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## Faculty Trustee Report

### CSU Board of Trustees Meeting – March 20-22, 2023

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Jose Antonio Vargas

Hereby I respectfully submit a summary of the Board of Trustees meeting. My report is largely based on the agenda materials provided to the trustees and to the public, on my personal notes, my memory, and a partial review of the archived livestream of the meeting accessible at [www.calstate.edu/csu-system/board-of-trustees/Pages/agenda.aspx](http://www.calstate.edu/csu-system/board-of-trustees/Pages/agenda.aspx).

I tried my best to accurately reflect the deliberations, and I hope to have quoted correctly and paraphrased in the spirit of the speakers' and presenters' intentions. If you notice any inaccuracy or misrepresentation, please let me know ([Romey.Sabalius@sjsu.edu](mailto:Romey.Sabalius@sjsu.edu)).

The Board of Trustees met at the Chancellor's Office in Long Beach. The public was invited to comment live at the beginning of the meeting (either in person or via audio) or to submit their comments in writing.

In this report, I presume that the topics of the greatest interest to the faculty would be the Reports by Chair Fong and Interim Chancellor Koester (item 3.b), --for a change-- the second half of the Status Report on Audit and Advisory Services (item 4.a), the Transfer Success Pathway Program: Dual Admission to the CSU (item 6.b), and definitely the Report on Mercer's CSU Faculty Compensation Study (item 7.a).

I wish you a smooth conclusion of the academic year, and I look forward to seeing you at the ASCSU May plenary,

Romey Sabalius

San José, CA – April 14, 2023

# Faculty Trustee Report

## CSU Board of Trustees Meeting: March 20-22, 2023

On March 20-22, the meeting of the Board of Trustees of the California State University was held in Long Beach at the Hilton Hotel on Monday and at the Chancellor's Office on Tuesday and Wednesday.

On Monday, March 20 at 9:00 am,

the **Board of Trustees** convened in **Closed Session** on *Executive Personnel Matters*.

After discussing the search for the President at Cal State LA, it was decided to extend the search process "due to candidate withdrawal for personal reasons."

[Several days later, it was announced that Leroy Morishita, formerly President at CSU East Bay, will serve as Interim President until a permanent President will be appointed.]

On Tuesday, March 21 at 8:00 am,

1. the **Board of Trustees** convened in **Closed Session** to discuss *Executive Personnel Matters* and to receive a report on *Pending Litigation* and *Anticipated Litigation*.
2. The **Committee on Collective Bargaining** deliberated in **Closed Session**.  
[Note: According to California Education Code § 66602 (c2) the Faculty Trustee "shall not participate on any subcommittee of the board responsible for collective bargaining negotiations."]

After a lunch break,

3. the **Public Meeting** of the **Board of Trustees** started at 1:00 pm with
  - a. **Public Comment.**

More than 40 speakers provided their input in person or live via audio, and each was given one minute to relay their remarks. Additionally, comments were submitted in writing.

Surprisingly, there were no public comments from the statewide leadership of the California Faculty Association (CFA). However, several representatives of various staff unions (CSUEU, Teamsters, and APC) complained about low salaries, inadequate raises and promotions, and that the recommendations of the Mercer Staff Salary Study are not being implemented, especially the establishing of a salary step system.

Many Athletic Trainers, supported by other staff and students, spoke to demand an improvement in working conditions and better wages.

Another matter that prompted collective protest is the modification of commencement ceremonies at CSU Long Beach, and students demanded the opportunity to "walk and have their names read."

As usual, Students for Equality Education (SQE) demanded the defunding of University Police Departments.

After a brief break, the **Board of Trustees** received the following

**b. Reports**

**Wenda Fong, *Chair of the Board of Trustees***

announced that the search for the President at Cal State LA was extended “due to candidate withdrawal for personal reasons.” Open fora were held in-person and virtually for the presidential search for Chico, Sacramento, and for the Chancellor search. The latter attracted several hundred in-person participants in three locations (Chancellor’s Office, CSU Bakersfield, and SFSU) as well as 1,668 virtual viewers.

Chair Fong thanked the Interim Chancellor and Trustees Aguilar-Cruz, Rodriguez, Simon, and Sabalius for taking part in Advocacy Day in Sacramento, which was held for the first time in person since 2019 and featured over hundred CSU representatives, who engaged legislators in more than 75 meetings. The Interim Chancellor, the Chair, and the Vice Chair [as well as campus Presidents and all ASI Presidents] will attend Hill Day in Washington D.C. in April, “where they will advocate for the CSU’s top federal priorities.”

Chair Fong reported that the Board “commissioned a systemwide assessment of the CSU’s Title IX policies and practices by the nationally acclaimed team of Cozen O’Connor. [...] All campus visits are now completed. [...] Approximately 18,000 individuals responded to the surveys. [...] The firm will prepare a report for each campus.” Campus working groups will be formed with inclusive participation by campus stakeholders. “The working groups will be charged with implementing Cozen O’Connor’s recommendations. And finally, the firm will prepare a systemwide report that we expect to be presented to the Board in May.”

At the occasion of Women’s History Month, Chair Fong pointed out that 12 out of the 23 CSU campuses have female Presidents, which “far surpasses the national average for women Presidents, which is just 30%.” Furthermore, “the CSU has also appointed the first Korean-American woman, the first Armenian-American woman, and the first Japanese-American woman to the role of President of a four-year university in the United States.” Additionally, currently the position of Interim Chancellor, Chair of the Board, Chair of the Academic Senate, and the Executive Vice Chancellor for Academic and Student Affairs are held by women.

[It also should be noted that 11 appointed women and 9 appointed men serve on the Board of Trustees].

**Beth Steffel, *Chair of the Academic Senate CSU (ASCSU)***,

reported that the ASCSU held its first hybrid meeting ever, with about half of the senators meeting in person for the first time since the pandemic.

The ASCSU discussed the methodology and process of the Mercer Faculty Salary Study with Al Liddicoat, who led the work group for the study. They also met with Interim Chancellor Koester, Trustees Fong and Simon, and Executive Vice Chancellor for Academic and Student Affairs Sylvia Alva. “A discussion item and on-going area of mutual concern is

the review and approval of proposed Community College baccalaureate degrees to ensure they do not duplicate existing degrees” in the CSU or UC as prohibited by state law.

Chair Steffel further shared that the ASCSU interviewed prospective Faculty Trustee candidates and voted to nominate Darleen Yee-Melichar and Roney Sabalius for consideration of appointment by the Governor.

The ASCSU deliberated a record of 31 resolutions and passed a total of 16 in second reading, some of which she briefly highlighted. One of the resolutions “supports the Board of Trustee’s resolution recommending, but not requiring that all incoming first-year students complete an additional college preparatory course supporting quantitative, scientific, and data literacy. Data shows that a 4<sup>th</sup> year of quantitative reasoning is correlated with student success and increased degree attainment, even for students not pursuing a STEM degree.”

Another resolution requests compensation for AB928 implementation, because many hundreds of hours have gone and still will have to go into reviewing and approving the Cal-GETC framework for a common transfer pathway to the CSU and the UC for Community College students.

**Krishan Malhotra**, *President of the California State Student Association (CSSA)*, reported that CSSA held three plenary meetings since the last Board of Trustees meeting. “A key topic was the affordability, access, and quality of campus dining services.”

The CSSA continues to explore ways for student participation in policy development work on campuses. In regard to the Chancellor search, students are looking for “an empathetic, compassionate, and proven leader in student success and shared governance.”

President Malhorta shared that later this evening the CSSA will discuss and plans to oppose SB11 that would prohibit campuses from employing telehealth services, which “would endanger the well-being and lives of students.” “We cannot and should not allow members of our CSU community to use students’ mental health as a bargaining chip while chipping away access to lifesaving services” [a rebuff to CFA’s support of this legislation].

President Malhotra is proud that “over 200 CSU students descended on the capital for the annual CHESS conference” (California Higher Education Student Summit) and subsequently participated in legislative advocacy visits.

**José Solache**, *Secretary of the Alumni Council*, provided the report on behalf of Alumni Council President Jeremy Addis-Mills.

He reported that the Alumni Council held its bi-annual meeting two weeks ago at Sacramento State. Its strategic plan “calls for more programming and support to graduates, as they advance in their careers, as well as opportunities for alumni to further support current students on their path to graduation and career development. [...] The professional development portion of the meeting focused mainly on campus partnerships, [...] for example in the areas of] strategic enrollment, recruitment and admission, basic needs initiatives, philanthropy, and career services.”

**Jolene Koester**, *Interim Chancellor*, provided yet another unusually long report (25 minutes). She reported that over the last four months, the projected enrollment deficit of the CSU of 7% was reduced by 1.5%, which amounts to approximately 5,000 additional full-time equivalent students.

She addressed the misconception that achieving a university degree is not worth it anymore. A study by the Public Policy Institute of California (PPIC) confirmed that “college remains a worthy investment. The report notes that in 1990, an employee with a bachelors degree earned 39% more than one with a high school diploma. By 2021, that difference had grown to 62%.” Furthermore, “among California’s recently retired college graduates, one half are millionaires. College graduates also face lower rates of unemployment, fare better during recessions, and are more likely to enjoy the security and stability provided by both health insurance and retirement plans.” What is more, “more than 60% of our students have the full cost of their tuition covered by non-loan aid.” In addition to the education and the social upward mobility, there are a variety of significant personal and societal benefits.

Interim Chancellor Koester expressed her gratitude to the Governor for his intention to fulfill the compact promise that will augment the state allocation to the CSU by 5%. Yet, she is not certain that the compact will hold, in light of the significant financial challenges the state faces this year. Nonetheless, CSU advocacy in Sacramento remains strong and compelling, because with more funding the “CSU stands ready to do more, and we need to do more for our current and future students, for our employees, and for the communities that we serve. [...] First, we must provide competitive salaries and benefits [...]; second, we must continue to expand the work of the Graduation Initiative 2025 with a special and clear focus on eliminating equity gaps; and finally, we must provide safe, modern, and sustainable facilities.”

Finally, Interim Chancellor Koester expressed her dissatisfaction about the duplication of CSU degree programs by Community Colleges, which is neither in the spirit of the California Master Plan for Higher Education, nor in accordance with the law (AB927 from 2021) that authorizes the CCCs to offer baccalaureate degrees. By contrast, Interim Chancellor Koester stated “that if and when the CSU seeks and receives approval for the addition of professional doctoral programs to meet identified workforce and societal needs, the CSU pledges to work transparently and collaboratively with the University of California to avoid the duplication of UC doctoral programs in the spirit of the Master Plan as we have faithfully done with each of the doctoral programs previously approved for the CSU.”

#### 4. The Committee on Audit

- a. received as an information item in consent the Status Report on Audit and Advisory Services Activities.

“This item provides an update on internal audit activities and initiatives. It also includes a status update on the 2022-23 audit plan. Follow-up on current and past assignments is being conducted on approximately 34 completed campus reviews. [...]

For the current year audit plan, assignments were made to execute individual campus audit plans and conduct financial, operational, compliance, and information technology audits; use continuous auditing techniques and data analytics tools; provide advisory services; support intergovernmental audits; and perform investigation reviews, as needed.

Audit and Advisory Services is currently engaged in the annual audit planning/risk assessment process, working with the 23 campuses and Chancellor's Office to identify key risks and evaluate risk priorities before formulating the audit plan for the 2023-2024 fiscal year. Interviews and meetings are being held with over 90 systemwide and campus executives and representatives across all divisions to discuss CSU priorities, challenges, and ways in which Audit and Advisory Services can address risks and provide support. The audit plan will be presented at the May 2023 Board of Trustees meeting. [...]

Audit and Advisory Services continues to make progress on the 2022-23 audit plan. Eighteen audits have been completed and twenty audits are currently in process. Completed audit reports are posted on the California State University website at <https://www2.calstate.edu/csusystem/transparency-accountability/audit-reports>."

"Audit and Advisory Services is periodically called upon to provide investigative reviews, which are often the result of alleged misappropriations or conflicts of interest. Investigations are performed on an ongoing basis, both at the request of an individual campus or the chancellor's office and by referral from the state auditor.

Additionally, Audit and Advisory Services assists with tracking external audits being conducted by state and federal agencies, offers assistance to campuses undergoing such audits, and acts as a liaison for the California State University system throughout the audit process when appropriate. The Joint Legislative Audit Committee (JLAC) held a hearing on June 27, 2022, to consider audit requests from legislators. At the hearing, JLAC approved two audits of the California State University: 1) an audit of California State University's handling of sexual harassment complaints (Title IX); 2) an audit of the California State University's compliance with the Native American Graves Protection and Repatriation Act (NAGPRA).

The California State Auditor (CSA) began both audits in November 2022. For the Title IX audit, the CSA audit team is conducting fieldwork at the Chancellor's Office and three campuses: Fresno, San Jose, and Sonoma. The audit team expects to issue recommendations for the Chancellor's Office and three campuses involved.

A separate CSA audit team is conducting fieldwork at Chico, Sacramento, San Diego, and San Jose as part of the NAGPRA audit. The audit team expects to issue recommendations to the Chancellor's Office and not to the individual campuses.

Both reports are scheduled to be released in June; however, those dates are subject to change. The scope and objectives of both audits are available on the CSA's website (<https://www.auditor.ca.gov/bsa/recent>)."

## 5. The Committee on Institutional Advancement

- a. approved as an action item in consent the *Naming of the Ernest E. Tschannen Hall at CSU Sacramento*.

"The naming recognizes the \$10 million pledge, \$3 million of which will be donated by December 2027. The remaining \$7 million will be received upon Mr. Ernest E. Tschannen's passing. The entire gift from Mr. Tschannen will support the construction costs associated with the Engineering Replacement Building."

- b. approved as an action item the *Naming of the Autodesk Technology Engagement Center at CSU Northridge*.

“The proposed naming of the facility recognizes the cumulative \$7,075,000 gift by software giant Autodesk to construct the facility that will house both academic programs for the College of Engineering and Computer Science as well as CSUN’s Global HSI Equity Innovation Hub programming – hereafter referred to as the “Equity Innovation Hub.” The gift will be used to build, near the heart of the campus, a new, 30,000 square foot facility to both house and broadcast programming designed to accelerate equity through education that inspires and prepares a diverse body of students to become the innovators and creators of the future. The facility will play a significant role with regard to facilitating the exceptional academic programming as well as to act as a physical and virtual convening of campuses throughout the CSU as well as other Hispanic Serving Institutions across the country.”

After a brief break, the Board of Trustees reconvened at 4:00 pm.

## 6. The Committee on Educational Policy

- a. approved as an action item the *Academic Planning*.

“In accordance with California State University (CSU) Board of Trustees policy established in 1963, this item summarizes the CSU academic planning process, including the long-range program planning activity that took place since January 2022. The proposed resolution approves additions and modifications to Campus Academic Plans and the CSU Academic Master Plan.

Six areas of academic planning activity are reported in this item, and a proposed resolution concerning changes to the CSU Academic Master Plan is presented. The academic planning topics include:

1. Changes to academic program projections
  - New degree programs being proposed for addition to the Ten-Year Overview of Planned Programs and to the CSU Academic Master Plan
  - Existing degree program projections that will be removed from the CSU Academic Master Plan and Campus Academic Plans
2. Changes to existing degree programs
  - Degree programs suspending new admissions
  - Discontinuances of existing degree programs
3. Total units required for Bachelor of Arts (BA) and Bachelor of Science (BS) degree programs
4. Summary of WASC Senior College and University Commission (WSCUC) reaffirmation of accreditation visits
5. Externally accredited academic programs
6. CSU degree proposal, review and approval process

Offering traditional and emerging degree programs, the CSU is an engine of social mobility, educating many students who are the first in their families to attend college. The CSU engages in ongoing degree program planning and development that responds to



employment demands and student interest. The CSU awarded more than 129,000 degrees in 2021-22, thereby adding to the millions of CSU alumni who keep California's economy vibrant and growing.

Degree planning is a critical first step in the development of educational programs designed to meet the needs of California's skilled and diverse workforce. The CSU delivers more job-ready graduates into the workforce than any other public or private university in the state. In 2020-21, the CSU awarded nearly half or more of all California baccalaureate degrees in criminal justice, agriculture, public administration, business, and engineering, and over a third of all undergraduate degrees in life science, information technology and nursing.

[...] Across the system, 64 new projections are proposed, 27 at the undergraduate level and 37 at the graduate level. New programs are planned in response to student demand, employer need, faculty interest, and licensure and accreditation requirements.

Campuses have also removed 12 existing program projections from their academic plans for a variety of reasons, including shifting priorities or resources. These projections will therefore not be developed into degree proposals. The number of existing degree programs enrolling new students has also decreased this year, with 25 degree programs having been changed to "suspended admission" status – meaning that additional students will not be admitted to those programs until further notice. Campuses suspend admission to degree programs for a variety of reasons – for example, in response to declining enrollment, the faculty would like to undertake a comprehensive review of the program to bring it up to date. Programs suspended for reasons such as this will likely remove the suspended status after the review and update to the program and begin to admit students once again. Other programs suspend admission due to new certification requirements. Additionally, six degree programs have been "discontinued," meaning the campus will no longer offer the programs after all currently enrolled majors have completed their degree requirements. These actions can occur, for example, when concentrations within a major are elevated into separate degree programs. In all cases, students already matriculated into a degree program are allowed to complete their degrees, even though the program has been discontinued or is not allowing new students to enroll."

In Interim Chancellor Koester's preliminary remarks she stated that "this presentation is not an exercise in administrative box checking. It [...] is the continued evolution of our core educational activities. It shows our universities' and faculty leadership's responsibility to be continually responsive to changing fields of knowledge and to shifting workforce and societal needs. It represents our academic programming's carefully considered adaptation to what is a changing world and a changing set of student demands."

Trustee Arambula asked about the turn-around time, and whether the Board could remove obstacles on the path to the realization of new academic programs. Laura Massa, Interim Associate Vice Chancellor for Academic and Faculty Programs, explained that the proposed programs have to undergo campus review, which typically starts with departmental committees, then goes to college committees, and culminates in the approval by a university committee. With the campus consultations and processes completed, the Board of Trustees typically acts expediently to approve these proposals.



Trustee Rodriguez also would like to see degree completion programs for non-traditional students, who might need more evening or online classes. Sylvia Alva, Executive Vice Chancellor for Academic and Student Affairs, replied that in addition to our traditional state-supported academic programs, there are programs in self-support that can be more tailored to the unique workforce and industry needs. IAVC Massa added that the CSU's "credit for prior learning" options will help non-traditional students with work experience to receive college credit and thereby accelerate their progress to a degree.

In relation to the CSU's current enrollment shortfall, Trustee Gilbert-Lurie expressed her belief that "if we continue to build innovative programs, students will come."

- b. received as an information item a report on the Transfer Success Pathway Program: Dual Admission to the CSU.

"California Community Colleges (CCC) enroll more students than all other colleges in California combined, and they are a primary access point for low-income, first-generation and other historically underrepresented students that are interested in achieving a college degree. It is estimated that in 2019-20 a half-million first-time freshman seeking an associate degree and/or an associate degree to transfer enrolled at one of the 116 CCCs. Although many programs have been established to support transfer students, a large gap between the number of students who aspire to transfer and those who do, still exists. Nineteen percent of students who are interested in transfer do so within four years and 28% do so within six years. Further, differential outcomes in transfer are also an ongoing concern as Latino students represent 51% of students who indicate they seek to transfer but they only represent 35% of those who do so in four years, while African American students represent 7% of students indicating they seek to transfer and 5% transfer within four years.

The CSU admits tens of thousands of California Community College transfer students every year. In the 2020-21 academic year the CSU received over 122,000 applications and admitted over 98,000 transfer applicants, equating to an 80% admission rate with 73% of admitted transfer students electing to enroll at a CSU campus. While these numbers and rates are substantial, this represents a decrease of over 20,000 applicants from the 2019-20 academic year. Strengthening transfer pathways remains an important element of the CSU's larger strategy of expanding access and enrollment by recruiting, supporting and retaining.

As the National Student Clearinghouse data reflects, two-year public institutions in California have experienced a steep decline in enrolled students. In fall 2018, 1,466,792 students were enrolled at California Community Colleges. By fall 2021 this number had declined to 956,198 students, but rebounded slightly in fall 2022 to 974,952.

As with colleges and universities nationwide, the COVID-19 pandemic has dramatically impacted the number of students attending a CCC and thus has reduced the potential CSU transfer population. To provide additional support on the transfer path, the CSU will launch the Transfer Success Pathway program and the CSU Transfer Planner application in summer 2023. The Transfer Success Pathway program, analogous to dual admission, will allow CCC students to enter into an agreement with a specific CSU, receive pre-admission advising and library access along their transfer journey.

This information item provides an overview of transfer pathways, admission requirements, impaction, redirection, an overview of the Transfer Success Pathway program and the new CSU Transfer Planner.”

Trustee Sabalius opined that efforts should be increased to pursue those 30,000+ community college students, who each year [!] apply and are admitted, but who do not enroll in the CSU after all.

Trustee Steinhauser encourages collaboration with the K-12 sector as well, a notion enthusiastically supported by Trustee Arambula, who also expressed his excitement about the newly developed CSU Transfer Planner App. April Grommo, Assistant Vice Chancellor for Strategic Enrollment Management, shared that a similar app already exists for high schools that students can use to track the progress of their eligibility for admittance to the CSU and the UC.

Trustee Lopez pointed to a structural problem with financial aid. If students spend three years in a community college, they only have one year of CalGrant eligibility left. “We have to figure out how we can support those students to the point of their graduation.”

The Board of Trustees adjourned for the day at 5:10 pm. It reconvened on Wednesday, March 22 at 9:00 am.

## **7. The Committee on University and Faculty Personnel**

- a. received as an information item the *Report on Mercer’s CSU Faculty Compensation Study*.

“California State University employs over 29,000 faculty members, whose intellectual, social, and cultural influences benefit our students and help advance the academic mission. The CSU is committed to attracting, developing and retaining talented faculty at our 23 campuses throughout California.

As evidence of that commitment, a work group was established in late 2021 to select a compensation consultant with the capacity and expertise to conduct a comprehensive compensation study and provide input to the consultant throughout the study. The work group included members of the Board of Trustees, Chancellor’s Office, campus leadership, and the California Faculty Association (CFA). In May 2022, Mercer, a leading global human resources firm, was selected to undertake this project.

Mercer conducted a market analysis of base salaries for all CSU faculty ranks and disciplines, including lecturers, coaches, counselors, and librarians. Mercer also studied CSU’s faculty compensation system including job classifications, salary structure, compensation policies, pay practices and mechanisms utilized to advance pay and reward performance of faculty employees.”

Mercer presented an overview of the results and proposed recommendations to the Board of Trustees. In essence, the study showed that CSU tenure and tenure-track faculty is compensated very much in line with its national comparator institutions, with an average CSU salary of \$108,800 compared to the median market salary of \$110,979. The same applies to lecturer compensation (\$65,768), which is very close to the median market salary (\$67,162). However, lecturers A (\$57,373) are slightly below the market median (-3%),

while lecturers D (\$105,495) earn significantly more (+25%), and their average salary is even slightly above that of associate professors (\$104,315). However, there are very few D lecturers in the CSU (under 2% of salary study participants) and only about 10% are C lecturers, who earn on average \$82,690 (13% above the median market salary).

The study further revealed that the pay differential between disciplines in the CSU is narrower than at institutions across the nation, ranging from the average salary of \$99,806 (Communications) to \$137,625 (Business/Management) compared to a national range of \$91,872 (Fine Arts) to \$161,081 (Business/Management).

Furthermore, the average salaries across CSU campuses do not differ much, ranging from just above \$100,000 at Humboldt, Bakersfield, Chico, and Sacramento to between approximately \$115,000 and \$117,000 at San Francisco and San Diego – despite the significant cost-of-living differentials in the urban versus the more rural areas.

The study also found that there are no significant salary discrepancies in the CSU based on gender and race, with female salaries lacking 0.4% behind the wages of their male colleagues, and non-white faculty earning 0.1% less on average.

The recommendations of the Mercer study to improve faculty salaries in the CSU are to

- better align compensation by discipline and geographic location
- provide merit pay and expanded possibilities to advance in the top rank in order to avoid wage stagnation
- provide annual pay increases aligned with movements in market salaries
- improve salary data collection as well as leadership communication and training.

Not surprisingly, these findings generated a lively debate among the trustees. Lieutenant Governor Kounalakis inquired about the percentage of women within the tenure and tenure track as well as the lecturer ranks. Staff from Mercer reported that there is almost parity among t-t faculty, while the number of female lecturers is somewhat higher (approximately 9,000 vs. 7,500). In response to the surprise of the Lieutenant Governor that according to the data there does not appear to be a systemic pay equity issue, Trustee Sabalius explained that the cumulated numbers –while complimentary to the CSU– do not necessarily reflect the lived experience of individual faculty members. There can indeed be quite noticeable pay differences based on when faculty started to work in the CSU (senior professors are relatively disadvantaged due to salary compression), depending on the respective discipline, and also on gender and ethnicity. Over the past decade, the CSU has made a concerted effort to diversify the faculty, and hence a larger proportion of women and faculty of color were hired at relatively high salaries.

Trustee Lopez commented that the CSU competes for faculty of color with other institutions that also aspire to diversify their faculty. Trustee McGrory maintained that the goal should not be to pay CSU faculty at the median market rate, but at the higher 75th percentile rate in order to be competitive.

Trustee Gilbert-Lurie is concerned that 70 to 80% of CSU faculty are dissatisfied with their pay, and “it will not make them feel better to be paid a national average.” She is also

irritated that the University of California and the California Community Colleges were not included in the comparator group, because these are the institutions that the CSU competes with for faculty. “It also is a value judgement when we maintain that we cannot be compared with the UC, because that means that we value research over teaching excellence.”

Trustee Kimbell noted that the CSU not only competes with other educational institutions for employees, but also with the industry, especially in the STEM fields. Trustee Aguilar-Cruz added that many faculty go above and beyond their contractually assigned workload in helping their students, and they do not get compensated for this dedicated work.

Trustee Sabalius cautioned that the mere dollar amount of the faculty salary in a national comparison does not reflect whether the CSU compensation is adequate and fair, because the purchasing power varies immensely from state to state, and California is a state with very high costs of living.

Tony Thurmond, State Superintendent of Public Instruction, stressed that in addition to increased compensation, the state and the CSU should also lobby the legislature for funding of affordable housing for employees.

Several other questions about the methodology of the study were answered by Mercer staff in the course of the discussion. Trustee Sabalius—who served on the Faculty Salary Work Group—further inquired who will own the collected data for additional disaggregation and analysis in the future. The Board was assured that the CSU will own and be in control of the data collected for this study.

Interim Chancellor Koester concluded that the next step will be for the CSU administration and the California Faculty Association (CFA) to bargain in good faith to address the issues identified in the study.

- b. approved as an action item the Recommended Revision of Title 5, [...] Holidays,  
“to include June 19 (Juneteenth) as an officially recognized holiday for the California State University (CSU).”
- c. received as an information item the Recommended Revision of Title 5, [...] Management Personnel Plan, [...] Employment Status,  
“in two non-substantive respects” [language update and removal of unnecessary language].
- d. removed from the agenda the item Executive Compensation: President – CSU Los Angeles due to an extension of the search.

#### 8. The Committee on Governmental Relations

- a. received as an information item the State Legislative Update.

“The State Senate and Assembly’s legislative bill introduction deadline was February 17. In total, 2,632 measures were introduced this year, and the Advocacy and State Relations staff has identified more than 400 bills for further review or monitoring. As bills in each house approach their 30 days in print, policy committee hearings will begin this month and continue through late April. This presentation highlights bills of interest to the CSU community.”

The CSU sponsors two bills:

**AB 656 (McCarty) – California State University: Doctoral Programs**

“This bill would authorize the California State University (CSU) broad authority to establish expanded doctoral offerings that do not duplicate the University of California’s (UC) doctoral programs and address workforce needs in California.”

**AB 840 (Addis) – Tied-House Restriction: Advertising: CSU Campuses**

“This bill creates an exception to tied-house laws that will allow several venues on CSU campuses to enter into sponsorship agreements with alcohol beverage suppliers.”

The CSU currently only supports two bills:

**SB 28 (Glazer),**

which “would place a \$15.5 billion facilities bond on the March 2024 ballot for K-16, that if approved by the voters, would allocate \$2 billion for the CSU,” and

**AB 322 (Mathis),**

which “would require the CSU and the CCC, and requests the UC, to develop and include within first-year student orientation a supplemental module of services and resources available for students who are veterans of the Armed Forces of the United States and members of the California National Guard.”

At the Board meeting in May, it is expected that the CSU will have taken positions on many of the bills that it is currently monitoring.

Trustee Arambula lamented that the legislators ask the CSU to do increasingly more without providing the necessary funds.

Trustee Linares acknowledged the intensive advocacy work that the California State Student Association (CSSA) is engaged in, and she deems it important that “we are putting students in front of legislators to connect students issues” with the proposed legislation.

Nathan Dietrich, Assistant Vice Chancellor for Advocacy and State Relation, thanked the trustees, who participated in the CSU Advocacy Day in March.

## 9. The Committee on Finance

- a. received as an information item in consent the *CSU Annual Debt Report*.

“For the fiscal years ended June 30, 2020, June 30, 2021, and June 30, 2022, operating performance and debt service coverage ratios for the SRB program were as follows (amounts in millions):

	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Operating Revenues	\$5,188	\$4,790	\$5,362
Operating Expenses	1,864	1,622	1,886
Net Revenues	<u>3,324</u>	<u>3,168</u>	<u>3,476</u>
Annual Debt Service	\$423	\$470	\$489*
Debt Service Coverage**	<b>7.86</b>	<b>6.74</b>	<b>7.11</b>

\* For the fiscal year ended June 30, 2022, the amount of annual debt service allocated to tuition was \$141 million and the amount allocated to other fees was \$348 million.

\*\* The minimum benchmark for the system, as established by executive order, is 1.45.”

- b. received as an information item in consent the CSU Quarterly Investment Report.

**“Balances and Allocations as of September 30, 2022**

	<b>Balance</b>	<b>% of CSU Investments</b>	<b>12 Month Returns</b>
Liquidity Portfolio (LP)	\$4.363 billion	60.35%	-2.67%
Intermediate Duration Portfolio (IDP)	\$1.206 billion	16.68%	-12.16%
Total Return Portfolio (TRP)	\$1.433 billion	19.82%	-17.23%
Surplus Money Investment Fund (SMIF)	\$0.228 billion	3.15%	0.58%
<b>CSU Investments</b>	<b>\$7.23 billion</b>	<b>100%</b>	

- c. approved as an action item in consent the CSU Master Investment Policy Revisions.

“As previously reported to the Board of Trustees, California Assembly Bill 2422, which became effective January 1, 2023, provides new investment authorities for the CSU, summarized as follows:

- Allows the CSU to invest up to sixty-five percent of its investments in the TRP (an increase over the previous authorized amount of thirty percent).
- Expands investment options for the CSU to also allow investment, through the TRP, in institutional commingled funds and exchange-traded funds. These new options are in addition to the existing options allowing investment in mutual funds (including equity mutual funds) and real estate investment trusts.

**IAC Recommendation to the Board of Trustees and Other Actions**

At its meeting in January of 2023, the IAC approved an action to recommend a revised California State University Master Investment Policy to the Board of Trustees for approval at this March 2023 meeting. The revised California State University Master Investment Policy as proposed by the IAC [...] includes the following key changes:

1. Changing the Target and Maximum acceptable allocations for the TRP to “57%” and “65%”, respectively, in response to the new legislation now allowing the CSU to invest up to sixty-five percent of its investments in the TRP.
2. Removing outdated references to “Systemwide Investment Fund Trust” or “SWIFT” in reference to the Liquidity Portfolio. This change is strictly a clean-up change and is not in response to the new legislation.”

- d. approved as an action item in consent to Issue Trustees of the CSU, Systemwide Revenue Bonds and Related Debt Instruments for a Project at San Francisco State University.

“This item requests that the California State University Board of Trustees authorize the issuance of long-term Systemwide Revenue Bond (SRB) financing and related debt instruments, [...] in an aggregate amount not-to-exceed \$16,895,000 to provide financing for a campus project: San Francisco State University West Campus Green Student Health Center and Dining Project.”

- e. received as an information item a report on University Cost Reduction Initiatives.

“The table below summarizes the costs savings generated from Fiscal Year 2020 through 2022 by category:

**2020-2022 CSU Cost Savings**  
(in millions)

Category	Cost Savings
Administrative Services	\$138
Shared Services – Finance and Treasury	\$123
Instructional and Student Services	\$42
Information Technology	\$33
Construction Efficiencies	\$12
Energy Purchases	\$4
<b>TOTAL</b>	<b>\$352</b>

**Future Initiatives**

The CSU will continue searching for opportunities to reduce costs, and enhance effectiveness by focusing on:

- Identifying additional opportunities that align with CSU’s procurement strategic plan;
- Continuing to foster relationships with the UC and Community College systems and pursue multi-university opportunities;
- Looking for additional multi-university and shared services opportunities
- Looking for more opportunities to increase revenue through strategic partners
- Broadening the use of process redesign and performance tools to increase value and lower costs; and,
- Successfully implementing the third phase of the CSU's new Procure to Pay (P2P) system which will standardize procurement practices across all universities and drive significant savings and process improvements along the entire P2P process.”

Trustee McGrory thanked the finance staff for their work and the impressive savings, and he encouraged them to continue to leverage the buying power of our system to realize cost savings. Furthermore, he encouraged the CSU to engage in “more corporate sponsorships and corporate partnerships,” which “provide internships and employment for students, offer research opportunities for faculty,” and they “generate a lot of revenue.”

Interim Chancellor Koester affirmed that the President have committed their staff to seek cost reductions through multi-campus cooperation. Trustee Gilbert-Lurie encourages system collaboration not only in the financial realm, but also in educational matters.

- f. received as an information item a report from the Sustainable Financial Model Workgroup.

**“Workgroup Charge**

On July 25, 2022, the Interim Chancellor appointed a Workgroup and charged it to recommend a multi-year strategy to achieve stable and predictable revenues to support the California State University (CSU) mission, maintain affordability for its students, and recognize the differing needs of its 23 universities. In carrying out this charge, the Workgroup determined that a strategy for long-term financial sustainability must consider revenues in the context of projected future costs so that strategies for raising revenues can be realistic in terms of overall budgetary needs. This update describes the progress of the Workgroup in projecting costs and considering strategies to increase revenues to achieve long-term financial sustainability.



### **The Current Budgetary Situation as the Starting Point for this Work**

As a public state university, the CSU has two principal sources of revenue to support its operations: the state general fund and tuition. In fiscal year 2021-22, the CSU operating fund totaled \$8.3 billion in revenues. Of total operating revenues:

- The state general fund contributed \$4.5 billion (55%);
- Tuition and fees totaled \$3.2 billion (39%);
- The remaining \$0.5 billion (6%) was from a variety of sources, including investment income, grants, and other sources including sizable one-time HEERF\* grants.

Over the past five years:

- State support has increased steadily (other than the reduction made in 2020 due to the effect of the pandemic on state resources)\*\* for an increase over 2017-18 of 34 percent;
- Tuition, on the other hand, has not changed since 2017-18\*\*\* and total revenues from tuition and fees have decreased slightly (-1%) since then.
- Total operating revenues (all sources, excluding HEERF) have increased by 18 percent.

\* Higher Education Emergency Relief Funds (HEERF) were federal grants to help address impacts of the pandemic.

\*\* In 2020 the budget was cut by over \$299 million; these funds were more than restored the following year.

\*\*\* Prior to a 4.9% increase in 2017-18, tuition had been unchanged for the previous six years.

Unchanged tuition – a steady and reliable revenue source to the CSU – has increased reliance on growing and more volatile state support. And importantly, inflation since 2017 has raised costs in California by over 22 percent, negating the 18 percent increase in total revenues.

Over this same period of five years, CSU's 23 universities have taken on numerous additional responsibilities through state mandates and priorities, Board actions, and have seen cost pressures build from a variety of fronts. The annual Trustees' budget requests recognize these needs, but total revenues continue to fall short of costs."

Trustee Lopez, who heads the Workgroup, reported that "we realized we do not have actual cost data that we collect systemwide – all we have is expenditure data. So we started out by trying to build a model to estimate and answer what our costs are."

"The model projects costs by building the budget in layers.

1. Determines the cost to keep the doors open at all universities and protect these assets, regardless of enrollment
2. Adds the costs of actual enrollments, and student support
3. Adjusts instruction costs for underfunding of high need, high-cost occupations and faculty support
4. Other costs including debt, maintenance and repair."

Not surprisingly, the Workgroup found that there is a large gap between the costs and the revenues, especially in student support, capital renewal, and academic support. "We are looking at all kinds of revenues [...] but –as you all know– the largest potential source of revenue for the CSU is tuition." Yet, "even increasing our revenues will not ensure our long-term sustainability. [...] How do we guarantee the long-term sustainability of the CSU?

[...] How do we bring in line what we want to do with the revenues we have? [...] We need a financing plan that is ambitious, but realistic, that is dynamic, that continuously examines what we are doing, how we allocate our resources, and how we set our priorities.”

“A gradual and predictable tuition strategy will be a necessary component of a sustainable financial model but not the only component. The university will need to increase its state support, philanthropy, sponsored research funding, and other revenues.

Long-term financial sustainability will not be possible without a re-examination of the CSU’s budget – both revenues and current expenditures. Cost pressures and changing conditions require that old assumptions and practices be examined with a pragmatic sense of what is possible given financial realities. Doing this is beyond the original scope of the Workgroup; however, the Workgroup has identified a need to review the budget process, as well as policies and practices that are used to build the budget, make allocations, and set priorities. The work on the cost modeling will provide useful information to guide future budget decisions.

The Workgroup will report to the Board of Trustees in May so that the Trustees may consider the recommendations as part of the annual budget process. That will be the initial step in addressing the long-term financial sustainability of the CSU. It is the hope of the Workgroup that the final report and recommendations will offer insights and a framework for how the Board and the next Chancellor can establish a vision for the future, a plan to implement it with clear priorities, expected results, and most importantly, how to pay for it.”

An extended discussion among the trustees took place centered on tuition – the only revenue source that is reliable and that the CSU can control. Student Trustees Linares wants the Board to acknowledge “that the students that we will be pushing out are students who are already historically marginalized and that these are the students who will most likely not be able to climb out of poverty.” Student Trustee Aguilar-Cruz asked “whether we are really serving students by asking them for more money.” Instead, she would rather that the CSU rely on stronger advocacy for state funds. Lieutenant Governor Kounalakis “associated herself with these remarks,” especially in times of declining enrollment, which a tuition increase would exasperate. “Empty chairs –with the cost being the same– would not serve our mission well.” Trustee Faigin also questioned the gain of a tuition increase, because if rates go up, but enrollment goes down as a result, then we would end up with the same revenue. Trustee Gilbert-Lurie suggested “to increase the revenue stream from students who are able to pay, but making sure that nobody is not able to attend because they are not.”

In response to Trustee Rodriguez’s concern that we leave “financial aid dollars on the table,” Trustee Lopez agreed that “there are federal and state dollars that we are not fully maximizing.” We need to explore how to “maximize outside revenues from the state or the feds to pay for tuition for some of the students, [...] there is a win-win situation.” She further clarified that the Workgroup currently is in the process of discussing a “tuition policy,” not an increase in tuition, and they are examining various models. “Whatever choices we make, we need to do this with our eyes open and to understand the whole picture.”

After a lunch break, the Board of Trustees reconvened at 1:45 pm

10. The **Committee on Organization and Rules**

- a. approved as an action item the CSU Board of Trustees' Meeting Dates for 2024.

**2024 Meeting Dates**

January 30-31, 2024	Tuesday – Wednesday	Chancellor's Office
March 26-27, 2024	Tuesday – Wednesday	Chancellor's Office
May 21-22, 2024	Tuesday – Wednesday	Chancellor's Office
July 23-24, 2024	Tuesday – Wednesday	Chancellor's Office
Sept. 24-25, 2024	Tuesday – Wednesday	Chancellor's Office
Nov. 19-20, 2024	Tuesday – Wednesday	Chancellor's Office

Michelle Kiss, Associate Vice Chancellor and Chief of Staff to the Board of Trustees, explained that the May meeting dates could not be rescheduled to avoid an overlap with campus commencement ceremonies – a concern that Trustee Sabalius raised when the dates were presented as an information item at the previous Board meeting.

- b. approved as an action item the Proposed Revisions to the Rules Governing the CSU Board of Trustees -- Procedures for Selection of Board Committees.

“This action item proposes modifications to the Rules Governing the CSU Board of Trustees to clarify procedures for making committee appointments. The proposed change would largely maintain existing board rules governing committee appointments, with the addition of the following criteria to be considered by the Committee on Committees in making their recommendations for board and committee leadership (chair and vice-chair) positions:

- Seek board leadership that is comprised of members with diverse perspectives and experiences;
- Seek leaders who have a broad understanding of the CSU system gained from length of service on the board, prior board committee experience, or other personal or professional experience;
- Identify potential chairs and vice chairs who are willing and able to devote sufficient time to prepare for and participate in the conduct of board business;
- Identify potential leaders who have demonstrated respect for differences of opinion and an ability to work toward consensus, and who contribute to constructive discourse among board members;
- Seek leaders who have demonstrated an ability to make decisions independent of influence by stakeholder groups, whether internal or external to the CSU;
- Seek leaders who have demonstrated an understanding of and commitment to the role of the board as a collegial, independent oversight body, while respecting traditions of shared governance, and have been able to work effectively and respectfully with fellow trustees and with the chancellor, vice chancellors, presidents, staff, faculty and students.”

- c. approved as an action item the Program for Board Planning, Goal Setting and Self-Evaluation.

“Regular programs for board planning and self-evaluation are increasingly seen as a best practice for public and private university governing boards. This action item implements a recommendation from the external review of the CSU Board of Trustees that the board adopt a self-evaluation program to be managed by the Committee on Organization and Rules and conducted on a biennial basis.

The goal of the review will be to stimulate honest reflection and dialogue about board performance as a regular element of board business. The Committee on Organization and Rules will be responsible for conducting the reviews, which will be done on a biennial basis beginning in 2025. The reviews will be based on goals for board performance which the committee will set one year prior to the conduct of the review. The performance areas may differ from one review to the next, however each review shall include some process for collecting information from board members about how they see board functions as well as their own satisfaction with their service on the board.”

Relating to the revision of Board policies in general and the improvement of Board performance in particular, Lieutenant Governor Kounalakis complemented the addition of the position of Chief of Staff to the Board [Michelle Kiss], who is solely responsible to the Board and assists with the flow of information and communication.

- d. received as an information item an Evaluation of CSU Policies for Presidential Performance Reviews.

“This information item presents the results of an evaluation of CSU presidential review policies conducted by Dr. Terry McTaggart, a consultant with the Association of Governing Boards of Universities and Colleges (AGB) and a national expert on the topic. Board members requested this comprehensive review to better understand how CSU presidential performance review policies compare to current practices among other systems and institutions nationally, and to identify possible recommendations that might be considered for the CSU. [...]

The report discusses the role of the board in presidential reviews, hallmarks of effective assessments, national trends affecting presidential performance reviews, and recommendations for possible improvements. Dr. McTaggart concludes that the CSU approach reflects widely accepted best practice, and is particularly noteworthy for the depth of board involvement in the process. He also finds that across the country, and in the CSU, expectations for public accountability for presidential performance mean that the performance evaluation process may no longer be sufficient to provide both the board and the presidents with the constructive and actionable feedback they need to be most successful. He recommends that the board commission a small working group of presidents, staff and some trustees, to confirm core principles to guide performance reviews, and to consider changes to strengthen professional support and leadership development for presidents.”

Dr. McTaggart identified the regular review of presidential performance by the Board and the Chancellor –which is unique in the nation– as a great plus in the CSU. He also

complimented that the reforms that the Board has undertaken during the past year of crisis were done in consultation and collaboration with the administration, which is preferable to the Board taking over the process or –on the contrary– to just stay out of the reform process and leave the needed transformation to the system office.

In talking to the Presidents, Dr. McTaggart also found out that the campus leaders informally support each other with mentoring and consultation, and he suggests that the Board or the Chancellor's Office should formalize this practice.

Trustee Kimbell believes that the CSU can do a better job in on-boarding new Presidents, especially when they come from outside of our system.

Trustee Firstenberg thinks that “the Board meetings could benefit much more from the involvement of the 23 Presidents, who are with us day in and day out.”

Interim Chancellor Koester –who has the authority to adopt the recommendations and changes– asked for “a little bit more time internally to try to understand how to move forward with the various steps that we have under consideration.”

At 2:45 pm, Chair Fong called the full **Board of Trustees Meeting** to order.

Chair Fong removed from the consent agenda the item Executive Compensation: President – CSU Los Angeles due to an extension of the search.

Subsequently, **the Board of Trustees**

- a. approved as an action item in consent the Appointment of Five Members to the Committee on Committees for 2023-2024.

“The following trustees are appointed to constitute the Board's Committee on Committees for the 2023-2024 term:

Jean Firstenberg, Chair  
Lillian Kimbell, Vice Chair  
Jack Clarke  
Julia Lopez  
Christopher Steinhauser”

- b. approved as an action item in consent all other previously passed Committee Resolutions.

The **Public Meeting** of the **Board of Trustees** was adjourned on March 22, at 2:50 pm.

---- *The next regular meeting of the Board of Trustees will be on May 21-24, 2023* ----