chacon, California State University, Fullerton, *Sycuan Band of the Kumeyaay Nation Scholar*
- Ms. Monica R. Correale, Humboldt State University, *Trustee Emeritus Ali C. Razi Scholar*
- Ms. Lita Melissa Cahuana, California State University, Long Beach, *CSU Foundation Board of Governors Scholar sponsored by Ronald R. and Mitzi Barhorst*
- Mr. Justin D'Agostino, California State University, Los Angeles, *John and Beverly Stauffer Foundation Scholar*
- Mr. Gregory Worstell, California Maritime Academy, *Wells Fargo Scholar*
- Mr. Jesus Ochoa Perez, California State University, Monterey Bay, *Chancellor Emeritus Charles B. Reed Scholar*
- Ms. Mayra Roxi Diaz, California State University, Northridge, *Trustee Rebecca Eisen Scholar*
- Ms. Natalie Rivera, California State Polytechnic University, Pomona, *William Randolph Hearst Scholar*
- Mr. Patrick Landrum, California State University, Sacramento, *William Randolph Hearst Scholar*
- Ms. Gena Alltizer, California State University, San Bernardino, *William Randolph Hearst Scholar*
- Mr. Sergio Juarez, San Diego State University, *TELACU Scholar*
- Mr. Shayle Matsuda, San Francisco State University, *Trustee Emeritus Murray L. Galinson Scholar*
- Mr. David Elliott, San José State University, *Trustee Emeritus William Hauck Scholar*
- Ms. Michelle Lam, California Polytechnic State University, San Luis Obispo, *Cisco Scholar*
- Mr. Carlos Betancourt, California State University San Marcos, *Trustee Emeritus Kenneth Fong Scholar*
- Mr. Giovanni Lamanna, Sonoma State University, *William Randolph Hearst Scholar*
- Ms. Eliza Matley, California State University, Stanislaus, *Haworth Family Scholar*

Trustee Glazer adjourned the meeting.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Naming of a Facility—California State Polytechnic University, Pomona

Presentation by:

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Summary

This item will consider naming building 163, one of three buildings in the new College of Business Administration Complex at California State Polytechnic University, Pomona as Ronald W. Gregoire Hall.

This proposal, submitted by Cal Poly Pomona, 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 leadership and generosity of Mr. Ronald W. Gregoire's \$2.5 million total investment in the new three-building College of Business Administration Complex. In 2001, Mr. Gregoire was the lead donor with an initial \$1 million gift. With his continued generosity, he has made an additional \$1.5 million gift to help complete the funding for the complex. The new three-building complex was designed to meet the needs of the rapidly expanding college. Behind the walls of building 163 are innovative learning spaces that promote an interactive, high-tech education. Students working on group projects can meet in one of eight breakout rooms that are equipped with wireless Internet and a 42-inch flat-screen monitor. Students working on a laptop, tablet or smartphone can wirelessly project their work onto the monitor to share information. Certified LEED silver certification by the U.S. Green Building Council, the complex includes five auditorium-style case rooms, six technologically enhanced classrooms, two advanced computer laboratories and other collaborative learning spaces.

Ronald W. Gregoire graduated from Cal Poly Pomona's College of Business Administration with a bachelor's degree in accounting in 1971, went on to become a CPA and began auditing car dealerships. Following the purchase of Cerritos Ford, ranked by sales volume in the top five percent of the largest Ford dealers in the nation, Gregoire acquired Lincoln Mercury, Infiniti and Isuzu dealerships, consistently ranked among the top sellers in California. He was twice named a

director of the California Motor Car Dealers Association and served on the exclusive Lincoln Mercury Future Product Development Committee.

Not only has Ronald W. Gregoire contributed a total of \$2.5 million to support the College of Business Administration Complex, he has funded an endowed scholarship for an outstanding student in the College of Business Administration through the President's Council Scholarship program as well as the College's Leadership Speakers Forum. Mr. Gregoire was awarded an Honorary Doctorate of Humane Letters in 2014, was named a Distinguished Alumnus in 2001 and was inducted into the Accounting Hall of Fame in 1996. In addition, he currently serves as a co-chair on the successful \$150 million Campaign for Cal Poly Pomona, has served on University's National Development Council, University Educational Trust, the President's Council, the Business Advisory Council and has been involved with the Ambassadors for Higher Education.

Recommended Action

The following resolution is recommended for approval:

RESOLVED, by the Board of Trustees of the California State University, that the College of Business Administration Classroom Building 163 at California State Polytechnic University, Pomona be named as Ronald W. Gregoire Hall.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

The Class of 3 Million

Presentation by:

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Aaron J. Moore
Director
Alumni Relations

Summary

The Class of 3 Million celebrates the milestone of reaching 3 million living addressable alumni. It is a unique opportunity to increase alumni engagement with campuses and emphasize the vast network of CSU alumni impacting our workforce and communities. Currently, according to census data, one in every twenty Americans with a college degree is a CSU graduate.

All alumni from every campus plus the graduating Class of 2015 are considered part of the Class of 3 Million. The celebration is designed to run during the 2014-15 academic year, culminating during the 2015 Commencement ceremonies. The public launch was October 1, 2014.

Background

The 2012 Alumni Attitude Study identified opportunities to strengthen our connection with alumni. The findings indicated a desire for more networking activities, help advancing careers, and increased communication about the successes of alumni, faculty and students. The Class of 3 Million responds to these findings and creates a framework to engage our alumni in a fun and creative manner.

The celebration's primary message is to communicate to alumni that when they graduated from the CSU they received more than a degree. They also became an exclusive member of one of the largest and most well-known university systems in the country that has continually produced highly regarded and accomplished leaders in many fields including business, engineering, agriculture, education, hospitality, tourism, entertainment, sports and healthcare.

Reaching 3 million living addressable alumni means the number of graduates for which we have a valid means of contacting. This number is relevant as it is used in computing the alumni participation rate. The alumni participation rate is used in national rankings and is measured by

dividing the number of alumni donors by the number of addressable alumni. The number of addressable alumni is also significant as it represents the number of graduates we have the potential of reaching and engaging in ways that support the success of today's students.

The goals of the celebration were created in consultation with the CSU Alumni Council's Special Committee for the 3 Million Alumni Campaign with representatives from the Alumni Council, Academic Senate CSU, CSSA, and the Vice Presidents for Advancement Council. The goal of the initiative is to increase alumni engagement and support of campuses by:

- Providing a fun and interactive way to encourage alumni to update their information (i.e. mailing address, email address, employment information). This data is critical to support campus fundraising efforts and programs aimed at connecting students and alumni.
- Establishing systemwide benchmarking standards for alumni engagement.
- Increasing the systemwide alumni participation rate (currently 2.48%).
- Showing an increase in the 2017-18 Alumni Attitude Study results of alumni rating their experience as a student and as an alumnus as good or excellent.

The centerpiece of the celebration is the Class of 3 Million online yearbook (Classof3Million.calstate.edu) where graduates can create an online profile and be entered to win a \$10,000 scholarship. The yearbook provides a way for our alumni across the system to network and visually demonstrates the impact our graduates have on our state and the world. Key actions are rewarded by earning different badges on their profile. Among these are the Advocacy Badge for joining their campus e-advocacy network; the Legacy Badge for sharing information about family members who are also CSU alumni; the Volunteer Badge and Donor Badge for pledging to volunteer or donate to their campus; and the Thankful Badge for posting a thank you note to a faculty or staff member who made a positive impact on their student experience. All data collected through the online yearbook is shared back with campuses in weekly reports.

To help campuses participate, the Chancellor's Office provided a toolkit that contains examples of ways the celebration can bring added excitement and connection to existing campus programs. The toolkit also includes ready-made graphic elements to use and co-brand; a calendar of systemwide activities and potential campus activities; ready-made social media posts corresponding with the various promotional periods of the celebration; and ways for campuses to showcase their best practices of integrating the Class of 3 Million on campus with their colleagues.

In the initial weeks of the celebration, we have seen an enthusiastic response of both campus participation and alumni joining the yearbook. The yearbook continues to be enhanced with new features that will facilitate alumni networking and pride in the university as we continue the celebration and build toward its culmination in spring 2015.

AGENDA

COMMITTEE ON EDUCATIONAL POLICY

Meeting: 1:00 p.m., Wednesday, November 12, 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 September 9 - 10, 2014

Discussion

1. Associate Degrees for Transfer: SB 1440 Update, *Information*
2. The California State University Graduation Initiative Update, *Information*
3. Student Success and Completion Initiatives, *Information*
4. Preparing Educators for the Common Core State Standards, *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**

September 9-10, 2014

Members Present

Debra S. Farar, Chair
Margaret Fortune, Vice Chair
Roberta Achtenberg
Talar Alexanian
Rebecca D. Eisen
Douglas Faigin
Lupe Garcia
Steven M. Glazer
Lillian Kimbell
Lou Monville, Chair of the Board
Steven G. Stepanek
Timothy P. White, Chancellor

Trustee Farar called the meeting to order.

Approval of Minutes

The minutes of July 22, 2014, were approved as submitted.

The Alliance to Accelerate Excellence in Education at California State University San Marcos

Dr. Karen Haynes, president, California State University San Marcos (CSUSM) introduced the Alliance to Accelerate Excellence in Education initiative that officially launched in July 2013 with financial support from the Price Family Charitable Fund and the David T. and Doris E. Staples Foundation. Also known as "the Alliance," the program provides strategic direction for and administrative oversight of the university's 10 guaranteed admission programs with local school districts spanning both San Diego and Riverside Counties. Noting the potential for scalability and replication of CSUSM's unique model, President Haynes said in its inaugural year, the Alliance created the foundation upon which to build a seamless step-by-step framework for students, families, teachers, faculty and community service providers to work together on improving college readiness and closing the achievement gap for the region's most educationally at-risk students. Dr. Patricia Prado-Olmos, director of the Alliance, presented a PowerPoint highlighting key statistics of the Alliance partner programs successes since the program's first guaranteed admission agreement with the San Marcos Unified School District (SMUSD) in

2006. Since the initial agreement, nine other districts in the region have signed partner memoranda of understanding (MOUs) serving a total regional student population of approximately 195,187 students. Dr. Prado-Olmos outlined the first-year priorities which included infrastructure, growth, outreach events and refinement of key Alliance action initiatives and projects. She briefly explained the Alliance's five focus areas that support the promise of guaranteed admission: (1) Family Empowerment Network; (2) Undergraduate Fellowships; (3) Professional Development Collaborative; (4) Student Enrichment; and (5) Assessment, Analysis and Accountability. These programs were developed from CSUSM's strong and long established community partnerships and relationships and built from existing community and school research-based practices in college readiness and preparation, she said.

Dr. Prado-Olmos noted that steady enrollment of students admitted through guaranteed admission MOUs from the 10 Alliance partner school districts has continued with an overall increase in enrollment from partner districts to CSUSM occurring as well. Citing academic performance data to date, she said the data indicates that Alliance students typically enter CSUSM with higher high school GPAs, have higher standardized test scores, are better prepared for college, do not need remediation in any academic area, sustain higher academic performance in college and are more likely to stay in college than the general student population. Dr. Prado-Olmos said an important contributing factor to their success is that the Alliance is focused on understanding the success of their students, identifying the high-impact practices that support their success and working in partnership with regional school districts and business partners to use high-impact practices strategically and effectively for the success of all students. President Haynes reaffirmed the importance and impact of model programs such as the Alliance and stressed why the continued work to scale and replicate similar models throughout the CSU continues to be of utmost importance.

Chair Lou Monville expressed his gratitude for both the presentation and the work being done in the Alliance mentioning he has followed the progress of the program and asked them to highlight some best practices in better preparing students to attend college that could be scaled in other regions. President Haynes noted that Alliance students are entering college without needing any remediation which makes an impact in their first-year success. Also, she mentioned the importance of early conversations in the MOU process with partner K-12 school districts working to focus on aligning efforts to ensure students not only graduate high school but are truly college ready. Trustee Margaret Fortune asked about school districts raising money for scholarships for Alliance students and what that development model looked like. President Haynes said that it varies by district but with the continued success of the program, outreach and development efforts will continue to improve. Trustee Rebecca Eisen inquired about the potential for replication and scalability throughout the CSU. President Haynes noted that the initial Alliance MOU with the SMUSD was in fact a replication of the Sweetwater School District MOU with San Diego State University. Modifying the agreement based on the region and their specific student population coupled with broad consultation and collaboration early on contributed to the success of the initial pilot MOU that then served as the model for future partner districts.

The Graduation Initiative: Completion and Student-Athletes

Ken O'Donnell, senior director for student engagement and academic initiatives and partnerships, introduced the information item providing a context for athletics embedded in the broader student experience. The item was prompted by inquiries from trustees at the July board meeting regarding graduation rates of California State University (CSU) National Collegiate Athletic Association (NCAA) Division I student-athletes compared to the graduation rates of the overall CSU student population. Mr. O'Donnell pointed out the numerous contributions beyond athletic competition that benefit all students in the university setting including life lessons of resiliency and teamwork, inspiring and emulating the drive to win tempered with an appropriate response to losing constructively, and the cohering effects of an integrated, shared sense of school pride in athletics that transcend often hierarchical, compartmentalized institutional structures. These important life lessons taken from the field and imbued in the classroom and campus have far reaching implications on the broader campus culture creating more coherence, engagement and integration that can contribute to student success, he said. Given this context, he also cautioned that straight apples-to-apples comparisons of student-athletes to the overall student population's graduation rates poses some challenges due to differing methodologies to calculate these rates. However, he noted that on average Division I CSU student-athletes perform better than the broader student population. Citing 2006 cohort data, the six-year Federal Graduation Rate (FGR) for CSU Division I athletes was 59 percent compared to 52 percent for CSU first-time freshman based on the federal Integrated Postsecondary Education Data System (IPEDS) data. This trend was also consistent among Division II campuses with student-athletes slightly outperforming the first-time freshman graduation rates. He reported that these trends confirmed principles embedded in the work of systemwide initiatives already underway, such as the Graduation Initiative, where students benefit from built-in peer support networks and cohering connections to campus life that make a difference. He added that even financial aid can work better when it is presented as a two-way street - when students understand there is an expectation of something from them in return.

CSU Bakersfield President Horace Mitchell, who also serves on the NCAA Division I Board of Directors, explained the Academic Performance Program (APP) established by the NCAA over a decade ago to ensure that member institutions are dedicated to providing student-athletes with an exemplary educational and intercollegiate athletics experience in an environment that recognizes and supports the primacy of their academic mission, while enhancing the ability of student-athletes to earn a degree. He clarified that the NCAA has created an academic point of access to postseason competition for all teams, based on a benchmark of academic performance using the NCAA Division I Academic Progress Rate (APR), a term-by-term measure of eligibility, retention and graduation for student-athletes who have received institutional financial aid based, to any degree, on their athletic participation. The NCAA uses the APR to hold Division I institutions accountable for the academic progress of their student athletes. President Mitchell explained that teams must have a four-year rolling class average minimum score of 930 (out of a possible 1000) to participate in post-season championships. He reported that the overall average

APR for Division I CSU campuses of 967 exceeds the average for all other comprehensive universities in the nation (967 vs. 965). This finding demonstrates that athletic aid, the socializing benefits of group interaction, intrusive advising and peer support help improve overall student retention and persistence, he said. To the point of holding CSU athletic directors (ADs) accountable for student-athlete retention, success and graduation, President Mitchell referenced Section 4.01 from the CSU standard template for MPP coach and AD contracts that expressly outlines standards and guidelines for ADs and coaches with regards to student-academic performance.

Student Trustee Talar Alexanian asked about demographic data of CSU student-athletes and whether there was also an achievement gap among this group. Ray Murillo, director of student programs, said NCAA reports academic success rates as well as graduate success rates broken down by both sport and ethnicity. The NCAA also reports nationally on student-athlete demographic data and does recognize that achievement gaps do exist. This report did not include demographic data for CSU student-athletes but the analysis could be conducted to determine if and where achievement gaps exist among student-athletes, he said. Trustee Lupe Garcia asked about the average Grade Point Average (GPA) of graduating student-athletes in comparison to the broader student population. Mr. O'Donnell explained again that the APR encompasses student progress on a term-by-term basis taking into account not only grades, but also if students are taking the appropriate classes to progress to degree with a minimum 2.0 GPA in order to maintain athletic eligibility. Chancellor Timothy White commented that there is a positive ripple effect of intercollegiate athletics at every level on a campus, and although it may be challenging to quantify and measure those exact effects on academic success, there is a broader student community involved in the support of athletics from business majors involved in marketing and public relations to sports entertainment majors working in venue logistics and interacting with large media partners such as ESPN and ABC. These expanded high-impact practices that relate to athletics as a whole on campuses provide opportunities for building on student success and achievement for all CSU students.

eAdvising Update

Nathan Evans, director of enrollment management, presented the information item stating that over the past year through systemwide efforts surrounding the CSU Graduation Initiative, the CSU Chancellor's Office engaged campuses in shared investments in technologies to further support student success through strong academic advising and clear roadmaps to graduation. Mr. Evans explained that the term eAdvising covers a broad range of software and tools which utilize course, class schedule, and outcomes data available across campuses. He noted that other higher education systems, such as Austin Peay State University in Tennessee, Georgia State University and Arizona State University, have also been recognized recently for their investments in this arena. As part of the ongoing Enrollment Bottlenecks Solution Initiative, last year the CSU began targeting investment in technology which supports academic advising and guidance toward degree completion. All 23 CSU campuses developed four-year plans to implement new technologies for students, faculty and staff to provide clear pathways to graduation, track

progress to degree and offer a course schedule in line with student demand for courses necessary for graduation. He added that for the first year, the campuses were grouped into cohorts based on their common goals, readiness and strategies related to the current status of their degree audit system. In year two, campuses identified technology-based tools and solutions which would continue to expand access to guided academic planning. With increased use of these tools, measurements of average unit load per term, average units completed at graduation and other outcomes will allow for assessment of the use of these strategies and solutions as they directly relate to student success and reduced time to degree, he said.

Using an analogy, he compared paper maps to the advent of GPS systems providing real-time, updated information to help better navigate potential roadblocks in route to a destination. He highlighted the way universities are moving away from one-dimensional, static advising tools to more technology-driven solutions to help students successfully navigate their pathway to a degree. He outlined five key tools campuses are using to provide students with effective advising solutions that include: 1) computer-generated degree audit systems capable of providing interactive online degree audits to both students and advisers; 2) academic planners that convey the most efficient per-term enrollment recommendations based on a student's record; 3) class scheduling software that provides students and advisers with every possible schedule option that has seats available and is open for registration given the times the student indicates they are available; 4) early warning and case management tools that allow academic advisers and others on campus the ability to manage and track student progress; and 5) predictive analytic tools that aggregate information about course outcomes, academic roadmaps, and other student success markers to identify effective academic strategies and opportunities. While campuses are just beginning their second year of renewed investment in eAdvising, taken in aggregate, these tools provide each audience with effective, accurate, real-time information and interventions that can greatly impact student success.

Student Trustee Talar Alexanian commented on the importance of academic advising in the student experience and expressed appreciation to the campuses for making the investment in not only the eAdvising technology but complimentary initiatives that help students successfully graduate in a timely manner. Chair Lou Monville asked if there are efforts underway or in the works regarding advising tools and potential shared solutions with the community colleges to provide more seamless pathways for transfer students to the CSU. Mr. Evans said that the CSU has been engaged with the California Community Colleges Chancellor's Office sharing best practices from some of the CSU campuses that have adopted new eAdvising technologies and also conversations have expanded to include partnerships in K-12 as well.

California State University Education Doctorate (Ed.D.) Update

Dr. Beverly Young, assistant vice chancellor for teacher education and public school programs, presented an update on the California State University (CSU) Education Doctorate (Ed.D.) stating the programs have been highly successful since the CSU was authorized to offer the Ed.D. through Senate Bill 724 in 2005. She said the programs are designed to serve students who

are working as full-time education professionals, equipping them with the knowledge and skills to effectively lead California's public schools, districts and community colleges. Currently, Ed.D. programs are offered by 14 CSU campuses that served approximately 740 students in 2013. All 14 programs offer a specialization in PreK-grade 12 (P-12) leadership, and nine also offer community college leadership programs. She said the curriculum emphasizes practice-relevant issues and challenges with topics addressing the most current state reforms, including, for example, the new standards in literacy, math, and science, Linked Learning school environments, transitional kindergarten, college readiness, technology innovations, and other topics that emerge almost daily. Dr. Young noted that the Ed.D. program directors are currently working with the chair of the State Board of Education, Dr. Michael Kirst, to establish a network of doctoral students focused on examining the effectiveness of the state's transition to the Common Core learning environment.

Citing program data, she said the CSU has one of the most diverse graduate student groups in the nation with 34 percent Latino and 16 percent African-American in the current cohort. In addition, course assignments and dissertation research topics focus on advancing success among the state's diverse learners and on overcoming persistent achievement gaps. Graduates of the Ed.D. program include a diverse, accomplished group of education leaders that are superintendents of six large, urban school districts, Administrators of the Year, Principals of the Year, Men and Women in School Leadership Awardees, elected members of Community College League of California, and also include the current Mayor of Long Beach, Robert Garcia. To date, the Ed.D. programs have graduated over 600 students, with an impressive 92.5 percent completion rate with the majority of students completing these rigorous programs in three years and with degree-related employment of over 96 percent. Dr. Young noted that these success rates rank at the very top among doctoral programs nationally. She concluded by highlighting the CSU Ed.D. programs' recognition as a national model with the largest number of campuses in the nation in the prestigious, invitation-only Carnegie Project on the Education Doctorate. Some of the state's major philanthropic foundations have also recognized the quality of the CSU Ed.D. program including the S.D. Bechtel, Jr., the James Irvine, and the David and Lucile Packard Foundation that have all established dissertation fellowships for CSU Ed.D. students, the only such doctoral fellowships in the nation.

Trustee Debra Farar expressed her appreciation and commended the work being done throughout the CSU Ed.D. programs and remarked that these programs were of personal interest to her as she recalled the initial challenge to get education doctoral programs approved in the CSU. President Mildred Garcia publicly thanked the dean, faculty, and students in the Ed.D. program at CSU Fullerton for their exceptional scholarship, research and contributions to both the Ed.D. program and broader community, particularly research in programs serving low-income, minority students.

Trustee Farar adjourned the Committee on Educational Policy.

COMMITTEE ON EDUCATIONAL POLICY

Associate Degrees for Transfer: SB 1440 Update

Presentation By

Ephraim P. Smith
Executive Vice Chancellor
and Chief Academic Officer

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

Summary

The trustees have asked California State University (CSU) staff for regular updates on implementation of the Student Transfer Achievement Reform Act ("SB 1440"), which led to the creation of Associate Degrees for Transfer, beginning in 2011.

All community colleges now offer Associate Degrees for Transfer (ADT) with more programs added each month based on those templates that have been created for the most popular transfer majors. Students can complete an ADT in 60 semester units, then transfer to the CSU and complete a baccalaureate degree in the same subject within no more than 60 additional semester units.

Nearly all CSUs have accommodated the ADT patterns for which they offer bachelor's degrees. Those subject areas or options that have been deemed similar are typically those with fewer course requirements or in less specialized concentrations. It is expected that these will also prove to be the ones students want to pursue, but the match of supply and demand will be monitored continually going forward.

The latest reporting period saw two developments in transfer curriculum. First, faculty have been creating "area of emphasis" pathways, which would provide community college students with less focused associate degrees that could prepare for transfer to a wider range of baccalaureate programs. Community college degree templates in health sciences and diversity studies are the likely first two areas.

Second, some faculty groups have been meeting voluntarily to create transfer curriculum pathways in subjects that were not covered by the original law. Engineering disciplines, often offered at above 120 semester units, may be close to creating a transfer degree template in engineering. The board will be kept apprised of both of these developments.

In terms of enrollment, the “degree with a guarantee” approach to transfer continues to gain in popularity. This fall the CSU admitted several thousand students who held ADTs, a significant increase over the previous year. At this point in the law’s implementation, the majority of pathways are still less than two years old, making this transfer group an exceptional population – as such the behavior of these early adopters may not be the best indicators of future patterns.

At its last meeting, the board requested CSU staff to chart out the anticipated growth of SB 1440 transfers to determine the impact to the CSU in the years ahead. Since the Education Code charges the CSU with the responsibility of maintaining a relatively stable 60/40 enrollment pattern (upper division/lower division classes) and requires the CSU to balance the admission of transfers with the admission of first-time freshmen, the impact of this transfer pathway will only be felt on the CSU’s capacity to admit transfer students. As the admission of SB 1440 students have priority over the admission of upper-division community college transfers as well as from other private and public four-year institutions, there could be a significant change in the *composition* of future entering transfer classes. For fall 2014, for example, 22 percent of the entering transfer cohort at CSU Fullerton is comprised of students holding ADTs.

In the time since that meeting, staff in the Chancellor’s Office have discussed this possibility and attempted to create the kind of quantitative case the board requested to demonstrate when transfer students could potentially absorb all of the system’s capacity. For several reasons, staff have been unable to prepare such scenarios:

1. The current, “early adopter” population of ADT holders is too anomalous to support a case built on extrapolation.
2. So far, the students who do hold ADTs appear to have been planning to transfer even without them. In other words, the new degrees have not led to a growth in the transfer population, so much as the replacement of one kind of transfer student with another.
3. Historically, the CSU’s balance between freshmen and transfer admission has fluctuated within a very narrow range, typically around 50 percent of each. In recent years, the biggest influence on the ratio has been not student interest but state support: the public budget cycle is out of phase with admission calendars, and campuses use the transfer-heavy spring terms to restrict or expand enrollment to hit their targets.

However, the board's point about admission priority and its theoretical implications is well taken and the CSU will continue to monitor its enrollment balance as participation in the program grows.

From the available early evidence, the new Associate Degree for Transfer program is unlikely to materially change the overall mix of transfer students in the CSU who enter from community colleges or from other colleges or universities. Nor will there likely be a growth in the total number of transfer students. By definition, these ADT students have completed their lower-division curriculum and are better prepared than other transfers to complete the remaining 60 units in their degree programs. Similar to the effects of transfer impaction, the academic preparation of these students should prove to be a sound protection of the CSU's capacity to receive additional transfer students in the years ahead. Consequently, the growth in admission of ADT students resulting in a natural reduction in the admission of other transfer students is a significant opportunity. With our colleagues in the community colleges, the CSU is committed to continue to attract students to these programs and anticipates that the system transfer ratio may reach upwards of 30 percent or more.

COMMITTEE ON EDUCATIONAL POLICY

The California State University Graduation Initiative Update

Presentation By

Ephraim P. Smith
Executive Vice Chancellor
and Chief Academic Officer

Ed Sullivan
Assistant Vice Chancellor
Academic Research and Resources

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

Summary

The first phase of the California State University (CSU) Graduation Initiative began in 2009 with a commitment to raise overall six-year graduation rates by eight percentage points, and to cut in half the difference in those rates between Under-Represented Minorities (URMs) and other students. (For the purpose of this initiative, URM students are African-American, Latino, and Native American.)

The six-year timeframe will end with commencement in spring 2015, and the Graduation Initiative will report to the board next fall on the official, final tally. In the meantime, available evidence suggests the CSU will achieve the first goal of dramatically raising the overall rates, but without reaching the second goal of closing the gaps. Because all student groups are now performing better by approximately equal intervals, the difference in graduation rates has stayed the same.

With the first phase nearing completion, the chancellor challenged the system in January of this year to redouble its efforts, especially with respect to closing achievement gaps. The new goals define gaps in both ethnic and socioeconomic terms, add targets for four-year as well as six-year graduation rates, and include transfer students as well as freshmen. The target graduation date is 2025, keyed to a seminal finding by the Public Policy Institute of California. It concluded that California will face a shortfall of a million degree holders by 2025 unless the state can undertake

dramatic changes all along the educational pipeline. The new systemwide goals, if met, will close the CSU's share of the shortfall.

This October the chancellor convened a systemwide summit on the Graduation Initiative, to launch its 2025 phase. Attending from each campus were the president, provost, vice president of student affairs, and faculty senate chair. The meeting had two purposes:

1. To establish specific 2025 targets for each of the 23 campuses. Researchers at Education Trust prepared a written analysis for each university, taking into account performance by peer institutions, the university's own historical trajectory, and the system-level goals to which the CSU was already committed.
2. To launch the CSU Student Success Dashboard. Participants used it in real time to work with the targets derived by Education Trust, compare them to displays of their own historical and projected campus data, and develop a sense of how hard each of the six goals will be to reach.

National research into student success emphasizes that the real differences come from institutional culture rather than any single policy or intervention. Fostering such a culture seems to rely mostly on a sustained, very long-term focus, and ready access to meaningful and timely data about student performance and persistence.

For the rest of its initial phase and through 2025, progress on the Graduation Initiative will be labor-intensive, and subject to short-term setbacks from economic and demographic swings. But the pivot from the first phase into the next during this reporting period positions the initiative well for continued success.

COMMITTEE ON EDUCATIONAL POLICY

Student Success and Completion Initiatives

Presentation By

Ephraim P. Smith
Executive Vice Chancellor
and Chief Academic Officer

President Joseph Sheley
CSU Stanislaus

President Leroy Morishita
CSU East Bay

President Mildred García
CSU Fullerton

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

Summary

During the report from the Committee on Finance at its September meeting, the board asked Chancellor's Office staff to describe how the California State University (CSU) evaluates spending on student success and completion initiatives, looking in particular for more detail on the \$38 million allocation in the 2015-2016 support budget request. The evaluation of efforts funded by this allocation is especially appropriate in the context of other urgent spending priorities, including deferred maintenance, consistent compensation increases, and continued enrollment demand.

The 2015-2016 budget requests the following student success priorities totaling \$38 million:

- Faculty Hiring \$11 million
- High-Impact Practices for Student Retention \$9 million
- Improved Advising \$7 million
- Student Preparation \$5 million
- Data-Driven Decision Making \$4.5 million
- Course Design \$1.5 million

This funding will allow the CSU to allocate much needed resources to restore critical measures of student success that move the CSU closer to meeting each of our state mandated performance measure goals, as well as our own Graduation Initiative 2025 goals, most importantly, shrinking and closing the achievement gap for under-represented and low-income students.

Spending on initiatives and programs that increase student success and completion is vital to the university's overall success in graduating a prepared workforce for California. The CSU cannot just admit more students in order to produce more graduates. We must also provide the best possible support to our current students so that they can make continued and efficient progress toward degree.

In his January State of the CSU address, Chancellor Timothy White committed the CSU to a focus on student success initiatives through the prospect of restored state funding. He said:

“With the pressure of these demands [from record-high applications for admission, and the state's growing demand for educated workers], we cannot simply replace what we had in the past... we must redesign with a new focus on our greatest areas of need.

“And that doesn't mean rebuilding in the sense of replacing old broken windows lost with the economic storm with identical new ones. It means re-designing and revitalizing the core of our mission.

“Our top priority must be to firm up our fiscal and policy commitments to access, persistence to degree, and degree completion – to improve the educational experience and degree attainment for all students, and to enable students to earn a high-quality degree in a shorter amount of time.”

The chancellor made another critical observation at the September board meeting as trustees asked how the CSU is evaluating the effectiveness – and cost effectiveness – of this emphasis on student success. As the chancellor observed, many of these systemwide and campus-based programs are in their first year, and although details of how the evaluation will be structured are known, it may be too early to provide hard evidence of efficacy to the board at this time.

However, early evidence of the value of high-impact practices is promising. Researchers in the CSU and elsewhere have used the National Survey of Student Engagement to identify strong correlations between participation in high-impact practices and positive educational outcomes such as deeper learning, improved persistence and graduation rates, and narrower achievement gaps.

Although encouraging, research to date has been derived mostly from student surveys. The CSU is now leading national efforts to develop more reliable and robust evaluations of high-impact practices, derived not from survey responses but from institutionally validated student academic

records. Current work is funded in part by a grant from the Gates Foundation, and was the subject of the latest meeting of the National Association of System Heads.

In the meantime, the CSU can rely on the experience and conviction of faculty and campus leadership, and locally originated evidence of effectiveness, as it resolves to support those efforts more dependably and systematically. During the presentation of this item, the board will hear from three presidents whose campuses have made recent and noteworthy strides in measuring the benefits of student engagement, and who are leading the CSU's efforts to bring such measurement to a statewide scale.

- **CSU Stanislaus** has recently won praise from Education Trust for its work raising graduation rates and closing achievement gaps. Campus leadership attributes these gains in part to its commitment to engaged learning for all students, reflected in the recently won Carnegie designation for community engagement, and a Title V grant to support expansion of its successful First-Year Experience. Because they arise from peer review, such grant awards and third-party recognition provide some of the strongest **qualitative** evidence that these programs improve not only student success metrics, but also the depth and quality of the educational experience.
- The student engagement programs and high-impact practices in effect at **CSU East Bay** have won repeated recognition in national publications, and qualitative evidence of their efficacy has been strong for years. However, campus leadership have been frustrated that these programs have failed to result in acceptable six-year graduation rates. Last year the university proposed spending part of the chancellor's \$7.2 million allocation for Academic and Student Success Programs for a program called Gaining Access 'N Academic Success (GANAS), targeting first-year persistence for Latino students in particular. Early **quantitative** evidence of the program's success and cost effectiveness is extremely strong, prompting the institution to add to its own match to the chancellor's support.
- At **CSU Fullerton**, institutional commitment to engaged learning is unusually explicit. The university's strategic plan commits it to providing at least 75 percent of its students with at least two high-impact practices by 2018 – a scale of delivery that will reach tens of thousands, and may be the first of its kind in the nation. To operationalize this commitment, the university has had to create administrative structures in enrollment management, IT, and business practices that other CSU campuses are learning from, in a Gates-funded project called "Preparing to Bring High-Impact Practices to Scale." This **forward-thinking**, systematic approach to making engaged learning available to all students on an equitable basis is cutting edge, yet also epitomizes longstanding values of the CSU, as articulated by Chancellor White in his remarks last January.

COMMITTEE ON EDUCATIONAL POLICY

Preparing Educators for the Common Core State Standards

Presentation By

Beverly Young, Ph.D.
Assistant Vice Chancellor
Academic Affairs

This information item provides an overview of the major reform initiatives of the California State University (CSU) in advancing implementation of the Common Core State Standards (CCSS) in English/Language Arts (CCSS-E/LA) and in Mathematics (CCSS-M) and the aligned Next Generation Science Standards (NGSS). CSU has contributed markedly to the implementation of the CCSS in California, among the most successful of any state, and is recognized as a national leader in preparing educators for the new standards and in contributing to the Smarter Balanced Assessment Consortium (SBAC).

CSU's leadership in preparing educators for the CCSS and NGSS has been recognized in major awards. As recently as this September, seven CSU campuses received \$53.7 million in federal Teacher Quality Partnership (TQP) grants. CSU Bakersfield, Chico, Dominguez Hills, Fresno, Los Angeles, Monterey Bay, and Cal Poly San Luis Obispo received nearly a third of all national funding for these prestigious TQP grants and will develop models for CCSS and NGSS preparation.

Last March, the S. D. Bechtel, Jr. Foundation awarded the CSU \$3 million for the "Preparing a New Generation of Educators for California" initiative. The funding will assist campuses across the CSU system to develop and implement transformative designs equipping beginning teachers for the challenges of the new standards-based P-12 environment.

CSU began preparing educators for the CCSS-E/LA and CCSS-M immediately upon the adoption of the new standards by the state. It received a \$3 million federal grant in 2011 to provide training to practicing high school teachers in the CSU-designed "Expository Reading and Writing Course," a senior-year course well recognized for its close fit with the CCSS-E/LA. In addition, support from the Boeing Corporation and Southern California Edison was provided for the "Strengthening Mathematics Instruction" professional development, preparing high school teachers to implement the CCSS-M with strategies that better prepare students for college-level mathematics.

The table below summarizes the federal and philanthropic support CSU has received to (a) develop models preparing educators for the new standards and (b) provide statewide training for beginning and current teachers for them. The nearly \$63 million in support recognizes the unique commitment, expertise, and capacity of CSU to play a major leadership role in California and nationally in preparing teachers, administrators, and other educators for the standards.

**California State University Federal and Philanthropic Support for
 Implementing the Common Core State Standards and Aligned Initiatives
 Addressing the Next Generation Science Standards**

Funder	Title/Emphasis	Time Period	Amount
S. D. Bechtel, Jr. Foundation	Preparing a New Generation of Educators for California	4/2014-9/2016 – Phase 1 10/2016-12/2020 – Phase 2 Systemwide Campus Grants	\$3,000,000 (\$12,000,000 <i>Projected</i>)
U. S. Department of Education	Teacher Quality Partnership Program	10/2014-9/2019–Grants to 7 CSU Campuses for Model Programs	\$53,757,322
S. D. Bechtel, Jr. Foundation	Secondary Mathematics Teachers: CCSS-M Gold Standard Preparation	10/2014-4/2015–Project with Association of Public Land Grant Universities	\$60,000
Chevron Corporation	Pathways to STEM: Preparing New Teachers for NGSS and CCSS	6/2014-5/2015–Year 1 6/2015-5/2016–Year 2	\$700,000 \$300,000
100Kin10 Consortium	CCSS-M National Research Competition	10/2013-9/2014–Year 1 10/2014-9/2015–Year 2	\$100,000 \$45,000
U.S. Department of Education	Advancing Special Needs Students’ CCSS Success	10/2013-12/2017–4 Year Project with CTC, 2 Other IHEs	\$200,000
S.D. Bechtel, Jr. Foundation	Undergraduate Content Preparation for the NGSS and Interface with CCSS	6/2012-12/2013–Campus Grants for Model Programs	\$175,000
James Irvine Foundation	Preparation of Educators for Addressing CCSS and NGSS in Linked Learning	12/2013-11/2015–Campus Grants for Model Programs	\$1,000,000
David and Lucile Packard Foundation	Preparation of Educators for Addressing CCSS and NGSS in TK Classrooms	03/2011-2/2015–Systemwide Training Project	\$552,000
U. S. Department of Education	Preparing High School Students for CCSS-E/LA	11/2011-10/2014–Statewide Training Project	\$3,000,000
Boeing; Southern California Edison	Preparing High School Students for CCSS-M	10/2011-9/2015–Statewide Training Project	\$65,000 \$36,000
<i>Federal and Philanthropic Grants</i>	<i>Preparing Educators for CCSS Aligned with NGSS</i>	<i>Teacher Preparation Reforms, Statewide Training Activities</i>	<u>\$62,990,322</u>

AGENDA

JOINT MEETING OF THE COMMITTEES ON EDUCATIONAL POLICY AND FINANCE

Meeting: 2:30 p.m., Wednesday, November 12, 2014
Glenn S. Dumke Auditorium

Committee on Educational Policy

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

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

Consent

Approval of the minutes of the meeting of September 9, 2014

Discussion

1. Approval of the Academic Sustainability Plan, *Action*

**MINUTES OF THE MEETING OF JOINT
COMMITTEES ON EDUCATIONAL POLICY AND FINANCE**

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

September 9, 2014

Members Present

Educational Policy Committee

Debra S. Farar, Vice Chair
Rebecca D. Eisen
Lupe C. Garcia
Lillian Kimbell
Steven G. Stepanek

Finance Committee

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

Timothy P. White, Chancellor
Lou Monville, Chair of the Board

Trustee Farar called the meeting to order.

Academic Performance Measures (Academic Sustainability Plan), *Information Item*

Ryan Storm, Interim Assistant Vice Chancellor for Budget explained that the purpose of this item is to inform the board of a new state law that requires the board to prepare a multi-year academic sustainability plan and to gather the board's input on staff's recommended approach.

Mr. Storm stated that the law requires the CSU to report every March on sixteen performance measures, such as graduation rates, the cost per degree, and time to degree. In addition, the state requires the CSU to develop a plan that details the University's ability to establish academic-related goals and to do so within specific fiscal parameters. He indicated that the board must

adopt a final plan and submit it to the state by November 30, 2014. There are three significant components to this plan:

- 1) The CSU must establish goals for the sixteen performance measures for the next three academic/fiscal years;
- 2) The CSU must estimate resident and non-resident enrollment for those three years; and
- 3) The CSU must prepare a balanced budget for those years.

The required plan includes two sets of assumptions. First, the law requires the Governor's administration to provide the revenue assumptions upon which the board is supposed to build this plan. And second, the plan should assume no systemwide tuition or campus-based mandatory fee increases.

In addition to the plan prescribed by law, the board could supplement the plan using its own assumptions. As an example, Mr. Storm referred to an earlier Committee on Finance item where the board discussed developing a support budget plan for 2015-2016 that assumed expenditures that were about twice the size of the Governor's multi-year funding plan. More funding would allow the CSU to enroll more students, which would likely result in increases in the number of enrollments and graduates that could eclipse the current trend as well as any goals that could reasonably be crafted using the administration's assumptions. Under this example, investing more resources could result in more CSU-eligible students gaining access to the University and it could help the State's long-term economic need to increase the number of Californians with baccalaureate degrees.

Philip Garcia, Senior Director of Analytic Studies, presented the sixteen performance measures and noted that the Academic Sustainability Plan requires the CSU to provide a brief statistical history of the measures as well as projections of expected levels. Dr. Garcia illustrated the different enrollment projections that emerged between the Department of Finance-based budget assumptions and the Chancellor's Office demand-based assumptions. The Department of Finance assumptions presume there is funding to support a one percent increase in the CSU total resident headcounts between College Year 2015 and College Year 2017 whereas the Chancellor's Office assumption presumes the CSU needs to grow annually by three percent in order to serve more CSU eligible students. Under the Department of Finance assumptions, the CSU could attain an enrollment level of 433,000 students in 2017. That number represents 13,000 fewer students than attended the CSU in 2007, the year before recessionary cuts were initiated. Under the Chancellor's Office demand-based assumptions, the CSU could enroll 460,000 students, or roughly 14,000 more students than in 2007.

He then stated that goals for graduation rates are the core of the plan. The six-year graduation rate for freshmen has improved by more than 10 percentage points in the last 12 years. Using the goals set by the CSU Graduation Initiative, the CSU expects to exceed the initial six-year graduation rate goal of 54% by at least one percentage point by 2017. The CSU's recent history shows the percentage of 4-year completers has moved up from about 10 percent to about 16

percent between 2001 and 2010. The expectation is that the 4-year rate could reach about 19 percent in 2017.

He also stated that the plan requires goal setting for higher and faster rates of graduation for California community college transfers. The CSU has not set explicit goals for 2-year and 4-year graduation rates among new transfer students; however the CSU has created several pathways to guarantee associate degree for transfer students. There has been steady improvement in the 4-year graduation rate for transfer students, so the CSU expectation is that 4-year transfer rates will continue to move upward, passing the 70 percent marker. The CSU also expects the 2-year graduation rate to inch closer to the 30 percent.

Dr. Garcia noted that the Academic Sustainability Plan is to include enrollment goals for both freshmen and transfer low-income students. During the recent recession period, the percentage of Pell students rose from 36 percent in 2009-2010 to 49 percent by 2011-2012. The rise in the proportion of Pell students stemmed largely from a downturn in State funding resulting in the need for the CSU to implement higher fees. Additionally, depressed family incomes associated with the economic downturn also impacted the percentage of Pell recipients. With a stronger state economy, we could see a reduction in the percentage of Pell recipients. Regarding units earned, graduation rates the CSU expects Pell students to make improvements that, more or less, mirror the improvements for non-Pell students.

Mr. Storm added that there are challenges with the Academic Sustainability Plan. First, the final plan will mean different things to different people if expectations are not clearly articulated. Some could take the view that if goals are not reached, the plan could be seen as a failure. Another view could be that the plan is simply a planning tool. Under this view, if goals ultimately are not met, then the reaction could be one in which the University and the State jointly evaluate the situation and find ways to continue to move in a positive direction. Additionally, establishing goals could have several challenges. He stated that for example, some of the performance measures have little or no history. With little to no historical context new goals could be established too low or too high.

However, he stated that there are also opportunities with the plan. First, it is an opportunity to discuss how CSU is a sound state investment, is vital to the state's economy, and is an exceptional educational value for students and their families. Second, it furthers the discussion with internal and external constituencies about appropriate funding levels and expectations on student success and completion. Third, it shows how the CSU's Graduation Initiative increased the graduation rate and made the pathways to graduation more clear for all students. While there are many ways to approach the development of the Academic Sustainability Plan, staff recommends that the plan have two parts.

Mr. Storm stated that staff recommends that the first part of the plan include the requirements of the law while the second part would exceed the minimum requirements. The key components of

the second part of the plan would be to assume a higher revenue assumption which would allow the board to establish greater enrollment or access goals than under the Department of Finance's revenue assumptions. He further indicated that if the board elects to pursue this plan, the Chancellor's Office is committed to working with key stakeholders and constituencies to ensure that the goals and expectations that will be propose at the November meeting are appropriate. This two-part approach would fulfill the requirements of the law, but would also demonstrate to the administration, the legislature, and others that with adequate resources, the CSU could commit to greater student achievement.

Trustee Faigin inquired about the 60% six-year graduate rate target. Executive Vice Chancellor Ephraim Smith responded that in January's State of the University address, Chancellor White set a goal that by 2025 the system would reach a 60% six-year graduation rate for first time freshman. He added that the current graduation rate is 52-53%. In 2015, the CSU expects a rate of 54%. He stated there was a report done by the Public Policy Institute of California in which the Institute reported an achievable goal for the CSU of 60% and that 70% might be less attainable.

Trustee Faigin inquired if both plans could be used in the report. Mr. Storm responded that staff is proposing to use the Department of Finance's assumptions as well as a CSU needs based budget to develop the report.

Trustee Fortune asked if Mr. Storm could share the legislative intent behind the law. Mr. Storm responded that the primary driver is shifting away from an input based budget in the CSU to an output based budget. He added that it was a proposal from the Governor's administration. He stated that the Governor's administration would like to see how the CSU is performing and improving on limited resources.

Trustee Fortune then inquired about the intended audience of this report. Mr. Storm responded that it was the Department of Finance, the Governor's office, the Legislative Analyst's office, and legislative committees.

Trustee Monville thanked staff for the report and added that he is comfortable with the direction in which it is headed. He stated it is very important to tell the CSU story and recognize the students the CSU is serving and those that California needs the CSU to serve.

Chancellor White stated he is pleased to be accountable to our stakeholders, the public at large and our officials about the importance of California State University. He added that there are some unintended consequences of exercises like this, stating that it unintentionally implies that education is a commodity.

Trustee Day expressed his concern about the CSU being penalized for things outside of its control. He added that for some students it is not attainable to graduate within four to six years. He is concerned about how this plays into the report. Mr. Storm responded that staff will work

with the State to use it as a tool to try to improve student success rather than a mechanism for penalizing the CSU if goals are not met.

There being no further questions, Trustee Farar adjourned the Joint Committees on Educational Policy and Finance.

COMMITTEES ON EDUCATIONAL POLICY AND FINANCE

Approval of the Academic Sustainability Plan

Presentation By

Ryan Storm
Interim Assistant Vice Chancellor
Budget

Summary

New state law requires the California State University (CSU) Board of Trustees to develop and approve an academic sustainability plan covering the 2015-2016, 2016-2017, and 2017-2018 fiscal years. An information item was presented to the board at its September 2014 meeting and this item now requires action by the board. Accompanying this agenda item, as Attachment A, is the Proposed Academic Sustainability Plan (Plan) for the CSU which contains additional detail for the board's consideration.

Background

The Budget Act of 2014 requires the trustees to develop and approve a plan that details any changes necessary to ensure the university's academic and fiscal sustainability over a multi-year period and submit that plan to the state no later than November 30, 2014.

According to state law, the plan must include the following three components:

1. Projections of available resources in the 2015-2016, 2016-2017 and 2017-2018 fiscal years, using state general fund and tuition and fee revenue assumptions provided by the Department of Finance. Projections of expenditures in each of those years and descriptions of any changes to current operations necessary to ensure that expenditures projected for those years are not greater than the available resources projected for those years.
2. Projections of resident and non-resident enrollment in each of those years.
3. Goals for 16 performance measures (described in state law) in each of those years.

In a July 15, 2014 letter to the CSU, the Department of Finance shared the state general fund and tuition and fee revenue assumptions upon which the CSU is to build its plan. In short, the state general fund assumptions are to align with the governor's office multi-year funding plan and

include other baseline adjustments (e.g. the state's contribution to the Public Employees' Retirement System on behalf of CSU employees). In addition, the Department of Finance directed the board to craft a plan that assumes no systemwide tuition or category II campus-based fee increases.

At the September 2014 board of trustees meeting, a preliminary recommendation was presented to the board for its consideration and feedback. Since then, staff consulted with and solicited feedback from the California State Student Association, the Statewide Academic Senate, campus presidents, Academic Council (campus provosts), Student Affairs Council (campus vice presidents of student affairs), and the System Budget Advisory Committee (various CSU constituencies).

Summary of the Recommended Plan

In this section, we discuss the options available to the CSU and ultimately, the approach staff took in preparing the recommended Plan.

Managing Expectations

First, the Plan will mean different things to different people if expectations are not clearly articulated. Possibilities abound, but one view could be that the Plan is, in a way, a contract, and that if goals are not reached, then the Plan could be seen as a failure or a breach of contract and it could invite adverse political or budgetary actions. Another view is that the Plan is simply a planning tool. Under this view, if goals ultimately are not met, then the reaction could be one in which the university and the state jointly evaluate the situation and find ways to continue to move in a positive direction.

The Plan before the board recommends that they regard this as a planning tool for use by CSU and the state. A strong partnership between the state and CSU is critical to both parties, and in continuing to build that partnership the more we work together to empower students, staff, faculty, and administrators the better off we will be.

Budget

Minimally, CSU was tasked with preparing the Plan using the modest revenue assumptions from the state equivalent to a growth of approximately two percent per year in total operating revenues and to assume no tuition adjustments. To operate within those assumptions would be a challenge because they fall short of CSU's annual, identified financial needs. For illustration purposes, the state expects the CSU to assume only \$119.5 million of new state general fund support and no new systemwide tuition fee revenue for 2015-2016. CSU's typical support budget plan (a mix of

state general fund support and tuition fee revenue) requests a range of \$250 million to \$350 million per year in increased funds.

The Plan under consideration recommends the adoption of two budget scenarios. First, the “State Budget” was constructed using the governor’s office multi-year funding plan and tuition fee assumptions and complies with the legal requirement. As a result, the State Budget meets the minimum requirements of the law. Second, the “CSU Budget” was constructed using CSU-identified areas of needed investment and revenues to match those needs. Including the CSU Budget is not required by law, but it furthers the discussion with internal and external constituencies about appropriate funding levels for CSU and expectations about student success and completion.

Approach

The law requires CSU to establish goals for each performance measure. Before goals were established for each measure, it was important to first gauge how aggressive or cautious to be on the approach. Three possibilities were considered:

1. Cautious: Identify the status quo (e.g. current graduation rate) and establish goals so that CSU would do no worse over the next three years than the status quo.
2. Measured: Identify recent, actual trend data, estimate the trend over the next three years, and establish goals that align with those projections.
3. Aggressive: The same identification and of trends, but with subjective goals that exceed estimated trends.

Staff recommends that the board take a measured approach for the final Plan. It neither sells short the abilities of CSU students, faculty, staff, and administrators to exceed the status quo, nor does it create subjective goals that may be politically appetizing but may have little to no chance of being achieved given modest budget increases, and a short timeline to affect change. Also, this approach would demonstrate to the governor’s office, the legislature, and others that even with the assumed, limited resources and the three-year timeline that CSU is willing to strive for improvements as they relate to the performance measures. Additional value can be found by way of the CSU Budget assumptions. With resource assumptions above the State Budget, CSU can commit to greater current and prospective student access and to increases in the expenditures per degree, resulting in more investment in both access and quality of a CSU education.

Goal Setting

CSU must establish goals for 16 performance measures laid out in state law. Staff concluded that funding commitments over the next three years can directly influence outcomes for eight performance measures during those three years, which are related to student enrollments and expenditures per degree. For example, under the State Budget and CSU Budget scenarios, enrollments can increase by one percent (approximately 3,500 full-time equivalent students) and three percent (approximately 10,400 FTES) per year, respectively. Funding commitments over the next three years can only begin to influence outcomes for the other eight performance measures in those same years. It is more likely that improvements would materialize after the plan's three-year window. The measures that fall into this grouping are the number of conferred degrees, total units earned at graduation, graduation rates, and progress toward degree. As an example, CSU campuses limited new enrollments in 2011-2012 and 2012-2013 due to the economic crisis and it is estimated that the number of graduates will dip in 2014-2015 and 2015-2016 because of necessary fiscal policy decisions made in those earlier years that cannot be affected by an influx of funding in those later years.

While CSU is compelled to create goals for several performance measures, CSU began setting graduation rate goals in 2006. In mid-October 2014, each of the 23 CSU campuses re-benched those goals for 2025 kicking off phase II of the Graduation Initiative. These goals are accompanied by campus-based strategies to improve four- and six-year graduation rates, close the achievement gap for under-represented minorities, and increase retention rates across the board. Systemwide, the CSU is on track to surpass the 2015 graduation rate goal of 54 percent, showing that many of the efforts implemented on campuses have been successful.

However, the modest proposed increases in state funding, combined with the mandate to hold tuition rates flat for the next three years, handicaps the university's ability to maximize student success, scale up successful programs to reach more students, and compete against other fiscal priorities such as mandatory costs (e.g. employee benefits and new space maintenance), predictable compensation increases, and funding of deferred maintenance and infrastructure improvements.

Conclusion

This is an action item and it reflects staff's recommendation to the board to approve a statutorily-required academic sustainability plan covering the 2015-2016, 2016-2017, and 2017-2018 fiscal years.

It is important that the trustees approve a plan with measured goals that are linked to reasonable data trends and can be achieved using current assumptions. There is ample evidence that additional financial resources will result in additional faculty and staff hiring and improvements to facilities, which are also essential for student success and completion.

Additionally, this approach furthers the discussion between CSU, the governor's office, the legislature, and others about appropriate funding levels, and meaningful ways to measure the progress of CSU as it relates to student success and completion.

Recommendation

The following resolution is presented for approval:

RESOLVED, by the Board of Trustees of the California State University, that the Academic Sustainability Plan be approved; and be it further

RESOLVED, that the Academic Sustainability Plan be submitted no later than November 30, 2014 to the Director of Finance, the chairpersons of the committees in each house of the Legislature that consider the state budget, the chairpersons of the budget subcommittees in each house of the Legislature that consider the budget of the California State University, the chairpersons of the committees in each house of the Legislature that consider appropriations, and the chairpersons of the policy committees in each house of the Legislature with jurisdiction over bills relating to the University, as required by the Budget Act of 2014.

Proposed Academic Sustainability Plan

November 12-13, 2014
CSU Board of Trustees

As required by the Budget Act of 2014

Academic Sustainability Plan

Introduction

This document is the Academic Sustainability Plan (Plan) developed for approval by the California State University (CSU) Board of Trustees (Board), as required by the state Budget Act of 2014. The Plan meets the requirements of the law and where appropriate, the Plan establishes revenue and expenditure assumptions, student enrollment trends, and other performance measure trends and goals based on a more robust budget assumption. This approach furthers the discussion between CSU, the governor's office, the legislature, and others about appropriate funding levels and meaningful ways to measure access, success, retention, affordability, efficiency, and ultimately meet the workforce needs of California.

The Plan can mean different things to different people if expectations are not clearly articulated. This Plan is intended to be a planning tool for university leadership, state leadership, and CSU stakeholders. The performance measures included in the Plan are influenced by many variables that are outside the CSU's direct control. For example, student behavior, in aggregate, can positively or negatively shape the outcome of many of the goals included in this Plan. Also, state general fund support could increase or decrease depending on the budgetary decisions of state leaders, which could have a direct influence on many of the goals and those underlying assumptions. Additionally, the state and federal economic condition, and its effect on California families, could play a significant role. Acknowledging these variables, the Plan is based on the best trend information available.

The requirements of the Plan ask the CSU to make a series of assumptions over the next three years, based on a set of budget assumptions, and take into account: access, progress toward degree, time to degree, graduation rates and total number of degrees produced. However, it is important to acknowledge various systemwide and campus-based strategies already in place to positively affect these measures.

Graduation Initiative

CSU began setting graduation rate goals in 2009. In mid-October 2014, each of the 23 CSU campuses re-benched those goals kicking off the *Graduation Initiative 2025*. These goals are accompanied by campus-based strategies to improve four- and six-year graduation rates, close the achievement gap for under-represented minorities, and increase retention rates across the board. Systemwide, the CSU is on track to surpass the 2015 graduation rate goal of 54%, indicating that many of the efforts implemented on campuses have been successful.

Early Assessment and Early Start Programs

The Early Assessment Program has been in existence for more than a decade. The program identifies students who are not ready for college-level courses in English and mathematics by the end of the junior year of high school and provides them with an opportunity to use their senior year to improve upon those skills. This early identification allows students to focus on those subjects and likely be more successful upon enrolling at the CSU.

Building on the successes of the Early Assessment Program and local campus approaches to address college readiness, such as Summer Bridge, the Early Start Program requires underprepared students simply to "get started" on their pathway to proficiency in the summer preceding the freshman year of college. Students who have not demonstrated college readiness in English or mathematics must begin

developmental coursework through the Early Start Program, but do not need to complete remediation in the summer. Intensive classes in English and mathematics strengthen skills and reduce the time necessary to get on the college track.

Associate Degree for Transfer

Recently, the California Community Colleges (CCC) Chancellor's Office provided the CSU with 5,082 records for students identified as graduates with an Associate Degree for Transfer from 2012-2013 to 2013-2014. When the CSU matched the records against systemwide applications files, 4,575 matched records were generated (90 percent of the records), indicating those graduates applied for transfer to the CSU. Ultimately, 4,337 were admitted to a CSU campus.

As of spring 2014, the CSU has identified 131 CSU graduates who entered with an Associate Degree for Transfer from a CCC. All of these graduates matriculated in fall 2012 or after and in some cases graduated less than 2 years after transfer. As the number of Associate Degrees for Transfers continues to expand at the community college level, the program is showing promise for initial transfer students successfully completing their degrees in a timely manner.

Student Success Initiatives

The CSU Enrollment Bottleneck Solutions Initiative, launched in 2013, is designed to accelerate student progress to degree and decrease bottlenecks that negatively impact students. Bottlenecks are anything that limits students' ability to make progress toward graduation. Demand often exceeds supply because: public universities are constrained by limited facilities and course requirements, faculty, staff and student schedules, limited resources, academic program requirements, and student readiness and their academic program choices.

Strategies and solutions to address the causes of enrollment bottlenecks include: course redesign to improve student success and access, CourseMatch, which offers CSU students access to online courses delivered by campuses other than their own, Virtual Labs where faculty can offer hybrid lab courses, and eAdvising to streamline advising, registration, and academic planning for undergraduate students at all 23 campuses.

Reducing Overall Units to Degree/Time to Degree

The CSU has made significant progress through various initiatives to improve and support timely degree completion for all students. Notably, curricular reform between spring 2009 and fall 2014 has reduced the percentage of baccalaureate degrees in excess of 120 required units from 29 percent to 5 percent systemwide. At the same time, the CSU strives to ensure and mitigate potential roadblocks that may delay graduation. Efforts to support student success and timely degree completion have included eAdvising and early warning and predictive analytics where students receive better and faster feedback about their performance in critical courses. Continued and renewed investments supporting student success initiatives that improve a student's time-to-degree can prove to pay positive economic dividends for both students and taxpayers, as students will require fewer state resources per degree.

The CSU focuses on providing an affordable, accessible, high-quality education to prepare students to become leaders in the changing workforce, making the CSU a vital economic engine for California.

- The CSU is the nation's largest four-year public university system with 23 campuses and 8 off campus centers.
- The CSU is the most ethnically diverse university in the country enrolling over 447,000 students and employing 45,000 faculty and staff.

- The CSU stretches from Humboldt in the north to San Diego in the south.

Budget Act Requirement

The Budget Act of 2014 (Chapter 25 of the Statutes of 2014) requires the Board to develop and approve a plan that details any changes necessary to ensure the university's academic and fiscal sustainability over a multi-year period and submit that plan to the state no later than November 30, 2014.

The plan must include the following three components:

- (1) Projections of available resources in the 2015-2016, 2016-2017, and 2017-2018 fiscal years, using state general fund and tuition and fee revenue assumptions provided by the state Department of Finance (Finance). Projections of expenditures in each of those years and descriptions of any changes to current operations necessary to ensure that expenditures projected for those years are not greater than the available resources projected for those years.
- (2) Projections of resident and non-resident enrollment in each of those years.
- (3) Goals for 16 performance measures (described in state law) in each of those years.

In a July 15, 2014 letter to CSU, Finance shared the state general fund and tuition and fee revenue assumptions upon which the CSU is to build its plan. In short, the state general fund assumptions are to align with the governor's office multi-year funding plan and include other baseline adjustments (e.g. the state's contribution to the Public Employees' Retirement System on behalf of CSU employees). In addition, Finance directed the Board to craft a plan that assumes no systemwide tuition or category II campus-based fee increases.

Approach

Budget

Minimally, the Board was tasked with preparing the Plan using the modest revenue assumptions from the state equivalent to a growth of approximately two percent per year in total operating revenues and to assume no tuition adjustments. To operate within those assumptions would be challenging because they fall short of CSU's annual, identified financial needs. For illustration purposes, the state expects the CSU to assume only \$119.5 million of new state general fund support and no new systemwide tuition fee revenue for 2015-2016. CSU's typical support budget plan (a mix of state general fund support and tuition fee revenue) requests a range of \$250 million to \$350 million per year in increased funds.

The Plan adopts two budget scenarios. First, the "State Budget" was constructed using the governor's office multi-year funding plan and tuition fee assumptions and complies with the legal requirement. As a result, the State Budget meets the minimum requirements of the law. Second, the "CSU Budget" was constructed using CSU-identified areas of needed investment and revenues to match those needs. Including the CSU Budget is not required by law, but it furthers the discussion with internal and external constituencies about appropriate funding levels for CSU and expectations about student success and completion.

Funded Student Enrollment

Based on the State Budget and the CSU Budget prepared for requirement 1, enrollment projections vary for 2015-2016, 2016-2017 and 2017-2018. With a small budget increase allowed for in the State Budget, and no tuition increases, the CSU can assume sufficient funding for a one percent increase in funded

enrollment. With a more robust budget laid out in the CSU Budget, a three percent increase in funded student enrollment could be realized.

Because enrollment funding is based on full-time equivalent students (FTES), this report translates that growth to a headcount number using currently available ratios. There are two variables that affect the size of each new entering class: 1) new resources available and 2) the ratio of headcount to full-time equivalent students. As the CSU improves year-to-year retention rates, and continues to advise students toward a four-year path to a degree, the ratio will get closer and closer to 1:1. New funds available in each of the next three years will allow for modest funded enrollment increases within each new cohort, and allow the CSU to focus on a faster time to degree where students enroll in 15 or more units each term.

Goals for Performance Measures

The third requirement requires the CSU to establish goals for all 16 performance measures listed in state law. Before goals were established for each measure, it was important to first gauge how aggressive or cautious to be on the approach. Three possibilities were considered:

1. **Cautious**: Identify the status quo (e.g. current graduation rate) and establish goals so that CSU would do no worse over the next three years.
2. **Measured**: Identify recent, actual trend data, estimate the trend over the next three years, and establish goals that align with those projections.
3. **Aggressive**: The same identification and estimation of trends, but with aggressive goals that exceed estimated trends.

This Plan follows a measured approach. It neither sells short the abilities of CSU students, faculty, staff, and administrators to exceed the status quo, nor does it create subjective goals that are far reaching but may have little to no chance of being achieved given modest budget increases and a short timeline to affect change. This measured approach demonstrates that, even with the prescribed additional resources of the State Budget and the short timeline for goal setting, the CSU is willing to strive for consistent improvements on these 16 performance measures. The CSU Budget assumptions translate to slightly sharper trend lines for some measures (8 of 16) and those have been reflected in this Plan. With resource assumptions above the State Budget, CSU can commit to increased student access, more degrees granted, and an increase in spending per student. Other measures cannot be affected in a measurable way with new money in the next three years.

As an example, CSU campuses limited new enrollments in 2011-2012 and 2012-2013 due to the economic crisis and it is estimated that the number of graduates will dip in 2014-2015 and 2015-2016 because of necessary fiscal policy decisions made in prior years that cannot be affected by an influx of funding in upcoming years.

Consultation

Between the September 2014 and November 2014 Board meetings, Chancellor's Office staff consulted with and solicited feedback from the California State Student Association, the Systemwide Academic Senate, campus presidents, the Academic Council (campus provosts), Student Affairs Council (campus vice presidents of student affairs), and the System Budget Advisory Committee (various CSU constituencies) on the approach taken in this Plan. The feedback from these groups was considered and incorporated into this final Plan.

Conclusion

The modest proposed increases in state funding, combined with the mandate to hold tuition rates flat for the next three years, handicaps the university's ability to maximize student success, scale up successful programs to reach more students, and compete against other fiscal priorities such as mandatory costs (e.g. employee benefits and new space maintenance), predictable compensation increases, and funding of deferred maintenance and infrastructure improvements. A more robust budget does allow for targeted allocation of resources for funded student enrollment increases and student success initiatives that will positively affect graduation rates, progress and time to degree, and the efficiency of the system to graduate more students overall. The CSU Budget does not require the CSU to exchange infrastructure needs or employee compensation for student success priorities in as stark a way as the State Budget would require.

The CSU Chancellor's Office and the 23 campuses are focused on meeting the needs of California by preparing an educated workforce.

The Plan

(1) Budget

Requirement: Projections of available resources in the 2015-2016, 2016-2017, and 2017-2018 fiscal years, using state general fund and tuition and fee revenue assumptions provided by the state Department of Finance. Projections of expenditures in each of those years and descriptions of any changes to current operations necessary to ensure that expenditures projected for those years are not greater than the available resources projected for those years.

As noted earlier, this Plan includes two budgets. The first budget specifies the resource assumptions required by state law (represented by “State Budget”). The second budget includes resource assumptions that the CSU believes are more optimal (represented by “CSU Budget”). The differing resource assumptions of the two budgets create differing expenditure assumptions, which directly affect or influence the short-term trends and goals for a number of the performance measures.

New General Fund Resources: The State Budget assumes new general fund resources ranging from \$119.5 million to \$129.2 million per year, which generally aligns with the governor’s office multi-year funding plan for CSU. The CSU Budget assumes new general fund resources of approximately \$250 million per year, which aligns more closely with the identified needs of the university.

Tuition Fee Revenue: The State Budget assumes no change to any systemwide tuition fee levels through 2017-2018. The Board’s recommended 2015-2016 support budget request presumes no change in systemwide tuition fee levels for 2015-2016. Because the Board has the statutory authority and discretion to adjust tuition fee levels, the CSU Budget presumes the Board will determine the appropriate tuition fee levels on a case-by-case and year-by-year basis.

Student Success Fees: The State Budget assumes no change to existing and no new student success fees. The CSU Budget assumes no new student success fees will be created in 2015-2016 because a significant review of the fee policy related to this type of fee is underway and a state moratorium on the creation of new student success fees is in effect through January 2016. However, the CSU Budget presumes the Board and the Chancellor will retain the statutory discretion after 2015-2016 to determine if new student success fees are appropriate and necessary. Additionally, student success fee revenue stays on the campus at which it is collected, and is not a part of the systemwide budget plan approved by the Board each November.

Funded Student Enrollment: Proposed and actual funded student enrollment decisions are exclusively made by the Board and the Chancellor. For illustration purposes only, the Plan presumes the State Budget could only provide a one percent annual increase in funded student enrollment. Further, the Plan presumes the CSU Budget would allow for a three percent annual increase in funded student enrollment, which is consistent with the 2015-2016 preliminary and final drafts of the Board’s support budget request. Under these scenarios, the State Budget could increase FTES by approximately 3,450 per year and the CSU Budget could increase FTES by approximately 10,400 per year.

All Other Expenditures: For 2015-2016, all other expenditures for the State Budget and CSU Budget are consistent with the Board’s recommended 2015-2016 support budget request. Because the Board’s expenditure priorities exceed the State Budget’s resource assumptions, some 2015-2016 discretionary

expenditures are displayed as “TBD” or “to be determined”. If the State Budget resource assumptions were to come to pass in 2015-2016, CSU would have to decide how best to allocate remaining, limited resources to these expenditure categories.

For 2016-2017 and 2017-2018, the State Budget and CSU Budget presume the Board and the Chancellor will determine the appropriate expenditure levels on a case-by-case and year-by-year basis. Therefore, expenditures will be determined at a later date.

State Budget Assumptions			
Revenues	2015/16	2016/17	2017/18
State General Fund Support Appropriation (base)	\$2,465,702,000	\$2,619,758,000	\$2,798,636,000
State Contribution for PERS retirement	34,589,000	54,632,000	26,674,000
State Revenue Assumptions:			
Governor's Office Multi-Year General Fund Plan	119,467,000	124,246,000	129,215,000
Tuition Fee Increase (undergraduate)	0	0	0
Tuition Fee Increase (graduate)	0	0	0
Tuition Fee Increase (doctorate)	0	0	0
Tuition Fee Increase (non-resident)	0	0	0
New Student Success Fees	0	0	0
General Obligation & Lease Revenue Debt Service Revenue from State (base)	296,316,000	303,944,000	311,809,000
Governor's Office commitment to lease revenue bond debt service payments	7,628,000	7,865,000	5,070,000
Net Tuition Fee & Other Fee Revenue (base)	2,045,274,000	2,062,746,000	2,080,392,720
Net Tuition Fee Revenue (Funded Student Enrollment Increase - 1% per year)	17,472,000	17,646,720	17,823,187
Totals, Revenues	\$4,986,448,000	\$5,190,837,720	\$5,369,619,907
Expenditures	2015/16	2016/17	2017/18
Operations (base)	\$4,510,976,000	\$4,682,504,000	\$4,879,028,720
State Contribution for PERS retirement	34,589,000	54,632,000	26,674,000
Mandatory Costs	23,077,000	TBD	TBD
Employee Compensation Pool	65,528,000	TBD	TBD
Student Success & Completion Initiatives	TBD	TBD	TBD
Center for California Studies	204,000	TBD	TBD
Funded Student Enrollment Increase - 1% per year	34,409,000	34,753,090	35,100,621
General Obligation & Lease Revenue Debt Service Payments (base)	296,316,000	303,944,000	311,809,000
Governor's Office commitment to lease revenue bond debt service payments	7,628,000	7,865,000	5,070,000
Facilities & Infrastructure (pay-as-you-go or debt financing)	TBD	TBD	TBD
Information Technology Infrastructure	TBD	TBD	TBD
All Other Operating Expenditures To Be Determined by CSU	13,721,000	107,139,630	111,937,566
Totals, Expenditures	\$4,986,448,000	\$5,190,837,720	\$5,369,619,907
Balance	\$0	\$0	\$0
Notes:			
TBD = To be determined by CSU leadership			
Unlike the CSU Budget, the revenue portion of the State Budget must include a reference to so called student success fees, which are campus-based fees that are collected, retained, and expended at campuses. These fees are not a systemwide revenue source and it is inappropriate to associate these fees with other systemwide revenue sources.			
Net Tuition Fee & Other Fee Revenue excludes State University Grant (SUG) estimates. SUG is a tuition fee waiver program for qualified students with financial need. It is revenue foregone by CSU (i.e. no actual collection and redistribution of money). Annual foregone revenue is in excess of \$600 million.			

CSU Budget Assumptions

Revenues	2015/16	2016/17	2017/18
State General Fund Support Appropriation (base)	\$2,465,702,000	\$2,716,901,000	\$3,021,533,000
State Contribution for PERS retirement	34,589,000	54,632,000	26,674,000
CSU Revenue Assumptions:			
State General Fund	216,610,000	250,000,000	250,000,000
Tuition Fee Increase (undergraduate)	TBD	TBD	TBD
Tuition Fee Increase (graduate)	TBD	TBD	TBD
Tuition Fee Increase (doctorate)	TBD	TBD	TBD
Tuition Fee Increase (non-resident)	TBD	TBD	TBD
New Student Success Fees	\$0	TBD	TBD
General Obligation & Lease Revenue Debt Service Revenue from State (base)	296,316,000	303,944,000	311,809,000
Governor's Office commitment to lease revenue bond debt service payments	7,628,000	7,865,000	5,070,000
Net Tuition Fee & Other Fee Revenue (base)	2,045,274,000	2,097,691,000	2,151,680,510
Net Tuition Fee Revenue (Funded Student Enrollment Increase - 3% per year)	52,417,000	53,989,510	55,609,195
Totals, Revenues	\$5,118,536,000	\$5,485,022,510	\$5,822,375,705
Expenditures	2015/16	2016/17	2017/18
Operations (base)	\$4,510,976,000	\$4,814,592,000	\$5,173,213,510
State Contribution for PERS retirement	34,589,000	54,632,000	26,674,000
Mandatory Costs	23,077,000	TBD	TBD
Employee Compensation Pool	65,528,000	TBD	TBD
Student Success & Completion Initiatives	38,000,000	TBD	TBD
Center for California Studies	204,000	TBD	TBD
Funded Student Enrollment Increase - 3% per year	103,218,000	106,314,540	109,503,976
General Obligation & Lease Revenue Debt Service Payments (base)	296,316,000	303,944,000	311,809,000
Governor's Office commitment to lease revenue bond debt service payments	7,628,000	7,865,000	5,070,000
Facilities & Infrastructure (pay-as-you-go or debt financing)	25,000,000	TBD	TBD
Information Technology Infrastructure	14,000,000	TBD	TBD
All Other Operating Expenditures To Be Determined by CSU	0	197,674,970	196,105,219
Totals, Expenditures	\$5,118,536,000	\$5,485,022,510	\$5,822,375,705
Balance	\$0	\$0	\$0
Notes:			
TBD = To be determined by CSU leadership			
Unlike the State Budget, the CSU Budget excludes so called student success fees, which are campus-based fees that are collected, retained, and expended at campuses. These fees are not a systemwide revenue source.			
Net Tuition Fee & Other Fee Revenue excludes State University Grant (SUG) estimates. SUG is a tuition fee waiver program for qualified students with financial need. It is revenue foregone by CSU (i.e. no actual collection and redistribution of money). Annual foregone revenue is in excess of \$600 million.			

(2) Enrollment Projections

Requirement: Projections of resident and non-resident enrollment in each of those years.

The three year budgets shown above include the State Budget assumption of one percent funded enrollment increases each year, and the CSU Budget assumption to increase three percent each year.

Resident and Non-Resident Enrollment - Headcount

College Year	State Budget Assumptions		CSU Budget Assumptions	
	Resident	Non-Resident	Resident	Non-Resident
2011-2012	404,946	17,117	404,946	17,117
2012-2013	407,697	18,516	407,697	18,516
2013-2014 (Current)	416,109	22,048	416,109	22,048
2014-2015 (Projected)	420,271	22,274	428,593	22,715
2015-2016 (Projected)	424,473	22,497	441,450	23,397
2016-2017 (Projected)	428,717	22,722	454,693	24,099
2017-2018 (Projected)	433,004	22,949	468,334	24,822

Enrollment funding is based on FTES; this report translates that growth to a headcount number using currently available ratios. There are two variables that affect the size of each new entering class: 1) New resources available and 2) The ratio of headcount to full-time equivalent students. As the CSU improves year-to-year retention rates, and continues to advise students toward a four year path to a degree, the ratio will get closer and closer to 1:1. New funds available in each of the next three years will allow for modest increases in enrollment within each new cohort, and allow the CSU to focus on a faster time to degree where students enroll in 15 or more units each term.

The CSU has not set specific non-resident enrollment targets, however we project that non-resident enrollment will continue to make up around five percent of total enrollment. Non-resident students are not considered in the overall budget picture the way resident student targets are determined. The state does not fund the CSU for non-resident enrollment; rather these students are charged non-resident tuition in addition to state university tuition, to cover the full cost of their enrollment at the CSU.

(3) Goals for 16 Performance Measures

Requirement: Goals for 16 performance measures (described in state law) in each of those years

Measures 1 – 4: Access

Measure 1: The number of CCC transfer students enrolled and the percentage of CCC transfer students as a proportion of the total number of undergraduate students enrolled.

Measure 2: The number of new CCC transfers students enrolled and the percentage of new CCC transfer students as a proportion of the total number of new undergraduate students enrolled.

Measures 1 and 2 ask for the number and proportion of CCC transfers within the total CSU population, and as a part of each new entering class. The tables below show the current trend within the CSU population, and our projections based on the two budget assumptions presented previously. Transfer enrollment is affected by the CSU budget more than most measures. You will see in Table 1b - transfer enrollment will grow as a percentage of the total population because campuses will be able to accept and enroll transfers for both the fall and spring terms. Under the State Budget assumptions in Table 1a, the transfer population stays flat in proportion to the total population because the amount of funding available will not allow all campuses to open for transfer admission in the spring.

The effect on transfer enrollment is most apparent in Tables 2a and 2b – where there is a noticeable reduction in overall transfer admission in 2a using the State Budget assumptions. Without the funding to open enrollment in the spring term for CCC transfer admission, the trends show a reduction in total transfer enrollment between 2013-2014 and 2017-2018. However, CSU projections using the State Budget assumptions reveal that the transfer population within each new class of undergraduates will remain relatively flat. With more funding in the CSU Budget request scenario shown in Table 2b, the transfer population will grow slightly as a proportion of each new entering class.

Measure 3: The number of low-income students enrolled and the percentage of low-income students as a proportion of the total number of undergraduate students enrolled.

Measure 4: The number of new low-income students enrolled and the percentage of low-income students as a proportion of the total number of new undergraduate students enrolled.

Measures 3 and 4 focus on the total number and proportion of low-income students within the undergraduate population and within the population of new students each year. Low-income was defined by the legislation to mean Pell-eligible students. While the CSU does not have direct outreach programs to communities based on socio-economic status, we do continue our efforts to ensure genuine access for students from underrepresented communities in the state, and there is certainly crossover between our underrepresented students and students who are eligible for federal Pell grants.

Tables 3a, 3b, 4a, and 4b all show a reduction in the percentage of Pell grant students among all undergraduates, and within each new cohort. The headcount numbers are based on the percentage predicted from the enrollment projections associated with the State Budget and the CSU Budget. We believe that this measure is highly influenced by factors external to the university including the health and stability of the economy and the ability of students and families to afford college. During a recession or when tuition increases, Pell eligibility will increase. When the economy stabilizes, and unemployment goes down, Pell eligibility will decrease. We project the percentage of Pell-eligible

students will settle around 41 to 42 percent in the next three academic years, returning to a level seen in previously stable economic periods.

Low-income students and underrepresented students are not a 100 percent match, and therefore it is believed that this measure is getting at the CSU’s ability to provide access to all cross sections of the California population. The CSU is intensifying efforts to shrink or close the achievement gap for underrepresented minority students by 2025, and will continue extensive outreach and retention efforts to these populations. Genuine access for all college going students is a critical part of CSU’s mission and meeting the financial aid needs of our students will also remain a priority.

Table 1a CCC Transfer Enrollment State Budget Assumptions		
Fall Term	Headcount	Percent of Total Undergraduates
2011	129,246	36.4%
2012	134,958	36.8%
2013 (Current)	136,352	36.2%
2014 (Projected)	137,797	36.3%
2015 (Projected)	139,258	36.3%
2016 (Projected)	140,734	36.3%
2017 (Projected)	142,226	36.3%

Table 1b CCC Transfer Enrollment CSU Budget Assumptions		
Fall Year	Headcount	Percent of Total Undergraduates
2011	129,246	36.4%
2012	134,958	36.8%
2013 (Current)	136,352	36.2%
2014 (Projected)	140,821	36.3%
2015 (Projected)	145,436	36.4%
2016 (Projected)	150,203	36.5%
2017 (Projected)	155,126	36.6%

Table 2a NEW CCC Transfer Enrollment State Budget Assumptions		
College Year	Headcount	Percent of Total New Undergraduates
2011-2012	49,467	45.3%
2012-2013	42,745	42.0%
2013-2014 (Current)	55,053	46.3%
2014-2015 (Projected)	52,065	46.3%
2015-2016 (Projected)	51,547	46.3%
2016-2017 (Projected)	53,027	46.4%
2017-2018 (Projected)	53,919	46.4%

Table 2b NEW CCC Transfer Enrollment CSU Budget Assumptions		
College Year	Headcount	Percent of Total New Undergraduates
2011-2012	49,467	45.3%
2012-2013	42,745	42.0%
2013-2014 (Current)	55,053	46.3%
2014-2015 (Projected)	55,714	46.5%
2015-2016 (Projected)	55,859	46.5%
2016-2017 (Projected)	58,300	46.6%
2017-2018 (Projected)	60,393	46.7%

Table 3a Low-Income Student Enrollment State Budget Assumptions		
Fall Year	Pell-Recipient Headcount	Percent of Total Undergraduates
2010	146,302	41.9%
2011	164,951	44.9%
2012 (Current)	173,272	45.6%
2013 (Projected)	171,876	44.8%
2014 (Projected)	170,491	44.0%
2015 (Projected)	169,117	43.2%
2016 (Projected)	167,755	42.4%

Table 3b Low-Income Student Enrollment CSU Budget Assumptions		
Fall Year	Pell-Recipient Headcount	Percent of Total Undergraduates
2010	146,302	41.9%
2011	164,951	44.9%
2012 (Current)	173,272	45.6%
2013 (Projected)	175,333	44.9%
2014 (Projected)	177,419	44.1%
2015 (Projected)	179,529	43.4%
2016 (Projected)	181,665	42.6%

Table 4a NEW Low-Income Student Enrollment State Budget Assumptions		
College Year	New Pell-Recipient Headcount	Percent of Total New Undergraduates
2010-2011	49,861	44.6%
2011-2012	53,582	47.7%
2012-2013 (Current)	51,693	48.9%
2013-2014 (Projected)	55,267	44.8%
2014-2015 (Projected)	52,719	45.2%
2015-2016 (Projected)	51,504	44.6%
2016-2017 (Projected)	50,614	42.6%

Table 4b NEW Low-Income Student Enrollment CSU Budget Assumptions		
College Year	New Pell-Recipient Headcount	Percent of Total New Undergraduates
2010-2011	49,861	44.6%
2011-2012	53,582	47.7%
2012-2013 (Current)	51,693	48.9%
2013-2014 (Projected)	55,267	44.8%
2014-2015 (Projected)	56,541	45.2%
2015-2016 (Projected)	57,518	44.9%
2016-2017 (Projected)	57,021	43.5%

Measures 5 - 10: Earned Degrees

Measure 5: The four-year graduation rate for students who entered the university four years prior and, separately, for low-income students in that cohort.

Measure 6: The four-year and six-year graduation rates for students who entered the university six years prior and separately, for low-income students in that cohort.

Measures 5 and 6 are shown on Tables 5 and 6. These two measures set graduation rate goals for students who entered the CSU as freshman four and six years ago, respectively. Both tables show graduation rates for students receiving Pell grants, students not receiving Pell grants, and the total rate for all undergraduates. The CSU is committed to increasing graduation rates for all students, and has recommitted to those efforts in phase II of the Graduation Initiative. The goals shown for the graduating classes of 2015, 2016, and 2017 reflect the rates for cohorts that entered four and six years prior. Only one set of goals is set for these measures, rather than separating them based on budget assumptions. New money allocated to the CSU in 2015-2016, 2016-2017 and 2017-2018 will not have a measurable effect on students who entered the CSU four and six years prior. The goals shown below continue along the current trend. Increased state funding in these years will certainly have an effect on the graduation rates we are able to achieve for the cohorts that begin at the CSU during those same years with emphasis on closing the gap between Pell and non-Pell students, and the gap for students.

Measure 7: The two-year transfer graduation rate for students who entered the university two years prior and, separately, for low-income students in that cohort.

Measure 8: The two-year and three-year transfer graduation rates for students who entered the university three years prior and, separately, for low-income students in that cohort.

Measure 9: The two-year, three-year, and four-year transfer graduation rates for students who entered the university four years prior and, separately, for low income students in that cohort.

Like measures 5 and 6, measures 7, 8, and 9 are not broken out based on two different budget assumptions. Tables 7, 8, and 9 are based on each new cohort of transfer students who then graduate two, three, or four years later. There is a significant increase in graduation rates between two and three years, and even more in year four. The projections for graduation years 2015, 2016, and 2017 continue to increase for all three measurements, with the fastest growth within the three year group. Campuses have not traditionally had separate transfer graduation rates, but have considered them as a part of their newly rebench targets for 2025. Unlike the first time freshman graduation rates, two-year transfer rates could be affected by larger increases in funding from the state in 2015-2016, as reported for the class of 2017. The CSU will continue to work to increase graduation rates for all students, and especially to close the gap for underrepresented minority students, and students receiving Pell grants.

Additionally, as more and more students enroll in the CSU with Associate Degrees for Transfer, and are guaranteed that they can graduate with 60 CSU units, the two-year graduation rates are expected to increase beyond their current trend. However, with only two years of Associate Degrees for Transfer students in the CSU, there is not enough information available at this time to plot those graduates within any of the CSU graduation rate trends.

Measure 10: The number of degree completions annually, in total and for the following categories: freshman entrants, CCC transfers, graduate students, and low-income students.

Total degree completions for freshmen, CCC transfers, graduate students and all students are shown in tables 10a and 10b indicating an increase in overall degree completions in all categories with a more robustly funded CSU Budget. A funding increase directly affects the number of courses that can be offered each term and allows the CSU to continue funding other priorities such as faculty hiring, additional academic advisors, and the expansion of high-impact practices that affect student success and completion. With a smaller State Budget assumption, degree completions will continue to grow at about the same pace it has grown each of the last three years. Under a more robust CSU Budget allocation, the growth in total degrees awarded is expected to rise at a faster pace.

Table 5				
State or CSU Budget – 4-year Graduation Rates				
Fall Cohort	Graduation Year	Receiving Pell Grants	Not Receiving Pell Grants	All Students
2007	2011	9.5%	18.6%	15.7%
2008	2012	9.9%	19.0%	16.0%
2009 (Current)	2013	10.8%	21.3%	17.3%
2010 (Projected)	2014	10.9%	21.9%	17.6%
2011 (Projected)	2015	11.0%	22.4%	17.9%
2012 (Projected)	2016	11.1%	23.0%	18.2%
2013 (Projected)	2017	11.2%	23.6%	18.5%

Table 6				
State or CSU Budget – 6-Year Graduation Rates				
Fall Cohort	Graduation Year	Receiving Pell Grant	Not Receiving Pell Grant	All Students
2005	2011	45.9%	57.3%	53.7%
2006	2012	45.6%	56.9%	53.4%
2007 (Current)	2013	46.0%	56.2%	53.0%
2008 (Projected)	2014	46.4%	57.0%	53.4%
2009 (Projected)	2015	46.8%	57.8%	53.9%
2010 (Projected)	2016	47.2%	58.6%	54.4%
2011 (Projected)	2017	47.6%	59.4%	54.9%

Table 7				
Two-year Transfer Graduation Rates				
Fall Cohort	Graduation Year	Receiving Pell Grants	Not Receiving Pell Grant	All Students
2009	2011	22.7%	24.9%	24.0%
2010	2012	26.3%	29.2%	27.8%
2011 (Current)	2013	24.8%	28.1%	26.5%
2012 (Projected)	2014	25.4%	28.8%	27.1%
2013 (Projected)	2015	26.0%	29.6%	27.8%
2014 (Projected)	2016	26.6%	30.4%	28.4%
2015 (Projected)	2017	27.2%	31.2%	29.1%

Table 8				
Three-Year Transfer Graduation Rates				
Fall Cohort	Graduation Year	Receiving Pell Grant	Not Receiving Pell Grant	All Students
2008	2011	50.9%	55.3%	53.8%
2009	2012	53.8%	57.0%	55.7%
2010 (Current)	2013	60.3%	62.4%	61.5%
2011 (Projected)	2014	62.0%	64.0%	63.0%
2012 (Projected)	2015	63.7%	65.6%	64.6%
2013 (Projected)	2016	65.5%	67.2%	66.2%
2014 (Projected)	2017	67.3%	68.9%	67.9%

Table 9				
Four-Year Transfer Graduation Rates				
Fall Cohort	Graduation Year	Receiving Pell Grant	Not Receiving Pell Grant	All Students
2007	2011	62.8%	65.4%	64.5%
2008	2012	64.7%	68.1%	67.0%
2009 (Current)	2013	67.5%	70.3%	69.2%
2010 (Projected)	2014	68.3%	71.2%	70.0%
2011 (Projected)	2015	69.2%	72.1%	70.9%
2012 (Projected)	2016	70.0%	73.0%	71.7%
2013 (Projected)	2017	70.8%	73.9%	72.6%

Table 10a					
Total Degree Completions - State Budget					
College Year	Freshmen Entrants	CCC Transfer Students	Graduate Students	Total*	Low-Income Students
2011-2012	30,245	37,990	19,725	96,152	31,600
2012-2013	32,569	41,858	19,406	101,209	39,837
2013-2014 (Current)	34,254	43,741	18,574	103,637	40,318
2014-2015 (Projected)	36,038	42,411	18,755	104,128	40,562
2015-2016 (Projected)	37,915	43,152	18,938	106,788	40,807
2016-2017 (Projected)	39,889	43,906	19,122	109,562	41,054
2017-2018 (Projected)	41,966	44,673	19,308	112,457	41,302

Table 10b					
Total Degree Completions - CSU Budget					
College Year	Freshmen Entrants	CCC Transfer Students	Graduate Students	Total*	Low-Income Students
2011-2012	30,245	37,990	19,725	96,152	31,600
2012-2013	32,569	41,858	19,406	101,209	39,837
2013-2014 (Current)	34,254	43,741	18,574	103,637	40,158
2014-2015 (Projected)	36,038	42,411	18,755	104,128	40,320
2015-2016 (Projected)	37,915	43,152	18,938	106,788	40,482
2016-2017 (Projected)	39,889	43,906	19,122	109,562	40,645
2017-2018 (Projected)	41,966	48,186	19,308	115,970	42,731

**Total includes all degree recipients, including those not reflected in the categories above (e.g. Non-California community college transfers, etc.).*

Measures 11 - 15: Cost Efficiency and Time to Degree

Measure 11: The focus is on the percentage of freshmen entrants who have earned sufficient course credits by the end of their first year of enrollment to indicate that they will graduate within four years.

Measure 12: The focus is on the percentage of CCC transfer students who have earned sufficient course credits by the end of their first year of enrollment to indicate that they will graduate within two years.

Measure 11 asks the CSU to report the number of students who have finished 30 semester units after their first year – indicating their progress toward graduating with 120 units in four years. Table 11 shows the percentage of freshmen entrants who return to the CSU for their second year, having completed 30 units in their first year. This is not something the CSU has traditionally measured, but the current trend shows consistent growth in the percentage of students completing 30 units in their first year. This trend is projected to continue to grow and for the first time in 2015, more students will have taken 30 units their first year than not. As campuses continue to examine academic policies and the high-impact practices that affect retention and graduation, this type of measure will be examined. Current research and analysis reveals that the best predictor for future graduation is that a student is retained year-to-year, regardless of the number of units taken.

The CSU cannot accurately measure the number of units taken by CCC transfers in their first year at the CSU as a measure for that student being “on track” to graduate in two years. Most CCC transfer students have taken well over 60 units when they transfer to the CSU, and the CSU will accept up to 70 units. The determination of which of those 60-plus units will apply toward their bachelor’s degree does not happen until a student applies for graduation, at which time a different set of transfer credits may be applied to the degree, than was intended when the student first enrolled. As was demonstrated in measures 7, 8, and 9, the transfer graduation rate doubles between year two and year three, and the CSU will continue working to increase opportunities for transfer students to finish their bachelor’s degrees as efficiently as possible.

Table 11 30 or more units at start of Year 2 State or CSU Budget		
Fall Enrollment	% of Students with 30 Units or More	% of Students with Less than 30 Units
2011	47.3%	52.7%
2012	47.3%	52.7%
2013 (Current)	48.0%	52.0%
2014 (Projected)	49.5%	50.5%
2015 (Projected)	50.9%	49.1%
2016 (Projected)	52.4%	47.6%
2017 (Projected)	53.8%	46.2%

Measure 13: For all students, the total amount of funds received from all sources specified for the year, divided by the number of degrees awarded that same year.

Table 13 – Expenditures per Degree – All		
College Year	State Budget	CSU Budget
2015-2016 (Projected)	\$39,923	\$41,049
2016-2017 (Projected)	\$40,638	\$43,088
2017-2018 (Projected)	\$41,094	\$43,532

Measure 14: For undergraduate students, the total amount of funds received from all sources specified for the year expended for undergraduate education, divided by the number of undergraduate degrees awarded that same year.

Table 14 – Expenditures per Degree – Undergraduate		
College Year	State Budget	CSU Budget
2015-2016 (Projected)	\$50,252	\$51,670
2016-2017 (Projected)	\$50,656	\$53,711
2017-2018 (Projected)	\$50,738	\$53,130

Measure 15: The average number of CSU course credits and the total course credits, including credits accrued at other institutions, accumulated by all undergraduate students who graduated, and separately for freshman entrants and CCC transfer students.

Measure 15, like measure 12, asks a question that does not have a clear answer. What it shows is that all students, whether they entered as freshmen or transfers, have non-CSU units applied to their transcripts upon graduation; this can include upper division, lower division, and Advanced Placement units. The data available centrally includes total units earned at time of degree and total units taken elsewhere, either transferred in, or through Advanced Placement credit. This leaves derived CSU units, which are not a real representation of the units taken or used for a specific degree. Campuses may be able to better answer this question for freshman entrants, but transfer units are not fully applied toward a degree until a student applies for graduation. Therefore, a campus would have difficulty answering this question until the student’s last term at the CSU.

The CSU requires all academic programs to get as close to 120 required units as possible. Nearly 90 percent of programs are now at that level. Programs above 120 units have reviewed their academic requirements to ensure that their requirements in excess of 120 units are necessary to meet the learning objectives required of its graduates.

Table 15 Total Units Earned, per Bachelor's Degree State or CSU Budget						
College Year	Freshmen Entrants		California Community College Transfers		Total Undergraduate Students	
	CSU Units*	Total Units	CSU Units*	Total Units	CSU Units*	Total Units
2011-2012	128	139	70	141	93	141
2012-2013	129	139	70	141	94	141
2013-2014 (Current)	128	139	70	141	93	141
2014-2015 (Projected)	128	139	70	141	93	140
2015-2016 (Projected)	128	139	69	140	93	140
2016-2017 (Projected)	128	139	69	140	93	140
2017-2018 (Projected)	128	139	69	140	93	140

*CSU Units is derived from Total Units minus units earned elsewhere. It is not a direct reporting of CSU units taken.

Measure 16: STEM Earned Degrees

Measure 16: The number of degree completions in science, technology, engineering, and mathematics (STEM) fields, in total, and separately for undergraduate students, graduate students, and low-income students.

There is significant demand in California and nationwide for graduates with degrees in STEM fields. The CSU currently tracks STEM and health disciplines within STEM and are reporting both here. Like Measure 10 on degree completions, total STEM degrees will increase at a faster pace under a CSU Budget assumption versus a State Budget assumption.

Table 16a STEM Degrees, (excluding health) - State Budget				
College Year	Undergraduate Students	Graduate Students	Total	Low-Income Students
2011-2012	13,921	4,187	18,108	5,314
2012-2013	15,361	3,960	19,321	6,963
2013-2014 (Current)	17,020	3,817	20,837	7,128
2014-2015 (Projected)	17,615	3,887	21,502	7,297
2015-2016 (Projected)	18,846	3,958	22,804	7,470
2016-2017 (Projected)	20,164	4,031	24,195	7,647
2017-2018 (Projected)	21,574	4,105	25,679	7,828

Table 16b				
STEM Degrees (excluding Health) - CSU Budget				
College Year	Undergraduate Students	Graduate Students	Total	Low-Income Students
2011-2012	13,921	4,187	18,108	5,314
2012-2013	15,361	3,960	19,321	6,963
2013-2014 (Current)	17,020	3,817	20,837	7,128
2014-2015 (Projected)	17,615	3,887	21,502	7,297
2015-2016 (Projected)	18,846	3,958	22,804	7,470
2016-2017 (Projected)	20,164	4,031	24,195	7,647
2017-2018 (Projected)	23,187	4,427	27,614	8,440

Table 16c				
STEM Degrees, Health Only - State Budget				
College Year	Undergraduate Students	Graduate Students	Total	Low-Income Students
2011-2012	4,924	1,908	6,832	1,882
2012-2013	5,592	1,967	7,559	2,548
2013-2014 (Current)	6,223	1,967	8,190	2,607
2014-2015 (Projected)	6,468	2,016	8,484	2,667
2015-2016 (Projected)	6,977	2,066	9,043	2,728
2016-2017 (Projected)	7,526	2,118	9,644	2,791
2017-2018 (Projected)	8,118	2,171	10,289	2,855

Table 16d				
STEM Degrees, Health Only - CSU Budget				
College Year	Undergraduate Students	Graduate Students	Total	Low-Income Students
2010-2011	4,924	1,908	6,832	1,882
2011-2012	5,592	1,967	7,559	2,548
2012-2013 (Current)	6,223	1,967	8,190	2,607
2013-2014 (Projected)	6,468	2,016	8,484	2,667
2014-2015 (Projected)	6,977	2,066	9,043	2,728
2015-2016 (Projected)	7,526	2,118	9,644	2,791
2016-2017 (Projected)	8,720	2,340	11,060	3,078

AGENDA

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Meeting: **3:00 p.m., Wednesday, November 12, 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 September 10, 2014

Discussion Items

1. Amend the 2014-2015 Non-State Funded Capital Outlay Program for California State University Channel Islands, California State University, Northridge, and California State Polytechnic University, Pomona, *Action*
2. Approval of Schematic Plans for California State University Channel Islands, California State Polytechnic University, Pomona and California Polytechnic State University, San Luis Obispo, *Action*
3. Approval of the 2015-2016 Capital Outlay Program and the 2015-2016 through 2019-2020 Five-Year Capital Improvement Program, *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**

September 10, 2014

Members Present

Rebecca D. Eisen, Vice Chair
Talar Alexanian
Adam Day
Lillian Kimbell
Lou Monville, Chair of the Board
Steven G. Stepanek
Timothy P. White, Chancellor

Approval of Minutes

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

Amend the 2014-2015 Non-State Funded Capital Outlay Program for California State University, Sacramento

Assistant Vice Chancellor Elvyra F. San Juan presented agenda item 1 which proposes to amend the 2014-2015 non-state funded capital outlay program with one project: Stormwater Low Impact Development, at California State University, Sacramento. Trustee Eisen expressed her interest in the innovative project as it supports the trustees' sustainability initiatives and may be replicated on other campuses. Trustee Eisen asked whether there were grant opportunities for other campuses. Ms. San Juan stated that there is opportunity for California State University, Chico with the creek running through its campus, adding that in order to be in compliance with the state's stormwater regulations the CSU is installing more bioswales to capture water runoff.

The committee recommended approval of the proposed resolution (RCPBG 09-14-12).

Approval of the Master Plan Revision for California State University, Bakersfield

With the use of a PowerPoint presentation, Ms. San Juan presented the item that proposes a change in the master plan configuration of future public-private partnership developments located along the southern campus boundary that include an office park with parking structure, hotel, and conference center. The mitigated negative declarations prepared for the projects did not identify any resulting potential significant environmental impacts. Staff recommended approval.

Trustee Eisen asked of other public-private developments in the system. Ms. San Juan noted a hotel at California State University, Fullerton, Campus Pointe at California State University, Fresno which is comprised of student housing, retail space, and approval for a hotel; and Innovation Village at California State Polytechnic University, Pomona that includes office space for Southern California Edison and a processing center for the American Red Cross.

Trustee Kimball asked the purpose of the hotel. Ms. San Juan noted trustees' policy on public-private developments requiring an educational benefit. The ground lease revenue contributes to achieving a benefit, but internships for students is another component that is desired in these partnerships. As an example, 20 percent of the Edison employees located at Innovation Village are Cal Poly Pomona graduates.

Trustee Day asked if the California Environmental Quality Act (CEQA) documents were "program" level. Ms. San Juan responded that they were "project" level documents. When the partnership development agreements are more fully developed, they will be brought back to the trustees for approval. Trustee Day asked if there were any significant off-site impacts identified in the CEQA documents. Ms. San Juan stated there were not, and for public-private partnerships, the developer is responsible for payment of any off-site mitigations. Ms. San Juan noted there are kit foxes at CSU Bakersfield. As necessary, land may be purchased for their relocation or a contribution to a conservancy may be made to address the issue.

Trustee Glazer asked if there was any local opposition to the project. Ms. San Juan stated there was no opposition. The community has been aware of these proposed projects since 2007 when the master plan was approved.

The committee recommended approval of the proposed resolution (RCPBG 09-14-13).

California State University Seismic Safety Program Biennial Report

Ms. San Juan presented the biennial report on the CSU seismic safety program. The board adopted its seismic policy in 1993 calling for a multifaceted program to provide a level of earthquake safety for students, employees and the public who occupy facilities at all locations where CSU operations occur. The policy established the provision of reasonable life-safety protection consistent with good practices.

The report included two short videos: one showing the 2013 demolition of Warren Hall, California State University, East Bay; the second showing the devastation and impact of the 1994 Northridge earthquake on California State University, Northridge, acknowledging its 20th anniversary.

Warren Hall had been the highest CSU priority seismic project for many years due to its soft story construction, rigid structure and proximity to the Hayward fault. President Morishita remarked that the implosion of Warren Hall garnered statewide, national and international

attention due to the building's iconic presence and the opportunity the event presented to the U.S. Geological Survey to study the impact of the implosion on the local fault during and following the demolition.

Following the presentation of the 1994 Northridge earthquake video, President Harrison reported on disaster planning and training at CSU Northridge, reflecting on lessons learned from emerging from the devastation caused by the earthquake. Two of the most significant issues the campus dealt with in the immediate aftermath of the earthquake were damage assessment and temporary facility deployment. To improve campus' emergency response and building assessment following a future seismic event, CSU Northridge has developed a set of emergency response plans for all major buildings, which indicate key structural elements to be inspected to determine structural condition. Second, the campus has developed a detailed set of facility plans that provide physical layouts and utility connection points for temporary modular buildings. These drawings will facilitate efficient mobilization in the event of a major disaster affecting multiple buildings. These two examples eliminate extensive data gathering and analysis that is typically conducted post disaster allowing the emergency operation team to focus on savings lives, protecting property and maintaining business continuity.

President Harrison acknowledged Mr. Collin Donahue, Vice President for Administration and Finance/CFO, CSU Northridge, for his important contribution to campus disaster planning and training.

Ms. San Juan recognized the 21st anniversary of the CSU Seismic Review Board (Board) and the intention to honor the Board with a resolution commending its stellar work. Ms. San Juan also acknowledged Mr. Tom Kennedy, Chief of Architecture and Engineering, for his work with the Board for the past 15 years.

Ms. San Juan introduced Mr. Chuck Thiel, Chair of the Seismic Review Board since its inception, to make a few remarks. Mr. Thiel attributed both the longevity and apparent resounding success of the Board to the particular and specific support it has received from the trustees, capital planning, design and construction in the Office of the Chancellor and the campuses for what has often been the establishment of ground-breaking procedures and practices in assuring seismic safety for the university community. As a result, the Board has also been responsible for writing new sections of the California Building Code. Many of the procedures and practices developed by the Board have been adopted by University of California, community colleges, private universities and other state agencies. Thus the mandate created by the trustees has led to many unintended positive significant consequences for the safety of many outside the immediate CSU community. On behalf of the Seismic Review Board, Mr. Thiel expressed his appreciation for the recognition being given by the trustees.

Trustee Glazer asked how the campus projects listed on the two seismic priority list attachments fit into the capital outlay program. Ms. San Juan responded that projects not currently underway as noted in the priority list comments would be included in the campus' five-year capital outlay

plan seeking funding. Trustee Glazer asked the cost of these unfunded projects. Ms. San Juan estimated in the hundreds of millions.

Trustee Glazer expressed his concern over the proposed financing model for the CSU against the liability of these seismic deficient facilities originally built by the State of California in support of the mission of the CSU. He noted the apparent dis-investment of the state for the CSU resulting in the possibility of increasing fees and tuition to fund these capital needs.

Trustee Fortune concurred with Trustee Glazer and expressed her desire to have the trustees meet in Sacramento to elevate the importance of the state's investment in the CSU.

Trustee Eisen read the resolution commending the CSU Seismic Review Board and invited Mr. Thiel, Mr. Kennedy, Ms. San Juan and any seismic review board members present to join her, Chair Monville and Chancellor White at the podium for the presentation of the resolution.

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

Trustee Eisen adjourned the meeting.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Amend the 2014-2015 Non-State Funded Capital Outlay Program for California State University Channel Islands, California State University, Northridge, and California State Polytechnic University, Pomona

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 it is not always possible for campuses to fully define the scope, budget, and funding source of the project in advance, this item allows the board to consider the projects that are now ready to proceed.

1. California State University Channel Islands Student Housing, Phase III	PWCE¹	\$58,399,000
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California State University Channel Islands wishes to proceed with the design and construction of a new 600-bed housing project (#31) in order to meet the demand for on-campus housing. The project (188,475 gross square foot (GSF)) will include support spaces, administrative offices, study lounges, meeting spaces and community spaces. The complex will be designed with a combination of single- and double-occupancy rooms with shared bathrooms and living areas, and will be located adjacent to Santa Cruz Village (#13), one of two existing student housing projects. The project scope includes the renovation of the lobby (1,650 GSF) in Unit 8 Building to provide a pass-through to the South Quad from the new student housing complex.

The project will be partially funded by a \$2.5 million contribution from housing reserves with the remainder of the project cost financed from the CSU Systemwide Revenue Bond program. The bonds will be repaid from housing revenues.

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

**2. California State University, Northridge
Sustainability Center** **PWCE** **\$3,721,000**

California State University, Northridge wishes to proceed with the design and construction of a new Sustainability Center (#124) in the yard where Associated Students has been operating a recycling center since 1991. The project will house the offices of the existing recycling center and the university's Institute for Sustainability in a 3,800 GSF single-story building. The new facility will provide for expanded operations for the university's existing recycling efforts and collaborative office space, seminar room, conference room, restrooms and other support space for the center and the institute. The project will incorporate the latest sustainable aspects into the design and operations of the facility, including photovoltaic panels, passive and active mechanical systems, and materials.

The space in Santa Susana Hall where the Institute for Sustainability is currently housed will be returned to faculty office space when this project is completed. This project will be entirely funded by Associated Student fee reserves.

**3. California State Polytechnic University, Pomona
Innovation Village, Phase V** **PWCE** **\$27,148,000**

California State Polytechnic University, Pomona wishes to enter into a public-private partnership with Southern California Edison (SCE) to construct Innovation Village, Phase V. The proposed project consists of a 123,000 GSF three-story commercial office and research space on approximately seven acres within the 65-acre Innovation Village site approved by the Board of Trustees in July 2000. This project is the fifth development in Innovation Village, and will include site improvements to accommodate 446 parking spaces. This project holds academic benefits for the students and faculty at Cal Poly Pomona. With its expanded on-campus presence, SCE will continue its long-standing support by engaging students in real world learning experiences and hiring Cal Poly Pomona graduates.

The project will be entirely funded by Southern California Edison.

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) \$58,399,000 for preliminary plans, working drawings, construction and

equipment for California State University Channel Islands Student Housing, Phase III; 2) \$3,721,000 for preliminary plans, working drawings, construction, and equipment for California State University, Northridge Sustainability Center; and 3) \$27,148,000 for preliminary plans, working drawings, construction and equipment for California State Polytechnic University, Pomona Innovation Village, Phase V.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Approval of Schematic Plans for California State University Channel Islands, California State Polytechnic University, Pomona and California Polytechnic State University, San Luis Obispo

Presentation By

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

Summary

Schematic plans for the following three projects will be presented for approval:

1. California State University Channel Islands—Student Housing, Phase III *Design-Risk Team: Sundt/SCB Architects*

Background and Scope

California State University Channel Islands proposes to design and construct a new 600-bed, 118,475 gross square foot (GSF) student housing complex (#31), located at the southern end of the South Quad, directly adjacent to existing student housing on campus. Student Housing, Phase III will provide needed freshman student housing for the campus. Studies have documented the positive impact of on-campus housing in promoting student engagement and improving academic success and student retention amongst freshmen. The project scope also includes the minor renovation of the existing Unit 8 Building (1,650 GSF) directly adjacent to the proposed project to provide a direct pathway from the academic core.

The project will consist of two four-story buildings with a large interior courtyard that will be used as an outdoor communal gathering space to create a “village” environment. The 600-bed project will include 15 “pods” with occupancy of 40 beds each. Each pod will include 19 double rooms, one single accessible room, one resident advisor room, a social room, and three toilet/shower facilities for gender-neutral usage. Each floor of the project will have two pods, with the exception of the single pod in the north building ground floor to accommodate additional communal space, cooking and laundry facilities, and an administrative office suite for housing and residential education.

The new construction will be cement plaster with a red clay tile roof, consistent with the existing California mission style architecture of the campus. The building will utilize wood-framed walls, floor and roof deck systems. Site improvements include the development of two courtyards between the existing Unit 8 Building and new buildings, and between the new buildings and landscaped areas along the southern portion of the project adjacent to Santa Paula Road. This will include new hardscape paths, landscape elements, and a new irrigation system that will use reclaimed water.

The project will renovate a small portion of Unit 8 Building, an adjacent, unoccupied two-story building, into a pass-through lobby to connect pedestrian access to the South Quad.

Sustainable features of the project will include extensive use of natural light and ventilation using large, low emission (low-E) glazed operable windows located in each bedroom and in community spaces to take advantage of the temperate climate of the region. The adaptive re-use of an existing structure, while improving the thermal envelope with the installation of new windows and glass doors with low-E glazing is another sustainable feature of this project. Energy efficient exterior lighting and interior lighting with day lighting controls and occupancy sensors using LED technology will also be incorporated in the new building.

The project will preserve a minimum of 25 mature trees in the courtyards adjacent to the existing building for solar protection and decreased heat gain. The proposed site plan includes drought tolerant planting and the use of reclaimed water for irrigation. The project is being designed to achieve Leadership in Energy and Environmental Design (LEED) Gold equivalent.

Timing (Estimated)

Preliminary Plans Completed	December 2014
Working Drawings Completed	January 2015
Construction Start	March 2015
Occupancy	July 2016

Basic Statistics

Student Housing, Phase III

Gross Building Area	118,475 square feet
Assignable Building Area	79,215 square feet
Efficiency	67 percent

Unit 8 Building Renovation

Gross Building Area	1,650 square feet
Assignable Building Area	1,485 square feet
Efficiency	90 percent

Cost Estimate – California Construction Cost Index 6151¹

New Construction Building Cost (\$335 per GSF)	\$39,728,000
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<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>
a. Substructure (Foundation)	9.27
b. Shell (Structure and Enclosure)	85.24
c. Interiors (Partitions and Finishes)	53.60
d. Services (HVAC, Plumbing, Electrical, Fire)	116.24
e. Equipment and Furnishings	2.64
f. Special Construction & Demolition	6.61
g. General Requirements	10.33
h. General Conditions and Insurance	51.40

Unit 8 Building Renovation	752,000
Site Development	<u>3,994,000</u>
Construction Cost	\$44,474,000
Fees, Contingency, Services	<u>11,790,000</u>
Total Project Cost (\$468 per GSF)	\$56,264,000
Fixtures, Furniture & Movable Equipment	<u>2,135,000</u>
Grand Total	<u>\$58,399,000</u>

Cost Comparison

The project's new construction building cost of \$335 per GSF is less than California Polytechnic State University, San Luis Obispo Student Housing South project's building cost of \$354 per GSF and is also less than the \$357 per GSF for San Diego State University's Plaza Linda Verde approved in May 2014, both adjusted to CCCI 6151. The lower cost is primarily due to the less

¹ The July 2014 Engineering News-Record California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco.

expensive exterior enclosure, interior construction and finishes; less expensive structural systems; and absence of exterior roof terraces.

Funding Data

The proposed project will be financed through the CSU Systemwide Revenue Bond Program and from housing program reserves (\$2,500,000). Housing revenue will repay the bond financing.

California Environmental Quality Act (CEQA) Action

Housing facilities were addressed in the Final Environmental Impact Report (EIR) and the Final Supplemental EIR for the California State University Channel Islands master plan which were certified by the trustees in September 1998, and July 2000, respectively. The university completed an addendum to the Final EIR in September 2014 which describes the details of the Student Housing, Phase III project and compares its impacts to those identified in prior Campus Master Plan CEQA documents. The Addendum to the Final EIR identified minor changes and determined that implementation of this project would not result in any new or substantially more severe impacts as outlined in Section 15164(a) of the CEQA Guidelines. The project is consistent with required mitigation measures as previously certified. The Addendum to the Final EIR is available at <http://www.csuci.edu/fs/pdc/planning.htm>.

The following resolution is presented for approval:

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

1. The board finds that the September 1998 Master Plan Final EIR, July 2000 Final Supplemental EIR, and the September 2014 Addendum prepared for the California State University Channel Islands Student Housing, Phase III project have been prepared in accordance with the requirements of the California Environmental Quality Act.
2. The project before this board is consistent with the previously certified September 1998 Master Plan Final EIR and the July 2000 Final Supplemental EIR, as well as with the September 2014 Addendum prepared for the California State University Channel Islands Student Housing, Phase III project.
3. With the implementation of the mitigation measures set forth in the master plan previously approved by the Board of Trustees, the proposed project will not have a significant adverse effect on the environment beyond those described in the September 1998 Master Plan Final EIR and the July 2000

Final Supplemental EIR, and the project will benefit the California State University.

4. The schematic plans for the California State University Channel Islands Student Housing, Phase III are approved at a project cost of \$58,399,000 at CCCI 6151.

2. California State Polytechnic University, Pomona—Innovation Village, Phase V
Project Architect: MacDavid Aubort and Associates, Inc.

Background and Scope

California State Polytechnic University, Pomona proposes to construct a 123,000 gross square foot (GSF) office/research facility as the fifth phase of the development of Innovation Village. In November 1999, the Board of Trustees approved the development of Innovation Village at Cal Poly Pomona. Innovation Village is a master-planned community of technology-based enterprises that include academically driven functions where Cal Poly Pomona students and faculty may participate in work, study, and research partnerships with private entities. The first four phases at Innovation Village, the Center for Training and Technology, American Red Cross, and two Southern California Edison (SCE) buildings, are all completed and occupied. This fifth phase will provide an additional facility for SCE. The Board of Trustees' Committee on Finance will consider approval of the long term public private partnership development agreement with SCE at this November 2014 meeting.

Innovation Village, Phase V is a new commercial office and research building on approximately seven acres. The project is located adjacent to the Phase IV office/research building on the southeastern edge of the campus. This project will construct tenant office and research space, and provide surface parking to accommodate 446 vehicles. The proposed three-story, concrete tilt-up building is enhanced with an outdoor plaza, a formal entry way, articulated building facades, and varied rooflines.

This project will be designed to achieve Leadership in Energy and Environmental Design (LEED) Silver certification. Energy conservation measures incorporated into the new facility are high efficiency HVAC systems, energy efficient lighting, and motion sensors. Other sustainable measures planned for reducing energy consumption are low emission reflective glazing and a reflective roof system (white roof). Water conservation type fixtures will be employed throughout the building. The proposed site plan includes drought resistant plants, drip irrigation, reclaimed water, a site drainage system utilizing permeable landscape, and areas to retain storm water runoff to promote ground water recharge.

Timing (Estimated)

Preliminary Plans Completed	December 2014
Working Drawings Completed	January 2015
Construction Start	February 2015
Occupancy	March 2016

Basic Statistics

Gross Building Area	123,060 square feet
Assignable Building Area	98,000 square feet
Efficiency	80 percent

Cost Estimate – California Construction Cost Index 6151²

Building Cost (\$134 per GSF)	\$16,445,000
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<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>
a. Substructure (Foundation)	\$ 7.93
b. Shell (Structure and Enclosure)	\$ 63.62
c. Interiors (Partitions and Finishes)	\$ 9.77
d. Services (HVAC, Plumbing, Electrical, Fire)	\$ 34.96
e. General Conditions and Insurance	\$ 17.35

Site Development (including landscaping and parking)	<u>3,373,000</u>
Construction Cost	\$19,818,000
Fees, Contingency, Services	<u>4,990,000</u>
Total Project Cost (\$202 per GSF)	\$24,808,000
Fixtures, Furniture & Movable Equipment	<u>2,340,000</u>
Grand Total	<u>\$27,148,000</u>

Cost Comparison

The project’s building cost of \$134 per GSF reflects the nature of a speculative office/research facility with tilt up construction and the unfinished condition of interior spaces. By comparison, this project is higher than the Innovation Village, Phase IV schematic design cost of \$121 per

² The July 2014 Engineering News-Record California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco.

GSF and lower than the Innovation Village, Phase III schematic design cost of \$165 per GSF (adjusted to CCCI 6151), although the Phase III project actually bid lower at \$119 per GSF. The higher cost of \$134 per GSF for Phase V reflects the construction market changes since Phase III and is due to compliance with the new building and energy code changes, which include electrical, HVAC system, and seismic requirements. As in prior phases, the proposed building cost includes only the exterior walls, floor slab, main building services, and roof-mounted equipment and relies on future construction costs to be funded by SCE to complete the interior spaces (including interior walls, electrical and HVAC distribution).

Funding Data

Funding for this project will be provided entirely by Southern California Edison.

California Environmental Quality Act (CEQA) Action

An Initial Study/Mitigated Negative Declaration 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 analyzed the siting of an office/research facility on the master plan to a specific location within the approved site. The public review period began on June 17, 2014, and closed on July 23, 2014. No adverse comments were received as of the close of the public comment period. With implementation of recommended mitigation measures, project impacts will be reduced to less than significant. The Final Mitigated Negative Declaration was approved under delegated authority to the chancellor. The Final Mitigated Negative Declaration is available at:

<http://www.csupomona.edu/~fpm/public/Innovation-Village-PH5-MND.pdf>.

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 was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.
2. The California State Polytechnic University, Pomona Innovation Village, Phase V project is consistent with the Final Mitigated Negative Declaration prepared and that the effects of the project were fully analyzed in the Final Mitigated Negative Declaration.

3. The schematic plans for the California State Polytechnic University, Pomona Innovation Village, Phase V are approved at a project cost of \$27,148,000 at CCCI 6151.

3. California Polytechnic State University, San Luis Obispo—Student Housing South

Architect: Valerio Dewalt Train Associates

Design Build Contractor: Webcor Builders

Background and Scope

California Polytechnic State University, San Luis Obispo proposes to proceed with the design and construction of Student Housing South, located in the southeastern corner of the campus. The project will consist of seven 3- to 5-story concrete framed freshman residence hall buildings (#172 A-G) with 1,475 beds and an adjacent four-level parking structure with 483 parking spaces (#131).

Each floor of the residence hall buildings will accommodate 50 beds consisting of 21 double rooms, two quad rooms, a community kitchen, laundry facilities, and shared study space. In addition, the residence halls will also accommodate 29 residence advisors and two coordinators of student development. The buildings will have a cement stucco exterior finish with accent features including large format porcelain tile as well as metal panels. The stucco on one elevation of each residential building will be patterned to resemble the surrounding hills. The parking garage will be a separate four-story concrete structure replacing the general surface parking lot absorbed with the construction of this project. The parking structure will also house equipment to heat the Student Housing South facilities.

Additional community space for the housing complex and the campus will wrap the parking structure on three sides. These spaces will include a small coffee shop/café, community room, game room, mail room, welcome center, housing offices, and maintenance shop. The café is placed along the north side of the site to generate pedestrian activity and create a connection to the food service venue across Grand Avenue.

Site improvements will include a large open space in the center of the project for activities and group events, volleyball and basketball courts, and outdoor gathering spaces at each building. Pedestrian pathways are designed to pass through the most populated areas to increase opportunities for interaction and exchange.

Sustainable site measures include the pedestrian oriented design which features a walking pathway to the campus, green space and a site designed to maximize the low impact development concepts of stormwater retention. Sustainable building features will include water saving fixtures,

high efficiency windows, a central heating plant with co-generation and solar panels. The project will be designed to achieve Leadership in Energy and Environmental Design (LEED) Gold certification.

Timing (Estimated)

Preliminary Plans Completed	May 2015
Working Drawings Completed	December 2015
Construction Start	February 2016
Occupancy	July 2018

Basic Statistics

Gross Housing Building Area	383,744 square feet
Assignable Building Area	258,184 square feet
Efficiency	67 percent
Bed Spaces	1,475 beds

Gross Parking Building Area	154,458 square feet
Assignable Building Area	130,543 square feet
Efficiency	85 percent
Parking Spaces (all short-term metered)	483 spaces

Cost Estimate – California Construction Cost Index (CCCI) 6077³

Housing Building Cost (\$350 per GSF)	\$134,343,000
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<i>Systems Breakdown</i>	(\$ per GSF)
a. Substructure (Foundation)	\$ 6.27
b. Shell (Structure and Enclosure)	\$ 104.03
c. Interiors (Partitions and Finishes)	\$ 71.28
d. Services (HVAC, Plumbing, Electrical, Fire)	\$ 103.36
e. Equipment and Furnishings	\$ 4.33
f. Special Construction & Demolition	\$ 0.33
g. General Requirements	\$ 11.27
h. General Conditions and Insurance	\$ 49.23

³ 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.

Parking Building Cost (\$17,975 per space)		\$8,682,000
<i>Systems Breakdown</i>	(\$ per GSF)	
a. Substructure (Foundation)	\$ 3.08	
b. Shell (Structure and Enclosure)	\$ 28.69	
c. Interiors (Partitions and Finishes)	\$ 2.61	
d. Services (HVAC, Plumbing, Electrical, Fire)	\$ 11.17	
e. Equipment and Furnishings	\$ 0.16	
f. Special Construction & Demolition	\$ 0.79	
g. General Requirements	\$ 1.81	
h. General Conditions and Insurance	\$ 7.90	
Site Development (includes landscaping and demolition)		<u>19,533,000</u>
Construction Cost		\$162,558,000
Fees, Contingency, Services		<u>28,771,000</u>
Total Project Cost (\$355 per GSF)		\$191,329,000
Fixtures, Furniture & Movable Equipment		<u>7,534,000</u>
Grand Total		<u>\$198,863,000</u>

Cost Comparison

Housing Component

The Student Housing South project's building cost of \$350 per GSF is less than the \$353 per GSF for San Diego State University's Plaza Linda Verde and the \$452 per GSF for San José State University's Campus Village 2, both approved in May 2014 at CCCI 6077.

The lower costs are due to the use of a more cost-effective concrete frame structure compared to the steel structure used for Plaza Linda Verde (7-story) and the more robust structural system necessary to support the 10-story Campus Village 2. The Student Housing South project is also a larger development, with more square footage and beds, and achieves economies of scale to reduce construction cost, particularly in interior construction, HVAC, and plumbing.

Parking Component

The project's 483-space parking component will have a building cost of \$17,975 per space, less than the \$29,153 per space for the parking component of San Diego State's Plaza Linda Verde

(approved in May 2014 at CCCI 6077) and the \$19,700 per space for the CSU Chico Parking Structure 2, approved in May 2011, adjusted to CCCI 6077. This project's parking structure is simpler in design and uses less costly exterior enclosures and interior finishes than the comparable structures. The Plaza Linda Verde structure is located on a constrained site and has a high bay design at the lower level, while the Chico structure included a University Police Building and solar panels, which added to the cost per space.

Funding Data

The project will be financed with a mix of CSU Systemwide Revenue Bonds (\$188.8 million) and housing program reserves (\$10 million). The housing facilities will be managed by the campus housing program and the parking structure will be managed by the campus parking services program. Housing revenue will repay the bond financing.

California Environmental Quality Act (CEQA) Action

The Final Environmental Impact Report (EIR) for the Student Housing South project was certified by the Board of Trustees in May 2014 pursuant to CEQA. The EIR concluded that the Master Plan would result in significant and unavoidable impacts relating to aesthetics, air quality and transportation and circulation. The Findings of Fact and associated Statement of Overriding Considerations were previously adopted by the Board of Trustees. A local neighborhood association, Alliance of SLO Neighborhoods, filed a timely lawsuit challenging the board's May 2014 approval and certification of the Final EIR, and that matter is now pending.

The following resolution is presented for approval:

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

1. The Final Environmental Impact Report (Final EIR) for the California Polytechnic State University, Student Housing South project addressed the potential significant environmental impacts, mitigation measures, comments and responses to comments associated with approval of the Student Housing South project, and all discretionary actions related thereto. The Board of Trustees certified the Final EIR under CEQA and the project was approved in May 2014.
2. The schematic plans for California Polytechnic State University, San Luis Obispo, Student Housing South are approved at a project cost of \$198,863,000 at CCCI 6077.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Approval of the 2015-2016 Capital Outlay Program and the 2015-2016 through 2019-2020 Five-Year Capital Improvement Program

Presentation By

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

Summary

This item seeks board approval of the 2015-2016 California State University State and Non-State Funded Capital Outlay Program and the 2015-2016 through 2019-2020 CSU/State and Non-State Funded Five-Year Capital Improvement Program.

CSU/State Funded Capital Outlay Program Overview

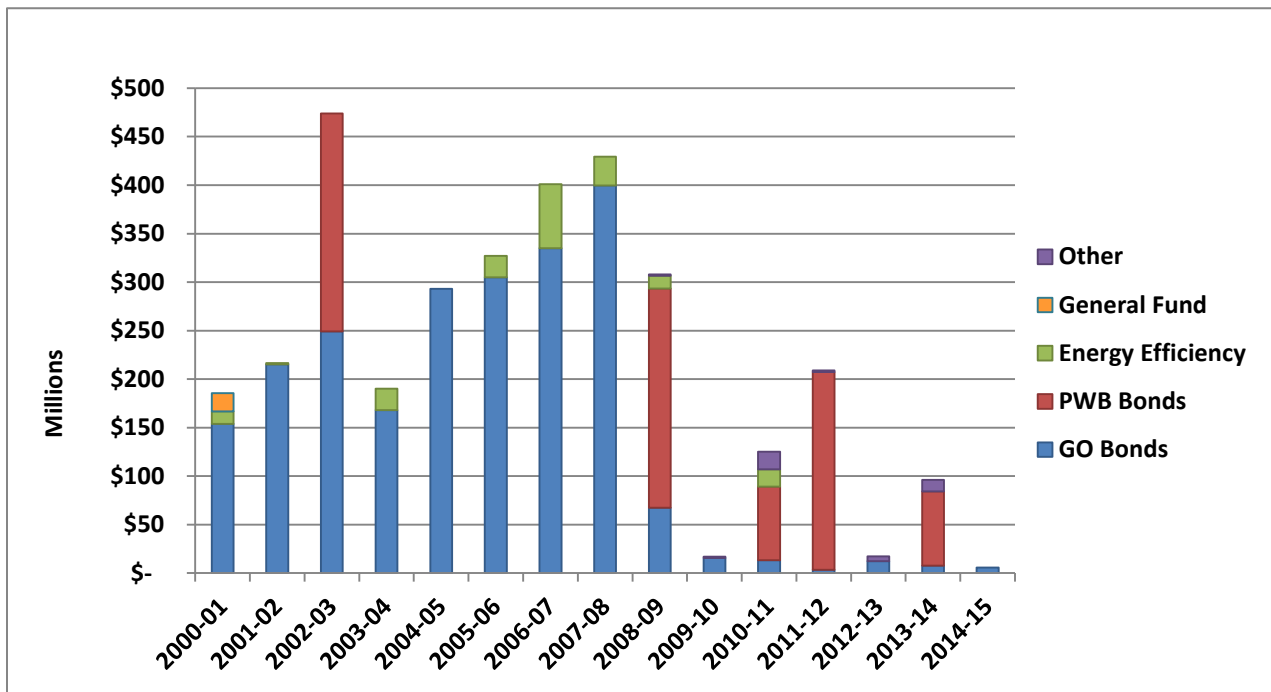
The primary objective of the capital outlay program is to provide facilities appropriate to the California State University's educational programs, to create environments conducive to learning, and to ensure that the quality and quantity of facilities at each of the 23 campuses serve the students equally well. Annually, the CSU Board of Trustees approves the categories and criteria for setting priorities for the state funded program. Historically, the categories and criteria have prioritized the use of capital funds to address deficiencies in existing buildings and the utility infrastructure with close to 70 percent of the state funded program being reinvested into existing facilities since 2000-2001. This need has been balanced against the demand to accommodate student population growth by constructing new buildings and building initial buildings at California State University, Monterey Bay and California State University Channel Islands.

The capital outlay program is in a transformative stage as a result of the enactment of the 2014-2015 Trailer Bill Language granting the CSU greater authority to utilize operating funds and other revenue sources to finance deferred maintenance and capital outlay projects. Whereas the CSU has primarily relied upon General Obligation (GO) bond proceeds and State Public Works Board Lease Revenue (PWB) bond proceeds to fund the academic and instructional support facilities of the state funded capital outlay program, the new authority provides a management tool that will enable the CSU to address facility deficiencies absent support by the administration and legislature for GO or PWB bond financing funded by the state. Hence, the campus requests for academic buildings and instructional support are being noted as "CSU/State Funded" to

recognize both the change in CSU’s authority and comments by the trustees that the CSU should remain eligible for the historic funding (GO and PWB bonds) provided by the state to support the academic program.

With the last GO bond approved by the voters in 2006, the average annual funding for academic facilities has significantly declined (Figure 1). Of the \$3.1 billion in the 2006 GO bond for higher education, the measure provided the CSU \$690 million, or an average of \$345 million over two years. Unlike GO bonds, PWB bond proceeds are typically used to fund new construction, or total building renovations where the completed project is expected to have at least a 30-year life; partial building renovations or utility infrastructure projects do not qualify for funding under this program. The state is authorized to use Leased Asset Transfer Revenue (LAT) bond financing to fund projects not suitable for PWB financing. In LAT bond financing, a building is identified as the security and funds are borrowed (bonds are sold) against the value of the building. The bond proceeds are then used to fund approved projects, like seismic upgrades or infrastructure improvements. The last CSU project approved by the legislature was appropriated in 2013-2014 for construction of the California State Polytechnic University, Pomona Administration Replacement Building based on the use of PWB lease revenue bond financing; however, it may be that this project will be financed using the new authority granted to the CSU pending the board’s approval on the proposed changes in board policy and approval of the specific project financing.

Figure 1 – State Funded Capital Outlay Funding by Type of Financing, 2000-2001 to 2014-2015

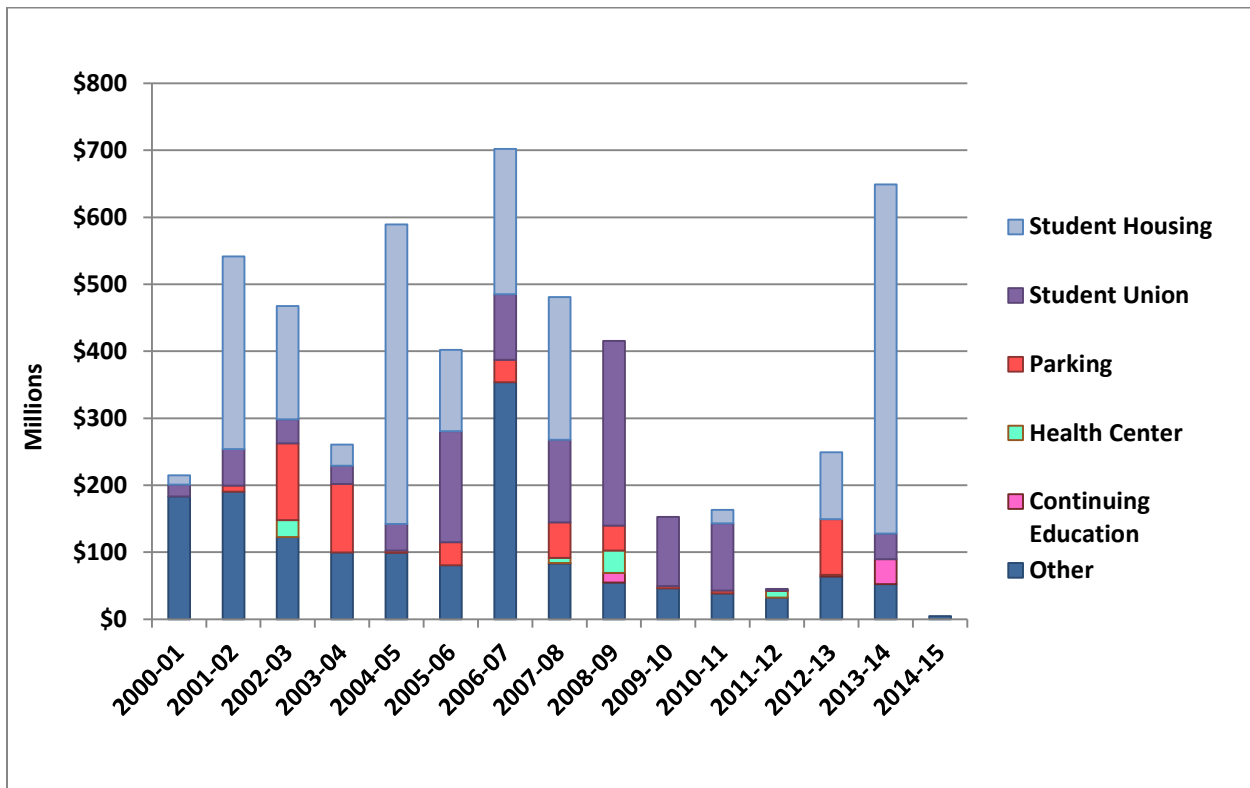


Non-State Funded (Self-Supported) Capital Outlay Program Overview

The non-state program is comprised typically of projects funded from self-supported programs and financed from the CSU Systemwide Revenue Bond Program (SRB). The SRB Program was established in March 2002 by the board as a new debt financing program authorized pursuant to the State University Revenue Bond Act of 1947 (Education Code). The program was designed to replace revenue-based project financing programs with a systemwide multi-source revenue pledge to create a larger pool of funds to support the debt and thereby achieve a superior quality of credit in the process. A similar multi-source, centrally managed revenue program is proposed for CSU capital bond financing. As of June 2014, the CSU has financed over \$3 billion in campus projects through its SRB program (Figure 2). The revenues pledged to the program include:

- Student (Rental) Housing Fees
- Parking Fees
- Continuing Education Fees
- Student Union Fees
- Health Center Facility Fees
- Other (includes Auxiliary/Foundation/Bookstore, Donor and Public-Private Partnership)

Figure 2 – Non-State Funded Capital Outlay Funding, 2000-2001 to 2014-2015



2015-2016 Capital Outlay Program

The trustees are requested to approve the CSU/State Funded Priority List (27 projects) of \$403.9 million for the 2015-2016 capital outlay program (Attachment A, page 1 of 2). The criteria for priority setting for the 2015-2016 capital outlay program were approved by the trustees at the November 2013 board meeting. Of the \$403.9 million request, program documentation for eight projects totaling \$364.9 million, including seismic safety, infrastructure improvements and utilities infrastructure programs, have been submitted to the Department of Finance (DOF) pending the trustees consideration of the proposed financing policy changes.

The proposed highest priority projects (Attachment A, page 2 of 2) will fund campus critical infrastructure priorities identified by engineering consultants conducting critical utility assessments and updating utility master plan reports. Most of these reports are approximately 90 percent complete and provide a comprehensive assessment of utility conditions on each campus. Priority projects include those addressing potential infrastructure failures that could shut down the entire campus, a portion of the campus, or a key campus building. These reports will inform presidents of campus conditions that present the greatest risk of failure based on condition and age, and utilities that require additional capacity to support near term growth. The Statewide Infrastructure Improvements list also identifies funds that could be used to fund campus water and energy conservation projects to support the board's sustainability goals by reducing utility consumption and help the state reduce its water use during this severe drought.

As the governor's proposed financing authority was approved in 2014-2015 to modify the debt management authority of the CSU, the development and assessment of capital financing options are underway to address the most critical infrastructure projects across the CSU. The project list for 2015-2016 was developed based on the assumption that a range of \$100 million to \$365 million in project funds may be available and leaves the door open to additional one-time or permanent base funding being provided by the state for deferred maintenance.

The 2015-2016 non-state capital program consists of two projects totaling \$3.4 million based on the use of grant funds and continuing education reserves (Attachment B).

Five-Year Capital Improvement Program

The 2015-2016 through 2019-2020 Capital Improvement Program document identifies the campuses' capital project priorities to address facility deficiencies and accommodate student growth for the five-year period. The approved categories and criteria used to set the priorities for the program are included. The document also contains the physical master plan and history of each campus along with recently funded projects (previous five years). Statistical

summaries provide an array of data on: funding by category, funding by campus, the seismic retrofit program, the energy program, and projected housing and parking capacity.

The 2015-2016 through 2019-2020 CSU/State and Non-State Funded Five-Year Capital Improvement Program totals \$6.6 billion and \$3.9 billion, respectively. The program can be viewed at: http://www.calstate.edu/cpdc/Facilities_Planning/majorcapoutlayprogram.shtml. If approved by the board, the capital improvement program will be published and distributed.

Recommendation

The following resolution is presented for approval:

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

1. The final CSU/State and Non-State Funded Five-Year Capital Improvement Program 2015-2016 through 2019-2020 totaling \$6,573,701,000 and \$3,898,299,000, respectively, are approved.
2. The 2015-2016 CSU/State Funded Capital Outlay Program included in the five-year program distributed with the agenda is approved at \$403,944,000.
3. The 2015-2016 Non-State Funded Capital Outlay Program included in the five-year program is approved at \$3,402,000.
4. The chancellor is authorized to proceed in 2014-2015 with design documents to fast-track projects in the 2015-2016 program.
5. The chancellor is requested to explore all reasonable funding methods available and communicate to the board, the governor and the legislature the need to provide funds to develop the facilities necessary to serve the academic program and all eligible students.
6. The chancellor is authorized to make adjustments, as necessary, including priority sequence, scope, phase, project cost, bond sale schedule, financing source and total budget request for the 2015-2016 Capital Outlay Program.

CSU/State Funded Capital Outlay Program 2015/16 Priority List

Cost Estimates are at Engineering News Record California Construction Cost Index 6151 and Equipment Price Index 3202

Rank Order	Category	Campus	Project Title	FTE	Phase	Total Request	Funds to Complete	Cumulative Amount
1	IA	Statewide	Infrastructure Improvements	0	PWC	230,000,000	0	230,000,000
2	IA	Humboldt	Seismic Upgrade, Library	N/A	PWC	5,447,000	0	235,447,000
3	IA	Los Angeles	Seismic Upgrade, State Playhouse Theatre	N/A	PWC	1,156,000	0	236,603,000
4	IA	Humboldt	Seismic Upgrade, Van Duzer Theatre	N/A	PWC	7,604,000	0	244,207,000
5	IB	Los Angeles	Utilities Infrastructure	N/A	PWC	36,253,000	0	280,460,000
6	IB	Long Beach	Utilities Infrastructure	N/A	PWC	27,683,000	0	308,143,000
7	IB	San Bernardino	Utilities Infrastructure	N/A	PWC	34,429,000	0	342,572,000
8	IB	Pomona	Electrical Infrastructure	N/A	PWC	22,369,000	0	364,941,000
9	IB	Bakersfield	Faculty Towers Replacement Building (Seismic)	N/A	PWC	7,490,000	50,000	372,431,000
10	II	Monterey Bay	Academic Building III	700	PW	2,296,000	31,812,000	374,727,000
11	IB	San Francisco	Creative Arts Replacement Building ◊	1,296	P	1,704,000	42,652,000	376,431,000
12	IB	Sacramento	Science II Replacement Building, Ph. 2	-1,583	PW	4,558,000	82,445,000	380,989,000
13	II	San Diego	Engineering and Science Lab Replacement Building ◊	200	P	517,000	29,483,000	381,506,000
14	IB	Dominguez Hills	Natural Sciences and Mathematics Building Renovation	5	P	1,235,000	50,648,000	382,741,000
15	IA	Fullerton	McCarthy Hall Renovation	0	PW	296,000	12,421,000	383,037,000
16	IB	Humboldt	Jenkins Hall Renovation	15	P	312,000	9,188,000	383,349,000
17	II	Channel Islands	Gateway Hall	50	PW	1,525,000	26,812,000	384,874,000
18	IB	East Bay	Library Renovation (Seismic)	N/A	PW	2,823,000	50,513,000	387,697,000
19	IB	Chico	Siskiyou II Science Replacement Building	31	P	2,690,000	84,144,000	390,387,000
20	II	Sonoma	Professional Schools Building	513	P	1,081,000	39,944,000	391,468,000
21	II	Maritime	Learning Commons/Library Addition	N/A	P	779,000	24,606,000	392,247,000
22	IB	San José	Nursing Building Renovation	155	P	456,000	15,594,000	392,703,000
23	II	San Luis Obispo	Academic Center and Library ◊	843	P	2,028,000	101,789,000	394,731,000
24	IB	Stanislaus	Library Renovation/Infrastructure, Ph. 1 (Seismic)	-15	PW	3,419,000	45,753,000	398,150,000
25	IB	Northridge	Sierra Hall Renovation	N/A	PW	3,998,000	60,091,000	402,148,000
26	II	San Marcos	Applied Sciences/Technology Building	545	P	977,000	30,759,000	403,125,000
27	II	Fresno	Central Plant Replacement and Upgrade	N/A	P	819,000	29,381,000	403,944,000
Total				2,755		\$ 403,944,000	\$ 768,085,000	\$ 403,944,000

Categories: I Existing Facilities/Infrastructure
 A. Critical Infrastructure Deficiencies
 B. Modernization/Renovation
 II New Facilities/Infrastructure

◊ This project is dependent upon state and non-state funding.
 P = Preliminary plans W = Working drawings C = Construction E = Equipment

CSU Funded Infrastructure Improvements Capital Outlay Program 2015/2016 List

Cost Estimates are at Engineering News Record California Construction Cost Index 6151 and Equipment Price Index 3202

No.	Campus	Project Title	Phase	CSU Funded	Funds to Complete	Cumulative Amount
1	Bakersfield	Digital Control Replacement, Ph. 1	PWC	677,000		677,000
2	Bakersfield	Natural Gas Line Replacement	PWC	300,000		977,000
3	Bakersfield	Cooling Tower Replacement	PWC	400,000		1,377,000
4	Channel Islands	Sage Hall HVAC Upgrades	PWC	576,000		1,953,000
5	Channel Islands	ADA Pathway Upgrades	PWC	350,000		2,303,000
6	Channel Islands	Electrical and Fire Alarm Upgrades	PWC	327,000		2,630,000
7	Chico	Boiler Replacement, Ph. 2	C	1,621,000		4,251,000
8	Chico	Arc Flash Reliability Upgrades	PWC	1,504,000		5,755,000
9	Dominguez Hills	Central Plant Cooling Tower Replacement, Ph. 2	C	191,000		5,946,000
10	Dominguez Hills	Domestic and Fire Water Line Replacement	PWC	1,527,000		7,473,000
11	East Bay	Electrical Infrastructure Upgrade, Ph. 2C	PWC	1,960,000		9,433,000
12	Fresno	Gas, Sewer, and Storm Line Upgrade	C	3,696,000		13,129,000
13	Fullerton	Central Plant Chiller Upgrade, Ph. 2	C	3,947,000		17,076,000
14	Humboldt	Fire Alarm System Modernization, Ph. 2	PWC	347,000		17,423,000
15	Humboldt	Elevator Modernization	PWC	452,000		17,875,000
16	Humboldt	Campus Controls Replacement	PWC	549,000		18,424,000
17	Long Beach	Hot Water Piping Replacement, Ph. 2	C	5,013,000		23,437,000
18	Los Angeles	Electrical Distribution Replacement, Ph. 2	PWC	2,937,000		26,374,000
19	Los Angeles	Physical Sciences (Seismic)	PWC	10,000,000		36,374,000
20	Los Angeles	Central Plant Chiller Replacement, Ph. 1	PWC	2,671,000		39,045,000
21	Maritime	Boiler Replacement, Ph. 2	PWC	467,000		39,512,000
22	Monterey Bay	Demolition, Ph. 2	PWC	10,000,000	10,000,000	49,512,000
23	Monterey Bay	Electrical Distribution System Replacement, Ph. 1	PWC	1,516,000		51,028,000
24	Northridge	Heating System Replacement	C	3,536,000		54,564,000
25	Northridge	Building Electrical System Replacement	W	500,000	1,000,000	55,064,000
26	Northridge	Redundant Substation Upgrade	W	500,000	1,000,000	55,564,000
27	Pomona	Domestic Water Line Upgrades, Ph. 2	C	1,579,000		57,143,000
28	Pomona	Natural Gas Line Upgrades	PWC	2,394,000		59,537,000
29	Sacramento	Fire Alarm Systems Upgrades, Ph. 2	PWC	1,052,000		60,589,000
30	Sacramento	Elevator Cylinder Replacements, Ph. 2	PWC	488,000		61,077,000
31	Sacramento	Building Main Switchgear Replacement	PWC	1,750,000		62,827,000
32	Sacramento	Campus ADA Upgrades	PWC	795,000		63,622,000
33	San Bernardino	Pfau Library Deck Replacement	PWC	2,662,000		66,284,000
34	San Diego	Engineering/Industrial Tech Demolition	PWC	4,736,000		71,020,000
35	San Diego	Peterson Gym Roof Replacement	PWC	700,000		71,720,000
36	San Francisco	Electrical Substation Replacement	C	3,780,000		75,500,000
37	San Francisco	Increased Fire Hydrant Coverage	PWC	1,048,000		76,548,000
38	San José	Utilities Infrastructure, Ph. 1B	C	4,830,000		81,378,000
39	San Luis Obispo	Central Heating and Chilled Water System Repairs, Ph. 2	C	5,050,000		86,428,000
40	San Marcos	Elevator Replacement	PWC	1,059,000		87,487,000
41	San Marcos	Craven Hall HVAC Upgrade, Ph. 1	PWC	462,000		87,949,000
42	Sonoma	Domestic Water Tank Replacement, Ph. 2	C	1,661,000		89,610,000
43	Stanislaus	PE Pool Repair and Infrastructure Upgrade, Ph. 2	C	464,000		90,074,000
44	Stanislaus	Cafeteria Air Handling Unit Replacement	PWC	1,000,000		91,074,000
45	Statewide	Water and Energy Conservation	PWC	138,926,000		230,000,000
Total				\$ 230,000,000	\$ 12,000,000	\$ 230,000,000

P = Preliminary plans W = Working drawings C = Construction

Non-State Funded Capital Outlay Program 2015/16 List By Fund Source

Cost Estimates are at Engineering News Record California Construction Cost Index 6151 and Equipment Price Index 3202

Campus	Fund Type/Project Title	Phase	Dollars	Funds to Complete
Continuing Education				
San Diego	Engineering and Science Lab Replacement Building	PW	2,624,000	57,164,000
	Subtotals		\$2,624,000	\$57,164,000
Grant				
Long Beach	Buton Creek Bike Path	PWC	778,000	
	Subtotals		\$778,000	\$0
	Totals		\$3,402,000	\$57,164,000

P = Preliminary plans W = Working drawings C = Construction E = Equipment

AGENDA

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

Meeting: 3:30 p.m., Wednesday, November 12, 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 September 9, 2014

Discussion

1. New Capital Financing Authority and Revisions to the California State University Policy for Financing Activities, *Action*

**MINUTES OF THE MEETING OF JOINT
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**

September 9, 2014

Members Present

Finance Committee

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

Campus Planning, Buildings and Grounds Committee

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

Timothy P. White, Chancellor
Lou Monville, Chair of the Board

Trustee Achtenberg called the meeting to order.

Approval of Minutes

The minutes of July 22, 2014 were approved by consent as submitted.

**New Capital Financing Authority and Revisions to the California State
University Policy for Financing Activities, *Information Item***

Mr. Steve Relyea, Executive Vice Chancellor and Chief Financial Officer addressed the board, stating that providing a productive and safe environment for CSU students, faculty, and staff is one of the most important responsibilities we have as stewards of this great university.

Funding from the State to address our critical building needs has essentially vanished over recent years. At previous board meetings, we have discussed the new capital financing authorities given to the CSU from the State of California. These new authorities clearly present significant challenges, but also provide opportunities going forward with the CSU's capital program. Among the most serious challenges is CSU taking on responsibility for the debt associated with its financed building projects that were previously the responsibility of the State. The CSU was given this debt without a commitment from the State to provide any new resources for new buildings and deferred maintenance in the future. However, while this presents a significant challenge, the new arrangement with the State gives CSU new authority to restructure the resources at our disposal to address our most pressing needs for new academic buildings, infrastructure, and critical deferred maintenance projects.

Mr. Relyea stated that the purpose of this presentation was to continue the dialog on how to best use this new authority to provide students, faculty, and staff with facilities that are effective in providing the best possible environment for teaching and the other essential activities of the university.

Mr. Robert Eaton, Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management then reviewed the new capital financing authorities, as well as the preliminary recommendations that were presented to the board at the July 2014 meeting. The new authorities allow the CSU to pledge its annual general fund support budget and any of its other revenues, including student tuition fees, to secure CSU debt issued pursuant to the State University Revenue Bond Act of 1947. This is the same authority under which the CSU's Systemwide Revenue Bond, or SRB, program has been created. The use of the general fund support budget appropriation to fund academic buildings and infrastructure projects, and to refund, restructure, or retire State Public Works Board (SPWB) bond debt is limited to twelve percent of the general fund support budget. Similarly, the funding of pay-as-you-go projects falls within the same twelve percent limitation.

Mr. Eaton stated that staff proposed the utilization of new authorities by working through the existing Systemwide Revenue Bond (SRB) program as staff believed the risks associated with this approach are minimal and manageable. Additionally, staff recommended that the capital financing resources available under the new authorities be managed centrally, with the Chancellor's Office reviewing campus needs and providing recommendations to the board on the prioritization of campus projects eligible for financing under the new authorities.

He also stated that staff believed it is important to build in some flexibility to permit campuses to manage their own revenue resources for individual projects in the future. As such, staff 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. In addition, staff recommended that the CSU take advantage of the authority to refinance SPWB bond debt into the SRB program to generate savings. Consistent with the existing CSU policy for financing

activities, staff recommended that the chancellor, through delegated authority, develop and establish other debt structure and policy changes.

Mr. Eaton indicated that long term capital planning will be critical in ensuring that the new capital financing authorities address the CSU's needs. Key areas that this planning will address include the prioritization of capital projects, risk identification and mitigation, and the potential impact on CSU's credit ratings and its cost of capital.

Also of importance, he stated, will be identifying the sources of revenue, those to be generated by the CSU and/or those to be provided by the State in the future that will be required to support debt at levels that prudently address the CSU's capital needs. Identifying these sources of revenues will be critical, because current levels and sources of revenue are not adequate to address the CSU's capital needs and take advantage of the new capital financing authorities. A pledge of a revenue source is an agreement by an issuer of debt to provide those revenues in the event that the issuer does not meet its debt service obligation. Pledged revenues that are not used for actual payment of debt service can be used for other purposes, such as meeting operational needs. Staff recommended that the board delegate authority to the chancellor to determine which revenues will be pledged to secure CSU debt and when those revenues will be pledged.

Mr. Eaton stated that staff proposed returning to the board in November for action on program structure and debt policy, including the delegation of pledging authority to the chancellor. By January 2015, staff plans to finalize the additional program structure and policy details through the Chancellor's Office Executive Order process, and present not-to-exceed financing amounts for a slate of projects for approval by the board. Staff is targeting the spring of 2015 for an initial issuance of debt under the new authorities, subject to favorable market conditions.

Trustee Achtenberg thanked staff for the informative and cogent presentation and asked the board for feedback to assist staff in developing a plan for final consideration in November.

Trustee Glazer thanked the staff for the thorough presentation. He expressed his concerns about the plan and stated that it is a very dramatic and worrisome change. The plan has instilled in it some irreversible choices that will affect the board decades down the road. He indicated that if the board decides to borrow without a dedicated revenue source and does not receive the necessary funding in the future, the CSU will have to find a replacement source to pay off that debt. Funding from the State will never be guaranteed. He indicated the importance of dedicating a revenue source and showing where the money will come from. He stated he would like to see the overall CSU needs and how these needs will be funded. In addition, he would like a renewed conversation with the executive and legislative branch about whether this is the right direction for the CSU and that he would like to ask the legislature and the governor for reconsideration.

Trustee Stepanek inquired about the pledging process. He stated that tuition funds are targeted for some very specific things and are held by the campuses. Mr. Eaton responded that both the general fund and student tuition funds have historically been used for operating purposes. He indicated that the legislature had approved the use of general funds to be pledged as well as other revenues. He added that tuition is no longer strictly for operating purposes and can be used for capital needs.

Chancellor White stated that there is a distinction between using a revenue stream that is not predictable as a pledge versus a revenue stream that is available to actually pay the debt service. He stated that there is a need for clarity between the pledging versus the actual payment of debt. Mr. Relyea emphasized the importance of differentiating between the pledge and the actual source of payment. He added that one is a backstop to bond holders and the other is what is required to pay the debt service. He stated that a number of universities including the University of California have pledged tuition for their debt programs. He added that the University of California has never used tuition to pay for debt. Pledging tuition lets the rating agencies know that we stand behind the debt.

Trustee Day noted that there is no guarantee from the legislature that comes with this new authority for ongoing years. He added that the resources available are not close to scratching the surfaces of CSU's needs. He then recalled his visit to CSU San Francisco where he saw antiquated buildings in need of repair and indicated that people do not realize the gravity of CSU's deferred maintenance needs.

Trustee Achtenberg agreed with the various perspectives. She indicated that presumably the CSU will receive an ongoing augmentation to help cover the debt service but it is not guaranteed and therefore alternative sources of revenue should be considered such as public-private-partnerships and fundraising. Also, now that the board has the authority to refinance its debt it could receive a lower interest rate and possibly use the savings to issue new debt. She added that the board should remain cognizant of the current \$1.8 billion of deferred maintenance.

Trustee Achtenberg further added that there are activities the board will have to do in the upcoming year to make a case for reconsideration. She indicated that she would like that effort to be accompanied by an effort to augment the amount of resources that are committed to the capital program. She would like the CSU to ask the Department of Finance for an additional \$100 million. The greater amount would give the CSU the ability to address backlogs, growth needs and deal more effectively with capital needs. She also expressed her willingness to give Chancellor White the authority to use \$10 million for financing now.

Speaker Atkins expressed the significance of this discussion and agreed with Trustee Glazer that this should be looked at again. She expressed the importance of having a plan B and being prepared to make a very good case. She appreciated being present for the conversation and indicated that the message was received. She stated that she will take the message back and have discussions about it with the budget director and policy staff on the assembly side. Chancellor

White inquired if there would be negative implications with respect to engaging the assembly in a broader discussion of reconsidering this policy if the board authorized the \$10 million into debt. Speaker Atkins responded that she did not believe so.

Trustee Monville indicated the need to make sure things do not get worse this year. He stated he would like to address the critical and urgent needs such as power lines and waterlines; things that a campus cannot conduct basic business without. The \$10 million in financing to get the \$130 million would help address some of the current issues. He referred back to his trip to San Francisco State and hearing the horror stories of having to empty 130,000 square feet of lab and classroom space because the building was inhabitable. He stated that it was the board's fiduciary responsibility for the health and welfare of students that are in and using those facilities. He is also open to the idea of reconsideration and shares Mr. Relyea's concern about not having a dedicated revenue stream to solve the problem.

Chancellor White indicated that there are a number of areas to explore but he would like board direction on whether or not to move forward on planning to commit and bring back to the board as a decision the \$10 million for debt. He added that a simultaneous campaign to reconsider the policy will not generate revenues in the near term. He further added there is also the option of augmentation in the form of a one-time request to the Department of Finance.

Trustee Achtenberg asked that the board express their thoughts regarding leveraging \$10 million for debt service.

Trustee Day agreed that there is a need to find a solution to address these urgent needs and in the past there was not a system in place to address these issues. However, he added if the board engages in this program they are committing to \$10 million per year for the payoff period. While it is a small amount of money, there is a risk of the state reducing support. If this happens, in order to cover the debt, board might need to raise tuition or lay people off.

Trustee Achtenberg agreed with Trustee Day and added that \$10 million is a modest amount and feels confident that the board will never be in a position of jeopardizing their security in order to payoff that debt. She indicated that as a method of buying time, she is willing to let Chancellor White move forward with the financing. However, she would like the board to vigorously seek reconsideration and/or an augmentation.

Trustee Glazer questioned the need for a facility fee of \$25 a semester to help pay for the \$10 million of debt service that will leverage the approximate \$130 million. He inquired if there are any other choices within the budget to take care of the \$130 million in needs. Chancellor White responded that there are several choices; one could be the revenue from the refinancing of existing debt. He indicated that staff would be working on refining these options.

Trustee Fortune indicated that she would like to see this item come back as an action item because there is a need for a clearer understanding. Trustee Kimbell agreed with Mr. Relyea and

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added that although fairly new to board she is sure there is a great need in capital improvements and deferred maintenance. She would like to learn more about the options.

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

**COMMITTEES ON FINANCE AND
CAMPUS PLANNING, BUILDINGS AND GROUNDS**

New Capital Financing Authority and Revisions to the CSU Policy for Financing Activities

Presentation By

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

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

Summary

This item: (1) provides information to the California State University Board of Trustees regarding the new capital financing authorities granted to the CSU by statute in June 2014, including updated information regarding the level of additional revenues needed to effectively implement the new authorities and the options regarding the form that those additional revenues may take; and (2) requests action from the CSU Board of Trustees regarding proposed revisions to the CSU Policy for Financing Activities, including a recommendation to delegate authority to the chancellor to pledge the operating revenue of the CSU to secure debt (under the new capital financing authorities).

Background

In November 2013, the board approved the State and Non-State Funded Five-Year Capital Improvement Program 2014-2015 through 2018-2019 totaling over \$7.0 billion and \$3.7 billion, respectively. The Five-Year Capital Improvement Program included the campuses' highest priority academic program and instructional support requests seeking state funds for 2014-2015 of \$456.4 million. Of this amount, the administration and legislature appropriated \$5.8 million in remaining State General Obligation bond funds to provide equipment and furnishings for three buildings under construction.

At this November 2014 board meeting, the trustees will be asked to consider the 2015-2016 Capital Outlay Program, which includes a CSU/State funded priority list for academic buildings totaling over \$404 million. Many of these projects have been on the priority list for five years or more due to the lack of state funding for the capital program. In the Committee on Campus Planning Buildings and Grounds, Agenda Item 4 presents the capital program request along with

Figure 1 that displays the significant decline in state funding of projects to support the academic program.

At the July 2014 and September 2014 meetings, the board received information on new capital financing authorities approved by the state legislature in June 2014. These new authorities (Education Code Sections 89770-89774, 90083) include:

- 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 by the State to meet State General Obligation and State Public Works Board debt service, to secure CSU debt issued pursuant to the State University Revenue Bond Act of 1947¹ (1947 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 twelve percent of the annual general fund support budget appropriation may be used to: (a) fund debt service for capital expenditures; and (b) fund capital expenditures on a pay-as-you-go basis. With respect to this twelve percent limitation, capital expenditures generally means academic facilities, deferred maintenance, critical infrastructure, and any refinancing of State Public Works Board debt.

- b) Flexibility under the 1947 Bond Act that allows the CSU to utilize the new authorities through its existing Systemwide Revenue Bond (SRB) program.
- c) Ability to refinance State Public Works Board bond debt with CSU debt.
- d) Streamlining of the project submittal process to the Department of Finance and the legislature.

At the July 2014 and September 2014 meetings, the board heard preliminary recommendations on how to implement the new capital financing authorities, including recommendations on program structure and revisions to debt policy. These recommendations included the following:

- a) Utilize the new capital financing authorities by working through the CSU's existing SRB program, an established, well-rated, and well known debt program. By working through the SRB program, the costs and the speed of development will be less compared to the creation of a new, stand-alone debt program.

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

- b) 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), centrally manage the capital financing resource generated under the new authorities 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 will remain a function of the CSU Office of the Chancellor to evaluate campus needs and provide recommendations to the board on project priorities.
- c) Due to the varying nature (complexity, dollar amount, project type) of campus financed projects, allow campuses to make use of pay-as-you-go funds and/or reserves to reduce the amount of debt issued and speed project implementation.
- d) Opportunistically refinance and/or restructure State Public Works Board debt into the SRB program to generate savings.
- e) Consistent with the existing CSU Policy for Financing Activities (RFIN 03-02-02), delegate authority to the chancellor to develop and establish other debt structure and policy changes (e.g. debt service coverage ratios) needed to utilize the new capital financing authorities through the SRB program.
- f) In order to maximize flexibility to the CSU in implementing the new capital financing authorities, delegate authority to the chancellor to determine which new revenues will be pledged to secure CSU debt and when those new revenues will be pledged.

Additional New Revenues Required to Address Future Capital Needs

The new capital financing authorities provide the CSU with tools to address its approximately \$2 billion in deferred maintenance and critical infrastructure backlog, as well as meet facility renewal needs well into the future. However, as presented to, and discussed by, the board at its March 2014, May 2014, and September 2014 meetings, the level of new base funding provided by the state to address capital needs (the \$297 million augmentation in the 2014-2015 budget to cover State General Obligation and State Public Works Board bond debt service) is not adequate to support new capital funding to address the deferred maintenance and critical infrastructure backlog. As presented in those meetings, analysis indicated that a minimum of \$100 million more in new revenue would be needed to support enough debt issuance to reduce the deferred maintenance backlog to reasonable levels. Other efforts to increase capital resources, including legislative efforts to support a new K-12/Higher Education General Obligation bond and to provide one-time funds to address critical infrastructure and deferred maintenance needs, have not been supported by the administration.

At the September 2014 meeting of the board, several trustees expressed the idea of going back to the legislature and renewing the request for additional state funding to provide the CSU with revenues in order to take advantage of the new capital financing authorities. Under one plausible scenario, the renewed request for additional funding from the state could be phased-in over several years—for example, \$25 million over four years. These increases totaling \$100 million in permanent base funding, coupled with future support for one-time funds for deferred maintenance and the \$10 million in funding for capital needs already approved by the board in its 2014-2015 budget, could be the near term approach to address facility needs. In addition, CSU's cash flow may improve as the debt service on state general obligation bonds and State Public Works Board reduces over time. This phased-in approach could generate revenues to support roughly \$2 billion in debt issuance through 2023-2024 to address the deferred maintenance backlog.

To the extent that renewed requests for additional state funding are not successful, the staff would reluctantly come back to the Board with an analysis of other options including a possible future tuition increase or a capital facilities fee.

This phased-in scenario also assumes no new capital funding from other potential sources that have been discussed with the board, such as revenues from enterprise operations, fundraising, capital reserves, public-private partnerships, and the potential refinancing and/or restructuring of State Public Works Board bond debt. Each of these areas has the potential to reduce the amount of additional funding that may be asked of the state or students, and will continue to be areas of focus for staff and the campuses.

Furthermore, this long term capital planning will take into account input from the board, the prioritization of capital projects, risk identification and mitigation, impact on credit ratings, and the cost of capital.

Delegation of Pledge Authority to the Chancellor and Discussion of Key Pledge Options

As presented to the board at its September 2014 meeting, staff recommends that the board delegate authority to the chancellor to determine which new revenues will be pledged to secure CSU debt and when those new revenues will be pledged.

Under the new capital financing authorities, the CSU may pledge its operating revenues including general fund, tuition, and other revenues. Based on board discussion from the September 2014 meeting, a third option would be to create and pledge a capital facilities fee.

As presented to the board at its September 2014 meeting, pledging the general fund support budget appropriation comes with certain restrictions and requirements that will limit the CSU's capital financing flexibility. Only twelve percent of the general fund support budget appropriation, less any amount required to meet State General Obligation and State Public Works

Board debt service, may be used to fund academic facilities, a limit that could impair the CSU's ability to fully address its capital needs in the long run. If the general fund support budget appropriation is pledged, projects would still need to be submitted to the Department of Finance and the legislature for approval, a process that could impair the timing of capital financing as well as restrict the types of projects the CSU may wish to fund. Finally, the general fund is not a revenue source that the CSU controls and one that would continue to be subject to possible fluctuations based upon future budget decisions of the state legislature.

Pledging other revenue including student tuition would provide the CSU with more capital financing flexibility compared to pledging the general fund support budget appropriation. Because of the types of pledging options available, the considerations that come with each option, and changing financial circumstances, providing the chancellor with the authority to make pledge decisions will maximize the financial flexibility of the CSU.

Restructuring of State Public Works Board Debt

State Public Works Board debt may be refinanced with CSU debt, which has been presented as a preliminary recommendation of staff. In the context of long term capital planning and the need to look for ways to generate resources to meet capital needs, a more comprehensive restructuring of the State Public Works Board bond debt may be appropriate. Such a restructuring would extend debt service to better match the useful lives of CSU facilities and free up cash flow to meet critical near term needs. Staff will continue to evaluate restructuring options with the goal of returning to the board at a future meeting with recommendations for financing approval.

Revisions to Debt Policy and Action by the Board

Attachment A is a marked up version of the existing CSU Policy for Financing Activities (RFIN 03-02-02), amended to reflect revisions made in accordance with the recommendations outlined above, using *italics* for proposed new language and ~~strikethroughs~~ for deletions.

Recommendation

The following resolution is presented for approval:

RESOLVED, by the Board of Trustees of the California State University, that the revisions to the CSU Policy for Financing Activities are approved as described in Attachment A of Agenda Item 1 of the Joint Meeting of the Committee on Finance and the Committee on Campus Planning, Buildings and Grounds at the November 12-13, 2014 meeting of the Board of Trustees of the California State University, in order to implement the new capital financing authorities granted to the CSU by statute in June 2014.

**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 recognizes the capital needs of the CSU require the optimal use of all revenues to support its academic mission; 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 *or restructurings*; ~~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 (*1947 Bond Act*) and *Education Code Sections 89770-89774 (EC 89770-89774)* (collectively, the “*CSU Bond Acts*”) provides the Board of Trustees with the ability to acquire, construct, *finance*, 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 *CSU Bond Acts* shall be managed by the Chancellor, *to the greatest extent possible*, 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 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 *CSU Bond Acts* in conjunction with the respective authority of the Trustees to collect and pledge revenues.

~~Other revenue-based~~ on-campus and off-campus projects, *including academic and infrastructure support projects*, will also be financed through this ~~program and structure under the authority of the CSU Bond Acts~~, 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 is hereby authorized to determine which revenues may be added to the broad systemwide multi-source revenue pledge under the authority granted by the CSU Bond Acts, to determine when such revenues may be added, and to take appropriate action to cause such additional revenues to be pledged to CSU debt in accordance with the CSU Bond Acts.

2.23 The Chancellor shall establish minimum debt service coverage and other requirements for ~~Bond Act~~ financing transactions undertaken under the CSU Bond Acts 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.

2.34 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 CSU Bond Acts 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.

2.45 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 *CSU Bond Acts 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 *for*, or ~~is~~ *are* inappropriate for ~~the financing under the CSU Bond Acts 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 *CSU Bond Acts* 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 AUDIT

Meeting: 4:45 p.m., Wednesday, November 12, 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 September 9, 2014

Discussion Items

1. Status Report on Current and Follow-Up Internal Audit Assignments, *Information*
2. Status Report on the Implementation Plan for the Quality Assurance Review, *Information*

**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**

September 9, 2014

Members Present

Lupe C. Garcia, Chair
Adam Day, Vice Chair
Rebecca D. Eisen
Steven M. Glazer
Hugo N. Morales
Lou Monville, Chair of the Board
Timothy P. White, Chancellor

Chair Garcia called the meeting to order.

Approval of Minutes

The minutes of the meeting of July 22, 2014, were approved as submitted.

Status Report on Current and Follow-Up Internal Audit Assignments

Mr. Larry Mandel, vice chancellor and chief audit officer, presented the Status Report on Current and Follow-up Internal Audit Assignments. He stated that there had been several updates to the status report, as displayed in green numerals, which indicate progress toward or completion of recommendations since the distribution of the agenda. He stated that for the third consecutive board meeting, the campuses have done an excellent job of completing the recommendations on a timely basis. Mr. Mandel reported that only one recommendation has been outstanding for a long period of time, but anticipated completion by the next board meeting. He noted that 34 of 42 campus reviews and 21 of 30 auxiliary organizations reviews have either been completed or are in progress, with the remaining being completed by the end of the calendar year.

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 (Special Audit, Auxiliary Organizations, International Programs, Sensitive Data Security, Centers and Institutes, Hazardous Materials Management, Sponsored Programs, Student Health Services, Conflict of Interest, Lottery Funds, Accessible Technology, and Executive Travel) was being conducted on approximately 35 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 auxiliary reports have been completed, two campus/seven auxiliary reports are awaiting a campus response prior to finalization, and report writing is being completed for two campuses/nine 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. One report is awaiting a campus response prior to finalization, report writing is being completed at three campuses, and fieldwork is being conducted at two campuses.

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. Four reports have been completed, and two reports are awaiting a campus response prior to finalization.

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. All six reports have been completed.

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. Two reports have been completed, two reports are awaiting a campus response prior to finalization, and 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. Report writing is being completed for four campuses, while 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. One report has been completed, three reports are awaiting a campus response prior to finalization, and report writing is being completed for two campuses.

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. Five reports have been completed, and one report is 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, two reports are awaiting a campus response prior to finalization, 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 35 current/past assignments (Auxiliary Organizations, International Programs, Sensitive Data Security, Centers and Institutes, Hazardous Materials Management, Sponsored Programs, Student Health Services, Conflict of Interest, Lottery Funds, Accessible Technology, and Executive Travel) 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 Construction Audit Assignments
(as of 10/17/2014)

Project No.	Project	Contractor	Construction Cost	Start Date	Comp. Date	Managed By	Current	Campus Follow-Up		CPDC Follow-Up	
								RECS	*MO.	**RECS	***MO.
2014	SLO-149	Center for Science					*				
		Gilbane Building Co.	\$82,794,636	10/10/2010	Jan-14	Campus	AC	2/2	-		
	SM-1032	University Student Center					AI				
	STA-164	Science 1 Renovation Seismic	\$37,671,543	2/8/2012	Dec-13	Campus	AI				
	SO-768	University Center	\$10,918,079	1/3/2012	Nov-13	Campus	AI				
	SD-1023	Aztec Center Student Union	\$54,231,279	12/5/2011	Mar-14	Campus	RW				
		Sundt Construction	\$72,549,422	8/21/2011	Apr-14	Campus	FW				

*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.

Status Report on Current and Follow-Up Internal Audit Assignments
(as of 10/17/2014)

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	Special Audit	Auxiliary Organizations	International Programs	Sen. Data Sec./Protect.					
								*Recs **Mo.	●No. *Recs **Mo.	*Recs **Mo.	*Recs **Mo.					
BAK	AI	AC				RW			4							
CHI	AC					RW			4	25/25	6/6					
CI	AI			AI	RW				3		8/8					
DH			AC						3	19/19	9/9					
EB	AC	AC					RW		3	29/31	5					
FRE	RW	AC							6							
FUL	AC						RW		4	28/28	4/4					
HUM		AC				AI			4	30/30	7/7					
LB				AI		RW			3	27/27	8/8					
LA			AI						4	18/18	4/4					
MA					AI	FW			2	4/4						
MB	AC								3	16/16						
NOR							RW		5	22/22	8/8					
POM			AC	RW	AC				2	11/11						
SAC	AC								5	18/41	6					
SB						FW	RW		4	28/28	13/13					
SD			AC	AI					4	11/21	7					
SF			AC		AI		FW		5	19/19	8/8					
SJ				AC				0/18	5	26/26	1					
SLO	RW								3							
SM			AI						4	22/22						
SON		AC			RW				3	5/5	3/3					
STA					AC				4	14/14	5/5					
CO	AC	AI		RW					2	5/5	12/12					
SYS	AI	RW								0/8	8					
											0/2					
											2					

* 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.

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 10/17/2014)

FOLLOW-UP PAST/CURRENT ASSIGNMENTS											
Centers and Institutes **Mo.	Hazardous Mat. Mgmt. **Mo.	Sponsored Programs **Mo.	Student Health Svcs. **Mo.	Conflict of Interest **Mo.	Lottery Funds **Mo.	Assessable Technology **Mo.	Executive Travel **Mo.				
*Recs	*Recs	*Recs	*Recs	*Recs	*Recs	*Recs	*Recs				
BAK	7/7	-			2/2	-					
CHI		6/6	-	2/3	5						
CI	5/5	-									
DH	4/4	-				0/6	3				
EB	8/8	-			2/2	-					
FRE				1/1	0/3	4					
FUL		10/10	-	1/2	5						
HUM					0/1	6					
LB			4/6	9							
LA	4/4	-									
MA											
MB		3/3	-	1/1	-						
NOR	5/5	8/8	-								
POM	10/10	0/3	1			0/7	3				
SAC			8/9	8	0/5	3					
SB	6/7	13									
SD			14/14	-		0/7	4				
SF	9/9	-				1/1	-				
SJ			17/17	-			0/9				
SLO	7/7	-					3				
SM	7/7	-									
SON	6/6	-	6/7	9	1/1	-					
STA		0/7	3	6/6	-						
CO				0/1	6						
SYS	0/3	9	0/2	6							

* 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.

COMMITTEE ON AUDIT

Status Report on the Implementation Plan for the Quality Assurance Review

Presentation By

Larry Mandel
Vice Chancellor
and Chief Audit Officer

Summary

At the July 2014 meeting of the Committee on Audit, an implementation plan for the recommendations put forth in a quality assurance review of the Office of Audit and Advisory Services was presented. This item includes a status report on those Recommendations that required further action for implementation.

Office of Audit and Advisory Services (OAAS)
2014 Quality Assurance Review
Implementation Plan Status

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 #1:

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 #2:

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.

Attachment A

Aud Item 2

November 12-13, 2014

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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.

Current Status of Implementation Plan for Enhancement #2:

An alternative organizational structure was initially discussed with campus Presidents at the August 2014 Council of Presidents (COP) meeting. Further details were provided and discussed during the October 2014 COP meeting. The VCCAO has met individually with several campus presidents and their senior management, as well as the Chancellor and other members of the executive management team. Valuable input has been received and discussions are ongoing.

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 #3:

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.

Current Status of Implementation Plan for Enhancement #3:

A separate IT audit risk assessment has been developed and deployed. Results will be summarized and evaluated for inclusion in the 2015 audit plan.

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 #4:

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.

Attachment A

Aud Item 2

November 12-13, 2014

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

Current Status of Implementation Plan for Enhancement #4:

Because discussions are ongoing regarding recommendation #2, the status quo prevails for implementation of this recommendation. Incremental changes have been made to the risk assessment model for 2015, and as mentioned above a separate IT audit risk assessment has been developed and deployed.

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 #5:

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.

Current Status of Implementation Plan for Enhancement #5:

A fraud survey was developed and deployed to each campus. Survey results are currently being analyzed and summarized.

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 #6:

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.

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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.

Current Status of Implementation Plan for Enhancement #6:

More specific cost estimates have been obtained, and the OAAS is currently working with the contract services and procurement office to move forward with the 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.

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 #7:

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.

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Current Status of Implementation Plan for Enhancement #7:

The OAAS has been exploring various training offerings but has not yet found the optimum offering.

AGENDA

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Meeting: **8:00 a.m., Thursday, November 13, 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 July 22, 2014

Discussion Items

1. Executive Compensation: President, California State Polytechnic University, Pomona, *Action*
2. Executive Transition and Vice Presidential Salary Annual Report, *Information*
3. Compensation for Unrepresented Employees, *Information*
4. Compensation for Executives, *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**

July 22, 2014

Members Present

Hugo Morales, Chair
Lillian Kimbell, Vice Chair
Roberta Achtenberg
Douglas Faigin
Timothy P. White, Chancellor
Lou Monville, Chair of the Board

Approval of Minutes

The minutes of May 20, 2014, were approved as submitted.

Executive Compensation

Chancellor Timothy White presented Agenda Item 1. He introduced Ms. Loretta (Lori) Lamb as the vice chancellor of human resources for the California State University who joins the CSU after serving as director of human resources operations for the University of Minnesota. Chancellor White noted that she brings more than 20 years of experience in higher education human resources administration and labor relations to the CSU. He proposed an annual salary of \$263,000 and in accord with existing policy, a monthly auto allowance of \$1,000. Ms. Lamb will receive standard benefits for Executive classification employees including relocation benefits.

A motion was passed to recommend adoption of Agenda Item 1 as submitted. (RUF 07-14-06)

Trustee Morales adjourned the meeting.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Executive Compensation: President – California State Polytechnic University, Pomona

Presentation By

Timothy P. White
Chancellor

Summary

The California State University Board of Trustees named Dr. Soraya M. Coley to the position of president of California State Polytechnic University, Pomona, at the September 2014 meeting of the trustees. This action item presents the proposed compensation for the newly appointed president.

Executive Compensation

As president of Cal Poly Pomona, Dr. Coley will receive an annual salary of \$292,000. She is expected to assume the presidency on or before January 1, 2015. Dr. Coley's base salary, paid with public funds, does not exceed the previous incumbent's pay. As a condition of her employment as president, Dr. Coley will be required to occupy the official university presidential residence located in Pomona, California.

In accord with existing policy, Dr. Coley will receive the following benefits:

- An auto allowance of \$1,000 per month;
- Standard benefit provisions afforded CSU Executive classification employees;
- A transition program for university presidents 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.

In addition, Dr. Coley will hold the academic rank of full professor with tenure, subject to faculty consultation, in the College of Education and Integrative Studies at Cal Poly Pomona.

Recommended Action

The following resolution is recommended for adoption:

RESOLVED, by the Board of Trustees of the California State University, that Dr. Soraya M. Coley shall receive a salary set at the annual rate of \$292,000 effective the date of her appointment as president of California State Polytechnic

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University, Pomona. Dr. Coley shall occupy the official presidential residence located in Pomona, California, as a condition of her employment as president; and be it further

RESOLVED, Dr. Coley shall receive additional benefits as cited in Item 1 of the Committee on University and Faculty Personnel at the November 12-13, 2014 meeting of the Board of Trustees.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Executive Transition and Vice Presidential Salary Annual Report

Presentation By

Lori Lamb
Vice Chancellor for Human Resources

Summary

At the January 22-23, 2008 meeting of the California State University (CSU) Board of Trustees a resolution (RBOT 01-08-01) was adopted requiring the chancellor to provide an annual report on vice presidential compensation actions, executive relocation costs and executive transition programs. This reporting requirement was recommended by the Bureau of State Audits in 2007 following an audit on employee compensation management. There were no findings of violation of CSU policies and audit recommendations focused on strengthening guidelines and improved monitoring. Since then internal processes have improved and regular reporting has taken place. This agenda item will share the annual reports with the board and make recommendations for potential future reporting.

Vice President Compensation

Current trustee policy requires the chancellor to review and approve recommendations for vice presidential compensation at the initial appointment and subsequently. Additionally, the chancellor is to provide an annual report on vice president compensation if compensation actions have been taken.

Attachment A shows 31 vice presidents with compensation actions during the reporting period (September 1, 2013 – August 31, 2014). This includes the filling of 20 vacant positions and compensation changes to 11 existing vice presidents. The lack of salary increases over a multi-year period has made attracting and retaining top talent very challenging as campuses try to fill vacancies while maintaining internal equity. To that end, eight vice presidents received equity increases or increases based on new duties.

In fiscal year 2013-2014 the university funded a compensation pool of 1.34 percent for faculty and staff employees. As a result, 51 vice presidents received a merit salary increase from this compensation pool.

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Executive Relocation

It is recognized that the relocation of newly hired individuals may be required, and a relocation program is provided to assist in the relocation process. The annual report on relocation expenses that were all within policy for CSU Executives follows:

- Dr. Joseph Sheley
President, CSU Stanislaus
From Sacramento, California
Relocation of household goods and property: \$3,382
- Dr. Joseph Castro
President, CSU Fresno
From Mill Valley, California
Home sale fees and expenses: \$52,354
- Dr. Jane Close Conoley
President, CSU Long Beach
From Santa Barbara, California
Relocation of household goods and property: \$3,772
Temporary housing: \$1,202
- Dr. Lisa A. Rossbacher
President, CSU Humboldt
From Marietta, Georgia
Relocation of household goods and property: \$35,039
- Ms. Lori Lamb
Vice Chancellor, Human Resources
From Shakopee, Minnesota
Relocation of household goods and property: \$7,983
Travel expense: \$232

Executive Transition Programs

Trustee policy requires the chancellor to report annually on all existing transition programs. Currently, three individuals are in transition assignments, which are summarized below:

Trustee Professor Program:

The trustee professor program is available to executives appointed to an executive position prior to November 18, 1992, who also have campus academic tenure and are retiring from their executive position. The first year of the program is provided as a transitional year. Upon conclusion of the initial year appropriate duties are established by the retired campus president in consultation with the chancellor.

President Emeritus John D. Welty
Transition year ended July 31, 2014
Trustee Professor assignment effective August 1, 2014
Salary: \$148,752

Dr. Welty recently began his trustee professorship at the CSU San Bernardino Palm Desert Campus where he is assigned to facilitate the development of a strategic plan for the campus. He will also assist with a fundraising plan for the Palm Desert Campus. On behalf of the campus, he will work with local leaders and agencies to address educational disparities and economic growth in the region, and he will chair the Board of Trustees for the California Health Sciences University which was formed to address Inland California health care disparities. Dr. Welty will serve as a faculty member for the Regional Educational Administrative Leadership (REAL) program which provides an intensive professional development experience for mid-management professionals. He will also manage the planning and delivery of a General Education course to be offered at the Palm Desert Campus.

Executive Transition Program:

The executive transition program replaced the trustee professor program and is available to executives appointed into an executive position between November 18, 1992 and November 14, 2006. The program provides an executive a one year transition after leaving executive office.

President Emeritus Rollin C. Richmond
Effective: July 1, 2014 – June 30, 2015
Salary: \$223,311

Since stepping down from the presidency, Dr. Richmond has continued his participation on a number of committees on behalf of the university. These include serving on the Presidents' Commission for Education and Research in Biotechnology; the Council on Ocean Affairs, Science and Technology; the Agriculture Research Initiative Commission; the California Council on Science and Technology; and the Cal State Online Board. Dr. Richmond has also been available for advice and counsel with transitional issues at the request of the new president of Humboldt State.

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Executive Transition II Program:

The transition II program replaced the executive transition program for executives appointed into executive positions on or after November 15, 2006. A period of transition is provided for executives who have served five years in an executive position and who separate from their executive position in order to assume previously identified CSU employment.

Dr. Benjamin F. Quillian

Effective: January 1, 2014 – December 31, 2014

Salary: \$223,000

Dr. Quillian worked with the interim vice chancellor and chief financial officer to ensure a smooth turnover of assignments and has been available for counsel and historical background during the transition of business/finance personnel at the Chancellor's Office. He has assisted with a task force on the university's revenue acquisition and distribution model. Dr. Quillian is also assisting with the development of course material as he prepares to re-join the faculty at CSU Long Beach at the conclusion of his transition assignment.

Future Reporting

The annual reports have consistently provided information as required by Board of Trustee Resolution (RBOT 01-08-01). While the information is accurate as it has been presented, it is somewhat difficult to understand and interpret because summary data lacks appropriate context. Staff recommends that the Board of Trustees consider amending or discontinuing the resolution. In its place, staff would provide to the Board of Trustees a more thorough and comprehensive report on overall faculty and staff compensation, including executives.

Vice President Compensation Actions

Filled Vacancies

Campus	Name	Title	Effective M/Y	Salary	Supplemental Compensation and Funding
Channel Islands	Ipach, Nichole	Vice President for University Advancement	12/2013	\$185,000	
Dominguez Hills	Fenning, Robert	Vice President of Administration and Finance	7/2014	\$225,000	
Dominguez Hills	Junn, Ellen	Provost and Vice President of Academic Affairs	1/2014	\$225,000	
Dominguez Hills	Stewart, Carrie	Vice President of University Advancement	1/2014	\$215,000	
Fresno	Castadio, Paula	Vice President for University Advancement	8/2014	\$210,000	
Fresno	Lamas, Frank	Vice President for Student Affairs	7/2014	\$220,000	
Fresno	Zelezny, Lynnette	Provost and Vice President for Academic Affairs	6/2014	\$220,008	
Fullerton	Kim, Danny	Vice President for Administration and Finance/CFO	1/2014	\$210,000	
Long Beach	Taylor, Carmen Tillery	Vice President for Student Services	7/2014	\$205,008	Auto Allowance \$7,200/annual Non-General Funds
Los Angeles	Dial, Janet	Vice President for University Advancement	6/2014	\$210,000	
Los Angeles	Gomez, Jose	Sr. Vice President and Chief Operating Officer	4/2014	\$211,008	Auto Allowance \$9,000/annual Non-General Funds
Monterey Bay	Irwin, Bonnie	Provost and Vice President for Academic Affairs	7/2014	\$215,000	
Pomona	Garcia, Steven	Vice President for Administrative Affairs and CFO	1/2014	\$220,008	
Pomona	McGuthry, John	Vice President and Chief Information Officer	3/2014	\$186,216	
Sacramento	Harmsen, Frederika	Provost and Vice President for Academic Affairs	2/2014	\$215,004	
San Bernardino	Freer, Douglas	Vice President for Administration and Finance	8/2014	\$205,000	
San Diego	Enwemeka, Chukuka	Provost and Senior VP for Academic Affairs	6/2014	\$265,000	Housing Allowance \$12,000/annual Non-General Funds
San Diego	Rivera, Eric	Vice President for Student Affairs	1/2014	\$218,004	

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Campus	Name	Title	Effective M/Y	Salary	Supplemental Compensation and Funding
San Francisco	Hong, Luo Luo	Vice President of Student Affairs/Enrollment Management	7/2014	\$210,000	
San Jose	Feinstein, Andrew	Provost and Vice President for Academic Affairs	4/2014	\$234,000	

Other Compensation Changes

Campus	Name	Title	Effective M/Y	Salary	Type of Change
Bakersfield	Wallace, Thomas	Vice President for Student Affairs	8/2014	\$192,540*	Auto – Provided by Foundation
Chico	Calandrella, Drew	Vice President for Student Affairs	10/2013	\$200,196	Increase due to change in responsibilities
Chico	Ellison, Richard	Vice President for University Advancement	7/2013	\$188,004	Increase due to change in responsibilities
Chico	Hoffman, Lorraine	Vice President for Business and Finance	10/2013	\$217,380	Equity Increase
Fresno	Teniente-Matson, Cynthia	Vice President for Administration and CFO	8/2014	\$220,008	Temporary increase due to change in responsibilities
Maritime Academy	Kreta, Stephen	Vice President for Student Affairs	5/2014	\$166,668	Equity Increase
Pomona	denBoer, Marten	Provost and Vice President for Academic Affairs	3/2014	\$226,620	Equity Increase
San Diego	Carleton, Mary Ruth	Vice President, University Relations and Development	7/2014	\$238,500*	MPP Merit Bonus \$23,492/annual Established goals met
San Francisco	Nava, Robert	Vice President, University Advancement	9/2013	\$222,960*	Auto Allowance \$9,600/annual Non-General Funds
San Luis Obispo	Read, Deborah	Vice President, University Advancement	7/2013	\$239,208	Equity Increase and MPP Merit Bonus \$35,880/annual Established goals met
San Luis Obispo	Finken, Kathleen Enz	Provost and Executive Vice President for Academic Affairs	7/2013	\$255,000	Equity Increase and Auto Allowance \$9,000/annual Non-General Funds

*No change to salary.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Compensation for Unrepresented Employees

Presentation By

Lori Lamb
Vice Chancellor for Human Resources

Summary

Information on the 2014-2015 compensation pool for Management Personnel Plan (MPP), Confidential, and Excluded employee groups will be shared with the board. Chancellor Timothy P. White has authorized a three percent compensation pool for eligible unrepresented employees effective July 1, 2014.

Background

In fiscal year 2013-2014 the university funded a modest compensation pool of 1.34 percent for faculty and staff employees. This marked the first salary increase for MPP and Confidential employee groups since 2007-2008. The Excluded employee group was not included in the 1.34 percent compensation pool.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Compensation for Executives

Presentation By

Lou Monville
Chair, CSU Board of Trustees

Timothy P. White
Chancellor

Lori Lamb
Vice Chancellor for Human Resources

Summary

Recommendations for executive compensation will be presented. Chancellor Timothy P. White is recommending a three percent compensation increase for system executives for fiscal year 2014-2015. Board Chair Lou Monville is recommending a three percent compensation increase for Chancellor White for fiscal year 2014-2015.

Background

This will be the first salary increase for executive positions since July 2007. Executive positions include the chancellor, presidents, executive vice chancellors, and vice chancellors. Last year when the university funded a modest compensation pool of 1.34 percent for faculty and staff, it was not extended to executive positions.

Governing policy:

In May 2012 the Special Committee on Presidential Selection and Compensation recommended and the trustees adopted the following policy on presidential compensation (RSCPSC 05-12-02):

1. The goal of the CSU continues to be to attract, motivate, and retain the most highly qualified individuals to serve as faculty, staff, administrators, and executives, whose knowledge, experience, and contributions can advance the university's mission.
2. It is the continued intent of the Board of Trustees to compensate all CSU employees in a manner that is fair, reasonable, competitive, and fiscally prudent, in respect to the system budget and state funding.

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3. To that end, the CSU will continue to evaluate competitive and fair compensation for all CSU employees based on periodic market comparison surveys.
4. In addition, the CSU will maintain and update annually a tiered list of CSU comparison institutions for Presidential compensation. The list will take into account location, enrollment, budget, percentage of students receiving Pell Grants, six year graduation rates, research funding, and such other subjects as from time to time be deemed appropriate. Presidential compensation will be guided with reference to the mean of the appropriate tier of comparison institutions, together with an individual candidate's reputation for national policy leadership and length and depth of executive experience.
5. Notwithstanding the presidential compensation criteria enumerated in item 4 (above) and until the Board of Trustees of the California State University reexamines this policy in January 2014, when a presidential vacancy occurs, the successor president's base salary, paid with public funds, shall not exceed the previous incumbents pay. Salary compensation above the incumbent's base pay deemed necessary to retain the best leader shall be paid from foundations, and shall not exceed 10% of the base salary.

Executive Compensation

The base salary adjustments for the individuals listed below are recommended for trustee approval effective July 1, 2014 or on the date of hire, whichever is later. The increase for all executives will be three percent. Some executives receive supplemental compensation from auxiliary sources. The three percent is calculated on the total compensation for the executive, and will be paid from state funds. Executives hired after July 1, 2014 will receive the compensation increase effective on the date of hire.

Chancellor White will continue to evaluate equity and market issues related to executive compensation and will bring further recommendations to the Board at a future date. Chancellor White will also review and bring recommendations to the Board related to the policy on executive compensation. Chancellor White believes it is important to distribute the current salary increases evenly, given that this is the first salary increase the executives have received since 2007.

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*Effective
 July 1, 2014*

Campus	Presidents	Current Annual Base Pay (State \$)	¹Current Supplemental Pay (Non-State \$)	Total Annual Salary	3% Annual Increase	Proposed Annual Base Pay (State \$)
Bakersfield	Horace Mitchell	\$285,000		\$285,000	\$8,550	\$293,550
Channel Islands	Richard Rush	\$275,000		\$275,000	\$8,250	\$283,250
Chico	Paul Zingg	\$279,500		\$279,500	\$8,385	\$287,885
Dominguez Hills	Willie Hagan	\$295,000		\$295,000	\$8,850	\$303,850
East Bay	Leroy Morishita	\$303,660		\$303,660	\$9,110	\$312,770
Fresno	Joseph Castro	\$299,000		\$299,000	\$8,970	\$307,970
Fullerton	Mildred García	\$324,500		\$324,500	\$9,735	\$334,235
Humboldt	Lisa Roszbacher	\$297,870		\$297,870	\$8,936	\$306,806
Long Beach	Jane Close Conoley	\$320,329		\$320,329	\$9,610	\$329,939
Los Angeles	William Covino	\$299,000		\$299,000	\$8,970	\$307,970
Maritime Academy	Thomas Cropper	\$250,000		\$250,000	\$7,500	\$257,500
Monterey Bay	Eduardo Ochoa	\$270,315		\$270,315	\$8,109	\$278,424
Northridge	Dianne Harrison	\$295,000	\$29,500	\$324,500	\$9,735	\$304,735
Pomona	J. Michael Ortiz	\$292,000		\$292,000	\$8,760	\$300,760
Pomona	Soraya Coley	\$292,000 ²		\$292,000	\$8,760	\$300,760 ³
Sacramento	Alexander Gonzalez	\$295,000		\$295,000	\$8,850	\$303,850
San Bernardino	Tomás Morales	\$290,000	\$29,000	\$319,000	\$9,570	\$299,570
San Diego	Elliot Hirshman	\$350,000	\$50,000	\$400,000	\$12,000	\$362,000
San Francisco	Leslie Wong	\$298,749	\$26,251	\$325,000	\$9,750	\$308,499
San José	Mohammad Qayoumi	\$328,200	\$25,000	\$353,200	\$10,596	\$338,796
San Luis Obispo	Jeffrey Armstrong	\$350,000	\$30,000	\$380,000	\$11,400	\$361,400
San Marcos	Karen Haynes	\$270,568		\$270,568	\$8,117	\$278,685
Sonoma	Ruben Armiñana	\$291,179		\$291,179	\$8,735	\$299,914
Stanislaus	Joseph Sheley	\$270,000		\$270,000	\$8,100	\$278,100

¹Supplemental pay was previously approved by the Trustees and is paid from Foundation sources.

²Salary set in U&FP Item 1 November 12-13, 2014.

³Salary effective January 1, 2015.

*Effective
 July 1, 2014*

System Executives	Title	Current Annual Base Pay (State \$)	¹Current Supplemental Pay (Non-State \$)	Total Annual Salary	3% Annual Increase	Proposed Annual Base Pay (State \$)
Timothy White	Chancellor	\$380,000	\$30,000	\$410,000	\$12,300	\$392,300
Steve Relyea	Executive Vice Chancellor and Chief Financial Officer	\$310,000		\$310,000	\$9,300	\$319,300

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*Effective
July 1, 2014*

System Executives	Title	Current Annual Base Pay (State \$)	¹Current Supplemental Pay (Non-State \$)	Total Annual Salary	3% Annual Increase	Proposed Annual Base Pay (State \$)
Framroze Virjee	Executive Vice Chancellor and General Counsel	\$310,000		\$310,000	\$9,300	\$319,300
Ephraim Smith	Executive Vice Chancellor and Chief Academic Officer	\$285,000		\$285,000	\$8,550	\$293,550
Lori Lamb	Vice Chancellor, Human Resources	\$263,000		\$263,000	\$7,890	\$270,890
Garrett Ashley	Vice Chancellor, University Relations and Advancement	\$240,000		\$240,000	\$7,200	\$247,200
Larry Mandel	Vice Chancellor and Chief Audit Officer	\$229,596		\$229,596	\$6,888	\$236,484

¹Supplemental pay was previously approved by the Trustees and is paid from Foundation sources.

Recommended Action

The following resolution is recommended for adoption:

RESOLVED, by the Board of Trustees of the California State University, that the individuals named in the salary tables cited in Item 4 of the Committee on University and Faculty Personnel at the November 12-13, 2014 meeting of the Board of Trustees shall receive the annual base salaries cited in the tables effective July 1, 2014 or the date of hire, as appropriate.

AGENDA

COMMITTEE ON FINANCE

Meeting: 8:30 a.m., Thursday, November 13, 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 September 9, 2014

Discussion Items

1. Approval of the 2015-2016 Support Budget Request, *Action*
2. Approval of the 2015-2016 Lottery Revenue Budget, *Action*
3. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Projects at California State University Channel Islands and California Polytechnic State University, San Luis Obispo, *Action*
4. Real Property Development Project at California State Polytechnic University, Pomona for Innovation Village Phase V, Commercial Office and Research Facility for Southern California Edison Company, *Action*
5. 2014-2015 Student Fee Report, *Information*
6. Working Group on Category II Student Success Fee, *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**

September 9, 2014

Members Present

Roberta Achtenberg, Chair
Steven M. Glazer, Vice Chair
Talar Alexanian
Adam Day
Rebecca D. Eisen
Debra S. Farar
Margaret Fortune
Lupe Garcia
Lou Monville, Chair of the Board
Timothy P. White, Chancellor

Trustee Achtenberg called the meeting to order.

Approval of Minutes

The minutes of July 22, 2014 were approved by consent as submitted.

Public Comments

Mr. Pat Gant, CSUEU President commended everyone for working together. He also thanked Speaker Atkins for her advocacy and leadership. He recommended that the CSU ask for what it needs and continue to work together.

Mr. Robert Dewitz, a CSU Dominguez Hills student representing Students for Quality Education questioned the definition of success as it relates to the student success fees. He stated that tuition fee increases hinder graduation rates and the CSU needs to stop taxing students every year. He added that the alternative consultation was ineffective in engaging students. He would like the student success working group to consider this information.

Ms. Jennifer Ovalle, a CSU Dominguez Hills student representing Students for a Quality Education spoke against student success fees. She indicated that the cost of higher education is already high. She added that the CSU should be leading the way in access and affordability.

Planning for the 2015-2016 Support Budget, *Information Item*

Mr. Steve Relyea, Executive Vice Chancellor and Chief Financial Officer stated that the purpose of the presentation was to provide the board with a preliminary support budget plan for the 2015-2016 fiscal year and to solicit ideas and feedback from the board that will be used to craft the final support budget plan. That final support budget plan will be an action item at the November 2014 Board meeting. He stated that there would be a gap between the Governor's budget and a necessary support budget to achieve the University's goals for the year. He stated that in keeping with the board's direction in the past, staff would present and advocate for a budget that would allow the University to fulfill its obligations to the people of the State of California. Mr. Relyea thanked Speaker Atkins for her leadership and work with AB 1476.

Ryan Storm, Interim Assistant Vice Chancellor for Budget presented an update on the 2014-2015 support budget. He stated the need to review the critical budgetary and enrollment decision points on a calendar. The decisions points that the State, board, Chancellor's Office, and campuses make are asynchronous. One complete cycle (beginning with Chancellor's Office budget planning and ending with students entering their first day of classes) spans more than a year. He presented the board with a visual that highlighted budget-related items, enrollment-related items and key board decisions points.

Trustee Glazer asked if staff could illustrate what happens from the time the board's budget request is submitted to the time the Governor's budget proposal is presented. He questioned how students can be admitted without knowing the final budget. Chancellor White responded that presidents prepare for the worst case outcome. He added that if revenues are higher than planned campuses can open for mid-year admissions at campuses. He indicated that the CSU turns away somewhere between 20,000-30,000 qualified students due to capacity issues.

Mr. Storm continued with the 2014-2015 support budget update. He stated that over the next two meetings, the board will be developing and approving the CSU support budget. The support budget's purpose is to meet the core mission of state-supported instruction, applied research, and public service. The support budget has two primary funding sources: state general fund, which is provided by the state legislature and governor, and systemwide tuition, which is provided by students and their families. At its worse, the CSU's state general fund appropriation was reduced by one-third, or approximately \$1 billion. That loss had a significant impact on campuses and it still lingers today. However, the state has been slowly reinvesting in this institution and the CSU is about half way out of that \$1 billion hole.

Mr. Storm presented slides on the two primary revenue sources of the support budget and how that mix has changed over time. Over a ten year period, the ratio of state general fund to tuition and fee revenue shifted from approximately an 80%/20% split to essentially a 50%/50% split. Additionally, the number of full time equivalent students (FTES) had been on a significant upward trend since the early 2000s, topping out in 2008-2009 and dropping during some of the recessionary years. State funding tended to align with the student trend until 2011-2012 when

FTEs and state funding went in opposite directions. However, the state's disinvestment has been reversed by the administration's commitment to its multi-year funding plan for the CSU. The administration has committed to and delivered modest increases to the CSU's base budget since 2013-2014.

Beginning with 2007-2008 the University experience significant absolute funding reductions coupled with an erosion of its purchasing power. He stated the CSU has to be appreciative that State leadership is planning to take future steps to reinvest in the CSU, but there are lingering fiscal challenges that campuses are striving to overcome in order to provide the current and growing student population with quality educational opportunities. He added that when the State expects the CSU to keep tuition flat and it provides a 4% increase in State general fund, overall revenue only grows by approximately 2%. There is also \$651 million of tuition discounts known as the State University Grant. He added that the CSU does not collect any money from the most financially-needy students this is foregone revenue to the system.

He stated that student access to the CSU is important to the long-term success of California. Presently, CSU awards approximately 50% of all undergraduate degrees in the state, per year. The CSU is a significant factor in educating the future California workforce. Yet, the CSU has turned away tens of thousands of prospective fully CSU eligible undergraduate students each year because it does not have sufficient financial resources to offer the courses that these potential students would need.

Mr. Storm noted that the state appears to be in a good fiscal position to be able to fund the third year of the Governor's multi-year funding plan or perhaps go beyond that level of funding. In its June 2014 Budget Act publication, the Department of Finance forecasted several years of positive revenue receipts of between four and six percent per year. The Legislative Analyst's Office has developed and reported a similar positive fiscal outlook. If these forecasts come to fruition, it could result in billions of dollars of new one-time or ongoing funds per year that could be allocated to state programs, including the CSU.

Mr. Storm stated that staff would appreciate the board's input on a final draft of this budget plan to be considered at the board in November. Mr. Storm presented a slide with an overview of the components of the preliminary support budget plan for 2015-2016. This preliminary expenditure plan would bring annual spending for support of the CSU to nearly \$5 billion, including systemwide tuition revenues net of financial aid.

Trustee Monville asked for the staff's opinion how SB 1440 will affect the CSU. He expressed his concern about the position the CSU would be in if enrollment continues to be improperly funded, as it could put the CSU in a quandary if it is forced to admit only transfer students, placing first time freshmen as second priority. Executive Vice Chancellor Ephraim Smith responded that, for now, the CSU can handle the number of SB 1440 applications received.

However, he cautioned that in the future it could become a problem if the CSU is not increasing enrollment while the community colleges are turning out more students.

Trustee Achtenberg agreed with Trustee Monville that there could be unintended consequences that are very significant and the CSU should be ahead of that curve. Dr. Smith responded that by November his staff will have the number of SB 1440 students that enrolled in the CSU this fall. Trustee Achtenberg inquired about the possibility of projecting out some scenarios to indicate the impact on the ability to admit first time students.

Chancellor White indicated that another factor is the significant increase in community college funding. He added that there is a growing mismatch in funding. This is an issue that the legislature, executive branch and the three systems need to tackle together.

Trustee Eisen inquired about the criteria used to determine the number of ineligibles. Dr. Smith responded that they receive a listing from campuses of the denied eligible students to determine the number not accepted at any campus. He added that half of the students not accepted by the CSU attended a community college, the rest attended other four year universities, and some do not attend college at all. Trustee Fortune stated that half of the students that go to a community college may not ever make it to the CSU. She added that if the goal is graduation it is better to admit them to begin with.

Mr. Storm stated that the proposed expenditure plan to support enrollment represents a three percent increase, or approximately 10,000 FTES. This increase would allow for growth in the number of students admitted and served, as well as accommodate existing demand by current students for additional courses (allowing improved time-to-degree). The costs of accommodating additional enrollment are covered by additional systemwide tuition revenue and state general fund. For planning purposes, a one percent increase in enrollment would cost approximately \$35 million and would provide access to approximately 3,500 FTES.

Mr. Storm added that the CSU's \$1.8 billion backlog of facility maintenance and infrastructure needs is massive and growing. Even with the state having made statutory changes that provide the CSU with the autonomy to self-determine its academic-related capital program, the state did not provide sufficient funds in 2014-2015 for the CSU to capitalize the new program. Consequently, annual support budgets will not be able to retire significant portions of maintenance backlog for many years without additional resources being allocated for this purpose. He added that the board may want to consider an additional request of one-time funding for infrastructure priorities.

Mr. Storm indicated that it would be a challenge under the Governor's plan to significantly invest in students, faculty, staff, and infrastructure. He then solicited comments from the board on the critical needs of the university for the upcoming fiscal year.

Trustee Day noted there was a big discrepancy in the numbers regarding the assumption of growth. Between the years 2000-2010 the millennial age population grew roughly 16% and the projections between the years 2010-2025 was .03%. Mr. Storm indicated that budget planning was based on K-12 output. In addition, there is an overall cultural influence on students to receive a college degree even though the demographics show a slowing of the birth rate. Trustee Achtenberg stated part of the discrepancy could be the increasing percentage of high school students preparing themselves for college. Chancellor White stated that the common core is the reset of the K-12 system and have more students eligible to enter a community college, CSU or another 4-year institution.

Trustee Eisen asked for clarification in regards to the FTE number. She also inquired as to how this translates to people in terms of the percentage growth in admissions. Mr. Storm responded the 10,000 FTES is equivalent to a 12,000-13,000 head count. Dr. Smith added that the Chancellor encouraged campuses to allow their current students to enroll in more classes so that they can graduate in a timely manner. He added that the proposed three percent enrollment growth is not strictly used to admit new students. It is also used to let current students take additional classes.

Trustee Faigin agreed that there are tremendous needs and that a lot of people are not getting educated because the CSU is not receiving the funding that is needed. He inquired if there is a plan if the CSU does not receive the funding it has requested. Chancellor White responded that if the Governor's numbers prevail, then the CSU would plan according to that number. He stated that he is enormously grateful to Governor Brown for the incremental increases in the four year plan. He added that he is also grateful to Speaker Atkins for her efforts for more funding for the CSU. He added that without some alternatives, the CSU would end up not being able to fulfill the needs of California or its current students.

Trustee Glazer thanked Mr. Relyea and Mr. Storm for their work and bringing the board clarity. He stated the student success and completion initiatives are not very specific and that he is looking forward to receiving more information in November. He added that the facilities and infrastructure needs are very clear and apparent and in some cases urgent. He indicated that the proposed \$39 million is not sufficient to deal with the CSU's urgent infrastructure needs and he would like the CSU to ask for additional funds for these needs. He added that it is worth having a discussion about whether or not enrollment growth is the right choice given the urgent repairs and maintenance crisis. Trustee Glazer reminded the board that the Governor previously raised the question of whether the CSU should be growing given the important infrastructure concerns.

Trustee Eisen agreed with Trustee Glazer in regards to needing more information about the student success and completion initiatives. She inquired if there was anything in the base budget that could be used for deferred maintenance. Chancellor White responded that in the existing recurring base budget there is \$10 million that could be used for financing deferred maintenance. If that were to happen, approximately \$140 million could be used for some critical projects. He

added the possibility of asking for a one-time request for facilities. He also stated that it would be a very unwise decision to discuss 0% growth. CSU campuses have built relationships with K-12 institutions and community colleges to get more students in the pipeline. To indicate that the CSU is not growing at all is a violation of that relationship. He recommended that the board identify a small growth number. He added that direction from the board is needed.

Trustee Day agreed with the one-time request and recommended fixing the buildings that exist rather than building new ones. Chancellor White stated the Department of Finance is concerned with revenues and debt load in the future which supports asking for the one-time request of non-recurring funds to commit to meaningful projects on various CSU campuses.

Trustee Achtenberg expressed that she would not endorse a zero percent growth budget. She stated that there would be repercussions if that were proposed to the legislature. A baccalaureate degree is the key to the future. A no growth budget would be inconsistent with the CSU's philosophy of access.

Trustee Garcia stated that she would like to hear how the student success initiatives in place are being evaluated prior to making a final decision. She would like to know if the initiatives are meeting objectives and delivering a return on investment. Chancellor White cautioned that when programs are put in place they may take a few years demonstrate success. Trustee Garcia responded that she would like to see metrics showing that progress is headed in the right direction. Chancellor White stated that staff would report on a couple of large systemwide efforts. He added that he will also have a couple presidents provide a short summary on campus efforts.

Chancellor White stated that he has the support of the board to place before them a needs based budget that will exceed the administration's number. He also stated that he would add to it a one-time request for facilities.

Student Success Fees Working Group, *Information Item*

Chancellor White presented the information item. He stated that the student success fees working group was formed to provide the board with a history of campus-based mandatory fees referred to as student success fees, and to make recommendations relating to changes in the creation of or delegations associated with such fees. The working group is comprised of trustee, president and student representation and is an advisory group to the board. The group has met once over the past several weeks to define the process for a review of information related to student success fees and their implementation at twelve campuses. Recently enacted legislation places a moratorium until January 1, 2016 on new student success fees pending this review, and it requires that the board report to the state by February 1, 2015 on any revisions to CSU fee policy relative to student success fees.

Chancellor White added that the CSU currently utilizes five fee categories to define fees charged. The student success fee is a Category II fee and is governed by procedures first adopted by the Board in 1996. Specifically, the Chancellor is delegated authority over the establishment, oversight, and adjustment of Category II fees, including the student success fee. Presidents have been delegated authority for the oversight and adjustment of student success fees, but cannot establish a fee without approval of the chancellor. The board receives an annual report on the level and fee range of all Category II fees, including student success fees.

Chancellor White stated that the student success fees working group will review fee policy and accountability measures currently in place, and identify any revisions that may be required to ensure campus student success fee implementation complies with CSU fee policy and principles. Rodney Rideau, Acting Deputy Assistant Vice Chancellor for Budget, provided additional details. He indicated that staff is establishing a website where individuals can provide feedback. In addition, the working group will visit campuses to meet with those who are interested in providing feedback. He reiterated that the board delegated authority governing student success fees to the chancellor and campus presidents in 1996, and revised that policy in 2000 following CSU students' request that individual campuses follow their own guidelines governing the fee referendum process rather than a system prescribed process. In January 2011, all CSU fee policies were brought together under Executive Order 1054, which serves as the guiding document for fee compliance. This Executive Order identifies the minimum requirements for the fee referendum and alternative consultation processes developed by campuses, and affirms trustee oversight over the level and range of fees charged to students.

Mr. Rideau explained that the student success fee approval process begins when a campus president submits a signed fee request to the chancellor that provides a justification for the fee and a detailed statement of compliance with the terms, conditions, and requirements of CSU fee policy. By delegation, the chancellor is responsible for ensuring proper and effective consultation has occurred before a student success fee has been approved. Each of the student success fees established at the twelve campuses has gone through this oversight process.

Mr. Rideau stated that while there is no formal notification to the board when a student success fee is approved, the board may receive information on the fee process through a variety of communication outlets, a result of open transparency rules governing all mandatory fee actions that occur at CSU campuses. The board also receives additional information on student success fee rates during its annual review of Category II fees. The student success fees work group is still in the process of an overall review of student success fees. A preliminary review of current campus fees was conducted to guide a broader review of fee policy and procedures. The November report to the board will provide an extensive and more comprehensive report on the work group's findings. The first student success fee was established at CSU Northridge in 2008. Since then, eleven more campuses have established student success fees.

Mr. Rideau stated the work group is conducting its work with the understanding that a student success fee is a campus-based, campus-driven, campus-controlled fee designed to enhance the quality of academic programs and the experience of students on a specific campus. As such, due to local control, no student success fee is identical to any other each reflecting the priorities of the campus where it is adopted. A series of campus visits have been planned for the remainder of September and early October that are designed to inform the work group of the wide spectrum of decisions being made at the local level relative to student success fees. The visits will focus on the campus fee approval process, student elections and consultative processes, transparency and accountability, the impact of fees on academic programs, and financial assistance available to students with need. He indicated that in order to obtain broad public comments from all CSU constituencies, an online forum has been created at the <http://www.calstate.edu/studentssuccessfeeforum/> website, and a memorandum to targeted CSU constituency groups is being drafted to solicit their input on the current student success fee process and recommendations for improvement.

Reports on the work groups findings and recommendations will be made at the November and January meetings of the Board of Trustees. Before final action on any recommended policy changes relative to student success fees are made at the January meeting, consultation with the California legislature will occur to ensure areas of legislative concern have been addressed.

Trustee Stepanek applauded the creation of the student success fee working group and their work. However, he noted that there was no faculty representation within the group and requested that faculty be added.

2015-2016 Lottery Revenue Budget, *Information Item*

Mr. Storm presented The CSU proposed Lottery Budget for 2015-2016. He stated that it would be brought back to the board for consideration as an action item in November. He provided the board with historical context and stated that in 1984, California voters approved the California State Lottery Act of 1984. The Lottery Act allows for expenditure of lottery dollars to supplement the total amount of money allocated for public education. To date, the CSU has received funding from the state totaling \$1.03 billion, which equals approximately 4.5 percent of all lottery funds distributed for educational purposes. He stated that although the Lottery Act does not specifically define “education of pupil and students”, CSU has specified that lottery funds shall be used only for instruction or instructional-related purposes. In response to the Lottery Act, the CSU adopted further guidelines to ensure that lottery funds are used to improve instructional quality and the academic environment. Each year, the board is asked to adopt a systemwide lottery revenue budget that incorporates CSU guidelines and adheres to Lottery Act provisions.

He stated that in prior years, the vast majority of funds were spent directly on instructional or instructionally-related activities. Last fall, the board adopted the Lottery budget for the current fiscal year 2014-2015 with planned expenditures equaling anticipated receipts of \$41 million.

The lottery budget is annually equivalent to approximately one percent of the entire CSU support budget.

The 2015-2016 proposed Lottery budget for the board's consideration includes a recommendation for increased expenditures to match growing Lottery receipts, largely based on the addition of Powerball in 2012 and the resulting increase in lottery activity. Revenue growth of approximately \$3.1 million is anticipated for 2015-2016 over the 2014-2015 levels. It is important to note that the board has taken a conservative approach in making Lottery revenue assumptions because it can be a volatile funding source. As a result, the board relies on past year actual revenue receipts to determine trends. The most recent trend has been up. With the addition of Powerball in 2012, it is now evident with all of 2012 and 2013 revenues accounted for that the CSU has a new, higher Lottery revenue base to work with. As a result, staff believes it is reasonable to assume this higher revenue source for 2015-2016 purposes.

Of the new receipts, \$3 million is recommended for allocation to the Early Start Program, which provides fee waivers for the neediest CSU students in need of Math and English remediation as they prepare to enroll at our campuses. The program, now in its third year, would receive a total allocation of \$8 million, which would help the program continue to expand. The Early Start Program is considered a campus-based program.

It is recommended that the remaining \$100,000 of the anticipated revenue growth be used to increase access to the Pre-Doctoral Scholars program. Scholarship demand for the program has increased noticeably in recent years, and the addition of \$100,000 in funds will enable an additional 20 scholars to participate in the program. CSU students in the program will participate in research projects and summer internships at Doctoral-granting institutions.

He added that staff would incorporate any feedback the board may have on this item before bringing it back for the board's approval at the November meeting.

Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Projects at California State University Northridge, San Diego State University, and Sonoma State University, *Action Item*

George Ashkar, Assistant Vice Chancellor and Controller stated that this item requests the California State University Board of Trustees to authorize the issuance of 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 \$173,705,000 for the financing of three campus projects. The following are financing items in which revenue generated by the relevant facilities covers the cost of debt service and operating expense. These financings will not be affected by the new authorities.

The board is being asked to approve resolutions related to the financing of:

1. California State University Northridge, Extended Learning Building –

The project consists of a new office and classroom building for the Tseng College of Extended Learning, under the continuing education program, and will be located on the southwest quadrant of the campus between West University Drive and Darby Street. The facility will be approximately 68,470 gross square feet and will provide office and support space for the college's seven administrative units, in addition to classrooms and seminar space.

The total budget for the project of \$38,942,000 is intended to be funded from \$30 million in existing continuing education reserves and \$9 million from continuing education net revenue generated during the construction period.

Since all funding sources must be identified at the time of the construction contract signing, finance approval will allow the construction contract to be signed and keep project construction on schedule. In the unlikely event that the additional \$9 million in net revenue is not generated as expected during construction, financing through the SRB program will allow completion of the project and will be paid for from Extended Learning Revenues.

The not-to-exceed par value of the proposed bonds is \$9,670,000 with estimated capitalized interest and cost of issuance being \$670,000.

The continuing education program net revenue debt service coverage will be 5.4 in 2016-2017, the first full year of operations, which exceed the CSU benchmark of 1.1 for the program.

When combining the information for all campus pledged revenue programs, the overall net revenue debt service coverage for the first full year of operations is projected to be 2.43, which exceeds the CSU benchmark of 1.35. Exceeding the benchmark is desirable.

2. The San Diego State University South Campus Plaza –

The project consists of a mixed-use facility that will include 659 beds of student housing for first-year students, 35,000 gross square feet of retail space, and a 392 car parking structure. The financial responsibility will be split, appropriately so, between the campus housing program and the campus parking program.

The not-to-exceed par value of the proposed bonds is \$158,025,000 and is based on a total project budget of \$142,700,000 with a program reserve contribution of \$6,000,000 (housing program \$2M, parking program \$4M). Net financing cost, estimated to be approximately \$21M, will be funded from bond proceeds.

The project is scheduled to start construction in October 2014 with completion in August 2016. The campus projects housing and parking net revenue debt services coverage of 1.53 and 1.33. Both exceed the CSU benchmark of 1.1.

The campus overall net revenue debt service coverage for all campus pledged revenue programs is projected to be 1.58, which also exceeds the CSU benchmark of 1.35 for the campus. Again, exceeding the benchmark is desirable.

3. The Sonoma State University Joan and Sanford I. Weill Commons –

This project will consist of a build-out of the Weill Commons lawn area (including grading and drainage infrastructure, perimeter roads, pathways, loading dock road, adjacent fire lane, landscaping, electrical, and other infrastructure).

The not-to-exceed par value of the proposed bonds is \$6,010,000 and is based on a total project estimated budget of \$5,500,000. Financing and capitalized interest and cost of issuance is estimated at \$510,000. This project is scheduled to start construction in October 2014 with a completion date of May 2015. Housing program revenues will be used to service the described debt.

As with other hospitality related campus program activities, the campus housing program will be involved with overseeing the venue. Further, this housing program will provide an added source of pledged revenue for the debt service obligation. The campus housing program net revenue debt service coverage of 1.41 in 2016-2017, the first year of operations, exceeds the CSU benchmark of 1.1 for the program. The overall campus pledged revenue programs (combined net revenue debt service coverage for the first full year of operations) is projected to be 1.85, which exceeds the CSU benchmark of 1.35 for the campus. Exceeding the benchmark is desirable.

Staff recommends approval by the trustees authorizing issuance of 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 \$173,705,000 for the financing of three campus projects.

Trustee Morales inquired about the commons area at Sonoma State. Mr. Ashkar responded that it is a multi-purpose common area of lawn adjacent to their housing. Trustee Eisen inquired about the trajectory of these projects and why they are presented at different times. Mr. Ashkar responded that it has to do with the timing of the schematics, planning and financing. He added that it is a joint operation between the campus and the Chancellor's Office. Trustee Eisen asked how many projects were on this path and suggested they are presented on a grid. Mr. Ashkar responded that he currently does not have a list but would work on one.

California State University Annual Investment Report, *Information Item*

Mr. Ashkar provided the annual investment report for fiscal year 2013-2014 for funds managed under the California State University Investment Policy. As of June 30, 2014, the asset balance in the Systemwide Investment Fund Trust (SWIFT) portfolio (consisting of Cash, US Treasuries, US Government Agencies, Corporate Securities—both Long & Short Term) totaled \$2.83 billion. The SWIFT portfolio provided a return of 0.866 percent during the twelve months ended June 30, 2014. This return was greater than the benchmark for the portfolio, which is a treasury based index. SWIFT is divided equally between U.S. Bancorp Asset Management and Wells Capital Management, and includes internal resource funds, like parking, housing, Continuing Education and Extended Learning, and health services. These revenues are dedicated to very important operations of the CSU Enterprise day-to-day activities.

The State Treasurer also provides and manages other investment vehicles that may be used for CSU funds, including the Surplus Money Investment Fund (SMIF). The amount of CSU funds invested in SMIF (consisting of CD's and Time Deposits, U.S. Treasuries, Commercial Paper, Corporate Securities, and U.S. Government Agencies) was approximately \$310 million throughout the year and was maintained at that level to assist in the funding of our monthly payroll. We fund our payroll monthly from the limited CSU working capital (approximately two months of payroll) which is a portion of our appropriation from the State and tuition fees.

Mr. Ashkar introduced the CSU's investment directors and officers of SWIFT, Mr. Jim Palmer, Chief Investment Officer, U.S. Bancorp Asset Management, Mr. Thomas Moore, Managing Director, U.S. Bancorp Asset Management, and Mr. Mike Rodgers, Managing Director, Head of Institutional Fixed Income, Wells Capital Management. Mr. Palmer and Mr. Rodgers provided the Board with the Investment Manager's report.

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

COMMITTEE ON FINANCE

Approval of the 2015-2016 Support Budget Request

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

Ryan Storm
Interim Assistant Vice Chancellor
Budget

Summary

At its September 2014 meeting, the California State University (CSU) Board of Trustees was presented with a preliminary plan for purposes of crafting the CSU's support budget request for the 2015-2016 Governor's Budget. This item presents for the board's review and approval a recommended support budget request for 2015-2016. Accompanying this agenda item as Attachment A, is the Proposed 2015-2016 CSU Support Budget Request, which contains additional detail for the board's consideration.

State Budget Overview

The California State Constitution requires the submittal of the governor's budget proposal each year by January 10. In order to meet consequent deadlines of the submittal of budget requests to the Department of Finance, it is necessary to adopt the Proposed 2015-2016 CSU Support Budget at the November meeting.

The significant tax revenues produced by Proposition 30 and the ongoing economic recovery allowed the state to begin anew to invest in public higher education, including a \$125.1 million programmatic funding increase for the CSU in the enacted 2013-2014 budget and a \$142.2 million increase in the recently enacted 2014-2015 budget, which equates to approximately a 2.5 percent increase for each of those years. While the University of California (UC) received the same level of funding increases as the CSU, K-12 local educational agencies and community college districts received a combined \$5.6 billion increase, equivalent to a ten percent increase. Also, Proposition 30 and the economic recovery allowed the state to set aside \$3 billion in reserves and to retire \$10 billion of debt in 2014-2015.

The state, however, continues to face significant expenditure obligations and risks. The state is challenged by significant debts, deferrals, and budgetary obligations in excess of \$300 billion, according to estimates by the Department of Finance. Examples of these obligations include state employee and teacher pension obligations and deferred maintenance. Also, recent wildfires and earthquakes coupled with the potential for additional, significant natural disasters have and could still require significant sums of state funds. While the national economy is steadily growing, the state economy is growing at a slower pace. Capital gains taxes make up a significant portion of the state budget revenue picture, but this revenue source is highly volatile and can swing dramatically from one year to the next.

If the state's economic recovery continues, state revenues could continue to grow by four to six percent per year through 2017-2018, according to projections by the Department of Finance. Recently, the Legislative Analyst reported that tax revenue collections for the first quarter of 2014-2015 exceeded previous estimates by several hundreds of millions of dollars. The outlook for 2015-2016 ranges from continuing constraint to significant opportunity.

The Governor's Office Multi-Year Funding Plan for CSU and UC

In January 2013, Governor Brown's budget proposal included a multi-year plan to provide funding stability to CSU and UC. This plan calls for state funding increases to the two universities totaling \$511 million each over the course of four years, culminating with the 2016-2017 fiscal year. This recognizes the fact that both universities endured state funding reductions in equal dollar amounts during the recent half decade of fiscal crisis. The cumulative increase occurs in annual increments as follows:

- \$125.1 million in 2013-2014
- \$142.2 million in 2014-2015
- \$119.5 million in 2015-2016
- \$124.2 million in 2016-2017
- Cumulative increase in annual funding = \$511 million

Although the legislature has not adopted this plan, it approved the first and second year increases of \$125.1 million and \$142.2 million, respectively.

One tenant of the governor's office multi-year funding plan is that the universities not increase tuition during this period. CSU's support budget is dependent on two revenue sources: state general fund and tuition revenue, with each making up approximately fifty percent of the support budget. As the governor's office funding plan effectively removes half of the CSU's potential revenue source from the discussion, it places significant pressure on the university to meet its budgetary needs.

The Governor's Office Funding Plan Does Not Meet CSU's Needs

The limited resources from the state for 2014-2015 did not provide the CSU the opportunity to serve thousands of CSU eligible students who have been denied access for fiscal reasons to the university. This not only limited CSU's ability to serve prospective CSU students, but it also did not help serve the state's larger, long-term need to increase its baccalaureate-holding workforce. With the shift of responsibility for capital outlay and infrastructure investment from the state to the CSU, the CSU was able to carve out enough funds to address one year's worth of accruing deferred maintenance, but was otherwise unable to begin to address the estimated \$1.8 billion backlog of deferred maintenance projects. The governor's office funding plan would provide a \$119.5 million increase in 2015-2016, which is a smaller increase than provided in 2014-2015 (\$142.2 million).

2015-2016 Recommended CSU Support Budget

In this agenda item, we share with the board a recommended support budget request for 2015-2016 for CSU. The recommendation represents a credible statement of the university's key funding needs and it reiterates the continued necessity for the state and CSU partnership in ensuring student access and success, competitive salaries and other compensation improvements, and infrastructure investment.

Recommended Expenditure Plan

The recommended support budget request for 2015-2016 is summarized below. These recommended items would require new ongoing revenues from the state of \$216.6 million (\$269 million anticipated expenditures, less \$52.4 million from additional tuition revenue). This recommended expenditure plan exceeds the minimum \$119.5 million increase specified for 2015-2016 under the governor's office funding plan. However, it is a statement of the university's true funding needs and—given the possibility that 2015-2016 state revenues could grow substantially above current levels—presents worthy opportunities for the state to invest further in students, faculty, and staff of the CSU. The executive summary of the Proposed 2015-2016 Support Budget Request (Attached), intended for ultimate distribution to the governor's office, legislators, and other policy makers in the capital, is included in the board members' materials as a supplemental document to this agenda item and also can be accessed through the following link: <http://www.calstate.edu/budget/fybudget/2015-2016/executive-summary/documents/2015-16-Support-Budget.pdf>

• Mandatory Costs (employee benefits & new space maintenance)	\$23.1 million
• 2% Compensation Pool Increase	65.5 million
• 3% Funded Enrollment Increase (10,400 FTES)	103.2 million
• Student Success and Completion Initiatives	38.0 million
• Academic Facilities Maintenance and Infrastructure Needs	25.0 million
• Information Technology Infrastructure Upgrade and Renewal	14.0 million
• <u>Center for California Studies—Cost Increases</u>	<u>0.2 million</u>
 Total Ongoing Expenditure Increase	 \$269.0 million

This recommended expenditure plan would bring annual spending for support of the CSU to just over \$5 billion, including student tuition revenues (net of financial aid).

Mandatory Costs

Mandatory costs are costs that have already been determined by state law, CSU policy, and operational needs, such as employee benefits and maintenance of new space.

Compensation Pool

The calculated cost of \$65.5 million represents a two percent increase to the compensation pool for 2015-2016.

Funded Student Enrollment

There will continue to be strong demand for a CSU education from high school students and community college transfers. Over 20,000 students each year have been denied access for each fall admission cycle between 2010 and 2013 because the university did not have sufficient financial resources from the state to admit and educate them. Access to education and the preparation of the state's future workforce depends on the state investing in the CSU.

However, the expenditure plan departs from the past practice of requesting funded student enrollment increases of five percent or more. In recent years, the CSU's funding requests for this level of student access repeatedly was not met by the state. Instead, the CSU decreased enrollments (during the recent recession) or only increased funded enrollments by a fraction of the request. For example, the 2014-2015 expenditure plan requested five percent, but due to the state not fully funding that support budget request, CSU increased funded student enrollment by approximately 2.5 percent. Because student access goals have not aligned well recently between

the CSU and the state, this expenditure plan proposes a three percent increase in an attempt to more practically align the request with what the state is willing to invest.

The proposed expenditure plan to support enrollment demand represents a three percent increase in full-time equivalent students (FTES), or approximately 10,400 FTES. This increase would allow for growth in the number of students admitted and served, as well as accommodate existing demand by current students for additional courses (allowing improved time-to-degree). The cost of accommodating additional enrollment is \$103.2 million.

Student Success and Completion Initiatives

The recommended expenditure plan includes a \$38 million augmentation under the title of Student Success and Completion Initiatives for a variety of efforts and strategies to close achievement gaps and facilitate student success and degree completion. These funds would be used in six initiative areas:

1. *Tenure-Track Faculty Hiring*. \$11 million for campuses to hire tenure-track faculty and continue reversing the declining ratio of tenured and tenure-track faculty to lecturers, as well as to improve student/faculty ratios. These funds would augment state funds and tuition revenue related to funded student enrollment and savings from retiring faculty, to enable campuses to hire more tenured and tenure-track faculty systemwide. More faculty, added to current faculty numbers, mean more sections of high-demand courses taught and more faculty mentoring/advising of students.
2. *Enhanced Advising*. \$7 million, with \$4 million to hire more professional staff advisors systemwide, and \$3 million to leverage the work already underway with various e-advising technologies that provide clear and accurate “real time” information for students and advisors related to graduation and major requirements and the efficient scheduling of classes.
3. *Augment Bottlenecks Solution Initiative*. \$1.5 million to expand the initiative to \$11.5 million. The added funding would support more online concurrent enrollment courses.
4. *Student Preparation*. \$5 million augmentation to help incoming freshmen attain college readiness before arriving on CSU campuses.
5. *High-Impact Practices for Student Retention*. \$9 million to “scale up” a wide range of successful “high impact” practices such as service learning projects, undergraduate participation in applied research, first-year learning communities (a cohort or shared academic focus for groups of first-year students), and peer mentoring (upper division students mentoring lower division students).

6. *Data-Driven Decision Making*. \$4.5 million for the Data Dashboard, a project currently underway at the CSU to provide all 23 campuses with the type of data they need to make important decisions related to time to degree, and term-to-term retention. Growth and wide-spread adoption of the use of data, and the mechanism to report and display this data in an accessible way for faculty and staff, will dramatically improve decision-making at the campuses and the system and improve overall effectiveness and efficiency of the university's programs. CSU campuses also will use this data to give faculty and staff a basis upon which to make decisions about graduation pathways and measure the success of academic and student success programs including high impact practices.

Academic Facilities Maintenance and Infrastructure Needs

The CSU's backlog of facility maintenance and infrastructure needs is massive and growing. Even with the state statutorily changing the way it handles CSU academic-related infrastructure needs by providing the CSU with the autonomy to self-determine CSU's capital program, the state did not provide sufficient funds in 2014-2015 for the CSU to capitalize on the new program. Consequently, annual support budgets will not be able to retire significant portions of maintenance backlog for many years without additional resources being allocated for this purpose. For example, the 2014-2015 support budget set aside \$10 million per year for the university's most pressing renewal projects. The recommended expenditure plan would commit an additional \$25 million per year to use as cash for the most critical projects or to finance approximately \$325 million of the university's next, most pressing group of renewal projects.

Information Technology Infrastructure Upgrade and Renewal

The recommended expenditure plan includes a \$14 million augmentation prioritized for information technology infrastructure to meet the most urgent needs for campus network upgrade and renewal. Specifically, these proceeds will be used to replace the data network equipment at each campus on a four to five year replacement cycle.

More than 13 years ago when the CSU Common Network Initiative was instituted, members of the campus communities accessed relatively few online resources from a handful of wired campus locations such as libraries and computer labs. Today, students, faculty, and staff wirelessly access a seemingly infinite set of data and information repositories located on campus and around the globe. They communicate via digital video and access an ever expanding number of network-enabled devices to aid teaching and learning and to conduct research. The result has been a 2,000 percent increase in network traffic and no tolerance for operational disruption.

While the criticality of this infrastructure has increased, financial resources to maintain and periodically replace obsolete components have not kept pace. Today, the CSU has a growing

inventory of critical network equipment that is no longer supported by the vendor, rendering it effectively obsolete. Specifically, 86 out of 138 (62 percent) mission-critical core routers, and 2,547 out of 4,044 (63 percent) network access switches are obsolete across the CSU. In addition, 7,523 out of 12,573 (60 percent) wireless devices will also be obsolete by the next fiscal year. This has resulted in diminished network reliability, and increased risk of information security breaches because vendors are no longer providing related software security patches.

The \$14 million augmentation will be used to replace the remaining obsolete switching and routing hardware, obsolete wireless access points and controllers, and obsolete network security devices at all campuses. After the initial investment, funds will be used to refresh this equipment on a four to five year cycles (four to six campuses per year) to ensure that such obsolescence does not occur in the future.

Recommended Revenue Plan

The following plan for increased revenue would provide the resources needed to meet the expenditure plan.

- Total State General Fund Increase \$216.6 million
- Net Tuition Fee Revenue from Student Enrollment Increases 52.4 million

Total Ongoing Revenue Increase \$269.0 million

The recommended expenditure plan significantly addresses many of the CSU educational and operational needs. But if required to do so, it would be exceedingly difficult for the CSU to operate within the confines of the governor's office funding plan. Mandatory costs and compensation pool costs alone would consume approximately \$90 million of the \$119.5 million state General Fund available from the governor's office funding plan. This would leave approximately \$30 million state General Fund to address enrollment, student success, and infrastructure. This scenario would do very little to serve prospective and current student needs and CSU facility and infrastructure needs.

The CSU's current effort focuses on stating the need for \$216.6 million in state appropriations for 2015-2016.

Conclusion

This is an action item, presenting a final recommendation for the Proposed 2015-2016 Support Budget Request to the governor's administration. This recommended plan strikes a balance in meeting the increased expenditure needs of the CSU between an amount that can be reasonably

requested from the state and an amount that can be reasonably provided through tuition revenues generated by enrollment increases. Development of a 2015-2016 budget request on these lines would provide the governor and legislature with an achievable plan for investment in the CSU for the sake of California's economic and social future. The plan is capable of reprioritization if, ultimately, the university must budget within the minimum \$119.5 million funding increase specified for 2015-2016 under the governor's office funding plan. Such a reprioritization is far from ideal; there would be significant short-term and long-term consequences to the state and to current and prospective CSU students. At this stage, however, the recommended budget focuses on stating needs and being positioned for opportunity.

Recommendation

This following resolution is presented for approval.

RESOLVED, that the Board of Trustees of the California State University acknowledges and expresses its appreciation to the governor and legislature for their increased budget support; and be it further

RESOLVED, that the Board of Trustees understands there are numerous competing interests for budgetary support given the fiscal constraints and competing policy priorities under which California continues to operate; and be it further

RESOLVED, that the future of California and its economy rests on the success of the CSU in providing life-changing benefits to hundreds of thousands of students; and be it further

RESOLVED, by the Board of Trustees of the California State University that the 2015-2016 Support Budget Request is approved as submitted by the chancellor; and be it further

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

RESOLVED, that copies of this resolution be transmitted to the governor, to the director of the Department of Finance, and to the legislature.

PROPOSED
**Support
Budget**

2015 - 2016

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Chancellor's Message

A little more than 150 years ago, the California State University and the state began a partnership—with a three thousand dollar public investment in the San Francisco Normal School supporting the enrollment of 60 students intent on becoming teachers. That partnership was strengthened when the renamed California State Normal School relocated to the site that is now San José State University—with classrooms, dormitories, and offices funded through a state property tax. This was the origin of the state's capital investment and support for student access to excellent public higher education.



I am thankful for those early pioneers and the countless leaders since who have held firm to that partnership. In these fifteen decades, the CSU has educated three million people who contribute on a daily basis to California's schools, economy, and culture. In fact, one out of every ten employees relied on to drive California's vital industries, from aerospace to biotechnology and from entertainment to hospitality, earned a degree on a CSU campus. CSU graduates have the skills, expertise, and preparation to succeed and excel in knowledge-based fields like life sciences, information technology, and the emerging "green" industries as well as the public sector fields of education, criminal justice, social work, and public administration. Of particular note the CSU produces well over 50 percent of the bachelor's degrees awarded in California in the fields of hospitality and tourism, business, and agriculture.

As in those early days, the public good of the CSU is made possible by the public funds of the State of California. It is imperative that our partnership grow stronger in thoughtful and strategic ways. Illustrating our commitment to this strategic partnership, the CSU established the Graduation Initiative during the depths of the recession. As a result of a relentless CSU focus on enabling student success, the CSU achieved a nearly 11 percentage point rise in 6-year graduation rates in the last decade, well outpacing the national trend for similar universities.

Yet, the CSU is limited in what we can do without meaningful support from our strategic partner. This budget recommendation for 2015/16 represents a significant state financial investment that emphasizes current student success and completion, increases community college and first-time freshman student access, stresses the need for academic facility and information technology infrastructure repair, replacement, and improvement, addresses compensation issues, and funds CSU mandatory costs. This request meets the high expectations that we all have for an educated and successful California populace.

Timothy P. White
Chancellor
California State University

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CSU – Providing for our Future

As the nation's largest four-year public university system, the CSU is a crucial partner in ensuring the state has an adequate educated workforce. As noted in recent budget requests, California's near-term and long-run prospects for economic recovery and prosperity depend largely on the ability of the CSU to increase the number of Californians attaining higher education degrees. According to a report published by the Public Policy Institute of California (PPIC), the CSU and public higher education are critical to California's economic future:

- Four of every five college students in California are enrolled in one of the state's three public higher education systems;
- The value of the college degree results in a 50 percent higher wage for workers over their peers who only hold a high school diploma; and
- Nearly 90 percent of parents hope their child pursues a post high school education.



Student demand is at an all-time high. CSU campuses received more than 760,000 undergraduate applications for admission to the fall 2014 term and that number is expected to continue to increase this year. In order to meet the growing demand, renewed investment from the state is critical to ensuring the CSU can continue to build upon recent efforts to improve graduation rates, close the achievement gap and contribute to the overall economic prosperity and growth of the state. Over the past year, the CSU has continued to strategically focus resources on key student success initiatives that have shown proven progress towards improving degree attainment.

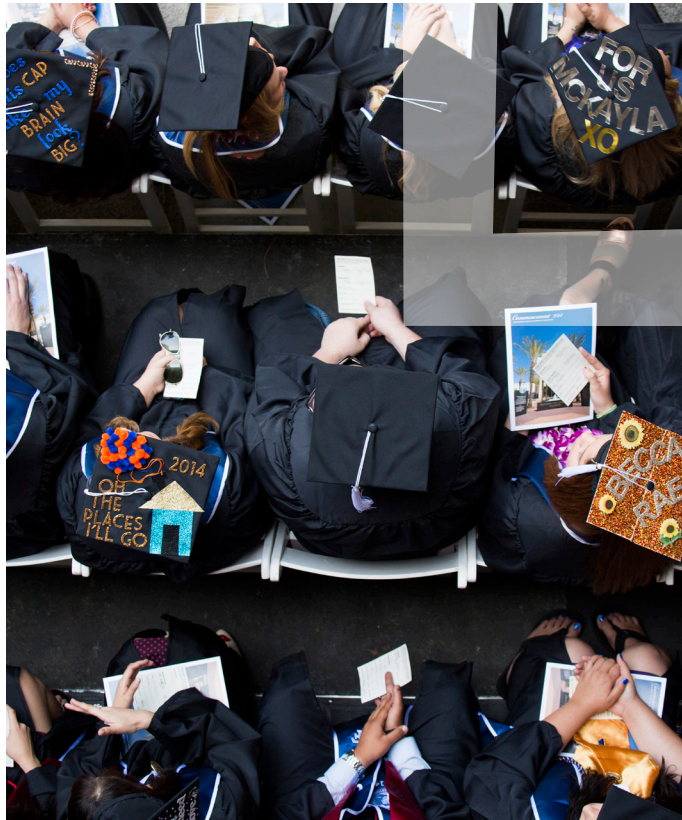
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Graduation Initiative

Launched in 2009 amidst the height of the economic downturn, the CSU Graduation Initiative has explicitly refocused CSU priorities and maintained the historical focus on access, quality, and affordability, but with the added component of successful, timely degree completion. In the project's shorthand, genuine access should not be strictly to the campus, but also to the degree. The initiative's initial phase is approaching its sixth and final year and is on track to end with the likelihood of exceeding a very ambitious target for overall rates. In his inaugural "State of the CSU" address in January 2014, Chancellor White committed the system to continuing its focus on student success and to raising graduation rates for first-time full-time freshmen and transfer students.

The chancellor set 2025 as the target date for these goals, consistent with the year identified in the 2009 PPIC report, by which time the state will fall short by one million college graduates unless there is improvement. Since the publication of that report, PPIC staff has recognized gains in the CSU's graduation rates, observing that the system is on-track to contribute its share of the additional degrees needed. However, as the chancellor pointed out in January, meeting the state's long-term needs will require continued improvement and renewed, robust investment in higher education.

The second phase of the initiative launched October 15, 2014, with re-benchmarked systemwide and individual campus target graduation rates that will carry the CSU through 2025. This signature, over-arching systemwide initiative and systemwide and campus student success funding requests are uniquely and intimately integrated with these efforts. These funding requests tend to fall into two categories: 1) strengthening campus capacity to gather, analyze, and use real-time student success data, in support of local decision-making; or 2) supporting high-impact educational practices that deepen learning, improve graduate rates, and close achievement gaps. The CSU has been successful in strategically investing limited resources that are already starting to show positive returns.



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Associate Degree for Transfer

Recently, the California Community Colleges Chancellor's Office provided the CSU with 5,082 records for students identified as graduates with an Associate Degree for Transfer from 2012/13 to 2013/14. When the CSU matched the records against systemwide applications files, 4,575 matched records were generated (90 percent of the records), indicating those graduates applied for transfer to the CSU. Ultimately, 4,337 were admitted to a CSU campus.

As of spring 2014, the CSU has identified 131 CSU graduates who entered with an Associate Degree for Transfer from a California Community College. All of these graduates matriculated in fall 2012 or after and in some cases graduated less than 2 years after transfer. As the number of Associate Degrees for Transfers continues to expand at the community college level, the program is showing promise for initial transfer students successfully completing their degrees in a timely manner.

Early Assessment and Early Start Programs

The Early Assessment Program (EAP) has been in existence for more than a decade. The program identifies students who are not yet ready for college level courses in English and mathematics by the end of their junior year of high school and provides them an opportunity to use their senior year to improve upon those skills. This early identification allows students to focus on those subjects and likely be more successful upon enrolling at the CSU.

Over the past decade, the CSU has seen a steady increase of students participating in EAP and who are designated as college ready by the end of their senior year (317,056 students participated in 2006 compared to 387,405 in 2013). In English, students who are college ready at the end of their junior year has increased from 15 percent in 2006 to 25 percent in 2014. Similarly, in mathematics, the percent of students who showed readiness at the end of their junior year was 12 percent in 2006 compared to 14 percent in 2013. During the same time, students who were conditionally ready in mathematics grew from 43 percent to 46 percent. Students who are deemed "conditionally ready" are highly encouraged to enroll in an advanced English and/or mathematics course in their senior year in order to be determined "college ready" at high school graduation.

Building on the successes of EAP and local campus approaches to address college readiness, such as Summer Bridge, the Early Start Program requires underprepared students to simply "get started" on their pathway to proficiency in the summer preceding their freshman year of college. Students who have not otherwise demonstrated college readiness in English or mathematics must begin developmental coursework, but do not need to complete remediation nor even reduce their remedial course load. Intensive classes in English and mathematics strengthen skills and reduce the time necessary to get on the college track.

Early Start is envisioned as one additional pre-college pathway to enable underprepared students to start college as ready as possible. The number of students participating in Early Start has increased from over 16,000 in summer 2012 to more than 20,000 in summer 2014. While it will take several years to evaluate the impact of the program on retention and graduation, early indicators such as retention, persistence, and average unit load have shown promising results.

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Student Success Initiatives

The CSU Enrollment Bottleneck Solutions Initiative, launched in 2013, is designed to accelerate student progress to degree and decrease bottlenecks that negatively impact students. Bottlenecks are anything that limits students' ability to make progress toward graduation. Demand often exceeds supply because public universities are constrained by limited facilities and course requirements; faculty, staff and student schedules; resources; academic program requirements; and student readiness and their academic program choices.

Strategies and solutions to address the causes of enrollment bottlenecks include course redesign to improve student success and access; CourseMatch, which offers CSU students access to online courses delivered by campuses other than their own; Virtual Labs where faculty can offer hybrid lab courses; and eAdvising to streamline advising, registration, and academic planning for undergraduate students at all 23 campuses.

Reducing Overall Units to Degree/Time to Degree

The CSU has made significant progress through various initiatives to improve and support timely degree completion for all students. Notably, curricular reform between Spring 2009 and Fall 2014 has shrunk the percentage of baccalaureate degrees in excess of 120 required units from 29 percent to 5 percent systemwide. At the same time, the CSU strives to ensure and mitigate potential roadblocks that may delay graduation. Efforts to support student success and timely degree completion have included eAdvising and early warning and predictive analytics where students receive better and faster feedback about their performance in critical courses. Continued and renewed investments supporting student success initiatives that improve a student's time-to-degree can prove to pay positive economic dividends for both students and taxpayers, as students will require fewer state resources per degree.

2015/16 CSU Budget Plan Summary

The tables on the following pages provide background data on the CSU's state-assisted budget for the current and prior fiscal years and summarize the CSU's 2015/16 budget plan. The plan focuses on critical needs to fulfill the CSU's mission to educate Californians under the state's higher education master plan and, to this end, seeks ongoing reinvestment by the state in the CSU. The planning approach is tempered by recognition of the state's finite resources, yet represents a credible statement of the CSU's key funding needs for the upcoming fiscal year.

The 2015/16 budget plan increase of \$269.0 million would bring the CSU's annual support budget to approximately \$5.1 billion, with approximately \$2.1 billion from tuition fee and other fee revenues (net of financial aid) and a requested state appropriation of almost \$3.0 billion. As shown in the summary, we estimate that additional tuition fee revenues generated by enrollment growth will total \$52.4 million. This revenue, combined with a recommended increase of state support of \$216.6 million, would provide the needed ongoing revenues for the recommended spending increase. Specific justifications for the elements of planned spending increase are provided in the narrative pages for uses of revenue following the summary displays.

A much larger increase in resources could be justified for the CSU to fully meet the expectations placed upon it by the higher education master plan. This budget plan, however, strikes a balance in meeting the increased expenditure needs of the CSU between an amount that can be reasonably requested from the state and an amount that can be reasonably provided through tuition fee revenues generated by enrollment growth. Development of a 2015/16 budget request on these lines provides the governor and legislature with an achievable plan to continue investing in the CSU for the sake of California's economic and social future.



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Three-Year Budget Summary and Highlights

Table 1: Support Budget	2013/14 Actuals	2014/15 Final Budget¹	2015/16 Request
General Fund Support Appropriation	\$2,255,596,000	\$2,455,702,000	\$2,647,312,000
Net Tuition Fee and Other Fee Revenue ²	2,144,688,000	2,045,274,000	2,097,691,000
TOTAL SUPPORT BUDGET	\$4,400,284,000	\$4,500,976,000	\$4,745,003,000

Table 2: Maintenance and Infrastructure Needs	2013/14 Actuals	2014/15 Final Budget¹	2015/16 Request
General Fund Debt Service Payments on Existing Facilities ³	\$90,104,000	\$296,316,000	\$313,944,000
Budget Plan: Maintenance and Infrastructure Needs	0	10,000,000	25,000,000
TOTAL MAINTENANCE AND INFRASTRUCTURE NEEDS	\$90,104,000	\$306,316,000	\$338,944,000

Enrollment, Programs, and Operations (Support Budget)			\$191,406,000
Center for California Studies ⁴			204,000
Total General Fund Support Budget Appropriation Increase			\$191,610,000
Net Tuition Fee Revenue Adjustment⁵			\$52,417,000
Maintenance and Infrastructure Needs Appropriation Increase			\$25,000,000
TOTAL SOURCES OF REVENUE			\$269,027,000

Table 3: Sum of Tables 1 & 2	2013/14 Actuals	2014/15 Final Budget¹	2015/16 Request
Total Support Budget	\$4,400,284,000	\$4,500,976,000	\$4,745,003,000
Total Maintenance and Infrastructure Needs	90,104,000	306,316,000	338,944,000
GRAND TOTALS	\$4,490,388,000	\$4,807,292,000	\$5,083,947,000

¹ The CSU 2014/15 GF Final Budget Act Appropriation (support budget) was \$2,399,439,000, net of \$296,316,000 for maintenance and infrastructure. Additionally, the state-funded 2014/15 employer-paid retirement adjustment of \$66,263,000 is added to the GF support budget total.

² Includes tuition fee and other fee revenue reduced by total tuition fee discounts from revenue forgone (reference table 4).

³ A major change in the CSU budget appropriation beginning in 2014/15 is the fold in of state general obligation bond debt service payments (\$197.2M) into the CSU main appropriation and movement of CSU lease revenue bonds debt service from a separate appropriation to the CSU main appropriation item (\$99.1M), which the state will increase \$7.6M to \$106.7M in 2015/16.

⁴ This expenditure augmentation of \$204,000 is included at the request of the Center for California Studies, which is a state-funded program administered through the CSU.

⁵ This represents revenue to be collected from an increase in funded enrollment net of tuition fee discounts.

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Highlights—Uses of the 2015/16 CSU Budget Increases

- \$ 23.1 million for mandatory cost increases (e.g. health benefits, retirement and new space)
- \$ 65.5 million for a 2 percent compensation pool increase
- \$ 38.0 million for student success and completion initiatives
- \$103.2 million for 3 percent increase in funded enrollment
- \$ 14.0 million for information technology infrastructure upgrade and renewal
- \$ 0.2 million for Center for California Studies
- \$ 25.0 million for maintenance and infrastructure needs

Three-Year Summary of Tuition Fee Discounts and Tuition Fee Waivers/Revenue Forgone

Table 4	2013/14 Actuals	2014/15 Final Budget	2015/16 Request
Tuition Fee Discounts (Forgone from Tuition Fees) ¹	\$619,464,000	\$644,191,000	\$644,191,000
Tuition Fee Discount Adjustment from Increase in Funded Enrollment	0	0	13,175,000
Tuition Fee Waivers ²	65,735,000	65,735,000	65,735,000
TOTAL TUITION FEE DISCOUNTS AND WAIVERS/ REVENUE FORGONE	\$685,199,000	\$709,926,000	\$723,101,000

¹ Tuition Fee Discounts cover tuition fees for eligible students with financial need. Amounts awarded reflect forgone tuition fee revenue for the CSU.

² Includes the campus tuition fee waivers reported annually in Enrollment Reporting System Students (ERSS) database (Waiver Codes 01-08). Amounts awarded reflect forgone tuition fee revenue for the CSU.

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Three-Year Budget Summary by Program

Table 5	2013/14 Actuals	2014/15 Final Budget	2015/16 Request
Instruction	\$2,091,171,000	\$2,178,351,000	\$2,178,351,000
Research	11,103,000	8,586,000	8,586,000
Public Service	11,167,000	10,012,000	10,012,000
Academic Support	535,618,000	550,540,000	550,540,000
Student Services	530,168,000	535,500,000	535,500,000
Institutional Support	643,076,000	671,508,000	671,508,000
Operation and Maintenance of Plant ¹	635,379,000	820,847,000	828,475,000
Student Grants and Scholarships (without Tuition Fee Discounts) ²	32,706,000	31,948,000	31,948,000
Provisions for Allocation	0	0	269,027,000
GROSS EXPENDITURES	\$4,490,388,000	\$4,807,292,000	\$5,083,947,000

¹ 2015/16 operations and maintenance of plant includes the \$7.6M state increase in lease revenue bond debt service.

² Amount is reduced by the tuition fee discounts (revenue forgone) as shown in table 4.

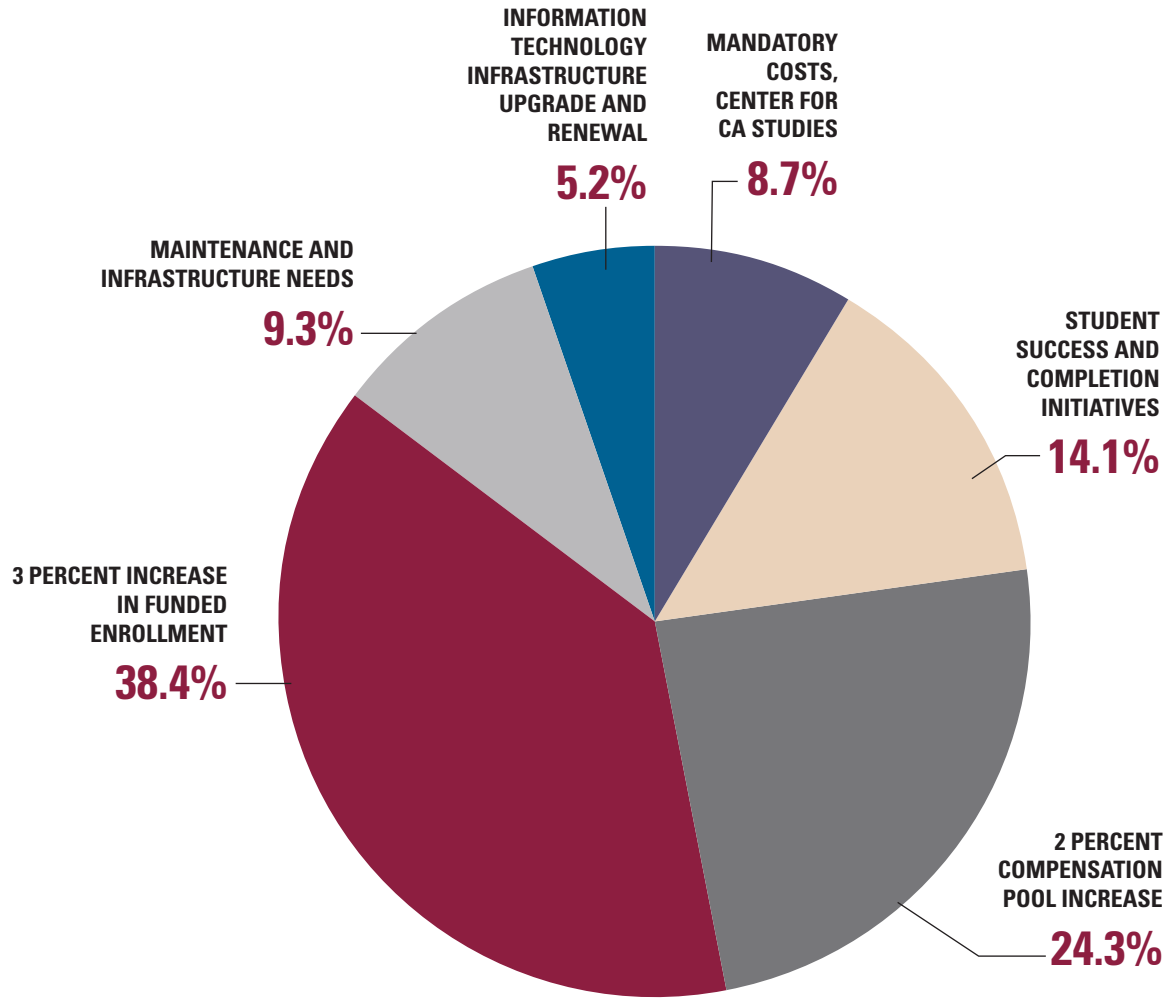
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Sources of Funds and Expenditure Augmentations

SOURCES OF FUNDS		
General Fund Increase		\$216,610,000
3 Percent Enrollment Growth, Programs, and Operations	216,406,000	
Center for California Studies	204,0000	
Net Tuition Fee Revenue Adjustment		\$52,417,000
3 Percent Funded Enrollment Increase (10,382 FTES Revenue)		
TOTAL REVENUE INCREASE		\$269,027,000
EXPENDITURE AUGMENTATIONS		
Mandatory Costs		\$23,077,000
Compensation Related		
Health Benefits	11,040,000	
Retirement	7,000,000	
Other Increases		
Maintenance of New Space	5,037,000	
2 Percent Compensation Pool Increase		\$65,528,000
3 Percent Increase in Funded Enrollment		\$103,218,000
Student Success and Completion Initiatives		\$38,000,000
Information Technology Infrastructure Upgrade and Renewal		\$14,000,000
Center for California Studies		\$204,000
Maintenance and Infrastructure Needs		\$25,000,000
TOTAL EXPENDITURE INCREASE		\$269,027,000

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Distribution of Expenditure Increases



Sources of Revenue



The 2015/16 California State University Support Budget proposal includes a \$216.6 million increase to the currently authorized CSU \$2.8 billion General Fund base for a total of almost \$3.0 billion. The \$216.6 million General Fund requested increase for 2015/16 budget is comprised of the following:

- \$216,406,000 to fund 3 percent enrollment growth, programs, and operations; and
- \$204,000 to fund annual cost increases for the state Center for California Studies Capitol Fellows Program.

The CSU 2015/16 budget plan also reflects tuition fee revenue from the recommended 3 percent California resident funded student enrollment (10,382 FTES). The net change in tuition fee revenue, after adjusting for forgone revenue associated with financial aid, is \$52,417,000.

The total 2015/16 support budget plan increase in sources of funds is \$269.0 million.

State General Fund Increase	\$216,610,000
Tuition Fee Revenue Adjustments	\$52,417,000
TOTAL	\$269,027,000

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Programs and Operations

The 2015/16 CSU budget request is based on a General Fund increase of \$269.0 million and tuition fee revenue adjustments of \$52.4 million to fund the cost of budget plan expenditure augmentations for various needs, including mandatory costs, funded student enrollment, employee compensation, student success and completion, and maintenance and infrastructure needs. The General Fund increase also includes funding for the Center for California Studies. These cost increases are detailed in the next section.

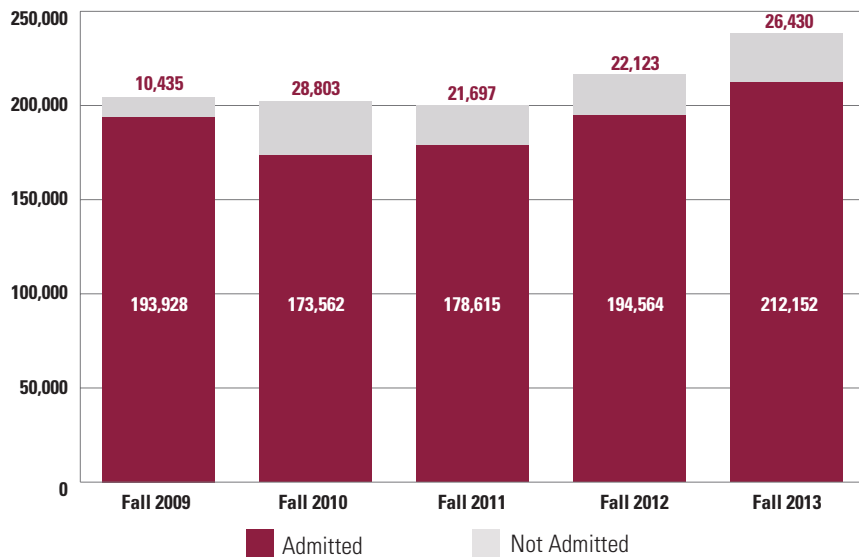
3 Percent Funded Enrollment

The 2015/16 budget plan augmentation supports a 3 percent increase in resident student enrollment to continue to address California’s higher education demand.

Many CSU campuses continue to experience record levels of applications and enrollments. The CSU had to turn away more than 26,000 eligible undergraduate applicants in fall 2013. Demand for the CSU has remained high at more than 760,000 undergraduate applications for admission to the fall 2014 term. Funding restrictions have constrained the ability of the CSU to admit eligible applicants as shown in the following chart.

Increasing enrollment from the current state-assisted level of 346,050 California resident FTES by 3 percent to a new level of 356,432 is entirely feasible, given adequate support from the state. Continued restoration to meet demand of baccalaureate and master’s instruction at the CSU is a vital investment by the state for the sake of student access and for the sake of California’s further economic recovery and workforce development. Simply on the basis of application demand, an increase in state-assisted enrollment of more than 3 percent would be justified. However, due to the lead times and operational complexities of implementing funded enrollment growth at the campuses, this request is limited to 3 percent for the 2015/16 fiscal year.

Eligible Undergraduate Applicants - California Residents



Based on the state-approved marginal cost methodology, the 2015/16 estimated net marginal cost rate of instruction, after forgone financial aid, has been calculated at \$9,942 per FTES. This amount times 10,382 FTES (3 percent) equals an estimated cost of \$103.2 million. The General Fund portion of marginal cost rate of instruction is \$7,405 per FTES, which equates to \$76.9 million funded from the state General Fund appropriation. The remainder would be offset by the estimated tuition fee revenue (net of financial aid) generated by the additional enrollment. The 10,382 FTES translates into more than 12,000 additional students.

DRAFT for Board of Trustees Consideration

2015/16 Tuition Fee Revenue

A 3 percent increase in resident FTES enrollment (10,382 FTES) is projected to generate \$52.4 million in new tuition fee revenue, after adjusting for forgone revenue associated with students receiving CSU Tuition Fee Discounts.



DRAFT for Board of Trustees Consideration



Revenue Forgone

Tuition Fee Discounts and Tuition Fee Waivers

The Tuition Fee Discount program (also known as State University Grants) is a critical source of assistance for CSU students. Since its inception in 1982/83, the Tuition Fee Discount program has provided need-based discounts to offset the cost of mandatory systemwide tuition fees for resident students and the impact of increased charges for students with the greatest financial need.

Prior to 1992/93, the state provided the funds necessary to ensure adequate assistance was available for the CSU's neediest students. Since 1992/93, the CSU has continued assistance to these students by forgoing one-third of annual revenue increases from tuition fees in most years.

The amount projected for 2015/16 Tuition Fee Discounts from tuition fee revenue is \$657.4 million, an increase of \$13.2 million from 2014/15. The Tuition Fee Discount adjustment is due to a one-third set-aside from tuition fee revenue derived from a 3 percent increase in funded enrollment (estimated 2015/16 marginal cost of \$1,269 per FTES). This \$657.4 million of financial aid reflects tuition fees that go uncollected—in effect, waived—and is a form of revenue loss for the CSU.

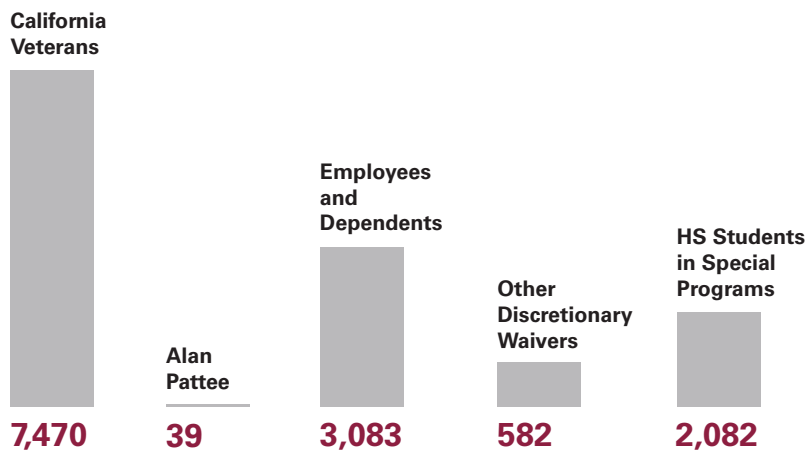


DRAFT for Board of Trustees Consideration

Under current law, there are four state-mandated tuition fee waiver programs: the California Veterans Waiver for children of disabled/deceased veterans (Education Code 66025.3), the Alan Pattee Waiver for dependents of deceased law enforcement or fire suppression personnel (Education Code 68120), the tuition fee waiver for California residents who were dependents of victims killed in the September 11, 2001 terrorist attacks (Education Code 68121), and the tuition fee waiver for the two students serving on the Board of Trustees (Education Code 66602). In addition to state-mandated tuition fee waiver programs, other tuition fee waiver programs include waivers for employees and employee dependents pursuant to collective bargaining agreements. Other non-mandatory waivers have been established by CSU Board of Trustees policy and California statute that include programs for high school students and California residents age 60 years and older, among others. The state has not provided General Fund support for CSU tuition fee waiver programs since 1992/93.

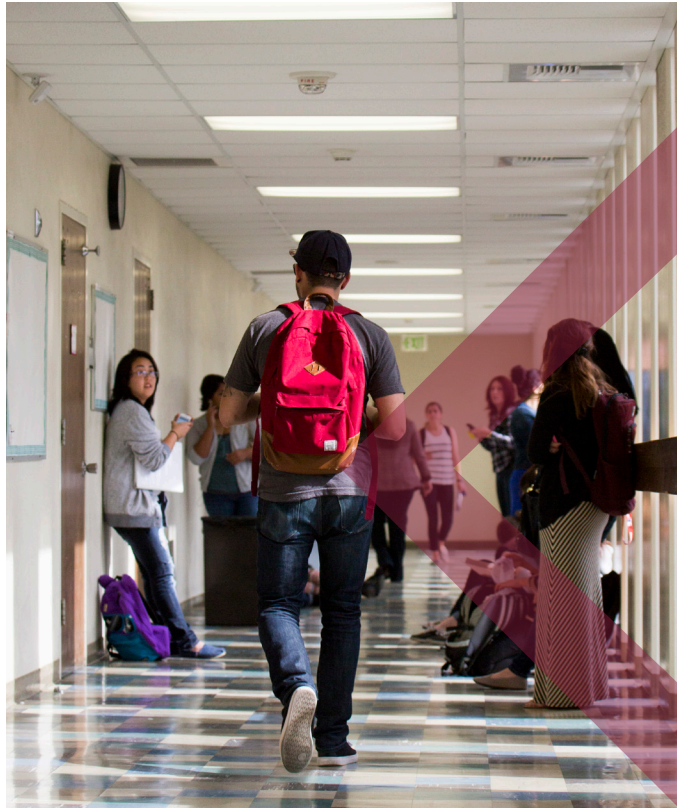
A summary of the total revenue forgone and applied to Tuition Fee Discounts and mandatory waivers from 2013/14 through 2015/16 is included in the **Three-Year Budget Summary and Highlights** section. In the 2013/14 college year (fall, winter, spring, and summer), 13,256 tuition fee waivers were granted to CSU students. When tuition fee rates are applied to these waivers based on student enrollment status, it amounts to approximately \$65.7 million in revenue forgone to the CSU.

2013/14 Systemwide Tuition Fee Waivers



Uses of Revenue

The 2015/16 California State University Support Budget proposal recommends an expenditure plan based on General Fund and tuition fee revenue increases from higher enrollment to cover the cost of expenditure augmentations. The expenditures outlined below address the university's fundamental priorities for the 2015/16 fiscal year. These include increases for mandatory costs, employee compensation, enrollment, student success and completion initiatives, facilities and infrastructure needs, and the Center for California Studies.



Mandatory Costs, \$23,077,000

Mandatory costs are expenditures the university must pay regardless of the level of funding appropriated by the state. These costs include increases for employee health and retirement benefits and operations and maintenance of newly constructed space. Without funding for mandatory cost increases, campuses must redirect existing resources from other program areas to meet these obligations. In order to preserve the integrity of CSU programs, the 2015/16 support budget plan provides for the following increases in mandatory cost obligations.

Mandatory Costs

Health Benefits	\$11,040,000
Retirement Benefits	\$7,000,000
New Space Maintenance	\$5,037,000
TOTAL	\$23,077,000

DRAFT for Board of Trustees Consideration

Two Percent Compensation Pool, \$65,528,000

The CSU Board of Trustees recognizes compensation for faculty, staff, and management as a key element of the university’s success. The ability to offer a competitive compensation package is essential to the CSU’s ability to recruit and retain faculty, staff, and management employees who contribute to the CSU’s mission of excellence.

Continued investment to make progress toward competitive salaries for faculty and staff are needed to place the CSU in a stronger position to fulfill its primary mission of providing accessible higher education that maintains quality and supports the state’s ability to fill jobs and support the economy. There continues to be critical salary-related concerns across CSU employee groups that require attention by CSU leadership and the collective bargaining process. The first general salary increase in several years for faculty and staff occurred in 2013/14 with \$38 million, representing an average increase of 1.34 percent, distributed across employee groups. A three percent compensation pool increase has been budgeted for 2014/15, subject to collective bargaining.

This budget plan calls for approximately \$65.5 million to fund a two percent compensation pool increase, subject to collective bargaining, for all employee groups effective July 1, 2015. A two percent pool is intended to strike a balance between competing priorities. The 2015/16 cost of each one percent compensation increase is based on 2014/15 final budget salaries and salary-related benefits (OASDI, Medicare, and retirement) and is summarized in the following table.

Estimated 2015/16 Cost of 1 Percent Compensation Increase

	2014/15 Final Budget Compensation (Adjusted¹)	2015/16 Cost of 1% Increase
Faculty	\$1,650,399,000	\$16,504,000
Staff	1,626,040,000	16,260,000
TOTAL	\$3,276,439,000	\$32,764,000
COST OF 2% INCREASE		\$65,528,000

¹ The compensation base is adjusted for changes in employer-paid retirement rates. The CalPERS member categories for State Miscellaneous-Tier 1 and State Peace Officer/ Firefighter increased 3.077 percentage points and 5.507 percentage points, respectively, from the 2013/14 composite rates of 21.203 percent and 31.320 percent to 2014/15 rates of 24.280 percent and 36.827 percent.

DRAFT for Board of Trustees Consideration

Funded Student Enrollment, \$103,218,000

The 2015/16 budget plan includes a three percent funded student enrollment increase of 10,382 California resident FTES from a 2014/15 California resident FTES base of 346,050.

2015/16 FULL-TIME EQUIVALENT STUDENTS ENROLLMENT TARGET

2015/16 Resident FTES Base	346,050
2015/16 Resident Student Enrollment Growth (3%)	10,382
2015/16 TOTAL RESIDENT FTES	356,432

This enrollment increase will be funded using a marginal cost rate of \$9,942 per FTES. The total funding required to sustain direct instruction, academic support, student services, institutional support, and plant operations related to the proposed enrollment growth is \$103.2 million.



DRAFT for Board of Trustees Consideration

Student Success and Completion Initiatives, \$38,000,000

The 2015/16 support budget includes \$38 million for a variety of efforts and strategies to close achievement gaps and facilitate student success and degree completion.

These funds will be used in six initiative areas:

- 1. Tenure-track Faculty Hiring** – \$11 million for campuses to hire tenure-track faculty and continue reversing the declining ratio of tenured and tenure-track faculty to lecturers, as well as to improve student/faculty ratios. These funds would augment state funds and tuition fee revenue related to new enrollment and savings from retiring faculty, to enable campuses to hire more tenured and tenure-track faculty systemwide. More faculty, added to current faculty numbers, mean more sections of high-demand courses taught and more faculty mentoring/ advising of students.
- 2. Enhanced Advising** – \$7 million, with \$4 million to hire more professional staff advisors systemwide, and \$3 million to leverage the work already underway with various e-advising technologies that provide clear and accurate “real time” information for students and advisors related to graduation and major requirements and the efficient scheduling of classes.
- 3. Augment Bottleneck Solutions Initiative** – \$1.5 million to expand the initiative to \$11.5 million. The added funding would support more online concurrent enrollment courses.
- 4. Student Preparation** – \$5 million augmentation to help incoming freshmen attain college readiness before arriving on CSU campuses.
- 5. High-Impact Practices for Student Retention** – \$9 million to “scale up” a wide range of successful “high impact” practices, including service learning projects, undergraduate participation in applied research, first-year learning communities (a cohort or shared academic focus for groups of first-year students), and peer mentoring (upper division students mentoring lower division students).
- 6. Data-Driven Decision Making** – \$4.5 million for the Data Dashboard, a project currently underway at the CSU to provide all 23 campuses with the type of data they need to make important decisions related to time to degree and term-to-term retention. Growth and wide-spread adoption of the use of data, and the mechanism to report and display this data in an accessible way for faculty and staff, will dramatically improve decision-making at the campuses and the system and improve overall effectiveness and efficiency of the university’s programs. CSU campuses will also use this data to give faculty and staff a basis upon which to make decisions about graduation pathways and measure the success of academic and student success programs including high impact practices.



These six areas of proposed funding are directed at improving student success and completion. Improvements in graduation rates and the number of successful degree completions at the CSU have the potential for maximum effect across the state.

DRAFT for Board of Trustees Consideration

Information Technology Infrastructure Upgrade and Renewal, \$14,000,000

Under the 2015/16 budget plan, \$14.0 million of financing proceeds would be prioritized for information technology infrastructure to meet the most urgent needs for campus network upgrade and renewal. Specifically, these proceeds will be used to replace the data network equipment at each campus on a 4 to 5 year replacement cycle.

More than 13 years ago when the CSU Common Network Initiative was instituted, members of the campus communities accessed relatively few online resources from a handful of wired campus locations such as libraries and computer labs. Today students, faculty and staff wirelessly access a seemingly infinite set of data and information repositories located on campus and across the globe. They communicate via digital video and access an ever-expanding number of network-enabled devices locally and globally to aid teaching and learning and to conduct research. The result has been a 2,000 percent increase in network traffic, and zero-tolerance for operational disruption. In short, this infrastructure represents the “line” in online learning, and it is critical to the future mission of the CSU.

Unfortunately, while the criticality of this infrastructure has increased, financial resources to maintain and periodically replace obsolete components have been steadily reduced since 2010. Today, the CSU has a growing inventory of critical network equipment that is no longer supported by the vendor, rendering it effectively obsolete. Specifically, as of June 30, 2014, 86 out of 138 (62 percent) mission-critical core routers and 2,547 out of 4,044 (63 percent) network access switches across the CSU are obsolete. In addition, by December 2015, 7,523 out of 12,573 (60 percent) wireless devices also will be obsolete. This has resulted in diminished network reliability, and increased risk of information security breaches because vendors are no longer providing related software security patches.



Assuming an ongoing annual allocation, the requested funds will be used to replace the remaining obsolete switching and routing hardware, wireless access points and controllers, and network security devices at all campuses. After the initial refresh, funds will be used to refresh this equipment on 4 to 5 year cycles (4 to 6 campuses per year) to ensure that such obsolescence does not occur in the future.

DRAFT for Board of Trustees Consideration

Center for California Studies, \$204,000

The Center for California Studies is a state-funded program within the CSU that promotes understanding of and effective participation in the political and policy processes that govern California. Included within the 2015/16 support budget is a 6 percent augmentation of \$204,000 for the Center. The Center's General Fund appropriation, a stand-alone appropriation in the state's annual budget bill (currently \$3.5 million), funds direct costs and administrative expenses for the Assembly, Senate, Executive, and Judicial Fellows programs and other programs consistent with the Center's mission. The proposed augmentation would help to alleviate mounting cost pressures that continue even after implementing operational efficiencies and cost saving measures. The proposed augmentation would be used to (1) cover anticipated increases in personnel costs due to systemwide collective bargaining agreements, (2) maintain financial access to the Fellows and other programs by modestly increasing stipends, and (3) fund other inflationary increases.

DRAFT for Board of Trustees Consideration

Maintenance and Infrastructure Needs, \$25,000,000

The 2015/16 budget plan includes \$25.0 million of funding to finance the CSU's most urgent facility maintenance and utilities infrastructure backlogs. The CSU's backlog of facility maintenance and infrastructure needs, even if restricted to the highest priority needs, is massive and growing. Even with the state statutorily changing the way it handles CSU academic-related infrastructure needs by providing the CSU with the autonomy to self-determine its capital program, the state did not provide sufficient funds for the CSU to capitalize the new program. Consequently, annual support budgets will not be able to retire significant portions of the \$1.8 billion maintenance backlog for many years without additional resources being allocated for this purpose. In light of the backlog of infrastructure renewal needs, the program continues to focus on needed improvements to our utilities, technology network and building infrastructure, and seismic upgrades, followed by major building replacements/renovations and new buildings to accommodate the growing student population. The Systemwide Infrastructure Improvements program is the highest priority for the use of CSU financing as the program provides funds across all campuses. \$25.0 million is needed to fund the facilities and infrastructure needs. These funds could be spent to pay for projects on a pay as you go basis or be used to finance projects.

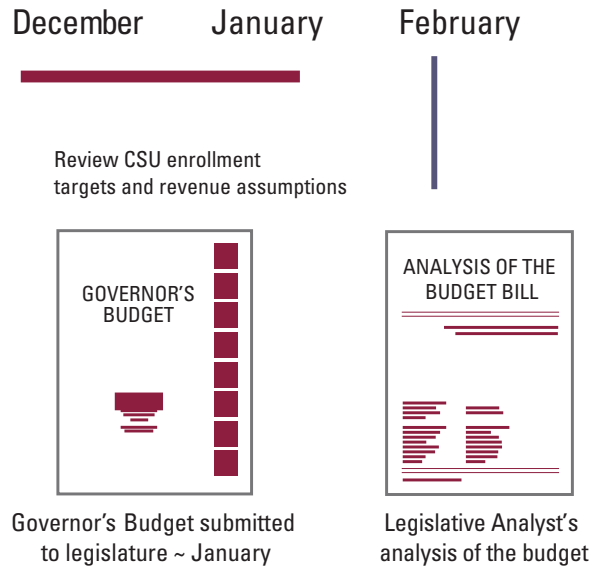
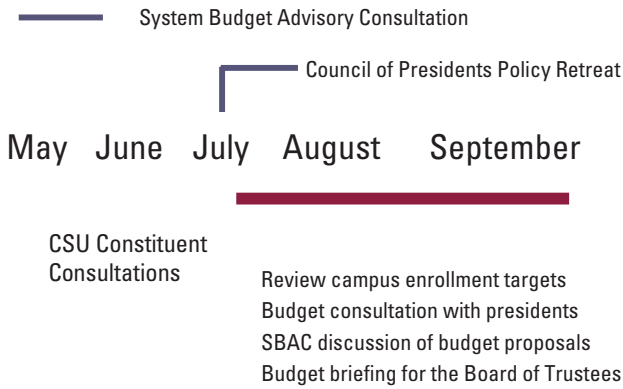
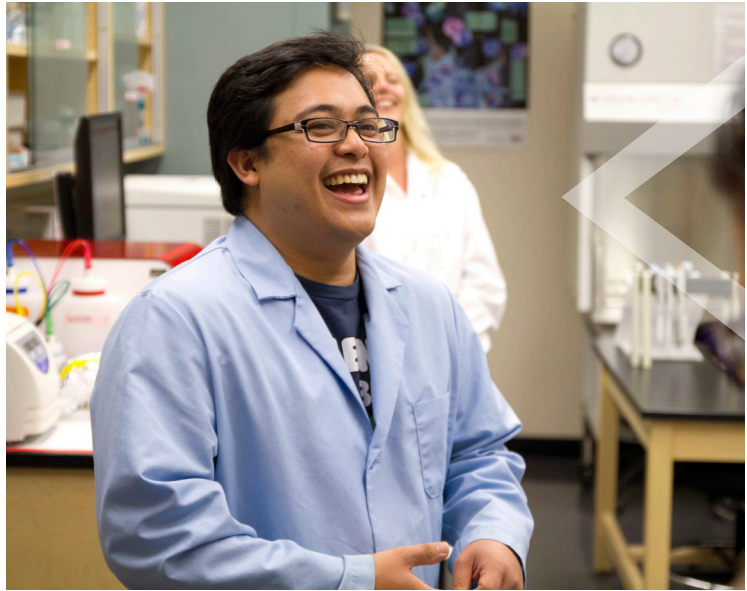


The 2015/16 budget plan includes funding to address the CSU's most urgent maintenance needs. The deferral of CSU priority maintenance needs have accumulated annually due to insufficient funding to address scheduled maintenance requirements in CSU final budget appropriations. This lack of funding has resulted in a backlog of systems and facilities past their useful life. Funding in the 2015/16 support budget is necessary to address the most critical renewal and repair projects that are part of the priority deferred maintenance backlog, including health and safety concerns at each campus (e.g., fire protection, structural repairs, roofing, HVAC, and elevators) to avert building and campus shutdowns. Facilities shutdowns will interrupt education services to students and impede the CSU's ability to provide a clean and safe work environment for faculty and staff. Without funding to begin addressing this need, emergency failures will continue to drive up deferral costs and CSU critical renewal needs will multiply.

At many CSU campuses, the utilities infrastructure is obsolescent, dating back more than a half century and in need of upgrade or replacement. The cost of repairing this infrastructure is high as electrical, gas and water systems continue to age. Because the utilities infrastructure is a core system to the CSU and its ability to educate its students at functioning, reliable campuses, funding included in the 2015/16 support budget is imperative to address the most critical projects that are part of the infrastructure backlog, including electrical distribution, utility system retrofit, natural gas piping, storm/sewer drain line, and plumbing and water systems. Power or water service interruptions and failures impede the CSU's ability to provide education services in a safe environment for students, faculty and staff. Without funding, failures and potential building and campus shutdowns will occur producing additional costs and the potential for further damage to systems and infrastructure.

DRAFT for Board of Trustees Consideration

Budget Cycle



DRAFT for Board of Trustees Consideration

Reference further 2015/16 Support Budget, Supplemental Documentation at www.calstate.edu/budget

401 Golden Shore, 5th Floor, Long Beach, CA 90802-4210

COMMITTEE ON FINANCE

Approval of the 2015-2016 Lottery Revenue Budget

Presentation By

Ryan Storm
Interim Assistant Vice Chancellor
Budget

Summary

The recommended 2015-2016 lottery revenue budget proposal is presented to the California State University (CSU) Board of Trustees as an action item. The board was presented with an information item on the lottery revenue budget proposal at its September 2014 meeting.

Background

On November 6, 1984, California voters approved Proposition 37, known as the California State Lottery Act of 1984. The Lottery Act is codified in Government Code Sections 8880-8880.72, and allows for expenditure of lottery dollars to supplement the total amount of money allocated for public education. The Act further stipulates legislative intent that allocated funds be used for the education of pupils and students, with no funds spent for the acquisition of property, construction of facilities, financing research, or any other non-instructional purpose. To date, CSU has received apportionments from the state on the basis of total full time equivalent students (FTES) cumulatively totaling \$1.03 billion, which equals approximately 4.5 percent of all lottery funds distributed for educational purposes. Recently, annual CSU Lottery Fund receipts have averaged around \$45 million per year.

Although the Lottery Act does not specifically define “education of pupil and students”, CSU has specified that lottery funds shall be used only for, and in support of, instruction or instructional-related purposes. In response to questions related to the use of lottery funds, the CSU adopted guidelines to ensure that lottery funds are used to improve instructional quality and academic environment.

Each year, the board is asked to adopt a systemwide lottery revenue budget that incorporates CSU guidelines and adheres to Lottery Act provisions. The budget identifies expected lottery receipts that the CSU will receive in the budget year and the program areas for allocation of those receipts, including an expenditure allowance for general management of CSU Lottery Fund operations by Chancellor’s Office staff. Approximately 90 percent of anticipated lottery receipts are allocated directly to campuses for instructionally-related programs and activities, including

resources for campus management, program administration, and reporting requirements of CSU Lottery Fund operations. Remaining funds are allocated for CSU programs that assist student education, such as summer arts and doctoral incentive programs. Less than two percent of budgeted lottery resources are used by the Chancellor's Office to manage CSU Lottery Fund operations. CSU allows for the carry forward of 80 percent of lottery allocations by the campuses to address long-range educational programs, instructional equipment purchases, or instructional program development that crosses several years. The CSU chief financial officer reviews campuses' lottery carry forward balances to ensure appropriateness and approves planned use of campuses' balances in excess of policy guidelines. The board has delegated authority to the chancellor for management of actual CSU Lottery Fund receipts, which are to be used to supplement the total amount of money allocated to CSU for public education in accordance with state statute. The state receives a formal report on actual lottery expenditures each May and the board receives a report on actual expenditures at its September and November meetings.

Discussion

The lottery revenue projection for 2015-2016 is \$49.1 million. The lottery revenue budget proposal reflects an increase in projected support from the prior year as a result of higher trends in lottery receipts with the recent addition of Powerball to the list of California Lottery offerings. After setting aside \$5 million for CSU's systemwide reserve, \$44.1 million is available for allocation. The proposed budget includes a \$3.1 million augmentation to fund expansion of the Early Start financial aid and Pre-Doctoral programs. The chancellor, as the chief executive officer of the CSU, is delegated authority for development and oversight of the lottery budget and for the deposit, control, investment, and expenditure of lottery funds received.

Beginning CSU lottery reserves of \$5 million are used to assist with cash flow variations due to fluctuations in quarterly lottery receipts and other economic uncertainties. CSU Lottery Fund interest earnings and increases in annual receipts are managed by the Chancellor's Office to supplement fiscal year operating budget needs in accordance with CSU Lottery Fund guidelines and CSU Revenue Management Program procedures.

Recommended 2015-2016 Lottery Budget

After setting aside \$5 million for beginning reserves, the \$44.1 million 2015-2016 lottery budget proposal remains principally designated for campus-based programs and three system-designated programs that have traditionally received annual lottery funding support. Of the \$44.1 million available for expenditure, \$4.5 million would be allocated to the three system-designated programs and systemwide administration as follows: the Chancellor's Doctoral Incentive Program (\$2 million) which provides financial assistance to graduate students to complete

doctoral study in selected disciplines of particular interest and relevance to the CSU; the California Pre-Doctoral Program (\$814,000) which supports students who aspire to earn doctoral degrees and who have experienced economic and educational disadvantages; the CSU Summer Arts Program (\$1.2 million) which offers academic credit courses in the visual, performing, and literary arts; and general management of CSU Lottery Fund operations (\$544,000).

The remaining \$39.5 million in 2015-2016 lottery funds would continue to be used for campus based programs (\$31.5 million) and to provide financial aid for the board-approved Early Start Program (\$8 million). Campus-based program funding is undesignated and allows presidents considerable flexibility in meeting unique campus needs. Traditionally, projects receiving campus-based funds have included replacement and purchase of new instructional equipment, curriculum development, and scholarships. Early Start Program funds reimburse need-based fee waivers provided by campuses to ensure that student financial hardship is not a barrier to enrollment in the Early Start summer curriculum. The program serves first time freshman students who are deficient in math and English skills through remedial instruction during the summer term prior to matriculation at CSU campuses. Campuses are reimbursed for financial aid tuition waivers based on actual student enrollment following the end of the summer program.

In fiscal year 2013-2014, similar to years prior, the majority of lottery allocations were spent on instructional and instructionally-related programs and services to supplement the CSU operating budget. The following table summarizes how lottery funds allocated for the 2013-2014 fiscal year were expended.

2013-14 Lottery Expenditure Report		
(in 000s)		
Program Support Area	Expenditures	Percentage of Total Expenditures
Academic	\$ 16,580	45.9%
Library Services	10,455	28.9%
Student Services	1,891	5.2%
Admin. & Program Costs	2,801	7.8%
Financial Aid	4,422	12.2%
Total Expenditures	\$ 36,149	100.0%

Note: The amount included in the table for lottery administration & program expenditures in 2013-14 includes both Chancellor's Office and campus costs.

The CSU lottery revenue budget recommended for 2015-2016 is as follows:

2015-16 Proposed Lottery Revenue Budget

	2014-15 Adopted Budget	2015-16 Proposed Budget
Sources of Funds		
Beginning Reserve	\$ 5,000,000	\$ 5,000,000
Receipts	41,000,000	44,100,000
Total Revenues	\$ 46,000,000	\$ 49,100,000
<i>Less Systemwide Reserve</i>	<i>(5,000,000)</i>	<i>(5,000,000)</i>
Total Available for Allocation	\$ 41,000,000	\$ 44,100,000
Uses of Funds		
<i>System Programs</i>		
Chancellor's Doctoral Incentive Program	\$ 2,000,000	\$ 2,000,000
California Pre-Doctoral Program	714,000	814,000
CSU Summer Arts Program	1,200,000	1,200,000
	\$ 3,914,000	\$ 4,014,000
<i>Campus-Based Programs</i>		
Campus Programs	\$ 31,542,000	\$ 31,542,000
Campus Early Start Financial Aid	5,000,000	8,000,000
	\$ 36,542,000	\$ 39,542,000
<i>Chancellor's Office Admin. & Program Costs</i>	\$ 544,000	\$ 544,000
Total Uses of Funds	\$ 41,000,000	\$ 44,100,000

Recommendation

The following resolution is presented for approval:

RESOLVED, by the Board of Trustees of the California State University, that the 2015-2016 lottery revenue budget totaling \$49.1 million be approved for implementation by the chancellor, with the authorization to make transfers between components of the lottery revenue budget and to phase expenditures in accordance with receipt of lottery funds; and be it further

RESOLVED, that a portion of campus-based program allocations be used to support student financial aid for the trustee-approved Early Start program; and be it further

RESOLVED, that the chancellor is hereby granted authority to adjust the 2015-2016 lottery revenue budget approved by the Board of Trustees to the extent that receipts are greater or lesser than budgeted revenue to respond to opportunities or exigencies; and be it further

RESOLVED, that a report of the 2015-2016 lottery revenue budget receipts and expenditures be made to the Board of Trustees.

COMMITTEE ON FINANCE

Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Projects at California State University Channel Islands and California Polytechnic State University, San Luis Obispo

Presentation By

George V. Ashkar
Assistant Vice Chancellor/Controller
Financial Services

Background

The Systemwide Revenue Bond (SRB) program provides capital financing for revenue-generating projects of the California State University such as student housing, parking, student union, health center, continuing education facilities, and certain auxiliary projects. Revenues from these programs are used to meet operational requirements for the projects and are used to pay debt service on the bonds issued to finance the projects. The strength of the SRB program is its consolidated pledge of gross revenues to the bondholders, which has improved the CSU's credit ratings and reduced its cost of capital. Prior to issuance of bonds, projects are funded through bond anticipation notes (BANs) issued by the CSU in support of the CSU's commercial paper (CP) program. The BANs are provided to the CSU Institute, a recognized systemwide auxiliary organization, to secure the CSU Institute's issuance of CP, proceeds from which are used to fund the projects. CP notes provide financing flexibility and lower short-term borrowing costs. Proceeds from the issuance of bonds are used to retire outstanding CP and provide any additional funding not previously covered by CP.

Summary

This item requests the CSU Board of Trustees authorize the issuance of long term SRB financing and the issuance of BANs to support interim financing under the CP program in an aggregate amount not-to-exceed \$299,045,000 to provide financing for two campus projects. The board is being asked to approve resolutions related to these financings. Long-term bonds will be part of a future SRB sale and are expected to bear the same ratings from Moody's Investors Service and Standard & Poor's as the existing SRBs.

The financing projects are as follows:

1. California State University Channel Islands Student Housing Phase III

The California State University Channel Islands Student Housing Phase III project is being presented to the board for the amendment of the Non-State Capital Outlay program and schematics during the November 2014 Committee on Campus Planning, Buildings and Grounds meeting. The project consists of approximately 600 beds, community living rooms and kitchens, study rooms, administrative office space, and a village courtyard environment. The campus received a positive recommendation for the project from the Housing Proposal Review Committee in September 2014.

The not-to-exceed par value of the proposed bonds is \$64,350,000 and is based on a total project budget of \$58,399,000 with a program reserve contribution of \$2,500,000. Additional net financing costs, such as capitalized interest and cost of issuance (estimated at \$8,451,000), are to be funded from bond proceeds. The project is scheduled to start construction in February 2015 with completion in July 2016.

The following table summarizes key information about this financing transaction.

Not-to-exceed amount	\$64,350,000
Amortization	Approximately level over 30 years
Projected maximum annual debt service	\$4,412,140
Projected debt service coverage including the new project: Net revenue – Channel Islands pledged revenue programs: ¹ Net revenue – Projected for the campus housing program:	1.42 1.37

1. Combines estimated 2013-2014 information for all campus' pledged revenue programs and projected 2017-2018 operations of the project with expected full debt service. Does not include any debt, revenues or expenses related to the Channel Islands Site Authority.

The not-to-exceed amount for the project, the maximum annual debt service, and the ratios above are based on an all-in interest cost of 5.74 percent, reflective of adjusted market conditions plus 1.00 percent as a cushion for changing financial market conditions that could occur before the permanent financing bonds are sold. The financial plan includes level amortization of debt service, which is the CSU program standard. The campus financial plan projects housing program net revenue debt service coverage of 1.37 in 2017-2018, the first full year of operations, which exceeds the CSU benchmark of 1.10 for the program. When combining the project with information 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 1.42, which exceeds the CSU benchmark of 1.35 for the campus. Exceeding the benchmark is desirable.

2. California Polytechnic State University, San Luis Obispo Student Housing South

The California Polytechnic State University, San Luis Obispo Student Housing South project was approved by the board as an amendment to the Non-State Capital Outlay program in May 2014 and will be presented to the board for schematic approval during the November 2014 Committee on Campus Planning, Building and Grounds meeting. The project consists of approximately 1,475 beds in seven residence halls totaling approximately 384,000 gross square feet. The project also includes a 483 space parking structure configured to a maximum of four stories, with one to two stories below grade, and incorporates complementary functions such as student gathering spaces, and housing and residential life staff offices. The campus received a positive recommendation for the project from the Housing Proposal Review Committee in March 2014.

The not-to-exceed par value of the proposed bonds is \$234,695,000 and is based on a total project budget of \$198,863,000 with a program reserve contribution of \$10,000,000. Additional net financing costs, such as capitalized interest and cost of issuance (estimated at \$45,832,000), are to be funded from bond proceeds. The project is scheduled to start construction in February 2016 with completion in July 2018.

The following table summarizes key information about this financing transaction.

Not-to-exceed amount	\$234,695,000
Amortization	Approximately level over 30 years
Projected maximum annual debt service	\$16,151,375
Projected debt service coverage including the new project: Net revenue – San Luis Obispo pledged revenue programs: ¹	1.58
Net revenue – Projected for the campus student housing program:	1.10

1. Based on campus projections of 2019-2020 operations of the project with expected full debt service.

The not-to-exceed amount for the project, the maximum annual debt service, and the ratios above are based on an all-in interest cost of 5.76 percent, reflective of adjusted market conditions plus 1.00 percent as a cushion for changing financial market conditions that could occur before the permanent financing bonds are sold. The financial plan includes level amortization of debt service, which is the CSU program standard. The campus financial plan projects housing program net revenue debt service coverage of 1.10 in 2019-2020, the first full year of operations, rising thereafter to exceed the CSU benchmark of 1.10 for the program. When combining the project with information 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 1.58, which exceeds the CSU benchmark of 1.35 for the campus. Exceeding the benchmark is desirable.

Trustee Resolutions and Recommended Action

Orrick, Herrington & Sutcliffe LLP, as bond counsel, is preparing resolutions to be presented at this meeting that authorize interim and permanent financing for the projects described in this agenda. The proposed resolutions will be distributed at the meeting and 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 \$299,045,000 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.

Approval of the financing resolutions for the projects as described in this Agenda Item 3 of the Committee on Finance at the November 12-13, 2014, meeting of the CSU Board of Trustees is recommended for:

California State University Channel Islands Student Housing Phase III

California Polytechnic State University, San Luis Obispo Student Housing South

COMMITTEE ON FINANCE

Real Property Development Project at California State Polytechnic University, Pomona for Innovation Village Phase V, Commercial Office and Research Facility for Southern California Edison Company

Presentation By

J. Michael Ortiz
President
California State Polytechnic University, Pomona

George V. Ashkar
Assistant Vice Chancellor
Financial Services

Summary

This agenda item requests approval of a public-private partnership for a 123,000 square foot commercial office and research building at California State Polytechnic University, Pomona. This development would be the fifth phase of the Innovation Village public-private partnership project.

Background

Innovation Village was approved by the California State University Board of Trustees in 1999 as a 960,000 square foot public/private development with multiple projects on 65 acres at California State Polytechnic University, Pomona and incorporated into the campus master plan at the July 2000 Board of Trustees meeting.

Innovation Village promotes and supports the transfer of technology, student and faculty professional advance and employment, and economic development. Significant benefits from the first four phases at Innovation Village include:

- Innovation Village tenant companies have developed collaborative relationships and research partnerships with the Colleges of Science and Engineering.
- The economic impact of Innovation Village as of 2011 has been estimated to be \$700 million annually to the local economy and is projected to be \$1.2 billion at full build-out of the project pursuant to an independent analysis by Stanley R. Hoffman Associates.

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- The long-term ground sub-leases ensure that Innovation Village is self-supporting and will return economic benefits to the university for many years.
- The infrastructure developed for Innovation Village has facilitated traffic circulation around campus through the extensions of Kellogg Drive and South Campus Drive, improved the walkable environment in this corridor of the campus and provided improvements to the campus potable water system.

The Board of Trustees has approved the following phases of development at Innovation Village:

- The Phase I project, approved in 2000 and opened in 2001, included a 52,000 square foot Center for Training, Technology and Incubation (CTTi). The CTTi project was financed in partnership with NASA, the Economic Development Administration, the California Technology, Trade and Commerce Agency, the College of Extended University, and the Cal Poly Pomona Foundation.
- The Phase II project, approved in 2003 included a 201,000 square foot blood processing facility for American Red Cross. The project was financed entirely by the American Red Cross and serves the Southern California Blood Services region.
- The Phase III project, approved in 2005 and opened in 2008 included a 123,000 square foot class "A" commercial office and research building financed entirely by Trammell Crow Company and subsequently purchased and occupied by the Southern California Edison Company for its Transmission and Distribution Business Unit.
- The Phase IV project, approved in 2006, included a 123,000 square foot office and research building. In this phase, Southern California Edison built its second building within Innovation Village.

Project Description

This project is the fifth development within the approved 65 acre site of Innovation Village and consists of a 123,000 square foot commercial office and research building, as well as 446 parking stalls on approximately 6.94 acres. The project will be located across Innovation Way and oriented toward Kellogg Drive. Construction is planned to commence in 2015. Trammell Crow will manage the development of the property on behalf of Southern California Edison.

The project will be financed entirely by Southern California Edison, which will have sole responsibility for the cost of construction and any ancillary costs associated with its development within Innovation Village. No state or trustee financing will be required and the project will not incur debt of any kind and will not be reflected on the CSU financial statements.

Summary of Agreement Terms

It is proposed that CSU enter into a ground lease with the Cal Poly Pomona Foundation, Inc., a recognized auxiliary organization. The Foundation will then sublease the land to Southern California Edison Company. The basic terms of the sublease agreement are as follows:

- The term of the lease will be for 75 years, with an option for one 15-year extension.
- Southern California Edison will finance and construct the project on approximately 6.94 acres of land.
- Base rent has been established at \$1.05 per square foot of gross land area (\$317,527/year at full base rent for the initial 5-year period).
- Rent escalation will occur every five years and is tied to the Consumer Price Index (CPI).
- Rent may increase by up to 20% in years 1-30 and 25% in years 31-75. The CPI increase can be as low as 0%, but cannot result in a reduction of rent from a previous period. If the 15-year option is exercised, the rental rate will be adjusted according to a new land appraisal and the new market rate will be discounted by 5%.
- Cal Poly Pomona (through the Foundation) will establish a reserve to pay for the demolition or renovation of the project, as necessary.
- All improvements revert to Cal Poly Pomona upon expiration of the ground lease and any exercised option.
- During the term of the ground sublease and any extensions thereof, if the improvements are sold or transferred, the Lessee will pay the Foundation a Transfer Fee.

Educational Benefits

This project holds significant benefits for the students and faculty at Cal Poly Pomona. Southern California Edison has historically been supportive of the mission of the university and a valuable partner in educational efforts for many years. Through its involvement on campus within the College of Engineering, Southern California Edison has provided opportunities for students to intern, hired graduates from the program, and provided financial support to the College. Southern California Edison has most recently given \$100,000 to support and encourage women in the field of engineering. Finally, Southern California Edison has engaged with the campus through two grants since January 2010 for a total of \$929,996 for a test battery energy storage system called the Tehachapi Wind Energy Storage project, and the second for upgraded HVAC facilities in the College of Engineering to include an advanced hands-on lab and educational training curriculum for educating engineering students in the design of efficient HVAC systems.

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Recommendation

The following resolution is presented for approval:

RESOLVED, By the Board of Trustees of the California State University that the Trustees approve the development of the Innovation Village Phase V Commercial Office and Research Facility at California State Polytechnic University, Pomona as described in Agenda Item 4 of the Committee on Finance at the November 12-13, 2014 and delegate to the Chancellor, the Executive Vice Chancellor and Chief Financial Officer, and their designees' the authority to execute agreements necessary to implement the plan for this project.

COMMITTEE ON FINANCE

2014-2015 Student Fee Report

Presentation By

Ryan Storm
Interim Assistant Vice Chancellor
Budget

Summary

As required by California State University Fee Policy, the CSU Board of Trustees is presented with an annual campus fee report to consider the level and range of campus-based mandatory fees charged to CSU students.

2014-2015 CSU Student Fee Report

Campus-based mandatory fees are charged to all students in order to enroll at a particular university campus. In addition, campuses charge miscellaneous course fees for some courses in order to add materials or experiences that enhance the basic course offerings. Campuses also charge fees for self-support programs, such as parking, housing, and student unions. As required by the CSU Fee Policy, this annual report focuses primarily on the campus-based mandatory fees.

The table on the following page displays the 2014-2015 academic year Category II campus-based mandatory fee rates by campus and by fee category. While student success fees are traditionally included in the Materials, Services, and Facilities (MSF) fee category, they are separately identified in this report to add an increased layer of transparency and accountability.

2014-2015 Category II Campus-Based Mandatory Fee Rates								
	Health Facilities	Health Services	Instructionally Related Activities	Materials Services & Facilities	Student Success Fee	Student Body Association	Student Body Center	Total Campus Fees
Bakersfield	\$6	\$285	\$162	\$57	\$0	\$363	\$447	\$1,320
Channel Islands	6	190	250	135	0	144	324	1,049
Chico	6	266	276	82	0	130	770	1,530
Dominguez Hills	6	150	10	5	35	135	326	667
East Bay	6	225	129	3	240	129	360	1,092
Fresno	6	216	264	46	0	69	226	827
Fullerton	6	156	72	72	121	148	268	843
Humboldt	6	408	674	311	0	114	186	1,699
Long Beach	6	90	50	10	346	120	358	980
Los Angeles	6	165	123	5	248	54	275	876
Maritime Academy	14	680	130	30	0	210	0	1,064
Monterey Bay	0	126	60	165	0	96	44	491
Northridge	6	118	30	5	216	176	526	1,077
Pomona	6	243	48	15	306	124	690	1,432
Sacramento	32	234	354	0	0	128	428	1,176
San Bernardino	39	221	146	15	162	123	372	1,078
San Diego	50	300	350	50	100	70	474	1,394
San Francisco	6	298	236	184	0	108	164	996
San Jose	113	276	0	30	590	172	670	1,851
San Luis Obispo	9	295	294	1,110	780	301	657	3,446
San Marcos	50	288	80	249	300	100	630	1,697
Sonoma	32	368	446	32	0	198	728	1,804
Stanislaus	16	354	300	268	0	120	156	1,214

The following table shows total campus-based mandatory fees by campus for the 2013-2014 and 2014-2015 academic years. As shown in the table, the systemwide average of campus-based mandatory fees increased by \$64, or 5 percent, from \$1,223 in 2013-2014 to \$1,287 in 2014-2015. Increases in these fees occurred for various reasons and some are notable. Some campuses have authorized annual incremental increases for certain fees that are tied to either the California Consumer Price Index or Higher Education Price Index. More specifically, new student success fees went into effect at Dominguez Hills, Fullerton, and San Diego (these fees were adopted in 2013-2014 before the state’s moratorium went into effect). Additionally, the Student Body Center fee was increased through student referendum at Pomona to construct a new student center, which accounts for the sizeable increase at that campus. While less common, fees may occasionally decrease from one year to the next. San Jose’s student success fee decreased as the campus revised its administrative methodology for its student success fee.

2013-2014 and 2014-2015 Category II Campus-Based Mandatory Fee Rates			
Campus	2013-14	2014-15	Increase
Bakersfield	\$1,305	\$1,320	\$15
Channel Islands	1,001	1,049	48
Chico	1,500	1,530	30
Dominguez Hills	632	667	35
East Bay	1,077	1,092	15
Fresno	815	827	12
Fullerton	714	843	129
Humboldt	1,672	1,699	27
Long Beach	869	980	111
Los Angeles	872	876	4
Maritime Academy	1,064	1,064	0
Monterey Bay	491	491	0
Northridge	1,053	1,077	24
Pomona	883	1,432	549
Sacramento	1,156	1,176	20
San Bernardino	1,078	1,078	0
San Diego	1,294	1,394	100
San Francisco	978	996	18
San Jose	1,871	1,851	-20
San Luis Obispo	3,252	3,446	194
San Marcos	1,597	1,697	100
Sonoma	1,762	1,804	42
Stanislaus	1,192	1,214	22
Average	\$1,223	\$1,287	\$64

2014-2015 CSU Comparison Institution Tuition and Fees

The 2014-2015 academic year is the fourth consecutive year with unchanged tuition rates in effect at CSU. Although not required by the CSU Fee Policy, prior annual student fee reports have included comparisons of CSU tuition and fee rates with other institutions, based on a list of institutions developed over twenty years ago by the former California Postsecondary Education Commission (CPEC). The tables that follow outline the systemwide average tuition and campus-based mandatory fees at the CSU as compared with other institutions' tuition and mandatory fees.

2014-2015 CSU Fees Benchmark

The 2014-2015 CSU comparison institution academic year *resident undergraduate*, student tuition and fees are provided below. The total of the CSU's tuition and average campus-based fees is lower than all but one of the 15 comparison public institutions selected by the former CPEC. The 2014-2015 comparison institution tuition and fee average is \$10,126, and the CSU tuition and fee average is \$6,759, or 33 percent below the comparison average. The following table lists the 2013-2014 tuition and fee rates with a comparison to 2014-2015 rates:

2014/15 Comparison Institution Academic Year – Undergraduate Resident Tuition and Fees				
Campus	2013/14	2014/15	Increase	
Rutgers University (Newark, NJ)	\$13,499	\$13,813	\$314	2.3%
Illinois State University (Normal, IL)	\$13,009	\$13,296	\$287	2.2%
University of Connecticut (Storrs, CT)	\$12,022	\$12,700	\$678	5.6%
Wayne State University (Detroit, MI)	\$12,014	\$12,396	\$382	3.2%
George Mason University (Fairfax, VA)	\$9,908	\$10,657	\$749	7.6%
University of Maryland, Baltimore County	\$10,068	\$10,384	\$316	3.1%
Georgia State University at Atlanta	\$9,928	\$10,240	\$312	3.1%
Arizona State University at Tempe	\$10,002	\$10,157	\$155	1.5%
Comparison Average	\$9,726	\$10,126	\$400	4.1%
Cleveland State University	\$9,448	\$9,636	\$188	2.0%
University of Colorado at Denver	\$7,658	\$9,510	\$1,852	24.2%
University of Wisconsin at Milwaukee	\$9,300	\$9,391	\$91	1.0%
State University of New York at Albany	\$9,230	\$9,260	\$30	0.3%
University of Texas at Arlington	\$8,878	\$8,878	\$0	0.0%
North Carolina State University	\$8,206	\$8,296	\$90	1.1%
California State University	\$6,695	\$6,759	\$64	1.0%
University of Nevada at Reno	\$5,745	\$6,639	\$894	15.6%

The 2014-2015 CSU comparison institution *resident graduate* tuition and fees are listed in the table below. The CSU has the lowest *resident graduate* tuition and fee rates among the 15 comparison institutions. The 2014-2015 comparison institution tuition and fee average is \$12,121, and the CSU tuition and fee average is \$8,025, or 34 percent below the comparison average. The following table lists the 2013-2014 tuition and fee rates with a comparison to 2014-2015 rates:

2014/15 Comparison Institution Academic Year – Graduate Resident Tuition and Fees				
Campus	2013/14	2014/15	Increase	
Rutgers University (Newark, NJ)	\$14,596	\$18,747	\$4,151	28.4%
University of Maryland, Baltimore County	\$15,576	\$16,296	\$720	4.6%
Wayne State University (Detroit, MI)	\$14,848	\$15,352	\$504	3.4%
University of Connecticut (Storrs, CT)	\$13,662	\$14,472	\$810	5.9%
Cleveland State University	\$13,544	\$13,816	\$272	2.0%
George Mason University (Fairfax, VA)	\$12,038	\$12,414	\$376	3.1%
Comparison Average	\$11,053	\$12,121	\$1,068	9.7%
State University of New York at Albany	\$11,295	\$11,920	\$625	5.5%
University of Wisconsin at Milwaukee	\$11,596	\$11,686	\$90	0.8%
North Carolina State University	\$9,352	\$11,496	\$2,144	22.9%
Arizona State University at Tempe	\$10,818	\$11,303	\$485	4.5%
Georgia State University at Atlanta	\$10,480	\$10,814	\$334	3.2%
University of Colorado at Denver	\$9,432	\$10,452	\$1,020	10.8%
University of Texas at Arlington	\$10,200	\$10,200	\$0	0.0%
University of Nevada at Reno	\$6,958	\$8,584	\$1,626	23.4%
Illinois State University (Normal, IL)	\$8,034	\$8,362	\$328	4.1%
California State University	\$7,961	\$8,025	\$64	0.8%

CSU ranked among the bottom quartile for *nonresident undergraduate* tuition and fees of the CSU's public peer comparison institutions. CSU nonresident undergraduate tuition (which includes the systemwide tuition charge) and fee is \$17,919 per academic year in 2014-2015. This is approximately 25 percent below the comparison average rate of \$23,883.

2014/15 Comparison Institution Academic Year – Undergraduate Non-Resident Tuition and Fees				
Campus	2013/14	2014/15	Increase	
University of Connecticut (Storrs, CT)	\$30,970	\$32,880	\$1,910	6.2%
George Mason University (Fairfax, VA)	\$28,592	\$30,235	\$1,643	5.7%
Rutgers University (Newark, NJ)	\$27,523	\$28,591	\$1,068	3.9%
Georgia State University at Atlanta	\$28,138	\$28,450	\$312	1.1%
University of Colorado at Denver	\$21,781	\$27,030	\$5,249	24.1%
Wayne State University (Detroit, MI)	\$25,996	\$26,826	\$830	3.2%
Arizona State University at Tempe	\$23,654	\$24,503	\$849	3.6%
Comparison Average	\$22,082	\$23,883	\$1,801	8.2%
North Carolina State University	\$21,662	\$23,551	\$1,889	8.7%
University of Maryland, Baltimore County	\$21,642	\$22,682	\$1,040	4.8%
State University of New York at Albany	\$19,550	\$20,900	\$1,350	6.9%
Illinois State University (Normal, IL)	\$20,450	\$20,886	\$436	2.1%
University of Nevada at Reno	\$19,655	\$20,549	\$894	4.5%
University of Texas at Arlington	\$14,188	\$20,274	\$6,086	42.9%
University of Wisconsin at Milwaukee	\$19,028	\$19,119	\$91	0.5%
California State University	\$17,855	\$17,919	\$64	0.4%
Cleveland State University	\$12,628	\$17,738	\$5,110	40.5%

Conclusion

For the fourth straight academic year, the CSU systemwide tuition rate has not changed. Systemwide, campus-based mandatory fees increased between 2013-2014 and 2014-2015 by an average of \$64 per student. When compared to peer institutions, a CSU education is the most or second most affordable institution. Those already low rates, coupled with the many institutional financial aid programs offered at the CSU have made a CSU education an affordable option for students from all socio-economic backgrounds. To illustrate this, below are some statistical examples, based on currently available data:

- About 76 percent of all CSU students (319,000) received nearly \$3.8 billion in total financial assistance.
- 57 percent of undergraduates have their tuition fully covered by grants or waivers.
- 51 percent of CSU baccalaureate recipients graduated with zero education loan debt.
- Of the 49 percent who graduated with debt, the average loan debt of \$18,460 is lower than the California average of \$20,269 and well below the national average of \$29,400.

COMMITTEE ON FINANCE

Working Group on Category II Student Success Fee

Presentation By

Timothy P. White
Chancellor

Summary

In response to the charge of the chair of the California State University Board of Trustees and the requirements of Section 89712 of the California Education Code, the preliminary findings and recommendations of the Working Group on Category II Student Success Fee will be presented as an information item.

Working Group on Category II Student Success Fee Overview

In June 2014, the governor signed SB 860, Chapter 34, which amended the state Education Code to place a moratorium on approval of new California State University (CSU) student success fees until January 1, 2016. The legislation further required the chancellor to conduct a review of student success fees during fiscal year 2014-2015 and make recommendations to the trustees on changes to the fee policy. On June 20, 2014, the chair of the Board of Trustees formed a Working Group on Category II Student Success Fee to study the role, process, and enactment of category II campus-based mandatory student success fees.

The working group was charged with studying and presenting findings on the process and history of this fee including its notification, accountability, and outcome reporting processes; impact on student success and affordability; and the inequity of its application across the 23-campus CSU system. A preliminary report on the membership of the working group, its charge, and the initial review of the fee process at the 12 campuses that have enacted student success fees was presented to the board at its September 2014 meeting.

Preliminary Findings

Various category II fees, often called “success fees” which began in 2008, are required for students to enroll and attend at 12 of the CSU campuses. These fees have often been enacted in response to significant reductions in state financial support to the CSU and individual campus needs. As a result of these funding cuts, administrators have turned to these fees in their on-going good-faith efforts to provide the quality educational experiences students deserve. This working group applauds and supports the goals and intentions of the campus administrators in their efforts.

Success fees have been used in a number of ways, depending on each campus' decision. Some campuses have dedicated significant portions of the student success fee revenues for new technology, campus-wide WiFi, library hours, veteran services, career services, athletics and additional benefits for students that would otherwise be unfunded. At least one campus was very specific in rejecting any use of success fees for purposes that historically were sufficiently covered by tuition and state appropriation. Other campuses have used success-fee revenues to hire additional faculty, advisors, counselors and tutors, provide more courses and fund other educational needs traditionally supported in part by tuition and state appropriation.

In January 2011, Executive Order 1054 mandated fee structures and procedures that stated, "The policy presumes that a student fee referendum will be conducted before adjusting or establishing category II fees. The president, however, may waive the referendum requirement if he/she determines that a referendum is not the best mechanism to achieve appropriate and meaningful consultation."

Of the 12 campuses with success fees, 10 did not have student referendums. Two campuses had referendums that supported the fees, but one of those campuses allowed students to vote only if they had proof of attending alternative consultation meetings about the fee proposal. A third campus administration did not support a campus-wide referendum and a vote by the Student Fee Advisory Committee rejected the proposed fee. Despite the student rejection, the fee was imposed by the prior administration.

According to some administrators, "alternative consultation" meetings were used instead of student votes due to historically low turnout in campus voting. Other campuses relied on alternative consultation to educate and inform students as well as receive their input to finalize a recommendation to the president and chancellor.

Success fees have recently engendered controversy on some campuses, in the legislature (with the moratorium through 2015 on any new success fees), and among the public as exemplified by media coverage and negative editorial comments. Concerns have included increased fees being imposed on students who may already be struggling financially, lack of legitimacy in conducting student voting without restrictions, lack of transparency at some campuses regarding how funds from the success fees are allocated, and use of these funds for classroom purposes historically covered by tuition and state funding. Using success fees for classroom purposes historically covered by tuition and state funding may be cause for concern because a) decisions about the imposition of tuition are associated with category I fees and are decided by the Board of Trustees and not others, and b) the governor's four-year budget plan for the CSU is clearly linked to an understanding of a moratorium on tuition increases.

Preliminary Recommendations

The Working Group on Category II Student Success Fee therefore recommends a rigorous consultation process be undertaken to inform and educate students on the uses, impact, and cost of a proposed student success fee. Following consultation, a binding student vote shall be taken. All students who are eligible to vote in student government elections shall be eligible to vote on the student success fee proposal.

All success fee plans now in place shall remain unchanged, including any previously established increments. A campus that considers a net new addition to an existing fee shall proceed as described in the above paragraph. Any campus proposing a new fee or an increase to an existing fee not already scheduled will consult with the chancellor and must receive approval on the process before proceeding. Success fee proposals may not be brought before the student body more frequently than once per academic year.

If the proposed fees are accepted by a simple majority of the students voting, imposition of the fees shall still be contingent on approval by the campus president and chancellor.

The working group further recommends that each campus be required to have a transparent, online accountability protocol that clarifies the decision process and allocation of fees. All campuses shall be held to this standard for any existing and new student success fees imposed in the future. In addition, all campus advisory groups that recommend or make final decisions on fund allocations shall include majority student representation.

Remaining Discussion Items

The workgroup, while unanimously supportive of the above recommendations, did not reach consensus on the approval authority for category II fees if such fees are for classroom purposes and historically are covered by tuition and state funding. On one hand, workgroup members support the existing policy that the chancellor has authority. An alternative view is the Board of Trustees should be the approval authority.

AGENDA

COMMITTEE OF THE WHOLE

Meeting: 10:30 a.m., Thursday, November 13, 2014
Glenn S. Dumke Auditorium

Lou Monville, Chair
Rebecca D. Eisen, Vice Chair
Roberta Achtenberg
Talar A. Alexanian
Kelsey Brewer
Adam Day
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lupe C. Garcia
Steven M. Glazer
Lillian Kimbell
Hugo N. Morales
J. Lawrence Norton
Steven G. Stepanek

Consent Items

Approval of Minutes of Meeting of March 26, 2014

Discussion Items

1. Title IX Compliance Update - Preventing, Addressing and Eliminating Sexual Violence on California State University Campuses, *Information*

**MINUTES OF MEETING OF
COMMITTEE OF THE WHOLE**

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

March 26, 2014

Members Present

Bob Linscheid, Chair
Roberta Achtenberg
Talar A. Alexanian
Adam Day
Rebecca D. Eisen
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lupe C. Garcia
Steven M. Glazer
Lillian Kimbell
Lou Monville
Hugo N. Morales
J. Lawrence Norton
Steven Stepanek
Cipriano Vargas
Timothy P. White, Chancellor

Approval of Minutes

Chair Linscheid, hearing no objections, approved the minutes of September 25, 2013.

Discussion

Chancellor White introduced and welcomed guests Janet Napolitano, University of California President and Brice Harris, California Community Colleges Chancellor. Chancellor White expressed the commitment of the three segment leaders to reinvigorate California's Commitment to Higher Education. He also noted that the California State University East Bay campus will host the first California Public Higher Education Collaborative Financial and Administrative Services Conference.

President Napolitano presented her perspective regarding the segments' cooperation initiative to collectively improve public higher education for California's students.

President Napolitano provided specific examples of how the segments have worked together to lower costs.

Chancellor Harris, also offered his perspective on segmented cooperation in higher education. He noted the challenges of enhancing transfers, joining efforts in purchasing and business services, and the need for more outreach at the K-12 level.

Chair Linscheid thanked Chancellor White, President Napolitano and Chancellor Harris for their presentations and opened the floor for questions.

Trustee Perez offered his view that public education is in a much better place today because of the cooperation between the three system leaders.

Trustee Monville expressed his appreciation for the ongoing partnership among the three leaders as it relates to AB 1440 and transfer students.

General Counsel's Report

Executive Vice Chancellor and General Counsel Framroze Virjee presented his semi-annual report regarding significant litigation facing the CSU, including a PowerPoint presentation depicting litigation and claim statistics.

The meeting adjourned.

COMMITTEE OF THE WHOLE

Title IX Compliance Update - Preventing, Addressing and Eliminating Sexual Violence on California State University Campuses

Presentation By

Framroze Virjee
Executive Vice Chancellor
and General Counsel

Dianne Harrison
President
California State University, Northridge

Leslie E. Wong
President
San Francisco State University

Summary

This is an update regarding systemwide and campus efforts to prevent, address and eliminate sexual harassment and sexual violence in our campus communities. The safety and well-being of our students, employees, and campus visitors is of utmost importance. The University is committed to creating and sustaining an educational and working environment free of gender discrimination, sexual harassment, sexual violence, domestic violence, dating violence, and stalking.

Background

The issue of sexual violence on campus has been on the national, state and local stage. Our policies and procedures are being questioned and scrutinized by federal and state officials, the public, and most importantly, by our employees, students and their families. We recognize and affirm our responsibility to not only provide a safe environment for everyone, but also our responsibility to increase awareness of sexual violence, prevent its occurrence, and appropriately respond when incidents occur. In addressing these issues of gender-based misconduct, all members of the University community must come together to respect and care for one another in a manner consistent with our deeply held academic and community values.

Our policies and procedures are intended to ensure a safe and non-discriminatory educational and working environment, and to comply with Title IX of the Education Amendments of 1972

(20 U.S.C. §§ 1681 *et seq.*) and related regulations (34 C.F.R. Part 106) (Title IX); the Violence Against Women Reauthorization Act of 2013 (which amends the Jeanne Clery Disclosure of Campus Security and Campus Crimes Statistics Act, commonly known as the Clery Act) (20 U.S.C. 1092(f)) (VAWA) under its Campus Sexual Violence Elimination Act provision (Campus SaVE Act); Title IV of the 1964 Civil Rights Act (42 U.S.C. §§ 2000c *et seq.*); the California Equity in Higher Education Act (Cal. Educ. Code §§ 66250 *et seq.*); California Education Code §§ 67380, 67385.7, 67386 and 67390-91; and the Governor's 2004 *California Campus Blueprint to Address Sexual Assault*.

Legislative Requirements

Title IX is a federal law that applies to educational institutions receiving federal financial assistance and prohibits discrimination on the basis of gender in an educational institution's programs or activities, including employment, academic, educational, extracurricular and athletic activities (both on and off campus). Title IX protects all people regardless of their gender or gender identity from gender discrimination, including sexual harassment and sexual violence, which are forms of gender discrimination. Title IX requires institutions to take necessary steps to prevent sexual assault on their campuses, and to respond promptly and effectively when an assault is reported. The Clery Act requires colleges and universities to report annual statistics on crime, including sexual assault and rape, on or near their campuses, and to develop and disseminate prevention policies. VAWA/Campus SaVE Act clarifies that "sexual violence" includes domestic violence, dating violence and stalking, which must be included in campus Clery reports, and also requires that institutional policies address and prevent sexual violence through training, education, and certain discipline procedures.

The California Equity in Higher Education Act prohibits discrimination based on any protected status, including gender, in all postsecondary institutions in the state. California Education Code §§ 67385.7 *et seq.* requires the CSU to provide educational and preventive information about sexual violence to students. The *California Campus Blueprint to Address Sexual Assault* provides guidance on steps that should be taken to improve individual campus responses to sexual assault.

Together, these laws require CSU campuses to (1) publish and widely disseminate a notice of nondiscrimination on the basis of gender; (2) designate one employee to coordinate Title IX compliance on each campus (including compliance with VAWA/Campus SaVE Act, and all other relevant gender discrimination/harassment/violence legislation); (3) adopt appropriate complaint and investigation procedures; (4) implement education and prevention programs for students and employees, as well as victim resource programs for victims of sexual harassment or sexual violence; (5) provide written rights and options information to victims of sexual violence; (6) provide training to the campus community on how to prevent, identify and report gender discrimination (including sexual harassment and sexual violence); (7) provide training on how to

conduct investigations to those employees who investigate allegations of gender discrimination (including sexual harassment and sexual violence); and (8) provide related training to student conduct hearing officers.

CSU Executive Orders

After several months of revision and collaboration across divisions and with all campus constituencies, Executive Orders 1095, 1096, 1097 and 1098 were issued on June 3, 2014.¹ These executive orders set forth CSU's systemwide policies and procedures related to gender-based discrimination complaints, investigation procedures, and student conduct rules:

Executive Order 1095 – Implementation of Title IX, VAWA/Campus SaVE Act, and Related Sex Discrimination, Sexual Harassment and Sexual Violence Legislation (<http://www.calstate.edu/EO/EO-1095.pdf>).

Executive Order 1096 – Systemwide *Policy* Prohibiting Discrimination, Harassment and Retaliation Against Employees and Third Parties and *Procedure* for Handling Discrimination, Harassment and Retaliation Allegations by Employees and Third Parties (<http://www.calstate.edu/EO/EO-1096.pdf>).

Executive Order 1097 – Systemwide *Policy* Prohibiting Discrimination, Harassment and Retaliation Against Students and Systemwide *Procedure* for Handling Discrimination, Harassment and Retaliation Complaints by Students (<http://www.calstate.edu/EO/EO-1097.pdf>).

Executive Order 1098 – Student Conduct Procedures (<http://www.calstate.edu/EO/EO-1098.html>).

Although new federal regulations were not implemented until October 2014, we were expected to make a good faith effort to comply with VAWA/the Campus SaVE Act in the interim, which we have done. Examples of some of the new, key provisions include: (1) new definitions for sexual violence, dating violence and stalking; (2) a detailed consent definition (which is already compliant with California Senate Bill 967, signed by the Governor in September 2014); (3) a Victim's Rights and Options Notice; (4) confidential reporting options; (5) improved reporting, complaint and investigation procedures; (6) coordination between Title IX administrative and separate law enforcement proceedings; (7) simultaneous notice and disclosure of investigation and discipline outcomes to the victim and accused; (8) mandatory training for new students and employees; (9) mandatory annual training for all employees involved in implementing these policies; (10) additional mandatory education, prevention, awareness and outreach programs and training for all students and employees; (11) on and off campus victim resources and support.

¹ Formerly, Title IX and related laws and guidance were addressed in Executive Orders 1072, 1073, 1074 and 1089.

These executive orders represent just the beginning of our efforts to address the serious problem of sexual violence on campus.

Recent New and Pending Laws and Guidance

In addition to Title IX, Clery, VAWA/the Campus SaVE Act and a variety of state statutes, several new laws and guidance have recently either been issued, or are pending, at the federal and state levels. These new laws and guidance will be incorporated into the next round of executive order revisions, as appropriate.

On the federal side, detailed new VAWA/Campus SaVE Act regulations were published last month, and will take effect in July 2015. United States Senator Barbara Boxer's Survivor Outreach and Support (SOS) Campus Act is pending. That bill, among other things, calls for independent, confidential sexual assault advocates on every campus. The CSU had already committed to have these confidential advocates in place by June 2015 pursuant to the California State Auditor's Report on Sexual Harassment and Sexual Violence at California universities (discussed below). The Campus Accountability and Safety Act (CASA) is also pending. If passed, this legislation will establish a framework for investigations, and penalties and fines to encourage sexual violence reporting. The bill also prohibits university departments – including athletic departments – from conducting their own investigations. It also calls for a federally created, maintained and implemented campus climate survey regarding sexual violence, which will be voluntary as early as 2015, but likely mandatory in 2016. The HALT Campus Sexual Violence Act is also pending. This bill increases transparency and reporting of campus sexual violence and improves enforcement. Clery violation penalties would be increased from \$25,000 to \$100,000, and would make climate surveys mandatory in 2016. HALT also creates a private cause of action for Clery violations, with appropriate equitable relief and compensatory damages. A private right of action already exists under Title IX and the California Education Code.

The Department of Education's Office for Civil Rights (OCR) issued its April 2014 *Questions and Answers on Title IX and Sexual Violence* (Q&A). While this document is guidance and not law, it constitutes the OCR's position on technical assistance, interpretation and best practices related to its *2011 Dear Colleague Letter on Sexual Harassment*. The Q&A further clarifies requirements on a variety of issues: (1) Title IX procedural requirements, including the preponderance of the evidence standard; (2) all students are protected by Title IX, including international students, undocumented students, and LGBTQ students; (3) the campus obligation to respond to sexual violence; (4) responsible employees and reporting; (5) confidentiality weighed against the University's obligation to respond to sexual violence; (6) investigations and hearings; (7) interim measures to support victims; (8) remedies and notices of outcome; (9) appeals; (10) Title IX training, education and prevention efforts; (11) retaliation prevention and response; (12) First Amendment issues; and (13) the intersection between Title IX, Clery and VAWA/Campus SaVE Act.

The United States White House Task Force *Not Alone* report is a significant guidance resource to inform efforts and responses to sexual violence on campus. The report includes: (1) several resource documents and toolkits; (2) recommendations for campus climate surveys; (3) information related to engaging men and bystanders in prevention and awareness efforts; and (4) information regarding effective response to student sexual assaults that is comprehensive and trauma-informed. The report calls for greater transparency and improved enforcement, which includes the federal government's increased investigation efforts and the OCR's public posting of information regarding all schools being investigated.

United States Senator Claire McCaskill's recent report provides several key recommendations to address and eliminate sexual violence on campus: (1) annual student climate surveys; (2) encouraging reporting; (3) additional training; (4) provision of adequate support services for victims; (5) emphasis on a team approach; (6) protocols on how University administration and law enforcement will coordinate efforts; (7) best practices for adjudication efforts; (8) athletic departments should not oversee their own complaints and investigations; (9) balancing the rights of victims with the rights of perpetrators; (10) preponderance of the evidence standard; and (11) use of effective penalties to hold perpetrators accountable and ensure campuses are safe.

The *It's On Us* campaign was launched in September 2014 as an awareness and cultural movement campaign aimed at fundamentally shifting the way we think about sexual assault. The campaign invites everyone to realize the solution begins with all stakeholders. Everyone needs to create an environment, be it in a dorm room, at a party, in a club or sports team, or the greater college campus community, where sexual assault is unacceptable and survivors are supported. The campaign includes branding, public service announcements, posters, and social and digital media that can be used by all universities nationwide to get the word out.

In California, there are a number of laws and significant guidance related to sexual violence on campus. Perhaps most significant, Senate Bill 967, the "Yes Means Yes" bill, was signed by Governor Brown in September 2014. This bill is the first of its kind in the United States. We worked alongside various groups and Sacramento lawmakers on this bill which defines consent as "an affirmative, conscious, and voluntary agreement to engage in sexual activity." CSU's executive orders are already substantially compliant with SB 967. CSU's executive orders contain a detailed and comprehensive consent definition including the following language: "An informed, affirmative, conscious decision by each participant to engage in mutually agreed upon sexual activity." SB 967 also sets out a number of protocols to include in detailed and trauma-informed policies and procedures that must be based on "best practices and current professional standards."

The California State Auditor's (CSA) June 2014 *Report on Campus Sexual Harassment and Sexual Violence* sets forth recommendations for implementation at all CSU campuses. After

reviewing UCLA, UC Berkeley, San Diego State, and Chico State, the CSA made recommendations for implementing better/improved efforts around addressing and preventing sexual harassment and sexual violence on campus. Chancellor White agreed to implement each of the recommendations on every CSU campus by June 24, 2015. Many if not most of the recommendations have been or are being implemented on every campus now. The recommendations include: (1) annual training for all faculty and staff; (2) training for all resident advisors/campus housing staff twice a year; (3) annual training for all athletics coaches, staff and student athletes; (4) training for all incoming students as close as possible to when they arrive on campus for the first time, but no later than the first two weeks of their first term; (5) training for all fraternity and sorority members that is focused on their activities, including rape awareness; (6) determining what student groups on each campus are at risk and ensuring they receive annual training; (7) refresher training for all students on how to handle and report incidents, including bystander intervention training; (8) appropriate distribution and posting of written policies and CSU's notice of nondiscrimination to all students and employees at the beginning of every academic year, and at new student orientations; (9) imposition of consequences/sanctions, like registration holds or student discipline, when students fail to complete required education and training; (10) confidential resource advocates to help students obtain the services they need when they experience an incident of sexual harassment or sexual violence; (11) wide distribution of a Title IX brochure; (12) a document that explains what students can expect from the complaint process with an overview of the process, relevant timelines, the legal standard (preponderance of the evidence), issues related to confidentiality, and expectations regarding notification of case status updates and outcomes; (13) provision of regular updates on the status of an investigation to both parties, and timely notice of resolution of the investigation; (14) maintenance of appropriate records; (15) regular evaluation of timeliness of investigations in a systematic manner, to ensure that investigations are completed within the established timelines; (16) ensuring that all complaints and reports are fully resolved and appropriate discipline is imposed; (17) creating a summary of student incidents reported to the university; (18) evaluating this summary data to identify trends specific to demographics, as well as timing, location and frequency of incidents to better inform strategies to protect students and direct outreach efforts; (19) establishing campus-based sexual violence task forces or committees that includes participants such as high level campus administrators, academic leaders, and student leaders.

Recent CSU Milestones and Campus Practices

CSU executive orders were revised to include new laws and guidance as of the spring 2014. A process has been developed for regular review and revision of these executive orders as the law and guidance continues to evolve and change. Significant revisions are currently underway to incorporate new laws and guidance since spring 2014 – a cross-divisional effort and collaboration between the Chancellor's Office and all 23 campuses.

We have recently hired a systemwide Title IX Compliance Officer – which we believe is the first position of its kind in the nation. Our new system Title IX officer is scheduled to start working on December 1, 2014. The position's primary duties will include: (1) providing oversight, technical assistance, leadership, and guidance over institutional efforts to coordinate system compliance; (2) responsibility for system strategic initiatives, programs and projects; (3) ensuring all executive orders, policies and procedures are adequate and up-to-date; (4) ensuring all 23 campuses are consistently implementing practices and standards; (5) serving as primary system liaison for, trainer of, advisor to, facilitator of, and support for all 23 campus T9C's and other administrators involved in gender/sex DHR issues/matters; (6) preparing reports on the number, nature, and disposition of all complaints, investigations, and adjudications – identifying patterns, if any, and making recommendations to resolve them and increase prevention efforts; (7) working collaboratively with all university partners to assess effectiveness of efforts to prevent and eliminate sexual harassment and violence; (8) coordinating with outside agencies and other institutions regarding compliance, related policies and best practices; and (9) representing the CSU at government and legislative hearings.

We have engaged in extensive training on a systemwide basis and at the campus level. In June 2014, a full day, systemwide in-service training was attended by over 100 campus and Chancellor's Office personnel, and live-streamed to hundreds of other campus employees and administrators. We have reviewed and vetted student online training modules for use at each campus. We have also reviewed and vetted an employee online training module. In turn, each campus has engaged in a full array of training sessions, both in-person and online, for students and employees.

A confidential Title IX SharePoint site and separate listserv have been established, along with a system Title IX Coordinator Committee made up of six campus-based Title IX Coordinators, who regularly collaborate with members of the Human Resources, Academic Affairs, and General Counsel's offices.

A systemwide Chancellor's Office Work Group has been established to work with each of the campuses to assist with implementation of the California State Auditor's recommendations. The Work Group is collaborating with, advising, and helping to develop action plans for each campus to fully implement the recommendations before June 24, 2015.

As a result of meetings and discussions amongst the campus Presidents at Executive Council meetings, each campus President has established their own action plans to address the problem of sexual harassment and sexual violence on their campuses.

And these are just the beginning of our efforts. Each campus has developed an array of good practices to lead and implement in creative and innovative ways to get the word out. One size does not fit all as every campus is unique. Each campus has its own customized approach to engaging in prevention and awareness campaigns. Among the many ongoing campus efforts are:

(1) easy to find and use webpages containing critical information for students and employees; (2) outreach efforts; (3) creative and innovative live and online training tools for targeted student groups where risk is high; (4) smartphone applications, and other multi-media tools such as video presentations, handouts, brochures, and flyers; (5) campus-based sexual assault advocates and centers; and (6) memoranda of understanding and/or partnerships with community resources, such as 24-hour rape crisis centers.

Conclusion

It is up to us to set the tone, change existing cultures, and break down barriers. We must devote sufficient resources to not only meet our significant compliance obligations, but shine and lead to get out ahead of the curve and stay there. We need to get the word out, think ahead, and provide resources and support to those who are victimized by sexual assault. The challenges are great: (1) regularly updating our policies and procedures as the law and guidance rapidly evolve; (2) updating and improving our training and prevention efforts to conform with trauma-informed good practices and policy revisions; (3) significant staffing and resource constraints; (4) Title IX Coordinator and staff fatigue as they implement these new requirements and try to stay ahead of the tidal wave of requirements and responsibilities; (5) weighing victim requests for confidentiality against the need to prevent and correct; (6) partnering with our bargaining units to ensure their involvement and commitment to prevent and eliminate sexual harassment and sexual violence; and (7) staying in compliance in order to avoid federal and state investigations, and resulting fines and penalties.

While it may seem counterintuitive, more incident reporting is a good thing in the long run. Without adequate reporting, we are hindered in our awareness and prevention efforts. Without adequate reporting, we cannot fully address incidents of sexual violence and prevent them from recurring in the future. We want to encourage everyone in the campus community that it is safe to report what happens to them, and to assure them that the full force of the CSU's efforts will come to bear to eliminate, prevent and address sexual harassment and sexual violence on and off campus.

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

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

November 13, 2014

Presiding: Lou Monville, Chair

11:30 a.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 September 10, 2014

Board of Trustees

1. Conferral of Title of President Emeritus: Dr. J. Michael Ortiz, *Action*
2. Conferral of Title of Executive Vice Chancellor Emeritus: Ephraim P. Smith, *Action*

Committee Reports

Committee on Collective Bargaining: *Chair—Roberta Achtenberg*

Committee on Governmental Relations: *Chair—Douglas Faigin*

Committee on Institutional Advancement: *Chair—Steven Glazer*

1. Naming of a Facility—California State Polytechnic University, Pomona

*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 of Educational Policy: *Chair—Debra S. Farar*

Joint Committees on Educational Policy and Finance: *Chair— Debra S. Farar*

1. Approval of the Academic Sustainability Plan

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

1. New Capital Financing Authority and Revisions to the California State University Policy for Financing Activities

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

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

1. Amend the 2014-2015 Non-State Funded Capital Outlay Program for California State University Channel Islands, California State University, Northridge, and California State Polytechnic University, Pomona
2. Approval of Schematic Plans for California State University Channel Islands, California State Polytechnic University, Pomona and California Polytechnic State University, San Luis Obispo
3. Approval of the 2015-2016 Capital Outlay Program and the 2015-2016 through 2019-2020 Five-Year Capital Improvement Program

Committee on University and Faculty Personnel: *Chair—Lillian Kimbell*

1. Executive Compensation: President, California State Polytechnic University, Pomona
4. Compensation for Executives

Committee on Finance: *Chair—Roberta Achtenberg*

1. Approval of the 2015-2016 Support Budget Request
2. Approval of the 2015-2016 Lottery Revenue Budget
3. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Projects at California State University Channel Islands and California Polytechnic State University, San Luis Obispo
4. Real Property Development Project at California State Polytechnic University, Pomona for Innovation Village Phase V, Commercial Office and Research Facility for Southern California Edison Company

Committee of the Whole: *Chair—Lou Monville*

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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**

September 10, 2014

Trustees Present

Lou Monville, Chair
Talar Alexanian
Kelsey Brewer
Adam Day
Rebecca D. Eisen
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lupe Garcia
Steven Glazer
Lillian Kimbell
Steven Stepanek
Timothy P. White, Chancellor

Chair Monville called the meeting to order.

Public Comment

The Board of Trustees heard from several individuals during the public comment period: Mike Geck, CSUEU, thanked the Board for coming to a tentative agreement that was fair and urged the Presidents to work towards rewarding faculty for their time and dedication; Tessy Reese, CSUE San Diego State, read a letter on behalf of a member with regards to the small increase in pay that is now being taken away due to an increase in parking fees; Michael Chavez, CSUEU representative, addressed the Board and Presidents and requested that they invest in staff, not contract work out, and keep an open dialogue; John Orr, Chair, CSUEU Bargaining Unit 7, spoke about bullying and a particular situation that was resolved at the Chancellors office. He also stated that he hoped that a bullying policy would be put in place; Alisandra Brewer, vice president, CSUEU Sonoma State, thanked the Board and the Chancellor for making positive efforts with regard to contracting out, but stated that there is still much work to be done; Andy Merrifield, CFA Bargaining Chair, spoke about ongoing issues that need to be addressed in order to reach a tentative agreement and get the fair contract they deserve; Elaine Newman, CFA, faculty, Sonoma, spoke to the Board about salary step increases; Laura Newcomb, CFA, Faculty, San Bernardino, spoke to the Board regarding salary

inequity and inversion within the Faculty; Charles Toombs, CFA, faculty, San Diego, spoke to the Board about workload issues and how faculty of color are impacted because students of color look to them as additional resources; Herbert Long, CFA, Dominguez Hills, spoke to the Board about misclassification; Erin Carter, UniteHere, Local 11, urged the Board to respect and support the boycott that is in place at the Hilton, Long Beach.

Chair's Report

Chair Monville's complete report can be viewed online at the following URL:
<http://calstate.edu/BOT/chair-reports/sept2014.shtml>

Chancellor's Report

Chancellor Timothy P. White's complete report can be viewed online at the following URL:
<http://calstate.edu/bot/chancellor-reports/140910.shtml>

Report of the Academic Senate CSU

CSU Academic Senate Chair, Steven Filling's complete report can be viewed online at the following

URL: http://www.calstate.edu/AcadSen/Records/Chairs_Reports/documents/September_2014_Chairs_BOT_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/20140910.shtml>

Report from the California State Student Association

CSSA President Daniel Clark's complete report can be viewed online at the following URL:
<http://www.csustudents.org/wp-content/uploads/public-documents/pdf/CSSA-Report-BoT-Sep-14.pdf>

Committee Reports

Approval of Minutes of Board of Trustees Meeting

The minutes of the meeting of July 22, 2014, were approved.

Committee of Finance

Trustee Glazer reported that the Committee heard four information items, Planning for the 2015-2016 Support Budget; Student Success Fees Working Group; 2015-2016 Lottery Revenue Budget; California State University Investment Report and one action item as follows:

Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Projects at California State University Northridge, San Diego State University, and Sonoma State University (RFIN 09-14-04)

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

Orrick, Herrington & Sutcliffe LLP, as bond counsel, prepared resolutions that authorize interim and permanent financing for the projects described in Agenda Item 4 of the Committee on Finance at the September 9-10, 2014, meeting of the CSU Board of Trustees for projects at California State University, Northridge, (Extended Learning Building), San Diego State University (South Campus Plaza); and Sonoma State University (Joan and Sanford I. Weill Commons).

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 \$173,705,000 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 receipt of good bids consistent with the projects' financing plans.

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

Trustee Glazer reported the Committee heard one information item, New Capital Financing Authority and Revisions to the California State University Policy for Financing Activities

Joint Meeting of the Committees on Educational Policy and Finance

Trustee Glazer reported the Committee heard one information item, Academic Performance Measures (Academic Sustainability Plan).

Committee on Audit

Trustee Garcia reported the Committee heard one information item, Status Report on Current and Follow-Up Internal Audit Assignments.

Committee on Governmental Relations

Trustee Faigin reported the Committee heard one information item, Legislative Update.

Committee on Educational Policy

Trustee Farar reported the Committee heard four information items; The Alliance to Accelerate Excellence in Education at California State University San Marcos; The Graduation Initiative: Completion and Student-Athletes; eAdvising Update; and California State University Education Doctorate (Ed.D.) Update.

Committee on Institutional Advancement

Trustee Glazer reported the Committee heard one information item 2014-2015 California State University Trustees' Award for Outstanding Achievement.

Committee on Campus Planning Buildings and Grounds

Trustee Eisen reported the Committee heard three action items as follow:

Amend the 2014-2015 Non-State Funded Capital Outlay Program for California State University, Sacramento (RCPBG 09-14-12)

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 2014-2015 non-state funded capital outlay program is amended to include \$2,840,000 for preliminary plans, working drawings, construction and equipment for California State University, Sacramento Low Impact Development Stormwater Improvements project.

Approval of the Master Plan Revision for California State University, Bakersfield (RCPBG 09-14-13)

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 Office Park 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, Bakersfield Master Plan Revision, and all discretionary actions related thereto, as identified in the Final Initial Studies/Mitigated Negative Declaration for this project.
2. The Office Park Final Initial Study/Mitigated Negative Declaration was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.
3. The Hotel and Conference Center 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, Bakersfield Master Plan Revision, and all discretionary actions related thereto, as identified in the Final Initial Studies/Mitigated Negative Declaration for this project.
4. The Hotel and Conference Center Final Initial Study/Mitigated Negative Declaration was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.
5. 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 projects as approved will not have a significant impact on the environment, that the projects will be constructed with the recommended mitigation measures as identified in the mitigation monitoring programs, and that the projects will benefit the California State University. The Board of Trustees makes such findings with regard to these projects.

6. The California State University, Bakersfield Campus Master Plan dated September 2014 is approved.
7. The chancellor is requested under the Delegation of Authority granted by the Board of Trustees to file a Notice of Determination for the California State University, Bakersfield Master Plan Revision associated with the proposed Office Park project in which an Initial Study/ Mitigated Negative Declaration was prepared.
8. The chancellor is requested under the Delegation of Authority granted by the Board of Trustees to file a Notice of Determination for the California State University, Bakersfield Master Plan Revision associated with the proposed Hotel and Conference Center project for which an Initial Study/Negative Declaration was prepared

California State University Seismic Safety Program Biennial Report (RCPBG 09-14-14)

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

WHEREAS, the California State University Seismic Review Board was established in 1993 and has provided twenty-one years of service implementing the seismic policy of the Board of Trustees; and

WHEREAS, the Seismic Review Board has provided advice on the seismic condition of university buildings and provided engineering expertise to effectively implement a seismic safety program; and

WHEREAS, the Seismic Review Board has provided technical input to the State of California in the development of building code requirements to promote seismic safety retrofits in building renovations; and

WHEREAS, the Seismic Review Board continues to be sought by other state agencies to provide engineering assessments; and

WHEREAS, the Seismic Review Board established a peer review protocol of proposed structural designs for all major construction to provide an engineer to engineer discussion throughout the design process; and

RESOLVED, that the Board of Trustees of the California State University commends the Seismic Review Board for its level of excellence in promoting seismic safety in facility construction and recognizes the Seismic Review Board's important contributions, thoughtful engineering analysis, and its individual members' generosity of time and efforts to further the mission of the California State University.

BOARD OF TRUSTEES

Conferral of the Title President Emeritus – Dr. J. Michael Ortiz

Presentation By:

Lou Monville
Chair

Summary

It is recommended that Dr. J. Michael Ortiz, who will retire on December 31, 2014, be conferred the title of president emeritus for his service.

The granting of emeritus status carries the title, but no compensation.

The following resolution is recommended for approval:

WHEREAS, Dr. J. Michael Ortiz was appointed as president of California State Polytechnic University, Pomona in 2003, and since that time has actively served in that position; and

WHEREAS, during his tenure, Cal Poly Pomona has emphasized key issues, such as expanding student success programs, building support for timely graduation, committing to environmental sustainability, and increasing access for underrepresented students; and

WHEREAS, Dr. Ortiz is a timeless champion for underrepresented students throughout the California State University system, helping the university expand its statewide Latino and Asian American Pacific Islander Initiatives; and

WHEREAS, Dr. Ortiz has dedicated much of his 40 years of service in higher education to the California State University, with a previous role as provost and vice president for academic affairs at California State University, Fresno; and

WHEREAS, Dr. Ortiz's service to the California State University has been influential to deliberations and decisions, so that this university may continue to serve the present and future good of the state and its people; and

BOT

Agenda Item 1

November 12-13, 2014

Page 2 of 2

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 President Emeritus on Dr. J. Michael Ortiz, with all the rights and privileges thereto.

BOARD OF TRUSTEES

Conferral of the Title Executive Vice Chancellor/Chief Academic Officer Emeritus – Dr. Ephraim P. Smith

Presentation By:

Lou Monville
Chair

Summary

It is recommended that Dr. Ephraim P. Smith, who will retire on December 31, 2014, be conferred the title of executive vice chancellor/chief academic officer emeritus for his service.

The granting of emeritus status carries the title, but no compensation.

The following resolution is recommended for approval:

WHEREAS, Dr. Ephraim P. Smith was appointed as executive vice chancellor and chief academic officer in 2010, and since that time has actively served in that position; and

WHEREAS, during his tenure, the California State University has undertaken several initiatives aimed at improving student access, success and completion; and

WHEREAS, Dr. Smith has played in integral role in many of the initiatives that benefit our current and future students, including the Associate Degree for Transfer, Early Start, the Graduation Initiative and CourseMatch; and

WHEREAS, Dr. Smith has dedicated nearly 25 years of service to the California State University with previous roles as vice president for academic affairs and dean of the School of Business and Economics at California State University, Fullerton; and

WHEREAS, Dr. Smith's service to the California State University has been influential to deliberations and decisions, so that this university 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 Executive Vice Chancellor/Chief Academic Officer Emeritus on Dr. Ephraim P. Smith, with all the rights and privileges thereto.