

Report of the meeting of the
Board of Trustees
March 24-25, 2009

Craig R. Smith, CSU Faculty Trustee

HEADLINES: *Budget Warning but One-Third of Building Projects is Re-Started
Ballot Propositions 1A-E Endorsed.*

Full reports from the Board of Trustees meeting can be found at www.calstate.edu/BOT.

Important items included the following:

- * The Committee on *Collective Bargaining* laid out its goals for CSUEU contracts during the current sunset period in negotiations. The head of the union said these goals could not be reached until budget issues were settled.
- * The Committee on *Institutional Advancement* voted to name the School of Maritime Policy and Management, at California Maritime Academy, the ABS School of Maritime Policy and Management and the Radar Lab Building as ABS Lecture Hall.
- * The Committee on *Finance* reviewed the support budget. There is great fear that the April 1st trigger will result in a \$50 million deduction from the budget, that deficits continue to mount (\$8 billion already), and that necessary ballot provisions will not be approved. The Chancellor is testifying before Assembly and Senate hearings on the budget challenges to the CSU, which is being underfunded over the two year period by \$600 million compared to the compact levels. The final budget package enacts the following changes for the CSU in 2009-10:
 - Makes permanent the \$66.3 million in budget reduction proposed for 2008-09.
 - Restores the \$31.3 million amount associated with budget savings that the administration requested that CSU achieve in 2008-09. This means the impact of this reduction is one-time only, felt in the current year.
 - Assumes the CSU Trustees will increase student fee rates by 10 percent, for a projected increase in gross revenue of \$130.4 million. The budget also assumes one-third of this increase will be set aside for student financial aid (\$43.8 million). With regard to students, 121,000 students now receive State University Grants, an all time high. Federal legislation has provided 40% more in student aid over the last two years. Pell Awards are now up to \$5,500. In fact, when all grants are counted, 170,000 of our students PAY NO FEES.

The committee approved bonds for a parking structure 4 at Fullerton, for a health center at San Bernardino, and a student union for Northridge. The CSU's credit rating for bonds is much higher than the state's rating.

- * The Committee on *Campus Planning, Buildings and Grounds* amended the capital outlay program. One-third of those projects that had been suspended were re-started and more will come on line as bonds are sold by the state. The \$30 million cost of the close down and re-start will mean some projects will be reduced in size.

Master plan revisions with accompanying environmental impact were approved for Channel Islands (342 acres, among other additions) and Stanislaus (dormitories, parking structures, performing arts

complex, among other additions). Also approved were a student union expansion for San Jose and a public safety building for San Marcos.

- * The Committee on *Governmental Relations* heard report number 2. The most important item was *AB 867 (Nava) California State University: Doctor of Nursing Practice Degree*: This proposal would allow the CSU to offer the Doctorate of Nursing Practice (DNP) degree. Questions of costs to campuses must be taken into account. Another bill of interest is *AB 53 (Portantino) State Employment: Salary Freeze*: This measure would prohibit any state employee, including employees of the CSU, who earns more than \$150,000 to receive a salary increase, overtime pay, or a bonus until January 1, 2012. See also *SB 147 (DeSaulnier) University of California and California State University: Career Technical Education Courses*: This proposal would require the CSU to accept by January 2014, all high school career technical education courses that meet the model curriculum standards as satisfying the completion of a general elective course requirement for purposes of admission to that university. There are several bills to freeze student fees.

The committee then turned its attention to the 1A-F ballot propositions recommended by the legislature to balance the budget.

Proposition 1A modifies the state's existing provisions for a rainy day account, put in place by the voters in 2004, by increasing from 5% to 12.5% the target amount of General Fund revenues to be set aside ultimately in the Budget Stabilization Account/Budget Stabilization Fund (BSA/BSF) through an annual 3% contribution from revenues received by the state. The measure restricts the use of state revenues considered to be "unanticipated" to primarily one time purposes beginning in 2010-11. If Prop. 1A is passed, existing law tied to the measure gives the Governor the authority to reduce spending during a fiscal year without additional legislative approval. Specifically, the Governor could reduce spending for general state operations (such as equipment purchases) or capital outlay by up to 7 %, and cost-of-living adjustments (COLAs) for any programs specified in the annual budget. The proposition would extend the sales tax increase for another year, and the vehicle and personal income tax increases for another two years. This will be a difficult sell to the voters of the state.

Proposition 1B requires the passage of 1A and would make a total of \$9.3 billion in supplemental payments to K-14 education, with annual installments starting in 2011-12. These gradual increases in payments would become incorporated into the annual Proposition 98 base and would, after five to six years; result in an annual level of Proposition 98 funding that is higher by \$9.3 billion.

Proposition 1C would allow the State to borrow \$5 billion in the 2009-10 fiscal year from future lottery profits.

Proposition 1D amends the California Children and Families Act to temporarily allow Proposition 10 revenues to be used to fund other state health and human services programs for children up to age five. In effect, these revenues would be used to offset existing state General Fund costs, thereby achieving savings to help address the state's current budgetary problem.

Proposition 1E allows for the temporary redirection of some support for Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program's mental health services. Specifically, this Proposition would redirect \$226.7 million of Proposition 63 funds in 2009-10 and between \$226.7 million and \$234 million would be redirected in 2010-11, to support EPSDT. In effect, these Proposition 63 revenues would be used to offset state costs that would otherwise be borne by the General Fund, thereby achieving savings to help address the state's current budgetary problem.

Proposition 1F amends the Constitution to prevent the California Citizens Compensation Commission, established by voters in 1990, to establish annual salaries, medical insurance and other benefits for elected officials from approving increases in the annual salary of elected state officials when the state General Fund is expected to end the year with a deficit.

On Wednesday morning, the Board endorsed propositions 1A-E, (with the Lt. Governor in lone dissent) and took no stand on F. The Board heard arguments from CFA against proposition 1A. CFA supports *AB 656 (Torrico) California Higher Education Endowment Corporation: Oil and Gas Severance Tax*: This measure would go in effect after January 1, 2010 and would establish the California Higher Education Endowment Corporation (CHEEC) to oversee the use of funds from a new oil and gas severance tax upon any producer for the privilege of severing oil or gas from the earth or water in this state for sale, transport, consumption, storage, profit, or use. The revenues generated by the tax would be used by the CCC for curriculum and programs related to renewable energy and the remaining monies would be annually allocated the CSU and the UC per the decisions of the CHEEC Board and without appropriation by the state. California is the only state without such a tax.

- * The *Committee on Audit* heard status reports on various campus reviews. A system-wide finding was that the review of security and access privileges noted segregation of duties conflicts for access to key PeopleSoft systems support functions. This deficiency resulted from the availability of powerful systems access accounts to systems support personnel, both centrally and at all 23 campuses, without ensuring that key systems duties were well segregated or activities were reviewed. Management has taken steps to address KPMG's recommendations by establishing standardized procedures to implement segregation of duties or monitor the activity for users with high level access authority in situations where the segregation of duties is not feasible.
- * The *Committee on Education Policy* heard a report on on-line education that focused on best practices but was unclear about assessment, property right concerns, and clear labeling of on-line courses when a course was part of several sections of the same course. The Board expressed its enthusiasm for the development of courses which are approved by local faculty senates.

We heard a report on proficiency in English and Mathematics for early start programs for freshmen. Startling numbers of entering freshmen still need remediation; however, about 87% are brought to proficiency by the end of their first year. One more advance in this process is the early start program. The Board endorsed Trustee Carter's call for a policy statement at the May meeting to make mandatory the completion of remedial work before entering the freshman year.

The committee heard very good reports on accreditation evaluations done at Dominguez Hills and East Bay.

Speaker Bass attended the session on AB 2463 (Louis Caldera, 1996), which called upon the California State University to expand access and retention programs to include outreach services to foster youth who had turned 18. The program serves many foster youth, any of whom were homeless before entering our program.

- * The *Committee of the Whole* heard the litigation report, which included various settlements and rulings. Two clubs, one at San Diego and one at Long Beach that discriminated against gays and lesbians lost their appeal of suspensions. The CSU policy against discrimination was upheld by courts.

After public comments and constituency reports during the general board meeting, the above recommendations were affirmed and the reports were accepted.

My list of completed campus visits follows:

<u><i>Campus</i></u>	<u><i>1st Official Visit</i></u>	<u><i>2nd Visit</i></u>	<u><i>3rd Visit</i></u>	<u><i>4th Visit</i></u>	<u><i>5th Visit</i></u>
Humboldt	9/05	Graduation 05	10/06		
Chico	12/05	Graduation 07	Alumni Banquet 08		
Sonoma	2/26				
Sacramento	12/05	8/29/07 Academic Senate Retreat	12/22/07 Winter Grad	Phone Conference	
Maritime A.	2/06	guest lecture	Graduation 06	Graduation 07	Graduation 08
San Francisco	10/05	12/4/07			
East Bay	11/05	Workshop	President/ Senate Exec.		
San Jose	11/05	150 th Anniversary			
Stanislaus	9/06	Phone Conference 8/08			
Monterey Bay	2/06	1/07			
Fresno	10/05	Graduation 06	9/06		
Bakersfield	5/06	Graduation 07			
San Luis Obispo	10/06				
Channel Islands	4/06	Guest lecture			
Northridge	11/05				
San Bernardino	11/05	12/8/07 winter grad.			
Fullerton	11/06	Arts Center	Alumnae Events	Picnic	Guest Lectures
Los Angeles	1/06				
Dominguez Hills	5/06	Tennis Center	Campus Conversation	Tennis Center	
Long Beach	9/05	5/06	Graduation	9/06	Campus Conver.
Pomona	4/06	Campus Conversation	9/13/07-Exec. Retreat		
San Marcos	1/06	8/07 Fundraising	5/08 Fundraising		
San Diego	1/06	Graduate Dean			