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Faculty Trustee Report

CSU Board of Trustees Meeting – May 21-24, 2023

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/csusystem/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).

The Board of Trustees met at the Hilton Hotel and 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 presentation of the CSU's Professional *and Continuing Education (PaCE)* (item 6.a), the *Report on CSU Systemwide Title IX and DHR Assessment by Cozen O'Connor* (item 7.e), and –as usual– the *2023-2024 Operating Budget Update* (item 8.c), as well as the report from the *Sustainable Financial Model Workgroup* (item 8.d).

I wish you a productive and/or relaxing summer,

Romey Sabalius

Maribor, Slovenia – June 29, 2023

Faculty Trustee Report

CSU Board of Trustees Meeting: May 21-24, 2023

On May 21-22, the meeting of the Board of Trustees of the California State University was held in **Closed Session** in Long Beach at the Hilton Hotel to select the Presidents for Chico State and Sacramento State (see item 7.b+c).

On May 23-24, the meeting of the Board of Trustees of the California State University was held in Long Beach at the Chancellor's Office.

On Tuesday, May 23 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."]

At 12:30 pm,

3. the **Public Meeting** of the **Board of Trustees** started with
 - a. **Public Comment.**

More than 70 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.

The vast majority of speakers were representatives of staff (CSUEU, Teamsters), student (UAW), and faculty unions (CFA) who criticized low salaries, inadequate raises and promotions, the lag of a salary step system, and excessive workload. The staff unions bemoaned an increasing attrition of employees because CSU salaries are not competitive, and CFA announced that it will demand a 12% salary increase during the upcoming collective bargaining negotiations as well as better benefits, especially longer parental leave.

Several members of Cal Poly San Luis Obispo protested against the presence of a Chick-fil-A food provider on campus, because of the owners' support for organizations that are deemed anti-LGBT. In addition, a number of students expressed their concern that former Chancellor Castro exercised his retreat rights and is now teaching at SLO.

Vincent Rasso, State and Student Affairs Manager for the Campaign for College Opportunity, thanked the CSU leadership and in particular the Academic Senate for

its work on establishing a singular general education pathway for transfer from the California Community Colleges to both the CSU and the UC. He also congratulated the CSU's Class of 2023 and especially both Student Trustees Maria Linares and Diana Aguilar-Cruz, who graduate with a Master and a B.A. degree respectively.

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

b. **Reports**

Wenda Fong, *Chair of the Board of Trustees*

welcomed newly appointed Trustees Raji Kaur Brar and Mark Ghilarducci, and she expressed the CSU's gratitude to retiring Presidents Gayle Hutchinson (Chico) and Thomas Cropper (Maritime Academy).

She announced that the central office of the new Asian American, Native Hawaiian, Pacific Islander Student Achievement Program will be housed at Sacramento State.

Chair Fong lauded efforts by campuses to offer immersive learning and hands-on research opportunities for students in collaboration with faculty. As a result, four more CSU campuses (East Bay, Fresno, Fullerton, and San Bernardino) have achieved Carnegie R2 designation for high research activity, joining Long Beach, San Diego, and San Francisco State, that already hold that recognition.

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

reported that the ASCSU met with representatives of the Cozen O'Connor team, that conducts the systemwide Title IX and DHR assessment. She relayed that among faculty "there is deep and broad concern about whether change will really happen and whether things will improve."

She announced that ICAS (Intersegmental Committee of Academic Senates) approved the singular lower-division general education pathway for transfer from California Community Colleges to the CSU and the UC as required by Assembly Bill 928.

The ASCSU passed 19 resolutions at its last plenary meeting, and Chair Steffel highlighted resolutions that express the Academic Senate's concern about duplication of baccalaureate degree programs in the California Community Colleges with those offered by the CSU, that request an independent review of the Mercer Faculty Salary Study and calls for its publication, and that support the CSU's joining of NC-SARA (National Council for State Authorization Reciprocity Agreements) as the last state in the United States.

Lastly, she shared the election results for the new ASCSU Executive Committee: Beth Steffel (Chair), Elisabeth "Betsy" Boyd (Vice Chair), Adam Swenson (Secretary), Thomas Norman and Gwen Urey (members at large).

Krishan Malhotra, *President of the California State Student Association (CSSA)*, reported that during CSSA's last two plenaries, they passed recommendations on "productive ways to engage students in campus policy development" and how to "enhance student feedback on the service delivery of campus dining services." They "continue to advocate for student-centered legislation that promotes an accessible, affordable, and high-quality education in the CSU."

During their May plenary, CSSA also discussed the implementation of the recommendations of the systemwide Cozen O'Connor Title IX and DHR assessment as well as the recommendation of the Sustainable Financial Model Workgroup. These two issues will be priorities for CSSA in the next academic year, and they want to assure that "students are consulted, heard, and intentionally engaged."

Jeremy Addis-Mills, *President of the CSU Alumni Council*, shared that a Special Committee on Mentorship was formed to explore "how Alumni can best serve as a resource. [...] The Special Committee is in the process of concluding its work and the Executive Committee of the Alumni Council will receive a complete report of the findings in the coming months. [...] Engagement between students and alumni is not a siloed endeavor. It requires collaboration and partnerships with many institutional departments throughout the system."

Jolene Koester, *Interim Chancellor*, announced that the CSU will work on improving their many leadership transitions, which should be approached "in a much more structured, intentional, and comprehensive manner." A CSU Presidential Transition Program [provisional name] will be established to advise in-coming and recently hired Presidents. Additionally, the Audit Division of the Chancellor's Office will coordinate "an operational review of key university-level initiatives, issues, challenges, and opportunities [...] with a focus on key business processes and initiatives."

It is also planned to bring in external consultants "to work with the in-coming President to assess the university's management and leadership teams as well as their strategic goals and priorities." "We are going to do a much more comprehensive and organized, formalized system-level orientation. [...] We need to move beyond tacit orientation to the California State University through the interpersonal relationships of the Presidents and the Vice Chancellors to something that is more structured and more available."

"Finally, we are going to structure a conversation between the out-going President and the in-coming President to discuss campus-specific issues, challenges, strategic priorities, and partnerships."

On another topic, the Interim Chancellor expressed her gratitude to the Governor for honoring the terms of the compact in his May budget revision.

Furthermore, Interim Chancellor Koester reported on the efforts of the many Chancellor Strategic Workgroups, whose reports and recommendations will be presented during this and future Board meetings.

In closing, Interim Chancellor Koester acknowledged the prevailing skepticism, yet she reiterated the CSU's commitment to implement the recommendations of the systemwide Title IX and DHR assessment.

4. The **Committee on Collective Bargaining**

- a. adopted as an action item in consent the *Initial Proposals for a Successor Collective Bargaining Agreement with Bargaining Unit 11, United Auto Workers, Local 4123 (UAW)*.

[The United Auto Workers union represents academic student employees in the CSU]

5. The **Committee on Institutional Advancement**

- a. approved as an action item the *Naming of Landmark Hall at CSU Fullerton*.

"This item will consider naming the planned Center for Leadership building at California State University, Fullerton as Landmark Hall for a term of 25 years. [...]

The proposed naming recognizes the gifts of Mr. Terry Giles '70 and Landmark Worldwide Corporation, of which Mr. Giles is chairman emeritus, to support the construction of the Center for Leadership building at Cal State Fullerton. The cumulative giving of \$9,100,000 toward this project includes a \$1,000,000 personal pledge by Mr. Giles, an additional \$2,000,000 directly from Landmark Worldwide, and an additional \$6,100,000 from Landmark licensees. The total giving to Cal State Fullerton from Terry and his wife Kalli exceeds \$4,000,000.

The proposed naming recognizes the significant contributions of Mr. Terry Giles '70 and Landmark Worldwide Corporation. Landmark Worldwide is a company headquartered in San Francisco that offers personal-development programs. Landmark Education started in 1991 with the licensing right to use intellectual property owned by Werner Erhard."

- b. approved as an action item the *Naming of the Philip and Christina Bailey College of Science and Mathematics at Cal Poly San Luis Obispo*.

"This item will consider the naming of the College of Science and Mathematics at California Polytechnic State University, San Luis Obispo as the Philip and Christina Bailey College of Science and Mathematics. [...]

The Philip and Christina Bailey College of Science and Mathematics honors and recognizes Drs. Philip and Christina Bailey, longtime, dedicated faculty, critical volunteers and stalwart supporters of students, Cal Poly and the College of Science and Mathematics (CSM). [...]

It is the desire of William and Linda Frost that their gift recognizes the legacy of Drs. Philip and Christina Bailey."

6. The **Committee on Educational Policy**

- a. received as an information item a report on the *Professional and Continuing Education (PaCE)* in the CSU.

“As higher education adapts to support the diverse needs of adult learners, Professional and Continuing Education (PaCE) plays a vital role in increasing pathways and access to the California State University (CSU). It does so by designing programs that ‘meet students where they are,’ providing degrees that align with adult learners seeking alternative pathways through higher education today. Specifically, PaCE offers degree and non-degree programs, certificates, credentials and other professional development opportunities that extend the university’s reach to students who traditionally have been unable to pursue state-supported degree programs.

Leveraging its flexible models of learning, including online programs, PaCE meets the needs of working professionals while addressing the state’s growing workforce demands through innovative partnerships with regional employers. These programs also help the CSU position itself in a growing marketplace of fully online programs for adult learners. In a 2022 report by management consulting firm McKinsey & Company, it is noted that between 2019 and 2020 the four largest online educational providers grew by 11% compared to an overall decline of 3% for all degree programs in the U.S.

As the CSU implements strategic and tactical actions to expand state-supported enrollment access, improve student continuation patterns and increase new student yield, PaCE provides a complementary opportunity to serve other prospective student populations and meet emerging workforce needs. Based on projected market demand, PaCE could grow from its current enrollment of 17,000 students to potentially 100,000 students annually. This growth, however, is dependent on the removal of key administrative and statutory barriers.

In 1971 the Continuing Education Reserve Fund (CERF) Act required each university within the CSU system to create extended education units to meet the emerging needs of a changing workforce featuring academic flexibility and supplementary delivery methods. Between 2010- 2014, PaCE awarded approximately 50,000 professional development certificates in areas such as business, information technology, health care and trade and transportation. Today PaCE offers 200 degree programs and more than 150 professional certificates with an enrollment that culminated in more than 17,000 students in 2021. Of those students, nearly 11,000 were served by only eight universities. [...]

Unlike CSU state-supported degree programs, PaCE does not depend on state general fund appropriations. Instead, PaCE collects student fees for degree programs as well as revenue from contracts with businesses and organizations for customized trainings. These funds meet the cost of maintaining PaCE’s operations,

and any additional revenue that exceeds the cost of operations are reinvested in program development and other key aspects of student support. PaCE fees are regulated by Executive Order 1102 and Education Code sections 89704 and 89708. Given its self-support model, PaCE enrollment is not considered in overall CSU FTE enrollment goals currently articulated in the Governor's Budget Compact. PaCE offerings cannot supplant existing CSU degree programs; instead, they serve to fill in gaps that are not currently addressed by state-supported offerings. [...]

PaCE also serves youth, traditional and non-traditional students, those seeking ongoing professional development and upskilling, and retirees and encore career seekers.

Governor Gavin Newsom has set the goal that at least 70% of all Californians will hold a bachelor's degree or certificate by the year 2030. To effectively meet that objective, California would need 1.5 million more adults with advanced education credentials. Yet currently the nation is experiencing historic labor shortages. Prior to the pandemic, the U.S. faced a forecasted talent deficit of six million people by the end of the decade. Following the pandemic, that deficit trend has accelerated—resulting in a record 11 million job openings nationwide. It is also estimated that more than five million workers remain unemployed due to a mismatch of skills. What's more, an estimated 39 million adults nationwide who had enrolled in college but left before completing their degree [sic]. And California tops the nation with nearly 6.4 million adults who began college but left without a degree.

As the landscape of the traditional four-year degree model changes, PaCE is well positioned to help the CSU expand its reach by providing additional offerings for the adult learner. Currently the system, through both state-supported and self-support instruction, educates nearly 500,000 students per year, graduating more than 100,000 on an annual basis. PaCE has the potential to add an additional 100,000 students through its self-supported model. As a result, a more fully integrated PaCE in the CSU's strategic enrollment efforts could ensure that it is well positioned to serve as a leading force in economic and workforce development regionally and statewide. While PaCE enrollment does not contribute toward meeting state-support enrollment targets set in the state's annual budget, it does provide a complementary opportunity to meet unique educational and workforce needs in California and beyond. What's more, inclusion of PaCE enrollment in the CSU's Graduation Initiative 2025 goals could help better illustrate how the system is supporting students in completing their degrees.

Another opportunity is to remove restrictive administrative and statutory barriers that have impeded PaCE's growth historically. Potential incorporation into the CSU's legislative agenda could address reviewing and making recommendations to amend legal restrictions which limit PaCE's ability to support out-of-state students due to current National Council for State Authorization Reciprocity Agreements (NC-SARA).

California is the only state that is not a member of NC-SARA, resulting in additional costs and administrative steps for each university seeking to help Californians who moved out-of-state complete their CSU degree program.

Additional barriers that could be addressed either through statutory or institutional policy changes include concerns regarding supplanting, financial flexibility in the use of PaCE revenue, human resource capacity and student enrollment restrictions. For example, the CSU could address Educational Code §89704 in order to create more options for the use of self-support funds to meet the system's missions. The CSU could also review and reconsider practices governed by CCR §40202 and CSU Executive Order 1099 to allow more nimble and responsive approaches to addressing students' diverse educational needs. Other possible areas to explore is enacting regulations through a Title 5 amendment that would permit universities to provide program-specific pricing for partner organizations and student groups (e.g., active-duty military students) at discounted rates (e.g., without having to provide scholarships to cover those cost differences).

Higher education has evolved toward more flexible models of learning, leveraging technologies and new pedagogical practices to attract and retain students not served by more traditional enrollment approaches. As noted in the McKinsey & Company's 2022 report on online education, '...new offerings are blurring the lines between degree and nondegree learning, creating a new category of educational competitors.' As the CSU invests in increasing state-funded enrollment opportunities, PaCE offers the potential for the CSU to respond to market changes and needs and scale offerings tailored to the uniqueness of each of the 23 universities. In order to achieve this bold goal and further its impact, the CSU's PaCE community invites deeper engagement on and support in addressing barriers limiting growth and innovation in this important educational space."

Trustee Faigin asked questions about the profitability of the program, especially due to the presence of several out-of-state providers of online education. Vincent del Casino, Provost at San José State, replied that with a stronger investment commitment, PaCE programs could be scaled up to effectively compete with other institutions and significantly increase their enrollment.

Many other trustees (Rodriguez, Lopez, Arambula, and Gilbert-Lurie) expressed their support and enthusiasm for this program. Trustee Sabalius shares the sentiments of the other trustees and also sees the advantages of the PaCE program, particularly for non-traditional students. However, he cautions that a greater success of the program might create our own competition, because students taking PaCE courses do not count towards our state-funded enrollment. Furthermore, he pointed out that supplanting of existing campus programs should be avoided, as it is stipulated by CSU Executive Order. Provost del Casino sees the program as a "brand-extender," that –rather than draw students away from

traditional courses– will bring additional students into state-side enrollment as well, because students see the opportunity of more flexible enrollment options.

Additionally, Trustee Sabalius is concerned that faculty, who teach in the PaCE program, might not be compensated at an equivalent rate as for state-supported courses and that they are not eligible for union representation.

Lastly, he expressed his well-wishes to Trustee Arambula, the designated next Chair of the Committee on Educational Policy, and he alerted him and the trustees to the upcoming challenge of enshrining the newly developed single lower-division general education transfer pathway into Title 5 without comingling it with modifications to the CSU General Education program.

The Board of Trustees adjourned for the day at 5:10 pm. It reconvened on Wednesday, May 24 at 8:30 am.

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

- a. approved as an action item the *Recommended Revision of Title 5 California Code of Regulations, Article 2.2, Management Personnel Plan, Section 42723 Employment Status.*

“It is proposed that Article 2.2 of Title 5, which addresses the Management Personnel Plan, be revised to update Section 42723 in two non-substantive respects.

The first proposed amendment updates language to conform with current employment vernacular by stating that MPP employees serve at the will of the campus President or the Chancellor.

The second proposed amendment removes unnecessary language concerning layoff in subsection (e), which applies to MPP employees hired on or after January 1, 1984. Those employees serve ‘at will’ and are not eligible for layoff. Instead, they may be terminated with three months’ notice (or equivalent pay in lieu of notice).”

- b. approved as an action item the *Executive Compensation for the President of CSU Chico.*

“Dr. Stephen J. Perez shall receive a salary set at the annual rate of \$454,757 effective July 1, 2023 [... and] an annual housing allowance of \$50,000” as well as an auto allowance of \$1,000 per month.

- c. approved as an action item the *Executive Compensation for the President of CSU Sacramento.*

“Dr. J. Luke Wood shall receive a salary set at the annual rate of \$476,225 effective July 16, 2023 [... and] an annual housing allowance of \$60,000” as well as an auto allowance of \$1,000 per month.

- d. approved as an action item the *Executive Compensation for Interim Presidents.*

“Dr. Leroy M. Morishita, interim president, Cal State LA

This item recommends that Dr. Leroy M. Morishita receive a salary set at the annual rate of \$496,213 effective July 31, 2023, the date of appointment as interim president of California State University, Los Angeles. Dr. Morishita is a rehired annuitant of the California State University, and pursuant to CalPERS regulations, he is restricted to working 960 hours in a fiscal year. This temporary appointment is expected to last through January 12, 2024. As a CalPERS retiree, Dr. Morishita is not eligible for standard employee benefit programs and additional compensation beyond his presidential salary.

Vice Admiral Michael J. Dumont, interim president, Cal Maritime

This item recommends that Vice Admiral Michael J. Dumont receive an annual salary of \$370,241 effective July 7, 2023, the date of appointment as interim president of California State University Maritime Academy. Vice Admiral Dumont will be required to live in the university's presidential residence located in Vallejo, California, as a condition of employment as interim president.

Dr. Sylvia A. Alva, interim president, Cal State Fullerton

This item recommends that Dr. Sylvia A. Alva receive an annual salary of \$476,223 effective August 1, 2023, the date of appointment as interim president of California State University, Fullerton. Dr. Alva will be required to reside in the university's presidential residence located in Fullerton, California, as a condition of employment as interim president. Subject to systemwide and university policy, Dr. Alva remains eligible to participate in the Transition II Program, and she retains the option to retreat to a tenured faculty position at California State Polytechnic University, Pomona.

Dr. Susan E. Borrego, interim president, Stanislaus State

This item recommends that Dr. Susan E. Borrego receive an annual salary of \$370,319 effective August 2, 2023, the date of appointment as interim president of California State University, Stanislaus. Dr. Borrego will receive a monthly housing allowance of \$4,166.67 (\$50,000 annually) while serving as interim president.

In accordance with existing policy of the California State University, Interim Presidents Michael Dumont, Sylvia Alva, and Susan Borrego will receive the following benefits:

- An auto allowance of \$1,000 per month;
- Standard benefit provisions afforded CSU Executive classification employees;
- Reimbursement for reasonable actual and necessary travel and relocation - expenses in accordance with university policy."

e. received as an information item the *Report on CSU Systemwide Title IX and DHR Assessment by Cozen O'Connor*.

"In March 2022, the California State University's Board of Trustees engaged Cozen O'Connor to conduct a systemwide assessment of the university's implementation of its Title IX and Discrimination, Harassment and Retaliation (DHR) programs. The goal of the assessment is to strengthen CSU institutional culture by

assessing current practices and providing insights, recommendations, and resources to advance CSU's Title IX, and other antidiscrimination and civil rights training, awareness, prevention, intervention, compliance, and support systems.”

Before the report was presented, Chair Fong expressed her hope that through “a methodical, holistic, and honest examination and strengthening of our culture” the CSU can become “a national leader in our response to Title IX, and discrimination, harassment, and retaliation matters.”

After the presentation, Interim Chancellor Koester stated that “with honest and clear-eyed self-reflection, many of these report findings are difficult to hear. Their recommendations are daunting and complex. They require that we drive change in process, policy, and most importantly in culture. And this change is going to be uncomfortable.”

[On June 27, Vice Chancellor for Human Resources Leora Freedman released the following communication to the Members of the CSU Community:

“I write to provide an update on the completion of the Cozen O’Connor Systemwide Title IX and DHR Assessment. At the May 24 meeting of the Board of Trustees, Cozen O’Connor gave a public, oral report about the assessment during the Committee on University and Faculty Personnel. A [recording of the presentation](#) (Cozen section begins at 23:15 in video) and a [copy of the PowerPoint](#) are publicly accessible.

Cozen O’Connor is actively working to complete its written report, which will include a systemwide report of common observations and recommendations for enhanced system oversight, as well as individual reports for each of CSU’s universities and the Chancellor’s Office.

At the time of the Board meeting, we anticipated the written reports would be completed in June. Cozen O’Connor has informed the Chancellor that an additional period of time is necessary to complete the written reports, which collectively span hundreds of pages in length. Given the complexity of the issues and the enormity of the assessment, the writing and synthesis process is understandably very time consuming. We anticipate releasing the written report (with 23 campus and Chancellor’s Office reports attached) no later than July 17, 2023.

Thank you for your patience and understanding. For more information about the Cozen O’Connor assessment, please visit our [web page dedicated to the assessment](#) and our [FAQs.](#)”]

8. The **Committee on Finance**

- a. approved as an action item in consent to *Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for a Capital Project at Cal Poly Humboldt.*

“The Project will consist of the site acquisition and construction of a 303,000 gross square foot student housing complex of two buildings, with a seven-story building on the east side of the site and a six-story building on the west, organized

To date, no CSU-related action has been taken by either house. The Assembly and Senate typically act on their budget plans in late May.

The May Revision reflects changes to the Governor's January proposed budget for 2023-2024 based upon the latest economic forecasts [...].” Despite more negative fiscal predictions than at the beginning of the year, the Governor remains committed to fulfill the multi-year compact agreement for funding higher education, which would provide a 5% increase in state support to the CSU.

“Final state budget decisions by the Governor, Assembly, and Senate typically occur in the first two weeks of June of each year.”

Steve Relyea, Executive Vice Chancellor and Chief Financial Officer, said that “while the proposed \$227.3 million general fund base-funding increase does not fully cover the CSU’s projected on-going operating costs [it is \$286.4 million short of the trustees’ budget request], it does offer predictable and reliable levels of future funding and provides a valuable element of protection against a more severe economic downturn. Unfortunately, the state’s budget situation has worsened since January. Therefore, we believe it will be difficult for state leaders to augment our budget beyond the level that has already been proposed in the May revision.” [This assumption proved to be accurate since the final state budget released in late June maintains the proposed CSU funding level.]

Ryan Storm, Assistant Vice Chancellor for Budget, explained that “at these levels, the CSU will be limited what it can budgetarily accomplish. The \$227 million would only partially support staff and faculty compensation increases at a time when bargaining unit expectations are very high.”

Trustees discussed the long-term risks of the Governor’s cost-shift of one-time allocations in exchange for providing the CSU with on-going funds to service debt for several capital projects [in lay terms: the state will not pay for our buildings right now, but promises to cover our ‘mortgage’ payments]. Clearly, the CSU would have preferred to receive the one-time funds of approximately half a billion dollars. Yet, given the state’s budget situation, it is a better proposal than not receiving the funds at all, and the Chancellor’s Office financial staff deems the risk and the potential extra costs as relatively low.

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

“During the past eight months, the Workgroup conducted a thorough and disciplined examination of California State University (CSU) expenditures and revenues. Members of the Workgroup participated in robust discussions of the issues, informed by analysis, experience, and different perspectives of members from different stakeholders and constituencies.

CSU’s financial position is strong, thanks to the continuing support of the state legislature and the governor's multi-year compact. Looking ahead, increasing cost pressures identified in the report are a cause for concern. The Workgroup reached

a sobering conclusion: long-term sustainability requires adequate revenues for CSU to fulfill its functions. To thrive, the Workgroup concludes the CSU must regularly conduct systematic and comprehensive assessments to ensure that the CSU can provide a quality, affordable, and accessible education to Californians in the 21st century. A list of the report's recommendations follow.

Principal recommendation for the Board and the Chancellor:

- The Board and Chancellor should adopt an action plan that sets forth a vision for the CSU as a 21st Century regional, comprehensive university, addressing priorities for which students to serve;
- How best to provide a quality and affordable education to students;
- The appropriate role of research and scholarship in the CSU;
- How best to function as a system;
- How to align costs with revenues consistent with the above vision, by 2030, with annual milestones which are reported to the Board.

This vision and action plan will guide resource allocations, policies, and practices so that the CSU can align its costs with its revenues and assure its long-term financial sustainability. The new Chancellor should present this plan to the board no later than one year after assuming office.

Supporting recommendations for system policies:

1. Adopt a multi-year approach to system budgeting for operating and capital budgets
2. Adopt a tuition policy
3. Appoint a financial aid workgroup to develop a comprehensive financial aid policy
4. Refine policies for campus allocations
5. Review and revise system policies that affect campus capacity to raise revenues and use resources effectively

Supporting recommendations for system practices:

1. Adapt internal budgeting practices in support of multi-year budgeting
2. Engage in state budget advocacy on the basis of well-developed cost information and priorities
3. Develop the means to assess instructional costs across the system
4. Provide systemwide guidance and assistance to implement a CSU financial aid program
5. Continue to identify opportunities for cost savings
6. Invest in capacity-building to raise non-state funds"

Trustees discussed what they anticipate to be a necessary tuition increase in the near future. Lieutenant Governor Kounalakis reminded the Board that the CSU is "not a corporation," and she deems analogies to private corporations as "inappropriate." She further stated that "any decision particularly on the cost of

attendance has to include a thorough understanding of what it will do to the student body, what it will do to our graduation rates and our Graduation Initiative 2025, what it will do for accessibility and opportunity that is provided to our students.” Trustee Gilbert-Lurie maintained that the Board has the fiduciary responsibility for the system, and trustees have to seek a reasonable balance between the two major revenue streams, namely state funding and student tuition.

While Trustee Faigin agrees with Trustee Arambula that the Board should not get involved in how funds are spent on the academic side –since these ought to be a campus decisions–, he disagrees with the statement by the Lieutenant Governor that the Board should not act like a corporation. At least when it comes to seeking revenues, he sees it as advisable to develop “a mentality on how to bring in more revenue” just like private corporations do. He concedes, though, that when there is an increase in the price of a product and as a result there will be a reduced demand, it will be a financial wash; yet, a loss to society if it means that fewer students are educated in the CSU – a notion that the Lieutenant Governor alluded to as well.

Interim Koester summarized the “unfolding” of additional and significant expenses in order to implement the recommendation of the Title IX assessment, to increase efforts to close student equity gaps, to fund a different strategic enrollment approach, and to address the robust demands of employee unions.

Trustee Aguilar-Cruz called on the legislators to more foresightedly invest in higher education, because thereon relies the future and well-being of our state and its citizens. Despite the current economic crisis, the leaders of the state should adopt a broader vision and recognize the long-term societal benefit that the CSU provides.

9. The **Committee on Campus Planning Buildings and Grounds**

- a. approved as an action item the *CSU San Marcos Village Housing and Dining Schematic Design*.

“The student housing building will provide 555 beds; 540 beds for students, including 391 affordable and 149 standard rate beds, in double residence hall style rooms, and 15 resident advisor beds. The five-story housing building is based on a pod concept with shared gathering/social spaces for each floor. Each residence pod will have a cluster of residence rooms with 36 beds, restrooms, study spaces, and a dedicated resident advisor. The shared social spaces on each floor will allow students to form a close-knit group of peers and neighbors, fostering a greater sense of community. Other key residential amenities include a shared community room and shared laundry. The courtyards will create indoor and outdoor connections between student housing and dining and provide outdoor space for studying, relaxing, and activities.

The dining facility will be attached to the student housing and will include approximately 210 indoor seats and 110 outdoor seats. The main entrance to the dining facility will be on grade and accessed via the pedestrian pathways. The second level of the dining facility will include interior and outdoor dining, the service kitchen and ancillary space. The back-of-house kitchen, service area, and loading dock will be on the lower level.

[...]

The project was awarded funding from the State's Higher Education Student Housing Grant Program (\$91,000,000) and will be co-funded with CSU Systemwide Revenue Bonds (\$28,784,000). The board will be asked at a future meeting to consider the approval of the CSU Systemwide Revenue Bond financing proposed for the project."

- b. approved as an action item to *Amend the Capital Outlay Program and the Schematic Design of the CSU Dominguez Hills Health, Wellness, and Recreation Center.*

"California State University, Dominguez Hills (CSUDH) wishes to amend the 2022-2023 Capital Outlay Program for the design and construction of a Health, Wellness, and Recreation Center (#156) located in the center of the CSUDH campus. [...]

The project will construct a 46,540 ASF/73,000 GSF facility organized in two wings. The northern wing (Building A) will have multipurpose rooms and studios, general fitness area, offices, training rooms, and wellness rooms. The southern wing (Building B) will have a gymnasium, consisting of two multi-activity courts and an elevated running track. The swimming pool area is located in the central courtyard, situated between the two buildings.

[...]

The project was awarded funding from 2021-2022 State one-time funding (\$20 million), and was provided \$1.3 million in CSU reserves to address the deferred renewal needs of the existing swimming pool. To fund the remaining \$66,314,000, the campus will seek financing approval from the board at a future meeting to use CSU Systemwide Revenue Bond."

Trustee Sabalius appreciates that the mandatory campus-based student fee to partially fund the project was approved by a student referendum and not by "alternative consultation." He further inquired how much these additional fees will be and what percentage this will be of the total mandatory campus-based fees, since this was neither outlined in the agenda, nor explained during the presentation. After an interesting exchange of budget rhetoric [and some miscalculations], it was articulated that the additional annual cost to the students would be \$430, which constitutes a 33% increase of the current campus-based fees [Sabalius' calculation], but amounts to 'only' a 6% increase in tuition and fees combined [according to the campus Vice President of Finance].

After a lunch break, the Board of Trustees reconvened at 1:15 pm.

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

- a. received as an information item the *Final Report on the Board of Trustees' Review*.

“The Board of Trustees commissioned an external review of board roles and practices within the university system. The review was conducted by Roberta Achtenberg, Senior Advisor to the CSU for Board Governance and Relations, and Jane Wellman, a special consultant to the Board. The review was announced at the May 2022 board meeting and initiated immediately thereafter. Its focus has been to analyze board functions and protocols to identify and recommend opportunities for improvement to enable the board to operate more proactively and strategically, with the ultimate goal of positioning the CSU to more effectively advance its mission to increase student access and success, and to help drive California’s economic and social prosperity.”

Roberta Achtenberg and Michelle Kiss, Associate Vice Chancellor and Chief of Staff for the Board of Trustees, presented the final summative report of the work conducted as part of the scope of the Board assessment.

The trustees discussed the improvements made to Board operations and policies that were highlighted in the report. The newly appointed Trustees Kaur Brar and Ghilarducci affirmed that the new on-boarding process was thorough and effective. Trustee Aguilar-Cruz is very appreciative that a scholarship for Student Trustees has been established. However, while the eligibility extends to DACA students, undocumented immigrant students –who do not fall into the DACA category (like herself)– cannot receive such funds.

11. 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 31 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 recently completed its annual audit planning/risk assessment process for the 2023-24 audit plan year. This comprehensive planning process considers a multitude of factors, such as information gathered from

interviews with over 90 systemwide and campus executives and representatives; consideration of CSU strategic initiatives; research of higher education trends; and review of financial, regulatory, and other risks. The resulting audit plan is being presented for Committee on Audit approval this month. [...]

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

- b. approved as an action item the *Fiscal Year 2023-2024 Audit Plan*.

"Each year in accordance with the audit committee charter, Audit and Advisory Services presents its audit plan to the Board of Trustees' Committee on Audit for review and approval."

- c. received as an information item the *Audited Financial Statements and Single Audit Report*.

"Financial statement audits are performed annually for the California State University (CSU) and for its discretely presented component units (i.e., auxiliary organizations) which separately issue stand-alone audited financial statements, completed by 15 certified public accounting firms. The CSU systemwide financial statements for fiscal year ended June 30, 2022, [...], was issued with an unmodified opinion on March 15, 2023.

The CSU Single Audit Report was also issued on March 15, 2023, [...]. The Single Audit Report covers CSU's federal awards expenditures, including aid from the Higher Education Emergency Relief Fund (HEERF I, II, and III), subject to both compliance and internal control audit procedures as required by the Office of Management and Budget Compliance Supplement and the Uniform Guidance. There were audit findings related to (1) internal controls and an instance of noncompliance over timely and accurate reporting on the HEERF grant, (2) noncompliance with the periodic physical inventory count over assets funded by federal awards. Corrective actions are currently in progress."

Steve Relyea summarized that "those reports contain fewer and relatively minor findings as well as a clean opinion by our external auditor. When you consider the size and complexity of CSU's operation as well as the scope of the single audit report that encompassed \$1.6 billion of higher education emergency relief fund grants and the additional \$22 million of research and development grants, this is truly a remarkable piece of work and an excellent outcome." He closed by thanking the external auditors of KPMG "for their outstanding work on what is likely the largest and most complex university audit in the United States."

12. The **Committee on Governmental Relations**

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

“The first major policy deadline was on April 28, in which the Assembly and Senate policy committees needed to act on bills in order to advance to the fiscal committee. Any bills that failed to meet the policy deadline are now deemed two-year bills. May 19 is the deadline for fiscal committees to report out bills identified as having a fiscal impact. Bills must pass out of their house of origin by June 2 to continue to be active this legislative year”

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 supports the following bills:

SB 28 (Glazer),

“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,”

SB 447 (Atkins),

“would repeal the state’s travel ban which currently prohibits state funded travel to certain states that have enacted anti-LGBTQ policies. It would instead authorize GO-Biz to promote social equity, civil rights, and antidiscrimination via a nationwide advertising campaign,” and

SB 633 (Gonzalez),

“authorizes institutions participating in the DREAM Loan Program to offer unawarded funds from their revolving fund as DREAM Grants to eligible students.”

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

Before attending to the agenda items, Chair Fong gave newly appointed Trustees Raji Kaur Brar and Mark Ghilarducci the opportunity to introduce themselves.

The Board of Trustees

- a. approved as an action item in consent all previously passed *Committee Resolutions*.
- b. approved as an action item the *Board of Trustees’ Standing Committee Assignments for 2023-2024*.
- c. approved as an action item the *Election of the Chair and Vice Chair of the Board of Trustees for 2023-2024*.

Both Chair Wenda Fong and Vice Chair Jack Clarke Jr. will serve for a second year.

- d. approved as an action item the *Conferral of Title of President Emeriti on Gayle E. Hutchinson and Thomas A. Cropper.*

Both Presidents delivered farewell remarks.

The **Public Meeting** of the **Board of Trustees** was adjourned on May 24, at 3:20 pm.

---- *The next regular meeting of the Board of Trustees will be on July 9-12, 2023* ----

[It is planned to interview finalists and select the new Chancellor on July 9 and 10]