

BERNADETTE CHEYNE
CSU FACULTY TRUSTEE

REPORT OF THE MEETING OF THE BOARD OF TRUSTEES January 22-23, 2013

[Beginning with the January meeting of the Board of Trustees, the meetings will be live-streamed via internet for those who wish to watch the proceedings as they are occurring, or the audio/video recording can be accessed online for up to 12 months after the meeting. The January meeting is available at the following link: <http://calstate.edu/bot/agendas/jan13/>. In addition, the Board's agenda and attachments are available at that link, which also includes additional links to many of the PowerPoints and other presentations that were made during the various committee meetings. In the past I have included specific links for each of the committee meetings, and attached relevant documents to my report, however you now can access some of them at the URL supplied above. When this is not possible, I will attach the document to my report or make it available upon request. When presentations or documents are available at the URL I will make a note in the text, eg. "see Presentation 1."]

After closed sessions related to Review and Recommendation of Nominees for Honorary Degrees at 10:00 a.m., and the Committee on Collective Bargaining at 10:30 a.m., the open session was called to order by Chair Bob Linscheid at 11:15 a.m. He indicated that this will be the first meeting where video and audio will be streamed live.

Committee on Collective Bargaining – Open Session: Minutes of the November 13, 2012 meeting were approved as submitted.

Discussion Item:

1. Adoption of the California State University's Initial Proposals for FY 2012-2013 Salary and Benefits Contract Reopener Bargaining with the State University Police Association (SUPA-Unit 8) Public Safety, *Action*. AVC Gail Brooks offered background on the item and encouraged approval.

CSU Campuses
Bakersfield
Channel Islands
Chico
Dominguez Hills
East Bay

Fresno
Fullerton
Humboldt
Long Beach
Los Angeles
Maritime Academy

Monterey Bay
Northridge
Pomona
Sacramento
San Bernardino
San Diego

San Francisco
San José
San Luis Obispo
San Marcos
Sonoma
Stanislaus

Public Comment:

- Pat Gantt (President CSUEU): Expressed hope that there will be positive relationships as we move into the new year and new leadership. Expressed concern regarding online initiatives and the importance of there being open communications.
- Alesandra Brewer (VP for Representation CSUEU): Spoke of broken system regarding staff compensation where there have been no raises whatsoever for 6 years. Noted that we are losing our best people and are not competitive in terms of new hires. We need to fix the broken compensation system.
- Mike Geck (VP for Organizing CSUEU): Acknowledged that this is the first meeting of the new year with a new chancellor and President Obama beginning his second term. Quoted from the President's inaugural speech related to the need to address the needs of the middle class and asked that the Chancellor and the CSU address the serious compensation issues facing CSU staff.
- Tessie Reese (Chair, Unit 2 CSUEU): Addressed the agenda item regarding the mental health services for students. Indicated that there is good information in the agenda item, but expressed concern that there is no indication of increase in staff to help manage the students who come to the mental health centers. This is a desperate need and is the first line of defense regarding mental health.
- Rich McGee (Chair, Unit 9 CSUEU): Referenced a recent meeting regarding mandatory reporting of child abuse. Urged the Chancellor to support more statewide policies.
- Lois Kuglemass (CSUEU): He recently spoke to Unit 12 Head Start teachers in San Francisco and noted two significant problems. One had to do with follow-up on workplace violence which needs greater attention. The other relates to the pulling of funding for some Head Start teachers who now have no idea what to expect. Asked that SFSU make a commitment to the program and its teachers in order to maintain its viability.
- John Orr (Chair, Unit 7 CSUEU): Spoke to the significant problem with staff salaries and that some of them are barely above the poverty line. We've reached the point where people can't afford to live. Addressed the Governor specifically and asked him to consider these employees.

M/S/P the agenda item.

Committee on Finance: Minutes of the November 14, 2012 meeting were approved as presented.

Discussion Item:

1. Report on the Support Budget, 2012-2013 and 2013-2014 Fiscal Years, *Information.*

Public comment:

- Pat Gantt (President CSUEU): Noted that for the first time in a number of years we have a favorable budget. Referenced the “monster under the bed:” Prop 30. It’s temporary and will expire. The CSU budget will still exist and the benefits of Prop 30 will disappear. Noted that Governor Schwarzenegger eliminated a vehicle licensing tax that reduced state revenues by \$6 billion, an event that had serious repercussions for the CSU. Urged that we look at long term solutions to fund the Master Plan and the CSU.
- Carol Shubin (CSU Northridge): Wants to figure out how to get everyone on the same page regarding our mission and how to support that mission. Highlighted undergraduate research and its importance to the student educational experience. Expressed her belief that student fee structures should not be tied to propositions or other legislative initiatives. It is up to the Board to handle tuition and fees, which still are very affordable in the CSU.

EVC Quillian spoke to this agenda item and noted that all constituencies are looking for change. Addressed the Governor’s budget and indicated that it is clear that the rules have changed. The situation looks better heading into 2013. The CSU already was slated to receive a \$125 million increase as partial compensation for the \$137 million tuition rollback. The Governor’s budget also provides a \$125.1 increase as well as additional increases over the next four years of 5% in the first two years and 4% in the next two years. The additional money does come with expectations, however, including increasing learning opportunities for students, numbers of students served, and time to graduation. Other significant changes include folding debt service into our budget, which is of concern since debt service fluctuates and the CSU will be responsible for any increases. Another change is health care coverage which the CSU will take responsibility for, including setting health care benefit rates. There also is a proposal regarding super seniors, with the Governor’s proposal that after a certain number of units students will pay the full price of their education. Another change is \$10 million to help support online education which will prove of benefit. Made it clear that the Governor’s proposal is confirming a new pathway that the CSU already is going down.

President King Alexander offered a number of charts (see Presentation 1 Handout) reflecting 2010 data from public universities with 15,000 or more students. The first showed how much institutions spend per student. Ten of the

lowest spending are Cal State institutions. CSUs made equally strong showings in other areas related to In-State Tuition & Fees, Average Student Loan Debt, % of Pell Recipients Among Freshmen, and Education and Related Spending per Degree Completions. Noted that Pell grants are in jeopardy and there is a question as to whether Cal Grants can keep up with the demand. This will prove an ongoing challenge. Governor Brown questioned regarding remediation, and President Alexander responded that this remains a significant challenge. In response to a question from Trustee Mehas, President Alexander noted that there is no university or system in the nation that sets aside as much as 1/3 of its tuition income for student scholarships.

AVC Turnage offered a PowerPoint (see Presentation 1), that provides comparative data regarding CSU funding, including the result of the 4-year plan that has been proposed by the Governor. Noted that a considerable unknown is what might happen in Washington and the impact of that on the state's economy and CSU funding. Also have to consider how debt service amounts will impact projected increases in state funding.

Committee on Institutional Advancement: Minutes of the November 13, 2012 meeting were approved as submitted.

Discussion Item:

1. Approval of the 2011-2012 Annual Report on Philanthropic Support to the California State University, *Action*. VC Garrett Ashley offered the report. He noted that gift amounts have remained relatively stable even during difficult economic times. AVC Lori Redfearn offered additional information, including a slide presentation (copy attached as "2011-12 Philanthropic Support Presentation BOT" and spoken commentary as "IA Philanthropic Support Script Jan 2013"). She noted that during Chancellor Reed's tenure the amount of contributions increased 200 percent from \$339 million to \$1.02 billion. The report contained in the agenda item and the slide presentation offer numerous details, including information on some specific philanthropic programs, both systemwide and on individual campuses.

Committee on Campus Planning, Buildings and Grounds: Minutes of the November 13, 2012 meeting were approved as submitted.

Discussion Items:

1. Status Report on the 2013-2014 State Funded Capital Outlay Program— Governor's Budget, *Information*. AVC Elvyra San Juan offered a PowerPoint presentation (see Presentation 1 and Presentation 1 Handout) that contains more specifics on the State Capital Outlay Program. They currently have a working group in place to assess capital funding needs and to identify alternatives.

2. Approve the Campus Master Plan Revision and Amendment of the 2012-2013 Non-State Funded Capital Outlay Program for the Motel Real Property Acquisition for the California Maritime Academy, *Action*. AVC San Juan presented this item (see Presentation 2 and Presentation 2 Handout). She provided detail on the acquisition and reiterated its importance to the campus in addressing the student housing situation and a number of safety concerns. President Cropper offered additional details that reinforced the issues raised in San Juan’s presentation. M/S/P to approve the acquisition.
3. Approval of Schematic Plans, *Action*: California State University, East Bay—Warren Hall Replacement Building. AVC San Juan presented the item, showing a brief video. President Morishita spoke of the extreme seismic deficiencies of Warren Hall and that the replacement building would allow them to vacate 15 temporary buildings. The main entrance to the East Bay campus would be moved to the North end of the campus. Currently there are no plans to rebuild on the Warren Hall site. M/S/P to approve schematic plans for the replacement building.

Committee on Audit: Minutes of the November 13, 2012 meeting were approved as presented.

Discussion Items:

1. Status Report on Current and Follow-up Internal Audit Assignments, *Information*. University Auditor Larry Mandel offered an updated status report on the 2012 assignments (copy attached as “Audit Status Report as of 1-16-2013”).
2. Assignment of Functions to Be Reviewed by the Office of the University Auditor for Calendar Year 2013, *Action*. Mandel presented this item, which identifies the six highest risk areas to the system that will receive special attention this year:
 - Centers and Institutes
 - International Programs
 - Sensitive Data Security and Protection
 - Hazardous Materials Management
 - Student Health Centers
 - Conflict of Interest

At the same time, an audit will be done on a “High Profile Area,” in this case Sponsored Programs—Post Award; and on a “Core Financial Area,” which will be Credit Cards. Audits also will be performed covering internal compliance/ internal controls of Auxiliary Organizations. M/S/P to accept the assignment of functions with the understanding that Mandel will return at the March meeting with additional information.

3. Report of the Systemwide Audit in Accordance with Generally Accepted Accounting Principles Including the Report to Management, *Information*. EVC Quillian introduced this item. AVC Ashkar offered a PowerPoint with additional details (copy attached as “2011-12 CSU Systemwide Financial Statements Summary”). In response to a question from Trustee Glazer, it was noted that a published audit report had not yet been distributed to the Board which contains considerably more detail. The Board subsequently received a copy of this report which can be accessed at the following URL:
http://www.calstate.edu/SFSR/GAAP/Audited_Financial_Statements/12AudFS.pdf.
4. Single Audit Reports of Federal Funds, *Information*. AVC Ashkar offered a PowerPoint (copy attached as “2011/12 CSU A-133 Single Audit Summary”). The Board also received a published copy of this item that includes considerable detail. It can be accessed at the following URL:
http://www.calstate.edu/SFSR/GAAP/A-133_Single_Audit_Report/12SingleAuditReport.pdf.

In reference to agenda items 3 and 4, Trustee Glazer expressed concern regarding the timeframe within which the Board received this information and requested that whenever possible in the future the information be disseminated prior to the meeting to allow the Board sufficient time to study the material in advance. In response to a question from Trustee Cheyne, AVC Ashkar advised that the financial reports would be placed online several days after the Board meeting so they would be available for public scrutiny.

Joint Meeting Committees on Ed Policy and Finance: Minutes of the meeting of September 19, 2012 were approved as presented.

Discussion Items:

1. Proposed Addition to Title 5, California Code of Regulations, to Describe New Delivery of Educational Services through Cal State Online, *Action*. This item was presented by EVC Smith and President Welty. It was noted that the change to Title 5 has now been revised to allow a more flexible interpretation, including online programs that are not self-support (i.e. state-support programs). M/S/P the Title 5 addition.
2. Proposed Changes to the California State University Student Fee Policy, Related to Cal State Online, *Action*. This Title 5 change also had been amended to reference “Cal State Online” offerings as opposed to “Cal State Online Extended Education offerings.” M/S/P the Title 5 amendment.

[Although not discussed in detail at the meeting, other than the desire for a more flexible interpretation, I offer as an aside that this change likely was a result of wishing

to include Cal State Online in the Governor's proposed \$10 million budget allocation to the CSU for online education, which then would include state-support programs. However, it does raise questions which must be resolved regarding fee structures negotiated with Pearson eCollege and how they might apply to state-support programs offered under the aegis of Cal State Online. The Cal State Online Board will be meeting next month and this will be one of their agenda items.]

Committee on University and Faculty Personnel: Minutes of the November 14, 2012 meeting were approved as presented.

Discussion Item:

1. Recommended Changes to Title 5, California Code of Regulations, Regarding Outside Employment Disclosure Requirements, *Action*. VC Gail Brooks presented this item, which would require the disclosure of outside employment by management and executive employees. M/S/P to approve the Title 5 changes.

Committee on Governmental Relations: Minutes of the November 13, 2012 meeting were approved as submitted.

Discussion Items:

1. Adoption of Trustees' Statement of Legislative Principles, *Action*. VC Ashley presented this item, noting that the CSU will not sponsor any legislation in the upcoming session. AVC Zamarripa then offered an overview of the legislative principles that will guide the positions taken by the CSU in matters pending before the California legislature. She noted that the principles are the same as those adopted two years ago with the exception of the change in date and the separation of items four and five, the first of which preserves the integrity of teacher preparation, and the latter encouraging partnerships with K-12 schools and community organizations. M/S/P to adopt the Statement of Legislative Principles.
2. California State University Federal Agenda for 2013, *Action*. VC Ashley introduced the item. AVC Gelb then offered a PowerPoint (copy attached as "CSU Federal Agenda for 2013") that provided more details regarding the federal agenda, which identifies six areas of priority:
 - Ensure Access through Aid to Students
 - Prepare Students for College
 - Foster Success for California's Diverse Population
 - Train Students for Today's Workforce
 - Solve Problems through Applied Research
 - Promote State and Private Support for Public Universities

M/S/P to approve the CSU Federal Agenda for 2013.

Committee on Committees: Minutes of the November 13, 2012 meeting were approved as presented.

Discussion Item:

Appointment of Trustee to Committee Assignments, *Action*. This item presented an update to the Board's 2012-13 committee assignments given the addition to the Board of Trustee Douglas Faigin, who will join the Committees on Institutional Advancement, Finance, Governmental Relations, and Organization and Rules for the 2012-2013 year. M/S/P to accept the recommendation.

Committee on Educational Policy: Minutes of the November 13, 2012 meeting were approved as submitted.

Public Comment:

- John Halcon (Secretary CFA): Spoke on behalf of the Counselor's Committee of the CFA and offered a response to the Mental Health Services report. Spoke to recent gun tragedies and expressed the belief that appropriate mental health services can help to alleviate these events. Noted that, with the exception of one campus, there are not sufficient mental health counselors now to help students who require such assistance and often there are lengthy waiting periods. Need to provide funding for training of campus police in dealing with mental health issues.
- Steve Teixeira (Secretary, Academic Professionals of California): Had a number of questions related to the Early Start Program and offered a handout specifying same (copy attached as "Early Start Program Request for Information"). Expressed that there is an opportunity for a new level of dialogue. Noted that a number of inquiries have been made of the Chancellor's Office regarding this issue but have received no responses. Requested that some response be provided to the questions and concerns.
- Audrey Dow (Campaign for College Opportunity): Shared the Campaign's support of the Governor's goals for higher education. Expressed particular commitment to SB 1440 and indicated that a number of campuses are lagging in their efforts to implement this initiative. Referenced a report published by the campaign entitled "Meeting Compliance, but Missing the Mark" which was distributed to all Trustees. (This publication can be accessed at the following URL: <http://www.collegecampaign.org/resources/our-publications/>.) Encouraged all campuses to support the SB 1440 initiative and make more concerted efforts at implementation.

Discussion Items:

1. **Systemwide and Campus-wide Student Mental Health Services, *Information.***
EVC Smith introduced this item followed by Associate Director Ray Murillo who presented a PowerPoint (see Presentation 1) which outlined the services that are being offered at CSU campuses. In 2009 a Select Committee on Mental Health Services was formed that in May 2010 issued a report with a number of recommendations. EO 1053 was issued in December 2010 which also addressed funding and there has been an increase in funding for mental health on many campuses. The Student Mental Health Services Advisory Committee was formally established in Fall 2011. They will be conducting a survey to gain a better understanding of the mental health needs in the CSU, including those with mental disabilities. There was discussion of the California Mental Health Services Authority Grant (\$6.9 million) which has three main strategic directions:

- Curriculum development and training
- Peer-to-peer support programs
- Suicide prevention

Chief Law Enforcement Officer Nathan Johnson discussed the ways in which police services are participating in the mental health initiatives, including the creation of crisis intervention teams and officer training. Trustee Cheyne expressed a concern regarding the training of mental health interns and whether it met the standards of the American Psychiatric Association. Director Murillo indicated that all interns must be supervised by a clinical psychologist, both prior to PhD and post-docs. They will continue to monitor to ensure that interns meet appropriate standards, are supervised and compliant with all necessary standards. Trustee Norton questioned whether services offered were either at low cost or no cost to students and was assured that this is the case at all campuses. Trustee Glazer expressed the concern that we currently do not know how we are doing with respect to mental health. President Harrison responded that at Northridge she has been quite impressed with the scope and effectiveness of services available to students there, but recognizes the seriousness of the issue. A number of other questions and issues were discussed related to effectiveness, communication, availability of services, etc.

2. **Update on SB 1440: Student Transfer Achievement Reform Act, *Information.***
EVC Smith introduced the item. AVC Eric Forbes and Nathan Evans offered a PowerPoint (see Presentation 2) which offers updates on the progress of the implementation of SB 1440 and identified some of the benefits to be realized by creating the TMCs and assisting students in facilitating time to graduation. There has been considerable success in creating TMCs, but it is a question of time since

the program is only two years old and they currently are working on the best means of promoting them to potential students. In response to a question from Trustee Glazer regarding how we are doing in implementing this initiative, it was indicated that two years is a limited period in which to make that judgment and more time will be needed to get the message out and evaluate the success of the program. Considerable discussion ensued regarding the particulars of this item, and some of the challenges being faced in successfully implementing this initiative.

3. **Baccalaureate Unit Limits, Title 5 Changes, *Action*.** This item was introduced by EVC Smith with additional information provided by AVC Chris Mallon. A PowerPoint was provided (see Presentation 3). Presidents Richmond (Humboldt), Gonzalez (Sacramento), Alexander (Long Beach) and Qayoumi (San Jose) spoke to the issue, providing rationales for setting unit limits and updates of strategies being used and progress being made on their campuses in addressing the unit issue. Trustee Cheyne argued against the changes to Title 5 and granting the chancellor curricular authority. She stated her agreement with the principles of access, cost and quality, and also noted that the progress identified by the presidents could continue without the proposed changes. She noted that the genesis of the item represented an egregious lack of consultation, first regarding proposals related to upper division GE, and then shifting to 120/180 unit maximums which would involve a change to Title 5 and including the Chancellor's prerogative for making curricular changes. The Chancellor offered highlights of his extensive background in a variety of educational roles and provided his perceptions of the current status of CSU students and degree programs. He acknowledged that the process had been problematic and that going forward this will not be the case. He also indicated that if confronted with a choice regarding program requirements he would consult with disciplinary faculty and others prior to making a decision. He went on to say that he believed that the changes to Title 5 should be passed. After some additional discussion, M/S/P the Title 5 changes with one dissenting vote (Cheyne).
4. **Update on the Early Assessment Program, *Information*.** EVC Smith introduced the item, and AVCs Young and Hirano-Nakanishi made a presentation including a PowerPoint (see Presentation 4). The presentation included a brief background on the genesis of the Early Assessment Program, discussion of the goals of the program, the components of the program, and how the tests determine readiness in English and Math, and the various outcomes depending upon the results of the tests. The presentation offered additional information including graphs of program effectiveness and future initiatives. Superintendent Torlakson noted that there are other state initiatives under way, including Smarter Balance, with

similar goals and supportive of the EAP. A number of Trustees spoke to the effectiveness of the program and the fact that the CSU has served as a pioneer in creating a program of this type.

5. Update on the Early Start Program, *Information*. The item was introduced by EVC Smith, and AVCs Forbes and Mirano-Nakanishi made a presentation including a PowerPoint (see Presentation 5). Background information was provided on the origin of this program. There was a review of the program goals and availability, timelines and the successes/challenges of the program. The presentation also included tables that indicate course completion rates and ongoing strategies.
6. Recommended Amendment to Title 5 Regarding AB 1899, *Information*. Financial Aid Director Dean Kulju presented this item. The proposed new section would bring CSU regulations into compliance with AB 1899, which extends to holders of T and U non-immigrant visas eligibility for in-state tuition fees and state financial aid programs that are available to persons admitted to the U.S. as refugees. This will be an action item on the Board's March agenda.
7. The Commission on the Extended University, *Information*. CSU San Marcos President Karen Haynes presented a video highlighting the CSU's Extended University programs. (Although the agenda shows Presentation 7, the video is only available by watching the audio/video recording of the second day of the meeting at timeframe 3:16:20.) Two students, one in a nursing program and the other in the veteran's extension program, offered testimony regarding the value of the Extended University programs in terms of their accessibility, availability, cost and preparation for obtaining well-paying jobs in the workforce. It was noted that the Extended University is working in partnership and has been a collaborator with Cal State Online. It was pointed out that Extended University is a revenue mechanism whereas Cal State Online is a delivery mechanism.

PLENARY: The plenary was called to order by Chair Linscheid at 11:52 a.m.

Public Comment:

- Lillian Taiz (President CFA): Welcomed Chancellor White. Expressed eagerness for a fresh start and to build enduring relationships that can withstand the challenges. Acknowledged that at times will find ourselves on opposite sides of issues, but share common interests, and hope can work cooperatively to solve problems. CFA committed to providing quality higher education. Ready to work with the Chancellor and urged him to call upon the CFA. Identified two issues to

work together on: protecting the governor's budget, and using the \$10 million online funding from the governor in the most effective and efficient ways. Wishes to work together when it is possible and when it is in the best interests of the CSU.

- Pat Gantt (President CSUEU): Welcomed Chancellor White, and expressed commitment to work together for the best interests of the CSU. Noted Chancellor's re-emphasis that is now about a 50/50 mix of state support and student fees. Believes the state has walked away from higher ed and a commitment to the Master Plan, and now it's time to walk back. Also pointed out that a compensation increase for CSU employees had been ignored by the governor, although a 3% increase had been earmarked for other state workers. Believes there should be more focus on student debt and addressing the difficulties that students have staying in school. These issues should be raised to the Governor and the Legislature, including a focus on being the most efficient higher education system in the world.
- Tessie Reese (Chair, Unit 2 CSUEU): Again addressed mental health. After presentation today, re-emphasized the importance of staff who serve as the first line of defense for troubled students.
- Rich McGee (Chair, Unit 9 CSUEU): Spoke about outsourcing, that it often results in much higher cost, and the effect that it has on staff employment, morale, etc. Cited a specific example at SFSU where work could be done for less than the cost of outsourcing. CSU staff has the skills, knowledge and expertise to do the work and wish to be given the chance to do so.
- John Orr (Chair, Unit 7 CSUEU): Described a case when he was a union steward where an employee was being bullied by another employee. With intervention, the problem was resolved. Noted this is not an isolated incident and that there is a high incidence of bullying in institutions of higher education. Asked that there be a system-wide policy related to bullying, including education to help understand what bullying is and what can be done about it in the workplace.
- Rich Anderson (President UAW 4123): Was pleased to hear about the national rankings regarding student aid and how the CSU stands. He particularly focused on SUGs, indicating that many graduate students would drop out or take on huge debt if these grants were not available to them. He delivered to the Chancellor over 1000 letters from students asking that SUGs be preserved for graduate students. Asked the Board and Chancellor to take SUGs off the chopping block and investigate other means of funding.

Chair's Report: Chair Linscheid thanked the speakers and reported the following:

- Noted that this is the first meeting that will be digitally streamed, and indicated that the proceedings will be archived on the CSU website.
- Welcomed new Trustee Douglas Faigin and Chancellor White. Trustee Faigin thanked everyone for the gracious welcome he has received. Acknowledged the very useful orientation and looks forward to learning more. Noted that his commitment to public education began at UCLA as an undergraduate, and that when he was at UCLA there was no tuition, only an \$80 per semester “incidental” fee. Expressed his concern regarding affordability and that it is of high importance to him. Acknowledged his ex-wife who was a member of the Board many years ago.
- Acknowledged the death of former Trustee Murray Galinson and offered a brief eulogy, condolences, and gratitude for his service. Today’s meeting will be adjourned in honor of Trustee Emeritus Galinson.
- Spoke of the Governor’s proposed budget and expressed his hope that this is the beginning of a turnaround regarding funding for higher education. Also acknowledged the participation of Governor Brown in yesterday’s Board meeting and thanked him for his participation.
- Noted Cal State Online and expressed pride in our work on this important initiative.
- Offered a number of congratulations to Cal Poly SLO and Pomona for their award-winning float in the Rose Bowl Parade. Also congratulations to the SJSU Spartans for their victory in the Military Bowl.
- Announced his nominees for membership on the Committee on Committees: Hauck (Chair), Achtenberg, Farrar, Mehas, Monville.

Chancellor’s Report:

- Thanked the Board for the opportunity to serve in the position of Chancellor of the CSU, and described some of his activities during the first days on the job.
- Spoke to online learning and its many manifestations.
- Regarding the budget, expressed gratitude for the Governor’s budget and what appears to be a more stable budget situation.
- Sees CSU as vital to the future of California and what we do will make a big difference for the state.
- Acknowledged that transitions are inevitable, including two presidential searches, and two investitures. Also noted the retirement of Chris Helwick and the fine work she has done.
- Thanked the presidents, faculty and staff for their work during this transitional period.

Report of the CSU Alumni Council: *President – Guy Heston:*

- There are now 2.8 million CSU alumni who contribute an enormous amount to the California economy. He introduced Chico alumnus Robert Strazzarino who is the founder and CEO of College Scheduler LLC. Mr. Strazzarino discussed his experience at Chico State and the importance of the scholarship funding he received there in helping him to achieve his goals. He spoke of the genesis of his scheduling software, and that now the software serves 48 universities throughout the nation.
- Noted a number of upcoming alumni events, the results of which he will share with the Board in March.
- Welcomed Chancellor White and indicated that that Alumni Council very much looks forward to working with him.

Report of the CSSA: *President – David Allison:*

- Recently had the CSSA Board meeting at Chico State. The Board approved three resolutions, the first having to do with gender inclusivity, the second supporting the appointment of Chancellor White, and the third supporting the Governor's budget proposal for 2013-14.
- In November the CSSA officers traveled to Washington, D.C. to lobby on a number of issues. Thanked President Alexander and others for their support of the delegation.
- Invited the Trustees to attend the upcoming 18th Annual CHESS conference on April 6-8 in Sacramento.

Report of the Academic Senate CSU: *Chair – Diana Guerin:*

- Welcomed Chancellor White and Trustee Faigin and, as a point of personal privilege, recognized her campus President Garcia, and wished her a happy birthday.
- Discussed five resolutions passed at the last ASCSU meeting, providing context on each one:
 - Support for Alternative GE Pathways for Science, Technology, Engineering, Mathematics (STEM) Transfer Students
 - Support for the Continued Inclusion of Upper Division GE Within WASC Accreditation Guidelines
 - Towards an Evidence-Based Culture in Establishing Academic Policies and Initiatives
 - Commendation of Chancellor White's Requesting a 10% Reduction in Salary
 - A Smoke-Free California State University

- Indicated that the ASCSU currently is working with the Chancellor's Office on a website that will recognize faculty who have been identified on each campus as outstanding in the areas of teaching, scholarly and creative activities, and service. The website is scheduled to launch in August of 2013.
- Discussed two systemwide programs, beginning in 1963, which recognized outstanding faculty and provided monetary awards. There no longer are such programs.

At this point Chair Linscheid indicated that it was necessary to move the agenda since a quorum would be lost at 1:00. Chair Guerin indicated that she would forward her full report.

Approval of Minutes of Board of Trustees' Meeting of November 14, 2012: Chair Linscheid asked for approval of the minutes of the November 14, 2012 meeting. M/S/P to approve minutes.

Board of Trustees

1. Conferral of Title of Chancellor Emeritus: Charles B. Reed, *Action*. M/S/P to approve the title conferral.

Committee Reports: The reports and actions of the Board for each of the committees essentially duplicated the information presented above with the exception of the Committee on Educational Policy, Item 3, "Baccalaureate Unit Limits, Proposed Title 5 Changes." Trustee Cheyne proposed an amendment to the change to Title 5, Section 40508, to add the italicized phrase to the final sentence: "In fulfillment of this regulation, the Chancellor, *after consultation with disciplinary faculty and other appropriate individuals*, may require adjustments to program requirements in order to achieve the 120 semester unit maximum. The proposed amendment was seconded by Trustee Glazer. After brief discussion, the amendment passed. M/S/P the amended changes to Title 5 with one no vote (Cheyne).

The meeting was adjourned, in honor of Trustee Emeritus Murray Galinson, at 1:03 p.m.

Status Report on Current and Follow-Up Internal Audit Assignments
(as of 1/16/2013)

	2012 ASSIGNMENTS								
	Aux Orgs	Cost Alloc	Title IX	Data Ctr Ops	Facilities Mgmt	Identity Mgmt/Comm Access	Int'l Prog	Police Services	CSURMA
BAK					AC				
CHI	RW		AC	AC					
CI				AC	AC				
DH	RW			AC				AI	
EB				AC				RW	
FRE		AC						AC	
FUL	AC		AC				AC		
HUM		AC				AI			
LB	AI			AC					
LA			AC				AI		
MA					AC				
MB						AI			
NOR	AI	AC					RW		
POM				AC	AC	RW			
SAC		AC			AC				
SB	AC						RW		
SD			AC			AI		RW	
SF	AC						AC		
SJ			AC		AC				
SLO		AC						RW	
SM			AC			RW			
SON	AC	AC							
STA							AC		
CO									RW
SYS		AC	AI	RW	RW				

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 1/16/2013)

	FOLLOW-UP PAST/CURRENT ASSIGNMENTS										
	Auxiliary Organizations			IT Disaster Recovery		ADA Compliance		Sensitive Data Security/Protection		Academic Personnel	
	●No.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.
BAK	4	16/16	-	4/4	-						
CHI	3										
CI	3	15/15	-	7/7	-	4/4	-				
DH	3			4/4	-						
EB	3	21/21	-	4/4	-					6/6	-
FRE	6	25/25	-								
FUL	4	28/28	-					3/3	-		
HUM	4	25/25	-							4/4	-
LB	3					3/3	-			4/4	-
LA	4	13/13	-	1/1	-	4/4	-	1/1	-		
MA	2	2/4	9	5/5	-						
MB	2	16/16	-	4/4	-						
NOR	5			1/1	-					5/5	-
POM	3	12/12	-	7/7	-						
SAC	6	36/36	-	5/5	-			1/1	-		
SB	3	13/28	4	3/3	-	5/5	-				
SD	4	24/24	-			6/6	-	0/0	-		
SF	5	19/19	-	6/6	-						
SJ	5	46/47	#							4/4	-
SLO	4	12/12	-					2/2	-		
SM	3	13/13	-			4/4	-			4/4	-
SON	4	5/5	-					8/8	-		
STA	4	18/18	-								
CO	2	0/0	-								
SYS				3/3	-	0/3	10	5/5	-	2/3	9

* 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.
 # Represents recommendations that are being held in abeyance pending compliance with new systemwide policies.
 Numbers/letters in green are updates since the agenda mailout.

Status Report on Current and Follow-Up Construction Audit Assignments
(as of 1/16/2013)

	Project No.	Project	Contractor	Construction Cost	Start Date	Comp. Date	Managed By	Current *	Campus Follow-Up		CPDC Follow-Up	
									RECS	*MO.	**RECS	***MO.
2012	CH-207	Student Housing Expansion	Sundt Construction	\$42,389,891	7/16/2008	Nov-10	Campus	AC	4/4	-	1/1	-
	LA-100002	Science Repl. Bldg. Wing B	Bernards Bros.	\$44,649,000	8/11/2008	Jun-11	Campus	AC	4/4	-	1/1	-
	SJ-867	Std. Union Expansion & Ren.	Lathrop Construction	\$65,075,000	10/18/2010	Mar-13	Campus	AC	4/4	-		
	SF-396	J. Paul Leonard/Sutro Library	douglas e. barnhart	\$79,598,425	4/28/2008	Dec-11	Campus	AC	5/5	-		
	SAC-699	Recreation Wellness Center	McCarthy Building Co.	\$46,108,373	10/3/2008	Dec-10	Campus	AI				
	FUL-689	Std. Housing, Phase 3 and 4	PCL Const. Services	\$113,717,000	12/13/2008	Jul-11	Campus	AI				
	LB-614	Peterson Hall 3 Repl. Bldg.	Hunt Construction Group	\$81,049,858	4/1/2008	May-11	Campus	RW				
2013	SLO-757	Recreation Center Expansion	Sundt Construction	\$47,352,337	12/29/2009	Jun-12	Campus	FW				
*FW = Field Work in Progress; RW = Report Writing in Progress; AI = Audit Incomplete (awaiting formal exit conference and/or response); AC = Audit Complete												
**The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.												
***The number of months that recommendations have been outstanding.												

2011/12 CSU Systemwide Financial Statements Summary

George Ashkar
Assistant Vice Chancellor/Controller
Financial Services

Revenues

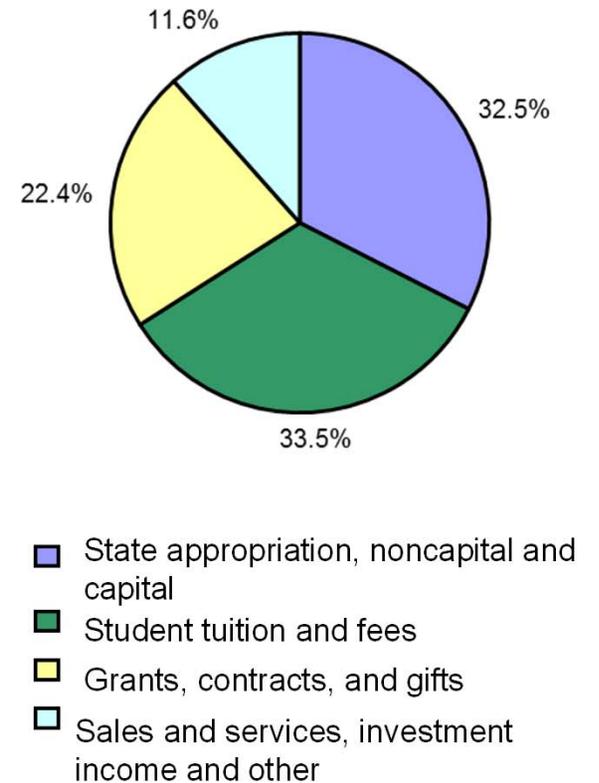
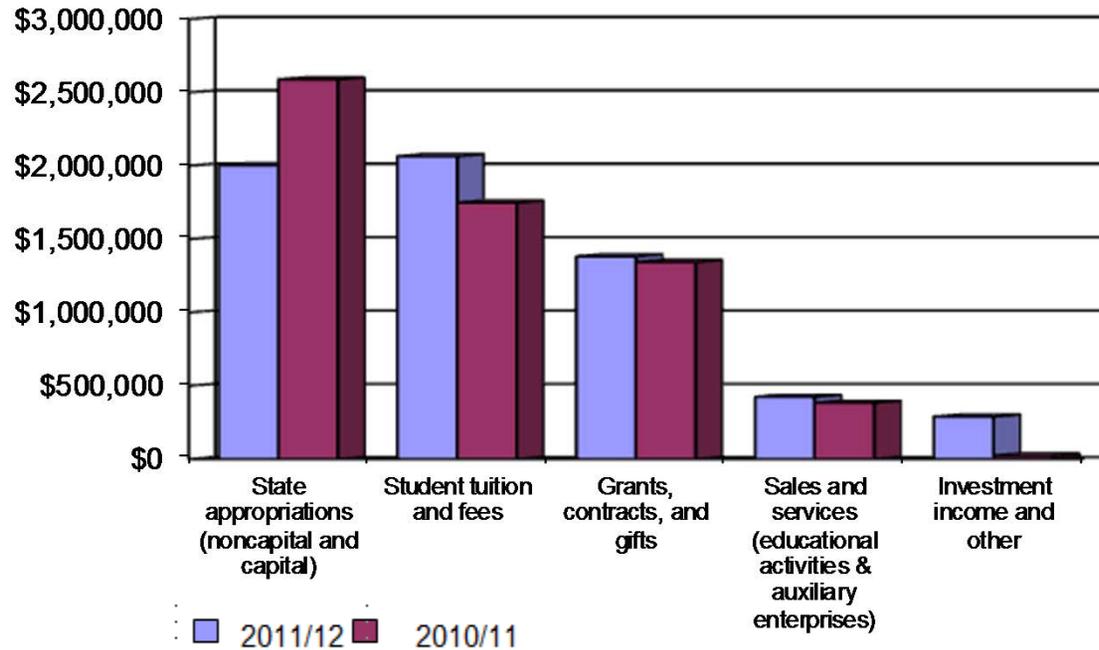
- Total revenues (operating, non-operating, capital and noncapital) for the university were \$6.2 billion in 2011/12. There was no significant change from prior year.

University Revenues by Source

2011/12 vs. 2010/11

2011/12

(In thousands)



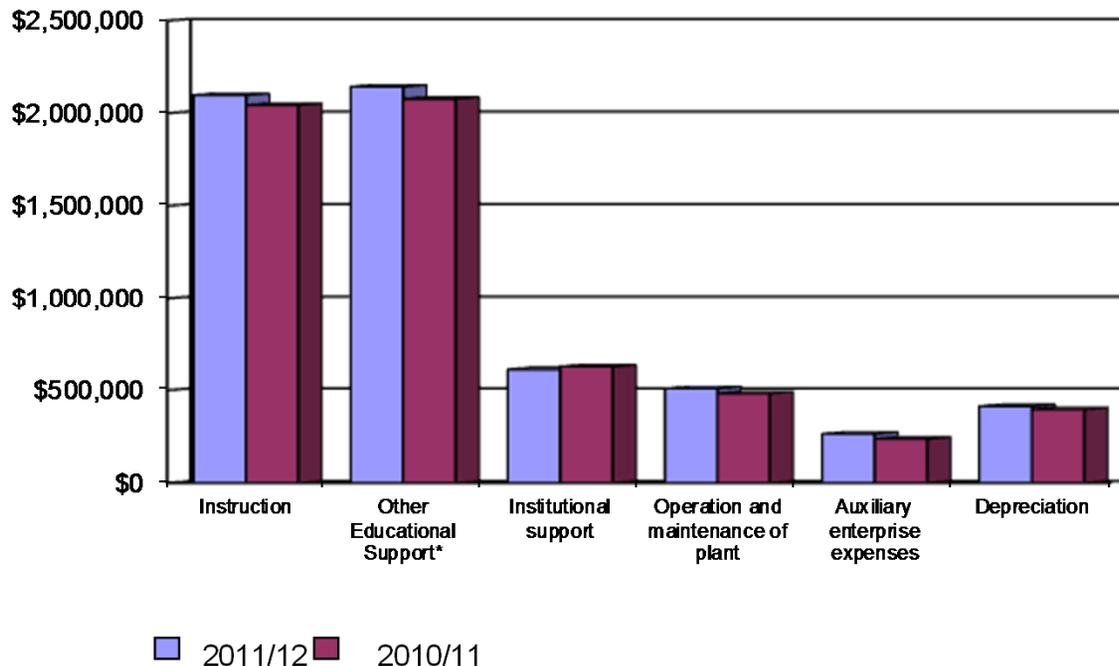
Expenses

- Total operating expenses for the university increased by \$174 million from \$5.9 billion in 2010/11 to \$6.0 billion in 2011/12.
- The main factor was due to student enrollment increase in fiscal year 2011/12 which contributed to a majority of the increase.

Operating Expenses by Program

2011/12 vs. 2010/11

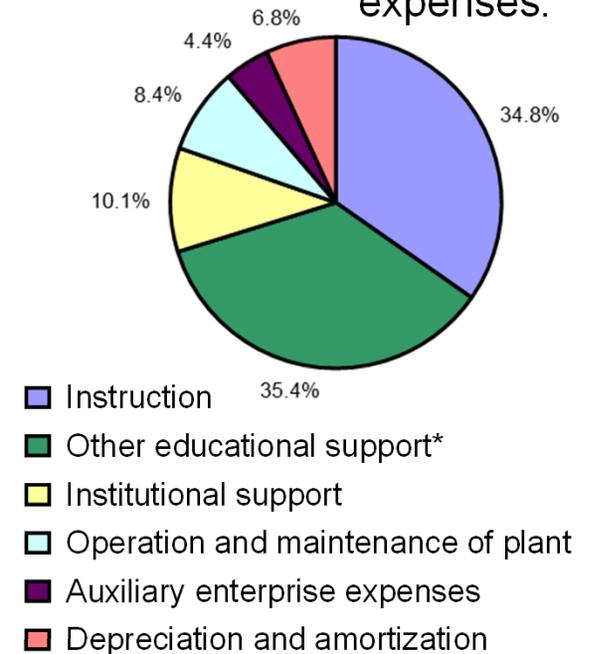
(In thousands)



*Other educational support includes research, public service, academic support, student services, and students grants & scholarships.

2011/12

Instruction and educational support activity account for approximately 70% of the total operating expenses.



Net Assets

- There are no significant changes in total net assets in the current year. Total net assets as of June 30, 2012 were \$5.8 billion.
- The ending balance of the Unrestricted Net Assets reached \$1.9 billion. Most of them are designated for very specific purposes (i.e., enterprise activities, campus-based programs, etc.)

Major Events Since June 30, 2012

- The State Budget Act for 2013 provides CSU with General Fund appropriations of \$2.06 billion, the same level of operating support as in the fiscal year 2012 enacted budget.
- CSU anticipates a \$51.5 million adjustment in University appropriations that was not included in fiscal year 2013 enacted budget to account for fiscal year 2013 retirement cost increases.
- In November 2012, Proposition 30 was passed by voters. As a result, a potential decrease in fiscal year 2013 budget was avoided. However, a roll back of tuition fees for terms beginning Fall 2012 will be required. CSU will refund \$132 million, \$125 million of which will be recovered from the State in fiscal year 2014.

2011/12 CSU A-133 Single Audit Summary

George Ashkar
Assistant Vice Chancellor/Controller,
Financial Services

CSU System Single Audit Done by KPMG

- Every year, CSU System issues a Single Audit report which includes 23 campuses and the Chancellor's Office. The report discloses the findings and questioned costs relating to the following:
 - 1) Financial statements reported in accordance with Government Auditing Standards (GAS)
 - 2) Federal awards in accordance with Office of Management and Budget (OMB) Circular A-133

CSU System Single Audit Done by KPMG (continued)

- **Threshold:** An entity that expends \$500,000 or more in a year in Federal awards is required to issue a single audit report.
- Federal awards recorded by campuses, including financial aid or nonfinancial aid programs (for example, research grants), are audited and disclosed in the System Single Audit report.

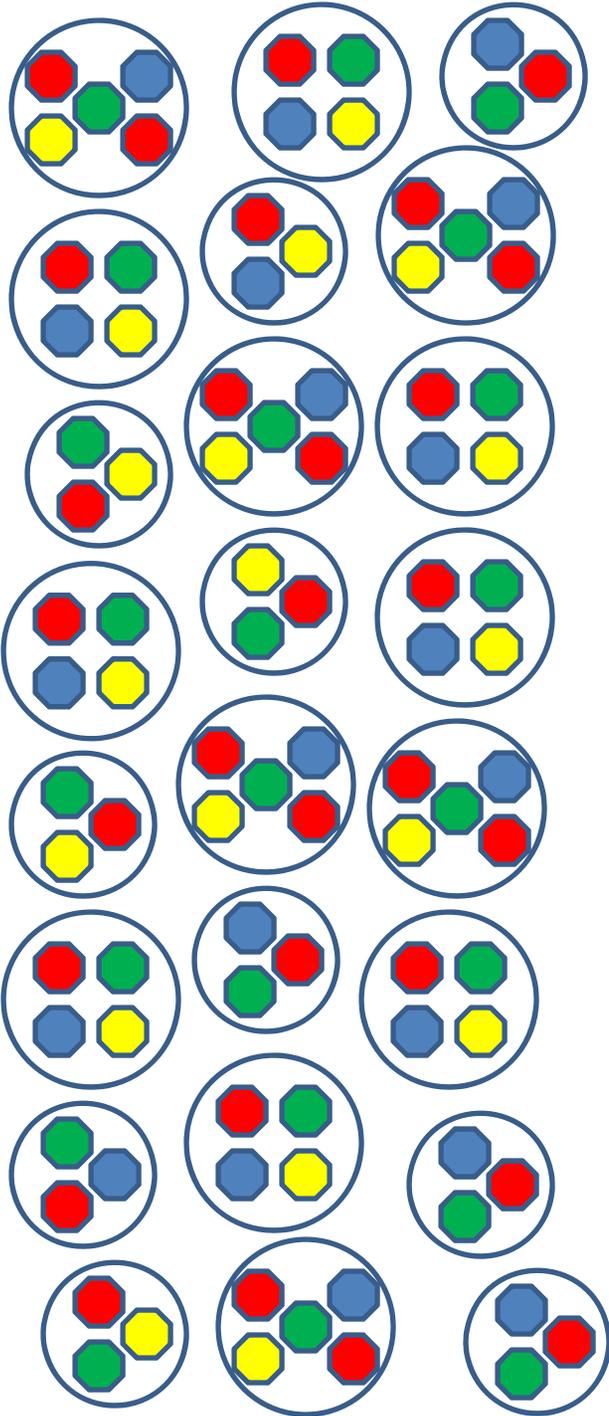
Federal Awards Received

- Total Federal awards received by the University increased by \$123 million from \$2.326 to \$2.449 billion in FY 2011/12.
- The \$123 million increase above was a result of a \$230 million increase in grants and loans of student financial aid programs partly offset by a \$107 million decrease in ARRA funds provided through the State Fiscal Stabilization Fund.

Federal Awards Findings:

- 12-01 related to verification control procedures in the administration of federal financial aid programs

CSU Reporting Entity



- Bakersfield
- Channel Islands
- Chico
- Dominguez Hills
- East Bay
- Fresno
- Fullerton
- Humboldt
- Long Beach

- Los Angeles
- Maritime Academy
- Monterey Bay
- Northridge
- Pomona
- Sacramento
- San Bernardino
- San Diego

- San Francisco
- San Jose
- San Luis Obispo
- San Marcos
- Sonoma
- Stanislaus

- Chancellor's Office
- Risk Management Authority
- Revenue Bonds
- Stockton Center
- Cal State Student Association



**92 Auxiliary Organizations,
 23 Campuses, plus ...**

CSU Federal Agenda for 2013

January 22, 2013

CSU Priorities for 2012

- Ensure Access Through Aid to Students
- Prepare Students for College
- Foster Success for State's Diverse Population
- Train Students for Today's Workforce
- Solve Problems Through Applied Research

CSU Activity in Policy Areas of Interest

- FY 2013 (October 1, 2012 – September 30, 2013)
 - Student Aid (Pell, SEOG, Work-Study)
 - Pipeline Programs (TRIO, GEAR UP)
 - STEM funding (Noyce, LSAMP, PSM)
 - Research and Capacity Building (USDA)

- ESEA Reauthorization (Teacher Preparation)
- Farm Bill Reauthorization (NLGCA, HSACU programs)

Fiscal Year 2013 – Still Unresolved

- FY 2013: October 1, 2012 – September 30, 2013
- 12 Annual Appropriations Measures
- None Completed Thus Far
- Continuing Resolution through March 27
 - “Flat funds” federal programs at prior year levels
 - Subject to revision when finalized
 - Subject to sequestration

A Recipe for Gridlock

- Presidential Election Year
- High Stakes
 - Expiring Tax Laws
 - Approach of Debt Ceiling
 - Deficit Reduction
 - Budget Control Act of 2011
 - Spending Caps through FY 2021
 - Sequestration – automatic cuts January 2, 2013

Post-election: HR 8 (“Fiscal Cliff” Deal)

- Tax provisions
 - Extends American Opportunity Tax Credit for five years
 - Makes permanent student loan interest deduction
 - Maintains deduction for charitable contributions

- Across-the-board spending cuts in FY 13 (sequestration)
 - Delayed implementation from January 2 to March 1
 - Trimmed size of cut
 - Further capped spending for FY 13 and FY 14

Sequestration: Impact on Education in FY 13

- March 1, 2013
 - 6% cut to non-defense discretionary programs
 - \$3 B cut to Education Department budget
 - GEAR UP, TRIO, SEOG, Work-study, HSI, international
 - Pell exempt
 - Similar cuts in many other agencies
 - USDA, NSF, NIH, NASA, SBA, Transportation, etc.
 - Defense discretionary programs face 7.3% cut
 - Estimated cuts to CSU = \$24.5 million

Federal Landscape January 2013

- Obama II
- 113th Congress
 - Democratic Senate
 - Republican House
- Short-term issues
 - Sequestration deadline – March 1
 - FY 13 CR deadline – March 27
 - Debt ceiling deadline – late February/early March

Federal Landscape 2013

- FY 2014: spending caps = all programs at risk
 - Student Aid: Pell in particular jeopardy
- Higher Education Act (HEA) reauthorization
 - Loan Programs, College Costs Scrutiny, Accountability Push
- ESEA reauthorization (“No Child Left Behind”)
- America COMPETES reauthorization
- Immigration reform
- Tax Code reform
- Gun violence
- GI Bill

Revamped California Delegation

Departed Members

- Wally Herger - R (26 years)
- Dan Lungren - R (18 years)
- Lynn Woolsey - D (20 years)
- Pete Stark - D (40 years)
- Dennis Cardoza - D (10 years)
- Elton Gallegly - R (26 years)
- David Dreier - R (32 years)
- Howard Berman - D (30 years)
- Laura Richardson - D (6 years)
- Jerry Lewis - R (34 years)
- Joe Baca - D (14 years)
- Mary Bono Mack - R (16 years)
- Brian Bilbray - R (14 years)
- Bob Filner - D (20 years)

New Members

- Doug LaMalfa – R (Richvale)
- Jared Huffman – D (San Rafael)
- Ami Bera – D (Elk Grove)
- Paul Cook – R (Yucca Valley)
- Eric Swalwell – D (Dublin)
- David Valadao – R (Hanford)
- Julia Brownley – D (Oak Park)
- Tony Cardenas – D (Los Angeles)
- Gloria Negrete McLeod – D (Chino)
- Raul Ruiz – D (Palm Desert)
- Mark Takano – D (Riverside)
- Alan Lowenthal – D (Long Beach)
- Juan C. Vargas – D (San Diego)
- Scott Peters – D (San Diego)

Federal Agenda 2013 Timeline

- September 2012: Chancellor's solicitation of recommendations
- November 2012: Submissions due to OFR
- December 2012: Presidential/Executive review
- January 2013: Board of Trustees Item

Federal Agenda 2013

- No earmark requests
- Policy priorities
 - Statutory authorizations
 - Program funding levels
 - Appropriations bill language

Criteria For Policy Priorities

- Overall impact on system, including fiscal implications, or the extent to which addresses a specific CSU problem or concern
- Particular relevance to CSU or California
- Timeliness and appropriateness of federal venue to address the issue
- Extent to which proposal fits within a balanced, systemwide agenda

Recommendations for 2013

- Ensure Access Through Aid to Students
- Prepare Students for College
- Foster Success for State's Diverse Population
- Train Students for Today's Workforce
- Solve Problems Through Applied Research
- *Promote State and Private Support*

Questions?

CSU The California State University

www.calstate.edu

**Early Start Program – request for information to
CSU Board of Trustees
January 23, 2013**

**Steve Teixeira, Board Secretary
Academic Professionals of California**

To assist everyone's understanding of the progress and performance of mandatory Early Start remediation, I respectfully request that the Chancellor's Office clarify the following:

1. How many remedial students who did not participate in ESP were allowed to attend classes? How many were prohibited from doing so?
2. What was the proportion of Summer 2012 ESP participants who "bumped up" at least one level of remediation (not counting what the posted information calls those in a "strong position")
3. How does the remediation bump up for ESP 2012 compare to the Fall 2011 bump up rate for all remedial math students?
4. How many ESP participants who "bumped up", as some campuses did? After this doubling of their cost for ESP, what was the average cost for those students?
5. What percentage of ESP students using online learning bumped up? What percentage of all those who bumped up in ESP used online learning?
6. Did ESP include any students disenrolled for failing to remediate in the previous academic year? This year, will CSU finally announce the ethnic and gender breakdown of those disenrolled statewide and by campus, as APC has requested for several years?

Board of Trustees Meeting
January 22-23, 2013
Meeting of the
Committee on Institutional Advancement and
Meeting of the Board of Trustees
Script

**Chair Linscheid, Trustee Achtenberg,
and Vice Chancellor Garrett P. Ashley**

Institutional Advancement Committee

1:30 p.m. Tuesday, January 22, 2013

Trustee Achtenberg: On today's agenda we have one consent item and one action item.

- The consent item is the November 13, 2012 minutes.
- If there are no objections, the minutes are approved as submitted.

Trustee Achtenberg: The action item is the 2011-2012 Annual Report on Philanthropic Support to the California State University.

- As required by the Education Code, this report is submitted to the Joint Legislative Budget Committee and the Department of Finance. Vice Chancellor Ashley, would you please present the report.

[POWERPOINT PRESENTATION BEGINS HERE]

[SLIDE # 1 - Title]

Garrett Ashley: Thank you Trustee Achtenberg.

- First let me extend my thanks to the presidents, their campus teams, and our generous donors for achieving two hundred ninety-seven million dollars (\$297 M) in gift commitments. Overall, gift commitments were down fourteen percent (14%), but when you account for the extraordinary forty-two million (\$42 M) commitment to Cal Poly Pomona from the Kellogg Foundation last year, gift commitments were actually relatively consistent.
- Maintaining gift commitments at prior year levels is an achievement considering the economy remains tepid.
- Our donors believe in the potential of the California State University's students. They know investing in our students will pay dividends well into the future because they are helping to develop the future engineers, artists, nurses and scientists who will lead California.

[SLIDE # 2 – Murray Galinson]

- One of those stalwart believers was former Board of Trustees' chair Murray Galinson who gave generously to both the system and our campuses. His legacy of community service lives on with the Murray Galinson scholar. We would like to dedicate today's report in his honor.
- I am going to turn the presentation of the report's data over to Lori Redfearn, Assistant Vice Chancellor, and we will both be available to answer your questions.

Lori Redfearn: Thank you, Vice Chancellor Ashley.

- The full report, which was distributed with the Board of Trustees agenda, is available on the University Advancement website. In addition, there are copies of the data available for those in the audience.

[SLIDE # 3 - Chancellor Charles B. Reed's Tenure]

- First off, I want to highlight the growth of philanthropy during Chancellor Reed's tenure. Up until our most austere budgets, Chancellor Reed supported infrastructure development through an annual million dollar university advancement grant program. He also encouraged efforts to improve endowment management.

[CLICK – Bar charts appears]

- When he started his tenure the aggregated value of CSU's endowments was three hundred thirty nine million dollars (\$339 M) which was the equivalent value of one thousand two hundred and sixty three dollars per student (\$1,263).

[CLICK – More text, second half of bar charts appear]

- Under Chancellor Reed's leadership, CSU endowment market value increased two hundred percent (200%) to over one billion dollars and more than doubled in value per student.

[CLICK – "\$240 Million Average" appears]

- During his nearly fifteen years of service, Chancellor Reed oversaw three point six billion dollars (\$3.6 B) in gift receipts to the CSU—an average of two-hundred forty million dollars (\$240 M) per year. And of that, nearly two-hundred million dollars (\$200 M) was raised for student scholarships.

[SLIDE # 4 - Chancellor Charles B. Reed Scholar, *Photo: Chancellor Reed and the Scholar*]

- After his retirement, Chancellor Reed's philanthropic legacy lives on with the Chancellor Charles B. Reed Endowed Scholarship, which recognizes an exemplary Hearst/CSU Trustees' recipient.
- Anthony Green from Cal Poly Pomona was the inaugural Chancellor Charles B. Reed scholar. In addition to his academic achievements Anthony shares Chancellor Reed's passion for education of underserved communities and volunteers as a career education advisor and mentor for foster youth.

[SLIDE #5 - Gift Commitments, *Bar Chart*]

- As previously mentioned, last year Cal Poly Pomona had a remarkable gift of forty-two million (\$42 M) from the W. K. Kellogg Foundation. [\[CLICK –\]](#)

[SLIDE #6 - Gift Commitments, *Peer Group Bar Chart*]

- When you account for this unusual gift... [\[CLICK\]](#)
- ...gift commitments of two hundred and ninety seven million dollars (\$297 M) were relatively consistent year over year.

[SLIDE #7 - Gift Commitments, *Peer Group Bar Chart*]

- Here the results are represented by campus peer groups, which consider the maturity of the advancement program and the donor capacity. The three indicators of success used to group the campuses are number of donors, endowment market value and number of fundraisers.

- Peer Group 3, the red section, is comprised of Fresno, Long Beach, San Diego, and San Luis Obispo and they collectively accounted for nearly half of all giving to the CSU. These campuses raised an equivalent of 34% of their state general fund allocation significantly out pacing the benchmark of 15%.
- There are eight campuses in Peer Group Two. These campuses raised an equivalent of 13% of their state general fund allocation beating the benchmark of 10%.
- The eleven campuses in Peer Group One have our smallest fundraising programs for a variety of reasons. They include our youngest campuses with the smallest alumni bases and campuses situated in lower income communities. These campuses raised an equivalent of 7% of their state general fund allocation and continue to build their program capacity.

- The CSU tracks giving under two reporting conventions: gift commitments, which represent the activity to acquire a pipeline of support for the university, and gift receipts, which represent assets received in the current year.
- Gift commitments, represented here, include gift assets committed and received in the current year, pledges, and testamentary commitments.

[SLIDE # 8 – Gift Receipts, *Bar Chart*]

- Charitable gift receipts represent the new gifts, pledge payments, and bequests received in the reporting year. These numbers are reported using the CASE national reporting standards and are used for national comparison purposes.
- Gift receipts to the university totaled two-hundred forty million dollars (\$240 M)—no change from last year.

- The 2011-2012 national data has not yet been released, however, preliminary results for public master's institutions shows that there was no year over year growth in giving so our results appear consistent with the national trend.

[SLIDE # 9 - Gift Receipts Compared to S&P 500 – 15 Year History, *Mountain Chart*]

- I have shared in the past that charitable giving is very sensitive to economic market conditions. Here we have a chart of gift receipts to the CSU over the past fifteen years (in red). When I overlay the S&P 500 index (in brown)...

[CLICK – The S&P 500 chart appears over red chart.]

- ... it becomes apparent that there is about a two year lag in terms of the stock market's effect on giving. In addition to impacts on individual discretionary spending, corporations and foundations base their distributions on prior years earnings which may explain the delayed impact.

[Slide # 10 - Individual Giving, *Photo: local philanthropist Darlene Shiley*]

- Among this year's giving highlights was a surprise one point two million dollars (\$1.2 M) gift from local philanthropist Darlene Shiley, center in the photo, at the launch of the CSU Institute for Palliative Care at CSU San Marcos. The Institute is America's first statewide educational and workforce development initiative dedicated to palliative care. Ms. Shiley is pictured with Institute Director Helen McNeal (left) and San Marcos President Karen Haynes (right).
- In addition to support from alumni, the CSU has earned the respect of community philanthropists who see us as a resource for improving quality of life issues.
- In 2011-2012, friends of the university, including parents, gave sixty-seven million dollars (\$67 M), and alumni gave another forty million dollars (\$40 M).

[CLICK – “# of Donors” replaces “Individual Donors”.]

- Over two-hundred twenty-four thousand (224,000) donors supported the CSU this year, which continues a steady year over year increase. (About 74,000 were alumni.)

[Slide # 11 – Organization Giving, Photo: Dairy Science Students]

- Foundations accounted for nearly one third of all gift receipts (sixty-nine point seven million dollars, \$69.7 M). Of these foundation gifts, thirteen were for one million dollars or more. Corporations also showed their generosity giving fifty-one point seven million dollars (\$51.7 M). Other organizations like the United Way and donor advised funds gave eleven point six million dollars (\$11.6 M).
- In this photo, students from the Leprino Foods Dairy Innovation Institute at Cal Poly San Luis Obispo are engaged in hands on learning, the result of a five million dollar (\$5 M) commitment from Leprino Foods Company, the world’s largest producer of mozzarella cheese. In

addition to upgraded facilities, the gift will additionally enhance the Dairy Science program by creating an endowed chair in dairy foods.

[Slide # 12 - Gifts by Purpose, *Photo: Sports Medicine Center*]

- As we look at gifts by purpose, similar to previous years, only three point two percent (3.2%) of current use gifts received were unrestricted, for a total of seven point seven million dollars (\$7.7 M).
- The category of Campus Improvements includes gifts of property and funds designated for the purchase or construction of buildings and equipment, such as the Meyers Family Sports Medicine Center at CSU Fresno pictured here. In 2011-12, Campus Improvements received twenty point eight million dollars (\$20.8 M).

[Slide # 13 – Gifts to Current Program Detail, *Pie Chart*]

- This chart breaks down current program gifts into greater detail. Forty-three million dollars (\$43 M) was invested in

our academic programs. Twenty-seven million dollars (\$27 M) was dedicated to public service programs like community service learning, public television stations and public radio stations. Sixteen million dollars (\$16 M) was dedicated to scholarships for students and fifteen million dollars (\$15 M) supported athletics.

- The “other” category on this chart represents restricted funding that could not be classified under the other categories; for example, child care services, student health programs and outreach activities. These gifts totaled over twenty-six million dollars (\$26 M).

[Slide # 14 – Endowment]

- This pie chart shows the detailed purposes of endowment gifts. Endowments are comprised of thousands of discrete funds that each have their own donor restrictions. Academic programs received the most support at \$23.6 million. These endowments typically enhance applied research, support professional development and help the

university adapt curriculum to address emerging workforce needs. Of the \$14.6 million in endowment received for student scholarships, \$10.5 million was in support of the Osher Community College Transfer scholarships.

- In looking at overall market value, investment returns for this period were slightly down by about one percent (1%), net of fees. Forty-one point seven million dollars (\$41.7 M) was distributed from endowments. The market value remained over one billion dollars (\$1 B) thanks to nearly forty six million dollars (\$45.6 M) in new gifts.

[Slide # 15 - Endowment Asset Range Profile, *Bar / Table*]

- This slide breaks down the varied sizes of endowments at our campuses that range from three point seven million dollars (\$3.7 M) at Maritime to one hundred sixty-eight million dollars (\$168 M) at San Luis Obispo.

- Even though the CSU collectively has over a billion in endowment assets, most campuses have endowments of twenty-five million dollars (\$25 M) or less. The top three campuses share forty-two percent (42%) of total endowment. Those campuses are San Luis Obispo, San Diego, and Fresno.

[Slide # 16 – Endowment Performance, *Table*]

- After two years of investment gains that helped to recover value lost in 2008, the CSU experienced a year of modest losses. Dominguez Hills, Humboldt and San Francisco were the only campuses to post modest gains. These three campuses had less exposure to international equity.

[Slide # 17 – Endowment Performance, *Table Peers*]

- This table compares results by size of endowment to preliminary numbers from the NACUBO Commonfund Endowment Study. The median investment return for the CSU was a loss of one point three four percent

(-1.34%). The median for NACUBO was negative point five percent (-.50%) (SLO is ranked 294 in market value among the 805 participants.)

[Slide # 19 - Website]

- In March, we will share with you the annual productivity report that will compare investments in the advancement program to current performance and future goals. That report will include our cost to raise a dollar.
- The philanthropic report website has been revised this year to focus on the story of our donors' impact, so please visit. The website also includes dashboard graphics and giving highlights for each of the campuses.
- We have invited a special guest this year to express how philanthropy impacted his education. Before we make that introduction may we answer any questions?
- In October 2012, Regena Cole welcomed conservatory students to remember her late husband Bob Cole's

legacy, his love for music and his support of music students at CSU Long Beach's Bob Cole Conservatory of Music's at the dedication of a new Pavilion and Plaza constructed with her generous gift of two million dollars. Four years prior, the Board of Trustees recognized Mr. Cole's sixteen point four million dollar (\$16.4 M) donation by naming the Department of Music as the Bob Cole Conservatory of Music.

- President Alexander would you please introduce our guest.

[Student Rudy ... shares brief remarks.]

Trustee Achtenberg: Rudy, thank you for joining us and sharing your story.

- May I have a motion to approve the 2011-2012 Annual Report of Philanthropic Support?
 - Second? Any discussion?

- All in favor? Opposed?

➤ The resolution is approved.

Chair Linscheid that concludes the business of the
Committee on Institutional Advancement.

**Board of Trustees Meeting
Report of Committees
January 23, 2013**

Trustee Achtenberg: Yesterday the Committee on Institutional Advancement heard one consent item and one action item.

- The action item approved the 2011-2012 Annual Report of Philanthropic Support. On behalf of the committee, I move the resolution.

Trustee Linscheid:

- Any discussion?
- All in favor? Opposed?
- The resolution is approved.

Trustee Achtenberg: Chair Linscheid that concludes the business of the Institutional Advancement Committee.