AGENDA

JOINT COMMITTEE ON EDUCATIONAL POLICY AND FINANCE

Meeting: **2:00 p.m., Wednesday, November 20, 2024**
Glenn S. Dumke Auditorium

Committee on Educational Policy	**Committee on Finance**
Diego Arambula, Chair	Julia I. Lopez, Chair
Darlene Yee-Melichar, Vice Chair	Jonathan Molina Mancio, Vice Chair
Raji Kaur Brar	Larry L. Adamson
Douglas Faigin	Douglas Faigin
Wenda Fong	Mark Ghilarducci
Mark Ghilarducci	Leslie Gilbert-Lurie
Lillian Kimbell	Jack McGrory
Jonathan Molina Mancio	Anna Ortiz-Morfit
Sam Nejabat	Christopher Steinhauser
Yammilette Rodriguez	Darlene Yee-Melichar
Christopher Steinhauser	

Consent 1. Approval of Minutes, *Action*

Discussion 2. Integration of California State University Maritime Academy and California Polytechnic State University, San Luis Obispo, *Action*

3. Annual Systemwide Report on Hate Incidents on Campus, *Information*

MINUTES OF THE MEETING OF THE JOINT COMMITTEE ON EDUCATIONAL POLICY AND FINANCE

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

September 24, 2024

Members Present

Committee on Educational Policy
Diego Arambula, Chair
Darlene Yee-Melichar, Vice Chair
Raji Kaur Brar
Douglas Faigin
Wenda Fong
Mark Ghilarducci
Lillian Kimbell
Jonathan Molina Mancio
Sam Nejabat
Yammilette Rodriguez
Christopher Steinhauser

Committee on Finance
Julia I. Lopez, Chair
Jonathan Molina Mancio, Vice Chair
Larry L. Adamson
Douglas Faigin
Mark Ghilarducci
Leslie Gilbert-Lurie
Jack McGrory
Anna Ortiz-Morfit
Christopher Steinhauser
Darlene Yee-Melichar

Jack B. Clarke, Jr., Chair of the Board
Mildred García, Chancellor

Trustee Arambula called the meeting to order.

Consent Agenda

The minutes of the July 23, 2024 meeting of the Joint Committee on Educational Policy and Finance were approved as submitted.

Item 2, Integration of California State University Maritime Academy and California Polytechnic State University, San Luis Obispo

The timeline and reasoning for the proposed integration of California State University Maritime Academy and California Polytechnic State University, San Luis Obispo was presented for information. The item will go before the Board of Trustees for approval in November. If approved, administrative integration would be effective July 1, 2025, and academic and enrollment integration would take effect in fall 2026. One of the primary goals of the proposed integration is to preserve the university's vital degree programs that lead to a Merchant Marine license issued by the U.S. Coast Guard. These programs not only serve the workforce needs of the state of California and the nation's maritime industry but also help protect critical U.S. economic and national security interests.

Cal Maritime Academy Interim President Michael Dumont provided an overview of the information shared during the July board meeting and added that these challenges have been exacerbated by additional personnel losses. Cal Poly San Luis Obispo President Jeffrey Armstrong summarized Cal Poly's complementary strengths and discussed the synergistic opportunities presented by the proposed integration. He outlined plans to extend existing Cal Poly financial aid to enhance diversity and increase student success, particularly in Cal Maritime's unique and high-investment programs.

It was reported that the integration will require a one-time investment of $5 million a year, for the first seven years and that additional funding beyond this period is not anticipated at this time. In terms of savings generated from the integration, Executive Vice Chancellor Steve Relyea explained that savings would come in the form of administrative efficiencies and savings from cost avoidance. He added that research from previous mergers and integrations at other universities has shown that some administrative cost savings can be realized but only after a significant amount of time.

Deputy Vice Chancellor for Academic and Student Affairs and Chief Academic Officer Nathan Evans summarized actions taken since the last board meeting to prepare for the proposed integration. He reported that a nationally recognized consultant, Baker Tilly, has been engaged to assist with informing, coordinating, and guiding the work of the 23 pre-integration workgroups. These workgroups will help to identify and address critical integration-related issues. Presidents Dumont and Armstrong have carefully researched relevant federal and state laws and regulations to ensure the proposed integration conforms with such directives; and have recommended an organizational structure that was informed by meetings with key federal, state, industry and organized labor stakeholder representatives. Interim President Dumont shared some of the drastic and ongoing efforts being taken by the campus to reduce spending and create cost savings. He added that shared services provided by other campuses have helped them keep operating on limited financial resources.

Mr. Relyea closed the presentation with a timeline of key milestones and next steps. He made remarks about the multifaceted opportunities that exist with the proposal and how the integration positions both universities to further strengthen the CSU's contributions to the fields of engineering, oceanography, the marine sciences, the blue-green economy and renewable energy.

Following the presentation, Trustee Kimbell asked about federal funding to support Cal Maritime and was informed that federal funding is limited to the ship, reimbursement of fuel for the ship, $1 million a year for basic operations, and a portion of proceeds from when a ship is decommissioned and disposed of. She also asked if the redirection of students to other maritime academies has been considered and was informed that all maritime academies are seeing a decline in enrollment and that the federal government is looking to provide funding to help with a national maritime campaign to help recruit and attract more students to all maritime academies. Trustee Adamson acknowledged that the CSU is currently in the planning phase of a long-term process and cannot begin to address questions regarding shared governance and implementation, until after the proposal for integration is approved. Trustee Guajardo asked about the process for appointing students to the pre-integration workgroups and was informed that the executive leadership groups of each Associated Students body have already been engaged for input on their top five questions for the next stage of the implementation plan. In response to a question from Trustee Rodriguez it was clarified that Cal Poly will cover all fee increases through graduation, for all currently enrolled Cal Maritime students, using scholarships and financial aid. New students who enroll in the 2026-2027 academic year and after will pay the Cal Poly student fee and may be eligible for Cal Poly financial aid.

Trustee Fong asked why the services of a consulting firm are needed for the implementation process and was informed that Baker Tilly has extensive experience and background in the field of integration of institutions which will help the CSU effectively navigate this unknown area. It was further clarified that funding for this contract will come from one-time reserves, not from the funding being identified for the integration. Trustee Lopez stressed the need for prompt and clear communications to faculty about what the process will be for integrating academic program curriculums.

Trustee Arambula noted that due to timing constraints the joint committee would reconvene the next day to continue the discussion for this item.

Item 3, Financial Aid Update

Deputy Vice Chancellor for Academic and Student Affairs and Chief Academic Officer Nathan Evans began the presentation by outlining the financial and enrollment challenges posed by the reconfiguration of the Free Application for Federal Student Aid (FAFSA). Systemwide Director of Financial Aid Programs Noelia Gonzalez provided additional information regarding the rollout of the new simplified financial aid application form and the technical issues experienced by thousands of students. She explained that the delays in financial aid and FAFSA errors put CSU student success and university enrollment goals at risk. In response, CSU leaders formed a strategic workgroup to address emerging issues in real time. Student deadlines were extended, a direct media campaign was launched, and application alternatives were offered. In addition, the financial aid offices at each university mobilized staff and students to provide direct outreach and support to their respective students and communities. Sarah Flores, a political science major at CSU San Marcos, remarked on her experience assisting her peers in her role as a work-study student in the university Financial Aid Office. Ms. Flores shared that she also experienced issues with her personal financial aid application.

Dr. April Grommo, assistant vice chancellor for Enrollment Management Services, provided an overview of the CSU's preliminary enrollment data and the impacts of successful financial aid interventions. Dr. Evans concluded the presentation with an update on the Chancellor's Strategic Workgroup for Financial Aid, which will resume its work this fall to maximize aid to students and families across the CSU's 23 universities.

Following the presentation, Trustee Arambula expressed appreciation for the tremendous work of the CSU in navigating these challenges and frustration on behalf of the students affected by the FAFSA complications. He advocated for prioritizing groups of students who are experiencing prolonged technical issues. Trustee Kaur Brar emphasized the importance of pinpointing the issue(s) at the federal level and enforcing a timeline for clarifying them. CSU San Marcos President Ellen J. Neufeldt commended her financial aid staff for their dedicated service and affirmed that they are actively working to offer support to students that need it. Trustee Lopez remarked on the importance of the framework established by the financial aid workgroup and emphasized the benefits of examining total-cost-of-attendance measures.

Trustee Arambula adjourned the Joint Committee on Educational Policy and Finance, noting that the joint committee would reconvene the next day to continue the discussion on the agenda items.

MINUTES OF THE MEETING OF THE
JOINT COMMITTEE ON EDUCATIONAL POLICY AND FINANCE

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

September 25, 2024

Members Present

Committee on Educational Policy
Diego Arambula, Chair
Darlene Yee-Melichar, Vice Chair
Raji Kaur Brar
Douglas Faigin
Wenda Fong
Mark Ghilarducci
Lillian Kimbell
Sam Nejabat
Yammilette Rodriguez
Christopher Steinhauser

Committee on Finance
Julia I. Lopez, Chair
Larry L. Adamson
Douglas Faigin
Mark Ghilarducci
Leslie Gilbert-Lurie
Jack McGrory
Christopher Steinhauser
Darlene Yee-Melichar

Jack B. Clarke, Jr., Chair of the Board
Mildred García, Chancellor

Trustee Arambula reconvened the joint committee and called the meeting to order.

Item 2, Integration of California State University Maritime Academy and California Polytechnic State University, San Luis Obispo

Trustee Yee-Melichar asked about plans for faculty tenure, promotion, and work assignments, as well as for growing enrollment at Cal Maritime. She was informed that if approved, plans to support faculty and staff retention will be developed and that the CSU is also required to meet and confer with bargaining units about the impacts and conditions of the proposed integration. In regard to growing enrollment, it was shared that both campuses are already looking at ways to increase exposure and marketing efforts as well as working with alumni ambassadors to extend outreach.

Trustee Yee-Melichar asked what metrics will be used to assess whether the integration is delivering the intended financial, academic, and curricular benefits. She was informed that success metrics will be developed with assistance from the various workgroups once the Board of Trustees approves the integration and will be shared with the trustees on a regular basis. A request for workgroup goals and membership was made for an upcoming meeting. Trustee Lopez reminded the trustees that not all cost savings elements can be quantified but include cost avoidance measures in the short term that will produce cost savings in the long run.

Item 3, Financial Aid Update

Trustee Fong asked about the recent report on federal financial aid from the Government Accountability Office. She was informed that the report found several issues at the federal level, including known issues with the application system going back to 2022 that were not communicated to higher education organizations, incomplete delivery of application functionality that resulted in millions of students being unable to complete their FAFSA application, and poor management of over four million calls for FAFSA tech support that went unanswered. Dr. Evans acknowledged that the State of California and CSU campuses have been working extensively to provide support to students and develop alternate solutions. The State of California created the California Dream Act Application (CADAA) that will help undocumented students that were unable to complete their FAFSA. CSU campuses are taking several actions to help students with costs in the interim, such as holding off on collection of several fees and pooling funds from available sources to help students financially. Trustee Lopez remarked on the importance of the framework established by the financial aid workgroup and emphasized the benefits of examining total-cost-of-attendance measures.

Trustee Arambula adjourned the Joint Committee on Educational Policy and Finance.

JOINT COMMITTEE ON FINANCE AND EDUCATIONAL POLICY

Integration of California State University Maritime Academy and California Polytechnic State University, San Luis Obispo

Presentation By

Steve Relyea
Executive Vice Chancellor
and Chief Financial Officer

Nathan Evans
Deputy Vice Chancellor, Academic and Student Affairs
and Chief Academic Officer

Michael J. Dumont
Interim President
California State University Maritime Academy

Jeffrey D. Armstrong
President
Cal Poly San Luis Obispo

Introduction

At its July 2024 meeting, the CSU Board of Trustees was presented with a recommendation for the integration of California State University Maritime Academy (Cal Maritime) and California Polytechnic State University, San Luis Obispo (Cal Poly). A second information item on the topic was presented at the September 2024 meeting.

This action item seeks approval of the recommendation.

Integration was initially discussed out of necessity – as a long-term solution to Cal Maritime's declining enrollment and its associated unviable and unsustainable fiscal circumstances. However, as the strategy was further explored, the objective and emphasis has shifted from one of necessity to one of opportunity and potential. Of course, the imperative remains and, in fact, has become increasingly urgent as Cal Maritime's operational and financial circumstances steadily worsen; there continues to be a dire, binary choice: integrate the two institutions or initiate immediate steps for the closure of the Maritime Academy.

But beyond this immediate exigency lies extraordinary potential and opportunity. Combining the unique yet complementary strengths of these two outstanding universities will result in a single, integrated institution with an impact, influence and reputation that will span the state and nation and far exceed what could be achieved separately. Further, the institution, as integrated, would not only preserve, but *grow* the critical merchant mariner license-track programs so vital to the maritime industry and to the state's and nation's economy, as well as to national security interests. The institution would be a national exemplar of Learn by Doing, and serve on the cutting-edge of forward-focused industries such as the blue-green economy and offshore wind energy. The integration would grow the impact and influence of the maritime academy throughout the Pacific-facing states and U.S. territories – and provide more equitable access to all the above opportunities to an increasingly diverse student body.

The written items in support of the July 2024 and September 2024 presentations outlined in considerable detail the justifications for the integration; the expected benefits for both institutions, the state and nation; the anticipated costs; efforts to become "implementation ready"; and proposed next steps with an associated timeline. For brevity and convenient reference, that information will not be repeated in detail here, but rather the July 2024 and September 2024 written items are included with this written item as Attachments A and B

The purpose of this action item is to provide an update of the work being done to lay the groundwork for an immediately actionable implementation plan, to review faculty and student engagement to date, to outline the process for developing and regularly reporting progress toward accountability measures, to discuss the proposed nomenclature associated with the integrated university, and to set forth an updated timeline including key milestones.

Actions Taken Since September Board Meeting – Developing an Actionable Implementation Plan

As was reported to this board in September, given the sheer breadth and complexity of the integration – as well as the multiple factors driving the timeline for its implementation – it is essential to do everything possible to become "implementation ready" should the board approve the proposal.

To that end, workgroups were formed that comprised of subject matter experts from the Chancellor's Office and both universities across the 23 operational areas identified as most critical to a seamless and timely integration. Those workgroups have completed the initial task of identifying and examining the five most essential integration-related topic areas or issues that should be considered relative to their subject matter expertise.

The pre-integration work has now entered a new phase. The 23 workgroups have been consolidated into seven functional implementation teams (or “FIT” teams) organized under thematic work areas. Those seven thematic work areas are: academics; enrollment; student affairs; advancement, communications and external relations; financial, administrative and human resources; technology; and legal, regulatory and accreditation matters.

Informed and guided by Baker Tilly – a firm with extensive national experience in this highly specialized area engaged to support pre-approval integration activities and that will be retained to continue its work should the proposal be approved – the seven FIT teams are taking the critical issues identified and examined by the workgroups in the first phase of our pre-implementation work and are now mapping them to activities that will form the foundation of our implementation plan.

The organization of this work into the seven FIT teams recognizes that there are interdependencies among operational areas. The FIT teams are now able to work more collaboratively within and across the functional areas, ensuring that processes and activities are properly coordinated and sequenced and that duplication of effort is eliminated to every extent possible. The FIT teams and seven thematic functional areas will also provide the structure and organizational framework for the development of accountability measures, as outlined below.

Student Leadership Engagement

A team of associated student leadership from both universities worked diligently to provide a thoughtful and robust analysis of the five most significant and impactful integration-related issues pertaining to student governance. This analysis – which identified issues such as how ASI student fees will be collected and distributed given potential variances in services across campuses, and how an integrated ASI will be structured and governed – will help map future work.

Faculty Leadership Engagement

As a tenet of shared governance, faculty have purview over curricula – the courses and course content within academic programs – and faculty leadership. To honor this principle, eight faculty leaders – four from each of the campus faculty senate leadership groups at Cal Maritime and Cal Poly – were invited to begin work in these two areas.

Initial work was focused on identifying the most critical issues to be addressed regarding the structure, organization and governance of a single academic senate across the integrated institution. The faculty leaders from both universities – referenced above – were tasked with commencing this important work, and they have done so.

Faculty leadership, again from both universities, have also been asked to begin the process of analyzing curricular and catalog data, course information and enrollment data for potential overlapping, adjacencies and duplication in academic programming and curricula.

Work remains to be done in this area and it is critical that it be addressed in a timely manner, as it drives many other aspects of our integration planning and implementation. Completing this curricular assessment will be an important early milestone in our implementation work, should the proposal be approved.

Developing, Tracking and Regularly Reporting Progress Toward Accountability Measures

We are committed to identifying, accurately measuring, and regularly reporting progress toward success metrics across this large and complex project.

More specifically, accountability measures will be developed across each of seven thematic work areas of the functional implementation teams outlined above: academics; enrollment; student affairs; advancement, communications and external relations; financial, administrative and human resources; technology; and legal, regulatory and accreditation matters.

As the subject matter experts in these areas, the seven FIT teams will carefully develop, sequence and map the implementation plan in their areas of specialty. And as they advance their work and gather additional details and necessary information, these teams – through the FIT team leads – will make recommendations for accountability measures to the Integration Steering Committee. The Integration Steering Committee is comprised of both university presidents as well as several senior members of chancellor's leadership team. This committee will be assisted by outside experts where special expertise is required.

The Integration Steering Committee will carefully review, refine as necessary, and approve the accountability measures once it is satisfied that the identified success metrics offer the chancellor and board the degree of specificity needed to appropriately assess the integration work as it is advanced. Consulting firm Baker Tilly will assist with the data collection and measurement of the success metrics and will do so according to the specifications and detail requested by the Integration Steering Committee.

The joint committee, the full board and other CSU stakeholders will be updated regarding progress toward these accountability measures with regular reports across a variety of formats, including a report to the full board at its May 2025 meeting.

In addition to the emerging accountability measures recommended by the functional implementation teams, benchmarking and progress reports will be provided that relate to critically important outcomes already identified in discussions following the July 2024 and September 2024 board presentations and in other pre-approval engagement. These outcomes include increases in enrollment to license-track programs, diversity of the student body, progress toward administrative consolidation, student success, the timeline for appointments of new leadership positions including the vice president and CEO and maritime academy superintendent, curricular development and alignment with workforce needs, and progress toward accreditation and other legal compliance requirements, among others. Analysis of fiscal stability will not only focus on administrative consolidation and associated cost savings, but on ensuring that the integration plan does not become a financial burden to Cal Poly.

Nomenclature Associated with the Integrated University

After careful consideration of a variety of factors, including relevant provisions of the California Education Code, federal legislation regarding state maritime academies, the Maritime Administration's State Maritime Academy Support Program, branding and name recognition considerations, and potential impact to other CSU campuses, the steering committee recommended the following naming convention to Chancellor García, who supports the recommendation and finds it to be consistent with the integration proposal before the board.

Effective July 1, 2025, the two institutions will function as a single university known formally as "California Polytechnic State University, San Luis Obispo," and informally as "Cal Poly." At the completion of the integration the location comprising all activities on the current 92-acre maritime campus will be known as "Cal Poly, Solano Campus." In addition, at the completion of the integration the academic unit responsible for the administration of the merchant mariner license-track programs, the training vessels, the Corps of Cadets, the port facility, and other associated entities will be known as the "Cal Poly Maritime Academy."

As noted in the September presentation and written item, the campus – Cal Poly, Solano Campus – will be administered under the leadership of a vice president and CEO, who will report to the president and be a member of the Cal Poly leadership team. The Cal Poly Maritime Academy will be led by a superintendent who will also hold the rank of Rear Admiral in the U.S. Maritime Service.

Next Steps and Timeline: An Update

At the November 2024 meeting, the board will be asked to take action on the proposed integration. Should approval be granted, immediate action can be taken, according to the groundwork, planning and activity mapping already undertaken by the FIT teams and with the assistance and guidance of consultant Baker Tilly.

At the May 2025 meeting, the board will receive a progress report, both generally and toward specific accountability measures.

Administrative integration will be complete by July 1, 2025, with the two universities operating as a single institution – California Polytechnic State University, San Luis Obispo.

Finally, beginning at the start of the 2026-27 college year, all students of the integrated institution will be enrolled as Cal Poly students.

Adherence to the Timeline is Critically Important
The milestones above and associated timeline are driven by a number of immutable factors. These "timeline drivers" have been outlined in detail in the attached September 2024 written item, but include the following:

- To achieve enrollment goals, the academic calendar dictates that substantial investments in recruitment and marketing must be launched immediately, focusing on high school students who are juniors in fall 2024 and spring 2025.

- Campus curricular committees complete their annual curricular processes by mid-spring in order to publish new college catalogs. To modify the curriculum, changes will need to be in process by the end of the fall term.

- Meeting accreditation standards also requires an extensive review process, which occurs over an extended period of time.

- The complexities of the maritime academy's summer sea term – which involve financial commitments from the federal government – make it necessary to project needs and requirements one to two years in advance.

- With the CSU slated to receive the new larger training ship *Golden State* in 2026, analysis of staffing requirements and curriculum changes must begin now to accommodate an increased number of students and faculty for future summer sea terms.

- Finally, to support the new, 600-student training vessel, a turnaround in new student enrollment must begin this fall, which requires immediate planning and investment.

Conclusion

Board approval is requested of the proposed integration of California State University Maritime Academy and California Polytechnic State University, San Luis Obispo. This request for approval is imperative to provide a long-term solution to Cal Maritime's declining enrollment and its associated unviable and unsustainable fiscal circumstances.

But, importantly, approval of the proposal represents an opportunity perhaps unprecedented in the history of the California State University. It represents the opportunity to synergistically combine the strengths of two outstanding institutions to create a single university positioned to stand as a national leader in numerous specialized fields of study; to stand as a model for experiential learning; to serve at the cutting-edge of forward-focused industries and state priorities, such as the blue-green economy and offshore wind energy; and to grow the impact and influence of the maritime academy throughout the Pacific-facing states and U.S. territories. Moreover, it is a demonstration of the CSU at its best, advancing its mission and honoring its core values while leveraging the power of its "systemness" to develop an innovative solution to a daunting challenge.

Recommendation

The following resolution is recommended for approval:

> **RESOLVED**, by the Board of Trustees of the California State University, that the plan proposed in Agenda Item 2 of the Joint Committee on Educational Policy and Finance, titled Integration of California State University Maritime Academy and California Polytechnic State University, San Luis Obispo, is approved; and be it further
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> **RESOLVED**, effective July 1, 2025, California State University Maritime Academy (Cal Maritime) and California Polytechnic State University, San Luis Obispo (Cal Poly) will function administratively as a single university under the leadership of California Polytechnic State University, San Luis Obispo with one president; and be it further
>
> **RESOLVED**, as recommended by the Integration Steering Committee and approved by the Chancellor, the location encompassing all activities on the current 92-acre Cal Maritime campus shall be known as the "Cal Poly, Solano Campus." The unit at the Cal Poly, Solano campus responsible for the administration of the merchant mariner license-track programs, the training vessels, the Corps of Cadets, the port facility, and other associated programs and entities shall be known as the "Cal Poly Maritime Academy." Various approvals are required prior to implementing these naming changes, including approvals by accreditation agencies, and U.S. Maritime Administration, U.S. Coast Guard and other appropriate federal recognition. The effective dates for these naming designations shall therefore be determined by the Chancellor; and be it further
>
> **RESOLVED**, that the Cal Poly, Solano Campus will be administered under the leadership of a vice president and CEO, who will report to the president and be a member of the Cal Poly leadership team. The Cal Poly Maritime Academy will be led by a superintendent who will also hold the rank of Rear Admiral in the U.S. Maritime Service; and be it further

RESOLVED, that an additional milestone in this integration shall be the completion of accreditation approvals such that all students become Cal Poly students effective the fall semester of 2026 when the integration of the two universities is complete as a singular degree-granting and accredited institution; and be it further

RESOLVED, that the Board of Trustees delegates to the Chancellor and her designees (including the president of California Polytechnic State University, San Luis Obispo) the authority to take any and all necessary actions to accomplish the integration of Cal Maritime and Cal Poly to become a legal and accredited singular degree-granting and accrediting institution. This delegation includes the authority to take all necessary actions to facilitate WSCUC review(s) and obtain WSCUC approval of substantive change processes, after which the institution will operate from a singular curriculum and will have consolidated (singular) programs and degree-granting authority. This delegation also includes the authority to adjust the target dates and timelines set forth in this resolution as necessary to allow for appropriate approvals by federal agencies and accrediting bodies.

INFORMATION ITEM FROM JULY 2024 CSU BOARD OF TRUSTEES MEETING

JOINT COMMITTEE ON FINANCE AND EDUCATIONAL POLICY

Integration of California State University Maritime Academy and California Polytechnic State University, San Luis Obispo

Presentation By

Steve Relyea
Executive Vice Chancellor
and Chief Financial Officer

Nathan Evans
Deputy Vice Chancellor, Academic and Student Affairs
and Chief Academic Officer

Michael J. Dumont
Interim President
California Maritime Academy

Jeffrey D. Armstrong
President
Cal Poly San Luis Obispo

Summary

Our collective, systemwide work to shift the California State University toward a sustainable financial model has been a top priority and institutional goal for several years. Foundational to this work was the 2023 report of the Chancellor's Sustainable Financial Model Workgroup. Among its recommendations, the workgroup issued a call for collaboration and bold innovation: "The CSU should continue to identify prospects for cost savings that could arise from consolidation of certain administrative functions and from inter-campus cooperation and collaboration in the offering of programs and services." This call was similarly articulated in the 2023 report of the Chancellor's Strategic Workgroup on Enrollment Planning, which emphasized the need to "incentivize multi-university strategies for regional academic program delivery."

In that spirit of innovation and collaboration, we recommend the integration of California State University Maritime Academy and California Polytechnic State University, San Luis Obispo. More specifically, Cal Maritime would integrate its operations, resources and governance into and

under the leadership of Cal Poly, while maintaining its unique educational mission and maritime focus. This recommendation was initially outlined in a June 5, 2024, letter (attached hereto) to Chancellor Mildred García from Executive Chancellor and Chief Financial Officer Steve Relyea and Deputy Vice Chancellor, Academic and Student Affairs, Chief Academic Officer Nathan Evans.

As detailed below, this integration is an imperative to immediately address Cal Maritime's vulnerabilities in order to provide a long-term solution to the institution's unviable and unsustainable fiscal circumstances. Moreover, careful and comprehensive analysis indicates that this proposed action will benefit the students, faculty and staff of both institutions, as well as advance the broader CSU mission by enhancing the quality, diversity and sustainability of the CSU's academic programs and services. And of equal and broader importance, the integration will serve the workforce needs of the state of California and the nation's maritime industry while protecting critical U.S. economic and national security interests.

The recommendation outlined below honors the CSU's core value of creating access and affordability for all students, and powerfully demonstrates how the CSU can best and most innovatively advance its mission as a regional, comprehensive university system in the 21st century.

Background

As the board is aware, Cal Maritime has faced significant and ongoing challenges in maintaining its enrollment, revenue, fiscal and operational sustainability. In fact, as of April 2024, Cal Maritime projects that it will be required to utilize $2.8 million of its operating fund reserves in fiscal year 2023-2024, leaving a mere $317,000 balance as of June 30, 2024. This remaining balance represents less than three days' worth of university operating expenses, a level that is untenable by any measure.

The primary factors contributing to this unsustainable financial condition are declining enrollment, increased compensation costs and rising operating expenses. Over the past seven years, enrollment at Cal Maritime has declined by 31%, from a headcount of 1,107 students in 2016-2017 to a headcount of 761 students in 2023-2024. After the 2023-2024 census and at the end of the academic year, Cal Maritime's enrollment had dropped to 711 undergraduates. Projections indicate that a growing budget deficit through 2026-2027 is inevitable, even in the unlikely event that enrollment growth targets are met. It should be noted that similar enrollment challenges have been experienced by the other five degree-granting state maritime academies.

Cal Maritime has taken all appropriate, comprehensive and creative measures to respond to the fiscal crisis. The university has assessed and instituted drastic cost-saving measures across the campus. In addition to reducing office and divisional budgets and expenditures, eliminating vacant positions and downgrading others, Cal Maritime has instituted a hiring freeze on all non-essential positions, is considering the need for workforce adjustments and requires the interim president's approval for all personnel actions. In an effort to better align administrative operations and reduce administrative levels, Cal Maritime has eliminated two vice president positions and restructured two other vice president positions with a corresponding reduction in salary.

The university has also implemented several additional actions toward reducing expenses and increasing revenues over the next three years. However, any further budget reductions risk compromising Cal Maritime's critical infrastructure and unique educational mission.

Given the current financial forecast, it has been determined that Cal Maritime will not be financially viable as an independent institution in the future and is unlikely to generate enough revenue to maintain the critical mass of functions required of a university – despite a total operating budget of $55 million and a current enrollment of just 711 undergraduates in 2023-2024, post-census. To rectify these unsustainable fiscal circumstances and ensure the long-term viability of Cal Maritime's unique and consequential academic programs, expeditious and decisive action is imperative.

Justification for Integration

- *Fiscal Sustainability and Expanded, More Equitable Access*
  The integration would address Cal Maritime's vulnerabilities in order to provide a long-term solution to the institution's unviable and unsustainable fiscal circumstances. Many options were carefully considered to preserve Cal Maritime's unique programs while ensuring its financial feasibility and sustainability. It was determined that Cal Poly was best aligned with Cal Maritime for a successful and timely integration for both universities.

  Cal Poly San Luis Obispo is a thriving and growing comprehensive polytechnic university, with a strong reputation for excellence in engineering, agriculture and architecture. Cal Poly has a student population of more than 22,000, and attracts high-quality faculty, staff and students from increasingly diverse backgrounds. The university also has a robust research and innovation agenda and enjoys strong and forward-focused partnerships with industry, alumni and community stakeholders.

  Cal Poly's unquestioned expertise in strategic enrollment management, marketing and brand-building to drive application demand – and ultimately enrollment – will be of great benefit to Cal Maritime at this critical juncture. In addition, Cal Poly's strength in fundraising will bring additional philanthropic partners to Cal Maritime.
  Cal Maritime currently has inadequate financial aid and scholarship resources for very high-investment majors at a destination campus. Moreover, it lacks sufficient student support required by a hands-on, "learn by doing" educational ethos. Applying Cal Poly's

enrollment management and fee model will bring much-needed revenue to Cal Maritime, which will enhance advising and other student-success programs, support the polytechnic model and greatly expand financial aid resources to improve access and success for new California residents, students from other western states including Oregon, Washington, Alaska and Hawaii, and those from U.S. territories in the Pacific, as well as a greater number of low-income and historically underrepresented students.

- *Synergies of Learning Ethos and Academic Programming*
  While integration is a fiscal and operational imperative only for Cal Maritime, both institutions would benefit significantly from the recommendation. Cal Poly and Cal Maritime are similar institutions in many fundamental ways, but primarily in their academic missions and learning ethos. Both institutions rely upon a hands-on, "learn by doing" approach. Both offer degree programs within high- and very high-investment program areas and have demonstrated complementary expertise in forward-focused fields such as those comprising the "blue-green economy" and renewable and, more specifically, wind energy – both of which are state priorities. Clear synergistic opportunities exist in multiple academic programs, perhaps most obviously within the engineering, oceanography, logistics and marine science fields. Both institutions are involved in national and economic security issues that impact the western United States, the Pacific Rim and beyond. There is also untapped potential in the ability of the two institutions, if combined into one, to compete for greater funding for national security and renewable energy programs, as well as other federal funding.

  For Cal Poly, this integration offers the opportunity to expand its nationally renowned engineering programs and enhance its excellent science offerings. Potentially, the facilities at Cal Maritime – including a new, federally funded $360 million training vessel slated to arrive in 2026 – will offer additional opportunities for instruction, experiential learning and laboratory research for all Cal Poly students and faculty.

- *Advancing Critical Workforce, Economic and National Security Interests*
  Cal Maritime is one of only six degree-granting state maritime academies in the nation and the only such institution serving the western United States and the Pacific Rim. The academies' federal mandate is to produce graduates capable of and licensed to serve as officers in the Merchant Marine of the United States. In fact, the state maritime academies combined currently produce more than 70% of the Merchant Marine officers in the United States.

  These officers operate the ships that move goods into and out of California's 12 ports (as well as ports across the western United States and the Pacific Rim), which process approximately 40% of all containerized imports to the U.S. and about 30% of containerized exports. These goods – from petroleum to automobiles, agricultural products, iron, steel, defense supplies, machinery and heavy equipment, electronics, plastics and industrial products, among many others – touch virtually every element vital to California's and the United States' economy. The state and nation rely upon Cal Maritime – as noted above, the only state maritime academy serving the West Coast and the Pacific Rim – for the Merchant Marine officers vital to the maritime industry that is essential to our nation's economic security.

U.S. Coast Guard-licensed Merchant Marine officers also operate the ships of the Military Sealift Command and those that contract with the United States government to move supplies and military equipment around the world in times of war and peace, resupplying the military's combatant ships and providing food, supplies and equipment to U.S. bases and embassies across the globe. Without the civilian mariners who operate these ships, the United States' ability to project military power would suffer and the nation's national security interests would be compromised.

The CSU stands unwaveringly committed to preserving Cal Maritime's U.S. Coast Guard licensure-granting programs that are such vitally important resources for the state of California and the United States of America.

The Recommendation

The CSU is steadfastly committed to preserving the viability of Cal Maritime, which is one of the nation's premier maritime academies and, as noted immediately above, meets vitally important workforce, economic and security needs for our state and nation. To honor this commitment, it is proposed that Cal Maritime integrate its operations, resources and governance into and under the leadership of Cal Poly. This would entail the following steps:

- As an academic unit and campus, the maritime academy would be led by a superintendent who will be part of the Cal Poly leadership team.
- The maritime academy would retain its campus in Vallejo, while sharing Cal Poly's facilities, infrastructure and services. As noted above, maritime academy facilities – including a new, federally funded $360 million training vessel and new pier slated for initial use in 2026 – could also provide additional laboratory space for instruction and research to benefit all Cal Poly students. Over time, an emphasis will be placed on locating additional majors at the maritime academy campus that are directly or strategically connected with the maritime industry.
- The unique degree programs leading to a Merchant Marine license issued by the U.S. Coast Guard – a critical CSU priority and commitment, as noted above – will continue to be offered.
- Ongoing Cal Maritime students will be able to complete their current academic programs.

- Ongoing Cal Maritime students will become part of the Cal Poly student body via a seamless and expeditious transition and integration process.
- Maritime academy, faculty and staff will be employees of Cal Poly.
- The maritime academy would leverage Cal Poly's expertise, networks and resources to enhance its academic quality, as well as drive student success and research impact.

Additional Benefits

Based on the comprehensive analysis, it is firmly believed that this integration will offer many additional benefits to both institutions, including:

- **Infrastructure and Associated Costs:** Cal Poly can provide essential services to support the facilities maintenance needs of the maritime academy's physical infrastructure. Cal Poly's full complement of facility maintenance and support services can leverage economies of scale to provide much-needed services to the maritime academy facilities at lower cost.

- **Student Support:** Cal Maritime's current operating expense challenges and low enrollment have led to significant reductions and may have an impact on the quality of essential student support services such as housing, dining, health and counseling, thus jeopardizing the quality of the overall student experience. The cost of essential student support services at Cal Maritime has become exorbitant, limiting the offerings the Vallejo campus is able to maintain. The proposed integration will enhance the overall student experience by providing maritime academy students access to Cal Poly's existing student support services.

- **Administrative Services:** Cal Maritime is challenged to provide staffing for essential administrative services such as accounting, payroll, HR, procurement, travel and other critical processes. The proposed integration will provide these services at a fraction of the costs required to do so as an independent university.

- **Financial Aid:** Cal Maritime lacks the resources to provide robust institutional financial aid to its students. As noted above, integration with Cal Poly will provide access to greater levels of institutional financial aid than the status quo, thus allowing the maritime academy to structure its financial aid within an overall framework that increases support for new California residents and students from other western states including Oregon, Washington, Alaska and Hawaii and from U.S. territories in the Pacific, as well as a greater number of low-income and historically underrepresented students.

- **Information Technology:** Cal Maritime no longer has the resources to adequately support the information technology needs of its students, faculty and staff. It is also vulnerable to cybersecurity threats due to being below the “critical mass” required of a fully functioning campus. Integration with Cal Poly will provide these critical information technology and cybersecurity services.

- **Leading Academic Innovation:** Cal Maritime and Cal Poly are leaders in vital academic and workforce fields in California, the nation and the world. These include industries critical to engineering, logistics, national security and future-oriented fields such as wind energy and data science. The integration of these offerings will create greater opportunities for students, faculty and the broader communities to be at the forefront of national and international teaching, research and community impact.

- **Complementary Educational Philosophy:** Cal Poly’s teaching and learning philosophy, “Learn by Doing,” links rigorous academics and real-world applications. This same philosophy is embedded in the academic programs offered by Cal Maritime, in which classroom learning is combined with applied technology, leadership development and global awareness.

- **Dynamic Enrollment Growth and Development:** Cal Maritime offers a unique educational experience with tremendous return on investment for students and their families in terms of long-term career prospects. Cal Maritime’s ability to communicate meaningful career opportunities aligned with this unique educational opportunity has been constrained by the limited resources available for marketing, student outreach and recruitment. In contrast, Cal Poly has been able to build a robust and dynamic enrollment management and marketing program and will be able to amplify these benefits to more diverse students and families who may have been previously unaware of the opportunities presented by the maritime field. Additionally, and in keeping with Cal Maritime’s mission, this will allow for increased outreach across the western United States including Oregon, Washington, Alaska and Hawaii, as well as U.S. territories in the Pacific.

Estimated Transition Costs

There will be a one-time investment required for the integration of these institutions, estimated at approximately $5 million per year over a period of seven years. This estimate will be adjusted once operational, logistical and regulatory aspects are fully determined and implementation begins. Two-thirds of those funds are expected to be used for financial aid and scholarships to support low-income and historically underrepresented students. It is important to note that these are one-time funds and not ongoing baseline funds.

Beyond funding enrollment growth for Cal Poly and the maritime academy, additional recurring support will not be required.

Next Steps and Timeline

It is advised that the Board of Trustees move expeditiously on this recommendation, beginning with the information item included in the July 2024 agenda and followed by an additional information item in September 2024 to address board questions and requests for additional information. The board would then consider action on this item at the November 2024 board meeting. If approved by the board, the integration would begin in July 2025 with the first maritime academy students enrolled as Cal Poly students in fall of 2026.

Sixteen critical topic areas have been identified and are being tentatively explored by subject matter experts from both institutions and the Chancellor's Office so that implementation can begin immediately and proceed expeditiously – guided by appropriate success metric targets – should the board approve the proposed integration in November.

The Higher Education Employer-Employee Relations Act (HEERA) requires that the CSU engage recognized bargaining units when changes are made that create an impact on our represented employees' pay, benefits or working conditions. The CSU has already notified the relevant unions of this proposal in order to prepare for the legally required meet-and-confer process, which will begin once the impacts are identified. In addition, the CSU commits to appropriate consultation with various shared governance partners related to the implementation of the recommendation, should it receive board approval.

In conclusion, this proposed integration is an imperative to immediately address Cal Maritime's vulnerabilities in order to provide a long-term solution to the institution's unviable and unsustainable fiscal circumstances. But, moreover, the integration will benefit the students, faculty and staff of both institutions; synergistically enhance the quality, diversity and sustainability of the CSU's academic programs and services; and improve access and success for an increasingly diverse student body. And more broadly, the proposed integration will serve the workforce needs of the state of California and the nation's maritime industry while protecting critical U.S. economic and national security interests.

INFORMATION ITEM FROM SEPTEMBER 2024 CSU BOARD OF TRUSTEES MEETING

JOINT COMMITTEE ON FINANCE AND EDUCATIONAL POLICY

Integration of California State University Maritime Academy and California Polytechnic State University, San Luis Obispo

Presentation By

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Background

At its July 2024 meeting, the CSU Board of Trustees was presented with a recommendation for the integration of California State University Maritime Academy and California Polytechnic State University, San Luis Obispo.

While the reasons and justification for integration are compelling and multifold, the primary reason is as clear as it is stark. Given Cal Maritime's longstanding enrollment challenges and rapidly worsening fiscal and operational circumstances, the CSU is faced with a binary decision with only two options: proceed with the proposed integration or immediately initiate planning for the closure of Cal Maritime.

Integration is recommended as an imperative to immediately address Cal Maritime's vulnerabilities to provide a long-term solution to the institution's unviable and unsustainable fiscal circumstances. Furthermore, careful and comprehensive analysis indicates that this proposed action will benefit the students, faculty and staff of both institutions, as well as advance the broader CSU mission by enhancing the quality, diversity and sustainability of the CSU's academic programs and services. And of equal and broader importance, the proposed integration will serve the workforce needs of the state of California and Pacific-facing states and territories, as well as those of the nation's maritime industry. Moreover, it will protect critical U.S. economic and national security interests, most specifically by preserving the unique and vitally important Cal Maritime degree programs leading to a Merchant Marine license issued by the U.S. Coast Guard – a longstanding CSU priority and commitment.

As outlined in the July 2024 meeting, the recommendation proposes that Cal Maritime integrate its operations, resources and governance into and under the leadership of Cal Poly, pursuant to the following steps:

- As integrated, overall operations on the maritime campus will be led by a vice president and CEO who will report directly to the Cal Poly president.
- As an academic unit on the campus offering specialized instruction, theory, and at-sea training programs leading to a Merchant Marine license issued by the U.S. Coast Guard, the maritime academy will be led by a superintendent reporting to the above-mentioned vice president and CEO. The maritime academy would remain on the current Cal Maritime campus, while sharing Cal Poly's facilities, infrastructure and services.
- Maritime academy facilities – including a new, federally funded $360-million training vessel and new pier slated for initial use in 2026 – could also provide additional laboratory space for instruction and research to benefit all Cal Poly students.
- Over time, an emphasis will be placed on locating additional majors at the maritime academy campus that are directly or strategically connected with the maritime industry.
- The unique degree programs leading to a Merchant Marine license issued by the U.S. Coast Guard – a critical CSU priority and commitment, as noted above – will continue to be offered.
- Ongoing Cal Maritime students will be able to complete their current academic programs.
- Ongoing Cal Maritime students will become part of the Cal Poly student body via a seamless and expeditious transition and integration process.
- Maritime academy, faculty and staff will become employees of Cal Poly.
- The maritime academy would leverage Cal Poly's expertise, networks and resources to enhance its academic quality, as well as drive student success and research impact.

Executive Summary

The written item in support of the July 2024 presentation outlined in considerable detail the justifications for the integration; the anticipated benefits for both institutions, the state and nation; the anticipated costs; and proposed next steps with an associated timeline. For brevity and for your convenient reference, we will not repeat that information in detail here, but rather attach the July 2024 written item hereto as Attachment A and incorporate it into this document by reference.

The purpose of this item is to provide an update of the fiscal and operational circumstances at Cal Maritime that continue to grow increasingly dire and underscore the need for urgent and timely action. Given the complexities of the integration process and the exigencies that call for expeditious action, this item will also outline the steps that are being taken so that we will be "implementation ready" should this board approve the recommendation at its November 2024 meeting. Finally, the item will review recommended next steps, the associated timeline and the factors and pressures that drive that timeline.

Fiscal and Operational Circumstances at Cal Maritime: An Urgent Situation Grows Increasingly Dire

Personnel Losses Exacerbate Existing Fiscal and Operational Challenges

The factors combining to create the unviable fiscal and operational circumstances were outlined in detail in the July item, incorporated hereto as Attachment A. They include, but are not limited to: steeply declining enrollment (31% over the past seven years), skyrocketing compensation and operating costs for its very high investment degree programs, and costs associated with maintaining aging STEM-related infrastructure. Also as detailed in the July item, these fiscal pressures have led to a significant depletion of Cal Maritime's available reserve funds, making it infeasible for the university to operate safely.

Exacerbating these unsustainable financial and operational circumstances is a spate of recent and pending personnel losses, including the CFO, chief budget analyst and controller; the head of Enrollment Management; the Student Health Center director; the vice president for Student Affairs; the director of Advancement and manager of Advancement Operations; the director of university advising and tutoring; and the registrar, among others.

Obviously, this loss of critical personnel across key university divisions and departments has complicated and intensified Cal Maritime's existing operational challenges. To meet the operational requirements and student service needs associated with the departed or soon-to-depart personnel, Cal Maritime has entered into multiple shared-service agreements with Cal Poly. While these agreements are necessary and appropriate, they have created the problematic misperception that leadership is moving ahead with the integration before board action in November.

Quantifying the Scope of the Budget Shortfall

As detailed in the July item and recapped immediately above, Cal Maritime faces an unsustainable financial condition. Its current base budget of $52.3 million is insufficient to support the quantity and quality of university activities needed for a successful maritime academy program. Using an analysis that modeled actual 2023-24 expenditure and enrollment levels within the CSU system – methodology consistent with that of the Sustainable Financial Model workgroup – we estimate that it would require a *minimum* additional expenditure of $29.9 million in ongoing funds, on top of Cal Maritime's $52.3 million ongoing base budget, for it to continue as a stand-alone university. It should be emphasized that this estimate does not include the resources such as financial aid and increased marketing required to address Cal Maritime's most fundamental challenges or to foster sustained enrollment growth. Put in the simplest and most blunt terms, the $29.9 million of additional ongoing funds is perhaps best considered as the amount necessary to maintain a minimally funded, baseline university, likely only to delay its eventual closure.

Also of importance and as outlined in July, the integration proposal does require the investment of one-time funds of about $5 million per year for seven years, for a total of $35 million. After this seven-year investment of one-time funds, the integration is expected to result in enrollment growth, increased yield, and greater access for low-income and underrepresented students such that additional recurring funds, beyond normal CSU allocations, will not be necessary.

So, while the proposed integration will avoid the nearly $30 million of additional, ongoing dollars required to temporarily sustain Cal Maritime, the proposed integration, therefore, is really not about cost-cutting; it is about the smart, prudent allocation and the strategic investment of resources, and preserving Cal Maritime's vital degree programs and their contributions to national and economic security.

Actions Taken Since July Board Meeting – Becoming "Implementation Ready"

We have carefully researched all relevant federal and state law and regulations to ensure that all elements of the proposed integration will be implemented in conformity with those directives. In addition, Presidents Dumont and Armstrong have prioritized meetings with key federal and state maritime stakeholder representatives. To that end and informed by those meetings, Presidents Dumont and Armstrong have developed and recommended a specific organizational structure.

What is the vision for the administrative structure and naming conventions associated with the current Cal Maritime, post-integration?

Broadly speaking, Cal Maritime currently offers two types of degree programs at its current

Vallejo campus: programs leading to a Merchant Marine license issued by the U.S. Coast Guard and those in fields closely related to the maritime industry, but which do not lead to a license.

Upon integration, it is contemplated that overall operations at the Maritime site will be administered under the leadership of a vice president and CEO, who will report directly to the Cal Poly president and serve on the president's cabinet.

The academic unit responsible for the administration of the license-granting programs and the training vessels will be led – as required by federal law – by a superintendent, who will report to the VP and CEO leading overall operations at the Maritime site, as noted immediately above.

While additional positions and structure will be developed over time, it is currently envisioned that the Cal Poly Maritime Academy superintendent will be directly supported by a director of marine programs who will also serve as captain of Training Ship *Golden Bear* (later, *Golden State*) and a director of cadet leadership and development.

The naming conventions associated with the overall Maritime site and with the academic unit administering the licensure-track degree programs and training ship are yet to be determined. Multiple factors impacting these decisions – including the California Education Code, federal legislation regarding state maritime academies, the Maritime Administration's State Maritime Academy Support Program, branding and name recognition considerations, and both institutions' rich histories – are currently being evaluated.

Pre-Integration Workgroups

To advance our goal of being "implementation ready" on day one, should the board approve the proposed integration, we have formed 23 pre-integration workgroups comprised of subject matter experts from the Chancellor's Office and both universities across 23 operational areas identified as most critical to a seamless and timely integration. Initially, they have been tasked with identifying and examining the top five, most essential integration-related topics areas or issues that should be considered relative to their subject matter expertise.

The 23 Pre-integration Workgroups are as follows:

- Phase One (Formed June 2024)
    - Institutional Accreditation
    - Post-integration Student Academic Degree Program Offerings
    - Continuing Student Academic Program Transitions
    - Metrics for Success Post-integration
    - Workforce Transitions
    - Integrating Administrative Functions and Systems
    - Legal and Regulatory Compliance
    - Institutional Financial Aid and Fees
    - Student Support Services

    - Naming Legal and Accreditation Requirements
    - Athletics
    - Ongoing External Advocacy Efforts

- Phase Two (Formed August 2024)
    - Public Safety/Risk Management
    - Facilities Integration
    - Auxiliaries
    - Academic Calendar
    - Summer Programs
    - Philanthropic Foundations
    - Student Affairs
    - Associated Students
    - Alumni
    - Faculty Governance
    - Represented Employees Meet-and-Confer Process Initiated

With specific regard to faculty governance, the faculty governance workgroup – comprised of academic senate leaders from both universities – has begun regular meetings. During these meetings, we have facilitated productive discussions as the workgroup identifies pathways – both formal and informal – toward developing the single, unified academic senate that would be created if the integration proposal is approved.

Consultant
After carefully vetting multiple nationally renowned firms with experience in this highly specialized area, we have engaged the firm of Baker Tilly to serve as a consultant, informing, coordinating and guiding the work of the pre-integration workgroups. Should the proposed integration be approved by the board, Baker Tilly would remain engaged to help coordinate the comprehensive and complex implementation process. Baker Tilly has more than five decades of experience serving higher education and has partnered with more than 600 institutions nationwide. The firm is notably acclaimed for the instrumental role it played in service to the Pennsylvania State System of Higher Education which, in 2022, successfully consolidated six existing institutions into two multi-campus universities. Importantly, Baker Tilly is deeply committed to keeping student experience and outcomes at the center of integration strategy, while driving institutional efficiencies.

Continued Cost-Savings Measures at Cal Maritime
In Cal Maritime's ongoing efforts to address its fiscal and operational challenges, travel budgets and all non-essential expenses have been reduced across the campus. Infrastructure upgrades have been paused and the only repairs or upgrades being undertaken are those essential to safety, security and student services. The university has also taken steps to preserve foundation funds for critical expenses.

A hiring freeze has been in place since March 2024. Over the past year, 17 positions have been left vacant and another 14 have been eliminated.

In another effort to contain costs, President Dumont has reduced Cal Maritime's administrative structure based on his assessment that the university was overly administered given its enrollment decline and relatively small size. All vice president positions (4) and all associate vice president positions (6) were eliminated. In sum, all executive positions except for the president have either been eliminated or downgraded with a corresponding reduction in salary. The position of president will be eliminated if the proposed integration is approved.

As noted above, since the announcement of the integration recommendation, the university has seen an increase in retirements and resignations, including the CFO, chief budget analyst, Health Center director and chief medical officer, director of Advancement, Advancement manager and the head of the Cal Maritime Corporation, among multiple others.

To continue providing essential student support services despite the personnel losses, the university has focused on applying limited financial resources to obtain shared services from other campuses. These include human resources support, financial services assistance, website support, enrollment management support, and marketing and communications support. Given their capacity and expertise, as well as the pending recommendation, the president has pursued several shared services arrangements with Cal Poly.

Next Steps and Timeline

In the weeks following the September meeting, we will continue to engage in discussion with this board and with stakeholder groups, in an effort to answer as many questions as possible, and to provide sufficient information for the board to be able to make the binary decision before it in November.

We will also continue the work of the pre-integration workgroups through October, so that we can immediately, strategically and efficiently begin the extremely complex implementation process should approval be granted.

That decision will be made in November, when this board will be asked to take action on the proposed integration at its next meeting.

Should the board grant approval, implementation will begin immediately, with administrative integration taking effect in July 2025, at which point Cal Maritime and Cal Poly will be administered as a single institution.

Finally, in fall 2026, academic and enrollment integration will take effect and enrollment of Cal

Maritime students would occur through Cal Poly.

Why is the Timeline so Critical?
Multiple factors combine to drive the above timeline, and make adherence to it critically important, should the proposed integration be approved.

First, to achieve future enrollment goals, the academic calendar dictates that substantial investments in recruitment and marketing must be launched focusing on high school students who are/will be juniors in fall 2024 and spring 2025. We anticipate that these investments will be covered by the one-time transitional funding noted above.

Curricular development is another time pressure. Campus curricular committees complete their annual curricular processes by mid-spring in order to publish new college catalogs. To modify the curriculum, changes will need to be in process by the end of the fall term.

The universities' accrediting commission – the Western Association of Schools and Colleges Senior College and University Commission – requires a substantive change process that is prescribed as at least nine months.

Also, Cal Maritime has already begun initial planning for its 2025 summer sea term. Because of significant lead times required for trip planning, adjustments to academic programming, foreign country clearances, fuel and port servicing contracts, staffing needs, and financial commitments from the federal government, it is necessary for Cal Maritime to project requirements one to two years in advance. Additionally, with CSU slated to receive the new larger training ship in 2026, we must begin analysis of staffing requirements and curriculum changes to accommodate an increased number of students and faculty for future summer sea terms. This will also require advance consultation with faculty representatives.

Finally, to achieve the enrollment goals necessary to support the new, 600-student Training Ship Golden State arriving in 2026, a turnaround in new student enrollment must begin this fall.

Conclusion

As noted above and in the July 2024 presentation, the justifications for the integration are compelling. It is an imperative to immediately address Cal Maritime's vulnerabilities in order to provide a long-term solution to the institution's unviable and unsustainable fiscal circumstances. Moreover, the integration will benefit the students, faculty and staff of both institutions; synergistically enhance the quality, diversity and sustainability of the CSU's academic programs and services; and improve access and success for an increasingly diverse student body. And more broadly, by preserving the unique and critically important Cal Maritime degree programs leading to a Merchant Marine license issued by the U.S. Coast Guard, the proposed integration will serve the workforce needs of the state of California and the nation's maritime industry while protecting vital U.S. economic and national security interests.

Since July and as described in detail above, the operational and fiscal circumstances at Cal Maritime have grown increasingly dire. A stark reality has emerged: no other feasible strategies exist – the alternative option to the proposed integration is closure of the California State University Maritime Academy. And it must be noted: Closure of Cal Maritime must not be considered a divestment – there will be very significant costs associated with closing such a highly specialized university.

Given these exigencies and the scope and complexity of the proposed integration, we have taken and continue to take all appropriate steps to address considerations and concerns raised by this board and the constituents and stakeholders of both institutions and the communities they serve. We recommend that the board approve this proposal at its November 2024 meeting. And if approval is granted, we will be – we must be – implementation ready.

JOINT COMMITTEE ON EDUCATIONAL POLICY AND FINANCE

Annual Systemwide Report on Hate Incidents on Campus

Presentation By

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Summary

This item provides a required annual report on hate violence incidents reported on California State University campuses pursuant to California Education Code § 67380(a)(5). The statute requires the CSU to report annually the number of reported incidents of criminal and non-criminal hate violence. During the 2023 calendar year, there were 13 reported hate crimes and 3 reported acts of hate violence.

More importantly, the presentation of this item also addresses the detrimental effects of hate incidents that occur beyond those that fit narrow regulatory definitions and how the California State University works to prevent such incidents and respond with care and compassion when they do occur.

Background

The CSU supports a safe educational and working environment that includes compliance with safety laws and regulations including the Jeanne Clery Disclosure of Campus Security and Crime Statistics Act (Clery Act) (20 U.S.C. § 1092(f)) and the federal Violence Against Women Reauthorization Act of 2013 that amends the Clery Act under the Campus Sexual Violence Elimination Act provision (Campus SaVE Act). State laws and regulations include the Higher Education Act (California Education Code § 67380 *et seq.* and § 67390 *et seq*.).

Hate Incidents Reported for Calendar Year 2023

For the year ending December 31, 2023, 13 reported hate crimes and 3 reports of noncriminal hate violence will be published by the California State University according to the specific definitions of the California Education Code §67380(a)(5). The table below includes the number of hate incidents reported over the past three years.

Reported Hate Incidents on CSU Universities

Year Ending December 31	Hate Crimes	Hate Violence
2021	7	0
2022	13	6
2023	13	3

Reporting

These reports are collected from law enforcement and from individuals categorized as Campus Security Authorities, as defined by Section 34 CFR 668.46. Campus Security Authorities are identified by each campus based on their roles and are provided with information about their responsibilities and mechanisms for reporting.

California Penal Code §422.55 defines a hate crime as "*a criminal act committed, in whole or in part, because of one or more of the following actual or perceived characteristics of the victim:*

(1) Disability.
(2) Gender.
(3) Nationality.
(4) Race or ethnicity.
(5) Religion.
(6) Sexual orientation.
(7) Association with a person or group with one or more of these actual or perceived characteristics.

Hate violence for reporting purposes is defined in California Education Code § 67380(c)(1) 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*."

Actions to Prevent and Respond to Hate Incidents

The CSU will maintain and enhance its efforts to prevent hate crimes and hate violence, responding with care and compassion when incidents occur. Our strategy focuses on three key approaches: education and training, support, and communication. Across all 23 CSU universities, various divisions and departments are committed to reducing the incidence and prevalence of hate crimes and violence through their dedicated efforts.

Education and Training
We are mindful of the negative impacts of hate crimes, hate incidents, and violence on our campus climate. Both the campus and systemwide office civil rights teams provide training and outreach to promote equity and inclusion and ensure compliance with the CSU Nondiscrimination Policy that prohibits discrimination, harassment, retaliation, and violence. Residential life and housing operations also provide educational programming designed to combat discrimination, harassment, and retaliation, and promote welcoming communities. Many universities also provide bystander education to help prevent hate violence incidents and crimes. Education and training on inclusivity and effective discourse are key to effective prevention efforts. Campus Senior Diversity Officers play a critical role in building the capacity of campuses to build inclusivity and belonging for students, faculty, and staff.

Support
University multicultural and identity-based student centers, as well as offices of student life, provide ongoing support for students. By supporting and advocating for students these spaces encourage the inclusion of diverse perspectives and experiences in the campus community, enriching the campus culture, and promoting a more inclusive, equitable environment for all students.

Counseling and Psychological Services staff, Senior Diversity Officers, Dean of Students Office representatives, and members of campus-based critical incident response teams coordinate responses to reported hate violence incidents and promote healing, sense-making, and reconciliation after a reported incident has occurred and throughout investigation.

Communication
CSU employees recognize that even the mere perception of a hate crime can have a profoundly detrimental effect on the campus community. In response to reported incidents, they approach the situation with care, compassion, and concern. Discriminatory acts target LGBTQIA+ individuals and communities, manifest as anti-Black violence, and exhibit overt racism toward Asian Americans, Pacific Islanders, and Latinx individuals. Moreover, individuals who are immigrants or undocumented often face unjust targeting. The ongoing violence in Israel and the Gaza Strip has also precipitated troubling confrontations on CSU campuses and across the nation.

In the event of hate violence incidents, CSU universities promptly implement strategic communication initiatives under the guidance of university presidents. These efforts include issuing timely alerts to inform the campus community of incidents, conducting forums or town hall meetings to facilitate dialogue and address concerns, and providing appropriate resources to support affected individuals. Such initiatives aim to enhance awareness, underscore the availability of support services, and reinforce community cohesion.