

July 22, 2014 CSU Board of Trustees Meeting Faculty Trustee's Report

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On July 22, 2014, the CSU Board of Trustees held its one-day summer meeting. Here are the highlights of that meeting:

1. The Committee on Collective Bargaining heard public comment from individuals representing a cross section of CSU collective bargaining units regarding the need for salary increases. The Committee approved adoption of initial proposals for 2014-2015 salary re-opener negotiations with Bargaining Unit 4 (Academic Professionals of California).
2. The Committee on Audit approved the recommendation that KPMG be contracted for five years for the performance of a variety of audit functions. KPMG submitted the lowest bid during the RFP process and it was also noted that KPMG has a special interest in working with public higher education and was recently awarded a contract for similar services by the University of California. The Committee also heard recommendations regarding planned improvements to the reporting structure of campus internal auditors to the vice chancellor and chief audit officer for the system (currently, many of these campus-based internal auditors report exclusively to local campus administrators).
3. The Committee on Governmental Relations received an update of the status of legislative bills of interest to the CSU. One bill, AB 1989 (Chesbro) Underage Drinkers, was recently signed into law by the Governor; this bill will allow underage CSU and UC students who are at least 18 years of age and enrolled in enology degree granting programs to taste, but not consume, wine for educational purposes.
4. The Committee on Institutional Advancement approved the naming of Basketball Performance Center at San Diego State University as the Jeff Jacobs JAM Center. Four individuals made significant contributions to support basketball at SDSU, Jeff Jacobs was the primary contributor and "JAM" represents the letters of the last names of the three other contributors: Hal Jacobs, Steve Altman and Jim Morris.

5. The Committee on Campus Planning, Buildings and Grounds approved the installation of cellular antennas at CSU East Bay and CSU San Marcos, and the construction of a new 350-bed housing project (#21) at CSU Sacramento. The cellular antennas at CSU East Bay are being relocated from their temporary location (after the demolition of Warren Hall) to the Valley Business and Technology Center with the cellular carriers covering the costs. The cost of the installation of cellular antennas at CSU San Marcos will be covered by AT&T who will also cover the cost to install new field lighting for the Mangrum Track Field with installation of the antennas on one of the new lighting towers.
6. During a joint meeting of the Committees on Finance and Campus Planning, Buildings and Grounds, Trustees were briefed on the 2014-2015 State Funded Capital Outlay Program and capital financing authority. In brief, by state legislative action, responsibility for debt service on State General Obligation (GO) and State Public Works Board (PWB) bonds issued to fund CSU projects has been shifted from the State to the CSU. One reason for taking this action is due to the CSU having a better credit rating than the State, which means we can refinance at a lower interest rate than the State can and the bonds can potentially receive a higher bond rating than if held by the State. To compensate for this debt service shift, the State is increasing the CSU General Fund support budget base by \$297 million for an indefinite period of time. The annual debt payments will vary on a yearly basis; during years when the CSU debt service is lower than this amount, the CSU will still receive the full amount. Because there are two upcoming periods when the annual debt payments will be higher than \$297 million, the Department of Finance is supporting that an additional \$20 million in annual General Funds be incrementally added to the \$297 million base increase over the next two years. Another benefit of this debt shift is that capital project submittal and approval process can be streamlined. Part of this finance legislation authorizes the State Fire Marshal to delegate to the CSU the enforcement of Building Standards related to fire and panic safety which should save the CSU approximately \$500,000 annually (mostly in travel expenses).

As a result of this shift in financial debt responsibility, the Board of Trustees will be considering at its September 2014 meeting a proposed CSU policy on “Debt Program Structure” and revisions to the “CSU Policy for Financing Activities (RFIN 03-02-02)”. Draft language for the proposed changes to RFIN 03-02-02 was included as attachment A, Finance/CPBG-Item 1 in the July 2014 Board of Trustees meeting agenda packet.

7. The Committee on University and Faculty Personnel approved the executive compensation package for the new Vice Chancellor Human Resources, Ms. Loretta Lamb, who attended the Board meeting and will be officially starting her position on or before Sept 15, 2014.
8. The Committee on Finance received an update on State funding of the CSU. The CSU had requested a \$237 million increase in support budget but received just

\$142 million. There was excellent support from State legislators for the extra \$95 million but the Governor decided the base increase of \$142 million was sufficient. The proposal for spending \$237 million covered five major areas:

- a. Student success and completion initiatives
- b. Funded enrollment growth
- c. Employee compensation (3% pool)
- d. Financing critical maintenance/infrastructure
- e. Mandatory cost increases (health benefits, utilities, ...)

Because only \$142 million was funded, the \$50 million planned for student success and completion initiatives was reduced to \$22 million. The plan to fund for a system enrollment growth of approximately 20,000 new students was cut in half. The funds for the 3% employee compensation pool have been kept intact. The funding for critical maintenance was cut by about a third to \$10 million. The funding for mandatory costs has been kept intact.

The total allocation of \$91.6 million for employee compensation works out to approximately a 3% increase in the total CSU compensation pool for all employees. However, the actual distribution of the compensation pool will vary based on collective bargaining and other market factors.

The systemwide backlog for infrastructure improvements is approximately \$1.8 billion with a cost growth of approximately \$100 million per year. The \$10 million allocated can cover the debt service on approximately \$130 million in bonds for infrastructure improvements.

9. The Committee on Educational Policy heard a presentation from the Campaign for College Opportunity on their perspective of the issues regarding college achievement in California. (www.collegecampaign.org)

The committee also heard brief updates on the CSU graduation initiative and the CSU affordable learning solutions initiative to lower the cost of course materials. (www.affordablelearningsolutions.org)

Lastly, the committee heard a presentation regarding CSU participation with the Corporation for National and Community Service AmeriCorps VISTA (Volunteers in Service To America) Program. VISTA has partnered with the CSU to support science, technology, engineering and math departments with 15 VISTA members in 2014-2015. The goal of the VISTA volunteers is to work with CSU faculty, staff, students and local communities to support the academic and professional success of traditionally underrepresented students in STEM disciplines. It should be noted that only a few of the assigned VISTA volunteers have a background in STEM.

10. During the ASCSU report, ASCSU Chair Steven Filling briefly discussed issues related to the status of the 120/180-unit initiative, the need to hire more tenure-track faculty, and student success activities. He also reminded members of the Board to save the dates of Nov 13-14, 2014 for “The Academic Conference and Retreat 2014.”
11. Towards the end of the Board meeting, the following individuals had the title of emeritus conferred on them: Trustee Cipriano Vargas (outgoing student trustee), President Rollin Richmond (Humboldt), and Vice Chancellor Gail Brooks (Human Resources). Interim President Donald Para (Long Beach) received a conferral of commendation for his services.