

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 17-18, 2015

Time*	Committee	Place
8:00 a.m.	Call to Order	Dumke Auditorium
	Board of Trustees—Closed Session Executive Personnel Matters Government Code §11126(a)(1)	Munitz Room
	Pending Litigation Government Code §11126(e)(1) Dell’Osso v. CSU	
	Committee on Collective Bargaining—Closed Session Government Code §3596(d)	
9:30 a.m.	Committee on Collective Bargaining—Open Session Discussion <ol style="list-style-type: none">1. Ratification of the Collective Bargaining Agreement with Bargaining Unit 13, The California State University Employees Union SEIU Local 2579 (English Language Program at California State University, Los Angeles), <i>Action</i>2. Status of Negotiations with the California Faculty Association (CFA), <i>Information</i>	Dumke Auditorium
10:30 a.m.	Committee on Governmental Relations Discussion <ol style="list-style-type: none">1. Legislative Update, <i>Information</i>	Dumke Auditorium
11:00 a.m.	Committee on Audit Discussion <ol style="list-style-type: none">1. Status Report on Current and Follow-Up Internal Audit Assignments, <i>Information</i>	Dumke Auditorium

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- 11:15 a.m. Committee on Organization and Rules Dumke Auditorium**
Consent
1. Approval of California State University Board of Trustees Meeting Dates for 2017, *Action*
- 11:30 a.m. Joint Committee on Educational Policy and Finance Dumke Auditorium**
Discussion
1. Academic Performance Measures (Academic Sustainability Plan), *Action*
2. Annual Report on Hate Crime Statistics, *Information*
- 12:00 p.m. Luncheon**
- 1:00 p.m. Committee on Campus Planning, Buildings and Grounds Dumke Auditorium**
Consent
1. Amend the 2015-2016 Capital Outlay Program for California State University, Chico, California State University, Fullerton, California State University, Northridge and San Diego State University, *Action*
2. Approval of Schematic Plans for California State University, Bakersfield, *Action*
3. Approval of the Amendment to the 2015-2016 Capital Outlay Program and Schematic Plans for California State University, Los Angeles, *Action*
4. Approval of the Master Plan Revision, the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for Spartan Golf Complex for San José State University, *Action*
5. California State University Seismic Safety Program Annual Report, *Information*
Discussion
6. Approval of the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for California Polytechnic State University, San Luis Obispo, *Action*
7. Approval of the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for California State University, San Bernardino, *Action*
8. Approval of the 2016-2017 Capital Outlay Program and the 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan, *Action*

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|----------------------|--|-----------------------------|
| 2:00 p.m. | Committee on Finance | Dumke Auditorium |
| | Consent | |
| | 1. 2016-2017 Lottery Revenue Budget, <i>Action</i> | |
| | 2. Conceptual Approval of a Public/Public Partnership Charter School at California State University, Monterey Bay, <i>Action</i> | |
| | Discussion | |
| | 3. Approval of the 2016-2017 Support Budget Request, <i>Action</i> | |
| | 4. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for the 2015-2016 Infrastructure Improvements and Capital Outlay Projects, <i>Action</i> | |
| | 5. Conceptual Approval of the California State University, Channel Islands Site Authority Apartments Sale Project, <i>Action</i> | |
| | 6. Conceptual Approval of a Public/Private Partnership Hotel Development Project at California State University, Northridge, <i>Action</i> | |
| | 7. State Public Works Board Bond Debt Restructuring, <i>Information</i> | |
| | 8. California State University Investment Authority, Policy, and Portfolio Review Initiative, <i>Information</i> | |
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4:00 p.m. |
Committee on Educational Policy |
Dumke Auditorium |
| | Discussion | |
| | 1. Recommended Addition to Title 5 Regarding Enrollment Services, <i>Action</i> | |
| | 2. California State University Board of Trustees Policy for Awarding Honorary Degrees, <i>Action</i> | |
| | 3. California State University Summer Arts Program, <i>Information</i> | |

Wednesday, November 18, 2015

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|------------------|--|-------------------------|
| 8:00 a.m. | Committee on University and Faculty Personnel | Dumke Auditorium |
| | Discussion | |
| | 1. Annual Report—Vice President Compensation, Executive Relocation, and Executive Transition, <i>Information</i> | |
| | 2. Employee Compensation Policy and Reexamination of Policy on Presidential Compensation, <i>Action</i> | |

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- 9:30 a.m. Committee on Institutional Advancement Dumke Auditorium**
- Discussion**
1. Naming of the Rosie Casals and Pancho Gonzalez Tennis Center at the Billie Jean King Sports Complex – California State University, Los Angeles, *Action*
 2. Naming of the Donald & Carolyn Lundberg Hall (dedicated by Hae & Shina Park) – California State Polytechnic University, Pomona, *Action*
 3. Naming of the Joel and Dena Gambord Business and Information Technology Building – California State University, Monterey Bay, *Action*

- 10:15 a.m. Board of Trustees Dumke Auditorium**
- Call to Order**
- Roll Call**
- Public Speakers**
- Chair’s Report**
- Chancellor’s Report**
- Report of the Academic Senate CSU: *Chair—Steven Filling***
- Report of the California State University Alumni Council: *President—Dia S. Poole***
- Report of the California State Student Association: *President—Taylor Herren***

- Board of Trustees**
- Discussion**
1. Recognition of the 50th Anniversary of California State University, San Bernardino, *Action*
- Consent Agenda**
1. Approval of the Minutes of the Board of Trustees Meeting of September 9, 2015
 2. Approval of Committee Resolutions as follow:
- Committee on Organization and Rules**
1. Approval of California State University Board of Trustees Meeting Dates for 2017

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Joint Committee on Educational Policy and Finance

1. Academic Performance Measures (Academic Sustainability Plan)

Committee on Campus Planning Buildings and Grounds

1. Amend the 2015-2016 Capital Outlay Program for California State University, Chico, California State University, Fullerton, California State University, Northridge and San Diego State University
2. Approval of Schematic Plans for California State University, Bakersfield
3. Approval of the Amendment to the 2015-2016 Capital Outlay Program and Schematic Plans for California State University, Los Angeles
4. Approval of the Master Plan Revision, the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for Spartan Golf Complex for San José State University
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7. Approval of the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for California State University, San Bernardino
8. Approval of the 2016-2017 Capital Outlay Program and the 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan

Committee on Finance

1. 2016-2017 Lottery Revenue Budget
2. Conceptual Approval of a Public/Public Partnership Charter School at California State University, Monterey Bay
3. Approval of the 2016-2017 Support Budget Request
4. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for the 2015-2016 Infrastructure Improvements and Capital Outlay Projects
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6. Conceptual Approval of a Public/Private Partnership Hotel Development Project at California State University, Northridge

Committee on Educational Policy

1. Recommended Addition to Title 5 Regarding Enrollment Services
2. California State University Board of Trustees Policy for Awarding Honorary Degrees

Committee on University and Faculty Personnel

2. Employee Compensation Policy and Reexamination of Policy on Presidential Compensation

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Committee on Institutional Advancement

1. Naming of the Rosie Casals and Pancho Gonzalez Tennis Center at the Billie Jean King Sports Complex – California State University, Los Angeles
2. Naming of the Donald & Carolyn Lundberg Hall (dedicated by Hae & Shina Park) – California State Polytechnic University, Pomona
3. Naming of the Joel and Dena Gambord Business and Information Technology Building – California State University, Monterey Bay

11:15 a.m. Board of Trustees—Closed Session
Consideration of Revocation of Honorary Degree
Government Code §11126(c)(5)

Munitz Conference Room

Executive Personnel Matters
Government Code §11126(a)(1)

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Addressing the Board of Trustees

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

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

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

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

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

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AGENDA

COMMITTEE ON COLLECTIVE BARGAINING

Meeting: 8:00 a.m., Tuesday, November 17, 2015
Munitz Conference Room—Closed Session
Government Code §35969(d)

9:30 a.m., Tuesday, November 17, 2015
Dumke Auditorium—Open Session

Lupe C. Garcia, Chair
Lillian Kimbell, Vice Chair
Adam Day
Debra Farar
Hugo N. Morales

Open Session—Dumke Auditorium

Consent Item

Approval of the Minutes of the Meeting of July 21, 2015

Discussion Items

1. Ratification of Collective Bargaining Agreement Between California State University and Bargaining Unit 13 (California State University Employees Union), *Action*
2. Update on Collective Bargaining Between California State University and Unit 3 (California Faculty Association), *Information*

**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 21, 2015

Members Present

Lupe C. Garcia, Chair
Adam Day
Debra Farar
Hugo N. Morales
Timothy P. White, Chancellor
Lou Monville, Chair of the Board

Chair Garcia called the Committee on Collective Bargaining to order.

Approval of Minutes

The minutes of the May 19, 2015 meeting were approved as submitted.

Adoption of Initial Proposals

Vice Chancellor Lori Lamb presented the action items to the Committee.

Public Speakers

The Committee heard from the following public speakers:

Jennifer Eagan, California Faculty Association (CFA) president, spoke of faculty support for CFA's proposal on salary and the importance of faculty pay. Michelle Barr, CSU Fullerton, discussed the importance of faculty/student interaction and the ability to recruit and retain faculty. Lois Boulgarides, CFA Bargaining Team Member, CSU Sacramento, spoke about equity programs and the cost of living. Molly Talcott, CFA Secretary, CSU Los Angeles, discussed the importance of fully funding instruction and the shortage of tenure track faculty. Kevin Wehr, CFA Associate Vice President – North, talked about ongoing negotiations and making faculty funding a priority.

Pat Gantt, California State University Employees Union (CSUEU) president, CSU Chico, expressed appreciation for the first fully funded budget in many years and discussed CSUEU's opposition to outsourcing. Mike Chavez, Chair Bargaining Unit 5, CSU Stanislaus, expressed

opposition to contracting out and appreciation to campuses that are bringing work back in house. Ricardo Uc, CSUEU Vice President Bargaining Unit 9, discussed In Range Progression programs and their importance in giving recognition to IT workers. Tessy Reese, Chair of Bargaining Unit 2, San Diego, spoke of upcoming negotiations regarding the Student Health Care Center at CSU Channel Islands. Mike Geck, CSUEU Vice President of Organizing, CSU San Marcos, opposed outsourcing and spoke of the importance of employee retention. Susan Smith, CSUEU Vice President of Representation, CSU Fullerton, spoke of the importance of adequate employee compensation.

Action Items

The committee then unanimously approved the following action items:

1. Adoption of Initial Proposals for Re-Opener Contract Negotiations with Bargaining Unit 13, The California State University Employees Union SEIU Local 2579 (English Language Program at California State University, Los Angeles).
2. Adoption of Initial Proposals for First Contract Negotiations with Bargaining Unit 14, The California State University Employees Union SEIU Local 2579 (English Language Program at California State University, Monterey Bay).

Chair Garcia then adjourned the committee meeting.

COMMITTEE ON COLLECTIVE BARGAINING

Ratification of the Collective Bargaining Agreement with Bargaining Unit 13, The California State University Employees Union SEIU Local 2579 (English Language Program at California State University, Los Angeles)

Presentation By

Lori Lamb
Vice Chancellor for Human Resources

Summary

The collective bargaining agreement between the California State University and Bargaining Unit 13, The California State University Employees Union SEIU Local 2579 (English Language Program at California State University, Los Angeles) will be presented to the Board of Trustees for ratification.

Recommended Action

The following resolution is recommended for ratification:

RESOLVED, by the Board of Trustees of the California State University, that the collective bargaining agreement between the California State University and Bargaining Unit 13, The California State University Employees Union SEIU Local 2579 (English Language Program at California State University, Los Angeles) is hereby ratified.

COMMITTEE ON COLLECTIVE BARGAINING

Status of Negotiations with the California Faculty Association (CFA)

Presentation By

Lori Lamb
Vice Chancellor for Human Resources

Summary

Vice Chancellor Lamb will present information on collective bargaining negotiations between the California State University (CSU) and the California Faculty Association (CFA).

Status of Negotiations

At the May 19-20, 2015 meeting of the Board of Trustees, the Trustees adopted initial bargaining proposals for salary re-openers with Bargaining Unit 3, the California Faculty Association. The parties have reached impasse in those negotiations and have been certified for fact-finding. The first hearing date is scheduled for November 23, 2015. This report will discuss the proposals made by the CSU and the CFA during the bargaining process and provide context and information for CSU's proposals. The information provided in this report has been shared with the CFA, is public information, or is based on information that has been shared with the CFA.

The CSU has proposed that a compensation increase of 2% be provided for fiscal year 2015/16. This is the same increase authorized for all other employee groups in the CSU. The CFA has proposed that faculty members receive a 5% general salary increase (GSI), and that eligible faculty members receive an additional 2.65% service salary increase (SSI). (SSI eligibility is limited to faculty members with qualifying service and salaries that fall below designated benchmarks.)

As part of agreements reached with the California State University Employees Union (CSUEU) and the Academic Professionals of California (APC) over salary for fiscal year 2015/16, the parties agreed that if the negotiated agreement with CFA for fiscal year 2015/16 provided for greater than a 2% compensation increase for fiscal year 2015/16, CSUEU and APC could each elect to substitute the 2% increase with the increase negotiated with CFA. These "me-too" provisions would apply if CFA's proposal were implemented.

Table 1 provides a comparison of the estimated costs of each proposal.

TABLE 1		
COST COMPARISON		
	Component	Estimated Cost
CSU Proposal	2% Increase	\$33.0 Million
CFA Proposal	5% GSI	\$82.5 Million
	2.65% SSI	\$19.8 Million
	Total	\$102.3 Million
Difference		\$69.3 Million
Impact of “Me-Too” Clauses		\$37.9 Million
Total Gap		\$107.2 Million

Investments in Faculty

During negotiations, the CSU has continued to highlight its demonstrated commitment to its faculty and their success. This commitment is shown through investments in many ways, and continues despite limited funding and many competing priorities.

Faculty Salaries

The CSU acknowledges the significant impact of the recession that developed precipitously starting in 2008 has had on all of its employees, and we have separately presented evidence of salaries that fall below the market for many of our staff groups.

To address this multi-year problem, the CSU is taking a multi-year approach to a solution. The 2015/16 compensation proposal is one element of a longer multi-year strategy to improve faculty compensation within the budget framework approved by the Trustees. Since July 1, 2013, the CSU has invested more than \$100 million in salary increases for faculty alone. In addition, the CSU proposes to spend an additional \$33 million in general salary increases and even more in campus based equity programs in 2015/16.

These increases have taken the form of salary increases in 2013/14 (1.34%) and 2014/15 (3% pool which consisted of general increases and targeted increases focusing on lower-paid members of the bargaining unit), and campus equity increases. The targeted increases within the 3% pool included:

- Increases of 3% for tenure-track faculty and long-term lecturers with salaries below designated benchmarks in each rank,
- \$2 million distributed among lower-paid tenure-track faculty hired in specific years, and
- Movement for about 2,100 of the lowest-paid lecturers to a higher salary range.

Campus equity increases have been substantial. Equity 2 took place in 2013/14 in the amount of \$4 million; in 2014/15 campuses invested \$13.4 million; and in 2015/16 campuses are investing \$3 million to date, and growing. In addition, in the past two years, campuses used their discretion to award promotion increases averaging 10.1% in 2013/14 and 12.2% in 2014/15, well beyond the contractual minimal requirement of 7.5%.

For the coming year 2015/16, the CSU proposal to the CFA is a 2% compensation pool. In addition, campuses have committed an additional \$3 million (to date) for equity programs in fiscal year 2015/16. Promotions will continue under the collective bargaining agreement and are estimated to be at least \$6 million.

Table 2 summarizes the cost of these salary programs.

TABLE 2			
INVESTMENT IN SALARY PROGRAMS			
	Fiscal Year		
Program	2013/14	2014/15	2015/16
GSI	\$19.2 Million	\$24.5 Million	\$33.0 Million
Campus Equity	\$4.0 Million	\$13.4 Million	\$3.0 Million (minimum)
Targeted Increases		\$23.5 Million	
Promotions	\$7.8 Million	\$8.6 Million	\$6.0 Million
Yearly Total	\$31.0 Million	\$70.0 Million	\$42.0 Million
Cumulative Total	\$31.0 Million	\$101.0 Million (invested to date)	\$143.0 Million (minimum – proposed)

Impacts of Salary Programs on Individual Faculty

The salary programs negotiated for 2014/15 have been characterized by some as providing faculty with “only” a GSI of 1.6% when other bargaining units received GSIs of 3%. There was actually a 3% compensation pool for CFA unit members that was distributed according to terms requested by the CFA and agreed to by the CSU. This distribution meant that while some individuals only received 1.6%, large numbers of faculty received increases of 4.6% or more.

Campus equity programs expanded the pool of beneficiaries further. Some examples of impacts are provided below:

- From fall 2014 to spring 2015, average salaries of assistant professors increased by 2.2%; associate professors by 4.4%, full professors by 2.6%, full-time lecturers by 4.75%, and part-time lecturers by 4%.
- Roughly 2,100 of the lowest-paid lecturers were moved to a higher salary range. These individuals all received at least a 5% increase, and almost two-thirds received at least 10% (in addition to the 1.6% GSI).
- More than 9,000 tenure-track faculty and long-term lecturers received 3% increases on top of the 1.6% GSI (a total of 4.6%).
- Roughly 5,700 faculty to date have also received equity awards from their campuses. The median of these awards (in addition to all other increases they may have received) is at or near 1.5%, with approximately 1,000 individuals receiving 5% or more.

Two primary groups received the minimum 1.6% from the system-wide programs: faculty earning more than the benchmark salary for each rank (roughly \$89,400 for full professors), and lecturers with less than six years of service at a campus, unless they qualified for range movement. Depending on campus criteria, some individuals in these groups received campus equity awards.

These system-wide salary programs, in conjunction with campus programs, are providing substantial increases to many of our lower paid faculty and address the worst cases of salary compression and inversion. The CSU hopes to be able to continue providing predictable increases in 2015/16 and 2016/17, even as it supports continued growth of the tenure-track faculty and provides resources to ensure their success. By necessity of living within our means, this is a multi-year program.

Average Salaries for Faculty

Public communications from the CFA have focused on average salaries across the bargaining unit. Such averages often do not accurately reflect and contextualize the situation:

- Average salaries are a lagging indicator of actual changes and are very dependent on when the “snapshot” is taken. The fall 2013 census data, for example, did not include the 1.34% compensation increases implemented that year, because they were applied retroactively after the snapshot. Likewise, the fall 2014 census data does not include impacts of any of the 2014/15 salary programs.
- The balance of populations by rank within the bargaining unit can shift from year to year, affecting salary averages. For example, when full professors with long service and high salaries retire and are replaced by newly promoted, lower paid full professors, average salaries for the group can decline – which actually happened from fall 2009 to fall 2013.

Likewise, in recent years, a shift toward lecturers has occurred. Lecturers are far less likely to have a doctorate than tenure-track faculty and typically are lower-paid, which depresses overall averages.

- The union appears to average part-time and full-time pay together, producing lower numbers; the CSU normalizes salaries to full-time equivalent rates. We do not expect that someone who works part-time will receive the same annual compensation as someone who works full time. Reporting full-time equivalent rates is more accurate.

Faculty Success

Another key area of investment for faculty is the area of faculty success. Even during the years when no employees received increases, certain investments that directly support faculty continued, and these investments have grown substantially as the campuses have once again begun hiring large numbers of tenure-track faculty. While the 2014 agreement between the CSU and CFA placed parameters around some of these investments for the first time, the total commitments in these areas exceed any contract expectations. Examples of these investments include:

- Funding from the Chancellor's Office to support faculty research, scholarly, and creative activities (RSCA). RSCA support was suspended in 2011 but reinstated in 2014/15 and has also been provided in 2015/16.
- "Start-up" support for new tenure-track faculty. This consists of funds for supplies, equipment, professional travel, etc., vital to allow new faculty to establish their research programs and make progress toward tenure.
- Moving expenses for new faculty.
- Reductions in teaching load ("assigned time") for new tenure-track faculty in order to assist them in meeting requirements for tenure and promotion. This has been a long-standing practice at most campuses. However, the 2014/15 collective bargaining agreement established a requirement that all new probationary faculty receive a reduction in teaching load over the first two years.
- Reductions in teaching for service activities. The 2014/15 collective bargaining agreement included a program (worth \$1.3 million per year over the life of the agreement) to provide assigned time for individuals performing exceptional service to students and not otherwise receiving workload credit for their effort. This support augments any investments campuses are already making for these activities.
- Sabbaticals (paid leaves for faculty to carry out research, scholarly or creative activities, and projects focused on instructional improvement or retraining). Faculty can receive one semester off at full pay or a full year at half pay.

Table 3 shows the magnitude of the investments described above for the last two years. Based on increased numbers of new tenure-track faculty in 2015/16, the total investment for 2015/16 is expected to exceed that for 2014/15, as projected below.

TABLE 3			
INVESTMENTS IN FACULTY SUCCESS			
	Fiscal Year		
Program	2013/14	2014/15	2015/16***
RSCA funding		\$2.4 Million	\$2.5 Million
New faculty “start-up”	\$12.0 Million	\$18.5 Million	\$21.6 Million
Moving expenses	\$1.65 Million	\$2.76 Million	\$3.2 Million
New faculty assigned time	\$6.9 Million	\$15.6 Million*	\$18.2 Million
Exceptional Service assigned time		\$1.3 Million	\$1.3 Million
Sabbaticals	658 sabbaticals	703 sabbaticals	700 sabbaticals
Yearly Total	\$20.5 Million**	\$40.5 Million	\$46.8 Million
Cumulative Total	\$20.5 Million	\$61.0 Million (invested to date)	\$107.8 Million (estimated)

*Impact of new contract requirement estimated as \$3.2 million.

**Excludes cost of replacing faculty while on sabbatical.

*** Estimated.

In addition, the table does not include additional sources of support to faculty such as campus investments in research, scholarly, and creative activities or the millions of dollars of support provided by Academic Affairs for student success initiatives directed toward reducing course bottlenecks, course redesign, development of high-impact practices, and other projects.

Faculty Hiring

Another unfortunate consequence of the recession was that the number of tenure-track faculty fell significantly. This was the result of the combined effect of very little hiring, especially during 2009/10, and a spike in retirements in 2009/10. However, over the last two years, hiring has increased dramatically as the campuses have begun to rebuild tenure-track faculty numbers. Just as salary issues created over five or six years will not be resolved in a single year, it will take multiple years to restore the tenure-track population. However, the evidence shows:

- New tenure-track hires increased from 470 in 2013/14 to 742 in 2014/15 to an estimated 815-860¹ for 2015/16. If the latter numbers hold, it will represent the most tenure-track faculty hires since 2006.
- After several consecutive years of declines as new hires failed to keep pace with retirements and other departures, the total number of tenure-track faculty (after

¹ Since providing this estimate to the CFA, the projections have increased.

retirements and other separations) grew by 124 in 2014 and has increased by an additional 213 in 2015, growth over two years of about 3.4%.

At the same time, student enrollments have been increasing, and in order to keep pace with those increases and ensure that students can get needed classes, campuses have hired additional lecturers. The overall size of the bargaining unit increased by 3.6% from fall 2012 to 2013, and by 4.6% from 2013 to 2014, with similar growth expected in 2015. As a consequence, both the total number of instructional faculty (tenure-track and lecturers) and faculty full-time equivalents were greater in fall 2014 than in any previous year, and the numbers for 2015 will be larger still.

Total Investment in Faculty

Table 4 summarizes the total investments in faculty the CSU has made in the past two fiscal years, and projects ongoing investments for 2015/16.

TABLE 4			
CSU'S TOTAL INVESTMENT IN FACULTY			
	Fiscal Year		
Category	2013/14	2014/15	2015/16*
Faculty Salaries	\$31.0 Million	\$70.0 Million	\$42.0 Million
Faculty Success	\$20.5 Million	\$40.5 Million*	\$46.8 Million
Tenure-track hiring	470 new faculty	742 new faculty	815-860 new faculty
Cumulative Total	470 new faculty + \$51.5 Million	1212 new faculty + \$162.0 Million +	2027-2072 new faculty + \$250.8 Million

* Estimated

Employee Compensation in the Overall Budget

The support budgets approved by the Trustees each November have consistently called for investments in employee compensation. Yet, the state's disinvestment in higher education during the recession meant that no general compensation increases were provided to any employee group for fiscal years 2008/09 through 2012/13. However, as soon as resources began to increase, the Trustees made compensation a top priority, setting aside \$38 million for compensation in 2013/14, \$92.6 million in 2014/15, and \$65.5 million in 2015/16.

In setting budgets, however, the CSU faces a number of pressing demands, including increased health care costs and other mandatory costs, debt service, deferred maintenance, and enrollment growth, as well as a need to continue to invest in improving student success and graduation rates. Additional health care costs, paid solely by the CSU, just for CFA were about \$15 million in 2013/14 and \$14 million in 2014/15. As campuses continue to grow and the payroll expands

beyond the base established in 2013/14, additional retirement expenditures will also become an increasingly significant cost.

Conclusions

It is undeniable that years without salary increases and a year of furloughs caused hardships for many valued employees of the CSU, indeed across America. However, a problem of this magnitude cannot be solved in a single year. The CSU's approach has been to propose consistent increases year after year, while individual campuses use available tools within their resources (equity programs for faculty, adjustments of salaries upon promotion, in-range progressions for staff, etc.) to address local salary issues. At the same time, recognizing the unique nature and demands of faculty work, the CSU has and will continue to commit millions of dollars every year to recognize the exceptional service faculty provide to students and the important contributions they make as scholars, researchers, artists, and engaged citizens of California.

The parties find themselves at impasse in negotiations. The CSU continues to believe that we have invested in faculty and other employees to the extent possible given competing demands and finite resources. We remain hopeful that a resolution remains possible. We also remain hopeful that we can continue to work with CFA, other employee groups, and other stakeholders to identify multi-year strategies for solving compensation and other funding challenges for the CSU.

CORRECTED

AGENDA

COMMITTEE ON GOVERNMENTAL RELATIONS

Meeting: **10:30 a.m., Tuesday, November 17, 2015**
 Glenn S. Dumke Auditorium

Douglas Faigin, Chair
Kelsey M. Brewer, Vice Chair
Silas H. Abrego
Adam Day
Debra S. Farar
Lupe C. Garcia
J. Lawrence Norton
Steven G. Stepanek

Consent Items

Approval of Minutes of Meeting of September 8, 2015

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 8, 2015

Members Present

Kelsey Brewer, Acting Chair
Silas H. Abrego
Adam Day
Debra S. Farar
Lupe C. Garcia
Lillian Kimbell
Lou Monville, Chair of the Board
J. Lawrence Norton
Steven G. Stepanek
Timothy P. White, Chancellor

Trustee Brewer called the meeting to order.

Approval of Minutes

The minutes of May 19, 2015, were approved on consent.

Legislative Update

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

Mr. Ashley reported that the legislature will adjourn later this week. Governor Brown called two special sessions of the legislature focusing on California's transportation infrastructure and health care.

Ms. Zamarripa reported on the status of the Board of Trustees' sponsored bills, items of interest to the CSU, leadership changes in the legislature and initial advocacy plans for next year.

The CSU was successful in moving two of the four sponsored bills during this legislative session. AB 819, which deals with alumni affinity programs, was signed into law. SB 462, which supports the Green Music Center at Sonoma State, has moved to the governor's desk.

The CSU continues to work with the Department of Finance and the State Treasurer's Office on the CSU's investment authority. The goal is to reach a resolution in 2016.

SB 634, which would add California to a consortium of more than 35 states in a reciprocity agreement for distance education programs, is a two-year bill.

Other bills of interest to the CSU include those dealing with campus safety, supplanting and student success fees.

Advocacy plans for 2016 include a systemwide Advocacy Day on March 29 and three Impact Days. Impact Days are an important tool in educating legislative members and staff on the importance of the CSU and its vital role in addressing policy, community and economic issues throughout the state.

Trustee Brewer adjourned the meeting.

COMMITTEE ON GOVERNMENTAL RELATIONS

Legislative Update

Presentation By

Garrett Ashley
Vice Chancellor
University Relations and Advancement

Karen Y. Zamarripa
Assistant Vice Chancellor
Advocacy and State Relations

Summary

This item contains an updated review of bills introduced this year that may impact or be of interest to the California State University (CSU).

Background

With the Governor taking his final actions on the measures presented to him, the first year of the 2015-16 legislative session has ended. Although the legislature is technically on recess until January 4, 2016, members could be called in for two extraordinary sessions to deal with transportation and health care. The body will only be called back to Sacramento should a deal on either of these items be reached. In the meantime, members will begin focusing on the 2016 session, with an immediate focus on their two-year measures and, more importantly, on changes to the secondary leadership positions, committee chairs and committee assignments due to the new leadership positions in the legislature for three of the four top spots.

Board of Trustees' Sponsored Legislation

AB 819 (Irwin) - CSU and University of California Alumni Affinity Programs

This measure seeks permanent authority for the CSU and the University of California (UC) to participate in affinity programs, which benefit the campuses and their alumni associations. The current statutory authority for affinity programs sunsets in January 2016.

Status: The measure was signed into law by the Governor, Chapter 121, Statutes of 2015.

SB 462 (Wolk) - Sonoma State Green Music Center Ad/Sponsorship Allowances

This measure would allow local wineries and beer manufacturers to purchase ad space, donate products for sale or provide sponsorship for events at the Sonoma State University Donald and Maureen Green Music Center.

Status: The measure was signed into law by the Governor, Chapter 315, Statutes of 2015.

SB 634 (Block) - State Authorization Reciprocity Agreement (SARA)

The US Department of Education is expected to issue regulations that require every campus that offers online programs be authorized to do so in every state. In response, accrediting agencies throughout the country have developed a collaborative – known as the State Authorization Reciprocity Agreement (SARA) – to facilitate common standards and access for students and universities. This measure provides the statutory authorization necessary for California to enter into SARA through the Western Interstate Commission for Higher Education (WICHE).

Status: The measure is a two-year bill and will be heard in the Senate Education Committee soon after the session resumes. The CSU is partnering with the public and private colleges and universities as well as WICHE to move this measure next year.

AB 130/SB 104 - CSU Investment Authority

These measures would increase the CSU system's investment earnings on its funds through a broader range of investments to support campus infrastructure and capital outlay.

Status: Both measures were proposed as budget trailer bills after extensive discussions with the Department of Finance, the State Treasurer's Office, and legislative staff. SB 104 was heard before the Senate Budget and Fiscal Review Committee on August 27. Members of the committee had many questions about the proposal, and it was ultimately tabled until next year. Executive Vice Chancellor and Chief Financial Officer Steve Relyea and members of his team, along with Advocacy and State Relations, have begun working on next steps for this important effort next year.

Key Measures

AB 38 (Eggman) - California State University: New Campuses

This measure would request the Legislative Analyst's Office (LAO) to conduct a study to assess the need for new CSU campuses.

CSU Position: NO OFFICIAL POSITION

Status: The measure passed out of the Assembly and was held by the Senate Rules Committee. Language was included in the final budget act to have LAO conduct a study regarding the need for CSU and UC campuses within the year.

AB 42 (Kim) - Postsecondary Education Mandatory Fee Freeze

This measure would prohibit the CSU, California Community Colleges (CCC) and the UC from increasing mandatory tuition and fees until fiscal year 2018-19, when the temporary taxes established by Proposition 30 expire.

CSU Position: OPPOSE UNLESS AMENDED
Status: The measure is a two-year bill.

AB 147 (Dababneh) - Animal Research

This measure would require California's higher education institutions that conduct scientific research on domestic dogs or cats to offer the animals to animal rescue operations after they are no longer needed.

CSU Position: NO OFFICIAL POSITION
Status: The measure was signed into law by the Governor, Chapter 551, Statutes of 2015.

AB 340 (Weber) - Campus Climate Report

Beginning in 2017-18, this measure would require the CSU, CCC and the UC to provide a report to the legislature every two years on new developments and efforts being undertaken around campus climate. The report would be submitted to the legislature, governor and attorney general.

CSU Position: SUPPORT
Status: The measure was vetoed by the Governor.
Governor's Message: "I am returning Assembly Bill 340 without my signature. The bill would require the California State University Trustees and the California Community Colleges Board of Governors to submit a report on campus climate every two years, and would request the University of California to do the same. While I understand the desire to create a more vibrant, intellectually serious and inclusive campus environment at UC, CSU and the community colleges, each of their governing boards has already taken steps aimed at achieving these important goals. I believe the leaders of these institutions are committed to providing updates on current and future developments. Codifying a biennial report, as provided in this bill, is not necessary. Sincerely, Edmund G. Brown Jr."

AB 716 (Low) - California State University Special Sessions

This measure would place into the Education Code the definition of “supplanting” included in the CSU executive order on this subject; specifically, that supplanting results when the number of state-supported course offerings decreases while the number of self-supporting versions of that course increases. The measure would also require, to the extent possible, that any course offered as a condition of completing an undergraduate degree should be offered as a state-supported course.

CSU Position: NO OFFICIAL POSITION
Status: The measure was signed into law by the Governor, Chapter 252, Statutes of 2015.

AB 798 (Bonilla) - College Textbook Affordability Act of 2015

This measure redirects \$3 million of funds intended for the creation of Open Education Resources (per SB 1052 and SB 1053) to be used for CSU and CCC faculty development in developing open education resources. Up to 100 proposals would be providing professional development for the adoption of OER courses.

CSU Position: SUPPORT
Status: The measure was signed into law by the Governor, Chapter 633, Statutes of 2015.

AB 967 (Williams) - Postsecondary Education: Sexual Assault

This measure would mandate that institutions receiving state financial aid must establish a uniform process for sexual assault disciplinary proceedings that treats all students in the same manner, regardless of their major or their participation with an athletic program. It also would specify forms of discipline for violations, including expulsion, suspension and loss of aid and housing privileges, effectively creating determinate sentencing for student code of conduct violations. Finally, the measure requires annual reporting on sexual assault cases, including the number of cases each year and resulting outcomes.

CSU Position: SUPPORT
Status: The bill was vetoed by the Governor.
Governor’s Message: “I am returning Assembly Bill 967 without my signature. This bill would require public and independent postsecondary institutions that receive student financial aid from the state to adopt and implement uniform disciplinary processes for sexual assault and to apply consistent standards for expulsion, suspension, loss of institutional aid or scholarship, loss of privileges and removal from student housing. Additionally, this bill would

require annual reporting of data and recommend a minimum period of suspension, or expulsion, for the most egregious violations of sexual assault policies. College campuses must deal with sexual assault fairly and with clear standards of process. It is eminently reasonable to expect that discipline shall not vary based on a student's status as an athlete or a declared area of study. This bill, however, could deprive professionals from using their better judgment to discipline according to relevant circumstances. Moreover, it creates an expectation that the state should recommend minimum penalties for violations of specific campus policies. Last year, I signed Senate Bill 967, making California the first state in the country to define the terms of sexual consent for college students, so that our higher education institutions could better prevent sexual violence on campuses. This year, I signed AB 913 to ensure that existing jurisdictional agreements between postsecondary institutions and local law enforcement include responsibility for investigating sexual assaults and hate crimes. Given these actions, I don't think it is necessary at this point for the state to directly insert itself into the disciplinary and governing processes of all private nonprofit and public colleges in California. Sincerely, Edmund Brown Jr.”

AB 968 (Williams) - Postsecondary Education: Transcripts

This measure would mandate that a student's suspension or expulsion be included on their transcript for as long as the prohibition is in place. This is consistent with current CSU policy.

CSU Position: SUPPORT

Status: The measure was vetoed by the Governor.

Governor's Message: “I am returning Assembly Bill 968 without my signature. The bill would require all public and private postsecondary educational institutions to note suspension or expulsion on a student's transcript for the period of time the student is ineligible to reenroll at the institution. Colleges currently have the ability to make a notation if a student is suspended or expelled, and community colleges already may deny or conditionally admit a student who has previously been expelled or is under expulsion proceedings. If further protection is needed to screen transfer applications that is something best left to individual colleges themselves. Campus safety is a serious issue one that has received much attention and led to several changes in law and policy. Increased vigilance may still be necessary, but I would caution against overcorrections that could result in some individuals being marked for the rest of their lives. While the desire to provide students with safe campuses is well-intentioned, I am not prepared to support this mandate. Sincerely, Edmund G. Brown Jr.”

AB 970 (Nazarian) - Labor Commissioner: Enforcement of Employee Claims

This measure expands the role of the state's labor commissioner to cite an employer for violations of state and local minimum wage laws.

CSU Position: NO OFFICIAL POSITION
Status: The measure was signed into law by the Governor, Chapter 783, Statutes of 2015.

AB 1000 (Weber) - California State University: Student Success Fees

This measure would codify the recently adopted Board of Trustees' resolution on Category II Student Success Fees. It would also require a report from the chancellor on all fees adopted and rescinded in each academic year to the Department of Finance and the Legislature.

CSU Position: OPPOSE
Status: The measure was signed into law by the Governor, Chapter 636, Statutes of 2015.

Governor's Message: "I am signing Assembly Bill 1000 because it gives the students of the California State University system the certainty of process and voice in any proposal to increase student success fees. The Trustees of the California State University have already acted to support and uphold this process. For the future, not all their actions need to be codified, and the Legislature should allow the Trustees the range of governance that is necessary to balance and achieve the best outcomes for students served by the CSU. Sincerely, Edmund G. Brown Jr."

AB 1228 (Gipson) - Public Postsecondary Education: Campus Housing: Homeless Youth

This measure would request that a student who has been verified as being a "homeless" student would be eligible for priority housing at a CSU, UC or CCC campus. The measure would also provide that the student be allowed to stay in campus housing during holiday breaks when housing is available, similar to what former foster youth are currently allowed to do.

CSU Position: NO OFFICIAL POSITION
Status: The measure was signed into law by the Governor, Chapter 571, Statutes of 2015.

AB 1317 (Salas) - Executive Officer Compensation

This measure would request the UC to adopt policies prohibiting a salary increase for executive officers if systemwide mandatory fees were increased within the last two years.

CSU Position: WATCH
Status: The measure originally applied to the CSU and the UC, but was passed out of the Assembly with amendments deleting all reference to the CSU. The measure is now a two-year bill in the Senate Education Committee.

AB 1349 (Weber) - California First Act

This measure would require the university to guarantee undergraduate admissions to a CSU campus, though not necessarily at a campus or in a major of the applicant's choice, to all California residents who apply on time and satisfy the undergraduate admissions eligibility requirements of the university, regardless of state funding levels.

CSU Position: WATCH
Status: The measure was held in the Assembly Appropriations Committee and is dead for the session.

AB 1366 (Lopez) - Dream Resource Centers

This measure would require the CCC and CSU to either establish Dream Resource Centers or ensure a designated staff person who is knowledgeable in financial aid, services and academic opportunities for all students meeting specific requirements is available.

CSU Position: NO OFFICIAL POSITION
Status: The measure was held on the floor of the Senate, making the measure a two-year bill.

SB 3 (Leno) - Minimum Wage

This measure would increase the state minimum wage to \$13 an hour by July 1, 2017, and put in place an annual increase yearly thereafter tied to the California Consumer Price Index (CCPI).

CSU Position: NO OFFICIAL POSITION
Status: The bill was made a two-year bill just prior to its vote in the Assembly Appropriations Committee.

SB 8 (Hertzberg) - The Upward Mobility Act

Presently, this measure is only legislative intent language that would extend sales tax on service-based industries. It would also examine the impact of lowering and simplifying the personal income tax California currently uses. The bill intends to generate an estimated \$10 billion in new revenues that would be directed as follows: \$3 billion for K-14 education; \$3 billion for local government services; \$2 billion for low-income tax credits; and \$1 billion each for the UC and the CSU.

CSU Position: WATCH

Status: The measure is a two-year bill.

SB 15 (Block) - Postsecondary Education Financial Aid

This measure is Senate Pro Tem de León's higher education proposal to allocate more funds to higher education and state financial aid programs.

CSU Position: SUPPORT

Status: The measure passed out of the Senate, and will not move further until next year given the budget agreement between the Senate and Assembly. One component, a new incentive program to encourage CSU students to complete at least 30 units a year towards their degree, remains a keen interest of Senate Pro Tem de León and will be an issue in 2016.

SB 42 (Liu) - Postsecondary Education: Office of Higher Education Performance and Accountability

As introduced, this measure would have created the Office of Higher Education Performance and Accountability, a replacement for the unfunded California Postsecondary Education Commission (CPEC). This new commission would serve many of the same purposes as CPEC, but would not include representation from the higher education segments on the governing board.

CSU Position: CONCERNS

Status: The measure was vetoed by the Governor.

Governor's Message: "I am returning Senate Bill 42 without my signature. This bill would establish an Office of Higher Education Performance and Accountability to advise the Governor and Legislature on state goals and priorities for higher education. The bill would also create an advisory board consisting of legislators and others to be appointed by the Legislature to annually review the performance of this office, which would sunset by the end of 2020. The call to improve postsecondary educational outcomes is laudable. The goals established by SB 195 in 2013 improving access and success, aligning degrees and credentials with the state's economic, workforce and civic needs, and ensuring the effective and efficient use of resources are still important measures that should guide us in developing higher education policies for the state. While there is much work to be done to improve higher education, I am not convinced we need a new office and an advisory board, especially of the kind this bill proposes, to get the job done. Sincerely, Edmund G. Brown Jr."

SB 247 (Lara) - Dream Centers

This measure would allow high schools, CCC, CSU and UC campuses to establish on-campus "Dream Centers" to assist undocumented students with student support services, including financial aid.

CSU Position: NO OFFICIAL POSITION
Status: The measure was held on the suspense file in the Appropriations Committee and is dead for the year. The measure was then amended to deal with charter school buses, but was held by the Senate Rules Committee.

SB 668 (Leyva) - Sexual Assault: Counselor-Victim Privilege

This measure would require all campuses to contract out with a sexual assault center, like the California Coalition Against Sexual Assault (CALCASA), to provide sexual assault counseling to students on campus.

CSU Position: WATCH
Status: The author has deferred action on this bill until 2016 given concerns expressed by the CSU and others.

SB 669 (Pan) - California State University Personal Service Contracts

This measure would restrict the CSU's authority to manage its employees and subject the campuses to the same contracting-out restrictions and constraints imposed on state civil service.

CSU Position: OPPOSE
Status: This measure is very similar to last year's SB 943, which died in its first policy committee. It was referred to the Senate Education Committee and was scheduled to be heard on April 22, but was pulled by the author and is now a two-year bill.

SB 707 (Wolk) - Gun-Free School Zone

This measure would prohibit a person with a concealed weapon permit from bringing a firearm onto K-12 school grounds and higher education campuses, including the CSU.

CSU Position: SUPPORT
Status: The measure was signed into law by the Governor, Chapter 766, Statutes of 2015.

AGENDA

COMMITTEE ON AUDIT

Meeting: 11:00 a.m., Tuesday, November 17, 2015
Glenn S. Dumke Auditorium

Lupe C. Garcia, Chair
Douglas Faigin, Vice Chair
Adam Day
Hugo N. Morales
Peter J. Taylor

Consent Items

Approval of Minutes of Meeting of September 8, 2015

Discussion Items

1. Status Report on Current and Follow-up Internal Audit Assignments, *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 8, 2015

Members Present

Lupe C. Garcia, Chair
Adam Day
Hugo N. Morales
Peter J. Taylor
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 21, 2015, were approved as submitted.

Status Report on Current and Follow-Up Internal Audit Assignments

Mr. Larry Mandel, vice chancellor and chief audit officer, provided a status on the 2015 audit plan and follow-up on past audit assignments.

Mr. Mandel reported that a majority of the 2015 audit assignments are currently in process. He added that the remaining two subjects, Cloud Computing and Student Activities, will be initiated in the coming months. He reminded everyone that updates to the status report are displayed in green numerals and indicate progress toward or completion of recommendations since the distribution of the agenda. Mr. Mandel stated that the campuses and the CSU Chancellor's Office continue to do a good job completing recommendations on a timely basis. He further stated that audit management is working with the Stanislaus campus to clear the one remaining recommendation from the Sponsored Programs audit. Mr. Mandel also reported that both the reviews and associated recommendations pertaining to the construction projects are also being completed timely.

Chair Garcia asked for an explanation as to why some of the recommendations pertaining to auxiliary organizations are large in number for certain campuses.

Mr. Mandel explained that there are a lot of auxiliary organizations in the system. He indicated that at CSU Sacramento, there are five auxiliary organizations with 41 recommendations, but on average, there are only eight recommendations. He stated that the sixth round of auxiliary audits

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is currently in process and added that over the years since these auxiliary audits started, the number of recommendations has decreased substantially.

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
Office of Audit and Advisory Services

Summary

This item includes both a status report on the 2015 audit plan and follow-up on past assignments. For the 2015 year, assignments were made to conduct reviews of Auxiliary Organizations, high-risk areas (Information Security, Clery Act, Information Technology (IT) Procurement, Payment Card Industry Data Security Standards, Admissions, Cloud Computing, Scholarships, and Student Activities), a high profile area (College Reviews), and Construction. In addition, follow-up on current/past assignments (Auxiliary Organizations, Accessible Technology, Executive Travel, Sponsored Programs, Continuing Education, Information Security, IT Procurement, College Reviews, Clery Act, and Admissions) was being conducted on approximately 38 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 267 staff weeks of activity (25.8 percent of the plan) would be devoted to auditing internal compliance/internal control at eight campuses/31 auxiliaries. Three campus/eleven auxiliary reports have been completed, two campus/nine auxiliary reports are awaiting a campus response prior to finalization, report writing is being completed for two campus/six auxiliaries, and fieldwork is being conducted at one campus/three auxiliaries.

High-Risk Areas

Information Security

The initial audit plan indicated that approximately 37 staff weeks of activity (3.7 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. Five campuses will be reviewed. Two campus reports have been completed, report writing is being completed for two campuses, and fieldwork is being conducted at one campus.

Clery Act

The initial audit plan indicated that approximately 50 staff weeks of activity (4.8 percent of the plan) would be devoted to a review of campus Clery Act policies and procedures to ensure compliance with CSU and federal requirements; review and testing of processes to compile required disclosures and statistics for the Annual Security Report (ASR); verification of the availability of educational programs for security awareness, and the prevention and reporting of crime; review and testing of ASR dissemination to required parties; review of campus good-faith efforts to comply with changes to the Clery Act imposed by the Violence Against Women Reauthorization Act (VAWA) for the 2014 ASR and progress in meeting the changes by the July 2015 deadline; and review of content and delivery of training. Six campuses will be reviewed. Six campus reports have been completed.

Information Technology Procurement

The initial audit plan indicated that approximately 34 staff weeks of activity (3.3 percent of the plan) would be devoted to a review of policies and practices related to information technology procurement. Specific goals will include determining whether administration and management of information technology procurement activities provide an effective internal control environment, adequate local policies and operational procedures, current written delegations, and observance of good business practices in compliance with CSU policy. Five campuses were initially scheduled to be reviewed; due to additional information technology staff resources, six campuses will be visited. Four campus reports have been completed, report writing is being completed for one campus, and fieldwork is being conducted at one campus.

Payment Card Industry Data Security Standards

The initial audit plan indicated that approximately 14 staff weeks of activity (1.4 percent of the plan) would be devoted to a review of campus and auxiliary compliance with regulations specific to Payment Card Industry (PCI) Data Security Standards related to the security and protection of credit cards systems and data. The review would specifically include compliance with the new PCI 3.0 standard. Two campuses will be reviewed. One campus report is awaiting a campus response prior to finalization, and report writing is being completed for one campus.

Admissions

The initial audit plan indicated that approximately 50 staff weeks of activity (4.8 percent of the plan) would be devoted to a review of the evaluation of student records, including residency determination; processing admission applications, including use of supplemental admission criteria for impacted majors or campuses, transfer students, and redirection of eligible applicants; security of applicant data; application fee processing and granting of fee waivers; and compliance with state legislation and CSU requirements. Six campuses will be reviewed. Two campus reports have been completed, and four campus reports are awaiting a campus response prior to finalization.

Cloud Computing

The initial audit plan indicated that approximately 11 staff weeks of activity (1.1 percent of the plan) would be devoted to a review of campus and/or auxiliary activities pertaining to cloud computing, including review of policies and procedures to ensure compliance with CSU and other agency requirements; review of campus administration and oversight including but not limited to service availability, data ownership and backup and recovery, establishing contractual relationships with third-party service providers, and if sensitive data is maintained by a third party, review of involvement of campus information security personnel in the decision process; documentation of campus expectations for handling and securing the data; contract language covering security expectations; and monitoring third-party performance. Resource restrictions will not allow for an audit of Cloud Computing during 2015; it will be reviewed as part of the 2016 audit plan.

Scholarships

The initial audit plan indicated that approximately 43 staff weeks of activity (4.2 percent of the plan) would be devoted to a review of campus and/or auxiliary activities pertaining to scholarships, including establishing student eligibility, awarding, and recordkeeping and protection of sensitive information; coordination between the financial aid department and awarding departments; and review of disbursement procedures for awarded scholarships. Six campuses will be reviewed. Report writing is being completed at four campuses, and two campus reports are awaiting a campus response prior to finalization.

Student Activities

The initial audit plan indicated that approximately 50 staff weeks of activity (4.8 percent of the plan) would be devoted to a review of activities relating to social and co-curricular programs, recreational sports, student clubs and organizations; review of policies and procedures to ensure

compliance with CSU and other agency requirements; review of campus administration and oversight of student activities; review and appropriate testing for compliance with charters, bylaws and/or other governing documents for selected student organizations, clubs and other programs; review and testing to ensure appropriate staffing of student programs by qualified individuals and volunteers, including student leaders; and assessment to determine that required policies regarding non-discrimination, alcohol and drugs, and hazing are monitored and enforced. Six campuses will be reviewed. Fieldwork is being conducted at three campuses.

High Profile Area

College Reviews

The initial audit plan indicated that approximately 49 staff weeks of activity (4.8 percent of the plan) would be devoted to a review of college/departments administrative and financial controls, such as handling of cash and cash equivalents, expenditure processing, contracting activities, acquisition and tagging of sensitive equipment, and use of trust funds; and review of faculty assigned time, release time and special payments. Six campuses were initially scheduled to be reviewed; due to resource constraints, only five were visited. Five campus reports have been completed.

Construction

The initial audit plan indicated that approximately 47 staff weeks of activity (4.6 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. Six projects will be reviewed. Three campus reports have been completed, one campus report is 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 216 staff weeks of activity (20.8 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.

Technology Support

The initial audit plan indicated that approximately 14 staff weeks of activity (1.3 percent of the plan) would be devoted to technology support for non-information technology specific audits and advisory services reviews. The provision of support is 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 participate on committees such as those related to information systems implementation and policy development, and to perform special projects. Special projects for 2015 will include the implementation of automated working papers in the Office of Audit and Advisory Services. Forty staff weeks have been set aside for this purpose, representing approximately 3.8 percent of the audit plan.

Follow-ups

The audit plan indicated that approximately 15 staff weeks of activity (1.5 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 38 current/past assignments (Auxiliary Organizations, Accessible Technology, Executive Travel, Sponsored Programs, Continuing Education, Information Security, IT Procurement, College Reviews, Clery Act, and Admissions) 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. Eight staff weeks have been set aside for this purpose, representing approximately 0.8 percent of the audit plan.

Aud
Agenda Item 1
November 17-18, 2015
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Administration

Day-to-day administration of the Office of Audit and Advisory Services represents approximately 4.3 percent of the audit plan.

Status Report on Current and Follow-Up Internal Audit Assignments
(as of 10/26/2015)

2015 ASSIGNMENTS										FOLLOW-UP PAST/CURRENT ASSIGNMENTS				
Aux Orgs	Info Security	Clery Act	College Reviews	IT Procure	PCI	Adm	Cloud Comptg	Scholar	Student Activity	Auxiliary Organizations	Accessible Technology	Executive Travel	*Recs	**Mo.
										●No.	*Recs	**Mo.	*Recs	**Mo.
BAK					AI			RW		4	35/35	-		
CHI	FW		AC							3				
CI						AI				3	32/32	-	6/6	-
DH	RW							AI		3			6/6	-
EB				FW						3	31/31	-		
FRE						AI				6	36/36	-		
FUL	AI			AC					FW	4				
HUM		AC								4	30/30	-		
LB	AC				RW	AC				4	9/18	3	3/3	-
LA		AC	AC					RW		4	18/18	-	5/5	-
MA		AC								2	5/13	6		
MB						AI				2	23/23	-		
NOR	AI		AC					RW		5				
POM			AC	RW						2	11/11	-	7/7	4/4
SAC			AC						FW	5	41/41	-		
SB	AC			AC		AC				4	22/23	6		
SD		FW	AC							4	21/21	-	7/7	6/6
SF	AC	RW								3	4/17	5	1/1	-
SJ		AC				AI		RW		5	26/26	-	9/9	-
SLO								AI		3	11/11	-		
SM									FW	4	22/22	-	4/4	-
SON	RW			AC						3				
STA										4	14/14	-		
CO				AC						2	5/5	-	0/3	6
SYS			AC										0/1	6
													0/4	4

* 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 10/26/2015)

FOLLOW-UP PAST/CURRENT ASSIGNMENTS													
	Sponsored Programs		Continuing Education		Information Security		IT Procurement		College Reviews		Clery Act		Admissions
	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs
BAK					10/10	-							
CHI	6/6	-			11/21	9			0/5	4			
CI	1/1	-											
DH													
EB			3/3	-							3/6	4	
FRE					0/11	4							
FUL	10/10	-	2/2	-			0/0	-					
HUM					4/4	-					0/3	3	
LB					1/6	7							0/0
LA									0/4	4	0/3	4	-
MA	7/7	-			6/7	7					0/3	2	
MB	3/3	-											
NOR	8/8	-	5/5	-					2/4	5			
POM	3/3	-							1/3	5			
SAC									0/8	5			
SB			7/7	-	10/10	-	0/2	2					0/5
SD											0/4	3	
SF	4/4	-	5/6	6									
SJ					1/17	2							
SLO	7/7	-									0/3	4	
SM													
SON	0/0	-					0/0	-					
STA	7/7	-	1/3	9									
CO							0/1	2					
SYS	2/5	7	2/2	-					0/1	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.

[illegible]

AGENDA

COMMITTEE ON ORGANIZATION AND RULES

Meeting: **11:15 a.m., Tuesday, November 17, 2015**
 Glenn S. Dumke Auditorium

Lillian Kimbell, Chair
Steven G. Stepanek, Vice Chair
Douglas Faigin
Hugo N. Morales
J. Lawrence Norton

Consent Items

Approval of Minutes of September 8, 2015

1. Approval of California State University Board of Trustees Meeting Dates, 2017, *Action*

**MINUTES OF MEETING OF
COMMITTEE ON ORGANIZATION AND RULES
Trustees of The California State University
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

September 8, 2015

Members Present

Lillian Kimbell, Chair
Steven G. Stepanek, Vice Chair
Douglas Faigin
Hugo N. Morales
J. Lawrence Norton

Trustee Kimbell called the meeting to order.

Approval of the Minutes

The minutes of the March 24, 2015 meeting were approved as submitted.

Action Item

Trustee Kimbell introduced one information item on the agenda, the Schedule of Meetings for 2017, and commented that we will work with the UC Board of Regents to avoid scheduling conflicts. Trustee Kimbell also informed the Board that this item will return as an action item at the November 15, 2015 meeting.

The meeting adjourned.

COMMITTEE ON ORGANIZATION AND RULES

Approval of California State University Board of Trustees' Meeting Dates for 2017

Presentation By

Lillian Kimbell
Committee Chair

Summary

The following schedule of the CSU Board of Trustees' meetings for 2017 is presented for approval:

RESOLVED, By the Board of Trustees of The California State University, that the following schedule of meetings for 2017 is adopted:

Proposed 2017 Meeting Dates

January 31/February1, 2017	Tuesday – Wednesday	Chancellor's Office
March 21-22, 2017	Tuesday – Wednesday	Chancellor's Office
May 23-24, 2017	Tuesday – Wednesday	Chancellor's Office
July 18-19, 2017	Tuesday – Wednesday	Chancellor's Office
September 19-20, 2017	Tuesday – Wednesday	Chancellor's Office
November 7-8, 2017	Tuesday – Wednesday	Chancellor's Office

AGENDA

JOINT MEETING OF THE COMMITTEES ON EDUCATIONAL POLICY AND FINANCE

Meeting: **11:30 a.m., Tuesday, November 17, 2015**
 Glenn S. Dumke Auditorium

**Committee on Educational
Policy**

Debra S. Farar, Chair
Margaret Fortune, Vice Chair
Silas H. Abrego
Kelsey M. Brewer
Rebecca D. Eisen
Douglas Faigin
Lupe C. Garcia
Lillian Kimbell
J. Lawrence Norton
Steven G. Stepanek

Committee on Finance

Adam Day, Chair
Peter J. Taylor, Vice Chair
Silas H. Abrego
Kelsey M. Brewer
Rebecca D. Eisen
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lupe C. Garcia
Lillian Kimbell

Consent

Approval of the minutes of the meeting of September 8, 2015

Discussion

1. Academic Performance Measures (Academic Sustainability Plan), *Action*
2. Donahue Higher Education Act: Report on Hate Crime Statistics, *Information*

**MINUTES OF THE MEETING OF
JOINT COMMITTEE 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 8, 2015

Members Present

Educational Policy

Debra S. Farar Chair
Margaret Fortune, Vice Chair
Silas H. Abrego
Kelsey M. Brewer
Rebecca D. Eisen
Douglas Faigin
Lupe C. Garcia
Lillian Kimbell
J. Lawrence Norton
Steven G. Stepanek

Finance

Adam Day, Chair
Peter J. Taylor, Vice Chair
Silas H. Abrego
Kelsey Brewer
Rebecca D. Eisen
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lillian Kimbell
Lupe C. Garcia

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

Trustee Farar called the meeting to order.

Approval of Minutes

The minutes of November 12, 2014 were approved by consent as submitted.

Academic Sustainability Plan, *Information*

Dr. Loren Blanchard, executive vice chancellor, Academic and Student Affairs, introduced the item reminding board members that the final Budget Act of 2014 required the California State University Board of Trustees to annually develop and approve a three-year Academic Sustainability Plan. He informed the board that the same requirement is included in the final Budget Act of 2015. He stated that this joint committee item will introduce the board to the proposed multi-year Academic Sustainability Plan and is meant to gather input on the recommended approach.

The plan will return to the board for final approval at the November 2015 trustees meeting. Mr. Ryan Storm, assistant vice chancellor for Budget and Dr. Ed Sullivan, assistant vice chancellor for Academic Research and Resources presented the item.

Mr. Storm began the presentation by providing background on the state law requiring the CSU's three-year Academic Sustainability Plan. Under the statute, the board is required to adopt a final plan and submit it to the state by November 30, 2015. He explained that the plan consisted of three components: 1) the CSU must estimate resident and non-resident enrollment for the next three academic years, 2) the CSU must establish goals for 16 performance measures for those three years, and 3) the CSU must prepare a balanced budget for those years.

Mr. Storm shared that the approach approved by the board in 2014 allowed staff to present a report to the state that reflected the CSU's ability to accomplish more if funded at the CSU support budget level rather than under the assumptions of the Governor's multi-year funding plan. The Academic Sustainability Plan approved in 2014 consisted of two parts, the first part used the administration's revenue assumptions and presented small gains along previously established trends for each measure. The second part used the board's support budget request to set slightly higher goals going forward, acknowledging that the CSU will continue to focus on student access, success and completion. Staff consulted with key stakeholders and constituencies to ensure that the goals and expectations that were incorporated into last year's plan were appropriate. The preliminary recommendation for this year's plan is consistent with key stakeholder and constituency input from a year ago.

Mr. Storm stated that similar to last year, the trustees' proposed 2016-2017 support budget requests a funding level above the administration's multi-year funding assumptions and would suggest a similar approach for the 2015 Academic Sustainability Plan. In addition, staff recommended that the CSU again prepare the Academic Sustainability Plan with the two scenarios, one using the Administration's revenue assumptions, and another using the CSU revenue assumptions. He stated this would allow staff to identify trends for all of the measures and show, as appropriate, where greater gains could occur if the state fully-funded the CSU support budget request versus the level envisioned by the administration.

In August 2015, staff received the administration's revenue assumptions and they are consistent with the Governor's multi-year funding plan, including additional funding for the next two years as a result of the retooling of the state's Middle Class Scholarship program. The incremental revenue assumptions provided by the Administration are: \$139 million in 2016-2017, \$155 million in 2017-2018 and \$135 million in 2018-2019. Additionally, the administration assumed no systemwide tuition or campus-based mandatory fee increases in 2016-2017.

Dr. Sullivan explained that estimates for the Academic Sustainability Plan are predicated on enrollment assumptions that replicate the assumptions staff used last year to form the plan. The administration's assumptions for the next three years allow the CSU to grow by only one percent each year. He added that the CSU assumption funds three percent enrollment growth, enabling

campuses to continue to enroll more freshmen and transfer students, while also making significant progress through student success and completion initiatives to increase student retention, encourage students to take larger unit loads, and shorten the overall time to degree. The two enrollment assumptions for the Academic Sustainability Plan will help staff estimate the trajectory of the 16 performance measures over the next three years.

He stated the 16 performance measures listed in the board item focus on four areas: access, student outcomes, efficient use of state funds/resources, and degree completion. Serving the needs of California, particularly those of low-income students and California Community Colleges transfer students, are strong themes throughout the performance measures. The Academic Sustainability Plan requires data for the past three years and estimates of the measures for the current year and three subsequent years based on planning assumptions. He stated that updated data for many of the measures would not be available until later this fall and that actual and estimated outcomes for the 16 measures would be included in the final plan presented to the board for approval at the November meeting.

Mr. Storm stated that this reporting requirement presented some challenges including varying perceptions of the plan depending on the audience. He stated that staff views the plan as a tool with the understanding that funding directly affects enrollment growth, which in turn affects the performance measures in future years. However as budgets have the potential to fluctuate from year-to-year, staff takes the view that if goals ultimately are not achieved, the university and the state should jointly evaluate the outcomes and find ways to continue to move in a positive direction of continued investment in the students of California. He added that some of the measures are difficult to assess within the span of only three years, for example, four- and six-year graduation rates. He stated that goals set for the next three years are most affected by decisions made one or two years ago and not by current or future budgets.

The plan also offers an another opportunity to tell the story of the CSU as a sound public investment that is vital to the state's economy, and an exceptional educational value for students, their families, and taxpayers. The plan also furthers the discussion with internal and external constituencies about appropriate funding levels and expectations on student access, success, and completion. Staff's recommendations are to proceed as follows: part one of the plan would meet the requirements of the law, and part two would exceed the minimum requirements of the law. The key components of part two would be to assume a higher revenue assumption which would allow for the board to establish greater goals than under the administration's revenue assumptions. He stated that this two-part approach would fulfill the requirements of the law and demonstrate to the administration, legislature, and others that with continued re-investment, the CSU could commit to greater student achievement, under the right circumstances.

President Joe Castro of CSU Fresno highlighted the importance of the Academic Sustainability Plan. He stated that CSU Fresno, like each of the CSU campuses, is fully committed to student access and success. He highlighted the fact that CSU Fresno is located in an area of key strategic importance to the state and nation, noting the central valley is the epicenter for agriculture with a

rapidly-growing population of students in the region who are academically prepared for the CSU. In addition, many of the families in the region are experiencing severe economic distress, which has been exacerbated by the drought. He stated the intersection of an increased qualified population and compelling economic challenge in the central valley positions the CSU Fresno, CSU Bakersfield, and CSU Stanislaus campuses to play a transformational role in creating a brighter future.

Dr. Castro stated that the students served by CSU Fresno are extraordinarily diverse and that the campus is both a Hispanic and Asian American, Native American, and Pacific Islander serving institution. He shared that 70 percent are first-generation college students with others having parents and grandparents who graduated from CSU Fresno. He added that many of their freshmen and transfer students come from small, rural communities with 80 percent coming from the San Joaquin Valley, which illustrates the placed-based nature of their region.

President Castro shared that the number of applications for admission to CSU Fresno has increased by 22 percent over the past five years. Historically the campus has admitted all academically eligible students, but has been unable to accommodate increasing numbers of qualified applicants during this time, which may unfortunately continue in fall 2016. He shared that CSU Fresno enrolled nearly 24,000 students in fall 2015, a record in their 105 year history, and expressed his gratitude for the additional enrollment allocated to his campus, recognizing that this commitment occurred because the Governor and Legislature agreed to fully fund the CSU budget request for three percent enrollment growth. However, had the state budget been adopted with just one percent enrollment growth, CSU Fresno would have been forced to deny admission to substantially more academically-eligible students. The Central Valley desperately needs more skilled residents in every part of their labor force, especially in the STEAM area, which is STEM with an added A for agriculture. He shared that CSU Fresno's six-year graduation rate has increased from 48 percent to nearly 58 percent in the past two years. The campus goal is to reach 70 percent by 2023.

He indicated the increased funding has been essential to supporting their students' success. For example, the \$2.3 million in new student success funds allocated to CSU Fresno will enable additional tenure-track faculty hires in STEAM areas, strengthen advising services, and further reduce bottleneck courses.

Dr. Castro concluded his remarks by sharing a photo with the board of CSU Fresno graduate Yesenia Thompson. He indicated that she was the most recent recipient of the University Graduate Medal, their top academic honor for a graduate student. Ms. Thompson was a DREAMER who grew up in the small, rural community of Lindsay and received her master's degree in biology from CSU Fresno. Her ultimate goal is to earn a doctoral degree and return to CSU Fresno as a professor. He added that there are more than 400,000 talented and diverse CSU students, like Yesenia, who have big dreams and who are poised to be the next generation of leaders. He thanked the board for their continued support and for the opportunity to share this information.

Dr. Blanchard summed up by acknowledging that CSU Fresno, like all CSU campuses, remain steadfastly committed to improving student access and success. This commitment is further strengthened by a shared responsibility to continue re-investment in the future of our state and nation. He added the CSU, as evidenced by Yesenia Thompson's story and many others like her, provides students with an opportunity for a quality education, one that lays the foundation for the next generation of leaders, innovators, researchers and dreamers.

Trustee Peter Taylor thanked the presenters and stressed his firm belief in metrics and benchmarking. He requested that if possible when the plan is finalized, to consider disaggregating the metrics by campus. If there was a way to demonstrate all the various statutory performances by campus it would help to educate the board on disparities among campus performance. This practice could help to inspire campus conversations and encourage greater sharing of best practices to scale across the system. He added that the CSU should not stop at academic performance measures, but should also look into fiscal performance metrics as the two are not mutually exclusive. He strongly encouraged staff to consider incorporating this approach into the plan that will be presented to the board for approval in November.

Trustee Hugo Morales commended Dr. Castro on his presentation. He stated that many areas have not recovered from the economic downturn including the San Joaquin Valley. He thanked them for the presentation and indicated it was very well put together and demonstrated the potential resources and the challenges in the San Joaquin Valley.

Trustee Lou Monville stated that in reviewing the request from the Department of Finance, the Governor's Office, and the statutory requirements, this will continue to be an ongoing discussion with policy makers in Sacramento. He believes they may benefit from continued conversations clarifying the distinction between four- and six-year graduation rates and the students served in the CSU. He inquired further about bridging the divide between the board's roles and responsibilities, relative to the legislature and governor, to articulate and uphold the CSU's mission to serve the students of California. Dr. Blanchard responded that the work underway to improve graduation rates ties in well with a number of items that are the focus of the CSU Graduation Initiative. He also noted the importance that increasing the number of faculty and level of advisement on CSU campuses plays in contributing to student success and completion. He added that an important takeaway from President Castro's presentation is that there is a culture of care that is not always easy to capture, measure, and articulate. He ventured to say that the sentiment is very clear that if a student is found to be eligible to be admitted into a CSU campus, the CSU has a collective responsibility to support their success and ensure they graduate. All of these combined efforts require a collective, collaborative approach that includes faculty, staff, administrators, students and the community to ensure students persist, graduate, and move into meaningful careers that provide opportunities to become leaders in their field and communities. Trustee Monville again underscored that this represents, at its core, the mission of the CSU and finding meaningful and impactful ways to communicate this mission to the legislature will continue to be a priority.

Trustee Monville asked how the CSU would go about discussing the value of enrollment growth and the State University Grant Program with the legislature. Mr. Storm responded that when the CSU grows enrollment, they are not selecting students based on their financial status but rather on whether they are academically eligible for the CSU. He recognized that the CSU serves those students who are not traditionally going to be able to afford the university and stated that they will have to view that collectively to do their fair share of advocating with the legislature and telling the stories of CSU students and the value added to the student, community and economy from completing a CSU degree.

Trustee Monville shared that he is continually trying to determine how to best reconcile the roles and responsibilities that the board is charged with by the legislature, as it relates to improving student success and increasing graduation rates, with an unpredictable financial model and therefore unpredictable enrollment. He stated that the sooner the board could have a sense of a predictable financial model, the sooner they could drill down into some of these metrics. He added he would like to be sure that the metrics are useful and report the work of the system as a whole, not exposing campuses on an individual basis. He appreciated the suggestion to report on the metrics disaggregated by campus, however wants to strike a balance that preserves and reinforces an important distinction of the CSU system and its unique 23 campuses and their important regional serving nature. He added that given that uniqueness, it allows for different student populations, a diverse offering of academic programs, and areas that cannot be uniformly compared across the board.

Mr. Storm stated that the system as a whole has been concerned about whether the CSU would receive consistent, sustainable funding sources. For the past three years, Governor Brown and his administration have proposed a minimal floor of sustainable and predictable revenue coming in from the State which has provided the system a bit of assurance of a trajectory towards more predictable and sustainable revenue. However, he stressed the importance of building conservative and reasonable revenue expectations along with proper reserves in case of a recession in the future. Mr. Storm commended the state for having delivered for the last three years.

Trustee Monville stated that looking forward, he encouraged the board to be mindful of the commitments being made as they rely on that predictable and appropriate funding model. He stated the importance of continuing to strengthen the partnership with the state and legislature moving forward in order to meet their combined obligation to the taxpayers of California and students. He stated that as the CSU receives funding to return to pre-recession levels, he wants to ensure expectations are managed accordingly so that investments made to support student success and completion are not adversely impacted when revenues fluctuate. Continuing to be mindful of this balance will be important to reiterate in discussions among all stakeholders moving forward.

Dr. Blanchard commented that there is significant information sharing across campuses, especially as it relates to student retention and persistence. He noted as an example CSU Fullerton's work in supplemental instruction that has been successfully scaled to additional campuses. He stated that he has found within the system a tremendous amount of collegiality, and a sense that they are all in the same race together trying to reach the same finish line.

Trustee Taylor stated he appreciated the collaborative culture of the CSU, though noted that being transparent with regards to data may serve to motivate campuses to meet and exceed their performance goals. He stated that performance disparities may sometimes be a result of structural challenges and beyond a campuses control but stressed again the importance of continuing to engage in transparent conversations.

Mr. Storm added that it remains important to build strong relationships with key leaders, fostering open and continuous communications with all members in Sacramento in order to consistently reinforce the value of the CSU.

Trustee Farar adjourned the meeting.

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

Academic Performance Measures (Academic Sustainability Plan)

Presentation By

Ryan Storm
Assistant Vice Chancellor
Budget

Ed Sullivan
Assistant Vice Chancellor
Academic Research and Resources

Summary

In 2014 state law was passed as a part of the budget bill requiring the California State University (CSU) Board of Trustees to develop and approve a three-year academic sustainability plan. There are no changes in 2015 to the requirements of the law. The plan presented here, and attached to this item, includes the required elements of the law, the Department of Finance assumptions that must be incorporated into the plan, and the use of trends to determine the three-year goals for both the state budget assumptions and also the CSU budget assumptions which go above and beyond the state plan. This action item seeks the board's approval of the 2015 Academic Sustainability Plan.

Background

Starting with the Budget Act of 2014 and continued in the Budget Act of 2015, the trustees are required to develop and approve a plan that details the university's academic and fiscal sustainability over a three-year period and submit that plan to the Department of Finance and the legislature no later than November 30, 2015.

The plan must include the following three components:

- 1) Projections of available resources in the 2016-2017, 2017-2018 and 2018-2019 fiscal years, using state general fund and tuition 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 (itemized below).

Components 1 and 2: Revenue, Expenditure and Enrollment Assumptions

In a letter dated August 3, 2015, the Department of Finance revealed the state general fund and tuition fee revenue assumptions upon which the CSU is to build its academic sustainability plan. In short, the state general fund assumptions are to align with the governor's multi-year funding plan and include other baseline adjustments (e.g. savings from the middle class scholarship, state public works board debt service payments and 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 fee or category II campus-based fee increases. Following the same assumptions used in the 2014 plan approved by the board last year, the 2015 plan also includes a set of assumptions for the 16 performance measures based on a CSU budget plan that goes above and beyond the state's budget plan.

For illustration purposes, the Department of Finance expects the CSU to assume only \$139.4 million of new state general fund support and no new systemwide tuition fee revenue for 2016-2017. CSU's typical support budget request (a combination of state general fund support and tuition fee revenue) is \$100-\$150 million more than the current multi-year plan provides.

Component 3: Goals for Performance Measures

State law identified 16 performance measures to be reported on every March. As detailed in the Department of Finance's assumptions, it cannot be expected that the CSU could establish and accomplish all of the goals in student achievement given the state's financial commitment to the CSU is barely returning to its 2008-2009 level of \$3 billion.

Another significant challenge is that the Department of Finance's assumptions provide only 40 to 50 cents of every dollar needed to meet CSU's most critical needs. Each of the 23 CSU campuses have implemented strategies to improve their graduation rates, close the achievement gap for underrepresented minorities, and increase retention rates across the board. Many of these efforts have been successful and the needle is moving in the right direction systemwide. With the funding of the trustees support budget in 2015-2016 more progress will continue to be made in the highest priority areas. However, the modest proposed increases in state funding for the next two years, combined with the mandate to hold tuition rates flat, handicaps the university's ability to maximize student success, scale up successful programs to serve more students, and compete against other university priorities such as mandatory costs, predictable compensation increases, and funding of deferred maintenance and infrastructure improvements.

The CSU Graduation Initiative 2025 includes stretch goals for each campus in six areas: four- and six-year graduation rates for freshman; two- and four-year graduation rates for transfer students; and closing the achievement gap for underrepresented freshmen and transfer students. Campus leaders have prioritized their budgets accordingly to meet these goals by focusing on increased tenure-density among faculty, improved advising, reducing bottlenecks, scaling high-impact practices, moving more students through college-preparation curriculum sooner, and using data to make decisions across campus. The 16 performance measures required by the law track some of this progress, and add additional metrics for further detail.

Performance Measures

1. The number of California Community College (CCC) transfer students enrolled and the percentage of CCC transfer students as a proportion of the total number of undergraduate students enrolled.
2. The number of new CCC transfer students enrolled and the percentage of new CCC transfer students as a proportion of the total number of new undergraduate students enrolled.
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.
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.
5. The four-year graduation rate for students who entered the university four years prior and, separately, for low-income students in that cohort.
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.
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.
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.
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.

10. The number of degree completions annually, in total and for the following categories: (A) freshman entrants, (B) CCC transfer students, (C) graduate students, (D) low-income students.
11. The percentage of freshman 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.
12. 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.
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.
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.
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.
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. "STEM fields" include, but are not limited to, all of the following: computer and information sciences, engineering and engineering technologies, biological and biomedical sciences, mathematics and statistics, physical sciences, and science technologies.

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 2016-2017, 2017-2018 and 2018-2019 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, 2015 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 2015.

Academic Sustainability Plan

As required by the Budget Act of 2015

Draft Report for Consideration by the
CSU Board of Trustees

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 2015. 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. It is important to understand that the performance measures included in the Plan are influenced by many variables that are outside and beyond the CSU's direct control. Furthermore the measures are in most cases reliant on actions taken by the CSU and state in years prior to 2015-2016. Acknowledging these variables, the Plan is based on the best trend information available.

Enrollment assumptions affect outcome measures in the Plan. Improved retention efforts coupled with larger incoming classes have increased the number of CSU continuing students. As our student success efforts continue to mature and time-to-degree shortens with improved four-year rates for freshmen and two-year rates for transfers, we expect student access pressures will mediate. At the same time, degrees earned annually by CSU students are expected to increase significantly.

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 completed. It is important to acknowledge how various systemwide and campus-based strategies implemented in previous years affect these measures.

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 460,000 students and employing over 45,000 faculty and staff.
- The CSU stretches from Humboldt in the north to San Diego in the south.

Graduation Initiative

The awarding of summer 2015 degrees marked the conclusion of the first phase of the CSU's Graduation Initiative. When the initiative originally launched in 2009, the CSU reinforced that the success of our students was of paramount importance. In mid-October 2014, each of the 23 CSU campuses received new goals that built upon expectations from the 2009 initiative as the CSU kicked off the *Graduation Initiative 2025*. These goals foster new campus-based strategies beyond those developed for the 2009 initiative, specifically to improve four- and six-year graduation rates, close the achievement gap for underrepresented minorities, and increase retention rates for all students. Systemwide, the CSU

surpassed the 2015 graduation rate goal of 54% indicating that the efforts implemented on campuses have been successful. The 2025 initiative goal expects system six-year rates to meet or exceed 60% and will require new innovative efforts beyond those used to date.

Early Assessment and Early Start Programs

The Early Assessment Program has been in existence for more than a decade, and recent efforts have focused on aligning with the high-school smarter balanced assessments and CSU readiness expectations. The program identifies students who are college ready exiting their junior year of high school and those who could become college ready with an appropriate senior year experience in English and/or mathematics by completing additional coursework prior to high school graduation. This early identification allows students to focus on those subjects that will allow them to arrive college ready on the first day of CSU fall classes and likely be more successful in their academic endeavors.

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 “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 and/or mathematics upon graduation from high school must begin coursework through the Early Start Program in the summer. Intensive classes in English and mathematics strengthen skills and reduce the time necessary to get on track for their major. Increasing the number and percent of freshmen fully prepared for the rigors of college on their first day of fall classes improves the likelihood of future academic success.

Associate Degree for Transfer

The associate degree for transfer provides guaranteed admission to a CSU campus for students continuing their studies in the subject area of the earned associate degree for transfer. Students are provided an aligned upper division pathway that will allow the bachelor’s degree to be earned upon successful completion of coursework by taking 60 semester units at the CSU. As more and more California Community College students choose this pathway the time to degree for transfers should be reduced overall.

Student Success Initiatives and Reducing Bottlenecks

The CSU is committed to the authentic opportunity for students to achieve academic success. Priorities include efforts to increase student success through new and proven pedagogical strategies, improved academic support systems, access to online courses across CSU campuses, improved student advisement and scheduling systems, amplifying enriching activities (high-impact practices), and leveraging data to better inform student success efforts. System and campus level efforts complement each other and provide each entering class a better opportunity to achieve their academic goals.

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 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 mitigate potential roadblocks that may delay graduation. Efforts to support timely degree completion have included eAdvising tools that provide 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. By shortening

time-to-degree, the university is able to increase access for new freshmen and new California community college transfers.

Budget Act Requirement

The Budget Act of 2015 (AB 93, Chapter 10) 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, 2015.

The plan must include the following three components:

- (1) Projections of available resources in the, 2016-2017, 2017-2018, and 2018-2019 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 an August 3, 2015 letter to the 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 \$139.4 million of new state general fund support and no new systemwide tuition revenue for 2016-17. CSU's typical support budget plan (a mix of state general fund support and tuition and 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 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. Inclusion of the CSU Budget is not required by law, but it furthers the discussion with internal and external constituencies about appropriate funding levels for the CSU and expectations about student success and completion.

Funded Student Enrollment

Based on the State Budget and the CSU Budget as prepared for requirement 1, enrollment projections vary for, 2016-2017, 2017-2018, and 2018-2019. With a small budget increase allowed 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) 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 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 timelier degree completion where students enroll in 15 or more units each term.

Goals for Performance Measures

The third requirement requires the CSU 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 the CSU would maintain pace 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 committed to 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, the CSU can commit to increased student access, more degrees earned, and an increased investment in student success 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 rise slowly in 2016-2017 because of necessary fiscal policy decisions made in prior years that cannot be affected by an influx of funding in upcoming years. Increases in students earning degrees in recent years stems from improved retention/graduation efforts offsetting a potential drop resulting from limited new student enrollment five to six years ago.

Conclusion

The modest proposed increases in state funding, combined with the mandate to hold tuition rates flat for the next three years, limits 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. As success efforts mature we expect that overall time-to-degree will be reduced and access for new students will increase. There is, however, a transition period where improved retention efforts result in a reduction of available seats, thus creating pressure to limit or reduce new student access. The CSU Budget recommendation does not require the CSU to choose between infrastructure needs and new student access 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 and conscious global citizenry. More importantly we are focused on ensuring that every CSU student has an authentic opportunity to be challenged with academic rigor and to be successful in their chosen field and community.

The Plan

(1) Budget

Requirement: Projections of available resources in the 2016-2017, 2017-2018 and 2018-2019 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 \$134.6 million to \$155.4 million per year, which aligns with the governor’s office multi-year funding plan for the 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 Revenue: The State Budget assumes no change to any systemwide tuition rates through 2016-2017. The Board’s recommended 2016-2017 support budget request presumes no change in systemwide tuition rates for 2016-2017. Because the Board has the statutory authority and discretion to adjust tuition rates, the CSU Budget presumes the Board will determine the appropriate tuition rates on a case-by-case and year-by-year basis. Therefore no tuition increases are assumed in the plans for 2017-2018 or 2018-2019.

Student Success Fees: The State Budget assumes no change to existing and no new student success fees. A state moratorium on the creation of new student success fees is in effect through January 2016. Thereafter, policies adopted by the Board in January 2015 will govern the process that the Board, chancellor, campus leadership, and students will follow 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 2016-2017 preliminary and final drafts of the Board’s support budget request. Under these scenarios, the State Budget could increase FTES by approximately 3,560 per year and the CSU Budget could increase FTES by approximately 10,700 per year.

All Other Expenditures: For 2016-2017, all other expenditures for the State Budget and CSU Budget are consistent with the Board’s recommended 2016-2017 support budget request. Because the Board’s expenditure priorities exceed the State Budget’s resource assumptions, some 2016-2017 discretionary expenditures are displayed as “TBD” or “to be determined.” If the State Budget resource assumptions

were to come to pass in 2016-2017, CSU would have to decide how best to allocate the remaining, limited resources to these expenditure categories.

For 2017-2018 and 2018-2019 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			
Revenues	2016/17	2017/18	2018/19
State General Fund Support Appropriation (base)	\$2,702,021,000	\$2,885,499,000	\$3,053,116,000
State Contribution for PERS retirement	44,072,000	12,235,000	12,348,000
State Revenue Assumptions:			
Governor's Office Multi-Year General Fund Plan	139,406,000	155,382,000	134,557,000
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)	303,944,000	311,809,000	316,879,000
Governor's Office commitment to lease revenue bond debt service payments	7,865,000	5,070,000	0
Net Tuition Fee & Other Fee Revenue (base)	2,145,812,000	2,164,445,000	2,183,264,330
Net Tuition Fee Revenue (Funded Student Enrollment Increase - 1% per year)	18,633,000	18,819,330	19,007,523
Totals, Revenues	\$5,361,753,000	\$5,553,259,330	\$5,719,171,853
Expenditures	2016/17	2017/18	2018/19
Operations (base)	\$4,847,833,000	\$5,049,944,000	\$5,236,380,330
State Contribution for PERS retirement	44,072,000	12,235,000	12,348,000
Mandatory Costs	42,970,000	TBD	TBD
Employee Compensation Pool	69,552,000	TBD	TBD
Student Success & Completion Initiatives	TBD	TBD	TBD
Funded Student Enrollment Increase - 1% per year	36,683,000	37,050,000	37,421,000
General Obligation & Lease Revenue Debt Service Payments (base)	303,944,000	311,809,000	316,879,000
Governor's Office commitment to lease revenue bond debt service payments	7,865,000	5,070,000	0
Facilities & Infrastructure	TBD	TBD	TBD
All Other Operating Expenditures To Be Determined by CSU	8,834,000	137,151,330	116,143,523
Totals, Expenditures	\$5,361,753,000	\$5,553,259,330	\$5,719,171,853
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 \$655 million.			

CSU Budget

Revenues	2016/17	2017/18	2018/19
State General Fund Support Appropriation (base)	\$2,702,021,000	\$2,987,758,000	\$3,249,993,000
State Contribution for PERS retirement	44,072,000	12,235,000	12,348,000
CSU Revenue Assumptions:			
State General Fund	241,665,000	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
General Obligation & Lease Revenue Debt Service Revenue from State (base)	303,944,000	311,809,000	316,879,000
Governor's Office commitment to lease revenue bond debt service payments	7,865,000	5,070,000	0
Net Tuition Fee & Other Fee Revenue (base)	2,145,812,000	2,201,719,000	2,259,303,210
Net Tuition Fee Revenue (Funded Student Enrollment Increase - 3% per year)	55,907,000	57,584,210	59,311,736
Totals, Revenues	\$5,501,286,000	\$5,826,175,210	\$6,147,834,946
Expenditures	2016/17	2017/18	2018/19
Operations (base)	\$4,847,833,000	\$5,189,477,000	\$5,509,296,000
State Contribution for PERS retirement	44,072,000	12,235,000	12,348,000
Mandatory Costs	42,970,000	TBD	TBD
Employee Compensation Pool	69,552,000	TBD	TBD
Student Success & Completion Initiatives	50,000,000	TBD	TBD
Funded Student Enrollment Increase - 3% per year	110,050,000	113,352,000	116,753,000
General Obligation & Lease Revenue Debt Service Payments (base)	303,944,000	311,809,000	316,879,000
Governor's Office commitment to lease revenue bond debt service payments	7,865,000	5,070,000	0
Facilities & Infrastructure	25,000,000	TBD	TBD
All Other Operating Expenditures To Be Determined by CSU	0	194,232,000	192,559,000
Totals, Expenditures	\$5,501,286,000	\$5,826,175,000	\$6,147,835,000
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 \$655 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.

Enrollment funding is based on FTES; this report translates that growth to a headcount number using currently available ratios. Two of the variables that affect the size of each new entering class are: 1) available resources 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 new headcount to FTES 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 and allow the CSU to focus on a timelier degree completion with more students enrolling 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 six 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.

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	416,109	22,048	416,109	22,048
2014-2015	424,377	26,832	424,377	26,832
2015-2016 (Projected)	437,108	27,637	437,108	27,637
2016-2017 (Projected)	441,479	27,913	450,222	28,465
2017-2018 (Projected)	445,894	28,192	463,729	29,319
2018-2019 (Projected)	450,353	28,474	477,641	30,198

(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 projections based on the two budget assumptions presented previously. Transfer enrollment is affected by the CSU budget more than most measures. Table 1b shows how 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 new 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 new transfer enrollment between 2016-2017 and 2018-2019. When compared with new 2015-2016 expectations 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.

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 challenging economic times 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 50 percent in the next three academic years, returning to a level seen in previously stable economic periods.

Ensuring the academic success of all California students and particularly low-income students remains a steadfast CSU priority. It is believed that this measure is focusing on 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 low-income students by 2025, and will continue extensive outreach and retention efforts to these populations. Access with the opportunity to succeed for all college going students is a critical part of CSU's mission. Meeting the financial aid needs of our students to ensure they all have the support to academically succeed remains 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	136,352	36.2%
2014	138,342	35.9%
2015 (Projected)	143,322	36.1%
2016 (Projected)	144,612	36.0%
2017 (Projected)	145,190	35.7%
2018 (Projected)	145,480	35.4%

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	136,352	36.2%
2014	138,342	35.9%
2015 (Projected)	143,322	36.1%
2016 (Projected)	149,055	36.2%
2017 (Projected)	153,527	36.1%
2018 (Projected)	157,365	35.9%

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	55,053	46.3%
2014-2015	56,134	46.3%
2015-2016 (Projected)	62,870	46.5%
2016-2017 (Projected)	58,406	46.5%
2017-2018 (Projected)	59,574	46.5%
2018-2019 (Projected)	60,170	46.5%

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	55,053	46.3%
2014-2015	56,134	46.3%
2015-2016 (Projected)	62,870	46.5%
2016-2017 (Projected)	63,184	46.5%
2017-2018 (Projected)	64,448	46.5%
2018-2019 (Projected)	66,381	46.5%

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	173,553	45.6%
2013	185,321	47.3%
2014 (Projected)	196,110	48.5%
2015 (Projected)	207,528	49.8%
2016 (Projected)	210,549	50.1%
2017 (Projected)	213,614	50.3%

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	173,553	45.6%
2013	185,321	47.3%
2014 (Projected)	196,110	48.5%
2015 (Projected)	207,528	49.8%
2016 (Projected)	215,583	50.3%
2017 (Projected)	223,951	50.7%

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	51,693	48.9%
2013-2014	62,367	50.5%
2014-2015 (Projected)	63,614	50.2%
2015-2016 (Projected)	69,975	49.5%
2016-2017 (Projected)	63,677	48.5%
2017-2018 (Projected)	64,314	48.1%

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	51,693	48.9%
2013-2014	62,367	50.5%
2014-2015 (Projected)	63,614	50.2%
2015-2016 (Projected)	69,975	49.5%
2016-2017 (Projected)	70,290	49.5%
2017-2018 (Projected)	71,344	49.2%

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 in Tables 5 and 6. These two measures set graduation rate goals for students who entered the CSU as a 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 2025. The goals shown for the graduating classes of 2016, 2017, and 2018 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 2016-2017, 2017-2018 and 2018-2019 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 underrepresented 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 2016, 2017, and 2018 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 new graduation initiative goals 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 2016-2017, as reported for the class of 2018. 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.

As more students enroll in the CSU with Associate Degrees for Transfer (ADT), and are guaranteed that they can graduate with 60 CSU units, the two-year graduation rates are expected to exceed their current trend. However, with only two years of ADT students in the CSU, there is not enough information available at this time to modify the estimated graduates within any of the CSU graduation rate tables.

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 (in all categories).

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 assumption, the growth in total degrees awarded is expected to rise at a faster pace.

Table 5 State or CSU Budget – 4-year First-Time, Full-Time Freshmen Graduation Rates				
Fall Cohort	Graduation Year	Receiving Pell Grants	Not Receiving Pell Grants	All Students
2007	2011	9.6%	18.7%	15.9%
2008	2012	10.0%	19.2%	16.2%
2009	2013	11.2%	21.9%	17.8%
2010	2014	11.8%	24.0%	18.6%
2011 (Projected)	2015	11.8%	25.1%	18.9%
2012 (Projected)	2016	12.6%	26.1%	19.4%
2013 (Projected)	2017	13.5%	27.1%	19.9%
2014 (Projected)	2018	14.4%	28.1%	20.4%

Table 6 State or CSU Budget – 6-Year First-Time, Full-Time Freshmen Graduation Rates				
Fall Cohort	Graduation Year	Receiving Pell Grant	Not Receiving Pell Grant	All Students
2005	2011	44.3%	54.5%	51.3%
2006	2012	44.2%	54.6%	51.4%
2007	2013	45.4%	54.7%	51.8%
2008	2014	47.9%	57.0%	54.0%
2009 (Projected)	2015	51.6%	60.2%	56.9%
2010 (Projected)	2016	52.9%	61.1%	57.5%
2011 (Projected)	2017	54.3%	62.0%	58.1%
2012 (Projected)	2018	55.7%	62.9%	58.7%

Table 7 Two-year California Community College Transfer Graduation Rates				
Fall Cohort	Graduation Year	Receiving Pell Grants	Not Receiving Pell Grant	All Transfers
2009	2011	22.9%	25.6%	24.5%
2010	2012	26.1%	29.3%	27.8%
2011	2013	24.9%	28.6%	26.7%
2012	2014	27.3%	29.4%	28.3%
2013 (Projected)	2015	29.2%	30.9%	30.0%
2014 (Projected)	2016	29.8%	31.5%	30.5%
2015 (Projected)	2017	30.4%	32.2%	31.1%
2016 (Projected)	2018	31.0%	32.8%	31.7%

Table 8 Three-Year California Community College Transfer Graduation Rates				
Fall Cohort	Graduation Year	Receiving Pell Grant	Not Receiving Pell Grant	All Transfers
2008	2011	51.8%	56.1%	54.6%
2009	2012	54.2%	57.8%	56.3%
2010	2013	59.7%	61.9%	60.9%
2011	2014	59.4%	63.2%	61.3%
2012 (Projected)	2015	61.5%	63.0%	62.2%
2013 (Projected)	2016	62.7%	64.2%	63.3%
2014 (Projected)	2017	63.9%	65.5%	64.5%
2015 (Projected)	2018	65.2%	66.8%	65.7%

Table 9 Four-Year California Community College Transfer Graduation Rates				
Fall Cohort	Graduation Year	Receiving Pell Grant	Not Receiving Pell Grant	All Transfers
2007	2011	62.6%	65.7%	64.6%
2008	2012	65.1%	68.2%	67.2%
2009	2013	67.6%	70.4%	69.3%
2010	2014	72.0%	73.4%	72.8%
2011 (Projected)	2015	71.4%	74.1%	72.8%
2012 (Projected)	2016	72.1%	75.0%	73.5%
2013 (Projected)	2017	72.8%	75.9%	74.3%
2014 (Projected)	2018	73.5%	76.8%	75.1%

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	34,330	43,775	18,590	103,781	44,629
2014-2015	36,704	42,771	18,831	105,693	45,660
2015-2016 (Projected)	38,673	43,424	18,999	108,372	46,715
2016-2017 (Projected)	40,748	44,087	19,169	111,170	47,795
2017-2018 (Projected)	42,934	44,760	19,340	114,092	48,900
2018-2019 (Projected)	45,238	45,443	19,513	117,146	50,030

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	34,330	43,775	18,590	103,781	44,629
2014-2015	36,704	42,771	18,831	105,693	45,660
2015-2016 (Projected)	38,673	43,424	18,999	108,372	46,715
2016-2017 (Projected)	40,748	44,087	19,169	111,170	47,795
2017-2018 (Projected)	42,934	44,760	19,340	114,092	48,900
2018-2019 (Projected)	45,238	49,024	19,996	121,210	51,160

**Total includes all degree recipients, including those not reflected in the categories above (e.g. Non-California community college transfers, etc.). Low-income students' degrees for 2014-2015 are estimates as Pell awards data are not final.*

Measures 11 - 15: Cost Efficiency and Time-to-Degree

Measure 11: 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 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. As campuses continue to examine academic policies and the high-impact practices that affect retention and graduation, this type of measure will continue to be examined.

To address Measure 12, 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.

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	48.0%	52.0%
2014	50.3%	49.7%
2015 (Projected)	51.4%	48.6%
2016 (Projected)	52.5%	47.5%
2017 (Projected)	53.6%	46.4%
2018 (Projected)	54.7%	45.3%

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
2016-2017 (Projected)	\$41,505	\$42,652
2017-2018 (Projected)	\$42,028	\$44,219
2018-2019 (Projected)	\$42,322	\$44,271

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
2016-2017 (Projected)	\$51,788	\$53,219
2017-2018 (Projected)	\$51,949	\$54,657
2018-2019 (Projected)	\$51,830	\$53,817

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 yield 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	61	141	90	141
2012-2013	129	139	59	141	89	141
2013-2014	129	139	58	141	88	141
2014-2015	128	138	57	141	88	141
2015-2016 (Projected)	128	138	57	141	88	140
2016-2017 (Projected)	128	138	57	141	88	140
2017-2018 (Projected)	128	138	57	140	88	140
2018-2019 (Projected)	128	138	57	140	88	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 more robust 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	17,061	3,817	20,878	8,397
2014-2015	18,519	4,278	22,797	8,802
2015-2016 (Projected)	19,867	4,402	24,269	9,227
2016-2017 (Projected)	21,314	4,520	25,834	9,672
2017-2018 (Projected)	22,866	4,641	27,507	10,139
2018-2019 (Projected)	24,531	4,766	29,297	10,628

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	17,061	3,817	20,878	8,397
2014-2015	18,519	4,278	22,797	8,802
2015-2016 (Projected)	19,867	4,402	24,269	9,227
2016-2017 (Projected)	21,314	4,520	25,834	9,672
2017-2018 (Projected)	22,866	4,641	27,507	10,139
2018-2019 (Projected)	25,656	4,882	30,538	10,910

**Low-income students' degrees for 2014-2015 are estimates as Pell awards data are not final.*

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	6,223	1,967	8,190	3,028
2014-2015	6,556	2,058	8,614	3,407
2015-2016 (Projected)	7,037	2,118	9,155	3,618
2016-2017 (Projected)	7,553	2,179	9,732	3,842
2017-2018 (Projected)	8,107	2,242	10,349	4,080
2018-2019 (Projected)	8,702	2,307	11,009	4,333

Table 16d STEM Degrees, Health Only - CSU 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	6,223	1,967	8,190	3,028
2014-2015	6,556	2,058	8,614	3,409
2015-2016 (Projected)	7,037	2,118	9,155	3,618
2016-2017 (Projected)	7,553	2,179	9,732	3,842
2017-2018 (Projected)	8,107	2,242	10,349	4,080
2018-2019 (Projected)	9,191	2,363	11,554	4,455

**Low-income students' degrees for 2014-2015 are estimates as Pell awards data are not final.*

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

Donahue Higher Education Act: Annual Report on Hate Crimes

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

Sally Miller
CSU Systemwide Special Project Director
Clery Analysis, Outreach, and Training

Summary

This item provides an annual report of hate crimes on campuses pursuant to Education Code § 67380, which requires the California State University (CSU) to compile statistics and report on hate crimes and non-criminal acts of hate violence by calendar year. The statute requires that the information be reported to the CSU Board of Trustees and then transmitted to the Legislative Analyst's Office by January 1 of each year.

Background

The CSU seeks to maintain a safe educational environment, which includes compliance with student safety laws and regulations. These include the Federal Jeanne Clery Disclosure of Campus Security and Crime Statistics Act (Clery Act) (20 U.S.C. 1092(f)) and the Violence Against Women Reauthorization Act of 2013, which amends the Clery Act under the Campus Sexual Violence Elimination Act provision (Campus SaVE Act). State laws and regulations include the Governor's 2004 California Campus Blueprint to Address Sexual Assault; and the Higher Education Act (Education Code § 67380, 67385.7, 67386, and 67390 et seq.).

Hate crime is defined in Penal Code § 422.55. Hate violence for reporting purposes is defined in Education Code § 67380(c) as *“any act of physical intimidation or physical harassment, physical force or physical violence, or the threat of physical force or physical violence, that is directed against any person or group of persons, or the property of any person or group of persons because of the ethnicity, race, national origin, religion, sex, sexual orientation, gender identity, gender expression, disability, or political or religious beliefs of that person or group.”*

With regard to the annual report required by Education Code § 67380, for the year ending December 31, 2014, two hate crimes and zero incidents of non-criminal acts of hate violence will be reported to the Legislative Analyst's office.

AGENDA

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Meeting: 1:00 p.m. Tuesday, November 17, 2015
Glenn S. Dumke Auditorium

J. Lawrence Norton, Chair
Peter J. Taylor, Vice Chair
Kelsey M. Brewer
Adam Day
Rebecca D. Eisen
Margaret Fortune
Steven G. Stepanek

Consent Items

Approval of Minutes of Meeting of September 8, 2015

1. Amend the 2015-2016 Capital Outlay Program for California State University, Chico, California State University, Fullerton, California State University, Northridge and San Diego State University, *Action*
2. Approval of Schematic Plans for California State University, Bakersfield, *Action*
3. Approval of the Amendment to the 2015-2016 Capital Outlay Program and Schematic Plans for California State University, Los Angeles, *Action*
4. Approval of the Master Plan Revision, the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for Spartan Golf Complex for San José State University, *Action*
5. California State University Seismic Safety Program Annual Report, *Information*

Discussion Items

6. Approval of the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for California Polytechnic State University, San Luis Obispo, *Action*
7. Approval of the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for California State University, San Bernardino, *Action*
8. Approval of the 2016-2017 Capital Outlay Program and the 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan, *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 8, 2015

Members Present

J. Lawrence Norton, Chair
Peter J. Taylor, Vice Chair
Kelsey Brewer
Adam Day
Rebecca D. Eisen
Lou Monville, Chair of the Board
Steven G. Stepanek
Timothy P. White, Chancellor

Trustee Norton called the meeting to order.

Approval of Minutes

The minutes of July 20-21, 2015 were approved as submitted.

Amend the 2015-2016 Capital Outlay Program for California State Polytechnic University, Pomona, California State University, Sacramento and San Diego State University

Trustee Norton presented agenda item 1 as a consent action item. The committee recommended approval of the proposed resolution (RCPBG 09-15-11).

Approval of the Draft 2016-2017 Capital Outlay Program and the Draft 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan

Executive Vice Chancellor and Chief Financial Officer Steve Relyea introduced agenda item 2, Approval of the Draft 2016-2017 Capital Outlay Program and the Draft 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan. Mr. Relyea informed the board of the five-year capital planning process to identify the facility needs of the university to address the aging infrastructure, the need for modernization, and the construction of new facilities that will provide space to accommodate growing enrollment.

Assistant Vice Chancellor Elvyra F. San Juan provided a historical perspective of state funding for the CSU's capital program and a status report on CSU's new authority for capital funding that went into effect in fiscal year 2014-2015. As a result of the new authority, the CSU has

issued debt (CSU Systemwide Revenue Bonds) for academic projects for the first time – with the debt to be repaid from budgeted operating funds approved by the Board of Trustees (\$10 million for the 2014-2015 capital program and \$25 million for the 2015-2016 capital program).

The 2016-2017 capital program will be funded in consideration of other system priorities. Campus co-funding is encouraged to address the deferred maintenance backlog, which in turn helps to leverage the limited funds that may be afforded assuming the governor's multi-year budget plan. To date, the campuses have submitted over \$312 million in requests for funding, and that number is expected to increase. Of that amount, utility and infrastructure projects continue to be prioritized (with the first priority being \$4 million for water conservation projects) along with the ongoing design of replacement buildings and growth projects that were started in 2015-2016.

Additional changes are proposed to the board-approved Categories and Criteria to: 1) encourage campus co-funding, 2) set a limit on the number of debt financed projects, 3) broaden the exemptions to the one-project limit, and 4) identify a few of the metrics that will be considered to assess need for projects.

Trustee Rebecca Eisen asked if we have an inventory of types and quantity of space per campus to help in planning. Ms. San Juan responded that CPDC administers a space and facility database to plan academic program space; the database is a critical planning tool. This is not so true for self-support program space where the data is much less granular. Work is being done to improve data collection in this area.

Trustee Peter Taylor asked where public-private partnership projects fit into the proposed categories and criteria. Ms. San Juan answered that these projects would most likely be exempt from the 'one-project' limit as they typically are funded from private firms.

Chair Lou Monville asked if the exemption would still apply if the public-private partnership were a hybrid model. Ms. San Juan replied that it would depend on the structure of the partnership – whether it was on campus land, who is operating the facility, the balance of funding, etc.

Chancellor Timothy P. White, in consideration of future private/public partnerships, added that in order to help stimulate these relationships it may be of value to revisit some rules to make sure they are supportive of our efforts versus imposing regulations that negatively impact developing beneficial partnerships.

The committee recommended approval of the proposed resolution (RCPBG 09-15-12).

Trustee Norton adjourned the meeting.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

**Amend the 2015-2016 Capital Outlay Program for California State University, Chico,
California State University, Fullerton, California State University, Northridge and
San Diego State University**

Presentation By

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

Summary

The California State University Board of Trustees approved the 2015-2016 Capital Outlay Program at its November 2014 meeting. This item allows the board to consider the scope and budget of projects not included in the previously approved capital outlay program.

**1. California State University, Chico
Boiler-Chiller Plant Modification**

PWC¹ \$10,897,000

California State University, Chico wishes to proceed with the design and construction of modifications to the Boiler-Chiller Plant (#26²), including a new thermal energy storage (TES) tank, one new chiller and infrastructure for a second chiller in the future. The existing chiller plant and TES tank have reached capacity with existing facilities and will not be able to accommodate future cooling needs of the campus. This project proposes to increase the cooling capacity of the campus in a cost effective manner.

The Boiler-Chiller Plant will be expanded to accommodate the new chiller, and the cooling tower will be installed adjacent to it. The new TES tank will be constructed near the existing tank and will be served by both the new and existing chillers, allowing nighttime operation when electricity rates are less expensive than daytime rates. The project scope includes site work to prepare for the new tank and increased Boiler-Chiller Plant building footprint, as well as new equipment, piping and controls. The plant expansion will enable the campus to minimize the need for daytime chilled water production and save operating costs.

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

² Facility number shown on master plan map and recorded in Space and Facilities Database

The total project cost of \$10.9 million will be partially funded by \$2.9 million in designated capital reserves. The remaining \$8 million will be funded through equipment lease financing, with loan repayment paid by annual operating fund utility cost savings.

2. California State University, Fullerton
College Park West Seismic Corrections & Tenant Improvements PWC \$18,829,000

California State University, Fullerton wishes to proceed with the seismic retrofit and tenant improvements to College Park West (#71A & #71B). These facilities were the former Western State University College of Law purchased in 2012 by the Auxiliary Services Corporation.

The seismic retrofit would apply to building #71A only, comprising approximately 56,000 gross square foot (GSF). The tenant improvements would encompass both buildings, comprising approximately 86,000 GSF. Tenant improvements will accommodate University Extended Education and Auxiliary Services Corporation, and other tenants. The facility will accommodate the expansion of University Extended Education enrollment capacity, providing lecture, laboratories, faculty and administrative offices, related support space and food service.

The project will be funded from designated auxiliary organization and campus reserves.

3. California State University, Northridge
Research Facility PWC \$2,832,000

California State University, Northridge wishes to proceed with the design and construction of a new Research Facility (#23) located adjacent to Plummer Street (North University Drive) and west of Sage Brush Hall (#201). The facility (10,000 GSF) is intended to double the university's science grants and research funds in the coming years. The Research Facility will be a high-bay, single-story building designed to provide flexible space that can be repurposed as new research activities and grant sponsored programs are cycled through the facility.

This project will be funded from a combination of campus designated reserves and California State University, Northridge Foundation designated reserves.

4. San Diego State University
Confucius Institute Renovation PWCE \$4,000,000

San Diego State University wishes to proceed with the renovation of the first floor (5,740 GSF) of the Professional Studies and Fine Arts building (#27) to create a site for the Confucius Institute. This project, located on the northwest quadrant of the historic campus core, will provide a dedicated space to facilitate a broad range of cross-cultural enrichment activities. The

space will accommodate multipurpose, exhibit, meeting display and support space for the Institute.

The space to be renovated is a high-bay remnant of the building's original use as the main campus library, and is vacant thus no academic functions will be displaced by the renovation. The project includes an amount of exterior site work to create a dedicated entrance and entry plaza on the north side of the existing building, along with Americans with Disabilities Act (ADA) accessible ramps and stairs to the entry plaza.

This renovation project will be funded from donor funds and designated campus capital reserves.

5. San Diego State University

Open Air Theater Concourse Improvements

PWCE \$3,890,000

San Diego State University wishes to proceed with the design and construction of a replacement restroom and concession facilities at the concourse of the Cal Coast Credit Union Open Air Theater (#71), located directly south of Love Library (#54). The Open Air Theater is operated by San Diego State Associated Students.

This project includes the demolition of existing deteriorated and non-code compliant restroom and concession stand facilities and the construction of a 1,450 GSF men's and women's restroom facility and a 750-GSF concession facility that will provide code compliant access and fixture capacity. The project will also construct steel platforms atop the new concession stand and existing ticket booth to accommodate stage lighting brought in for each performance. The improvements will be designed to reference the mission revival architectural heritage of the campus and to replicate the design of the existing ticket booth structure, constructed in 2011. This project will not increase the seating capacity of the venue.

This project will be funded from a combination of Associated Students designated reserves and sponsorship naming rights reserves.

Recommendation

The following resolution is presented for approval:

RESOLVED, by the Board of Trustees of the California State University, that the 2015-2016 Capital Outlay Program be amended to include:

1. \$10,897,000 for preliminary plans, working drawings and construction for the California State University, Chico Boiler-Chiller Plant Modification;

CPB&G

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2. \$18,829,000 for preliminary plans, working drawings and construction for the California State University, Fullerton College Park West Seismic Corrections and Tenant Improvements;
3. \$2,832,000 for preliminary plans, working drawings and construction for the California State University, Northridge Research Facility;
4. \$4,000,000 for preliminary plans, working drawings, construction and equipment for the San Diego State University Confucius Institute Renovation; and
5. \$3,890,000 for preliminary plans, working drawings, construction and equipment for the San Diego State University Open Air Theater Concourse Improvements.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Approval of Schematic Plans for California State University, Bakersfield

Presentation By

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

Summary

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

California State University, Bakersfield—Faculty Towers Replacement Building (Seismic)

Design/Build Firm: S.C. Anderson, Inc.

Project Architect: Teter Architects

Background and Scope

California State University, Bakersfield wishes to proceed with the design and construction of the Faculty Towers Replacement Building (Seismic) (#57a¹) located in the northwest quadrant of the campus adjacent to the existing humanities complex. The new facility will replace the existing Faculty Building (#6), which is a priority level 1² on the CSU Seismic list and has a backlog of over \$4 million of deferred maintenance. The existing Faculty Building will be demolished as part of the scope of this project.

The Faculty Towers Replacement Building will centralize the six humanities departments (English, history, philosophy, humanities, religious studies, modern language, and communication) creating a humanities quad to enhance academic interaction among students and faculty. The project will provide for 50 faculty offices, the dean's office for the School of Humanities and Social Sciences, and four departmental offices in a two-story 13,865 gross square foot (GSF) facility.

The primary exterior surface of the L-shaped building will be brick veneer on one wing and metal panel walls on the other wing. A high performance store front system glazed with tinted insulated glass will provide windows consistent with the campus architecture. Window openings

¹ The facility number is shown on master plan map and recorded in Space and Facilities Database.

² The CSU Seismic Review Board assigns buildings to the Seismic Priority List 1 that should be retrofitted as soon as practical.

will have shading devices to control glare and heat gain. The flooring in common areas will be stained concrete and offices will have vinyl flooring. The mechanical system will be a variable refrigerant flow HVAC system that will provide the ability for the faculty and staff to have improved temperature control.

The project is designed to achieve Leadership in Energy and Environmental Design (LEED) Gold equivalence. Sustainable design features include the use of architectural details that are responsive to local climate such as canopy overhangs, louvers to control heat gain, provision of smart controls for LED lighting, optimized energy performance and efficient water use with low flow plumbing fixtures, subsurface drip irrigation systems, and drought tolerant landscaping.

Timing (Estimated)

Preliminary Plans Completed	December 2015
Working Drawings Completed	February 2016
Construction Start	June 2016
Occupancy	July 2017

Basic Statistics

Gross Building Area	13,865 square feet
Assignable Building Area	7,451 square feet
Efficiency	54 percent

Cost Estimate – California Construction Cost Index (CCCI) 6151³

Building Cost (\$377 per GSF)	\$5,230,000
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<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>
a. Substructure (Foundation)	\$ 10.24
b. Shell (Structure and Enclosure)	\$141.29
c. Interiors (Partitions and Finishes)	\$ 59.36
d. Services (HVAC, Plumbing, Electrical, Fire)	\$110.06
e. General Conditions and Insurance	\$ 56.26

Site Development (includes landscaping and demolition)	<u>717,000</u>
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Construction Cost	\$5,947,000
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³ The July 2015 Engineering News-Record California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco and is updated monthly.

Fees and Services	1,500,000
Contingency	<u>93,000</u>
Total Project Cost (\$544 per GSF)	\$7,540,000
Fixtures, Furnishings and Movable Furniture	<u>250,000</u>
Grand Total	<u>\$7,790,000</u>

Cost comparison

The project's building cost of \$377 per GSF is higher than the CSU Cost Guide of \$361 per GSF for faculty office buildings as well as the project cost of \$365 per GSF for the Faculty Office/Lab Building (LEED Silver rating) at California State University, Fresno approved by the board in November 2012, adjusted to CCCI 6151.

Factors contribution to the higher building cost include the costs for the building shell and mechanical equipment required to attain a LEED Gold rating in a desert climate; and the lower cost efficiencies in constructing a smaller building.

Funding Data

The project will be funded through the CSU Systemwide Revenue Bond program and designated campus capital reserves. The bonds will be repaid from systemwide operating funds as approved by the Board of Trustees at the January 2015 meeting (RFIN 01-15-04).

California Environmental Quality Act (CEQA) Action

A Notice of Exemption has been prepared pursuant to the requirements of the California Environmental Quality Act. The Notice of Exemption will be filed with the State Clearinghouse as required.

Recommendation

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 Categorical Exemption for the California State University, Bakersfield Faculty Towers Replacement Building (Seismic) project has been prepared pursuant to the requirements of the California Environmental Quality Act.

2. The project will not have significant adverse impacts on the environment and the project will benefit the California State University.
3. The schematic plans for California State University, Bakersfield Faculty Towers Replacement Building (Seismic) are approved at a project cost of \$7,790,000 at CCCI 6151.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Approval of the Amendment to the 2015-2016 Capital Outlay Program and Schematic Plans for California State University, Los Angeles

Presentation By

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

Summary

The California State University Board of Trustees approved the 2015-2016 Capital Outlay Program at its November 2014 meeting. This item allows the board to consider the scope and budget of projects not included in the previously approved capital outlay program and requests approval to amend the 2015-2016 capital outlay program and approval of schematic plans for the California State University, Los Angeles Tennis Center project.

Amend the 2015-2016 Capital Outlay Program

California State University, Los Angeles wishes to amend the 2015-2016 capital outlay program to include \$5.1 million for the design and construction of the Tennis Center (#25¹), a two-story 6,800 gross square foot (GSF) facility on a site located in the southeast quadrant of the main campus, adjacent to the existing tennis courts. The new building is the beginning of a larger scale renovation of the existing sports complex, and will provide a modern building for use by the intercollegiate tennis program and also serve the surrounding community by providing space for a variety of community related athletic organizations and events.

The building will house men's and women's locker rooms, coaches' rooms, and a training room on the first floor, and a spectator suite with supporting hospitality space on the second floor. Views of both the existing tennis courts and existing track and field will be available from the exterior viewing deck.

Tennis Center Schematic Design

Project Architect: Harley Ellis Devereaux

Background and Scope

¹ The facility number is shown on master plan map and recorded in Space and Facilities Database.

The new facility will be supported on bearing masonry walls and steel columns and beams. Exterior wall finishes will be designed for durability and ease of maintenance. The exterior materials, finishes and colors will match the existing campus vernacular. The building's interior spaces on the second floor will take advantage of natural light. Utilities will be taken from the existing campus infrastructure.

This project will be designed to achieve Leadership in Energy and Environmental Design (LEED) Silver certification. Sustainable design features include energy efficient LED lighting fixtures, water efficient landscaping, natural daylighting, low-flow plumbing fixtures, and the incorporation of a cool roof to better reflect sunlight. The building will be served by a high efficiency variable refrigerant flow (VRF) system which will be partitioned to serve four zones.

Timing (estimated)

Preliminary Plans Completed	December 2015
Working Drawings Completed	January 2016
Construction Start	April 2016
Occupancy	April 2017

Basic Statistics

Gross Building Area	6,800 square feet
Assignable Building Area	5,500 square feet
Efficiency	81 percent

Cost Estimate – California Construction Cost Index 6151²

Building Cost (\$473 per GSF)	\$ 3,218,000
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<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>
a. Substructure (Foundation)	\$ 11.76
b. Shell (Structure and Enclosure)	\$188.53
c. Interiors (Partitions and Finishes)	\$ 49.26
d. Services (HVAC, Plumbing, Electrical, Fire)	\$136.91
e. Equipment (includes Group I)	\$ 21.62
f. Special Construction and Demolition	\$ 11.18
g. General Conditions and Insurance	\$ 53.92

Site Development (includes landscaping)	<u>494,000</u>
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² The July 2015 Engineering News-Record California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco and is updated monthly.

Construction Cost	\$3,712,000
Fees and Services	1,057,000
Contingency	<u>261,000</u>
Total Project Cost (\$740 per GSF)	\$5,030,000
Group II Equipment	<u>100,000</u>
Grand Total	<u>\$5,130,000</u>

Cost Comparison

This project's building cost of \$473 per GSF is higher than the San José State Spartan Stadium End Zone Building at \$409 per GSF (approved in May 2013), the San José State Spartan Golf Complex at \$347 per GSF (requesting board approval at this November 2015 meeting), and the CSU Fresno Sports Medicine Building at \$380 per GSF (approved in May 2011), all adjusted to CCCI 6151. The higher cost is largely due to the smaller scale of the building in comparison to San José and Fresno. The shell cost is higher due to the use of masonry walls throughout the building, and the services cost is higher due to the use of the energy efficient VRF system, which has a higher initial cost, but will reduce operating costs over the life of the building.

Funding Data

The project is donor funded.

California Environmental Quality Act (CEQA) Action

A Notice of Exemption has been prepared pursuant to CEQA. The Notice of Exemption will be filed with the State Clearinghouse as required.

Recommendation

The following resolution is presented for approval:

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

1. The 2015-2016 capital outlay program is amended to include \$5,130,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Los Angeles Tennis Center.

2. The board finds that the Categorical Exemption for the California State University, Los Angeles, Tennis Center has been prepared pursuant to the requirements of the California Environmental Quality Act.
3. The proposed project will not have significant adverse impacts on the environment, and the project will benefit the California State University.
4. The schematic plans for the California State University, Los Angeles, Tennis Center, are approved at a project cost of \$5,130,000 at CCCI 6151.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Approval of the Master Plan Revision, the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for Spartan Golf Complex for San José State University

Presentation By

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

Summary

The California State University Board of Trustees requires that every campus has a long range physical master plan, showing existing and anticipated facilities necessary to accommodate a specified academic year full-time equivalent student enrollment. Each master plan reflects the ultimate physical requirements of academic program and auxiliary activities on the campus. By board policy, significant changes to the master plan and approval of a project's schematic design require board approval. The board has delegated authority to the chancellor, or his designee, to approve minor master plan revisions or schematic designs for projects that are not architecturally significant, utilitarian in nature, or have a cost of \$3,000,000, or less.

This agenda item requests the following actions by the Board of Trustees for the Spartan Golf Complex at San José State University:

- Approval of the proposed campus master plan revision dated November 2015
- Approval of the amendment to the 2015-2016 Capital Outlay Program
- Approval of schematic plans

Attachment "A" is the proposed campus master plan. Attachment "B" is the existing campus master plan approved by the board in January 2002.

Master Plan Revision

The Board of Trustees last approved the campus master plan in January 2002 and certified the accompanying Final Environmental Impact Report, which is further discussed in the California Environmental Quality Act (CEQA) section of this item.

The proposed changes to the campus master plan locate the Spartan Golf Complex (#144¹) to the southeastern corner of South Campus at the intersection of Senter Road and East Alma Avenue, and relocates three existing sports facilities currently on this site. The baseball field will move to the northern side of South Campus, at the southeastern intersection of South Tenth Street and East Humboldt Street. The softball field will move to the west side of South Tenth Street, across from the baseball field. The tennis complex (#119) will be located immediately south of the softball field. The proposed site fulfills the campus master plan vision to create a central athletic campus and to connect with the local community. Moreover, it allows the campus to construct modern sports facilities to meet the needs of today's student athletes, while eliminating old facilities with deferred maintenance backlogs. The proposed sites for the relocated sports facility projects create a contiguous athletic zone, allowing for better use of the facilities, and eased wayfinding for athletes, students and visitors.

Proposed master plan changes noted on Attachment A include:

Hexagon 1: Spartan Golf Complex (#144); Spartan Golf Complex Maintenance Facility (#145)

Hexagon 2: Baseball Field and Baseball Batting Facility (#146)

Hexagon 3: Softball Field

Hexagon 4: Tennis Complex (#119)

Amend the 2015-2016 Capital Outlay Program

San José State University wishes to amend the 2015-2016 capital outlay program to include \$24,197,000 for the design and construction of the Spartan Golf Complex, a new 18,786 gross square foot (GSF) golf practice and training facility for San José State's men's and women's golf teams on South Campus. The complex will serve university golf teams; provide physical education to support academic programs; offer golf camps and clinics for students; and provide services for alumni, donors and the public. The project is located on South Campus at the west side of Senter Road between East Humboldt Street and East Alma Avenue.

¹ The facility number is shown on master plan map and recorded in Space and Facilities Database.

Spartan Golf Complex Schematic Design

Architect: Gensler

CM at Risk: Selection in process

Background and Scope

Over the years, the university has made an effort to revitalize South Campus but with little success, as the development opportunities depend heavily on donors. This project provides an opportunity to revitalize the site by constructing a new golf practice facility. The Spartan Golf Complex will provide the opportunity to relocate the existing sports teams into new modern facilities in more strategic locations within South Campus. Although the golf project displaces facilities serving sports teams such as baseball, softball, and tennis, the complex is a vital step towards the development of South Campus.

The project will create an on-campus golf facility for the men's and women's golf teams comprised of 22 athletes. The proposed project includes a practice range, short game practice area, practice putting greens, a clubhouse, training facility, a maintenance building and associated parking. The clubhouse will include a team room, offices for coaches, locker rooms, warming kitchen, and a lounge. The training area will include hitting bays, a putting lab and fitness space. The project will also include a maintenance space to support the golf complex. The project is consistent with Title IX, providing equal facilities to men's and women's sports programs.

The proposed project will be designed to achieve Leadership in Energy and Environmental Design (LEED) Silver certification, at a minimum. Some of the sustainable features will include a recycled water connection to restrooms and landscape areas, a passive cooling design, building materials with recyclable and renewable contents, thermal controls and LED lights.

Timing (estimated)

Preliminary Plans Completed	December 2015
Working Drawings Completed	February 2016
Construction Start	May 2016
Occupancy	November 2017

Basic Statistics

Gross Building Area	18,786 square feet
Assignable Building Area	14,653 square feet
Efficiency	78 percent

Cost Estimate – California Construction Cost Index (CCCI) 6151²

Building Cost (\$367 per GSF)	\$ 6,902,000
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<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>
a. Substructure (Foundation)	\$ 25.34
b. Shell (Structure and Enclosure)	\$144.42
c. Interiors (Partitions and Finishes)	\$ 51.42
d. Services (HVAC, Plumbing, Electrical, Fire)	\$ 80.01
e. Built-in Equipment and Furnishings	\$ 14.21
f. Special Construction & Demolition	\$ 9.58
g. General Conditions & Insurance	\$ 42.45

Site Work (including golf course, landscape and site utilities)	<u>9,996,000</u>
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Construction Cost	\$16,898,000
Fees and Services	5,599,000
Contingency	<u>1,400,000</u>

Total Project Cost (\$1,149 per GSF)	\$23,897,000
Fixtures, Furniture & Equipment	<u>300,000</u>

Grand Total	<u>\$24,197,000</u>
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Cost Comparison

This project's building cost of \$367 per GSF is less than the San José State Spartan Stadium End Zone Building at \$409 per GSF (approved in May 2013), the CSU Los Angeles Tennis Center at \$473 per GSF (requesting approval at this November 2015 meeting) and the CSU Fresno Sports Medicine Building at \$380 per GSF (approved in May 2011), all adjusted to CCCI 6151. The building cost is lower because the proposed project is one story and programmatically simpler compared to these similar student sports facilities.

Funding Data

Funding for this project will be provided by donors.

² The July 2015 *Engineering News-Record* California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco and is updated monthly.

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 was approved under delegated authority to the chancellor. The project is consistent with the Final Negative Mitigated Declaration and no new environmental analysis is required because the effects of the project were fully analyzed in the Final Negative Mitigated Declaration. The public review period began on September 28, 2015, and closed on October 27, 2015. No written comment letters were received at the close of the public review period. The Final Mitigated Negative Declaration is available at <http://www.sjsu.edu/fdo/ceqa>.

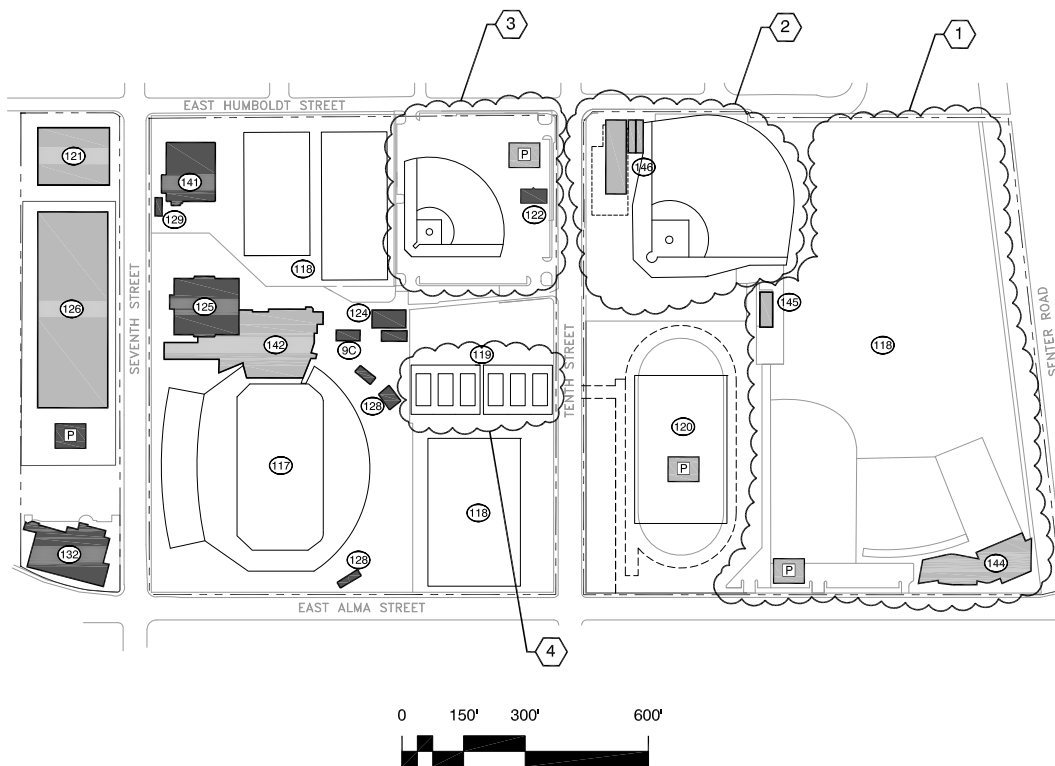
Recommendation

The following resolution is presented for approval:

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

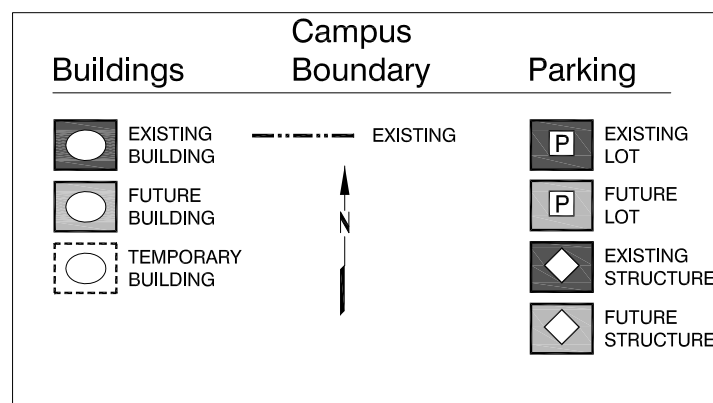
1. The Final Initial Study/Mitigated Negative Declaration has been prepared to address any potential significant environmental impacts, mitigation measures and comments associated with approval of the San José State University Spartan Golf Complex project, and all discretionary actions related thereto, as identified in the Final Initial Study/Mitigated Negative Declaration.
2. The Final Initial Study/Mitigated Negative Declaration was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.
3. This resolution is adopted pursuant to the requirements of Section 21081 of Public Resources Code and Section 15091(a)(3) of the State CEQA Guidelines which finds that there will not be a significant effect above and beyond that previously identified and analyzed in the program-level environmental impact report (EIR), that the Findings of Fact and associated Statement of Overriding Considerations previously adopted by the Board of Trustees as part of the certification of the Campus Master Plan EIR in January 2002 account for the impact related to the Spartan Golf Complex project, that the project will be constructed with the recommended mitigation measures as identified in the included Initial Study/Negative Declaration mitigation monitoring program, and that the project will benefit the California State University. The Board of Trustees makes such findings with regards to this project.

4. The San José State University Campus Master Plan Revision dated November 2015 is approved.
5. The chancellor is requested under Delegation of Authority granted by the Board of Trustees to file the Notice of Determination for the project.
6. The 2015-2016 capital outlay program is amended to include \$24,197,000 for preliminary plans, working drawings, construction and equipment for the San José State University Spartan Golf Complex.
7. The schematic plans for the San José State University Spartan Golf Complex are approved at a project cost of \$24,197,000 at CCCI 6151.



San Jose State University

South Campus Master Plan
 Master Plan Enrollment: 25,000 FTE
 Approval Date: July 1965
 Proposed Date: November 2015
 South Campus Acreage: 62



San José State University

Proposed Master Plan

Master Plan Enrollment: 25,000 FTE

Main Campus

1. Automated Bank Teller Facility
3. Student Union
4. Central Plant
6. Spartan Memorial
7. Faculty Office Building
- 12A. Corporation Yard Offices
- 12B. Corporation Yard Trades Building
16. *Humanities Building*
19. Associated Students House
20. Washington Square Hall
21. Dwight Bentel Hall
25. Morris Dailey Auditorium
27. Computer Center
30. Administration
31. Art
33. IRC, Richard B. Lewis
34. Dudley Moorhead Hall
- 34A. *Dudley Moorhead Hall Infill Addition*
35. Engineering
36. Sweeney Hall
38. Health Building
39. Industrial Studies
44. Music
45. Yoshihiro Uchida Hall
- 45A. Yoshihiro Uchida Hall Annex
46. SPX East
47. SPX Central
48. Science 1
49. Hugh Gillis Hall
52. Duncan Hall
53. North Parking Facility
- 53A. Student Services Center
54. South Parking Facility
55. West Parking Facility
59. Clark Hall
71. Central Classroom Building
72. Tower Hall
78. MacQuarrie Hall
87. Hoover Hall (Student Residence)
88. Royce Hall (Student Residence)
89. Washburn Hall (Student Residence)
90. Joe West Hall (Student Residence)
91. Dining Commons
92. Boccardo Business Classroom Building
- 92T. Business Tower
100. Student Recreation
110. Student Union Aquatics Center
- 110A. Aquatics Center Locker Room
- 110B. Aquatics Center Pump Room
112. *Science Addition*
- 115A. *Student Recreation and Aquatic Center Expansion*

116. Student Wellness Center
133. UPD Building
134. Dr. Martin Luther King, Jr. Library
140. San Antonio Parking Lot
- 140F. Modular F
151. Campus Village A
- 151A. Campus Village Garage
152. Campus Village B
153. Campus Village C
154. *Residence Hall, Phase 3*
155. *Residence Hall, Phase 3*
156. *Campus Village, Phase 2*
160. *Theatre*

South Campus

- 9A. Modular Building 3
- 9B. Modular Building 2
- 9C. Modular Building 1
62. Field House
117. Stadium
118. Outdoor Physical Education
119. Tennis Complex
120. Track and Field
121. *Student Family Housing*
122. Spartan Village Recreation Center
124. Storage Building
125. Simpkins Stadium Center
126. *Parking Facility I*
128. Concession Buildings
129. Simpkins Center Storage Building
130. Locker Room Facility
132. Simpkins Athletics Building
141. Koret Center
142. *Spartan Stadium End Zone Building*
144. *Spartan Golf Complex*
145. *Spartan Golf Complex Maintenance Facility*
146. *Baseball Batting Facility*

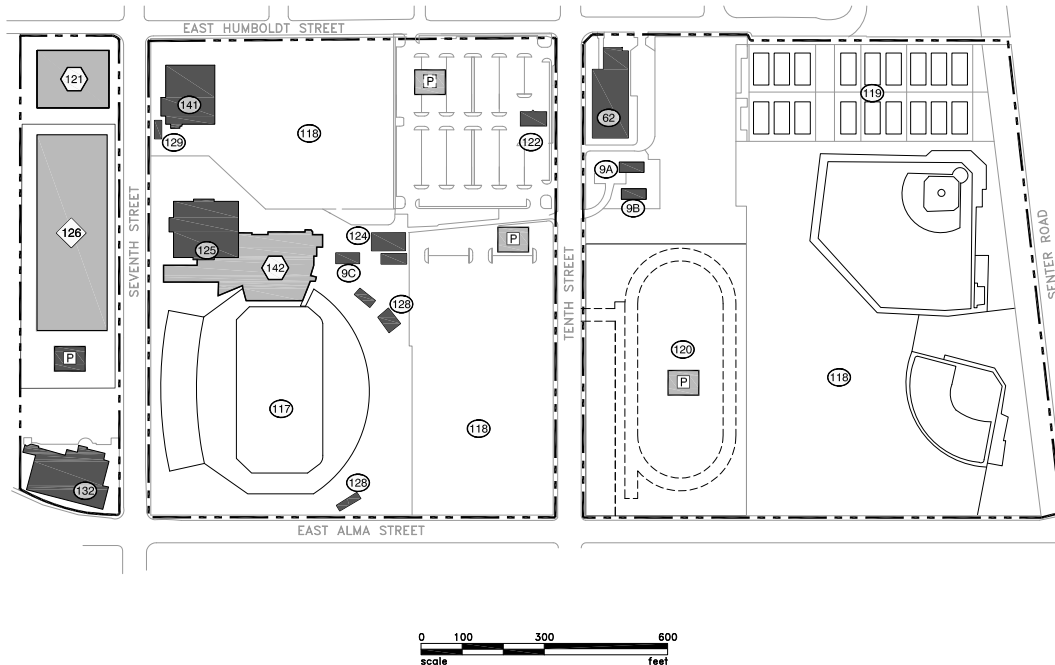
Other Centers

32. Aviation - Reid Hillview Airport
(2105 Swift Avenue, San José)
95. Art Foundry (1035 S. 5th Street, San José)
501. Moss Landing Marine Lab (Moss Landing)

LEGEND:

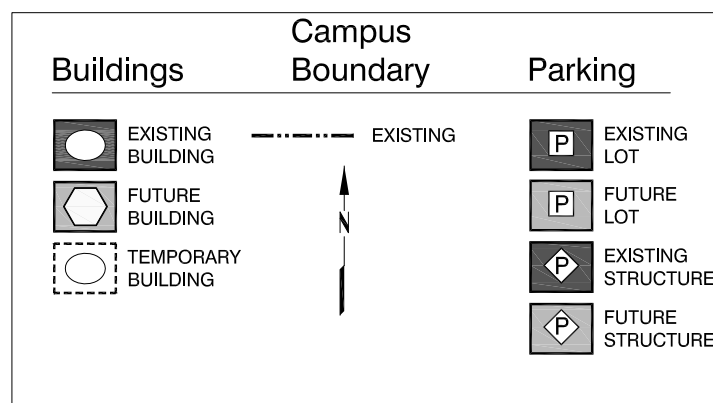
Existing Facility / *Proposed Facility*

NOTE: Existing building numbers correspond with building numbers in the Space and Facilities Data Base (SFDB)



San José State University

South Campus Master Plan
 Master Plan Enrollment: 25,000 FTE
 Approval Date: July 1965
 Revised Date: March 2007
 South Campus Acreage: 62



San José State University

Master Plan Enrollment: 25,000 FTE

Master Plan approved by the Board of Trustees: July 1965, December 1965

Master Plan Revision approved by the Board of Trustees: July 1967, April 1968, July 1973, July 1975, November 1979, September 1980, May 1983, July 1983, November 1984, March 1985, January 1987, June 1989, November 1990, September 1991, January 1993, December 1998, January 2002

Main Campus

1. Automated Bank Teller Facility
3. Student Union
4. Central Plant
6. Spartan Memorial
7. Faculty Office Building
- 12A. Corporation Yard Offices
- 12B. Corporation Yard Trades Building
16. *Humanities Building*
19. Associated Students House
20. Washington Square Hall
21. Dwight Bentel Hall
25. Morris Dailey Auditorium
27. Computer Center
30. Administration
31. Art
33. IRC, Richard B. Lewis
34. Dudley Moorhead Hall
- 34A. *Dudley Moorhead Hall Infill Addition*
35. Engineering
36. Sweeney Hall
38. Health Building
39. Industrial Studies
44. Music
45. Yoshihiro Uchida Hall
- 45A. Yoshihiro Uchida Hall Annex
46. SPX East
47. SPX Central
48. Science 1
49. Hugh Gillis Hall
52. Duncan Hall
53. North Parking Facility
- 53A. Student Services Center
54. South Parking Facility
55. West Parking Facility
59. Clark Hall
71. Central Classroom Building
72. Tower Hall
78. MacQuarrie Hall
87. Hoover Hall (Student Residence)
88. Royce Hall (Student Residence)
89. Washburn Hall (Student Residence)
90. Joe West Hall (Student Residence)
91. Dining Commons
92. Boccardo Business Classroom Building
- 92T. Business Tower
100. Student Recreation
110. Student Union Aquatics Center
- 110A. Aquatics Center Locker Room
- 110B. Aquatics Center Pump Room
112. *Science Addition*
- 115A. *Student Recreation and Aquatic Center Expansion*

116. Student Wellness Center
133. UPD Building
134. Dr. Martin Luther King, Jr. Library
140. San Antonio Parking Lot
- 140F. Modular F
151. Campus Village A
- 151A. Campus Village Garage
152. Campus Village B
153. Campus Village C
154. *Residence Hall, Phase 3*
155. *Residence Hall, Phase 3*
156. *Campus Village, Phase 2*
160. *Theatre*

South Campus

- 9A. Modular Building 3
- 9B. Modular Building 2
- 9C. Modular Building 1
62. Field House
117. Stadium
118. Outdoor Physical Education
119. Tennis Complex
120. Track and Field
121. *Student Family Housing*
122. Spartan Village Recreation Center
124. Storage Building
125. Simpkins Stadium Center
126. *Parking Facility I*
128. Concession Buildings
129. Simpkins Center Storage Building
130. Locker Room Facility
132. Simpkins Athletics Building
141. Koret Center
142. *Spartan Stadium End Zone Building*

Other Centers

32. Aviation - Reid Hillview Airport
(2105 Swift Avenue, San José)
95. Art Foundry (1035 S. 5th Street, San José)
501. Moss Landing Marine Lab (Moss Landing)

LEGEND:

Existing Facility / *Proposed Facility*

NOTE: Existing building numbers correspond with building numbers in the Space and Facilities Data Base (SFDB)

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

California State University Seismic Safety Program Annual Report

Presentation By

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

Summary

This item presents the California State University Seismic Safety Program Annual Report for the July 2014 – June 2015 reporting period.

Seismic Policy and History

In 1993, the California State University Board of Trustees adopted the following policy (emphasis added):

It is the policy of the Board of Trustees of the California State University, that to the maximum extent feasible by present earthquake engineering practice, to acquire, build, maintain, and rehabilitate buildings and other facilities that provide an acceptable level of earthquake safety for students, employees, and the public who occupy these buildings and other facilities at all locations where CSU operations and activities occur. The standard for new construction is that it meets the life-safety and seismic hazard objectives of the pertinent provisions of Title 24 of the California Code of Regulations; the standard for existing construction is that it provides reasonable life-safety protection, consistent with that for typical new buildings. The California State University shall cause to be performed independent technical peer reviews of the seismic aspects of all construction projects from their design initiation, including both new construction and remodeling, for conformance to good seismic resistant practices consistent with this policy. The feasibility of all construction projects shall include seismic safety implications and shall be determined by weighing the practicality and cost of protective measures against the severity and probability of injury resulting from seismic occurrences. [Approved by the Board of Trustees of the California State University at its May 19, 1993 meeting (RCPBG 05-93-13)]

The CSU Seismic Review Board was established to provide advice on the ongoing seismic condition of the CSU building stock and technical counsel in how to effectively implement a seismic oversight program. Now embarking on its 22nd year (1993 – 2015), the CSU Seismic

Policy has improved and evolved and the Seismic Review Board now also provides input on state building codes and periodically provides counsel and assessments on structural and seismic matters for other state agencies and institutions.

The CSU Seismic Review Board Membership

The following individuals serve as members of the CSU Seismic Review Board:

- Charles Thiel Jr., PhD, President, Telesis Engineers (Chairman)
- Theodore C. Zsutty, PhD, S.E., Consulting Structural Engineer (Vice Chair)
- John Egan, GE, Principle Engineer, AMEC Geomatrix
- John A. Martin, Jr., S.E., President, John A. Martin and Associates, Inc.
- Richard Niewiarowski, S.E., Consulting Structural Engineer
- Thomas Sabol, PhD, S.E., Principal, Englekirk and Sabol
- Maryann Phipps, S.E., President, Estructure

Since its inception, board membership has been remarkably stable; however, a recent retirement and prudent succession planning prompted the Seismic Review Board to identify prospective candidates for consideration by the CSU for board membership. After careful consideration, Ms. Maryann Phipps was nominated and appointed by the assistant vice chancellor, capital planning, design and construction. Ms. Phipps, who began her service September 2015, brings a mix of professional specialty (concrete structural retrofits), a small firm perspective, and a practice location (Oakland) that will improve the current board's capacity to provide onsite support to northern California campuses.

CSU Seismic Mitigation and Program Activities

The California State University maintains an ongoing seismic mitigation and oversight effort comprised of six elements:

1. **Mitigate falling hazard concerns.** Mitigate significant life-safety threats posed by falling hazards as a priority. The initial falling hazard concerns identified at the 23 campuses and off-campus centers in 1994 have long been mitigated. However, potential precast panel spalling (concrete fragments) concerns remain within the system. Those of particular concern are indicated in the CSU Seismic Priority Lists.
2. **Identify, broadly prioritize and periodically re-evaluate existing seismic deficiencies.** CSU buildings that potentially pose a life-safety threat have been prioritized into two published listings: *Seismic Priority List 1* (Attachment A), which are buildings that should be retrofitted as soon as practical, and *Seismic Priority List 2* (Attachment B), which are buildings that trigger a seismic retrofit when any construction work other than maintenance is

performed. Several of these deficiencies can likely be completed within the minor capital project cost threshold (currently \$634,000). Capital budget constraints continue to limit available funding for these structural renovations.

The current priority listing contains 28 buildings on Priority List 1 and 38 buildings on Priority List 2. To accurately reflect existing conditions, projects are only removed from the priority lists after required work is completed. Over 200 buildings have been priority-listed since inception. The last comprehensive systemwide seismic assessment was completed in 2008.

The following changes were made to the priority lists this past year based upon Seismic Review Board recommendations.

Priority List 1

Buildings removed as a result of completed seismic renovations:

- CSU Bakersfield – Doré Theatre
- CSU Long Beach – Liberal Arts 2
- CSU Long Beach – Liberal Arts 3
- CSU Long Beach – Liberal Arts 4

Buildings added due to significant structural seismic concerns:

- CSU Monterey Bay – Motor Pool (Art Studio)

Priority List 2

Buildings removed as a result of completed seismic renovations:

- San José State – Yoshihiro Uchida Hall
- San José State – Yoshihiro Uchida Hall Annex
- San José State – Spartan Complex East
- San José State – Spartan Complex Central

The following projects and events merit special note:

Cal Poly Pomona Lanterman Campus. The CSU formally completed its acquisition of the former Lanterman State Hospital facility in July 2015 to support Cal Poly Pomona. The 287-acre complex, located adjacent to the southern end of the campus, is comprised of 120 buildings totaling 1 million square feet. Based upon a site visit in August 2015 by a Seismic Review Board member, an initial seismic assessment of the complex and administrative core buildings is now in progress. A companion

geotechnical characterization commissioned by the Office of the Chancellor is also being prepared. Together, these reports will help inform and guide future campus master planning and use for the complex.

CSU Monterey Bay Motor Pool (Art Studio) Building #70 has been added to Priority List 1. At one time scheduled for demolition, this building was permitted for intermittent art studio display use. Over time, the intermittent use of this facility increased warranting a closer examination. The campus called for a peer review assessment. Significant structural seismic concerns were confirmed prompting a restricted use posting. This is now complete and the campus has commissioned a retrofit design study to return the building to full use.

- 3. Advocate code and legislative improvements, offer support to UC and state agency seismic initiatives and ensure technical program currency.** The Seismic Review Board works with the CSU to facilitate building code changes to support its capital program efforts. The Seismic Review Board participates in a voting capacity on the technical review committees that create the structural appendices (ASCE-41¹ and its successors) that are considered for code adoption. The Seismic Review Board continues to take a proactive role in this regard and provides technical input to the state in the development of future state building code requirements.

Various technical changes and updates were made during the reporting period to maintain the currency of the trustees' CSU Seismic Requirements. These requirements along with the Seismic Priority Lists are always available online: http://www.calstate.edu/cpdc/ae/Seismic/CSU_Seismic_Policy_Manual.pdf.

- 4. Provide peer review of the proposed structural design for all major construction.** While all CSU projects are evaluated for code compliance, projects over the minor capital threshold (currently \$634,000) undergo a supplemental seismic peer review to further confirm and validate the design approach. The peer review is an engineer to engineer discussion and occurs throughout the design process to help ensure that proposed designs are conceptually and technically well-considered. The assigned campus peer reviewer may also be called upon by the campus to assess minor capital projects that may have a seismic component of concern, i.e., flagpoles, field lighting, scoreboard signage, etc.
- 5. Develop a Seismic Event Response Plan.** The CSU's current systemwide emergency response plan was updated and re-issued July 5, 2013. When a significant seismic event occurs, pre-defined CSU and Seismic Review Board actions are triggered. Initial damage assessments by campus first responders are promptly relayed to Office of the Chancellor's

¹ American Society of Civil Engineers' Standard Number 41, Seismic Rehabilitation of Existing Buildings

senior management and the CSU building official/chief of architecture and engineering. The Seismic Review Board chairman confers with potentially affected campuses to determine if an on-site presence by the Seismic Review Board is warranted. If so, the chair of the Seismic Review Board is pre-designated and empowered to act as a special deputy building official to make campus police-enforceable building occupancy posting assessments in the immediate post-earthquake period regarding the safety of buildings where structural damage has occurred. Once initial life-safety assessments are made, follow-up structural repair strategies can be developed. The plan can be viewed and available online: http://www.calstate.edu/cpdc/ae/review/seismic_peer.shtml.

On August 24, 2014, the South Napa earthquake struck, potentially impacting the CSU Maritime Academy campus. The CSU Seismic Event Response Plan was activated and a visit to inspect the campus for visible damage was made the following morning by the Seismic Review Board vice chair and the CSU's deputy building official. Hillside student housing buildings and general site liquefaction at the campus sea wall edge were initial concerns. While minor cosmetic damage was noted in several buildings, the campus suffered no material damage. Later analysis showed that the brunt of the seismic force was focused north away from the campus towards the adjacent town of Napa. This is mentioned here to note that seismic events have a force and direction which have a profound effect on seismic damages.

- 6. Conduct seismic-related staff continuing education.** CSU Office of the Chancellor's staff conducted the following training programs:
- Managing CSU Code Compliance, May 2015
 - Project Inspection Management, August 2015
 - CPDC 101, September 2015

The CSU Seismic Review Board works behind the scenes to provide highly actionable, interpretive counsel to the university on a complex and evolving technical subject. Its efforts have allowed the CSU to realize great efficiencies with its entrusted capital dollars while at the same time fostering the creation of engaging places that support the university's academic mission. In normal operations, the Seismic Review Board acts in a timely manner; in times of a seismic event it stands ready to provide immediate action oriented counsel as part of a larger emergency response system.

CSU Seismic Priority List 1 (Ordered by Campus)

This list identifies facilities that warrant urgent attention for seismic upgrade as soon as resources can be made available. Repair and maintenance work is allowed.

Campus	Building	Building #	Capital Outlay Notes
BA	Faculty Towers	6	PWC Funded. In design
BA	Physical Education (Old Gym)	33	-
CI	Ironwood Hall ('SH' Shops – mid section)	24	No office use – storage only
DH	Leo F. Cain Library	20	PW 18/19 request
EB	Library	12	P 16/17 request
EB	Corporation Yard	5	PWC 2016-17 Planned Request – No present office use
HU	Van Duzer Theatre (Theatre Arts)	10	PWC 2014-15 Funded – In design
HU	Library	41	PWC 2014-15 Funded – In design
LA	State Playhouse Theatre	1	PWC 2014-15 Funded – In design
LA	Administration	8	PWC Funded 2012-13 – In design
MB	Motorpool (Art Studio)	70	Campus Seismic Study in process
PO	Classroom/Lab/Administration	98	PWC 2013-14 Funded – In design
PO	Kellogg West	76	PWCE 2016-17 Request
SD	Love Library	54	PWCE 2019-20 Planned Request
SF	University Park South (F8 Carport and adjacent structures)	73-74	-
SF	University Park South (Apartment Building Parking Structure 41)	74	-
SF	Residence (Tiburon)	T-11	Potential Minor Capital Project
SF	Marine Support (Tiburon)	T-21	Potential Minor Capital Project
SF	Blacksmith Shop (Tiburon)	T-22	Potential Minor Capital Project
SF	Dispensary (Tiburon)	T-37	Potential Minor Capital Project
SF	Building 49 (Tiburon)	T-49	Potential Minor Capital Project
SF	Building 50 (Tiburon)	T-50	Potential Minor Capital Project
SF	Physiology (Tiburon)	T-54	Potential Minor Capital Project
SJ	North Parking Garage (Stair Towers)	53	Design complete
SJ	Student Union (existing)	3	Renovation portion under construction
SJ	Rubis Residence (Moss Landing)	None	-
SL	Old Power House	76	Unoccupied
SL	Crandall Gymnasium	60	Unoccupied – PWC Funded 2012-13 – In design

P = Preliminary Plans W = Working Drawings C = Construction E = Equipment

NOTE: Existing building numbers correspond with building numbers in the Space and Facilities Data Base (SFDB).

Revised 9/25/15

CSU Seismic Priority List 2 (Ordered by Campus)

This list identifies buildings that warrant special attention for seismic upgrade. Buildings must be seismically retrofitted when any new construction work occurs on a listed facility. Repair and maintenance work is allowed.

Campus	Building	Building #	Capital Outlay Notes
BA	Runners Café	38	PWCE 2016-17 Planned Request
CI	Ironwood Hall (Old Power Plant)	24	-
CI	Chaparral Hall	22	P 2014-15 Request
CI	Ironwood Hall (Warehouse)	24	-
CI	Ironwood Hall ('SH' Shops – north section)	24	-
CH	Whitney Hall	13	-
CH	Physical Science	8	P 2016-17 request
FR	Grosse Industrial Technology	12	-
FR	University Student Union	80	-
FL	Titan Bookstore	6	Design study complete. 2019/20 request
LB	Peterson Hall 1	37	2018-19 Request
LB	Peterson Hall 2	38	2016-17 Request
LA	Career Center	17	-
LA	Student Health Center	14	Preliminary design study complete
LA	Physical Sciences	12	P 2014-15 Funded – In design
LA	John F. Kennedy Memorial Library	7	PWC 2016-17 Request
PO	Administration	1	P 2018-19 Request
PO	Letters, Arts and Social Science	5	PW 2018-19 Request
PO	Engineering	9	-
PO	Art/Engineering Annex	13	PW 2019-20 request
PO	Drama/Theater	25	-
PO	Arabian Horse Center	29	Potential Minor Capital Project
PO	Poultry Unit	31	Potential Minor Capital Project
PO	Sheep Unit	38	Potential Minor Capital Project
PO	Ag Storage/Blacksmith	50	Potential Minor Capital Project
PO	Los Olivos Commons	70	PWCE 2015-16 Planned Request
PO	Manor House	111	-
PO	University House	112	-
SA	Douglass Hall	4	-
SF	HSS Classroom Building (Old Humanities)	3	PW 2020-21 Request
SF	Administration	30	Long term shoring in place
SF	University Park North (Apartment Building 6)	100	-
SF	University Park North (Apartment Building 7)	100	-
SF	University Park North (Apartment Building 8)	100	-
SF	University Park North (Apartment Building 9)	100	-
SF	Administration (Tiburon)	T-30	Potential Minor Capital Project
SF	Rockfish (Tiburon)	T-33	Potential Minor Capital Project
ST	J. Burton Vasche Library	1	PW 2016-17 Request

P = Preliminary Plans W = Working Drawings C = Construction E = Equipment

NOTE: Existing building numbers correspond with building numbers in the Space and Facilities Data Base (SFDB).

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Approval of the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for California Polytechnic State University, San Luis Obispo

Presentation By

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

Summary

The California State University Board of Trustees approved the 2015-2016 Capital Outlay Program at its November 2014 meeting. This item allows the board to consider the scope and budget of projects not included in the previously approved capital outlay program and requests approval to amend the 2015-2016 capital outlay program and approval of schematic plans for the California Polytechnic State University, San Luis Obispo Vista Grande Replacement Building project.

Amend the 2015-2016 Capital Outlay Program

California Polytechnic State University, San Luis Obispo wishes to amend the 2015-2016 Capital Outlay Program to include \$30.6 million for the design and construction of the Vista Grande Replacement Building, a new three-story 575-seat dining facility located on Grand Avenue in the southeast corner of the campus at the site of the existing Vista Grande building (#112¹). The project will provide for a modern campus dining experience and includes indoor and outdoor dining spaces, a grab-and-go food concept area, and administrative offices. The demolition of the existing Vista Grande building is included as part of the project scope.

Vista Grande Replacement Building Schematic Design

Architect: DLR Group

Background and Scope

The Vista Grande Replacement Building project will replace an aging 20,000 gross square foot (GSF) facility completed in 1972. The existing Vista Grande building was designed at a time when the campus had 3,083 beds and 10,000 students. Today, Cal Poly San Luis Obispo enrolls nearly 20,000 students, and when the new Student Housing South project is completed in the summer of 2018, the university will have approximately 5,000 freshmen beds, an increase of 60

¹ The facility number is shown on master plan map and recorded in Space and Facilities Database.

percent since 1972. In addition to the on-campus residents, this project will provide a state-of-the-art facility to better serve the entire campus community.

The new 35,788 GSF dining facility will offer both self-serve and full-service food stations. The first floor will consist of a grab-and-go concept that will include a juice bar, a cookie and coffee venue, and a sandwich and soup counter, as well as space for pre-packaged items. The 475-seat main dining area will be located on the second floor and will consist of six different platforms serving a variety of food choices with changing menus. An outdoor mezzanine will provide an additional 100 seats. Unlike a traditional cafeteria, this facility will feature a new approach to dining with smaller open kitchens located throughout the dining area, with each offering a different concept or specialty cuisine. There will also be a demonstration counter where students can learn about healthy eating and food preparation. The third floor will house campus dining administrative offices.

The replacement building will feature a mix of materials on the exterior including concrete, metal panels, porcelain tile, and thin brick veneer consistent with the architectural style of recent campus buildings.

Sustainable building features will include water saving fixtures, modern and less energy-intensive kitchen equipment, high efficiency windows and LED lighting. The project will be designed to achieve Leadership in Energy and Environmental Design (LEED) Silver certification.

Timing (Estimated)

Preliminary Plans Completed	January 2016
Working Drawings Completed	April 2016
Construction Start	July 2016
Occupancy	September 2018

Basic Statistics

Gross Building Area	35,788 square feet
Assignable Building Area	27,577 square feet
Efficiency	77 percent

Cost Estimate – California Construction Cost Index (CCCI) 6151²

Building Cost (\$557 per GSF) \$19,935,000

<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>
a. Substructure (Foundation)	\$ 39.29
b. Shell (Structure and Enclosure)	\$ 149.66
c. Interiors (Partitions and Finishes)	\$ 51.97
d. Services (HVAC, Plumbing, Electrical, Fire)	\$ 135.16
e. Built-in Equipment and Furnishings	\$ 102.91
f. Special Construction & Demolition	\$ 9.78
g. General Conditions and Insurance	\$ 68.27

Site Development 2,397,000

Construction Cost \$22,332,000

Fees and Services 6,147,000

Contingency 1,199,000

Total Project Cost (\$742 per GSF) \$29,678,000

Fixtures, Furniture & Movable Equipment 952,000

Grand Total \$30,630,000

Cost Comparison

This project's building cost of \$557 per GSF is higher than the \$475 per GSF for the Dining Center Replacement at CSU Maritime Academy (approved in July 2011), and the \$500 per GSF dining component of Student Housing Phase 3 and 4 at CSU Fullerton (approved in September 2008), all adjusted to CCCI 6151.

This project's higher building cost is primarily related to the substructure, shell, and built-in equipment and furnishings. The grade differential on the site necessitates a relatively higher amount of retaining wall on the north end of the first floor. This project also uses a different structural system compared to the Dining Center Replacement project at Cal Maritime. The new approach to dining featuring smaller kitchens throughout the dining area also adds to the higher cost of ventilation, plumbing, electrical services and built-in equipment and furnishings.

² The July 2015 *Engineering News-Record* California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco.

Funding Data

The project will be funded from Cal Poly Corporation designated reserves.

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 a dining replacement building on the master plan at the site of the existing dining facility. The public review period began on August 8, 2015 and closed on September 6, 2015. Comments were received related to air quality and traffic impacts during construction. With implementation of the 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 in conjunction with a minor master plan revision. No significant impacts were identified as part of the environmental review process. The Final Mitigated Negative Declaration documents are available online at: www.afd.calpoly.edu/facilities/facp_index.asp.

Recommendation

The following resolution is presented for approval:

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

1. The Final Initial Study/Mitigated Negative Declaration for the California Polytechnic State University, San Luis Obispo Vista Grande Replacement Building project was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.
2. The California Polytechnic State University, San Luis Obispo Vista Grande Replacement Building project is consistent with the Final Mitigated Negative Declaration and the effects of the project were fully analyzed in the Final Mitigated Negative Declaration and the project will benefit the California State University.
3. The 2015-2016 Capital Outlay Program is amended to include \$30,630,000 for preliminary plans, working drawings, construction and equipment for the California Polytechnic State University, San Luis Obispo Vista Grande Replacement Building project.
4. The schematic plans for the California Polytechnic State University, San Luis Obispo Vista Grande Replacement Building project are approved at a project cost of \$30,630,000 at CCCI 6151.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Approval of the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for California State University, San Bernardino

Presentation By

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

Summary

The California State University Board of Trustees approved the 2015-2016 Capital Outlay Program at its November 2014 meeting. This item allows the board to consider the scope and budget of projects not included in the previously approved capital outlay program and requests approval to amend the 2015-2016 capital outlay program and approval of schematic plans for the California State University, San Bernardino Student Housing and Dining Commons project.

Amend the 2015-2016 Capital Outlay Program

California State University, San Bernardino wishes to amend the 2015-2016 Capital Outlay Program to include \$93.9 million for the design and construction of the Student Housing and Dining Commons (#44¹). The project will be located on an existing parking lot site in the southern area of the main campus, adjacent to existing student housing. The 416-bed student housing complex and 700-seat dining facility will provide needed freshman housing and dining facilities.

Student Housing and Dining Commons Schematic Design

Construction Manager at Risk: C.W. Driver

Project Architect: Solomon Cordwell Buenz

Background and Scope

The proposed housing complex will consist of two four-story residence hall buildings totaling 114,144 gross square feet (GSF). The design will provide for double occupancy rooms, shared bathroom facilities and gender neutral bathroom facilities on each floor. The ground floor of the north wing will house the campus honors program and an administrative office suite for housing and residential education. The ground floor of the south wing will house resident staff

¹ The facility number is shown on master plan map and recorded in Space and Facilities Database.

apartments as well as communal space including a large multipurpose room with kitchen, recreation and laundry facilities.

The dining commons (50,296 GSF) will have both self-serve and full-service food stations as well as three dining rooms which can be used for general or private dining. The facility will include 650 seats in the interior dining area and a 50-seat mezzanine which provides a view of the San Bernardino mountain range to the north. Unlike a traditional cafeteria, this facility will feature a new approach to dining with smaller open kitchens located throughout the dining area, each offering a different concept or specialty cuisine.

The residence hall buildings and dining commons will be cement plaster with a single ply roof, consistent with the existing architectural style of the north housing quad. Site improvements include a courtyard with hardscape paths, trees and drought tolerant landscape elements with water efficient irrigation system.

Sustainable features of the project will include extensive use of natural light and ventilation using large, low-emission glazed operable windows in each room, energy efficient LED lighting with day lighting controls and occupancy sensors. The project is being designed to achieve Leadership in Energy and Environmental Design (LEED) Gold certification.

Timing (Estimated)

Preliminary Plans Completed	January 2016
Working Drawings Completed	April 2016
Construction Start	June 2016
Occupancy	January 2018

Basic Statistics

Housing Component

Gross Building Area	114,144 square feet
Assignable Building Area	75,710 square feet
Efficiency	66 percent
Bed Spaces	416 beds

Dining Component

Gross Building Area	50,296 square feet
Assignable Building Area	37,966 square feet
Efficiency	75 percent

Combined Components

Gross Building Area	164,440 square feet
Assignable Building Area	113,676 square feet
Efficiency	69 percent

Cost Estimate – California Construction Cost Index (CCCI) 6151²

Housing Building Cost (\$323 per GSF)	\$36,843,000
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<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>
a. Substructure (Foundation)	\$ 6.61
b. Shell (Structure and Enclosure)	\$ 104.15
c. Interiors (Partitions and Finishes)	\$ 52.50
d. Services (HVAC, Plumbing, Electrical, Fire)	\$ 115.27
e. Built-in Equipment and Furnishings	\$ 9.40
f. Special Construction and Demolition	\$ 2.78
g. General Conditions and Insurance	\$ 32.07

Dining Building Cost (\$529 per GSF)	\$26,583,000
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<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>
a. Substructure (Foundation)	\$ 19.21
h. Shell (Structure and Enclosure)	\$ 129.39
b. Interiors (Partitions and Finishes)	\$ 64.40
c. Services (HVAC, Plumbing, Electrical, Fire)	\$ 126.93
d. Built-in Equipment and Furnishings	\$ 131.76
e. Special Construction and Demolition	\$ 4.00
f. General Conditions and Insurance	\$ 52.84

Site Development	<u>8,952,000</u>
Construction Cost	\$72,378,000
Fees and Services	14,272,000
Contingency	<u>4,313,000</u>
Total Project Cost (\$553 per GSF)	\$90,963,000
Fixtures, Furniture & Movable Equipment	<u>2,999,000</u>
Grand Total	<u>\$93,962,000</u>

²The July 2015 Engineering News-Record California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco and is updated monthly.

Cost comparison

Housing Component

The project's housing building cost of \$323 per GSF is lower than the \$335 per GSF for Student Housing, Phase III at California State University Channel Islands and the \$354 per GSF for Student Housing South at California Polytechnic State University, San Luis Obispo (both approved in November 2014), and the \$357 per GSF for Plaza Linda Verde at San Diego State University (approved in May 2014) all adjusted to CCCI 6151. The lower building cost is primarily due to the less expensive exterior enclosure, interior construction and finishes, and a less expensive structural system.

Dining Component

The project's dining building cost of \$529 per GSF is higher than the \$475 per GSF for the Dining Center Replacement at CSU Maritime Academy, approved in July 2011, and the \$500 per GSF dining component of the Student Housing Phase 3 and 4 at CSU Fullerton, approved in September 2008, all adjusted to CCCI 6151.

This higher building cost is, in part, due to the use of a metal structure compared to the concrete wall system used in the Dining Center Replacement project at Cal Maritime. The new approach to dining featuring smaller kitchens throughout the dining area also adds to the higher cost of built-in equipment, furnishings, ventilation, plumbing, and electrical services.

Funding Data

The project will be financed with CSU Systemwide Revenue Bonds and housing program designated reserves. Campus housing revenue will repay the bond financing debt service.

California Environmental Quality Act (CEQA) Action

The Final Mitigated Negative Declaration for the CSU San Bernardino Student Housing and Dining Commons project was approved on October 26, 2015 pursuant to the California Environmental Quality Act and State CEQA Guidelines in conjunction with a minor master plan revision, under delegated authority to the chancellor. No significant impacts were identified as part of the environmental review process. The public review period began on July 17, 2015 and closed on August 17, 2015 with no adverse comments received. The final documents are available online: at http://cpdc.csusb.edu/documents/StudentHousingandDiningIS-MND_000.pdf

Recommendation

The following resolution is presented for approval:

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

1. The Final Initial Study/Mitigated Negative Declaration for the California State University, San Bernardino Student Housing and Dining Commons project was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.
2. The California State University, San Bernardino Student Housing and Dining Commons project is consistent with the Final Mitigated Negative Declaration and the effects of the project were fully analyzed in the Final Mitigated Negative Declaration, and the project will benefit the California State University.
3. The 2015-2016 Capital Outlay Program is amended to include \$93,962,000 for preliminary plans, working drawings, construction, and equipment for the California State University, San Bernardino Student Housing and Dining Commons project.
4. The schematic plans for the California State University, San Bernardino Student Housing and Dining Commons project are approved at a project cost of \$93,962,000 at CCCI 6151.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Approval of the 2016-2017 Capital Outlay Program and the 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan

Presentation By

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

Summary

This agenda item seeks board approval of the 2016-2017 California State University Capital Outlay Program and the 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan.

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. With the change in CSU's capital financing authority in June 2014, the CSU Board of Trustees approved revisions to the categories and criteria for setting priorities in the capital outlay program to encourage campus co-funding, limit the number of debt financed projects, broaden the exemptions to the one-project limit, and identify a few of the metrics that will be considered to assess project requirements.

The challenge for the CSU has been to address the extensive campus needs given limited funding. Over the past two years, the board has emphasized critical infrastructure deficiencies to improve the integrity of campuswide utility distribution systems and key buildings. Fortunately, the 2014-2015 and 2015-2016 capital program, along with one-time deferred maintenance funding from the state, is making a positive impact to improve utility systems. The CSU must also balance the needs for building renovations and replacements along with new construction to accommodate FTES growth. The capital funding proposed to accommodate increased student enrollment remains the most constrained category of funding as funds are prioritized for investment into existing infrastructure.

2016-2017 Capital Outlay Program

The trustees are requested to approve the Academic Program Priority List (25 projects) totaling \$317.4 million for the 2016-2017 capital outlay program (Attachment A). The list of campus specific Infrastructure Improvement Program project requests are included in Attachment B. Program documentation for the academic and instructional support projects will be submitted to Department of Finance (DOF) and the legislature in December to satisfy statutory requirements.

The 2016-2017 self-support capital program consists of nine projects totaling \$251 million and are noted on Attachment A.

Five-Year Capital Improvement Program

The 2016-2017 through 2020-2021 Capital Improvement Plan document identifies the campuses' capital project priorities to address facility deficiencies and accommodate student growth for the five-year period. Project priorities were established according to the board approved categories and criteria. The document also contains the physical master plan and history of each campus along with recently funded projects for the previous five years. Statistical summaries provide an array of data, including: funding by category, funding by campus, the seismic retrofit program, the energy program, and projected housing and parking capacity.

The 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan for Academic projects and Self-Support projects totals \$5.0 billion and \$3.7 billion, respectively. The plan can be viewed on the capital planning, design and construction website at: http://www.calstate.edu/cpdc/Facilities_Planning/majorcapoutlayprogram.shtml. If approved by the board, the capital improvement plan will be published and distributed.

Funding

The CSU support budget is seeking approval from the board to include \$25 million to fund the capital outlay program and/or deferred maintenance. This item identifies the proposed priorities for the use of the operating funds should the governor and legislature support the requested funding, or any other amount. Given the Governor's multi-year funding plan, it is currently estimated that the amount for the capital outlay program will be less than the requested \$25 million and likely be in the \$2-4 million range for pay-as-you-go or debt financing.

Debt financing for academic and/or self-support projects is proposed to be from the CSU Systemwide Revenue Bond Program. The Systemwide Revenue Bond 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. Systemwide Revenue Bond financing and the issuance of bond anticipation notes (BANs) to support interim financing under the CSU's commercial paper (CP) program in an aggregate amount will provide financing for a variety of critical capital outlay improvement projects.

Recommendation

The following resolution is presented for approval:

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

1. The final Academic and Self-Support Funded Five-Year Capital Improvement Plan 2016-2017 through 2020-2021 totaling \$5,065,440,000 and \$3,746,198,000, respectively, are approved.
2. The 2016-2017 Academic Capital Outlay Program included in the five-year program distributed with the agenda is approved at \$317,405,000.
3. The 2016-2017 Self-Support Funded Capital Outlay Program included in the five-year program is approved at \$250,957,000.
4. The chancellor is authorized to proceed in 2015-2016 with design documents to fast-track projects in the 2016-2017 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, and in consultation with the Chair of the Board and the Chair of the Committee on Campus Planning, Buildings and Grounds for significant changes, including priority sequence, scope, phase, project cost, bond sale schedule, financing source and total budget request for the 2016-2017 Capital Outlay Program.
7. The chancellor is authorized to make adjustments in the projects to be financed as noted in Attachment A as necessary to maximize use of the limited financing resource.

2016-2017 Capital Outlay Program Priority List

Cost Estimates are at Engineering News Record California Construction Cost Index 6255 and Equipment Price Index 3298

ACADEMIC PROJECTS

Priority Order	Category	Campus	Project Title	FTE	Phase	Campus Reserves/ Other	SRB Debt Request	Total Budget	Funds to Complete	Cumulative Budget Request
1	IA	Statewide	Water Conservation - GO Bonds	0	PWC	4,000,000		4,000,000		4,000,000
2	IA	Statewide	Infrastructure Improvements	0	PWC	18,630,000	138,291,000	156,921,000		160,921,000
3	IB	San Bernardino	Utilities Infrastructure	N/A	C	1,815,000	36,367,000	38,182,000		199,103,000
4	IB	Pomona	Electrical Infrastructure	N/A	C		21,677,000	21,677,000		220,780,000
5	II	Monterey Bay	Academic Building III	1,500	WC	500,000	34,364,000	34,864,000	1,307,000	255,644,000
6	IB	San Francisco	Creative Arts Replacement Building	867	W		1,230,000	1,230,000	42,165,000	256,874,000
7	IB	Dominguez Hills	Center for Science and Innovation	47	W	500,000	1,526,000	2,026,000	63,795,000	258,900,000
8	IB	Fullerton	McCarthy Hall Renovation, Ph. 1	0	PWC	2,039,000	12,726,000	14,765,000		273,665,000
9	IB	Humboldt	Jenkins Hall Renovation	235	P		333,000	333,000	11,636,000	273,998,000
10	IB	San Diego	IVC North Classroom Reno. (Seismic)	0	PWC		2,022,000	2,022,000		276,020,000
11	IB	Chico	Siskiyou II Science Replacement	-41	P		2,606,000	2,606,000	77,980,000	278,626,000
12	IB	San José	Science Replacement Building	325	P		2,755,000	2,755,000	85,124,000	281,381,000
13	IB	Fresno	Central Plant Replacement	N/A	P		1,428,000	1,428,000	28,111,000	282,809,000
14	IB	Fullerton	Pollak Library Renovation, Ph. 1	0	PWC	12,000,000		12,000,000	748,000	294,809,000
15	IB	Long Beach	Student Success Bldg./Peterson Hall 2	83	PW	2,439,000		2,439,000	40,918,000	297,248,000
16	IB	East Bay	Library Renovation (Seismic)	N/A	P		1,541,000	1,541,000	53,285,000	298,789,000
17	IB	Stanislaus	Library Renovation (Seismic)	-15	PW		3,539,000	3,539,000	47,379,000	302,328,000
18	IB	Northridge	Sierra Hall Renovation, Ph. 1	N/A	P		1,867,000	1,867,000	55,974,000	304,195,000
19	IB	San Diego	Utilities Upgrade, Ph. 1	N/A	P	1,730,000		1,730,000	28,922,000	305,925,000
20	IB	Sacramento	Infrastructure Upgrade, Ph. 1	N/A	PW		3,724,000	3,724,000	33,511,000	309,649,000
21	IB	Channel Islands	Gateway Hall	1,485	P		1,983,000	1,983,000	67,682,000	311,632,000
22	IB	Los Angeles	JFK Library Renovation (Seismic)	N/A	P		1,900,000	1,900,000	60,852,000	313,532,000
23	II	Maritime	Learning Commons	N/A	PW		1,458,000	1,458,000	24,965,000	314,990,000
24	II	Sonoma	Professional Schools Building	513	PW		2,306,000	2,306,000	38,006,000	317,296,000
25	II	Bakersfield	Humanities Classroom	652	P		109,000	109,000	4,492,000	317,405,000
Total Academic Projects				5,651		\$ 43,653,000	\$ 273,752,000	\$ 317,405,000	\$ 766,852,000	\$ 317,405,000

SELF-SUPPORT / OTHER PROJECTS

Priority Order	Category	Campus	Project Title	FTE	Phase	Self-Support Reserves/ Other	SRB Debt Request	Total Budget	Funds to Complete	
1	IB	Northridge	Satellite Student Union Housing Reno.	N/A	PWCE	5,846,000		5,846,000		5,846,000
2	IB	Fresno	Parking Lot P27 Improvements	N/A	PWC	1,782,000		1,782,000		7,628,000
3	II	Stanislaus	University Union Reno./Exp. (Seismic)	N/A	PWC	3,050,000	46,425,000	49,475,000	3,283,000	57,103,000
4	II	Los Angeles	LA BioSpace Incubator	N/A	PWCE	10,000,000		10,000,000		67,103,000
5	II	San Bernardino	College of Extended Learning Expansion	N/A	PWCE	5,000,000	15,699,000	20,699,000		87,802,000
6	II	San José	Student Recreation and Aquatic Center	N/A	PWCE	36,000,000	94,000,000	130,000,000		217,802,000
7	II	San José	Spartan Golf Center	N/A	PWCE	24,197,000		24,197,000		241,999,000
8	IB	San José	Dining Commons Renovation	N/A	PWC	2,000,000		2,000,000		243,999,000
9	IB	San José	South Campus Sports Relocation	N/A	PWC	6,958,000		6,958,000		250,957,000
Total Self-Support / Other Projects				-		\$ 94,833,000	\$ 156,124,000	\$ 250,957,000	\$ 3,283,000	\$ 250,957,000
Grand Total Academic and Self-Support				5,651		\$ 138,486,000	\$ 429,876,000	\$ 568,362,000	\$ 770,135,000	\$ 568,362,000

Categories:

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

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

2016-2017 Infrastructure Improvements Program Project List

Cost Estimates are at Engineering News Record California Construction Cost Index 6255 and Equipment Price Index 3298

Project noted in italics may be funded in 2015-2016, but are noted here should available funding not be sufficient.

Campus	Project Title	Phase	Campus Reserves	SRB Debt Request	Total Budget	Funds to Complete	Cumulative Budget Request
Bakersfield	Replace Electrical Distribution, Ph. 1, 2, 3	C		1,500,000	1,500,000	455,000	1,500,000
Bakersfield	Natural Gas Line Upgrade	PWC		300,000	300,000		1,800,000
Bakersfield	Chilled Water Line Upgrade	PW	166,000		166,000	1,688,000	1,966,000
Channel Islands	Electrical and Fire Alarm Upgrade	<i>PWC</i>		327,000	327,000		2,293,000
Channel Islands	ADA Pathway Upgrade	<i>PWC</i>		350,000	350,000		2,643,000
Channel Islands	Aliso Hall and Arroyo Hall HVAC Upgrade	PWC	11,000	489,000	500,000		3,143,000
Channel Islands	Sanitary Sewer Replacement	PWC	11,000	389,000	400,000		3,543,000
Chico	Acker/Shurmer Fire/Egress Upgrade	PWC	110,000	992,000	1,102,000		4,645,000
Chico	Meriam Library Water Intrusion	PWC	513,000	4,626,000	5,139,000		9,784,000
Dominguez Hills	Arc Flash Electrical Safety Improvements	PWC	18,000	262,000	280,000		10,064,000
Dominguez Hills	Central Plant Electrical Services Replacement	PWC	120,000	2,048,000	2,168,000		12,232,000
Dominguez Hills	Fire Hydrant Lateral Pipe Replacement	PWC	19,000	281,000	300,000		12,532,000
Dominguez Hills	Utility Tunnel Leak Monitoring	PWC	21,000	403,000	424,000		12,956,000
East Bay	Boiler Replacement, Ph. 3	C	500,000		500,000		13,456,000
East Bay	Water Pressure Regulators	PWC		815,000	815,000		14,271,000
East Bay	Library Annex Fire Suppression	PWC	45,000	105,000	150,000		14,421,000
East Bay	Chiller Replacement	PWC	290,000	3,000,000	3,290,000		17,711,000
Fresno	Fire Alarm Infrastructure Replacement	PWC	316,000	5,096,000	5,412,000		23,123,000
Fullerton	Storm Drain Upgrades	PW	100,000		100,000	4,000,000	23,223,000
Fullerton	Underground Electrical Lines	PWC	55,000	495,000	550,000		23,773,000
Fullerton	Physical Services Complex, Ph. 1	PWC	1,000,000	3,000,000	4,000,000	6,000,000	27,773,000
Humboldt	Natural Resources Emergency Generator	PWC		3,045,000	3,045,000		30,818,000
Humboldt	Building Boiler Replacement	PWC		300,000	300,000		31,118,000
Long Beach	Microbiology HVAC Replacement, Ph. 1, 2	PWC	550,000	6,008,000	6,558,000	2,595,000	37,676,000
Los Angeles	Physical Sciences Seismic/Renewal	C	10,000,000	10,000,000	20,000,000	26,555,000	57,676,000
Los Angeles	Central Plant Chiller Replacement	PWC	211,000	2,506,000	2,717,000		60,393,000
Maritime Academy	Faculty Road Repairs	<i>PWC</i>		1,400,000	1,400,000		61,793,000
Maritime Academy	Boiler Replacement (Ship)	PWC	48,000	432,000	480,000		62,273,000
Maritime Academy	Domestic Water Pipe Replacement	PWC	66,000	594,000	660,000		62,933,000
Monterey Bay	Infrastructure Improvements, Ph. 1, 2, 3	PWC		9,580,000	9,580,000		72,513,000
Monterey Bay	Electrical/Fire/Gas Distribution System	<i>PWC</i>		1,800,000	1,800,000		74,313,000
Northridge	Heating System Replacement, Ph. 3	C		2,100,000	2,100,000		76,413,000
Northridge	Building Electrical Sys. Repl., Ph. 1, 2, 3, 4	<i>WC</i>		5,505,000	5,505,000	5,651,000	81,918,000
Northridge	Fifth Substation Upgrade	<i>PWC</i>	60,000	1,698,000	1,758,000	4,685,000	83,676,000
Northridge	Domestic Water Line Upgrade, Ph. 1, 2	PW	238,000		238,000	12,434,000	83,914,000
Pomona	Domestic Water Line Upgrades	C		2,354,000	2,354,000		86,268,000
Pomona	Natural Gas Line Upgrades	<i>PWC</i>		2,394,000	2,394,000		88,662,000
Pomona	HVAC/Fume Hood Replacement, Bldg. 8	PWC	575,000	5,175,000	5,750,000		94,412,000
Pomona	Sanitary Sewer Upgrades	PWC	200,000	1,800,000	2,000,000		96,412,000
Sacramento	Fire Alarm System Upgrade, Ph. 2	<i>PWC</i>		1,052,000	1,052,000		97,464,000
Sacramento	Building Main Switchgear Repl., Ph. 1	<i>PWC</i>		1,750,000	1,750,000		99,214,000
Sacramento	Campus ADA Upgrade, Ph. 1	<i>PWC</i>		795,000	795,000		100,009,000
Sacramento	Sewer/Storm Line Replacement	<i>PWC</i>		1,000,000	1,000,000		101,009,000
Sacramento	Fire Alarm System Upgrade, Ph. 3	PWC	130,000	1,170,000	1,300,000		102,309,000

2016-2017 Infrastructure Improvements Program Project List

Cost Estimates are at Engineering News Record California Construction Cost Index 6255 and Equipment Price Index 3298

Project noted in italics may be funded in 2015-2016, but are noted here should available funding not be sufficient.

Campus	Project Title	Phase	Campus Reserves	SRB Debt Request	Total Budget	Funds to Complete	Cumulative Budget Request
San Bernardino	Chaparral Hall Roof Replacement	PWC	72,000	445,000	517,000		102,826,000
San Bernardino	Performing Arts Roof Replacement	PWC	107,000	854,000	961,000		103,787,000
San Bernardino	Sierra Hall Roof Replacement	PWC	70,000	388,000	458,000		104,245,000
San Bernardino	Visual Arts Roof Replacement	PWC	133,000	1,361,000	1,494,000		105,739,000
San Diego	Peterson Gym Roof/Infrastructure Improvements	<i>PWC</i>		<i>700,000</i>	700,000		106,439,000
San Diego	PSFA HVAC Renewal	PWC	207,000	2,893,000	3,100,000		109,539,000
San Diego	PSFA Elevator Renewal	PWC	41,000	459,000	500,000		110,039,000
San Diego	PSFA Fire Safety Code Compliance	PWC	29,000	271,000	300,000		110,339,000
San Diego	PSFA Electrical Infrastructure Renewal	PWC	172,000	2,328,000	2,500,000		112,839,000
San Francisco	Central Plant/Utility Upgrades	PWC	91,000	1,094,000	1,185,000		114,024,000
San Francisco	Emergency Generator, Health Center	PWC	27,000	264,000	291,000		114,315,000
San Francisco	Condenser Replacement, Administration	PWC	26,000	231,000	257,000		114,572,000
San Francisco	Domestic Water System Upgrades	PWC	105,000	1,105,000	1,210,000		115,782,000
San Francisco	Sanitary Sewer/Storm Drain Upgrades	PWC	27,000	262,000	289,000		116,071,000
San Francisco	Fire Alarm Upgrade, Thornton Hall	PWC	97,000	1,106,000	1,203,000		117,274,000
San Francisco	Restroom ADA Upgrades, Campus	PWC	116,000	1,498,000	1,614,000		118,888,000
San José	Utilities Infrastructure, Ph. 2	PWC	611,000	5,502,000	6,113,000		125,001,000
San Luis Obispo	Central Heating and Chilled Water Upgrade, Ph. 3	C		2,407,000	2,407,000		127,408,000
San Luis Obispo	Mustang Substation Switchgear/Transformer Repl.	PWC	257,000	3,942,000	4,199,000		131,607,000
San Marcos	Craven Hall HVAC Upgrade	PWC	248,000	3,064,000	3,312,000		134,919,000
San Marcos	Central Plant Generator	PWC	115,000	1,463,000	1,578,000		136,497,000
Sonoma	Central Plant Cooling Tower Replacement	PWC		869,000	869,000		137,366,000
Sonoma	Chiller Replacement	PWC	81,000	1,071,000	1,152,000		138,518,000
Sonoma	HVAC Unit Replacement	PWC	71,000	1,976,000	2,047,000		140,565,000
Stanislaus	Boiler and Exp. Tank Replacement	<i>PWC</i>		<i>2,600,000</i>	2,600,000		143,165,000
Stanislaus	ADA Barrier Removal	PWC	49,000	451,000	500,000		143,665,000
Stanislaus	Drama Air Handler Replacement	PWC	77,000	828,000	905,000		144,570,000
Stanislaus	Heating Hot Water Line Replacement, Ph. 1, 2	PWC	214,000	1,923,000	2,137,000	1,756,000	146,707,000
Systemwide	Replace Building Controls/Metering	PWC	214,000	10,000,000	10,214,000		156,921,000
Total Infrastructure Improvements Program			\$ 18,630,000	\$ 138,291,000	\$ 156,921,000	\$ 65,819,000	\$ 156,921,000

AGENDA

COMMITTEE ON FINANCE

Meeting: 2:00 p.m., Tuesday, November 17, 2015
Glenn S. Dumke Auditorium

Adam Day, Chair
Peter J. Taylor, Vice Chair
Silas H. Abrego
Kelsey M. Brewer
Rebecca D. Eisen
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lupe C. Garcia
Lillian Kimbell

Consent Items

Approval of Minutes of September 8, 2015

1. 2016-2017 Lottery Revenue Budget, *Action*
2. Conceptual Approval of a Public/Public Partnership Charter School at California State University, Monterey Bay, *Action*

Discussion Items

3. Approval of the 2016-2017 Support Budget Request, *Action*
4. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for the 2015-2016 Infrastructure Improvements and Capital Outlay Projects, *Action*
5. Conceptual Approval of the California State University, Channel Islands Site Authority Apartments Sale Project, *Action*
6. Conceptual Approval of a Public/Private Partnership Hotel Development Project at California State University, Northridge, *Action*
7. State Public Works Board Bond Debt Restructuring, *Information*
8. California State University Investment Authority, Policy, and Portfolio Review Initiative, *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 8, 2015

Members Present

Adam Day, Chair
Peter J. Taylor, Vice Chair
Silas H. Abrego
Kelsey M. Brewer
Rebecca D. Eisen
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lupe Garcia
Lillian Kimbell
Lou Monville, Chair of the Board
Timothy P. White, Chancellor

Trustee Adam Day called the meeting to order.

Public Comments

California Faculty Association President Jennifer Eagan spoke of the excellent work performed by the faculty and the need for competitive faculty salaries. Simone Aloisio, Faculty, Channel Islands, discussed lobbying the legislature and the need for faculty raises. Donna Andrews, Faculty, Stanislaus, explained the importance of training teachers and the need for adequate compensation. Veronica Chavez, Alumni, Stanislaus, spoke of the importance of faculty in improving the lives of at risk students and of adequately compensating those faculty members. Enrique Ochoa, Faculty, Los Angeles, spoke of the role of faculty in building strong, just, fair communities and the need to adequately pay the faculty for the work they perform. Christian Torres, Student, Los Angeles, spoke of the importance of the work faculty members perform inside and outside of the classroom. Matthew Jendian, Faculty, Fresno, spoke of the great effort faculty members put into achieving excellence and the need to properly compensate their efforts. Pedro Nava, Alumni, Fresno, spoke of the contribution CSU faculty made to his professional success. Ellen Wallace, Faculty, Pomona, described how much effort goes into creative teaching and the need to adequately compensate faculty for it.

Consent

The minutes of the May 19, 2015 meeting and consent items on 2016-2017 Lottery Revenue Budget and Update on 2015A and 2015B Systemwide Revenue Bond Issuance were approved by consent as submitted.

California State University Annual Investment Report, *Information*

Mr. Steve Relyea, Executive Vice Chancellor and Chief Financial Officer, introduced the annual investment report for fiscal year 2014-2015 for funds managed under the California State University Investment Policy. He reminded the board that staff has been actively engaging with the CSU's key partners in Sacramento to change legislation that will provide the University with more flexibility in how it invests a portion of its funds.

Mr. Robert Eaton, Assistant Vice Chancellor for Financing, Treasury, and Risk Management reported that the bulk of CSU funds are invested through the CSU Systemwide Investment Fund-Trust (SWIFT) investment portfolio, which had a balance of \$3.2 billion and provided a return of 0.71% during the 12 months ended June 30, 2015. He noted that the portfolio continues to be invested in high quality, fixed income securities, however as Mr. Relyea indicated, the CSU is working to change legislation in order to provide the CSU with greater investment flexibility and increased earnings on its existing base of funds. He stated this potential for additional revenues would have a meaningful impact on the CSU's ability to address a variety of needs, notably its deferred maintenance and critical infrastructure backlog.

Trustee Lillian Kimbell asked what fees are charged by the SWIFT account management companies. Mr. Eaton responded that one charges five basis points and the other charges three basis points.

Trustee Peter Taylor inquired if anyone has looked at the pros and cons of bringing fixed income management in house. Mr. Eaton responded this had been considered in the past but was not pursued due to the substantial resources necessary to support such an effort. Trustee Taylor offered to work with staff to conduct another review and shared that the University of California did support fixed income management in house and utilized external managers for equities. Trustee Day added that low returns on the portfolio amplified the need to pursue the change in legislation.

Update on Governmental Accounting Standards Board (GASB) Statement No. 68 – Accounting and Financial Reporting for Pensions, *Information*

Mr. Relyea provided background information on the changes to GASB 68 - Accounting and Financial Reporting for Pensions, effective for fiscal year 2014-2015. He informed the board that each governmental employer participating in a pension plan is now required to recognize a proportionate share of the collective net pension liability on the face of its financial statements. The CSU's initial proportionate share of the State's net pension liability as of June 30, 2015 was

\$5.9 billion, based on the information from the State Controller's Office in August 2015. Currently CSU staff and KPMG, CSU's external auditors, are reviewing the information. He then asked KPMG audit partner, Mark Thomas to share how KPMG views this matter.

Mr. Thomas acknowledged that this new accounting pronouncement affects governmental entities across the United States. For the first time, financial statements of state and local governments, public universities, and other government agencies will reflect the unfunded portion of pension plans as liabilities on the face of their financial statements. He added that often times these numbers are in the billions of dollars and may eliminate any net assets/equity of the entity, as is the case with CSU. However the effects of this requirement are well understood within the industry and, in most cases, are not expected to drive adverse actions in the debt markets.

Mr. Relyea reiterated that the inclusion of this liability is a result of the CSU's compliance with an accounting mandate, not a deterioration in its financial condition. However, the explicit recognition of the CSU's pension obligation is important for future planning both at the CSU and state levels. He stated staff has discussed other obligations, including capital deferred maintenance, which campuses are helping to manage by establishing designated reserves. He stated annual operating reserves are also used to meet operating obligations. In recognition of CSU's fiduciary responsibilities and good stewardship, staff would continue to consider all potential obligations and plan accordingly. He stated that with regard to the pension liability, bond advisors are aware of this financial reporting issue that affects all public universities and governmental entities and have been notified of the amount of CSU's share of the net pension liability of the State.

Planning for the 2016-2017 Support Budget, *Information*

Mr. Relyea introduced the preliminary support budget plan for fiscal year 2016-2017 and shared that for the first time since 2006-2007, the CSU's 2015-2016 support budget request was fully funded by the state. He cautioned that the Department of Finance has indicated that the CSU should assume for 2016-2017 an amount closer to \$139 million of new, permanent funds, which would be consistent with the administration's multi-year funding plan for CSU. He stated that staff would like to solicit ideas and feedback from the board that will be used to craft the final support budget plan which will be an action item at the November 2015 board meeting. He then invited Assistant Vice Chancellor for Budget Ryan Storm to provide details about the proposed plan.

Mr. Storm provided a description of the state budget process and how it relates to the university's budget process. He stated the bulk of the process at the state level runs from January through June, while the board works to plan a budget in September and finalize the details in November. This asynchronous process requires the Chancellor's Office and campuses to make a number of decisions before, during, and after the state budget process has wrapped up, including student admissions and enrollment, financial aid, course scheduling, and related funding decisions. He reminded the board that the support budget's purpose is to meet the core mission

of state-supported instruction, applied research, and public service. He stated the CSU's general fund budget is tied directly to the health and stability of the state budget, therefore, when state revenues are positive, the CSU tends to financially benefit; the reverse is also true.

He continued by stating that the support budget has two primary funding sources: state general fund, which is provided by the state legislature and governor, and tuition, which is provided by students and their families. The current funding ratio is about 55 percent from state funds, and 45 percent from tuition.

He asked trustees to keep three items in mind as they review the CSU's preliminary budget request. First, the incremental additions to the CSU's baseline budget, including increased needs in funding for both new and ongoing obligations. Second, the state's fiscal position which currently appears to be about to fund the fourth year of the administration's multi-year funding plan, or go beyond that level of funding. Third, he welcomed the board's input to help staff prepare a final draft of this budget plan for the board's consideration in November.

Mr. Storm then gave an overview of the components of the preliminary support budget plan for 2016-2017. The preliminary expenditure plan would bring annual spending for support of the CSU to nearly \$5.4 billion, including systemwide tuition revenues, net of State University Grants. He then discussed each of the components. He stated that mandatory costs are costs that have already been determined by state law, CSU policy, and operational needs. He added that the compensation pool item remains contingent upon the collective bargaining process and that the projection of \$68 million represents the third year of the currently bargained plan of 3% in 2014-2015, 2% in 2015-2016, and 2% in 2016-2017.

Mr. Storm then added the board has significant discretion over the plan for enrollment increases, student success and completion, and facilities and infrastructure needs. He stated that there is strong demand for a CSU education and added that there are a variety of efforts and strategies to facilitate degree completion and student success at CSU campuses. Some of those efforts were funded in 2015-2016 and have allowed campuses to gain momentum on the many initiatives initiated during phase one of the graduation initiative. As campuses roll out Graduation Initiative 2025 strategies to increase student success, reduce time to degree and eliminate the achievement gap, they are instituting high impact practices, making data-driven decisions, and improving the educational experience for students.

He stated that the CSU's backlog of facility maintenance and infrastructure needs is massive and growing and is currently estimated to be \$2.5 billion. He added that with the shift of capital outlay responsibilities from the state to the CSU, the state did not provide sufficient funds for the CSU to capitalize on the new program. Consequently, annual support budgets would not be able to retire significant portions of maintenance backlog for many years without additional resources being allocated for this purpose. He stated that staff is proposing that \$25 million be annually committed to debt finance approximately \$325 million of projects.

He added that under the administration's multi-year funding plan new funding would only support a 1% increase in current and new student enrollment. It would not support any new commitments for infrastructure or student success unless portions of the very small balance of \$8.1 million were to be allocated to those categories. He informed the board that a 1% enrollment increase would only yield \$18 million in new student tuition revenue. Conversely, the CSU preliminary plan of 3% new enrollment would generate an additional \$55 million on tuition revenue. Leaving an additional need of \$101 million from the state so that the CSU could continue investments in students, faculty, staff, and infrastructure.

Trustee Day asked Mr. Storm what the difference is between the CSU's 2015-2016 enrollment growth request and the governor's proposal. Mr. Storm responded that the trustees requested and received funding for a 3% increase versus the administration's proposed 1% percent increase. Chancellor White added that in November 2014 campuses planned on a 1% enrollment growth based on the anticipated funding, and adjusted accordingly when it became known that the trustees' request would be fully funded. He indicated that a similar set of actions would happen this year as campuses will need to initially make conservative decisions unless or until there is a clear signal that the CSU will receive additional funds.

Trustee Lupe Garcia asked for elaboration on the strategic investments category. Mr. Relyea clarified that the category labeled strategic investments is being used as a placeholder name and only pertains to the assumption that the CSU receives what the governor planned. The \$8.1 million is the amount left after enrollment, compensation, and mandatory costs are subtracted and would be used to deal with infrastructure issues and student success.

Trustee Kelsey Brewer inquired how the state's rainy day fund would affect the CSU's access to those surplus funds. Mr. Storm responded the state adopted a rainy day fund that requires them to carve off several billion dollars a year to put away for use when there is an economic downturn. It is yet to be determined how those funds would be used during an economic downturn.

Trustee Brewer asked if the enrollment growth numbers take into consideration the limitations that have been placed on the CSU by having to enroll a certain number of transfer students that complete the pathway requirement. Mr. Storm answered that from a macro perspective, the CSU takes in roughly about half first-time freshmen and half transfer students on an annual basis. He stated that is something that needs to be worked out over time and on a campus-by-campus basis. Chancellor White shared that the last analysis done by Academic and Student Affairs did not indicate that the SB 1440 legislation would fundamentally change the CSU's ability to admit first-time freshmen.

Trustee Steven Stepanek thanked staff and noted that the CSU has asked for additional funding for student enrollment and infrastructure needs which are very important, and in a sense challenged the governor and legislators to better support the CSU. He added that it is also important to consider the employee compensation pool and asked why more than 2% is not being sought. He indicated there would be a presentation the following day talking about compensation

issues such salary compression and where salary inversions and cost of living issues exist. He opined it would be incredibly fortunate for the CSU to find a way to get additional money to address those issues.

Trustee Kimbell asked if the 460,000 students mentioned in the CSU fact book are full-time students. Mr. Storm responded that it is the actual head count not full-time equivalent students. He further added that non-resident and international students are not factored into the support budget request and shared that the CSU has about 24,000 to 25,000 of these students.

Chancellor White stated that approximately 4% of CSU's students are not supported by state funds and added that campuses are doing heroic work. With respect to the CSU's out of state and international students, he stated that those students not only enrich the learning environment by bringing a different perspective, but also bring in revenues that help educate Californians.

Trustee Day adjourned the meeting on Finance Committee.

COMMITTEE ON FINANCE

2016-2017 Lottery Revenue Budget

Presentation By

Ryan Storm
Assistant Vice Chancellor
Budget

Summary

The lottery revenue budget proposal for 2016-2017 is presented to the California State University Board of Trustees, Committee on Finance as an action item. This budget is identical to the preliminary budget included in the committee's September 2015 agenda.

Background

On November 6, 1984, California voters approved Proposition 37, known as the California Lottery Act. The Lottery Act allows for the expenditure of lottery revenues to supplement funds allocated for public education. Since 1984, the CSU has received apportionments from the state based on total full-time equivalent students totaling \$1.07 billion, which equals approximately 3.7 percent of all Lottery Funds distributed for educational purposes. Recently, annual CSU Lottery Fund receipts have averaged around \$45 million per year.

The Lottery Act codifies the legislative intent that lottery funds be used "exclusively for the education of pupils and students" and that no funds can be used for non-instructional purposes, such as the acquisition of property, construction of facilities, or financing research. To that end, the CSU has adopted guidelines to ensure that lottery funds are used only to support instruction or instructional-related purposes.

Each year, the CSU Board of Trustees is asked to adopt a systemwide lottery revenue budget that incorporates CSU guidelines and adheres to Lottery Act provisions. The budget identifies lottery receipts that the CSU expects to receive in the budget year and the program areas for allocation of those receipts, including an expenditure allowance for the general management of lottery fund operations and reporting requirements. Approximately 90 percent of anticipated lottery receipts are allocated directly to campuses for instructionally-related programs and activities. Remaining funds are allocated for CSU programs that assist student education, such as the Summer Arts, Pre-Doctoral, and Doctoral Incentive programs. Only about 1.3 percent of lottery resources are used by the Chancellor's Office to manage lottery fund operations and reporting requirements.

CSU allows for the carryforward of 50 percent of annual lottery allocations by the campuses to address long-range educational programs, instructional equipment purchases, or instructional program development that crosses several years. The Chancellor's Office reviews campuses' planned uses of lottery carryforward balances that exceed the 50 percent threshold.

The board has delegated authority to the chancellor for the development and oversight of the lottery budget and for the deposit, control, investment, and expenditure of lottery revenues received. The CSU prepares a formal report on lottery fund revenues and expenditures each May to the Governor and Legislature, in accordance with the annual state budget act. The board receives an updated report in the fall of each year.

2016-2017 Lottery Budget Proposal

The total lottery budget for 2016-2017 is projected to be \$49.2 million. Past lottery budgets have set aside reserves to assist with cash-flow variations due to fluctuations in quarterly lottery receipts and to be prepared for other economic uncertainties. After setting aside \$5 million for beginning reserves, the \$44.2 million 2016-2017 lottery budget proposal remains principally designated for campus-based programs and three system-designated programs that have traditionally received annual lottery funding support. The 2016-2017 budget proposes a small increase of \$63,000 for lottery fund and system programs administration, bringing the new total to \$607,000 (about 1.3 percent of total projected lottery revenues). This increase is due to higher salary and healthcare costs, and is consistent with decisions made by the CSU Board of Trustees and CalPERS board. As compared to the approved 2015-2016 lottery budget, no other changes are proposed for the 2016-2017 lottery budget.

System-Designated Programs

Of the \$44.2 million available for expenditure, \$4.6 million will be allocated to the three system-designated programs and administration costs as follows: the Chancellor's Doctoral Incentive Program provides \$2 million of 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 provides \$814,000 to support CSU students who aspire to earn doctoral degrees and who have experienced economic and educational disadvantages; the CSU Summer Arts Program includes \$1.2 million to offer courses for academic credit in the visual, performing, and literary arts; and lottery fund and system programs administration costs are \$607,000.

Campus-Based Programs

The remaining \$39.5 million will continue to be used for campus based programs (\$31.5 million) and increased financial aid for the trustee-approved Early Start program (\$8 million). Campus-based program funding provides flexibility in meeting unique campus needs, consistent with the Lottery Act. Traditionally, projects receiving campus-based funds have included replacement and purchase of new instructional equipment, curriculum development, and scholarships. Early Start program funds will provide campus-based financial aid as need-based fee waivers 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/or English skills through additional college preparatory instruction during the summer term prior to matriculation at any of the CSU campuses.

The CSU lottery revenue budget proposed for 2016-2017 is as follows:

2015-2016 Adopted and 2016-2017 Proposed Lottery Revenue Budget		
	2015-16 Adopted Budget	2016-17 Proposed Budget
Sources of Funds		
Beginning Reserve	\$ 5,000,000	\$ 5,000,000
Receipts	44,100,000	44,163,000
Total Revenues	\$ 49,100,000	\$ 49,163,000
<i>Less Systemwide Reserve</i>	<i>(5,000,000)</i>	<i>(5,000,000)</i>
Total Available for Allocation	\$ 44,100,000	\$ 44,163,000
Uses of Funds		
<i>System Programs</i>		
Chancellor's Doctoral Incentive Program	\$ 2,000,000	\$ 2,000,000
California Pre-Doctoral Program	814,000	814,000
CSU Summer Arts Program	1,200,000	1,200,000
	\$ 4,014,000	\$ 4,014,000
<i>Campus-Based Programs</i>		
Campus Programs	\$ 31,542,000	\$ 31,542,000
Campus Early Start Financial Aid	8,000,000	8,000,000
	\$ 39,542,000	\$ 39,542,000
<i>Lottery Fund & System Programs Administration</i>	\$ 544,000	\$ 607,000
Total Uses of Funds	\$ 44,100,000	\$ 44,163,000

Recommendation

This item is an action item and the following resolution is presented for approval:

RESOLVED, by the Board of Trustees of the California State University, that the 2016-2017 lottery revenue budget totaling \$49.2 million be approved for implementation by the chancellor, with the authorization to make transfers between components of the lottery revenue budget and to adjust expenditures in accordance with receipt of lottery funds; and be it further

RESOLVED, that a portion of campus-based program allocations will be used to support student financial aid for the trustee-approved Early Start program. These funds will be used to allow student enrollment in the Early Start summer curriculum regardless of financial need; and be it further,

RESOLVED, that the chancellor is hereby granted authority to adjust the 2016-2017 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 2016-2017 lottery revenue budget receipts and expenditures be made to the Board of Trustees.

COMMITTEE ON FINANCE

Conceptual Approval of a Public-Public Partnership Charter School at California State University, Monterey Bay

Presentation By

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

Eduardo Ochoa
President
California State University, Monterey Bay

Summary

This item requests conceptual approval from the California State University Board of Trustees for the development of the Monterey Bay Charter School (“MBCS”) on the California State University, Monterey Bay campus.

Background

MBCS is an independent charter school founded by parents and teachers in 1998 to inspire creativity, critical thinking, and motivated learning. MBCS received its first charter in 2005 and a subsequent charter renewal in 2012 from the Monterey County Board of Education for five years through 2017. MBCS was awarded a six-year accreditation jointly from the Western Association of Schools and Colleges and the California Department of Education.

The school first opened its doors in a small church in Marina, California, with 78 students in kindergarten through sixth grade. The school has since occupied several interim locations to accommodate growth and is currently located in Pacific Grove with the exception of two kindergarten classes that are located in Seaside, as the school grew beyond the available space in Pacific Grove. MBCS accommodates 362 students in the 2015-2016 school year.

As part of the school's goal to support diversity and accessibility, MBCS is working to relocate to the Seaside/Marina area and reunite the kindergarten with the other grades. MBCS began talks with Monterey Peninsula Unified School District to find district buildings that could be rented or purchased; however, no suitable buildings are available. Consequently, MBCS has sought to acquire property and build a new school facility which will accommodate the school's growing student base and be centrally located to all students in Monterey County.

Project Description

The proposed campus would be a kindergarten through eighth grade school to accommodate approximately 500 students on a 20-acre site along the southern portion of the campus. The proposed site is currently vacant and consists of eight unoccupied buildings remaining from the campus site's former use as a military base that are scheduled to be demolished.

It is projected that classrooms would be completed for the 2017-2018 school year to accommodate approximately 500 students, with supporting facilities such as multi-purpose room, woodworking classroom, art studios, a library, and a cafeteria to be completed shortly thereafter. Alternative transportation to the school will be encouraged.

The campus received support for the development from the Land Development Review Committee in September 2015.

Financing

The campus anticipates entering into a ground lease with MBCS at a value to be determined based on the appraised value of the site. Neither the campus nor any auxiliary will have an investment in the project. MBCS will be responsible for financing, constructing, and managing the project during the term of the lease. MBCS will also be responsible for all costs associated with environmental and entitlement processes in accordance with CSU requirements. MBCS plans to obtain private funds for this project.

Educational Benefits

Many of the campus's core values and academic goals align with MBCS's values and goals. As a result, the MBCS has collaborated with a number of departments at the campus for over fifteen years by providing student internships and part-time employment, service learning opportunities, capstone projects, community service hours, and various campus class projects.

This proposed partnership between the campus and MBCS is expected to provide additional future benefits for the campus, including collaborative research opportunities between MBCS and campus students, faculty, and staff; business opportunities relating to MBCS rental of various campus facilities for certain school programs and events; and quality K-8 education for campus administration, faculty, and staff through priority enrollment of their children at MBCS. In addition, locating MBCS at the campus will make MBCS more accessible to the racially and economically diverse populations of Monterey County.

Approval of the Final Development Plan

Per board policy, as the project moves forward, all related master plan revisions, amendments of the capital outlay program, proposed schematic plans, financial plans, proposed key business points of the finalized development plan, and the required environmental documents will be presented at future meetings for final approval by the Board of Trustees prior to execution of any commitments for development and use of the property.

Recommendation

The following resolution is presented for approval:

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

1. Approve the concept of a public-public partnership for the Monterey Bay Charter School development and the release of the Request for Qualifications/Proposals;
2. Authorize the chancellor and the campus to enter into negotiations for agreements necessary to develop the final plan for the public-public partnership as explained in Agenda Item 2 of the November 17-18, 2015 meeting of the Committee on Finance;
3. Authorize the chancellor and the campus to enter into a due diligence access and option agreement which provides the Monterey Bay Charter School with a limited-term option along with the responsibility for the development of a final plan, schematic drawings, and necessary environmental analyses during the option period;
4. Will consider the following additional action items relating to the final plan:
 - a) Certification of Final California Environmental Quality Act (CEQA) documentation;
 - b) Approval of a financial plan negotiated by the campus and the Monterey Bay Charter School with the advice of the chancellor;
 - c) Approval of any amendments to the campus master plan as they pertain to the project;
 - d) Approval of an amendment to the Non-State Capital Outlay Program;
 - e) Approval of the schematic design.

COMMITTEE ON FINANCE

Approval of the 2016-2017 Support Budget Request

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

Ryan Storm
Assistant Vice Chancellor
Budget

Summary

At its September 2015 meeting, the California State University Board of Trustees reviewed a preliminary plan for purposes of crafting the CSU's support budget request to the state. This item presents for the board's approval a proposed support budget request for 2016-2017. Accompanying this agenda item as Attachment A, is the proposed 2016-2017 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 Department of Finance, it is necessary to adopt the proposed 2016-2017 CSU Support Budget Request at the November board meeting.

While the state has made significant strides on the path to economic recovery, significant expenditure obligations persist. The state is challenged by long term health, pension, and deferred maintenance obligations in excess of \$200 billion. Also, highly volatile capital gains taxes make up a significant portion of the state budget revenue picture and can dramatically swing from one year to the next.

The significant tax revenues produced by Proposition 30 and the ongoing economic recovery allowed the state to begin anew to invest in many areas, including public higher education. Under current assumptions, the economic recovery will allow the state to completely eliminate its operating debt by 2017-2018 and set aside billions of dollars in operating reserves.

If the state's economic recovery continues, revenues could grow between three and five percent per year through 2017-2018, but slow down to one percent in 2018-2019 according to projections by the Department of Finance. The outlook over the next three fiscal years ranges from continued constraint to modest opportunity for growth.

The Governor's Multi-Year Funding Plan for CSU

In January 2013, Governor Brown's budget proposal included a multi-year plan to provide funding stability to CSU and the University of California (UC). This plan called 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. Recognizing that both CSU and UC endured state funding reductions in equal dollar amounts during the recent fiscal crisis and that an ongoing investment in the university systems is important to the vitality of the state's economy and people, the governor's administration has since added additional years and new permanent funding commitments to the plan. The cumulative, potential increase occurs in annual increments totaling \$816.2 million. Actual funding provided by the state is noted in parenthesis below.

- \$125.1 million in 2013-2014 (provided by the state)
- \$142.2 million in 2014-2015 (provided by the state)
- \$119.5 million in 2015-2016 (\$216.5 million provided by the state)
- \$139.4 million in 2016-2017
- \$155.4 million in 2017-2018
- \$134.6 million in 2018-2019
- Cumulative, potential increase in funding = \$816.2 million

Although the legislature never formally adopted this multi-year plan, it did approve the first and second year increases of \$125.1 million and \$142.2 million, and with the governor's consent went above and beyond in 2015-2016 to fully fund the CSU support budget request of \$216.5 million. With this increase and the new proposed levels through 2018-2019 the new six year total would be \$913.2 million, still short of the cuts totaling approximately \$1 billion dollars from 2008-2009 through 2011-2012.

One tenant of the governor's multi-year funding plan is no tuition increase between 2013-2014 and 2016-2017. CSU's support budget is dependent on two revenue sources: state general fund and tuition revenue. Each makes up approximately half of the support budget. With the governor's multi-year plan, which includes a flat tuition rate, the CSU has limited opportunities to expand enrollment, fund compensation increases, or make larger steps toward removing bottlenecks and improving student success outcomes, after accounting for inflationary increases and growing mandatory cost obligations.

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

In 2015-2016, the state fully funded the CSU support budget request for the first time since 2006-2007. The Proposed 2016-2017 CSU Support Budget Request is similar to the 2015-2016 request and will allow the CSU to meet its mandatory cost obligations, fund compensation increases, and grow systemwide student enrollment by three percent, while also dedicating funds to student success and completion priorities. Additionally, significant progress can be made on infrastructure and deferred maintenance needs. However, the governor's multi-year funding plan only provides a \$139.4 million increase in 2016-2017, which will only fund the minimum cost increases required by the CSU and allow for one percent enrollment growth.

Proposed 2016-2017 CSU Support Budget

In this agenda item, we share with the board the proposed support budget request for 2016-2017. The proposal represents a credible statement of the university's key funding needs and reiterates the continued necessity for the state and CSU to partner to ensure student access and success, competitive salaries and other compensation improvements for faculty and staff and to continue to invest in critical capital and infrastructure needs.

Proposed Expenditure Plan

The proposed support budget request for 2016-2017 is summarized below. These items would require new ongoing revenues from the state of \$241.7 million, assuming additional tuition revenue of \$55.9 million. This expenditure plan exceeds the \$139.4 million increase specified for 2016-2017 under the governor's funding plan, however, it is a statement of the university's true funding needs. Given the possibility that 2016-2017 state revenues could grow above current projections, this presents worthy opportunities for the state to invest further in the students, faculty, and staff of the CSU. The executive summary of the proposed 2016-2017 Support Budget Request (Attachment A), intended for ultimate distribution to the governor, legislators, and other policy makers in the capital, is included with the board materials and can also be accessed at: <http://www.calstate.edu/budget/fybudget/support-budgets/>

Proposed Incremental Increase in Expenditures:

• 3% Funded Enrollment Growth	\$110.0 million
• Student Success and Completion Initiatives	\$50.0 million
• 2% Compensation Pool	\$69.6 million
• Facilities and Infrastructure Needs	\$25.0 million
• Mandatory Costs (health benefits, pensions, & new space maintenance)	\$43.0 million
Total Ongoing Expenditure Increase	\$297.6 million

Sources of New Revenue

• General Fund Revenue from Governor’s Multi-Year Plan	\$124.4 million
• Middle Class Scholarship Redirected Funds	\$15.0 million
• Net Tuition from 3% Funded Enrollment Growth	\$55.9 million
• Preliminary Board of Trustees Additional Request	\$102.3 million
Total Additional Revenue Needed	\$297.6 million

This proposed expenditure plan would bring annual spending for support of the CSU to \$5.46 billion, including student tuition revenues (net of financial aid).

Funded Enrollment Costs

There is strong demand for a CSU education. Between 22,000 and 31,000 students each year have been denied access during the fall admission cycle since 2010 because the university did not have sufficient financial resources to admit these students and provide them with a quality education. In terms of the future, it is anticipated that demand for a CSU education will likely grow due to increasing numbers of prepared, CSU-eligible high school graduates as well as increased enrollment funding provided to the California Community Colleges. Access to education and the preparation of the state’s future workforce depends on the state investing in the CSU.

The proposed expenditure plan to support enrollment demand represents a three percent increase in full-time equivalent students (FTES), or 10,700 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 (to improve time-to-degree) and for some campuses to consider a move back to a state-supported summer term, if they choose. The cost of accommodating a three percent increase in enrollment is \$110 million.

Student Success and Completion Initiatives

The proposed expenditure plan includes a \$50 million augmentation under the title of Student Success and Completion Initiatives for a variety of efforts and strategies to close achievement gaps, facilitate student success, and promote timely degree completion. These funds would be used in six areas: tenure-track faculty hiring, enhanced advising, student retention practices, data-driven decision making, student preparation, and bottleneck solutions.

Compensation Pool

The calculated cost of \$69.6 million represents a two percent increase to the compensation pool for all employees in 2016-2017.

Academic Facilities Maintenance and Infrastructure Needs

The CSU's backlog of facilities maintenance and infrastructure needs is \$2.6 billion and growing by approximately \$150 million per year. 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 will need to provide additional revenue for the CSU to truly benefit from the new program. Over the past two fiscal years, the CSU has been able to permanently commit \$35 million per year to finance the university's most pressing capital renewal projects. While this is in addition to the 2015-2016 one-time \$25 million state appropriation for deferred maintenance projects, this amount is far from adequate to halt the growth of the CSU's deferred maintenance backlog. The proposed expenditure plan would commit an additional \$25 million per year to finance approximately \$325 million of the university's next, most pressing group of critical projects.

Mandatory Costs

Mandatory costs are those that have already been determined by state law, CSU policy, and operational needs, such as employee benefits and maintenance of new space. The cost is \$43 million.

One-Time Funding

The proposed plan separately requests \$50 million, in one-time funds, from the state to further address the deferred maintenance backlog and \$90 million of cap and trade funds to implement greenhouse gas and energy reduction projects.

Proposed Revenue Plan

The proposed expenditure plan continues to address many of the CSU's educational and operational needs. The plan again holds systemwide tuition at 2011-2012 levels and presumes that the state will fill the revenue gap with funding that exceeds the governor's multi-year funding plan to meet CSU priorities and needs. It would be exceedingly difficult for the CSU to operate within the confines of the governor's multi-year funding plan. Increased mandatory costs and compensation pool costs together would consume approximately \$112.6 million of the \$139.4 million available from the governor's funding plan. With the addition of \$18.6 million from tuition revenue associated with a one percent enrollment growth, this leaves approximately \$45.4 million to address enrollment, student success, and facilities.

The CSU's current effort focuses on stating the need for \$241.7 million in state appropriations combined with \$55.9 million in new tuition revenue for 2016-2017.

Conclusion

This is an action item, presenting a final recommendation for the CSU 2016-2017 Support Budget Request to the governor's administration. This plan strikes a balance in meeting the increased expenditure needs of the CSU between an amount that can be reasonably furnished by the state and an amount that can be reasonably provided through tuition revenues generated by enrollment growth. The plan is capable of reprioritization if, ultimately, the university must budget within the \$139.4 million funding increase specified for 2016-2017 under the governor's funding plan. Such a reprioritization is far from ideal and would result in significant short-term and long-term consequences to the state and to current and prospective CSU students. At this stage, however, the proposed budget plan focuses on stating needs and being positioned for opportunity to benefit California's economic and social future.

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 proposed CSU 2016-2017 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

2016-2017

Support Budget

www.calstate.edu/budget

DRAFT FOR CSU BOARD OF TRUSTEES CONSIDERATION



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Chancellor's Message



A budget is a public statement of an institution's priorities. This is as true for the State of California as it is for the California State University.

State leaders took an important step this June by fully funding the 2015/16 CSU Support Budget request—a first in nearly a decade. This prioritization means that our 23 campuses will collectively educate an additional 12,000 students, strategically invest in educational enhancements that empower student success, take larger steps to recruit and retain a quality faculty and staff, and address critical facilities and infrastructure needs.

Since its inception, the CSU has embraced the vision set forth in the state's higher education master plan to draw the top-third of graduating high school seniors each year, prioritize admission to community college transfer students, and provide a high-quality, affordable education to its students. The purpose being an educated and successful California populace that leads to economic and social prosperity.

While small but steady increases are helpful, the CSU and the state cannot lose sight of the fact that much work remains. During the Great Recession, the state cut nearly \$1 billion from the CSU. Today, only about \$600 million of those unallocated cuts have been restored. The consequences, of course, are persistent challenges in serving the needs of California today and for our future.

The Public Policy Institute of California warns that the state faces an economic drought of 1.1 million bachelor's educated workers by 2030. If the CSU is to play its part in closing this gap, then the state must prioritize building the capacity needed to allow students to earn quality degrees. These degrees will only have value to California if they are earned through completion of rigorous academic instruction and applied study. This requires innovative programs and tools, a strong and appropriately compensated faculty and staff, and technologically-progressive and physically-sound structures.

The CSU budget plan for 2016/17 pushes one of the most efficient and effective higher education systems in the nation to focus on quality, while calling on the state to commit to increasing opportunity, by:

- Increasing access for community college transfer and first-time freshmen students
- Enhancing student success and completion efforts
- Addressing compensation issues for faculty and staff
- Providing adequate academic facilities through repair, replacement, and improvement
- Funding CSU mandatory costs

I trust that our elected leaders in Sacramento will carefully consider and fund this request. Millions of Californians have benefited from excellent educational opportunities on our campuses. These alumni have, in turn, contributed to the collective good of this great state. I have confidence that our elected leaders will prioritize investment in the next generation, so that millions more of our fellow Californians will benefit directly and indirectly from this great institution.



Timothy P. White
Chancellor
The California State University



CSU and California: An Integral Partnership Today and For Tomorrow



As the largest public university system in the state, the CSU has a significant role in shaping California's future. Since its inception, the CSU has strived to provide a high-quality, affordable education that enables our graduates to develop intellectually, personally, and professionally, and to contribute to California's communities, culture, and economy. Just recently, the CSU graduated its three-millionth alumnus and conferred another 105,693 undergraduate and graduate degrees—a record number. It is our hope and expectation that each CSU graduate continues the proud tradition and legacy of supplying California's workforce with knowledge, innovation, and creativity, so that the California economy continues to prosper.

Nearly one in every ten employees in the state is a CSU graduate. The CSU educates the majority of California's leaders and policymakers. The CSU trains the majority of California's teachers. CSU graduates power Silicon Valley, where San Jose State, Cal Poly San Luis Obispo, and San Francisco State rank among the top feeder schools to major technology companies. From Humboldt in the north to San Diego in the south, each campus plays a unique and vital role in driving California's economic growth. Industries including agriculture, business, entertainment, hospitality and tourism, information technology, life sciences, manufacturing, and transportation all benefit greatly from the CSU. Our campuses and academic programs rank among the top colleges in the region and across the nation.

As the CSU continues to educate and graduate a record number of students, we are continuously searching for ways to streamline operations and reduce costs, so these savings can be reinvested for student success. The CSU has saved over \$51 million in the past year through strategic debt refinancing. Collaborations with K-12 schools, the California Community Colleges, and the University of California have produced \$37 million in cost avoidance since fiscal year 2011/12 for wide area connectivity in the CSU Common Network Initiative. The CSU continues to work with these entities to find ways to leverage our size and talents for cost savings. In addition, CSU energy efficiency projects have avoided \$16 million in annual costs. Renegotiating electricity purchase contracts avoided \$18 million in costs since 2010 and will save \$30 million over the next five years. There are numerous other instances where the CSU has streamlined operations and reduced costs, whether through contract renegotiation, economies of scale, shared services, or high-efficiency energy projects. However, as Chancellor White has noted, we cannot "efficiency" our way to academic success.

To ensure more students graduate on-time and prepared to engage the world, the CSU invests heavily in faculty and staff, academic programs, and student success initiatives. We constantly remind ourselves that the focus of the CSU is to serve students, so that each and every student receives a high-quality education, graduates on-time with minimal student loan debt, and is ready to shape California's social and economic future.

To that end, the CSU Graduation Initiative was launched in 2009 to focus on student success, in addition to the historical CSU priorities of access, quality, and affordability. In 2014, Chancellor White expanded the initiative by committing the system to raising both the four- and six-year graduation rates for first-time freshmen and two- and four-year rates for transfer students. The CSU set 2025 as the date for achieving systemwide and individual campus target graduation rates. The CSU continues to utilize funds to strengthen campus capacity to gather, analyze, and use real-time student success data in support of local decision-making, and to support high-impact educational practices that deepen learning, improve graduation rates, and close achievement gaps. While this strategic investment of limited resources has started to show positive returns, this long-term effort requires sustained and robust investment in higher education by the state.

As the CSU looks to the future, there are challenges that remain and opportunities to pursue. With the state's continued investment in higher education, the CSU will be in a better position to carry out our mission. Together, the CSU and California can continue to do great things and provide a better state for future generations.

2016/17 Budget Plan





Budget Plan

The tables on the following pages provide background data on the CSU's operating budget for the current and prior fiscal years and summarize the CSU's 2016/17 budget plan. The plan focuses on the CSU's mission to educate Californians under the state's higher education master plan and 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 2016/17 budget plan increase of \$297.6 million would bring the CSU's annual support budget to \$5.5 billion, with approximately \$2.2 billion from tuition and other fee revenues (net of \$0.7 billion foregone revenue for financial aid), and a state appropriation of \$3.3 billion. As shown in the summary on the next page, it is estimated that additional tuition revenues generated by enrollment growth will total \$55.9 million. This revenue, combined with a requested increase of state General Fund of \$241.7 million, would provide the needed ongoing revenues for the proposed increase in critical expenditure priorities. Specific justifications for the planned spending increases are provided following the summary displays.

For the CSU to fully meet the expectations placed upon it by the higher education master plan, a much larger budget request could be justified. This budget plan, however, strikes a balance 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 growth in order to address the growing demand for a CSU education and the increased spending to support that growth. Development of a 2016/17 budget plan that builds on the success achieved in recent years provides the governor and legislature an achievable plan to continue investing in the CSU for the sake of California's economic and social future.



Three-Year Budget Summary

Table 1: Support Budget	2014/15 Actuals	2015/16 Final Budget¹	2016/17 Plan
General Fund	\$2,464,241,000	\$2,667,021,000	\$2,883,686,000
Net Tuition and Other Fee Revenue ²	2,258,728,000	2,145,812,000	2,201,719,000
TOTAL SUPPORT BUDGET	\$4,722,969,000	\$4,812,833,000	\$5,085,405,000

Table 2: Facilities and Infrastructure Needs	2014/15 Actuals	2015/16 Final Budget¹	2016/17 Plan
General Fund Debt Service Payments on Existing Facilities ³	\$287,777,000	\$303,944,000	\$311,809,000
Budget Plan: Facilities and Infrastructure Needs	10,000,000	35,000,000	60,000,000
TOTAL FACILITIES AND INFRASTRUCTURE NEEDS	\$297,777,000	\$338,944,000	\$371,809,000

Total Support Budget General Fund Increase Enrollment, Programs, and Operations (Support Budget)	\$216,665,000
Net Tuition Revenue Adjustment⁴	\$55,907,000
Facilities and Infrastructure Needs Increase	\$25,000,000
TOTAL SOURCES OF REVENUE	\$297,572,000

Table 3: Sum of Tables 1 & 2	2014/15 Actuals	2015/16 Final Budget¹	2016/17 Plan
Total Support Budget	\$4,722,969,000	\$4,812,833,000	\$5,085,405,000
Total Facilities and Infrastructure Needs	297,777,000	338,944,000	371,809,000
GRAND TOTALS	\$5,020,746,000	\$5,151,777,000	\$5,457,214,000

¹ The CSU 2015/16 GF Final Budget Act Appropriation (support budget) was \$2,987,063,000, inclusive of \$338,944,000 for facilities and infrastructure. Additionally, the state-funded 2015/16 employer-paid retirement adjustment of \$18,902,000 is added to the GF support budget total.

² Includes tuition and other fee revenue reduced by revenue foregone from State University Grant awards. (reference table 4).

³ Total 2014/15 actual GF appropriation for debt service was \$296,316,000 versus expenditure of \$287,777,000 resulting in an \$8,539,000 carry forward balance. Beginning in 2014/15, state lease revenue bond and general obligation (GO) bond debt service attributable to CSU facilities were included in the CSU main appropriation. In 2016/17, the lease revenue bond debt service increases \$7.9 million to a total of \$114.6 million. There is no change in the GO bond debt service amount of \$197.2 million.

⁴ This represents revenue to be collected from an increase in funded enrollment net of financial aid.

Highlights—Uses of the 2016/17 Budget Increases

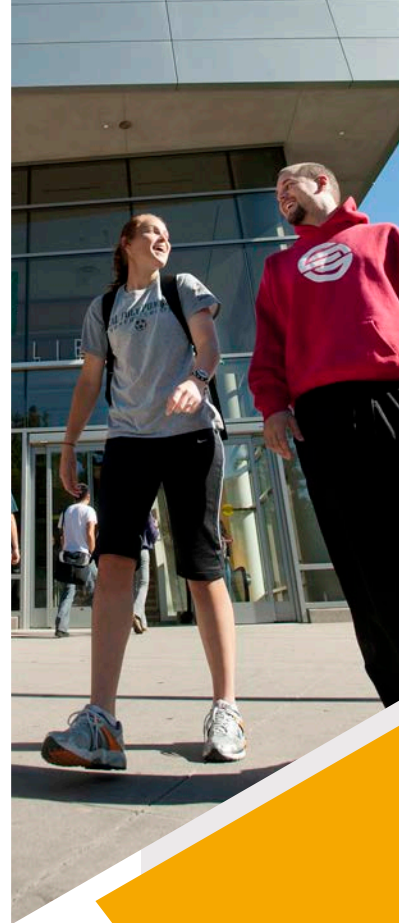
- \$ 43.0 million for mandatory cost increases (e.g. health benefits, retirement, new space)
- \$ 69.6 million for a 2 percent compensation pool increase
- \$ 110.0 million for a 3 percent increase in funded enrollment
- \$ 50.0 million for student success and completion initiatives
- \$ 25.0 million for facilities and infrastructure needs

Three-Year Summary of State University Grants (SUGs) and Tuition Waivers/Revenue Foregone

Table 4	2014/15 Actuals	2015/16 Final Budget ¹	2016/17 Plan
SUG Awards (Foregone Tuition Revenue) ¹	\$646,055,000	\$655,961,000	\$655,961,000
SUG Adjustment from Increase in Funded Enrollment	0	0	11,706,000
Tuition Waivers ²	67,590,000	67,590,000	67,590,000
TOTAL SUG AWARDS AND WAIVERS/ REVENUE FOREGONE	\$713,645,000	\$723,551,000	\$735,257,000

¹ SUG Awards cover tuition for eligible students with financial need. Amounts awarded reflect foregone tuition revenue for the CSU.

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





Three-Year Budget Summary by Program

Table 5	2014/15 Actuals	2015/16 Final Budget ¹	2016/17 Plan
Instruction	\$2,189,079,000	\$2,303,801,000	\$2,303,801,000
Research	10,939,000	10,778,000	10,778,000
Public Service	11,653,000	11,226,000	11,226,000
Academic Support	594,322,000	601,377,000	601,377,000
Student Services	584,147,000	570,847,000	570,847,000
Institutional Support	706,310,000	731,235,000	731,235,000
Operation and Maintenance of Plant ¹	886,527,000	884,590,000	892,455,000
Student Grants and Scholarships (without SUG Awards) ²	37,769,000	37,923,000	37,923,000
Provisions for Allocation	0	0	297,572,000
GROSS EXPENDITURES	\$5,020,746,000	\$5,151,777,000	\$5,457,214,000

¹ 2016/17 operations and maintenance of plant includes a \$7.9 million state increase in lease revenue bond debt service.

² Amount is reduced by the SUG awards (revenue foregone) as shown in table 4.

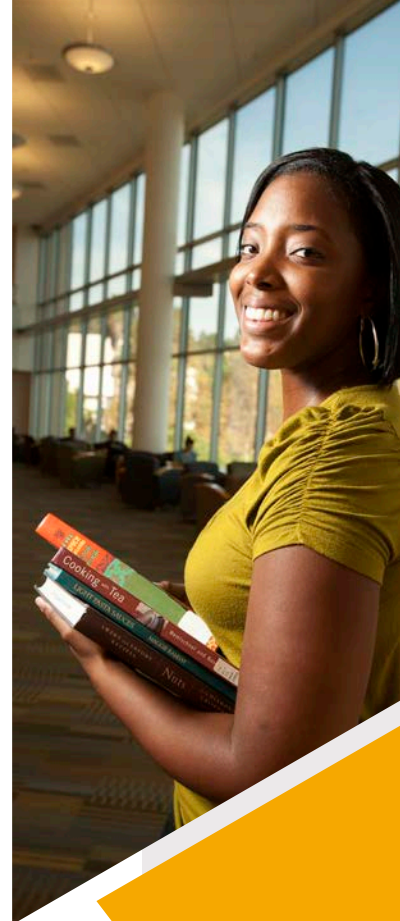
Sources of Funds and Expenditure Augmentations

SOURCES OF FUNDS

General Fund Increase	\$241,665,000
3 Percent Enrollment Growth, Programs, and Operations	
Net Tuition Revenue Adjustment	55,907,000
3 Percent Funded Enrollment Increase	
(10,700 Full-time Equivalent Students Revenue)	
TOTAL REVENUE INCREASE	\$297,572,000

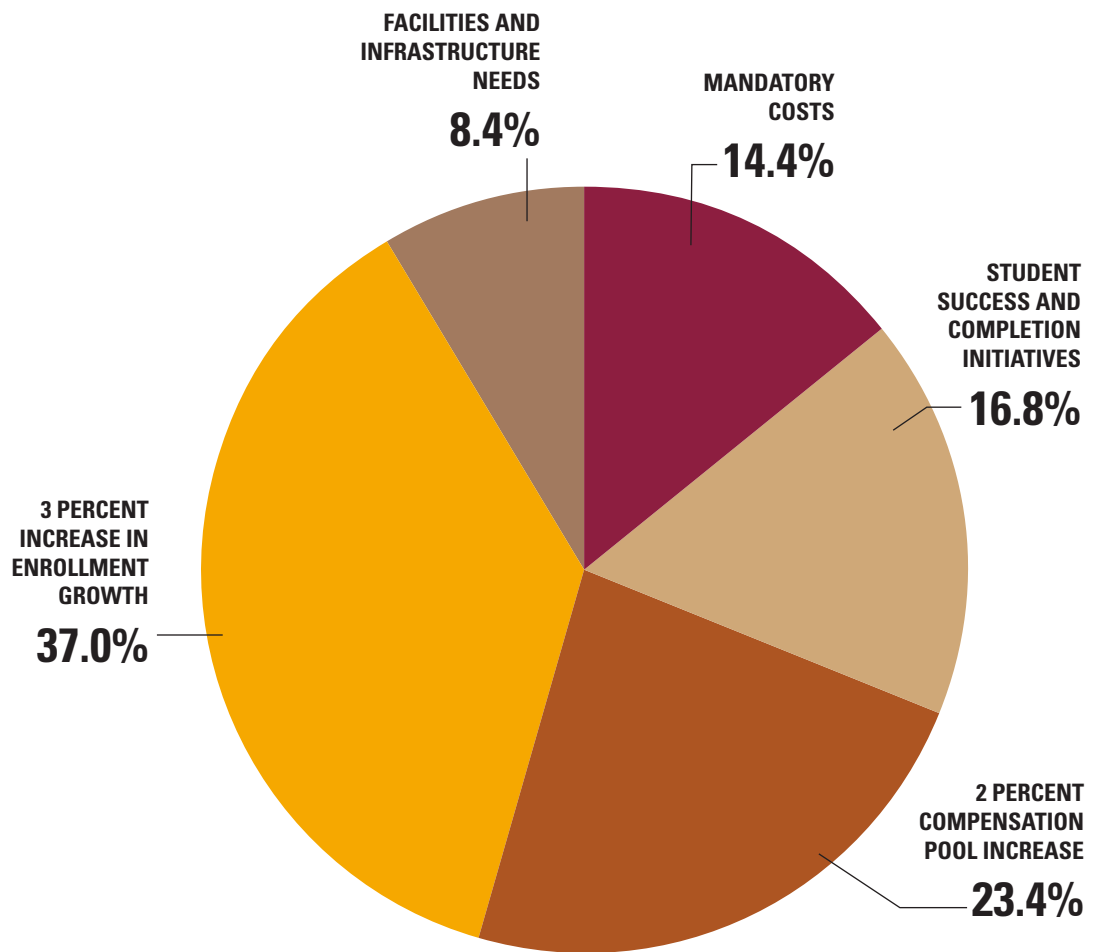
EXPENDITURE AUGMENTATIONS

Mandatory Costs		
Compensation Related		\$42,970,000
Health Benefits	35,080,000	
Retirement	7,000,000	
Other Increases		
Maintenance of New Facilities	890,000	
2 Percent Compensation Pool Increase		69,552,000
3 Percent Increase in Enrollment Growth		110,050,000
Student Success and Completion Initiatives		50,000,000
Facilities and Infrastructure Needs		25,000,000
TOTAL EXPENDITURE INCREASE		\$297,572,000





Distribution of Expenditure Increases



Sources of Revenue



State General Fund

The 2016/17 California State University Support Budget plan includes a \$241.7 million increase to the CSU's current \$3.0 billion General Fund base budget for a total of almost \$3.3 billion, including debt service. The requested \$241.7 million General Fund increase for the 2016/17 budget will fund various mandatory costs increases, 2 percent employee compensation pool increase, 3 percent enrollment growth, student success and completion initiatives, and facilities and infrastructure needs.

The proposed 2016/17 budget plan also reflects tuition revenue from the proposed state-supported 3 percent resident student enrollment growth [10,700 full-time equivalent students (FTES)]. The net growth in tuition revenue after adjusting for foregone revenue associated with financial aid is \$55.9 million.

The total 2016/17 support budget plan increase is \$297.6 million.

Sources of Funds:

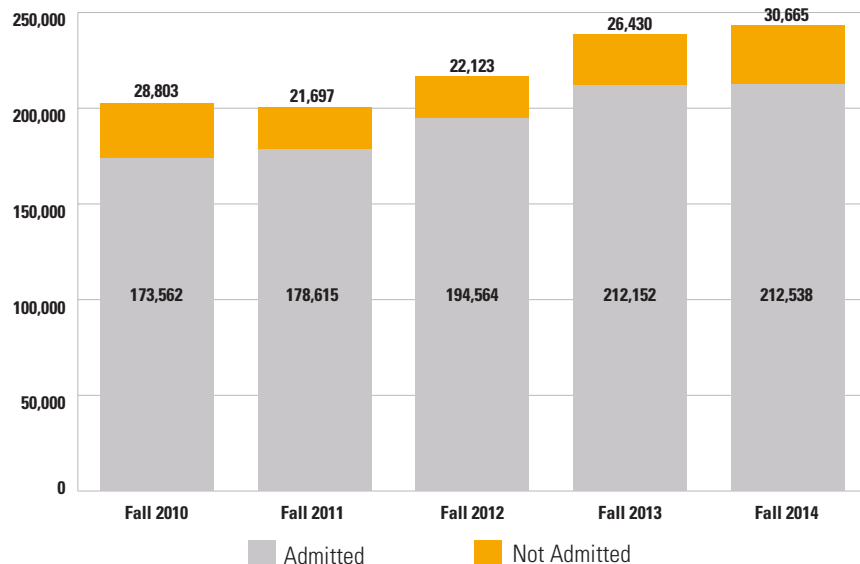
State General Fund Increase	\$241,665,000
Net Tuition Revenue Adjustments	55,907,000
TOTAL	\$297,572,000

3 Percent Enrollment Growth

The 2016/17 budget plan supports a 3 percent increase in resident student enrollment to continue offering the opportunity of a CSU education to the thousands of California high school graduates and community college transfer students who apply to the CSU each year.

Many CSU campuses continue to experience record levels of applications and enrollments. The CSU had to turn away more than 30,000 eligible undergraduate applicants in fall 2014, even with a year-over-year funding increase that allowed the CSU to grow by an estimated 9,800 students. Demand for the CSU has grown and remains high, with more than 825,000 undergraduate applications for admission for the fall 2015 term (compared to 760,000 applicants for fall 2014). Funding restrictions and prospective student demand have constrained the ability of the CSU to admit all eligible applicants as shown in the chart below.

Eligible Undergraduate Applicants - California Residents



Increasing enrollment by 3 percent from the current state-supported level of 356,450 California resident Full-Time Equivalent Students (FTES) to a new level of 367,150 is attainable, assuming adequate resources from the state. Three percent growth in 2015/16 was a meaningful step in the restoration of access to a high quality baccalaureate and graduate education at the CSU. It continues to be a solid investment by the state for the sake of California's further economic recovery and workforce development to provide new funding for increased access. Simply on the basis of application demand and eligibility, an increase in state-supported enrollment of more than 3 percent would be justified. However, due to the lead times and operational complexities of implementing enrollment growth at the campuses, this plan is limited to 3 percent for the 2016/17 fiscal year.

Based on the state-approved marginal cost methodology, the 2016/17 estimated net marginal cost rate, after foregone financial aid, has been calculated at \$10,285 per FTES. This amount multiplied by 10,700 FTES (3 percent) equals an estimated cost of \$110.0 million for new enrollment. The General Fund portion of marginal cost is \$7,673 per FTES, which equates to \$82.1 million funded from the state General Fund. The remainder would be offset by the estimated tuition revenue (net of financial aid) generated by additional enrollment. The 10,700 FTES translates into more than 12,600 additional students.

Tuition Revenue

A 3 percent increase in resident enrollment (10,700 FTES) is projected to generate \$55.9 million in new tuition revenue, after adjusting for foregone revenue associated with students receiving State University Grant awards. Tuition rates have been held flat since 2011/12 and again are not scheduled to increase in 2016/17.



Revenue Foregone





State University Grant Program

The State University Grant (SUG) program is a critical source of financial assistance for CSU students. Since its inception in 1982/83, the SUG program has provided these awards to offset the cost of tuition for resident students and to diminish the impact of increased costs for students with the greatest financial need.

Prior to 1992/93, the state provided the funds necessary to ensure adequate financial aid was available for the CSU's neediest students. Since 1992/93, the CSU has continued assistance to students by foregoing a portion of new tuition revenue generated through enrollment growth or changes in tuition rates.

The amount projected for 2016/17 SUG awards is \$667.7 million, an increase of \$11.7 million from 2015/16. This amount is due to a set-aside from tuition revenue derived from 3 percent enrollment growth (\$1,094 per FTES). This \$667.7 million of financial aid reflects tuition that is not collected—in effect, waived—thus decreasing total tuition revenue collection. SUGs were awarded to approximately 132,000 students in 2014/15.

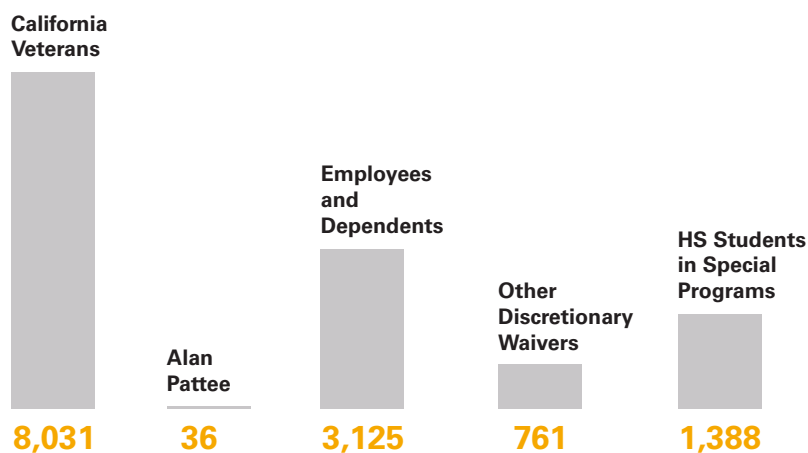


Tuition Waivers

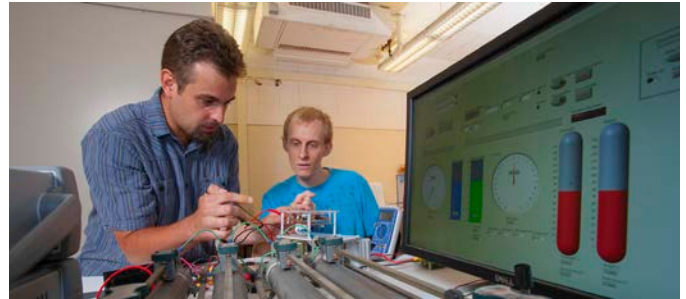
Under current law, there are four state-mandated tuition waiver programs: the California Veterans Waiver for children of disabled/deceased veterans (Education Code 66025.3), the Alan Pattee Waiver for dependents of deceased law enforcement or fire suppression personnel (Education Code 68120), the tuition waiver for California residents who were dependents of victims killed in the September 11, 2001 terrorist attacks (Education Code 68121), and the tuition waiver for the two students serving on the Board of Trustees (Education Code 66602). In addition to state-mandated tuition waiver programs, other tuition 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 waiver programs since fiscal year 1992/93.

A summary of the total revenue foregone and applied to SUG and mandatory waivers from 2014/15 through 2016/17 is included in the Three-Year Budget Summary and Highlights section. In the 2014/15 college year (fall, winter, spring, and summer), 13,341 tuition waivers were granted to CSU students. When tuition rates are applied to these waivers based on student enrollment status, it amounts to approximately \$67.6 million in revenue foregone to the CSU.

2014/15 Systemwide Tuition Waivers



Uses of Revenue



The 2016/17 California State University Support Budget recommends an expenditure plan based on increasing state General Fund and tuition revenue due to greater enrollment in order to cover the cost of new expenditures. The new expenditures outlined in this proposal address the university's fundamental priorities for the 2016/17 fiscal year. These include increases for mandatory costs, employee compensation, enrollment growth, student success and completion initiatives, and facilities and infrastructure needs.

Mandatory Costs, \$42,970,000

Mandatory costs are expenditures the university must pay regardless of the level of funding allocated by the state, and which often increase independent of the state budget condition. These costs include increases for employee health and retirement benefits and the operations and maintenance of newly constructed facilities. Without funding for mandatory cost increases, campuses must redirect resources from other program areas to meet these obligations. In order to preserve the integrity of CSU programs, the 2016/17 support budget plan provides for the following increases in mandatory cost obligations.

Health Benefits	\$35,080,000
Retirement Benefits	7,000,000
Maintenance of New Facilities	890,000
Total	\$42,970,000



Two Percent Compensation Pool, \$69,552,000

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 is critical for the CSU to fulfill its primary mission of access to an affordable and high quality education. There continue to be salary-related concerns across CSU employee groups that require attention by CSU leadership and in the collective bargaining process. The first general salary increase in several years for faculty and staff occurred in 2013/14, with \$38 million funding an average increase of 1.34 percent, distributed across employee groups. In 2014/15, an increase of \$92.6 million provided an average increase of three percent. A two percent salary increase of \$65.5 million was budgeted for 2015/16, subject to collective bargaining.

This budget plan calls for approximately \$69.6 million to fund another two percent compensation pool increase, subject to collective bargaining, for all employee groups effective July 1, 2016. The 2016/17 cost of each one percent compensation increase is based on 2015/16 final budget salaries and salary-related benefits (OASDI, Medicare, and retirement) and is summarized in the following table.

Estimated 2016/17 Cost of One Percent Compensation Increase

	2015/16 Final Budget Compensation (Adjusted ¹)	2016/17 Cost of 1% Increase
Faculty	\$1,727,350,000	\$17,273,000
Staff	1,750,321,000	17,503,000
TOTAL	\$3,477,671,000	\$34,776,000

COST OF 2% INCREASE

\$69,552,000

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 0.870 percentage points and 2.158 percentage points, respectively, from the 2014/15 composite rates of 24.280 percent and 36.827 percent to 2015/16 rates of 25.150 percent and 38.985 percent.



Funded Student Enrollment, \$110,050,000

The 2016/17 budget plan includes three percent enrollment growth, which is equal to 10,700 California resident FTES (about 12,600 students) based on a 2015/16 enrollment base of 356,450 FTES.

2016/17 Enrollment Growth

2015/16 Resident FTES Base	356,450
2016/17 Resident Student Enrollment Growth (3%)	10,700
2016/17 TOTAL RESIDENT FTES	367,150

The cost to fund three percent enrollment growth is derived using a marginal cost rate of \$10,285 per FTES. New enrollment requires new funds for direct instruction, academic support, student services, institutional support, and plant operations in the amount of \$110.0 million.



Student Success And Completion Initiatives, \$50,000,000

The 2016/17 support budget plan includes \$50 million to support a variety of strategies and programs which have demonstrated success in improving graduation rates, shortening time-to-degree, and narrowing existing achievement gaps.

Continuing to support the strategic investment of significant funds in 2015/16, these funds will be used in six initiative areas:

1. **Tenure-track Faculty Hiring** – Campuses have prioritized the hiring of additional tenure-track faculty and continue to improve the ratio of tenured and tenure-track faculty to lecturers, as well as to improve student/faculty ratios. Continued investment will augment enrollment growth funds and tuition revenue. These increases will provide opportunities to offer more high-demand courses, which will improve student retention and degree completion.
2. **Enhanced Advising** – Through the hiring of more professional staff advisors on each campus and expanding the use of technology which provides clear and accurate roadmaps to graduation and can inform campus course scheduling and resource planning more effectively, the CSU has prioritized this critical component of student success. Investing in advisors greatly improves the advisor to student ratio, and when combined with useful eAdvising tools, gives students the best opportunity to shorten their time to degree while improving student services.
3. **Student Retention Practices** – Funds invested in student retention will help scale up a range of successful “high impact” practices within and across campuses, including expansion of the number of students served through the Educational Opportunity Program at all 23 campuses.
4. **Data-Driven Decision Making** – Continued investment in improving student information systems and their widespread use across campuses facilitates more strategic and intentional decision-making.
5. **Student Preparation** – Building on the outcomes of the first year of new statewide high school assessments, the CSU will increase investment in the Early Assessment Program, Early Start Program, and other related efforts to help new students attain college readiness before their first semester on campus.
6. **Bottleneck Solutions** – The CSU continues to expand the availability of online concurrent enrollment courses available to students at all CSU campuses. This expands options for students to add an additional class regardless of location or other scheduling conflicts.

These six areas of proposed funding are all directed at improving student success and completion. With \$50 million spread across the system, an average allocation of \$2.2 million per campus will allow each campus to prioritize the investments they make to improve graduation rates, reduce achievement gaps, and increase the number of successful degree completions at the CSU to meet the educational and workforce needs of California.





Facilities and Infrastructure Needs, \$25,000,000

The 2016/17 budget plan includes \$25.0 million to finance the CSU's most urgent facilities maintenance and utilities infrastructure needs. The CSU's backlog of maintenance and utilities infrastructure needs, even if restricted to the highest priorities, is massive and growing at about \$136.8 million per year over the next decade. Annual support budgets will not be able to retire significant portions of the roughly \$2.6 billion backlog without additional resources dedicated for this purpose. In light of the backlog of infrastructure renewal needs, the CSU continues to focus on needed improvements to our utilities, technology network, 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. The \$25.0 million in this plan will be used for projects on a pay-as-you-go basis and/or to finance larger projects.

This funding will address the most critical renewal and repair projects that are part of the 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.

Additionally, at many of our campuses, the utilities infrastructure is obsolete, dating back more than a half century and in need of upgrade or replacement. Because the utilities infrastructure is a core system to the CSU, new funding 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 and sewer drain lines, and plumbing and water systems. Any interruptions, shutdowns, or failures in any of the infrastructure areas will impede the CSU's ability to provide educational services in a safe environment for students, faculty, and staff, and potentially result in additional damage to already stressed systems and infrastructure.

One-Time Augmentations





In addition to the permanent funding increases included in this plan, the 2016/17 support budget plan seeks additional, one-time investments from the state. In the recent past, the state has proposed and provided one-time non-recurring funding for a variety of energy efficiency and maintenance projects on CSU campuses.

Cap-and-Trade Program

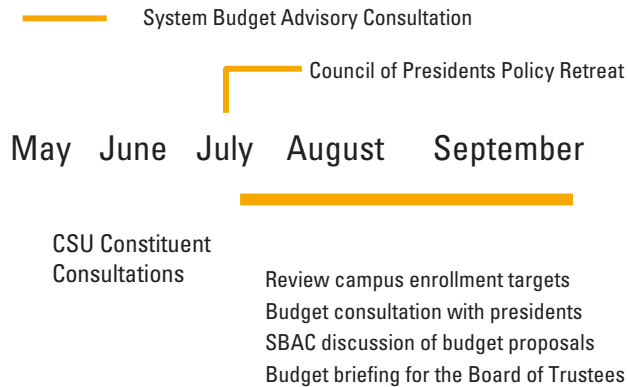
This budget plan seeks funds from the California Cap-and-Trade Program for renewable energy and energy efficiency projects. As these state funds are dedicated to implementing energy efficiency and greenhouse gas reduction projects, the CSU plan seeks \$90 million from the Cap-and-Trade Program for 2016/17 to further these efforts. In addition, discussions with the CSU/UC Investor-Owned Utility Partnership Executive Committee to potentially leverage the utility rebate incentive program in partnership with the Cap-and-Trade funding would further incentivize energy conservation projects across the CSU system.

Deferred Maintenance Backlog

This budget plan seeks an additional \$50 million in one-time funding to further address the growing maintenance backlog. Critical deficiencies identified throughout the 23 campuses will be addressed to enable campuses to continue essential operations, reduce the likelihood of catastrophic failures, and meet current code requirements to operate safe facilities. Major building systems that have exceeded the expected service life will be modernized to enable campuses to operate utilities more effectively, improve HVAC system efficiency, reduce energy and lighting costs, reduce water consumption and greenhouse gas emissions, and extend the useful life of existing facilities. The one-time funding will be spent on projects on a pay-as-you-go basis.

Together, funds from the Cap-and-Trade Program and funds for deferred maintenance will directly support CSU and statewide initiatives to attain energy and water conservation and greenhouse gas reductions.

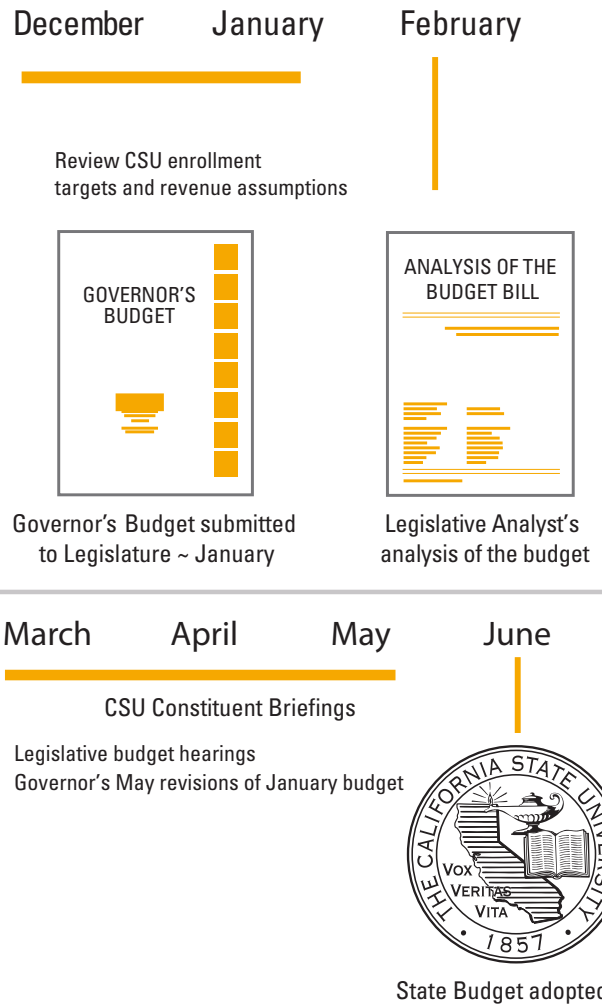
Budget Cycle



CSU Constituent Consultations

October/November

Trustees adopt
Support Budget request



The 23 Outstanding Campuses of the CSU





Reference further 2016/17 Support Budget, Supplemental Documentation at www.calstate.edu/budget

401 Golden Shore, 5th Floor, Long Beach, CA 90802-4210

COMMITTEE ON FINANCE

Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for the 2015-2016 Infrastructure Improvements and Capital Outlay Projects

Presentation By

Robert Eaton
Assistant Vice Chancellor
Financing, Treasury and Risk Management

Summary

This agenda item requests the California State University Board of Trustees to authorize the issuance of long term Systemwide Revenue Bonds (SRB) and the issuance of bond anticipation notes (BANs) to support interim financing, under the CSU's commercial paper (CP) program, in an aggregate amount not-to-exceed \$461,675,000 to provide financing for a variety of critical infrastructure improvement and capital outlay projects. The board is also being asked to approve resolutions related to the financing for these projects. Long-term bonds will be part of one or more future SRB sales(s) and are expected to bear the same ratings from Moody's Investors Service and Standard & Poor's as the existing SRBs.

Background

In June 2014 the State legislature approved new capital financing authorities for the CSU. The legislation provides the CSU with flexibility to utilize the new capital financing authorities through the CSU's existing SRB program, an established, well-rated and well known debt program.

The SRB program provides capital financing for certain types projects of the CSU—student housing, parking, student union, health center, continuing education facilities, certain auxiliary projects, and other projects approved by the board. Revenues from these programs and revenues approved by the board 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 resulted in strong credit ratings and low borrowing costs for the CSU. Prior to the issuance of long term bonds, some projects are funded through BANs issued by the CSU in support of the CSU's 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 greater financing flexibility and lower short-term borrowing costs during

project construction than would be available with long term bond financing. Proceeds from the issuance of bonds are then used to retire outstanding CP and provide any additional funding not previously covered by CP.

In August 2015, as part of its Series 2015A and Series 2015B SRB issuance, the CSU financed the first group of projects under the CSU's new capital financing authorities, supported by the \$10 million in annual operating funds set-aside by the board in its 2014-2015 budget. In November 2014 the board approved the CSU/State Funded Capital Outlay Program 2015-2016 Priority List as part of its 2015-2016 Capital Outlay Program. The Capital Outlay Program and the list have been amended by the board in subsequent meetings to add other projects.

2015-2016 Infrastructure Improvements and Capital Outlay Projects

This item requests the board to 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 \$461,675,000 for a number of infrastructure improvements and capital outlay projects per the CSU/State Funded Capital Outlay Program 2015-2016 Priority List. The annual debt service for these projects will be paid with the \$25 million earmarked for deferred maintenance and critical infrastructure initially approved by the board in the final CSU 2015-2016 Support Budget. The final amount of debt to be issued will be determined based upon interest rates at the time long term bonds are sold and will be set at an amount so that the annual maximum debt service over the life of the debt issued for this group of projects will not exceed \$25 million.

The new capital financing authorities allow the CSU to pledge any of the CSU's revenues, including general fund, SRB gross revenues, and student tuition fees, to support the financing of capital projects under the new authorities. This financing approval will be supported by the existing pledge of SRB gross revenues, as well as the addition of CSU operating funds—general fund and gross student tuition fees—which will be added to the SRB pledge. As of June 30, 2014, pledged revenues of the SRB program totaled approximately \$1.6 billion. Preliminary data for the fiscal year ended June 30, 2015 indicate that pledged revenues of the SRB program will increase modestly to about \$1.7 billion. With the addition of approximately \$5.3 billion in operating revenue (2015-2016 general fund and estimated student tuition), total SRB pledged revenues will increase to approximately \$7 billion, and based upon the preliminary data for the fiscal year ended June 30, 2015, systemwide debt service coverage will be 1.68 compared to the systemwide benchmark of 1.45.

Trustee Resolutions and Recommendations

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 item. 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 \$461,675,000 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 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.

In addition, the Board of Trustees is being requested to approve the following resolution:

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

1. \$25,000,000 per year be set aside from its annual operating funds for the payment of debt service and direct project expenditures related to the funding of its capital improvement projects.
2. The chancellor is authorized to make adjustments in the projects to be financed as necessary to maximize use of limited financing resources and consideration of the CSU's priorities for funding capital outlay projects.

Approval of the financing resolutions described in this Agenda Item 4 of the Committee on Finance at the November 17-18, 2015, meeting of the CSU Board of Trustees is recommended.

COMMITTEE ON FINANCE

Conceptual Approval of the California State University, Channel Islands Site Authority Apartments Sale Project

Presentation By

Robert Eaton
Assistant Vice Chancellor
Financing, Treasury and Risk Management

Richard Rush
President
California State University, Channel Islands

Summary

This item requests conceptual approval from the California State University Board of Trustees to allow the California State University, Channel Islands Site Authority ("Site Authority") to sell 328 existing apartments and apply net sales proceeds to retire existing bonds. This proposal is one of the components of the CI 2025 strategy that was presented during the January and March 2015 board meetings, upon which the board granted conceptual approval for another component of the CI 2025 strategy related to the development of a new, separate project under a public/private partnership.

Background

CSU Channel Islands is challenged to build critically needed facilities to accommodate enrollment expansion. Costs to transform the campus site continue to increase and traditional sources of capital funding, such as state capital facility funds, have been insufficient to support the transformation. Therefore, CSU Channel Islands continues to use alternative methods to help build out the campus, including opportunities made available through the Site Authority by establishing public/private partnerships or public/public partnerships.

Project Description and Financial Plan

University Glen, the Site Authority's housing community, currently includes 658 total units, comprised of 184 for-sale single family attached and detached homes, 58 apartments located in a mixed-use town center development, 328 apartments, 88 rental town homes, and a 32.5 acre parcel available for development. This item requests approval to enable the Site Authority to enter into appropriate agreements to sell 328 apartments and ground lease the land under the apartments to a third party.

A qualification and competitive bid process to identify an appropriate buyer and operator of the apartments is expected to be initiated in the fall of 2015 followed by a selection and negotiation process. Numerous stakeholder meetings have been conducted including those with the recently formed East Campus Development Area Planning Group comprised of University Glen residents, CSU Channel Islands faculty and staff, local government representatives, and other interested parties. The Site Authority intends to continue to engage stakeholders through the entire solicitation, selection and negotiation, and ownership transition process.

The Site Authority anticipates it will enter into a ground lease on the project site with a private developer, at a value to be determined, who will be responsible for the management of the property during the term of the sublease. The Site Authority will ensure that the facilities revert to the Site Authority upon the agreement's expiration.

Proceeds from the sale of the apartments will be used to reduce a portion of the Site Authority's outstanding Systemwide Revenue Bond (SRB) debt—specifically, the approximate \$52.7 million of outstanding bonds used to finance the construction of 328 apartments. Analysis of the for sale and rental real estate market in Ventura County strongly supports this strategy as the best means to maximize the value of the apartments. Currently, the Site Authority has an aggregate total of \$192.5 million in outstanding SRB debt issued for the University Glen housing development and construction of the Broome Library. Current revenues generated by the Site Authority from housing and other operations are insufficient to pay the combined annual debt service payments, requiring financial contributions from systemwide resources. The sale of the apartments will reduce debt and improve financial flexibility of the Site Authority, allowing it to meet the primary purpose for which it was created—to serve as an instrument for campus development.

Educational Benefits

With constrained capital project funding during the campus' first decade, the growth experienced thus far has impacted the availability of classrooms, labs, faculty offices, and student support services. CSU Channel Islands needs to expand existing facilities in order to accommodate the community it serves. The CI 2025 strategy is vital to the academic mission of the campus because it serves as a comprehensive method to increase access and meet the growing student demand.

Approval of Final Plan

Key financial terms associated with the sale of the 328 apartments in University Glen will be presented at a future meeting for final approval by the Board of Trustees prior to the execution of any commitments for the sale and use of the assets.

Recommendation

The following resolution is presented for approval:

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

1. Approve the concept of a public-private partnership to sell the 328 apartments in University Glen and the release of a Request for Qualifications / Proposals to pursue this project;
2. Authorize the chancellor and the Site Authority to enter into negotiations for agreements as necessary with a developer for the sale of the 328 apartments in University Glen as explained in Agenda Item 5 of the November 17-18, 2015 meeting of the Committee on Finance;
3. Will consider the following additional action items:
 - a) Approval of key financial terms negotiated by the Site Authority and a developer with the advice of the chancellor;
 - b) Authorize the chancellor and the Site Authority to make any necessary changes to the ground lease agreement between the CSU and the Site Authority as it pertains to the project;
 - c) Authorize the chancellor, the executive vice chancellor and chief financial officer, and their designees with the authority to execute agreements and related documents necessary to implement the financial terms for this project.

COMMITTEE ON FINANCE

Conceptual Approval of a Public-Private Partnership Hotel Development Project at California State University, Northridge

Presentation By

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

Diane Harrison
President
California State University, Northridge

Summary

This item requests conceptual approval to pursue a public-private partnership plan through The University Corporation (TUC), a campus auxiliary organization, for the development of a full service hotel on the California State University, Northridge campus.

Background

The campus is situated in the northwest quadrant of the San Fernando Valley, with no comparable full service business class hotels accessible within 4-5 miles. The lack of available and accessible hotels within the community limits the campus's ability to host conferences and visiting scholars; provide convenient lodging for campus candidates, visiting family members, and athletic teams; and foster community partnerships. Currently, it is difficult to host events supporting the campus mission due to the lack of convenient, accessible hotel space.

In November 2014, the campus contracted with a consulting firm to conduct a market analysis of potential demand for the development of an on-campus hotel. Based upon the analysis, demand exists from the campus for lodging and conference facilities for students and faculty related events and activities, as well as from local community for commercial travelers, visiting tourists, and business conferences.

Project Description

The project proposes the construction of an industry recognized branded hotel on a 3-acre site along the southern boundary of the campus on the northwest quadrant of the Nordhoff Street and Matador Way intersection. A small portion of the site is currently occupied by an existing restaurant, Orange Grove Bistro, which is expected to be demolished to accommodate the hotel development.

The site has several attributes conducive to a hotel development, including its close proximity to the Valley Performing Arts Center, the University Student Union, and the on-campus athletic venues, as well as the 405 Freeway; adjacent land/site available for self-contained parking; and, visibility from the community and campus.

The hotel will include amenities common to a full service or hybrid select service hotel, including approximately 150 guest rooms, 5,000 square feet of configurable meeting space, and a full service restaurant.

The campus received support for the development from the Land Development Review Committee in August 2015.

Education Benefits

Development of the project site will help support the academic mission of the campus by providing greater access to much-needed hotel facilities for various campus events, including hosting conferences and visiting scholars, providing convenient lodging for campus candidates, visiting family members and athletic teams, and fostering community partnerships. The hotel will stem traffic congestion during peak hours by reducing long distance travel to the campus. In addition, the campus's Valley Performing Arts Center would benefit from a quality on-campus hotel.

Budget and Financing

The campus anticipates entering into a ground lease with TUC, which will in turn sublease the land to a private developer. No campus or auxiliary funds will be committed to the project and the developer will be fully responsible for the financing, construction, and management of the project during the term of the sublease. The ground lease and sublease will be structured to ensure that the campus receives rent based upon the fair market value of the site, at minimum.

The developer will also be responsible for funding all costs associated with the environmental and entitlement processes in accordance with CSU requirements. The campus will ensure that the facility is well maintained and adequately funded by maintenance reserves throughout the life of the agreement.

Approval of the Final Development Plan

Per board policy, as the project moves forward, all related master plan revisions, amendments of the capital outlay program, proposed schematic plans, financial plans, proposed key business points of the finalized development plan, and the required environmental documents will be presented at future meetings for final approval by the Board of Trustees prior to execution of any commitments for development and use of the property.

Recommendation

The following resolution is presented for approval:

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

1. Approve the concept of a public-private partnership for a hotel development and the release of the Request for Qualifications / Proposals;
2. Authorize the chancellor and the campus to enter into negotiations for agreements necessary to develop the final plan for the public-private partnership as explained in Agenda Item 6 of the November 17-18, 2015 meeting of the Committee on Finance;
3. Authorize the chancellor and the campus to enter into a due diligence access and option agreement which provides the Developer with a limited-term option along with the responsibility for the development of a final plan, schematic drawings, and necessary environmental analyses during the option period;
4. Will consider the following additional action items relating to the final plan:
 - a) Certification of Final California Environmental Quality Act (CEQA) documentation;
 - b) Approval of a developer agreement with the advice of the chancellor;
 - c) Approval of any amendments to the campus master plan as they pertain to the project;
 - d) Approval of an amendment to the Non-State Capital Outlay Program;
 - e) Approval of the schematic design.

COMMITTEE ON FINANCE

State Public Works Board Bond Debt Restructuring

Presentation By

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

Summary

This item provides information on refinancing and restructuring State Public Works Board bond debt that has been issued on behalf of the California State University with debt issued under the CSU's Systemwide Revenue Bond program. Based upon feedback from the Board of Trustees, staff will continue evaluating possible refinancing and restructuring options with the intent of returning to the board in January 2016 for action on issuing Systemwide Revenue Bond debt to refinance and restructure the CSU's State Public Works Board bond debt.

Background

As of June 30, 2015, approximately \$1.045 billion of State Public Works Board bond debt issued on behalf of the CSU was outstanding. Proceeds from the issuance of these bonds were used to build academic projects across the CSU system over many years. Historically, the principal and interest on these bonds has been paid by the State through an annual general fund appropriation to the CSU that would fluctuate depending upon the amount of principal and interest due in that particular fiscal year. Thus, while the legal structure of the bonds required that the debt be carried on the CSU's financial statements, as a practical matter, the State paid the debt service on the bonds.

Legislation passed in July 2014 altered the way the State funds capital projects for the CSU and provided the CSU with new capital financing authorities. As a result the budget responsibility for paying debt service on State Public Works Board and State general obligation bonds issued on behalf of the CSU, shifted from the State to the CSU. For the 2014-2015 fiscal year, the CSU received a \$297 million augmentation to its base general fund appropriation to cover debt service on the State Public Works Board and State general obligation bonds. This augmentation would no longer be adjusted each year for fluctuations in the actual debt service, meaning that, in future years when the debt service is greater than the \$297 million, the CSU will need to find other resources to make up the difference. Conversely, in future years when the debt service is lower than the \$297 million, the CSU will have additional funds available to meet other needs.

The legislation also provided the CSU with new capital financing authorities, including the ability to refinance the State Public Works Board bond debt with debt issued directly by the CSU under its Systemwide Revenue Bond program. Any savings generated by such a refinancing would not impact the \$297 million base budget augmentation and, therefore, would accrue to the benefit of the CSU.

Key Structuring Considerations

Refinancing and Restructuring for Savings

The basic goal of refinancing and restructuring the CSU's State Public Works Board bond debt with CSU Systemwide Revenue Bond debt would be to generate savings for the CSU—i.e. reduce the amount of debt service that is required to be paid, thereby freeing up funds to meet other system needs. These savings objectives can be measured in one or a combination of two ways:

- Refinancing for Net Present Value Savings

These type of savings are the same as those that have been generated by the refinancing of Systemwide Revenue Bond debt over the past several years and which have been periodically reported to the board. These savings reduce the amount of funds needed to service the outstanding debt and when evaluated in current dollars—i.e. on a net present value basis—the savings are positive and significant.

These savings are achieved by refinancing debt at lower interest rates than what is currently being paid on the outstanding debt and are a result of possible factors such as:

1. Lower overall rates in the current financial markets compared to the level of rates at the time the debt was issued.
2. Better credit ratings by the issuing entity allowing for lower interest rates due to lower risk to bondholders. In this case, the CSU's Systemwide Revenue Bond program ratings are better (Aa2/AA-) than the rating on the existing CSU State Public Works Board bond debt (Aa3/A+).
3. Lower rates as a result of the passage of time, all else being equal. Debt that was issued originally with a long dated maturity, resulting in a high rate of interest, now has a shorter time to maturity and can therefore be refinanced at a reduced rate of interest reflecting the shorter time to maturity.

Currently, approximately \$358 million of the outstanding State Public Works Board bonds could be refunded on this basis, resulting in net present value savings of

approximately \$42 million, or annual average savings of \$2.4 million over the next twenty years.

- Restructuring for Cash Flow Savings

These type of savings are generated by restructuring the amortization schedule of the principal. This can be done by extending the repayment of principal to a later date, which lowers the principal component of the near term debt service, thereby reducing the amount of cash flow needed to service the outstanding debt in the near term and freeing up cash flow for other needs. However, when evaluated in current dollars—i.e. on a net present value basis—the savings can be negative because of the increased debt service that must be paid over a longer term.

Restructuring to Adjust the Asset-Liability Match

Historically, the State Public Works Board bonds issued on behalf of the CSU had shorter amortization periods (generally 25 years) when compared to Systemwide Revenue Bond debt (generally 30 years). This results in a mismatch between the average life of the State Public Works Board debt compared to the average useful life of the underlying capital projects that were financed with the debt. Restructuring the amortization schedule of the State Public Works Board bonds would allow the CSU to adjust the average life of the bonds to one that more closely aligns with the average useful life of the underlying assets.

Use of Variable/Short Term Debt

Historically, the CSU has issued long-term, fixed-rate bonds under its Systemwide Revenue Bond program and the State Public Works Board bond debt was issued on that same basis, although, as noted above, with a shorter amortization period. One way to potentially reduce the negative impact that restructuring and extending the repayment of principal would have on net present value savings would be with the use of variable rate debt or debt instruments with shorter maturities, which lowers the interest rate component of the near term debt service. However, the use of variable rate debt and shorter term debt introduces refinancing risk at the time of initial maturity, specifically, the possibility that interest rates may be higher than otherwise would have been the case had fixed rate debt been issued at the outset.

Revenue Pledge

To appropriately support the refinancing and restructuring of the State Public Works Board debt, CSU operating funds (general fund and gross student tuition fees) will be added to the existing SRB revenue pledge. As of June 30, 2014, pledged revenues of the SRB program totaled

approximately \$1.6 billion. Preliminary data for the fiscal year ended June 30, 2015 indicate that pledged revenues of the SRB program will increase modestly to about \$1.7 billion. With the addition of approximately \$5.3 billion in operating revenue (2015-2016 general fund and estimated gross student tuition) the total SRB pledged revenues will increase to approximately \$7 billion, providing support for approximately \$5.3 billion of outstanding SRB debt (\$4.3 billion of current outstanding bonds plus up to approximately \$1 billion to pay off the State Public Works Board bonds.)

Refinancing Plan Objectives

A refinancing and restructuring of the CSU's State Public Works Board bond debt with CSU Systemwide Revenue Bond debt would seek to meet the following objectives:

- 1) Generate cash flow savings over the next five to ten years at levels that can be used for pay-as-you-go capital projects and have a meaningful impact on the CSU's deferred maintenance and critical infrastructure backlog.
- 2) Refinance all or a significant portion of the existing State Public Works Board bond debt.
- 3) Utilize a structure that combines a prudent mix of long-term debt and variable/short-term debt.
- 4) Target net present value savings that are at least neutral on a total transaction basis.

Next Steps

Based upon feedback from the board, staff will continue evaluating possible refinancing and restructuring options with the intent of returning to the board in January 2016 for action on issuing Systemwide Revenue Bond debt to refinance and restructure the CSU's State Public Works Board bond debt. At that time, staff would outline structuring options and parameters in greater detail, including projected benefits to the system, and present resolutions and a not-to-exceed amount for the board's consideration and approval.

COMMITTEE ON FINANCE

California State University Investment Authority, Policy, and Portfolio Review Initiative

Presentation By

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

Summary

This item provides an update on efforts to change legislation governing the California State University's investments as part of the CSU's initiative to review the legislative authority, policies, and portfolio structure of the CSU's investments. The initiative was first presented to the board at its January 2015 meeting and an update was provided as part of the annual investment report at the September 2015 meeting. The basic goal of the initiative is to explore ways in which the CSU might increase investment earnings on its funds by creating a balanced investment portfolio.

Background

Responsibility for the annual principal and interest on State General Obligation and State Public Works Board bonds that have been issued on behalf of the CSU was shifted from the State to the CSU on a permanent basis beginning with fiscal year 2014-2015. Although the State increased the CSU's support budget to address this shift, the budget augmentation is not sufficient to support new capital funding to address the CSU's deferred maintenance and critical infrastructure backlog. To appropriately address this backlog, the CSU must find new revenues to support capital funding and reduce the potential burden on State taxpayers or CSU's students. One such opportunity is increasing investment earnings on CSU funds.

The CSU's existing Systemwide Investment Fund Trust or SWIFT was formed in 2007, following enabling legislation (Education Code Section 89724) that authorized the CSU to retain its student tuition fee revenue and invest those revenues in eligible investment securities listed in Government Code section 16430. GC 16430 is a list of fixed income securities that forms the basis for the CSU's investment policy. In 2008, the global, national, and state economies began to suffer significant downturns with an attendant reduction in state financial support for the CSU, forcing the CSU to use the SWIFT portfolio as a funding backstop for ongoing operations in the event of further reductions or delays in state support. This meant that the SWIFT was kept highly liquid for years resulting in ongoing low investment returns. In more recent years, short term

fixed income portfolio returns have been low due to the ongoing effects of Federal Reserve policy, slow global economic growth, and low inflation.

Update on Efforts to Change the Investment Legislation

For more than a year, staff has been working with the CSU's key partners in Sacramento—the Assembly, the Senate, Department of Finance, State Treasurer's Office, and the Legislative Analyst's Office—to evaluate options, address questions and concerns, and develop proposed legislation that would address concerns and expand the CSU's investment authority. By August 2015, such proposed legislation was ready for consideration by the legislature. Key components of the proposed legislation were as follows:

1. Expands the types of investments CSU can make to include mutual funds—including equity mutual funds—and real estate investment trusts.
2. Limits the amount of funds in the new investments and phases in such investment over a four-year period. The first year would be limited to \$200 million, year two would be limited to \$400 million, year three would be limited to \$600 million, and thereafter no more than 30% of the CSU's total investments could be invested in the new investment options.
3. Requires the board to establish an independent advisory committee to oversee investments. The committee would include a majority of independent members with investment expertise and the State Treasurer (or appointed designee) to serve as a member of the committee.
4. Enhances quarterly and annual reporting to the board and include an annual reporting requirement to the legislature that includes investment returns, comparisons to benchmarks, portfolio holdings, market values, and fees.
5. Restricts the use of earnings from the new investments to deferred maintenance and capital funding.
6. Prohibits the CSU from citing any losses associated with the new investments as justification for increases in student tuition or fees.
7. Prohibits the CSU from seeking State general fund dollars to offset any losses associated with the new investments.

The proposed legislation was presented to the Assembly and Senate Budget committees in late August 2015. The Assembly Committee on Budget approved the proposed legislation, but in the Senate Committee on Budget and Fiscal Review, the proposed legislation was held over until 2016, the second year of the Legislature's 2015-2016 Regular Session, in order to provide staff with time to address specific concerns of some of the committee members.

Next Steps

Staff will continue to work with the CSU's key partners in Sacramento to address the concerns raised during the Senate Committee on Budget and Fiscal Review hearings with the goal of gaining passage of the legislation in 2016.

In the meantime, staff will begin work on implementing some of the provisions of the proposed legislation, notably the establishment of an investment advisory committee to the board and the reporting provisions. Establishment of such a committee and adoption of the new aspects of reporting will not only serve the CSU well with respect to the proposed new investment authority, but will also serve the CSU well with respect to its existing investments.

AGENDA

COMMITTEE ON EDUCATIONAL POLICY

Meeting: 4:00 p.m., Tuesday, November 17, 2015
Glenn S. Dumke Auditorium

Debra S. Farar, Chair
Margaret Fortune, Vice Chair
Silas H. Abrego
Kelsey M. Brewer
Rebecca D. Eisen
Douglas Faigin
Lupe C. Garcia
Lillian Kimbell
J. Lawrence Norton
Steven G. Stepanek

Consent Items

Approval of Minutes of Meeting of September 8, 2015

Discussion Items

1. Recommended Addition to Title 5 Regarding Enrollment Services, *Action*
2. California State University Board of Trustees Policy for Awarding Honorary Degrees, *Action*
3. The California State University Summer Arts Program, *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 8, 2015

Members Present

Debra S. Farar, Chair
Silas H. Abrego
Kelsey Brewer
Rebecca D. Eisen
Lupe C. Garcia
Lou Monville, Chair of the Board
Lillian Kimbell
J. Lawrence Norton
Steven G. Stepanek
Timothy P. White, Chancellor

Trustee Farar called the meeting to order.

Consent Agenda

With the concurrence of the committee, Trustee Farar presented the consent agenda which consisted of the July 21, 2015 meeting minutes, one action item to approve the Academic Master Plan for fast-track program development (REP 09-15-02), and two information items – one recommending an amendment to Title 5 regarding AB 2000 and one recommending an addition to Title 5 regarding enrollment services. The consent agenda was approved as submitted.

Trustee Farar adjourned the Committee on Educational Policy.

COMMITTEE ON EDUCATIONAL POLICY

Recommended Addition to Title 5 Regarding Enrollment Services

Presented By

Loren J. Blanchard
Executive Vice Chancellor
Academic and Student Affairs

Ray Murillo
Director, Student Programs
Student Academic Support

Summary

In order to enforce the several levels of Title IX training that are now required by law, it is necessary that withholding enrollment services by means of registration holds can be exercised for students who do not comply. The use of registration holds to encourage students to fulfill various requirements is a long-standing and necessary practice that enables campuses to manage routine business and to meet statutory obligations. In general, the practice is implicit in the standing orders of the Board of Trustees as well as in Title 5.

Withdrawing enrollment services has been defined in Title 5 with respect to non-payment of debts in Section 42381; however, this circumstance does not represent the only occasion whereby such authority may be necessary. Title 5, section 40106 – Enrollment Services is a new section that clarifies the authorization to the presidents to withhold enrollment services, such as registration, to students who do not comply with university requirements.

Proposed Revision

This item came before the board for information in September 2015. The following resolution is proposed to modify Title 5 by adding a new section 40106 – Enrollment Services:

RESOLVED by the Board of Trustees of the California State University that the following section be added to Title 5 of the California Code of Regulations:

Title 5. California Code of Regulations
Division 5. Board of Trustees of the California State Universities
Chapter 1. California State University
Subchapter 2. Educational Program
Article 2. Curriculum
§ 40106. Enrollment Services

Section 40106 - Enrollment Services

The president or designee is responsible for establishing the enrollment period for each academic term and for ensuring the general access of qualified students to the courses they need over time in order to complete their educational programs. As the appropriate campus authority, the president is responsible for the implementation of a registration priority system and for various adjustments to this system based on course demand and available resources. The president is also authorized to withhold enrollment services on either a temporary or permanent basis for any students who do not meet University requirements for continued attendance, including but not limited to evidence of satisfactory academic progress, the submission of required documents, payment of fees, the completion of mandatory orientation or other training programs, inoculation requirements, and the fulfillment of any disciplinary sanctions.

COMMITTEE ON EDUCATIONAL POLICY

California State University Board of Trustees Policy for Awarding Honorary Degrees

Presentation By

Loren J. Blanchard
Executive Vice Chancellor
Academic and Student Affairs

Christine Mallon
Assistant Vice Chancellor
Academic Programs and Faculty Development

Summary

This item presents a revision to the current guidelines for awarding California State University (CSU) honorary degrees, translating what has been an advisory document into a binding policy. The proposed policy will codify practices instituted within recent years, achieve greater clarity of language and procedures, incorporate practices and standards intended to improve the integrity of the process, and include provisions for future amendments. The proposed policy maintains the existing consultation and decision-making procedures for nominating and awarding honorary degrees.

Background

The first CSU honorary degree awarded was a Doctor of Laws degree conferred on President John F. Kennedy in 1963 at San Diego State University. Since that time, 502 honorary degrees have been conferred across the system. In July 1983, the Board of Trustees, having consulted with the campus presidents and the Academic Senate of the California State University, approved a set of “guidelines” for awarding CSU honorary degrees. The guidelines have since been amended four times: in July 1990, January 1992, November 1994 and January 1996. In the intervening years, practices related to the honorary degree process have emerged outside the guidelines, becoming accepted over time but were not codified. The proposed policy serves the purpose of making formal and binding the practices, standards, and requirements appropriate for ensuring a fair, meaningful and consistent process.

Proposed Revisions

In response to concerns raised over the integrity and meaning of the honorary degree, the proposed policy, appearing in Attachment A, includes changes to criteria and eligibility for

awarding honorary degrees. The proposal emphasizes the importance of confidentiality in the nomination and review processes and provides mechanisms for revising the policy and for revoking previously awarded degrees. Posthumous nominations and conferrals are allowed in the proposed policy, with the requirement that a family member be present at an appropriate CSU event to accept the honorary degree. Likewise, the campus would be empowered to present an honorary degree to a family member of an honoree too ill to attend the conferral ceremony, if the family member is present at the appropriate university event. While campuses and trustees may continue to submit nominations, the draft policy maintains the limit of two campus nominations per year and introduces a limit of one trustee-nominated conferral for each campus annually. The draft policy allows nominations of couples to count as only one of the allowed nominations, and specifies that the Chancellor's Office will reimburse campuses for costs associated with regalia for honorees nominated by trustees. Proposed policy language sets a two-year time limit for awarding degrees authorized by the trustees and allows nominations to be submitted for conferral in the subsequent academic year.

Campus presidents, provosts, and the Academic Senate, CSU have been consulted about the proposed policy.

Recommended Action

The following resolution is recommended for approval:

RESOLVED, by the Board of Trustees of the California State University, that the *California State University Board of Trustees Policy for Awarding Honorary Degrees*, included in Attachment A to Agenda Item 2 of the November 17-18, 2015 meeting of the Trustees' Committee on Educational Policy, shall supersede the *1996 Guidelines for the Awarding of Honorary Degrees* and shall be approved for immediate implementation.

THE CALIFORNIA STATE UNIVERSITY BOARD OF TRUSTEES
GUIDELINES FOR THE
POLICY FOR AWARDING OF HONORARY DEGREES

- I. A. Honorary Degrees shall be awarded by the California State University (CSU); ~~but only~~ at the doctoral level *unless board action allows an ~~special~~ exception.*
- B. All honorary degrees shall be conferred by the Board of Trustees of the California State University, in the name of the California State University or in the names of the California State University and a campus.
- C. The board of trustees shall determine the number of honorary degrees to be awarded in any academic year. ~~Normally~~*In most cases*, the board will consider no more than two ~~recommendations~~ *nominations* from each campus in an academic year. ~~plus additional recommendations which may be submitted by or through~~ Board members and the chancellor *may submit nominations* during the same period, *with a limit of one trustee nomination for conferral at each campus during an academic year.*
- D. *A campus president and the chancellor will consult when a trustee submits a nomination for conferral at the president's campus. The president will advise the chancellor of any concerns. If the president and chancellor agree to support the nomination, it will be forwarded to the Trustees Subcommittee on Honorary Degrees for review and recommendation.*
- E. The following ~~categories of~~ honorary degrees *types* shall be recognized for conferral by the CSU Board of Trustees:
1. Doctor of Fine Arts (D.F.A.)
 2. Doctor of Humane Letters (L.H.D.)
 3. Doctor of Laws (LL.D.)
 4. Doctor of Letters (Litt.D.)
 5. Doctor of Science (Sc.D.)

Other ~~categories~~ *types* may be proposed to the board for consideration; ~~h~~ However, the board will not authorize degree designations ~~which that normally are identified~~ *conventionally conferred* as earned doctorates.

~~II. Purposes for Which Honorary Degrees May Be Conferred~~

- ~~A. To recognize inspirational character, excellence and extraordinary achievement in significant areas of human endeavor, within which are~~

- ~~embodied *that reflect* the objectives and ideals of the California State University.~~
- B. ~~To honor meritorious and outstanding service to the California State University, collectively, or to its *individual* campuses, individually; to the State of California,; to the United States,; or to humanity at large.~~
- C. ~~To recognize men and women whose lives and significant achievements should serve as examples of the California State University's aspirations for its diverse student body.~~

II. Criteria for the Awarding of Honorary Degrees

Honorary degrees may be awarded to recognize achievements in all parts of the world. Honorary degrees awarded should represent an appropriate balance between local and non-local, and academic and non-academic recipients, and *degrees* should represent a wide diversity of fields of endeavor.

Service or benefaction to the university do not ~~*alone in themselves*~~ justify the awarding of honorary degrees. However, ~~*nothing in*~~ these criteria ~~*shall do not*~~ preclude nominees who are benefactors of the California State University. *Personal relationships alone do not justify the awarding of honorary degrees.*

Nominees for honorary degrees must *demonstrate high moral character*, be distinguished in their respective fields, and the eminence of persons nominated must be widely recognized. Nominees must have demonstrated intellectual and humane values that are consistent with *the ideals of the California State University*, the aims of higher education, and with the highest ideals of the person's chosen fields.

The following are the criteria for awarding California State University honorary degrees:

- A. *To recognize inspirational character, excellence and extraordinary achievement in significant areas of human endeavor,* ~~*within which are embodied that reflect*~~ the objectives and ideals of the California State University.
- B. To honor meritorious and outstanding service to the California State University collectively, or to ~~*its individual*~~ campuses, ~~*individually;*~~ to the State of California,; to the United States,; or to humanity at large.

- C. To recognize ~~men and women~~ individuals whose lives, *conduct*, and significant achievements ~~should~~ serve as examples of the California State University's aspirations for its diverse student body.
- D. *The honoree must be present at the appropriate California State University function to accept the degree; or in case of the honoree's severe illness, a family member must be present at the appropriate function to accept the degree.*
- D. *A family member must agree to accept a posthumous degree at an appropriate California State University function.*

III. Limitations on Eligibility

Honorary degrees shall not be awarded to:

- A. Incumbent members of the Board of Trustees of the California State University;
- B. The incumbent chancellor of the California State University;
- C. Incumbent campus presidents of the California State University;
- D. A person who already has been awarded an honorary degree by the California State University;
- E. All incumbent elected officials; *and*
- F. *Honorary degrees shall not be awarded solely on the basis of past or present employment by the California State University;*

IV. Procedures for Selecting Honorary Degree Recipients

In all steps of these procedures, utmost care is to be taken to ensure confidentiality. A breach of confidentiality could seriously embarrass the California State University and those individuals under consideration for the receipt of an honorary degree. *Members of campus honorary degree selection committees and the Trustees Subcommittee on Honorary Degrees shall maintain the strictest confidences regarding nominations considered and recommended. No campus representative or trustee is to contact a prospective nominee to discuss the possibility of a nomination. Only after the chancellor officially informs the campus of trustee action may campus personnel discuss the honorary degree with the honoree.*

- A. Recommendations of persons to receive honorary degrees are encouraged from any member of the California State University community, including trustees, the chancellor, presidents, faculty, students, administrative staff, alumni, campus advisory board members and other friends of the California State University. Such recommendations may include the ~~category~~ type of honorary degree believed appropriate ~~(see paragraph I.D.)~~.
- B. *In each nomination cycle, the campus (through the president) may submit two nominations for conferral in the current or immediately subsequent academic year. An approved degree may be awarded in the academic year in which it was authorized for conferral and no later than in the year immediately following the originally approved conferral year. Campuses are responsible for maintaining the limit of conferring only two campus-nominated honorary degrees in one academic year. Trustee-nominated degrees are not included in the limits of two campus-nominated and conferred degrees per year.*
- C. Recommendations originating in any of the campus communities shall be submitted through the campus president. The submission shall note whether the degree is to be conferred only in the name of the California State University or in the names of the California State University and the campus. Recommendations originating elsewhere within the California State University community at large shall be submitted through the chancellor.
- D. Each campus president, after consultation with the executive committee of the campus academic senate, shall establish an *honorary degrees selection committee*, ~~including that includes~~ faculty representation, ~~to~~ *The committee shall review recommendations and to assist in the development and compilation of materials in support of nominations to be forwarded. Following appropriate consultation with this committee, the president shall select no more than two nominations to be forwarded to the chancellor in any given academic year. Honorary degrees awarded to couples (as individuals) shall count as only one degree of the two nominations allowed for each campus annually.*
- E. The chancellor, in turn, shall *review and* forward all *qualified* nominations, with any appropriate comments ~~as desired~~, to a separately constituted Trustees Subcommittee on Honorary Degrees of the Committee on Educational Policy, *which meets in conjunction with the annual January meeting of the board.* ~~according to a schedule to be established by the board.~~
- F. The Trustees Subcommittee on Honorary Degrees shall be chaired by a member of the Committee on Educational Policy ~~who~~ *and* shall be named by

the chair of that committee. The Subcommittee shall *be staffed by a member of the Academic and Student Affairs Division and shall include* ~~be comprised of:~~

1. One additional trustee (other than the chair of the subcommittee), to be named by the board chair;
 2. The chancellor or designee;
 3. Two presidents, to be named by the chancellor; *and*
 4. The following representatives, to be appointed by the chancellor following consultation with the respective ~~agencies bodies shown in parentheses:~~
 - a. Two faculty *members nominated by* ~~(the Academic Senate, CSU);~~
 - b. One alumnus *nominated by the* ~~(California State University Alumni Council); and~~
 - c. One student *nominated by the* ~~(California State Student Association).~~
- G. The *Trustees* Subcommittee on Honorary Degrees, meeting in *closed executive* session, shall review all nominations received, and shall forward to the ~~full~~ Committee on Educational Policy each nomination with the subcommittee's notation of "recommended" or "not recommended," using the policies and criteria set forth in ~~these Guidelines~~ *this policy* as the basis for the subcommittee's determinations.
- H. The full Committee on Educational Policy, following similar procedures, shall forward to the full board for final consideration no more than two nominations per campus and those nominations originating with the board and/or the chancellor, indicating in each case the full committee's determination of "recommended" or "not recommended."
- I. The Board of Trustees, meeting in ~~executive~~ *closed* session, shall make the final determination in each case, and will, by virtue of its exclusive authority in this matter, *agree to* "award" the degree ~~in the category type~~ it considers most appropriate.

V. Conferral of Degrees

- A. Honorary degrees may be conferred during any California State University function that the board of trustees considers appropriate.

- B. ~~Normally, if~~ the degree is to be conferred only in the name of the California State University, the chair of the board of trustees, the chancellor, and the campus president, where appropriate, will participate in the conferral ceremony. ~~as follows:~~ *Convention is as follows:*
1. When a campus is involved:
 - a. The chair of the board of trustees (or designee) will read the citation;
 - b. The chancellor, if present, or the campus president will confer the degree; *and*
 - c. The campus president (or designee) will hood the degree recipient.
 2. When a campus is not involved:
 - a. The chair of the board of trustees (or designee) will read the citation;
 - b. The chancellor (or designee) will confer the degree; *and*
 - c. The vice chair of the board of trustees (or designee) will hood the degree recipient.
- C. If the degree is to be conferred in the names of the California State University and the campus, the chair of the board of trustees or designee will participate in the conferral ceremony. Usually the campus president or designee will confer the degree.
- D. *The Chancellor's Office shall reimburse campus hood and regalia costs for trustee-nominated honorees. Costs associated with campus-nominated honorees will be the responsibility of the campus.*

VI. Limits of Degree Authorization

- A. *Authorization to confer an honorary degree remains in effect for two academic years after board action. If a confirmed honoree cannot agree to accept the degree at an appropriate California State University function within the year following the originally planned conferral, the authorization shall be rescinded, and the honoree may be nominated subsequently by the same campus or a different campus during a later nomination cycle.*
- B. *If a CSU honorary degree holder is found not to uphold the criteria and standards for which the degree was awarded, the chancellor may hold the*

honorary degree in abeyance, pending board action. The board of trustees shall meet in closed session and by virtue of its exclusive authority in this matter shall make the final determination regarding whether any previously conferred honorary degree shall be revoked.

VII. Amending Honorary Degree Policy

- A. *Proposals for amendments to this policy may be directed to the chancellor, who will forward proposals to the chair of the board of trustees. The chair shall consider and may forward the proposed amendments to the Educational Policy Committee of the board. The Educational Policy Committee shall consider proposed changes and may present to the board a recommended action.*
- B. *The full board of trustees shall meet in closed session and by virtue of its exclusive authority in this matter shall make the final determination on proposed changes to honorary degree policy.*

COMMITTEE ON EDUCATIONAL POLICY

California State University Summer Arts Program

Presentation By

Loren J. Blanchard
Executive Vice Chancellor
Academic and Student Affairs

Rachel Nardo
Director
Summer Arts Program

Summary

The California State University (CSU) Summer Arts program is proudly celebrating its 30th year anniversary as an immersive, in-residence arts summer school and festival. This high-impact program, housed in the Chancellor's Office and currently hosted by CSU Monterey Bay, serves students and faculty from all 23 campuses with high-end, credit-bearing, transferrable courses that prepare students for work in California's creative economy, and beyond. More than 80 percent of Summer Arts' 13,000 diverse student body have received need-based scholarships to support their access to immersive, creative practice for two-to-four weeks in disciplines of creative writing, dance, media arts, music, theatre, visual arts; and, interdisciplinary arts, humanities, technology, and science.

Partnerships

In addition to providing an immersive learning environment that nurtures the talents of CSU students, Summer Arts is also unique in its application of the instructional model known as side-by-side teaching and learning partnerships. In this innovative paradigm, both the student and the CSU faculty member learn from a master artist, thus fostering the artistic and pedagogical growth of the faculty member, as well as the artistic growth of the student. Two weeks of CSU faculty partnering with leaders in the arts and entertainment industries scales and sustains the innovation and industry-valued skills into the CSU's academic programs throughout the year. No other public university affords students and their faculty the opportunity to simultaneously learn from master artists, stateside and internationally, with distinguished individuals and professional companies such as United States Poet Laureate Juan Felipe Herrera; Pixar's Lead Animator for Toy Story, Rex Grignon; Grammy winners Los Angeles Guitar Quartet; Academy Award winning cinematographer Vilmos Zsigmond; and Tony Award-winning Broadway Director Rob Fisher, among many others. In fact, Summer Arts' students have gone on to work with Pixar and DreamWorks animation studios, The Actor's Gang and Steppenwolf theatre companies, Urban

Bush Women and Kanon Dance from St. Petersburg, Russia. Alumni have joined major symphonies throughout the world, and exhibited artwork throughout the country.

Community

In keeping with the broader mission of the California State University—to advance and extend knowledge, learning, and culture of the communities we serve—Summer Arts also enhances its host campus and surrounding community with a world-class public festival of artistic and cultural programming, and outreach. The program aims to bring a level and breadth of affordable programming that develops cultural imagination and creates dialog among the diverse populations served. To this end, over the past 30 years, Summer Arts has provided more than 1,000 professional public performances and numerous outreach programs for children and youth of the surrounding regions. Most recently, outreach in 2015 was supported by a \$10,000 grant from the National Endowment for the Arts, which included programming for children of the Salinas Migrant Farm Workers, youth from the Guitars Not Guns organization, and high school students from CSU Monterey Bay's Upward Bound outreach program. This outreach was led by CONTRA-TIEMPO Urban Latin Dance Theater and U.S. Poet Laureate, Juan Felipe Herrera

Impact

Summer Arts nurtures the emerging talents of CSU students and is developing the future workforce in the arts and entertainment industries in California, the nation, and around the world. Each year up to 450 students, 20 CSU faculty members, and 100 guest artists are in residence at Summer Arts. Students, faculty, and artists live on campus, eat meals together, engage in the process of making art for between 10 and 16 hours (or more) each day, and attend public events in diverse arts genres almost every night. This level of intensity and engagement creates a transformative experience for students, allowing them to make new breakthroughs in their creative process.

Future

The Summer Arts experience will continue to support the mission of the California State University by providing extraordinary learning and cultural programming, creating a space for our students to develop intellectually, personally, and professionally, and by providing public events that enrich the university and its communities. Looking forward to continued growth, Summer Arts will provide excellent artistic programming for students at every CSU campus. To achieve that broad goal, beginning in 2016 strategic planning will define activities for 1) continued recruitment of under-represented students from all campuses; 2) expanded scholarship and/or housing assistance for artistically gifted, under-represented students in need for summer programs; 3) expanded stateside and international, high-impact “art-in-place” course offerings; and, 4) assessment of program outcomes linked to persistence, graduation rates, and career success.

AGENDA

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Meeting: **8:00 a.m., Wednesday, November 18, 2015**
 Glenn S. Dumke Auditorium

Hugo N. Morales, Chair
Silas H. Abrego, Vice Chair
Debra Farar
Lillian Kimbell
Peter J. Taylor

Consent Items

Approval of Minutes of Meeting of September 9, 2015

Discussion Items

1. Annual Report—Vice President Compensation, Executive Relocation, and Executive Transition, *Information*
2. Employee Compensation Policy and Reexamination of Policy on Presidential Compensation, *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**

September 9, 2015

Members Present

Hugo N. Morales, Chair
Silas H. Abrego, Vice Chair
Debra S. Farar
Lillian Kimbell
Peter J. Taylor
Timothy P. White, Chancellor
Lou Monville, Chair of the Board

Trustee Morales called the meeting to order.

Approval of Consent Agenda Items

The consent agenda items were approved as submitted.

Compensation Analysis for Employee Groups

Chancellor Timothy P. White and Vice Chancellor Lori Lamb provided information regarding compensation challenges facing the California State University (CSU) as background for the Board of Trustees as they consider future proposals, compensation plans, and the CSU budget.

Ms. Lamb presented information on progress made since the July 2015 Board of Trustees meeting on a compensation study including retaining Sibson Consulting as compensation consultants; preparing a request for proposal for consulting services to conduct a comprehensive total compensation study; looking broadly at factors affecting compensation; providing additional analyses on compensation issues and continuing to provide analyses and progress reports on development of an overall compensation program; and proposing a comprehensive discussion of a compensation policy that covers all employee groups as part of the September 2015 University and Faculty Personnel Agenda Item 3.

She further discussed factors affecting compensation that compensation decisions go beyond evaluating an employee's skills, experience and capabilities, that numerous factors including market competitiveness, recruitment and retention data, geographic differentials, and fiscal resources must be weighed.

Ms. Lamb then presented salary and turnover data on faculty, staff, Management Personnel Plan employees, and executives in the CSU. The data shows that the issues around salary and compensation are complex and cannot be addressed adequately without significant increases in resources available for salary, coupled with a robust analysis of total compensation. We will continue to refine and expand our analyses to include a review of total compensation as well as the impact of geographic differentials. The results will enable us to develop more effective compensation strategies, consistent with our compensation philosophy, and to develop thoughtful and strategic priorities.

Following the presentation, there was a brief discussion. Trustee Taylor inquired about the timing of the request for proposal and when data might be available. Ms. Lamb responded that we anticipate having some preliminary data available in spring 2016. Lieutenant Governor Newsom asked about the last compensation study that was conducted and the fact that the benchmark data was controversial. He wanted to be certain the new study would be objective. Ms. Lamb replied that the data from the last study was not thorough enough. Trustee Monville indicated that the new study will be a deeper analysis of the data, and Chancellor White stated that the new study will use a whole matrix of variables and will exclude non-variable items.

Trustee Garcia asked if the data presented was base pay only. Ms. Lamb indicated it was base pay and not total compensation.

Trustee Stepanek asked that the new study include a further breakdown of data by units and disciplines and Trustee Kimbell asked if the low turnover rate related to the fringe benefits provided. Ms. Lamb stated the new study will take a deeper analysis by discipline and include fringe benefits, and that the national turnover data was for all industries, not just higher education.

Trustee Monville and Trustee Eisen indicated that turnover should be reviewed more in depth because it is a cost to the system.

Employee Compensation Policy and Reexamination of Policy on Presidential ompensation

Chancellor White and Vice Chancellor Lamb discussed a proposed Employee Compensation Policy that covers all employee groups within the California State University (CSU). Also, the Policy on Presidential Compensation was brought back to the Board for reexamination per the directive of the Board at the time this policy was enacted in May 2012.

Ms. Lamb brought forth a new Policy on Compensation that would be applicable to all employee groups at the CSU. She indicated what was proposed is not new for the CSU, it is based in large part on provisions in the current policy on presidential compensation. The policy would call for compensating all employees in a manner that is fair, reasonable, competitive, and fiscally prudent in respect to system state budget and state funding; it would articulate the CSUs goal to attract, motivate, and retain the most highly qualified individuals to serve as faculty, staff and executives; it would emphasize compensation practices that are fair and equitable in design, application, and delivery; and it would provide that compensation must be administered in a

manner that complies with all applicable laws and is consistent with applicable administrative policies, rules and collective bargaining agreements.

The second portion of the item brought the existing policy on presidential compensation back for reexamination. In May 2012, the Board of Trustee Special Committee on Presidential Selection and Compensation recommended the existing policy. There are provisions in the policy that create the potential for inequity and for limiting the CSU's ability to attract and retain the most highly qualified individuals to serve as presidents of the campuses. The recommendation was to lift the categorical limitation on presidential compensation – specifically by deleting the phrase “the successor president’s base salary, paid with public funds, shall not exceed the previous incumbent’s pay.” This would remove the artificial limitation on salary setting for new presidents. It would not, however, limit or change the Board’s authority to set salaries. Title V continues to require that the Board of Trustees set presidential salaries. Thus, any recommendation for salary will be brought before the Board and the Board would determine what is appropriate for any new president. This is also the case for any executive in the Chancellor’s Office.

The second element of the policy that was recommended be lifted was the requirement that if any increase was granted it be limited to 10% and be paid with Foundation funds. This directive has created unintended and unforeseen inequities across campuses whose Foundations have a range of capacities and inclinations to provide such support. In addition, once presidents are hired, they sit on the Foundation Boards thus creating, at a minimum, the appearance of a conflict of interest.

With the removal of these provisions, the recommendation was to eliminate the existing policy on presidential compensation completely. This would mean that the system would have only one policy on compensation that would apply to all employee groups. This would be most efficient and effective from the standpoint of implementation and would demonstrate the Board’s commitment to treating all employees in the same manner with respect to compensation decisions. The Board will be asked to approve a new compensation policy at the November 2015 Board of Trustees meeting.

After the presentation, there was a brief discussion. Lieutenant Governor Newsom stated he understood the desire to change the presidential policy, but didn’t know if removing the 10% cap above the current incumbent’s salary would cause new salaries to be substantially higher, and asked what concerns prompted this change. Chancellor White detailed that in past presidential searches up to 30% of the candidates withdrew because of the salary constraints. He also mentioned that the new policy might be written to cap the salary at the market mean or some other measured mechanism. Trustee Monville said that he was comfortable in removing the artificial 10% cap because he believes that the Board is measured and rational in setting salaries.

Trustee Garcia declared she liked the idea for a policy to cover all employee groups and to tie the president’s salary to relevant factors such as a particular geographic market. Ms. Lamb stated that the Board would receive all of the elements of the recommendation of the proposed salary. Trustee Kimbell said she was nervous there would be an escalation of salaries, but that inversion and compression should be addressed.

Mr. Newsom asked if the total compensation study will not be completed until the following year and the 10% cap was removed from the policy, how the Board would determine the appropriate salary for a new president. Chancellor White stated the salary could be based on a variety of variables such as indexing it to the market mean or length and breadth of experience. Mr. Newsom also asked if the new policy could address the possibility of the Foundations providing supplemental compensation. Chancellor White stated that would be taken under advisement. Trustee Monville stated that Ms. Lamb should consider these factors in the new policy.

Trustee Stepanek suggested that with the current presidential search another interim policy could be approved. Trustee Monville stated he hoped that the Board could approve a policy for all employee groups and not just put another interim policy in place.

Trustee Garcia wanted to know how the Board could approve a policy without the corresponding data and Ms. Lamb's comfort level in establishing such a policy. Ms. Lamb stated this was just the first step in an overall process to create a compensation policy that would include all employee groups. She said that the Board is only looking at a policy that covers 23 employees while there is no policy for the remaining 47,000 employees.

Mr. Newsom asked if the current policy is a hindrance for the current presidential searches being conducted. Trustee Monville stated that the current candidates will be looking at the outcome of the Board decision on changes to the compensation policy.

Trustee Eisen said that this is an important discussion because of the difficult challenges the president's face in their position and the Board should work hard on providing appropriate compensation.

Trustee Garcia volunteered to be a member of a special committee to review the compensation policy and Trustee Monville thought it might be helpful to convene a special committee.

Trustee Eisen mentioned that in previous Board decisions on presidential salary setting, according to Trustee Farar, there were some guidelines available. She asked if there was a need for a new policy or if removing the restrictions would suffice. Chancellor White confirmed that not only would the proposed policy remove the two restrictive sentences, but take elements of it being fair and applicable and apply those to all employees.

Trustee Morales adjourned the meeting.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Annual Report – Vice President Compensation, Executive Relocation, and Executive Transition

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.

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, 2014 – August 31, 2015). This includes the filling of 19 vacant positions and compensation changes to 12 existing vice presidents. As the Board heard last month, despite salary increases in the past three years gaps between CSU salaries and relevant markets persists. To address market and internal comparability issues, equity increases were approved for nine vice presidents.

As previously shared with the Board, Chancellor Timothy P. White authorized a two percent compensation pool for eligible unrepresented employees for fiscal year 2015-2016. This was in line with negotiated increases for our represented employees. As a result, vice presidents were eligible for merit salary increases from this compensation pool.

Information Item

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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. Loren Blanchard
Executive Vice Chancellor for Academic and Student Affairs
From New Orleans, Louisiana
Relocation of household goods and property: \$16,700.00
Relocation travel expenses: \$2,395.04
- Dr. Soraya Coley
President, Cal Poly Pomona
From Bakersfield, California
Relocation of household goods and property: \$12,828.82
- Dr. Robert Nelsen
President, CSU Sacramento
From McAllen, Texas
Relocation of household goods and property: \$19,565.96
Relocation travel expenses, includes home search: \$5,406.86

Executive Transition

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

Executive Transition Program:

The executive transition program 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.

Dr. J. Michael Ortiz, President Emeritus

Effective: January 1, 2015 – December 31, 2015

Salary: \$231,528

Dr. Ortiz has continued to serve on the Board of the *Hispanic Association of Colleges and Universities* on behalf of the California State University. He assists at CSU San Bernardino at the request of President Tomás Morales with enrollment, academic and philanthropic matters.

Information Item

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Additionally, Dr. Ortiz has been available at the request of President Soraya Coley for advice and counsel on issues pertaining to Cal Poly Pomona.

Dr. Mohammad Qayoumi

Effective: August 18, 2015 – August 17, 2016

Salary: \$261,000

Having recently stepped down from the presidency, Dr. Qayoumi has been available at the request of Dr. Susan Martin, interim president, for advice and counsel on matters pertaining to San José State University. During his transition period Dr. Qayoumi is also serving as Chief Advisor to the President of his home country, Afghanistan.

Vice President Compensation Actions

Filled Vacancies

Campus	Name	Title	Effective M/Y	Appointment Salary	Supplemental Compensation
Bakersfield	Davis, Thomas	Vice President for Business & Administrative Services	4/2015	\$217,500	
Bakersfield	Zorn, Jenny	Provost and Vice President for Academic Affairs	7/2015	\$225,000	
Chico	Boura, Ahmad	Vice President for University Advancement	6/2015	\$198,000	Auto Allowance \$625/mo. Non General Funds
Dominguez Hills	Franklin, William	Vice President of Student Affairs	7/2015	\$193,008	
East Bay	Hauck, Tanya	Vice President, University Advancement	2/2015	\$210,000	Auto Allowance \$500/mo. Non General Funds
East Bay	Wong, Julie	Vice President, Student Affairs	1/2015	\$200,004	
Los Angeles	Mahoney, Lynn	Provost and Vice President for Academic Affairs	2/2015	\$235,008	
Maritime Academy	Arp, Robert	Vice President for University Advancement	6/2015	\$175,000	
Maritime Academy	Lozano, Franz	Vice President for Administration & Finance	7/2015	\$175,000	
Maritime Academy	Opp, Susan	Provost & Vice President for Academic Affairs	5/2015	\$202,668	
Northridge	Li, Yi	Provost & Vice President for Academic Affairs	7/2015	\$280,008	
Pomona	Alva, Sylvia	Provost & Vice President for Academic Affairs	8/2015	\$240,000	
Pomona	McIntosh, Bedford	Vice President for University Advancement	7/2015	\$226,008	
Sacramento	Mills, Edward	Vice President for Student Affairs	1/2015	\$205,008	
San José	Blaylock, Reginald	Vice President for Student Affairs	6/2015	\$215,004	
San José	Lanning, Paul	Vice President for University Advancement	6/2015	\$211,008	
San Luis Obispo	Vizcaino Villa, Cynthia	Senior Vice President for Administration & Finance	7/2015	\$270,000	Housing Allowance \$1,200/mo. Non General Funds
San Marcos	Prado-Olmos, Patricia	Vice President for Community Engagement	1/2015	\$170,004	
Stanislaus	Dawes, Douglas	Vice President for Business & Finance	7/2015	\$198,000	

Other Compensation Changes

Campus	Name	Title	Effective M/Y	Salary After Change or Amount Paid	Description of Change
Chico	Hoffman, Lorraine	Vice President for Business & Finance	6/2015	\$239,004	Equity Increase
Monterey Bay	Zappas, Barbara	Vice President for University Development	4/2015	\$168,576	Equity Increase
Monterey Bay	Higgs, Ronnie	Vice President for Student Affairs & Enrollment Services	4/2015	\$186,732	Equity Increase
Northridge	Watkins, William	Vice President for Student Affairs & Dean of Students	1/2015	\$220,740	Equity Increase
Sacramento	Sales, Vince	Vice President for University Advancement	6/2015	\$212,124	Equity Increase
San Marcos	Oberem, Graham	Provost & Vice President for Academic Affairs	1/2015	\$227,004	Equity Increase
San Marcos	Hawk, Linda	Vice President, Finance and Administrative Services	1/2015	\$215,004	Equity Increase
Los Angeles	Gomez, Jose	Senior Vice President and Chief Operating Officer	1/2015	\$220,008	Equity Increase (auto allowance eliminated)
San Luis Obispo	Enz Finken, Kathleen	Provost and Executive Vice President for Academic Affairs	4/2015	\$271,656	Equity Increase (auto allowance eliminated)
San Diego	Enwemeka, Chukuka	Provost & Senior Vice President for Academic Affairs	7/2015	Bonus Pymt \$26,104	MPP Merit Bonus Pgm - established goals met
San Diego	Carleton, Mary Ruth	Vice President, University Relations and Development	7/2015	Bonus Pymt \$24,432	MPP Merit Bonus Pgm - established goals met
San Francisco	Cortez, Ron	Vice President & CFO, Administration & Finance	9/2014	\$1,200/mo.	Housing Allowance Non General Funds

AMENDED

Action Item

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COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Employee Compensation Policy and Reexamination of Policy on Presidential Compensation

Presentation By

Timothy P. White
Chancellor

Lori Lamb
Vice Chancellor for Human Resources

Board of Trustees Policy on Compensation

Scope

This policy governs compensation for all California State University (CSU) employees.

Guiding Principles

It is the 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 system budget and state funding. The goal of the CSU continues to be to attract, motivate, and retain the most highly qualified individuals to serve as faculty, staff, and executives, whose knowledge, experience, and contributions can advance the university's mission.

The CSU adheres to compensation practices that are fair and equitable in design, application, and delivery.

Implementation

The CSU will consistently evaluate competitive and fair compensation for all employees based on periodic market comparison surveys and the depth of skill and experience of an individual employee. In addition, the CSU will maintain and update annually a tiered list of CSU comparison institutions for applicable employee groups. The list may take into account geographic location, enrollment, percent of Pell eligible students, budget, research funding, and such other variables as deemed appropriate. Compensation will be guided with reference to the mean and/or median of the appropriate tier of comparison institutions, together with an individual's reputation, and length, depth and effectiveness of applicable experience, and other meritorious achievement and contributions to the success of the CSU.

AMENDED

U&FP

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The compensation system for the CSU shall (a) be administered in a manner that complies with all applicable federal, state, and local regulations and laws, and (b) be consistent with applicable administrative policies, rules and collective bargaining agreements.

Presidential Compensation

When a presidential vacancy occurs, the successor president's salary should not exceed the incumbent's salary by more than 10%. Any amount in excess of the incumbent's salary shall be based upon criteria such as extraordinary circumstances, knowledge and/or experience or ability to contribute to and advance the university's mission.

The chancellor shall have authority to negotiate recommended starting salaries for presidents. The chancellor shall present the recommended salary to the Board of Trustees for approval.

Recommended Action

The following resolution is recommended for adoption:

RESOLVED, by the Board of Trustees of the California State University that the Board of Trustees Policy on Compensation, as stated in the Committee on University and Faculty Personnel, Agenda Item 2, at the November 17-18, 2015 meeting, as amended, is adopted; and be it further

RESOLVED, all previous versions of policies related to compensation for employees and presidents are superseded.

AGENDA

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Meeting: 9:30 a.m., Wednesday, November 18, 2015
Glenn S. Dumke Auditorium

Steven G. Stepanek, Vice Chair
Silas H. Abrego, Vice Chair
Douglas Faigin
Debra S. Farar
Margaret Fortune
Hugo N. Morales
J. Lawrence Norton

Consent Items

Approval of minutes of meeting of September 8, 2015

Discussion

1. Naming of the Rosie Casals and Pancho Gonzalez Tennis Center at the Billie Jean King Sports Complex – California State University, Los Angeles, *Action*
2. Naming of the Donald & Carolyn Lundberg Hall (dedicated by Hae & Shina Park) – California State Polytechnic University, Pomona, *Action*
3. Naming of the Joel and Dena Gambord Business and Information Technology Building – California State University, Monterey Bay, *Action*

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

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

September 8, 2015

Members Present

Steven G. Stepanek, Chair
Silas H. Abrego, Vice Chair
Debra S. Farar
Lou Monville, Chair of the Board
Hugo N. Morales
J. Lawrence Norton
Timothy P. White, Chancellor

Trustee Stepanek called the meeting to order.

Approval of Minutes

The minutes of May 19, 2015 were approved on consent.

Naming of the Cymer Plaza – San Diego State University

The committee approved the proposed resolution (RIA 09-15-08) on consent that the Engineering and Interdisciplinary Sciences Complex Plaza at San Diego State University be named the Cymer Plaza.

Naming of the William E. Leonhard Entrepreneurial Center Floor – San Diego State University

The committee approved the proposed resolution (RIA 09-15-09) on consent that the Engineering and Interdisciplinary Sciences Complex Entrepreneurial Center Floor at San Diego State University be named the William E. Leonhard Entrepreneurial Center Floor.

Naming of the Zahn Innovation Platform – San Diego State University

The committee approved the proposed resolution (RIA 09-15-10) on consent that the Innovation Platform in the Engineering and Interdisciplinary Sciences Complex at San Diego State University be named the Zahn Innovation Platform.

Designation of the California Maritime Academy as a Purple Heart University

Mr. Garrett Ashley, vice chancellor for university relations and advancement, and Rear Admiral Thomas A. Cropper, president of the California Maritime Academy, reported that the California Maritime Academy celebrates a rich military connection with many veteran students, faculty and staff. The proposed Purple Heart University designation honors the service and sacrifice of the U.S. Armed Forces' brave men and women wounded or killed in action.

The committee approved the proposed resolution (RIA 09-15-11) that the board designates the California Maritime Academy as a Purple Heart University and salutes the Purple Heart Medal recipients for their service, valor and sacrifice.

2015-2016 California State University Trustees' Award for Outstanding Achievement

Trustee Stepanek shared that each year the CSU Board of Trustees provides scholarships to students who demonstrate superior academic performance, personal accomplishments, community service and financial need.

Chancellor White thanked trustees and members of the CSU Foundation board for their contributions to the CSU Trustees' scholarships. He 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.

The board recognized the recipients of the 2015-2016 CSU Trustees' Award for Outstanding Achievement:

Ms. Charmaine Parubrub, California State University, Bakersfield, *Henry J. Kaiser Family Foundation Scholar*

Mr. Gabriel Guillén, California State University Channel Islands, *William Randolph Hearst Scholar*

Ms. Courtney Sage Silver, California State University, Chico, *Trustee Emeritus Murray L. Galinson Scholar*

Ms. Dominique Dalanni, California State University, Dominguez Hills, *Cisco Scholar*

Mr. Patrick Michael Sorgaard, California State University, East Bay, *Michael and Debe Lucki Scholar*

Ms. April Booth, California State University, Fresno, *Trustee Emeritus Peter Mehas Scholar*

Mr. Todd Callahan, California State University, Fullerton, *Sycuan Band of the Kumeyaay Nation Scholar*

Mr. Shayne Sines, Humboldt State University, *CSU Foundation Board of Governors' Scholar Sponsored by Ronald R. and Mitzi Barhorst*

Ms. Heather Valenova Dayag, California State University, Long Beach, *Trustee Emerita Claudia Hampton Scholar*

Ms. Samantha Lorenz, California State University, Los Angeles, *Trustee Rebecca Eisen Scholar*

Mr. Devin Schumacher, California Maritime Academy, *William Randolph Hearst Scholar*

Mr. Jason Rodriguez, California State University, Monterey Bay, *William Randolph Hearst Scholar*

Ms. Amanda Nuno, California State University, Northridge, *Trustee Emeritus Kenneth Fong Scholar*

Mr. Tyler Kent Sullivan, California State Polytechnic University, Pomona, *Trustee Peter and Coralyn Taylor Scholar*

Mr. Yuriy Dzyuba, California State University, Sacramento, *Sycuan Band of the Kumeyaay Nation Scholar*

Mr. Alexander Soto, California State University, San Bernardino, *TELACU Scholar*

Mr. Edwin Perez, San Diego State University, *William Randolph Hearst Scholar*

Ms. Christine D. Gonzalez, San Francisco State University, *Trustee Emeritus Ali C. Razi Scholar*

Ms. Melissa Ortiz, San José State University, *Trustee Emeritus William Hauck Scholar*

Mr. Mario Alberto Viveros Espinoza, California Polytechnic State University, San Luis Obispo, *William Randolph Hearst Scholar*

Ms. Maylin Caldwell, California State University San Marcos, *Wells Fargo Scholar*

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Ms. Danielle R. Hansen, Sonoma State University, *Chancellor Emeritus Charles B. Reed Scholar*

Mr. José Godínez, California State University, Stanislaus, *William Randolph Hearst Scholar*

Trustee Stepanek adjourned the meeting.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Naming of the Rosie Casals and Pancho Gonzalez Tennis Center at the Billie Jean King Sports Complex – California State University, Los Angeles

Presentation by:

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Summary

This item will consider naming the Tennis Center at California State University, Los Angeles as the Rosie Casals and Pancho Gonzalez Tennis Center.

This proposal, submitted by Cal State L.A., 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 and honors three individuals who inspire Cal State L.A. students to greatness and embody the university's focus on pushing boundaries and reaching beyond expectations. Billie Jean King, an alumna of the university, Rosie Casals and the family of Pancho Gonzalez have worked tirelessly on behalf of students and other youth. With their assistance, the university has raised more than \$2.5 million for the tennis center.

The proposed Rosie Casals and Pancho Gonzalez Tennis Center on the campus of Cal State L.A. will include a new building adjacent to the existing tennis courts. The building is ideally suited for hosting a variety of campus clinics, tournaments and special events. The first floor of the building will include men's and women's locker rooms, administrative offices, a concessions kiosk and an athletic training facility. The second floor will include spacious indoor and outdoor viewing areas, the Sally Ride and Tam O'Shaughnessy Learning Center and a full kitchen.

This facility will be a tremendous asset for the university and surrounding communities. In addition to hosting numerous collegiate and public-access activities each year, the center will also serve as the Southern California home of the Richard Pancho Gonzalez Youth Foundation, an organization dedicated to the advancement of the Latino/a community.

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Recommended Action

The following resolution is recommended for approval:

RESOLVED, by the Board of Trustees of the California State University, that the Tennis Center at California State University, Los Angeles be named the Rosie Casals and Pancho Gonzalez Tennis Center at the Billie Jean King Sports Complex.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Naming of Donald & Carolyn Lundberg Hall (dedicated by Hae & Shina Park) - California State Polytechnic University, Pomona

Presentation by:

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Summary

This item will consider naming half of Building 80 of the expansion project for The Collins College of Hospitality Management at California State Polytechnic University, Pomona as the Donald & Carolyn Lundberg Hall (dedicated by Hae & Shina Park).

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 Eugene Park's \$1 million investment in the expansion of The Collins College of Hospitality Management. In 2011, Mr. Park was one of the lead donors with his \$1 million pledge. The expansion at The Collins College of Hospitality Management is designed to meet the needs of the rapidly growing college. Behind the walls of Building 80 are innovative learning spaces that promote an interactive, high-tech education. The portion of the building pertaining to this naming consists of faculty offices, student commons, two group study rooms, conference room, student room, break/copy room, part-time faculty office suite and two graduate classrooms.

Hae and Eugene Park are prominent Inland Empire businessmen and alumni. The family, including Hae's wife Shina, owns Cal Pacific Realty, which operates the Bel-Air Swap Meet in Bloomington and the Pro Swap Meet in San Bernardino. Eugene's \$1 million gift supported The Collins College of Hospitality Management and also regularly supports Cal Poly Pomona Athletics by sponsoring the annual Bronco Golf Classic.

"The Collins College has been instrumental to my family's success," said Eugene, whose father and sister have also attended the college. "It is important to us to help the college provide

opportunities for students. The academic building expansion will do just that by creating the best facilities possible for students.”

The Park family’s history with the college stems from father Hae Park’s time as a student in the late 1970s. Hae Park credits much of his success at Cal Poly Pomona and his early career to the mentorship he had with Dr. Donald Lundberg, the college’s founding professor. Since 2004, the Parks have also given the college more than \$2 million to support alumni outreach and faculty development.

Recommended Action

The following resolution is recommended for approval:

RESOLVED, by the Board of Trustees of the California State University, that half of Building 80 at The Collins College of Hospitality Management at California State Polytechnic University, Pomona be named as Donald & Carolyn Lundberg Hall (dedicated by Hae & Shina Park).

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Naming of the Joel and Dena Gambord Business and Information Technology Building – California State University, Monterey Bay

Presentation by:

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Summary

This item will consider naming the Business and Information Technology Building at California State University, Monterey Bay the Joel and Dena Gambord Business and Information Technology Building.

This proposal, submitted by California State University, Monterey Bay, 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 \$10 million gift from Joel and Dena Gambord. The gift is designated to support two faculty endowed chairs, a fund for student scholarships and an entrepreneurial fund for students. This gift will support students and faculty in the College of Business, the School of Computing and Design, the Bachelors of Science in Nursing program and all students with an interest in entrepreneurship.

The Gambords both came from modest upbringings, together building a portfolio of real estate holdings in California. With roots in California's central coast, Joel and Dena have retired in Pebble Beach. They have a strong commitment to public education, entrepreneurship and nursing that is reflected in their gift designation.

Recommended Action

The following resolution is recommended for approval:

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RESOLVED, by the Board of Trustees of the California State University, that the Business and Information Technology Building at California State University, Monterey Bay be named the Joel and Dena Gambord Business and Information Technology Building.

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 18, 2015

Presiding: Lou Monville, Chair

10:15 a.m. Board of Trustees Dumke Auditorium

Call to Order

Roll Call

Public Speakers

Chair's Report

Chancellor's Report

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

Report of the California State University Alumni Council: *President—Dia S. Poole*

Report of the California State Student Association: *President—Taylor Herren*

Board of Trustees

1. Recognition of the 50th Anniversary of California State University, San Bernardino, *Action*

Consent Agenda

1. Approval of the Minutes of the Board of Trustees Meeting of September 9, 2015
2. Approval of Committee Resolutions as follow:

*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 on Organization and Rules

1. Approval of California State University Board of Trustees Meeting Dates for 2017

Joint Committee on Educational Policy and Finance

1. Academic Performance Measures (Academic Sustainability Plan)

Committee on Campus Planning Buildings and Grounds

1. Amend the 2015-2016 Capital Outlay Program for California State University, Chico, California State University, Fullerton, California State University, Northridge and San Diego State University
2. Approval of Schematic Plans for California State University, Bakersfield
3. Approval of the Amendment to the 2015-2016 Capital Outlay Program and Schematic Plans for California State University, Los Angeles
4. Approval of the Master Plan Revision, the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for Spartan Golf Complex for San José State University
6. Approval of the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for California Polytechnic State University, San Luis Obispo
7. Approval of the Amendment of the 2015-2016 Capital Outlay Program and Schematic Plans for California State University, San Bernardino
8. Approval of the 2016-2017 Capital Outlay Program and the 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan

Committee on Finance

1. 2016-2017 Lottery Revenue Budget
2. Conceptual Approval of a Public/Public Partnership Charter School at California State University, Monterey Bay
3. Approval of the 2016-2017 Support Budget Request
4. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for the 2015-2016 Infrastructure Improvements and Capital Outlay Projects
5. Conceptual Approval of the California State University, Channel Islands Site Authority Apartments Sale Project
6. Conceptual Approval of a Public/Private Partnership Hotel Development Project at California State University, Northridge

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Committee on Educational Policy

1. Recommended Addition to Title 5 Regarding Enrollment Management
2. California State University Board of Trustees Policy for Awarding Honorary Degrees

Committee on University and Faculty Personnel

2. Employee Compensation Policy and Reexamination of Policy on Presidential Compensation

Committee on Institutional Advancement

1. Naming of the Rosie Casals and Pancho Gonzalez Tennis Center at the Billie Jean King Sports Complex – California State University, Los Angeles
2. Naming of the Donald & Carolyn Lundberg Hall (dedicated by Hae & Shina Park) – California State Polytechnic University, Pomona
3. Naming of the Joel and Dena Gambord Business and Information Technology Building – California State University, Monterey Bay

11:15 a.m. Board of Trustees—Closed Session Munitz Conference Room
Consideration of Revocation of Honorary Degree
Government Code §11126(c)(5)

Executive Personnel Matters
Government Code §11126(a)(1)

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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 9, 2015

Trustees Present

Lou Monville, Chair
Rebecca D. Eisen, Vice Chair
Silas Abrego
Kelsey Brewer
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lupe Garcia
Lillian Kimbell
Hugo Morales
Gavin Newsom, Lieutenant Governor
J. Lawrence Norton
Steven Stepanek
Peter Taylor
Maggie K. White
Timothy P. White, Chancellor

Chair Monville called the meeting of the board of trustees to order. Before public comment Trustee Monville welcomed a brief presentation, 50 Acts of Kindness campaign associated with the 50th Anniversary celebration of California State University, San Bernardino.

Public Comment

The board of heard from several individuals during the public comment period: Sakkara Ingrid Thomas, CSULB community, asked the board to support for a proposal to the California Cultural and Historical Endowment for Africana Studies Program; Jennifer Eagan, CFA President, spoke about executive compensation; Kevin Wehr, associate vice president, CFA, spoke regarding fair compensation and collective bargaining; Lillian Taiz, political action legislative chair, CFA commented about the current bargaining process; Pat Gantt, president, CSUEU addressed the board about implementing a fair compensation policy and philosophy that works for everyone; Loretta Seva'aetasi, vice president, finance CSUEU, addressed the board about executive compensation; Susan Smith, vice chair, Fullerton CSUEU, spoke about in range progressions, equality and executive compensation; Sandee Noda, chapter president, CSUEU, thanked President Wang for working with

the faculty, staff and campus; Rocky Sanchez, bargaining unit 7 representative, CSUEU, thanked the presidents who have equity programs on their campus and encouraged those who don't to address the issue; Tessy Reese, chair bargaining unit 2 CSUEU, thanked president Hirshman for the equity program initiated at San Diego State; Mike Chavez, chair, CSUEU, spoke about outsourcing and bringing jobs in-house.

Chair's Report

Chair Monville's complete report can be viewed online at the following URL:
<http://calstate.edu/BOT/chair-reports/sep2015.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/150909.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/ChairsBoardofTrusteesReportSept2015.pdf

Report of the California State University Alumni Council

Alumni Council President, Dia S. Poole's complete report can be viewed online at the following URL: <http://www.calstate.edu/alumni/council/bot/20150909.shtml>

Report from the California State Student Association

CSSA President Taylor Herren complete report can be viewed online at the following URL:
http://www.csustudents.org/wp-content/uploads/September-2015_CSSA.pdf

Board of Trustees

Chair Monville moved the consent agenda which included the minutes of the July 21, 2015 meeting and the action items that were approved in committee. There was a second.

The minutes and the following resolutions were approved by the Board of Trustees:

Recognition of the 20th Anniversary of California Maritime Academy's Admission (RBOT 09-15-05)

WHEREAS, the California Maritime Academy was founded in 1929 as the California Nautical School, serving as the only United States maritime academy on the West Coast and becoming a unique campus of the California State University

in 1995; and

WHEREAS, Cal Maritime continues to evolve, flourish and expand on its traditional and important role as a nautical training school for seafarers by becoming a complex university that grants undergraduate and graduate degrees in marine transportation, marine engineering technology, international business and logistics, mechanical engineering, global studies and maritime affairs, and facilities engineering technology; and

WHEREAS, Cal Maritime continues to fill a key role as the only degree-granting U.S. maritime academy on the Pacific Rim, with a clear and enduring responsibility to train, educate and develop graduates for leadership roles in the expanding global maritime profession; and

WHEREAS, in a world where 80 percent of all trade by value and 90 percent of all trade by volume travels by sea, Cal Maritime graduates fill leadership roles within maritime and transportation-related fields that are critical to global economic prosperity; and

WHEREAS, Cal Maritime graduates enjoy high placement rates into lucrative careers at sea and on shore within months of their matriculation, contributing to a thriving community of three million living alumni of the California State University; now, therefore, be it

RESOLVED, by the Board of Trustees of the California State University, that the systemwide community joins in celebrating September 15, 2015, as the 20th anniversary of the California Maritime Academy's admission into the California State University.

Committee on Educational Policy

Academic Master Plan Update for Fast-Track Program Development (REP 09-15-02)

RESOLVED, by the Board of Trustees of the California State University, that the academic plan degree projections for San Francisco State University (as contained in Attachment A to Agenda Item 1 of the March 24-25, 2015 meeting of the Committee on Educational Policy) be amended to include a projected Bachelor of Science degree program with a major in Environmental Science and Management, planned for fall 2016 implementation.

Committee on Institutional Advancement

Naming of the Cymer Plaza– San Diego State University (RIA 09-15-08)

RESOLVED, by the Board of Trustees of the California State University, that the Engineering & Interdisciplinary Sciences Complex Plaza at San Diego State University, be named the Cymer Plaza.

Naming of the William E. Leonhard Entrepreneurial Center Floor – San Diego State University (RIA 09-15-09)

RESOLVED, by the Board of Trustees of the California State University, that the Engineering & Interdisciplinary Sciences Complex Entrepreneurial Center Floor at San Diego State University, be named the William E. Leonhard Entrepreneurial Center Floor.

Naming of the Zahn Innovation Platform – San Diego State University (RIA 09-15-10)

RESOLVED, by the Board of Trustees of the California State University, that the Innovation Platform in the Engineering and Interdisciplinary Sciences Complex at San Diego State University be named the Zahn Innovation Platform.

Designation of the California Maritime Academy as a Purple Heart University (RIA 09-15-11)

WHEREAS, the students, faculty, staff and all California Maritime Academy stakeholders have the greatest admiration and gratitude for all of the brave men and women who have served or are serving in our Armed Forces; and

WHEREAS, the Purple Heart Medal as a military decoration traces its origins to General George Washington's General Orders to the Continental Army on August 7, 1782 which established the Badge of Military Merit; and

WHEREAS, the Badge of Military Merit was revived in 1932, on the 200th anniversary of George Washington's birth, when the U.S. War Department authorized a new Purple Heart Medal to be awarded to any Service member who has been wounded in action or killed in action, and the first awardees received it retroactively for their World War I service; and

WHEREAS, nearly two million Purple Heart Medals have been awarded to combat veterans, and this figure represent the selfless sacrifices that our Veterans and Service members have made; and

WHEREAS, the California Maritime Academy celebrates its rich military connection, has been home to many veterans and wishes to honor and thank each of them for their dedication to duty, selfless sacrifice and personal courage for the United States of America; now, therefore, be it

RESOLVED, by the Board of Trustees of the California State University, that this board designates the California Maritime Academy a Purple Heart University and salutes our Purple Heart Medal recipients for their service, valor and sacrifice.

Committee on Campus Planning, Building and Grounds

Amend the 2015-2016 Capital Outlay Program for California State Polytechnic University, Pomona, California State University, Sacramento and San Diego State University (RCPBG 09-15-11)

RESOLVED, by the Board of Trustees of the California State University, that the 2015-2016 Capital Outlay Program be amended to include:

1. \$974,000 for preliminary plans, working drawings and construction for the California State Polytechnic University, Pomona Scolinos Baseball Field Improvements, Phase I;
2. \$2,645,000 for preliminary plans, working drawings and construction for the California State Polytechnic University, Pomona Student Health and Counseling Center Renovation;
3. \$880,000 for preliminary plans, working drawings and construction for the California State University, Sacramento Baseball Field Lighting Improvements;
4. \$946,000 for preliminary plans, working drawings, construction and equipment for the California State University, Sacramento Center for International Programs and Global Engagement;
5. \$41,215,000 for preliminary plans, working drawings, construction and equipment for the California State University, Sacramento University Union Renovation and Expansion, Phase I;
6. \$4,500,000 for preliminary plans, working drawings, construction and equipment for the San Diego State University College of Extended Studies Classroom Renovation; and
7. \$3,161,000 for preliminary plans, working drawings, construction and equipment for the San Diego State University Multi-purpose Recreation Field.

Approval of the Draft 2016-2017 Capital Outlay Program and the Draft 2016-2017 to 2020-2021 Five-Year Capital Improvement Plan (RCPBG 09-15-12)

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

1. The updated Categories and Criteria for the 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan in Attachment A of Agenda Item 2 of the September 8-9, 2015 meeting of the Committee on Campus Planning, Buildings and Grounds be approved;
2. The chancellor is directed to use these categories and criteria to prepare the 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan;

3. The Draft 2016-2017 through 2020-2021 Five-Year Capital Improvement Plan is approved;
4. The Draft 2016-2017 Capital Outlay Program budget including the Attachment B project list is approved; and
5. The chancellor is authorized to make adjustments, as necessary, including priority sequence, scope, phase, project cost, financing source, and total budget request for the Draft 2016-2017 Capital Outlay Program.

BOARD OF TRUSTEES

Recognition of the 50th Anniversary of California State University, San Bernardino

Presentation By:

Lou Monville
Chair

Summary

It is recommended that California State University, San Bernardino be recognized on the occasion of its 50th Anniversary.

WHEREAS, the year 2015 commemorates the half-century year that California State University, San Bernardino was first established in 1965 to provide educational opportunities for the growing population of the Inland Empire; and

WHEREAS, from these modest beginnings, California State University, San Bernardino continues to build its legacy as a cutting edge, comprehensive university, offering highly respected baccalaureate, graduate and doctoral academic programs in five colleges and multiple departments to more than 20,000 students annually; and

WHEREAS, the university's most valued tradition is a commitment to enriching the lives of its students through rigorous scholarship, award-winning faculty and staff, and alumni and community success; and

WHEREAS, California State University, San Bernardino is a significant technological, social and environmental trailblazer for the Inland Empire, producing more than 80,000 alumni since its inception and generating over half a billion dollars annually for California's economy; and

WHEREAS, California State University, San Bernardino is an active partner for educational institutions, industry leaders and local communities to enhance the quality of education, research, development and community service for the region and state; and

WHEREAS, the establishment of the only public four-year university in the region over three decades ago, the CSUSB Palm Desert Campus stands as a model for university and community partnerships and continues to provide quality educational, social and economic opportunities for the Coachella Valley; and

BOT

Agenda Item 1

November 17-18, 2015

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WHEREAS, California State University, San Bernardino is a reflection of the dynamic diversity of the local region, ranking among the nation's educational leaders across multiple categories for Hispanic enrollment; now, therefore, be it

RESOLVED, by the Board of Trustees of the California State University, that the systemwide community joins in celebrating the 50th anniversary of California State University, San Bernardino.