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Faculty Trustee's Report

CSU Board of Trustees Meeting – July 23-24, 2019

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, on my personal notes, on my memory, and on a partial review of the archived livestream of the meeting.

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).

Please bear in mind that this is just a concise summary of a two-day meeting. I tried to focus on the most pertinent topics and the most salient comments. You can access the archived livestream of the full deliberations at <https://www2.calstate.edu/csu-system/board-of-trustees/past-meetings/2019/Pages/july-23-24-2019.aspx>.

At the summer BoT meeting the most important and controversial issues were the proposed 4th Year of Quantitative Reasoning Requirement for admission to the CSU (item 5d) and the State Auditor's Report on the \$1.5 billion in CSU reserves (item 7c).

You receive this report from me, because on Aug. 9, I was re-appointed by Governor Gavin Newsom as Faculty Trustee for the next two academic years. I am very grateful for this opportunity and I look forward to representing the faculty's perspective on the Board of Trustees.

I wish you a productive and rewarding fall semester,

Romey Sabalius

San José, CA – Sept. 15, 2019

Faculty Trustee's Report

CSU Board of Trustees Meeting: July 23-24, 2019

On July 23 and 24, the CSU Board of Trustees meeting was held at the Chancellor's Office of the California State University at 401 Golden Shore in Long Beach, California.

On July 23, at 8:30 am

1. The **Board of Trustees** met in **Closed Session** to discuss Executive Personnel Matters and Pending Litigation.
2. The **Committee on Collective Bargaining** met 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."]

The **Public Meeting** started shortly after 10 am.

3. The **Committee on Campus Planning, Buildings and Grounds** began with Public Comments. As usual, Ejmin Hakobian, a former Cal State LA student spoke to every committee, criticizing the Chancellor and the Board on a variety of issues. The mayor of Long Beach, Robert Garcia, as well as a neighborhood representative articulated their full support for the planned student dormitories.
 - a. The committee approved the CSU Long Beach Housing Expansion Phase 1 – Parkside North. Many trustees (McGrory, Sabalius, Taylor, and Faigin) expressed their concern about the high cost of the project (\$219,000 per bed when divided by the total estimate of \$104,287,000). Some trustees wondered if density could be increased (Simon and Fong). Steven Relyea, Executive Vice Chancellor and Chief Financial Officer, referred to the "escalating construction costs," seismic concerns, and extensive fire marshal regulations. CSU Long Beach President Conoley mentioned that the high price is partially due to the difficult soil conditions near wetlands. Trustee Sabalius bemoaned that with tuition, mandatory campus student fees, freshmen housing requirements, obligatory meal plans, and high parking fees many campuses in the CSU do not leave students a "low-cost educational option." Other trustees echoed the concern about the high rent for student housing (Carney, Garcia, and Taylor).
 - b. The committee received a report on the Progress on Tracking Environmental Sustainability Goals from Vy San Juan, Assistant Vice Chancellor for Capital Planning, Design, and Construction. While at the last report in March 2018 a total of 16 CSU campuses were using the Sustainability Tracking, Assessment, and Rating System (STARS), it is now 22 campuses that voluntarily participate. Trustee Eisen thanked the sustainability coordinators on all campuses, who are "leading the charge on this intentional effort."

- c. The committee received an Overview of the Capital Project Approval Process. “The California State University Board of Trustees is responsible for approving the systemwide Capital Outlay program. The approval generally comes in the form of approval of the Five-Year Plan, which is presented as a preliminary plan at the September Board of Trustees meeting and as a final plan at the November Board of Trustees meeting. The Board of Trustees takes other action related to project approvals including approval of revisions to campus master plans and California Environmental Quality Act (CEQA) actions, amendments to the capital plan, and approval of schematic design. In addition, the Committee on Finance considers approval of financing for the projects.”
4. The **Committee on Finance** began with Public Comments. Aaron Castaneda, ASI President (CSULA), and Tesse Reese, Chair of Bargaining Unit 3 of the CSU Employees Union (CSUEU), spoke in opposition to the planned application fee increase of \$15. Kevin Wehr, Vice President of the California Faculty Association (CFA), thanked the legislators for the budget augmentation and recognized faculty and student organizations for their lobbying efforts. He lamented that the CSU was “stashing reserves, while faculty was being furloughed with reduced pay.”
- a. The committee received information on the Appointment of the CSU Investment Advisory Committee Chair. “For the fiscal year 2019-2020, Trustee Lillian Kimbell has been appointed Chair of the Committee on Finance for the Board of Trustees. With this appointment, Trustee Kimbell would now become the Chair of the IAC, however, Trustee Kimbell has determined that it is in the best interests of the CSU for Trustee Peter J. Taylor to continue serving as the Chair of the IAC. To that end and pursuant to the provisions of the IAC Charter, Trustee Kimbell has designated Trustee Taylor, and Trustee Taylor has agreed, to continue serving as the Chair of the IAC for the 2019-2020 fiscal year.”
- b. The committee approved by consent to Issue Systemwide Revenue Bonds for a Housing Project at CSU Long Beach and a Recreation Center Expansion at San Diego State University.
- c. The committee approved the Admission Application Fee Proposal and Title 5 Revision. Prospective applicants currently pay a \$55 fee for each application submitted to a CSU campus. The application fee was last raised in May 1989 from \$45 to \$55. The CSU currently provides 46% of applicants with fee waiver for up to four campus application. The increase of \$15 per application shall fund
- * a greater number of fee waivers (50%),
 - * the improvement of the new Cal State Apply online system, and
 - * the new redirection policy.

Even with the increase, the application fee would only partially cover CSU’s total cost of processing the applications.

Some concern was raised that the Title 5 change would not specify the application fee amount and thereby authorize the CSU Board of Trustees to set the cost of the application without having to change Title 5. In light of the generous state funding this year, Lieutenant Governor Kounalakis pleaded for a deferral of the fee

increase. Student trustee Garcia regards the proposed increase as an additional financial barrier to admission and voted against the resolution.

- d. The committee received a report on the 2019-2020 Final Budget. Ryan Storm, Assistant Vice Chancellor for the Budget, reported that the total operating budget stands now at \$7.1 billion. The legislators provided an augmentation of \$379 million in on-going funds (the BoT request was \$554.3m) and \$312.7 million in one-time funds (the BoT request was \$265m). The dual discrepancy between the Board's request and the state's allocation is a result of the legislators' decision to fund some of the CSU's costs only with one-time money rather than with a permanent allocation (e.g., the Graduation Initiative 2025 is funded with \$45m in on-going and \$30m in one-time funds).

Trustee Adamson asked what the CSU now cannot do, given that the Board's budget request was not fully funded. Vice Chancellor Reylea explained that the CSU will not be able to enroll 5% more students as envisioned by the trustees' request, but only 2.7% more as funded by the legislators.

Since \$4 million were allocated to study the possibility to create a new CSU campus, Trustee Sabalius urged the Chancellor's Office to consider a "bare-bone campus" with merely classrooms, laboratories, and faculty offices, a library and student center, and the necessary administrative offices, but without athletic facilities, student housing, recreational centers, etc. This would give students a much more affordable path to education compared to what our 23 fully built-out campuses currently offer. Trustee McGrory stressed the importance of having a state-supported, long-term funding model in place should the CSU create a 24th campus.

5. The **Committee on Educational Policy** began with Public Comments. Approximately 30 speakers addressed the planned 4th year of quantitative reasoning admission requirement. The vast majority criticized the proposal, fearing that it would create an additional barrier to access to the CSU, and that it would disproportionately affect students of color and those living in communities with great socio-economic challenges. Several teachers of Mathematical Reasoning with Connections (MRWC) supported the idea because it would better prepare in-coming students and leave them with all options when choosing a major.
 - a. The committee received information about a Special Public Comment Open Forum on the Quantitative Reasoning Proposal. Trustee Taylor announced that a 3 ½ hour session on the QR proposal was scheduled for August 29 at the Chancellor's Office with expanded opportunity for organizations and the public to debate and comment on the additional admission requirement.
 - b. The committee received as an information item a proposed Amendment to Title 5 Regarding Student Organizations. "The proposed Title 5 amendment would align and update CSU policies related to student organizations by conforming the requirement that student organizations cannot discriminate on the basis of any protective class, adding as protective statuses religious creed, medical condition, genetic information, gender identity, gender expression and veteran and military status."

- c. The committee received a report on the Graduation Initiative 2025 that focused on CSU's attempts to close equity gaps. Jeff Gold, Assistant Vice Chancellor for Student Success Strategic Initiatives, presented the CSU Student Success Dashboards and specifically the Equity Gap Dashboard. The expectation is that the availability of contextualized data will help faculty, staff, and administrators to better identify equity gaps and particular challenges for various student groups and then draw conclusions to guide efforts to eliminate these inequities.

Trustee Taylor announced the Graduation Initiative 2025 Symposium on Oct. 17 and 18 in Sacramento.

- d. The committee received a report on Expanding Opportunity through Preparation in Quantitative Reasoning. Loren Blanchard, Executive Vice Chancellor for Academic and Student Affairs, explained that the 4th year of quantitative reasoning as an admission requirement effective 2026 should "ensure that all students, particularly those from historically under-represented communities, are prepared to be successful at the CSU and in their futures and to provide equitable access to the widest range of majors and careers." The additional admission requirement will "support authentic access, not just to the CSU, but also to the careers that define the workforce today and into the future."

Following reports from Marquita Grenot-Scheyer (Assistant Vice Chancellor for Educator Preparation and Public School Programs), James Minor (Assistant Vice Chancellor and Senior Strategist for Academic and Student Affairs), and Neal Finkelstein (Co-Director for Innovation Studies at WestEd), several trustees asked questions and articulated concerns. For a more comprehensive overview of the pros and cons of the envisioned proposal, you can watch the livestream recording of the open forum on August 29 (<https://www2.calstate.edu/csu-system/board-of-trustees/past-meetings/2019/Pages/august-29-2019.aspx>).

- 6. The **Committee on Institutional Advancement** began with a Public Comment by Ejmin Hakobian.
 - a. The committee approved the Naming of the RND Amphitheater at CSU Monterey Bay. "The proposed naming of the Amphitheater recognizes the \$4 million irrevocable gift from Robert Nathan Danziger to support the College of Arts, Humanities and Social Sciences collaboration with the Monterey Jazz Festival and an unrestricted fund for the university president's discretion."
 - b. The committee approved the Naming of the Provident Credit Union Event Center at San José State University. "The proposed naming of the facility recognizes the \$8.1 million commitment by Provident Credit Union (PCU) to San José State University for the Event Center. The request is for a term of 20 years. The arrangement stipulates PCU will contribute \$300,000 annually, with a 3% escalator for a period of twenty years and in return the university will rename the Event Center the Provident Credit Union Event Center at San José State University for that period. The parties may mutually opt out after 10 years or if San José State University leaves the Mountain West Division. Funds will be used to make improvements and renovations to the Event Center. The changes will bring much needed updates to the facility that is approximately 30 years old."

Trustee McGrory sees such corporate sponsorships as a great source of revenue and encourages the campus presidents to seek more such agreements.

7. The **Committee on Audit** began with *Public Comments*. All speakers addressed the State Auditor's Report on the \$1.5 billion in reserves held by the CSU (see item c). Aaron Castaneda, ASI President (CSULA), criticized the lack of transparency and that the reserves were not discussed with the student leadership when a tuition raise was deliberated. Leaders of the Employees Union (CSUEU), who requested the state audit to be authorized by legislators, echoed the lack of transparency. They lamented that often new employees are paid at the minimum of the bargained salary range, which results in great difficulty to recruit and to retain staff, especially in high-cost areas.
 - a. The committee received by consent the *Status Report on Current and Follow-up Internal Audit Assignments*. "For the 2019 year, assignments were made to develop and execute individual campus audit plans; conduct audits of Information Technology (IT), Sponsored Programs and Construction; use continuous auditing techniques; provide advisory services and investigation reviews; and continue implementation activities for the redesign of Audit and Advisory Services. Follow-up on current and past assignments was also being conducted on approximately 36 completed campus reviews."
 - b. The committee received a presentation on the *Quality Assessment Review of the CSU System Internal Audit Program*. Such a peer review is required every five years. The external evaluators judged "that the division of Audit and Advisory Services (A&AS) at the California State University System (CSU) **Generally Conforms** with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (IIA Standards) and Code of Ethics in all material respects during the period under review. This opinion, which is the highest of three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal auditing program. Additionally, A&AS is held in high regard by its key stakeholders within the system, indicating that the office is accomplishing its mission to assist university management and the Board of Trustees in the effective discharge of their fiduciary and administrative responsibilities by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."
 - c. The committee discussed the *Status of the California State Auditor Report 2018-127 Regarding Financial Accounts Invested Outside the State Treasury and Campus Parking Programs*. This report by the state auditor had generated much media attention because it insinuated that the CSU had hidden a large amount of reserves, while at the same time raising tuition and asking the legislators for additional funding. In his introductory remarks, Chancellor White committed to implement all of the report's recommendations. However, he accused the auditors of having chosen a "sensationalized headline" and used "inaccurate language" when describing the funds as a "discretionary surplus" (implying that this is extra money that can be used for regular operational expenses), when in fact they are "designated reserves." He further maintained that the reserve funds were disclosed at multiple occasions to both

students and to the legislature. Chair Day deemed the evaluation of the Auditor Report as “factually inaccurate and wildly misleading” since “our reserves are woefully inadequate,” and he found the criticism “ironic given the fact that the Governor and the state legislators are being applauded for boosting the state’s rainy day reserves, which is exactly what this Board has been doing.” Trustee Sabalius tried to put into perspective the fact that there was never an accusation that any funds had been misspent, and that the CSU is actually being criticized for having saved too much money.

Lieutenant Governor Kounalakis said she “continues to be baffled by the reaction of the CSU.” She stressed that the Auditor Report maintains that “it is a reserve if it is allocated, otherwise it is really a surplus. [...] It is a choice that the income from the tuition is not going toward operations, instead it is going to build this fund.” Chair Day replied that “this Board has given the Chancellor the directive to build these reserves. It has been happening consciously, intentionally, and strategically.” Chancellor White noted that there was only one tuition increase in the last eight years, and that it was due to the fact that the CSU did not get the state appropriation it needed. He clarified that the reserve fund was not built with tuition revenue, but with

- remarkable investment returns,
- planned contributions from each of the campus presidents for larger construction projects, and
- operating funds savings.

These reserves are primarily used to

- front on-going costs (like providing timely financial aid to students before federal funds arrive),
- finance capital projects (which require a 10% down-payment from campuses), and
- build the “true rainy day piece” (which would actually support the operations of the CSU for only three weeks).

[A Joint Legislative Audit Committee hearing was held on August 12 in Sacramento with testimonies by the State Auditor and by Chancellor White, Trustee McGrory, and Brad Wells for the CSU. The video of the full JLAC hearing is archived at the following link: <http://www.calchannel.com/video-on-demand/>]

8. **The Committee on Collective Bargaining – Open Session** began with *Public Comments*. Leland Wessel, a physician at SDSU, complained that the malpractice coverage for campus health care providers does not apply in cases of Title IX complaints. Due to the nature of their jobs, they “are at much higher risk of [Title IX] complaints than other staff and faculty on campus just in the course of discharging their normal duties.” Ejmin Hakobian opined [to the wrong committee] that the level of CSU reserves should be determined by the state and not by the Chancellor or the Board of Trustees. Martin Brenner, Vice Chair of the Bargaining Unit 9 (CSUEU), lamented that the CSU too often hires staff as temporary employees, even when they fulfill continuing needs, thereby depriving them of workers’ rights as well as state and federal protections.

- a. The committee approved the *Ratification of the Successor Collective Bargaining Agreement with Bargaining Unit 14, American Language and Culture Program Instructors at CSU Monterey Bay*. The three-year agreement stipulates a 3% increase in salaries, in line with most of the recently ratified contracts. All other clauses of the previous contract will remain the same.

9. The **Committee on University and Faculty Personnel** began with *Public Comments*. Aaron Castaneda, ASI President (CSULA), denounced that even the newly appointed presidents are slated to receive a salary increase. Rocky Sanchez, Vice President for Representation (CSUEU), thanked the Chancellor's Office for the expansion of the Catastrophic Leave Donation Program to allow for donations across campuses within the whole system.

As during the public comment period for all other committee meetings as well as at previous BoT meetings, Ejmin Hakobian severely criticized the Chancellor, the Board, and CSULA campus leaders to the point of insult. This time it provoked a reaction from Lieutenant Governor Kounalakis, who said "it is not helpful to launch personal attacks against the Chancellor, who obviously has the support of staff and support of this Board. You speak at every single public comment and there is always a personal vicious attack against the Chancellor. [...] If you want to be taken more seriously, you should focus on the specific issues."

 - a. The committee approved the *Recommended Revisions of Title 5, Catastrophic Leave Donation Program*. Evelyn Nazario, Vice Chancellor for Human Resources, presented the changes to the program. "This revision to Title 5 is proposed to expand the current Catastrophic Leave Donation Program to allow employees who accrue vacation or sick leave credits to voluntarily donate either of those credits to another employee within the CSU system in the event of a natural disaster/state of emergency." Currently, donation are only possible within the same campus.
 - b. The committee approved increased *Compensation for Executives*. Every campus president, the Chancellor, and all six Vice Chancellors will receive a salary increase of 3%. Trustee Garcia echoed a public comment that a raise for newly appointed presidents may not be in order. Trustee Firstenberg acknowledged that "if someone earns \$30,000, \$50,000, or \$70,000 a year, then the executive salaries seem enormous," and still, "these are not competitive salaries." She is concerned that, over time, the CSU will not be able to attract or retain excellent leaders, if they are not paid competitive salaries.

10. The **Plenary Session** began with *Public Comments*. William Blischke, immediate past President of the Emeritus and Retired Faculty and Staff Association (ERFSA), reported on the organization's plan to help with student voter registration and to encourage census participation. He regretted that ERFSA had not been invited to lobby for the CSU in Sacramento. Five speaker expressed their support for SB24 (Leyva), which would require all CSU campuses to make medication abortion available at student health centers. Martin Brenner, Vice Chair of Bargaining Unit 9 (CSUEU), requested that the concern for California market compensation will be retained when dealing with contracts for non-executive employees as well.

The Board received the following Reports:

- a. The Chair of the Board of Trustees, Adam Day, spoke about extensive systemwide efforts to help veterans, who are studying in the CSU. He also highlighted various academic and research accomplishments of our campuses as well as efforts to bring more women into STEM disciplines.
- b. Chancellor Tim White reported that this fall, the CSU will welcome approximately 70,000 new freshmen. This is the cohort that will determine whether the CSU will reach its Graduation Initiative 2025 goals, especially the ambition to close the equity gap. "Meeting this challenge is our moral imperative."

The Chancellor also lauded the Equal Opportunity Program –which this year celebrates its 50th anniversary– as a "vehicle for social, cultural, and political participation, representation, and advancement." The program is dedicated to provide authentic access to a higher education and thereby facilitates social mobility. Since its inception, over ¼ million students participated in the program. The program's objectives are in alignment with the very core of CSU's mission.

- c. The Chair of the Academic Senate CSU (ASCSU), Catherine Nelson, outlined several issues that the Academic Senate's sub-committees plan to work on in the fall.

Academic Affairs:

- the role of artificial intelligence in the classroom and in career preparation
- student success
- teacher preparation
- General Education

Academic Preparation and Education Programs:

- proposal of a 4th Year of QR as a CSU admission requirement
- eligibility requirements
- student preparedness
- transfer issues

Faculty Affairs:

- academic freedom
- intellectual property
- Course Hero
- inviting and involving contingent faculty in shared governance
- public information requests

Fiscal and Governmental Affairs:

- tracking legislation
- advocacy
- looking for ways to increase ASCSU's profile in Sacramento
- discussion of CSU's tuition structure.

The Academic Senate Leadership Retreat in August will focus on "how diversity, equity, and inclusion shape an education that will produce informed citizens."

At its September meeting, the ASCSU will host an Interrupting Racism Workshop guided by CFA. The Academic Senate will also explore how internally it can foster a more inclusive environment.

Lastly, the ASCSU opposes AB1460 (Webber) –which would establish an Ethnic Studies course as a CSU graduation requirement– on the grounds that it is an intrusion into the shared governance process and a direct challenge of faculty’s authority over the curriculum.

Regardless of the fate of the proposed bill, Chair Nelson opined that it is “way past time that the CSU, the Academic Senate, and campuses act on the recommendations of the Ethnic Studies Task Force.”

- d. Michael Wiafe, the new President of the California State Student Association (CSSA), delivered a televised report from out-of-state. He introduced himself and his leadership team. He shared the story of his humble upbringing in an immigrant family from Africa and how education provided a path of success for his parents and for himself. He related this experience to his goal to help the CSU to close equity gaps and to bring students to success. He stressed that affordability is a key component to student success.
- e. The President of the CSU Alumni Council, Michelle Power, introduced her new leadership team and welcomed Larry Adamson as the interim Alumni Trustee. She also announced the next Alumni Council meeting in August at CSU Dominguez Hills.

The new interim Alumni Trustee Larry Adamson was given time for some personal remarks. He already once sat on the Board in 2005. He observed that many things have changed since he last served as CSU Trustee, but “what has not changed is the passion of the members of the Board.”

The Board moved to approve the resolutions that were previously passed in the various committees.

The resolution of the **Committee on Committee** with an Amendment to the Board of Trustees’ Standing Committee Assignments for 2019-2020 –which was not on the agenda– was taken off the consent for explanation. It added Trustee Adamson to committees and changed an assignment for Trustee Meléndez.

The resolution of the **Committee on Finance** on the Admission Fee Proposal and Title 5 Revision was taken off the consent agenda by Trustee Garcia and opened for discussion. Several motions were made by Trustee Garcia to amend the resolution, which all did not pass. After an involved debate, the Board passed the original resolution to increase the application fee by a vote of 12 to 6.

The Plenary Session of the Board of Trustees was adjourned on Wednesday, July 24, at 11:15 am.

The **Board of Trustees** met in **Closed Session** to discuss Executive Personnel Matters from 11:30 to 12:15.