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Board of Trustees
401 Golden Shore
Long Beach, CA 90802-4210
www.calstate.edu

January 26-28, 2015 CSU Board of Trustees Meeting
Faculty Trustee's Report

Steven Stepanek

The week after the January 2015 ASCSU Plenary session, the CSU Board of Trustees met on January 26-28, 2015. Here are the highlights of that meeting:

1. The first day of the meeting was a "retreat" event. In the morning Kati Haycock presented on "California's Leadership Position in a National Context" and Tom Meredith spoke on "Consequential Boards". Tom was able to stay for the afternoon discussions on "Board Organization and Communication". Also in the afternoon, Executive Vice Chancellor and General Counsel Fram Virjee covered aspects of the Bagley Keene Act as applicable to CSU Board meetings and the interactions of board trustees.

   Kati Haycock is the President of The Education Trust; a group that works for the high academic achievement of students from pre-K through college. Her presentation was based on the twin stories that have been the foundation of American society: 1) this is the land of opportunity, and 2) generational advancement. She showed how these dreams impact the higher education needs in America today. The slides for her presentation can be downloaded from: http://www.edtrust.org/dc/presentation/access-to-success-in-america-where-are-we-why-does-it-matter-0

   Thomas Meredith recently retired as commissioner of Higher Education for Mississippi's university system and has also served as chancellor of the University of Alabama system. He is currently affiliated with the Association of Governing Boards of Universities and Colleges (AGB). His presentation was based on a recent AGB publication "Consequential Boards: Adding Value Where It Matters Most", which can be downloaded from: http://agb.org/reports/2014/consequential-boards-adding-value-where-it-matters-most . The focus of his presentation was on how to be an effective board, including the importance of shared governance and how to be a great board member ("keep students first", "keeps learning", and "remembers policy, not management" are several of the key traits).

The second and third days of the meeting consisted of normal Board and committee activities.

2. The Subcommittee on Honorary Degrees met in closed session followed by a full Board meeting in closed session to consider and approve the requests submitted by the campuses to award honorary degrees to specific individuals. These honorary degrees are normally awarded during commencement events held in May and June. The list of names of potential recipients is confidential even after approval by the full Board because the individuals on the list have not yet been contacted to see if they are willing to receive the honor and are available the day of the commencement event. Once they have confirmed their interest and availability, their names will be publicly released. Board approval of these individuals to receive an honorary degree is the last step in a nomination process that starts either with a campus selection committee, that has faculty representation, which meets in closed session to review and recommend campus nominees or with a nomination from a trustee. The awarding of a degree to a trustee nominee is tied to a campus event with the approval of that campus's president.

3. The Committee on Collective Bargaining ratified the tentative collective bargaining agreements with Unit 13, English Language Program instructors at CSULA, and the CSU/Union of American Physicians and Dentists.

4. The Committee on Institutional Advancement approved the 2013-2014 annual report on philanthropic support and the naming of the Student Wellness Center at San Francisco State University in honor of distinguished alumnus Manny Mashouf.

   The 2013-2014 annual report an philanthropic support revealed that donors committed a record-breaking $457.3 million in charitable gifts to CSU campuses, an increase of 35% from the previous year. From this amount, gift receipts (actual, spendable money) totaled $295.7 million. Direct student and academic benefits from the gift receipts include: scholarships ($18.9 million), academic enrichment programs ($44.2 million), research opportunities ($9.9 million), public service programs ($30.6 million), and athletics ($17.7 million). $10.1 million in gift receipts was unrestricted, $44.7 million was for other designated priorities, and campuses received $19.7 million in property and capital improvement gifts for facilities and equipment.

   The gift commitments ($457.3 million) as a percentage of the total state budget allocation to the CSU ($2 billion) was 22% for 2013-2014; 19% in 2012-2013; 15% in 2011-2012. Each CSU campus is expected to raise a specific amount of gift commitments each year based on the size and capacity of the campus.

   Overall, 73,491 CSU alumni contributed $61.6 million during 2013-2014 accounting for 2.4% of the total addressable alumni of over 3 million.

5. The Committee on Governmental Relations approved the CSU's Federal Agenda for 2015, State Legislative Program for 2015 and statement of State Legislative Principles for 2015-2016.

   The Federal Agenda for 2015 consists of seven areas of focus (the first six are the same as for 2014; the last one is new) to work with federal legislators and agencies to:

   - Improve College Access through Aid to Students
   - Prepare Students for College
   - Foster Degree Completion for California's Diverse Population
   - Educate Students for Tomorrow's Workforce
   - Solve Societal Problems through Applied Research
   - Promote State and Private Support for Public Universities
   - Enhance Campus Infrastructure, Health and Safety

   The State Legislative Program for 2015 current consists of four items the CSU will advocate for sponsored bills on:

   a. California State University and University of California Alumni Affinity Programs – current statutory authority for affinity programs sunsets in January 2016; this legislation would seek permanent authority. Affinity programs are commonly in the form of credit cards and insurance plans. These programs provide a revenue stream to assist in funding alumni activities on campuses.

   b. Sonoma State Green Music Center Ad/Sponsorship Allowances – permit local wineries and beer manufacturers to purchase ad space, donate products for sale and provide sponsorship for events at the Sonoma State Green Music Center. This legislation would be patterned after existing statutory changes enacted for other performance and sports venues across the state.

   c. State Authorization Reciprocity Agreement – under recently enacted federal regulations, every campus offering online programs must seek authorization to do so in every state where enrolled students reside. In response to the federal regulations, accrediting agencies throughout the nation are supporting a collaborative known as the State Authorization Reciprocity Agreement (SARA) to facilitate common standards and access for students and universities. It will take state statutory authorization for California to enter into SARA through the Western Interstate Commission for Higher Education (WICHE).

   d. CSU Investment Authority – this legislation would allow the CSU to increase its investment earnings on its funds by providing the system with the ability to invest in a broader range of investments.

The CSU is currently restricted to invest from a list of high-quality, low-risk fixed income securities that provide low returns. The UC already has the authority to invest in a broader range of investments and the CSU seeks the same authority.

6. The Committee on Educational Policy received reports on the CSU Libraries of the Future (more electronic access to published materials; more sharing of resources; more collaborative areas) and the CSU STEM Collaboratives project.

   During the committee meeting, educational representatives from Apple Inc. presented CSU Northridge with an "Apple Distinguished Program" award in recognition of CSUN's myCSUNtablet initiative as a "distinguished program for innovation, leadership, and educational excellence."

   At the close of the committee meeting, the Wang Family Excellence Award was presented to the recipient in each of the following areas:

   a. Visual and Performing Arts and Letters – Professor Nate Thomas, CSU Northridge

   b. Natural Sciences, Mathematical, Computer Sciences and Engineering – Dr. Arne Jacobson, Humboldt State

   c. Social and Behavioral Sciences, and Public Service – Dr. Kevin Jordan, San Jose State

   d. Education, and Professional and Applied Sciences – Dr. Sora Park Tanjasiri, CSU Fullerton

   e. Outstanding staff/administrator – Dr. William Franklin, CSU Dominguez Hills

7. The Committee on Organization and Rules (which Faculty Trustee Stepanek chairs this academic year) met to discuss the proposed schedule of Board of Trustee meetings for 2016. This calendar will come back as an action item during the March 2015 Board meeting.

8. The University and Faculty Personnel Committee heard public comment and then reviewed and approved an executive compensation package for the new Executive Vice Chancellor for Academic and Student Affairs. A significant part of the discussion focused on the expanded role of this position to oversee both Student Affairs and Academic Affairs and to strive for improved communications and coordinated projects between academic and student affairs.

   The Committee also approved an amended CSU policy regarding the regular evaluation of the Chancellor.

9. The Campus Planning, Building and Grounds Committee amended the 2014-2015 Non-State Funded Capital Outlay Program to permit Channel Islands to move forward on the redesign and construction of their Dining Renovation project to accommodate the anticipated increase in demand for dining facilities from the planned completion of a 600-bed student housing project in July 2016. San Luis Obispo received approval to retrofit the existing Yosemite Hall dormitory complex with updated fire sprinkler systems to accommodate the change from double to triple occupancy rooms.

   The committee certified the final environmental impact report, approved the campus master plan revision, approved the schematic plans, and approved the amendment of the 2014-2015 Non-State Funded Capital Outlay Program for Calif State Polytechnic University, Pomona to proceed with their plans for Parking Structure II. Similar approvals were given to CSU Bakersfield to proceed with their Phase I plans for a University Office Park.

   A 113-acre parcel of land located adjacent to the existing 55-acre CSU San Bernardino Palm Desert Off-Campus Center was accepted by the CSU from the City of Palm Desert. The CSUSB Palm Desert facility currently has approximately 1,100 students enrolled and consists of four main buildings to support approximately 10 undergraduate programs and 10 graduate/credential programs with plans to grow to become a comprehensive center for bachelors and masters programs. As part of this complex, UC Riverside also holds 20 acres for a UCR Graduate Center.

   The committee also received a report on the CSU Channel Islands' CI 2025 strategy which establishes the next major phase of facilities expansion for the campus towards the long-term goal of serving 15,000 full-time equivalent students. The CI 2015 strategy plan is of particular importance to CSUCI because of that campus's unique arrangement with the state regarding land use and development. When CSUCI was created on the site of the former state hospital, the state legislature created the CSUCI Site Authority to oversee the development of the site. The CI 2015 strategy proposes that the Site Authority enter into public/private partnerships for the development, construction and operation of the next phase of campus housing projects with the goal of reducing the Site Authority's outstanding Systemwide Revenue Bond debt.

10. The Finance Committee had three significant action items to consider after hearing extensive public comment regarding each item.

    - A policy regarding Category II Student Success Fees was approved as required by state legislative mandate. After extensive public hearings during the fall of 2014 and an agendized discussion during the November 2014 Board of Trustees meeting, the following policy was approved (see the Board of Trustees web site for the exact legal wording of this policy):

a. A binding student vote shall be taken on implementation of any proposed new student success fee. All students eligible to vote in student government elections shall be eligible to vote on such student success fee proposals. As part of the consultation process that shall be undertaken to inform and educate students on the uses, impact and cost of any proposed student success fee prior to the binding student vote, it must be made clear to students if a portion of the fee is intended to support ongoing and/or long-term obligations as that portion of the fee will remain in place until the obligations are satisfied.

   During the discussion regarding what is a long-term obligation, Faculty Trustee Stepanek raised the particular question of using student success fees to hire tenure-track faculty and staff. The Chancellor stated that such positions are long-term obligations which means that portion of the fee used to cover their salary and benefits might be held to be an ongoing obligation for the career of those individuals (think in terms of possibly 40+ years).

b. All student success fees now in place shall remain unchanged, including any previously established increments. However, if a campus wishes to consider a new addition to an existing student success fee, that will be considered to be a new fee and must go through the full review and approval process.
c. Any campus proposing a new student success fee must consult with the chancellor and receive approval on the process that will be followed to obtain approval for the fee before proceeding.
d. Student success fee proposals may not be brought before the student body more frequently than once per academic year.
e. After a proposed student success fee is approved by a student vote, imposition of the fee shall still be contingent on approval by the campus president and the chancellor. If the proposed fee is for direct instructional purposes that historically were covered by tuition and state funding, then the chancellor shall consult with the chair of the Board before final approval is granted.
f. Newly enacted student success fees shall be in force for at least six years.
g. Student success fees may be rescinded at any time after six years by another binding student vote. The campus decision to have a vote shall be made by the recognized student government. Rescission vote proposals may not be brought before the student body more frequently than once per academic year. If a vote to rescind passes, the chancellor, in

consultation with the chair of the Board and the campus president, shall determine if there are any ongoing contractual or long-term obligations which remain unsatisfied. If any such obligations exist, that portion of the fee shall continue until the obligations are satisfied.

h. Existing student success fees may be rescinded by the same process described above but no such student vote may be held until after January 1, 2021 (six years).

i. Each campus shall be required to have a transparent, online accountability protocol that clarifies the decision process and allocation of student success fees with annual public reporting to the Chancellor by October 15th of each year. This requirement holds for all current and future student success fees.

Note: by legislative mandate there is a moratorium on approval of new CSU student success fees until January 1, 2016.

- The voluntary Student Involvement and Representation Fee (SIRF) was approved at the rate of $2 per fall and spring term ($4/year) commencing in the fall of 2015. Students will be provided a clear and unambiguous means to decline the payment of the fee each fall and spring term.

- Approval of the first issuance of systemwide revenue bonds and related debt instruments for systemwide infrastructure improvement projects. In June 2014, the state legislature shifted the authority of new capital financing to the CSU. Before this change, the CSU would proposal major capital improvement projects to the State Department of Finance for consideration of funding and then wait, some times many years, for a project to advance to the top of the list and be approved for funding through the issuance of long-term state bonds. With the shift of bond issuance authority in June 2014, the CSU can now issue its own long-term bonds to fund capital projects.

  The committee approved the set aside of $10 million annually of CSU operating funds for payment of debt services related to the issuance of not more than $180 million in bonds to cover an extensive list of CSU infrastructure improvement projects spread across all 23 CSU campuses. These critical improvements include underground utility improvements, elevator repairs, building air handler improvements, fire alarm upgrades, roof replacements, building seismic upgrades, electrical substation upgrades, and development of architectural plans for building renovations and replacements. Many of these projects are critical to the daily operation of the campuses. The full cost in coming years to complete these projects, including the actual construction of the buildings for which funding of architectural plans were approved, will come close to $1 billion. The vision is to start with this small bond issuance and over time

the Board will authorize the issuance of additional long-term bonds with consideration given to the state of the financial market and the public interest in acquiring CSU capital improvement bonds. For the new buildings being planned, the idea is for individual campuses to be equal partners in the funding for construction through generous donations from private individuals and campus auxiliaries.

The complete list of projects being funded by this bond issuance can be found in appendix A of item 4 of the January 2015 Board of Trustee's Finance Committee agenda, pages 29 and 30 of:
http://www.calstate.edu/bot/agendas/jan15/Finance.pdf