

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

California State University  
Office of the Chancellor—Glenn S. Dumke Auditorium\*  
401 Golden Shore  
Long Beach, CA 90802

Agenda  
July 9-12, 2023

Time**	Committee	Location <sup>1</sup>
<i>SUNDAY, JULY 9, 2023</i>		
9:00 a.m.	<u>Board of Trustees—Closed Session</u> Executive Personnel Matters Government Code §11126	<i>Long Beach Marriott Hotel</i> <del>Sheraton Gateway Los Angeles Hotel</del>
<i>MONDAY, JULY 10, 2023</i>		
2:00 p.m.	<u>Board of Trustees—Closed Session</u> Executive Personnel Matters Government Code §11126  Pending Litigation Hernandez, et al. vs. The Fraternity of Phi Gamma Delta, Inc., et al.	Munitz
3:00 p.m.	<u>Committee on Collective Bargaining—Closed Session</u> Government Code §3596(d)	Munitz

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<sup>1</sup> All committees meet in the Dumke Auditorium unless otherwise noted.

\*In compliance with the Bagley-Keene Act, this meeting will also be held via teleconference at the locations listed in Attachment A of this notice.

\*\*The Board of Trustees is a public body, and members of the public have a right to attend and participate in its meetings. This schedule of meetings is established as a best approximation of how long each scheduled meeting will take to complete its business. Each meeting will be taken in sequence, except in unusual circumstances. Depending on the length of the discussions, which are not possible to predict with precision in advance, the scheduled meeting times indicated may vary widely. For two-day meetings, items scheduled for one day may be heard either the day before or the day after depending upon the time spent on each matter. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

Agendas, notices, and information on addressing the Board of Trustees may be found on Board of Trustees website: <https://www.calstate.edu/csusystem/board-of-trustees/Pages/default.aspx> .

**TUESDAY, JULY 11, 2023**

**9:00 a.m.     Board of Trustees**

**Call to Order**

**Roll Call**

**Public Comment**

**Chair’s Report**

**Academic Senate CSU Report: *Chair—Beth Steffel***

**California State Student Association Report: *President—Dominic Treseler***

**California State University Alumni Council Report: *President—John Poli***

**Chancellor’s Report**

**11:25 a.m.     Committee on Audit**

**Consent**

*Action*       1. Approval of Minutes

*Information* 2. Status Report on Audit and Advisory Services Activities

**11:30 a.m.     Joint Committee on Educational Policy and Finance**

**Consent**

*Action*       1. Approval of Minutes

**Discussion**

*Information* 2. Chancellor’s Strategic Workgroup on Financial Aid

**12:30 p.m.     Luncheon**

**1:30 p.m.     Committee on Finance**

**Consent**

*Action*       1. Approval of Minutes

*Action*       2. Approval to Issue Debt for Affordable Housing at California State University, Northridge

*Action*       3. Approval to Issue Debt in Support of the 2023-2024 Budget

**Discussion**

*Information* 4. 2023-2024 Final Budget

*Information* 5. Planning for the 2024-2025 Operating Budget Request

*Information* 6. Tuition Policy

*Information* 7. Multi-Year Tuition Proposal

**3:30 p.m.     Break**

**TUESDAY, JULY 11, 2023 (cont.)**

**3:45 p.m. Committee on Campus Planning, Buildings & Grounds**

**Consent**

*Action* 1. Approval of Minutes

**Discussion**

*Information* 2. Preliminary Five-Year Capital Outlay Plan

*Action* 3. California State University, Long Beach Peterson Hall 1 Replacement, Schematic Design Approval

**WEDNESDAY, JULY 12, 2023**

**9:00 a.m. Committee on University and Faculty Personnel**

**Consent**

*Action* 1. Approval of Minutes

**Discussion**

*Action* 2. Executive Compensation: Chancellor-select, California State University

*Action* 3. Executive Compensation: President – Sonoma State University

*Action* 4. Executive Compensation

*Information* 5. Executive Transition Assignments

*Information* 6. Proposed Amendment of California State University Conflict of Interest Code

**10:15 a.m. Board of Trustees**

**Call to Order**

**Roll Call**

**Consent**

*Action* 1. Approval of the Minutes of the Board of Trustees Meeting of May 23, 2023 and May 24, 2023

*Action* 2. Approval of Committee Resolutions as follows:

**Committee on Finance**

2. Approval to Issue Debt for Affordable Housing at California State University, Northridge

3. Approval to Issue Debt in Support of the 2023-2024 Budget

**Committee on Campus Planning, Buildings and Grounds**

3. California State University, Long Beach Peterson Hall 1 Replacement, Schematic Design Approval

**Committee on University and Faculty Personnel**

2. Executive Compensation: Chancellor-select, California State University
3. Executive Compensation: President – Sonoma State University
4. Executive Compensation

**Discussion**

- Action* 3. Conferral of Title of Trustee Emeritus – Adam Day
- Action* 4. Conferral of Title of Student Trustee Emerita – Maria Linares
- Action* 5. Conferral of Titles of President Emeritus and Executive Vice Chancellor Emeritus – Framroze Virjee
- Action* 6. Conferral of Title of President Emeriti – Robert S. Nelsen, William A. Covino, Ellen N. Junn

## ADDRESSING THE BOARD OF TRUSTEES

Members of the public have the opportunity to observe the meeting in-person or online and to offer public comment as follows:

- The meeting is broadcast via the [livestream](#) through the Board of Trustees website.
- **For in-person attendance:** The Chancellor's Office requires that all visitors comply with Cal/OSHA and local health department safety measures that may be in effect at the time of the meeting. Depending on circumstances, masks may be required, and the Dumke Auditorium may have limited seating to ensure proper physical distancing. Visitors who do not comply with the safety measures, or if the Dumke Auditorium has reached capacity, will be asked to watch the meeting via the [livestream](#) on the Board of Trustees website through their phone or computer. Because of possible physical distancing measures and the uncertainty of our seating capacity, members of the public are encouraged to observe the meeting via the livestream and offer any public comments through the available remote option.
- All public comment (for all committee and plenary sessions) will take place on **Tuesday, July 11**, at the start of the Board of Trustees' open session (**scheduled to begin at approximately 9:00 a.m.**)
- **Written comments** may be emailed in advance of the meeting by **12:00 p.m. on Monday, July 10** to [trusteesecretariat@calstate.edu](mailto:trusteesecretariat@calstate.edu). To the extent possible, all written comments will be distributed to members of the board, or its appropriate committee, prior to the beginning of the board or committee meeting.
- Members of the public who wish to offer public comment *during the meeting* may do so **in-person or virtually/telephonically** by providing a written request **by 12:00 p.m. on Monday, July 10** to [trusteesecretariat@calstate.edu](mailto:trusteesecretariat@calstate.edu). The request should also identify the agenda item the speaker wishes to address or the subject of the intended presentation if it is unrelated to an agenda item. Efforts will be made to accommodate each individual who has requested to speak.

The purpose of public comment is to provide information to the board and not evoke an exchange with board members. Questions that board members may have resulting from public comment will be referred to appropriate staff for response.

In fairness to all speakers, and to allow the committees and board members to hear from as many speakers as possible while at the same time conducting the public business of their meetings within the time available, **public comment will be limited to 1 minute per speaker** (or less depending on the number of speakers wishing to address the board.) Ceding, pooling, or yielding remaining time to other speakers is not permitted. Speakers are requested to make the best use of their public comment opportunity and follow the established rules.

Requests for reasonable modification or accommodation from individuals with disabilities, consistent with the Americans with Disabilities Act, shall be made as follows:

- By email: [trusteesecretariat@calstate.edu](mailto:trusteesecretariat@calstate.edu), or
- By telephone: (562) 951-4020



**TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY**

**California State University  
Office of the Chancellor  
Glenn S. Dumke Auditorium  
401 Golden Shore  
Long Beach, CA 90802**

**Tuesday, July 11, 2023**

***Presiding: Wenda Fong, Chair***

<b>9:00 am.*</b>	<b><u>Board of Trustees</u></b>	<b>Dumke Auditorium</b>
	<b>Call to Order</b>	
	<b>Roll Call</b>	
	<b>Public Comment</b>	
	<b>Chair’s Report</b>	
	<b>Academic Senate CSU Report: <i>Chair—Beth Steffel</i></b>	
	<b>California State Student Association Report: <i>President—Dominic Treseler</i></b>	
	<b>California State University Alumni Council Report: <i>President—John Poli</i></b>	
	<b>Chancellor’s Report</b>	

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**AMENDED**

**AGENDA**

**COMMITTEE ON AUDIT**

**Meeting:** 11:25 a.m., Tuesday, July 11, 2023  
Glenn S. Dumke Auditorium

Yammilette Rodriguez, Chair  
Jean Picker Firstenberg, Vice Chair  
Leslie Gilbert-Lurie  
Lillian Kimbell  
~~Romey Sabalius~~  
Lateefah Simon  
Christopher Steinhauser

**Consent**

1. Approval of Minutes of the Meeting of May 24, 2023, *Action*
2. Status Report on Audit and Advisory Services Activities, *Information*

**MINUTES OF THE MEETING OF  
COMMITTEE ON AUDIT**

**Trustees of the California State University  
Office of the Chancellor  
Glenn S. Dumke Auditorium  
401 Golden Shore  
Long Beach, California**

**May 24, 2023**

**Members Present**

Lateefah Simon, Chair  
Yammilette Rodriguez, Vice Chair  
Diana Aguilar-Cruz  
Jack Clarke, Jr.  
Lillian Kimbell  
Jack McGrory  
Wenda Fong, Chair of the Board

Trustee Lateefah Simon called the meeting to order.

**Approval of the Consent Agenda**

The minutes of the March 21, 2023, meeting of the Committee on Audit were approved as submitted.

Item two, Status Report on Audit and Advisory Services Activities, was an information item.

**Fiscal Year 2023-2024 Audit Plan**

Vlad Marinescu, vice chancellor and chief audit officer, presented the annual audit plan for fiscal year 2023-2024 for review and approval. The primary objective of the audit plan is to provide assurance that risks are being mitigated and that CSU controls are designed and operating effectively. Each year, Audit and Advisory Services engages in an annual audit planning process to develop a comprehensive risk-based audit plan that addresses both systemwide risks and individual campus-specific risks.

The foundation of the assurance audit plan is focused on the core support areas of Administration and Compliance; Business and Finance; and Information Technology. The second segment of the plan is focused on Academic Administration; Student Activities and Services; and University

Relations and Advancement. The final segment of the plan focuses on auxiliary organizations. A brief description of each planned audit topic is included in Appendix A of the agenda item.

The assurance audits portion of the audit plan also includes data analytics. Audit and Advisory Services' data analytics program includes four core areas: assurance audit support, data analytics projects, periodic monitoring of analytic results, and database and dashboard management. The data analytics plan includes seven major projects. These projects cover a range of topics and are in various stages of the development cycle which includes design, build, analyze, and monitor. A brief description of each planned data analytics project is included in Appendix B of the agenda item.

The 2023-2024 audit plan consists of five primary functional areas: assurance audits and data analytics, advisory services, investigations and intergovernmental audits, outreach and engagement, and audit support. Sixty-five percent of staff resources are allocated toward assurance audits and data analytics. Resources are also allocated toward advisory services, investigations and the coordinating of intergovernmental audit, outreach and engagement, and audit support.

The Fiscal Year 2023-2024 Audit Plan was approved.

### **Audited Financial Statements and Single Audit Report**

Tracey Richardson, assistant vice chancellor and controller, presented the fiscal year (FY) 2021-2022 CSU Financial Statements, Single Audit Report, and results of the annual external audit performed by KPMG.

Ms. Richardson shared a summary of the revenues for the year ended June 30, 2022, compared to the prior year. Total revenues from all sources were \$14 billion for FY 2021-2022, which was \$1.5 billion higher than the previous year. The largest source of revenue was state appropriations of \$5.6 billion, or 40 percent of total revenues. Grants, contracts, and gifts constituted \$4.9 billion, which represented 35 percent of total revenues, and included \$1.6 billion in Higher Education Emergency Relief Funds (HEERF). Student tuition and fees net of scholarship allowance represented 17 percent of total revenues.

A comparative summary of the expenditures for 2021-2022 in comparison with the 2020-2021 fiscal year was also presented. Operating and nonoperating expenses totaled \$12.6 billion for 2021-2022, of which the largest component was salaries and benefits. Total expenses increased by approximately \$600 million from the prior year.

Ms. Richardson reported that the audited financial statements also include information on the CSU's liabilities and assets, which are presented in the statement of net position. The overall net deficit position of \$9.6 billion improved by \$1.4 billion over the prior year. Government entities are required to report long-term post-employment and pension benefit obligations and this is reflected as a negative \$22.9 billion as of June 30, 2022. CSU's positive unrestricted other net

position of \$6.1 billion as of June 30, 2022, increased by \$1.1 billion over the prior year. Increases in state appropriations contributed to the growth in net position. Designated balances and reserves are a component of the \$6.1 billion of unrestricted net position. Designated balances include short-term obligations, capital needs, and catastrophic events. As of June 30, 2022, the amount set aside for economic uncertainty by the 23 universities and the chancellor's office was \$713 million, or about 1 month of operating expenses.

Federal award expenditures for the 23 universities and the chancellor's office amounted to \$3.9 billion for FY 2021-2022. The external auditors focused the compliance audit on HEERF grants with \$1.6 billion in expenditures and expenditures for research and development grants amounting to \$22 million. There were two audit findings. One identified untimely and incomplete quarterly reporting requirements for HEERF at three universities. Another found noncompliance with the federal requirement to conduct physical inventory of federally funded purchases of equipment and real property at least once every two years at one university. Auxiliaries issue stand-alone single audit reports and one auxiliary had two audit findings regarding a lack of internal control to ensure documentation compliance with the grant requirements. There were no questioned costs identified during the audit. The audit findings are significant deficiencies and did not rise to a material weakness and KPMG issued an unmodified audit opinion.

The CSU prepares annual financial statements that consolidate financial information for all 23 universities, the chancellor's office and 93 component units (mostly auxiliaries). The universities and chancellor's office have no audit findings and KPMG issued an unmodified audit opinion. Each component unit also conducts its own financial statement audit. Of the 93 component units, seven had a combined four material weaknesses and five significant deficiencies. The corrective actions for all audit findings have been submitted and accepted. All 93 component units also received an unmodified audit opinion and fewer audit findings than last year.

Chris Ray, audit partner at KPMG, reported that the results of the CSU audit include an unmodified audit opinion on the financial statements and single audit reports. The accounting principles for the CSU system are summarized in footnote 2 of the financial statements and there was one change this year related to the adoption of GASB 87, a requirement related to the accounting of leases. Mr. Ray noted that the CSU's actuarial assumptions that are used as part of the pension and OPEB liabilities are tested by KPMG. There were no corrected misstatements to the financial statements. There were a couple of uncorrected misstatements that were considered immaterial to the financial statements. The report on government auditing standards and internal controls related to financial reporting had no audit findings. For the Single Audit there were two audit findings, which were discussed in Ms. Richardson's presentation.

Trustee Rodriguez adjourned the Committee on Audit.

## **COMMITTEE ON AUDIT**

### **Status Report on Audit and Advisory Services Activities**

#### **Presentation By**

Vlad Marinescu  
Vice Chancellor and Chief Audit Officer  
Audit and Advisory Services

#### **Summary**

This item provides an update on internal audit activities and initiatives. It also includes a status report on the 2022-23 and 2023-24 audit plans. Follow-up on current and past assignments is being conducted on approximately 40 completed campus reviews. Attachment A summarizes the status of audit assignments by campus.

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.

### **ASSURANCE AUDITS AND DATA ANALYTICS**

#### Status of In-Process and Completed Audits

Audit and Advisory Services is wrapping up work on the 2022-2023 audit plan and has commenced work on the 2023-24 audit plan. Thirty-seven audits have been completed as part of the 2022-23 audit plan and the remaining 13 audits are anticipated to be completed by September 2023. Audits for 2023-24 have commenced, with fieldwork for eight campus audits starting by the end of July 2023. Completed audit reports are posted on the California State University website at <https://www2.calstate.edu/csu-system/transparency-accountability/audit-reports>.

The status of campus progress toward implementing recommendations for completed audits is included in Attachment A. Prior year audits that have open recommendations are also included in Attachment A and are removed from the report once all recommendations are completed.

Both campus management and audit management are responsible for tracking the implementation/completion status of audit recommendations contained in campus audit reports. During the audit process, campus management identifies a target completion date for addressing each audit recommendation. Target completion dates are subject to approval by audit management prior to the audit report being finalized. Implementation timelines are reviewed for appropriateness, reasonableness, and timeliness, which also includes evaluating the nature and

level of risk and whether any mitigating controls can or should be put in place on an interim basis while audit recommendations are being implemented.

If there are difficulties or unexpected delays in addressing/completing audit recommendations within the agreed upon timeframes, escalation processes for resolution are followed by audit management. Audit management first contacts the campus senior leadership team (president and/or VP/CFO) to resolve any delays. In rare instances in which delays cannot be resolved during discussions between campus and audit management, the chancellor and audit committee chair and/or vice chair may help resolve delays, as needed.

### Data Analytics

The data analytics team is continuing its effort to monitor credit card data by reviewing potential anomalies and policy exceptions. The team is finalizing the credit card dashboards that will be shared with campus liaisons. The dashboards will provide campuses with an overview of the campus credit card program, including trends and activities, and increase effort to proactively address any potential anomalies. For Concur travel expenditures, the data analytics team is preparing for the next quarterly dashboard data upload.

Additionally, work continues on the new risk indicator and payroll dashboards. Student and auxiliary data continue to be evaluated for possible use on future dashboards.

## ADVISORY SERVICES

Audit and Advisory Services partners with management to identify solutions for business issues, offer opportunities to improve the efficiency and effectiveness of operating areas, and assist with special requests, while ensuring the consideration of related internal control issues. Advisory services are more consultative in nature than traditional audits and are performed in response to requests from campus management. The goal is to enhance awareness of risk, control and compliance issues and to provide a proactive independent review and appraisal of specifically identified concerns. Reviews are ongoing.

## INVESTIGATIONS AND INTERGOVERNMENTAL AUDITS

Audit and Advisory Services is periodically called upon to provide investigative reviews of alleged fiscal improprieties. Investigations are performed both at the request of an individual campus or the chancellor's office and by referral from the state auditor.

Additionally, Audit and Advisory Services assists with tracking external audits being conducted by state and federal agencies, offers assistance to campuses undergoing such audits, and acts as a liaison for the California State University system throughout the audit process when appropriate.

The Joint Legislative Audit Committee (JLAC) held a hearing on June 26, 2023, to consider audit requests from legislators. At the hearing, JLAC approved an audit of the California State University and University of California related to community college transfers. The scope and objectives of the audit are available on the State Auditor's website (<https://www.auditor.ca.gov/pdfs/analyses/2023-123.pdf>).

On June 27, 2022, JLAC approved two audits of the California State University: 1) an audit of California State University's handling of sexual harassment complaints (Title IX); 2) an audit of the California State University's compliance with the Native American Graves Protection and Repatriation Act (NAGPRA). The California State Auditor (CSA) began both audits in November 2022.

For the Title IX audit, the CSA audit team is concluding its report writing process. The report is scheduled to be released on July 18.

The NAGPRA audit report was issued on June 29, 2023. The audit directed six recommendations to the Chancellor's Office and one to the California Legislature. The CSA requires detailed follow-up responses on the implementation of the report's recommendations at 60 days, six months, and one year after the report's release, and annually thereafter if recommendations are still open. Audit and Advisory Services is responsible for coordinating the CSU's follow-up responses to the audit. A copy of the full report can be found on the State Auditor's website (<https://www.auditor.ca.gov/pdfs/reports/2022-107.pdf>).

In addition to the JLAC approved audits described previously, the CSA prepares biennial reports on high-risk issues that "the CSA identifies as high risk for their potential of waste, fraud, abuse or mismanagement, or that have major challenges associated with their economy, efficiency, or effectiveness." In 2013, the CSA identified affordability in higher education as a high-risk issue for both the California State University and University of California systems. Since then, the CSA has continued to assess affordability as a high-risk issue every two years. The CSA began the review with an entrance conference on February 10, 2023. The goal of their review is to update the status of high-risk issues from their last report and determine if the issues will stay on the high-risk list. The report is scheduled to be released in August 2023.

The last report was issued in August 2021 and found that although the CSU has taken some steps to improve affordability, those actions have not fully addressed or resolved affordability challenges. The full report can be found at <https://www.auditor.ca.gov/pdfs/reports/2021-601.pdf>. The "Higher Education – Affordability" section starts on page 9.

Audit and Advisory Services is also responsible for maintaining and administering the CSU policy on Campus Reporting of Fiscal Improprieties (Executive Order 1104) and recently revised the policy to include a reference to the California Public Employees' Pension Reform Act, which states

that members who have been convicted by a state or federal trial court of any felony under the law for conduct arising out of or in the performance of his or her official duties, in pursuit of the office or appointment, or in connection with obtaining salary, disability, service retirement, or other benefits, must forfeit all accrued rights and benefits in any public retirement system they are a member of at the time the felony is committed retroactive to the first commission. If the employee is convicted of a felony for the misconduct at work, the campus must notify CalPERS within 90 days of the employee's conviction. The policy can be found in the CSU Policy Library (<https://www.calstate.edu/policies>).

### OUTREACH AND ENGAGEMENT

Audit and Advisory Services continues to partner and work with our campus and system stakeholders beyond what would be the usual course of business for an audit or advisory review in order to find opportunities to add value to the organization when possible. This includes partnering activities such as participating and leading affinity groups, providing support to campus and chancellor's office management, sharing information and common themes across campuses, and acknowledging feedback and insights provided by management.

After the CSU Board of Trustees Committee on Audit approved the annual audit plan for fiscal year 2023-24, audit management provided each campus with their customized audit plan. Additionally, audit management presented the overall audit plan to the campus CFO affinity group in June 2023.

## STATUS REPORT ON CURRENT AND PAST AUDIT ASSIGNMENTS

Campus	Category	Audit Topic	Audit Plan Year	Total # of Recommendations	*Status
Bakersfield	Status of Recommendations	Academic Department Fiscal Review	2022	5	5
Chancellor's Office	Audits Currently in Progress	Emergency Management	2023		
Channel Islands	Status of Recommendations	IT Disaster Recovery	2022	6	6
	No Reportable Recommendations	Police Services	2022	n/a	
Chico	Audits Currently in Progress	Associated Students, Inc.	2022		
	Status of Recommendations	Chico State Enterprises	2021	4	4
	Status of Recommendations	Academic Department Fiscal Review	2022	2	2
	Status of Recommendations	Information Security	2022	14	14
Dominguez Hills	Audits Currently in Progress	Associated Students, Inc.	2022		
	Audits Currently in Progress	Property and Equipment Management	2023		
	Status of Recommendations	Information Security	2022	8	8
East Bay	Status of Recommendations	Executive Travel and Hospitality	2022	1	1
	Status of Recommendations	Student Health Services	2022	5	3 2
Fresno	Audits Currently in Progress	Association	2022		
	Status of Recommendations	Human Resources and Training Compliance	2022	5	5
	No Reportable Recommendations	Construction Management	2022	n/a	
Fullerton	Audits Currently in Progress	Executive Travel and Hospitality	2022		
	Status of Recommendations	Construction Management	2022	4	4
	Status of Recommendations	Procurement and Inventory	2022	3	3
Humboldt	Audits Currently in Progress	Executive Travel and Hospitality	2022		
	Audits Currently in Progress	International Programs	2023		
	Status of Recommendations	Human Resources and Training Compliance	2022	14	4 10
Long Beach	Audits Currently in Progress	Youth Programs	2023		
	Status of Recommendations	Athletics Fiscal Administration	2022	5	1 4
	No Reportable Recommendations	Executive Travel and Hospitality	2022	n/a	
Los Angeles	Status of Recommendations	Computer Security Incident Response	2022	5	3 2
	Status of Recommendations	University Auxiliary Services	2022	8	8
Maritime Academy	Status of Recommendations	Information Security	2021	10	9 1
	Status of Recommendations	Vendor Administration and Payments	2022	3	3
Monterey Bay	Status of Recommendations	Accessible Technology Initiative	2022	6	6
	Status of Recommendations	Procurement and Vendor Administration	2022	4	4
Northridge	Audits Currently in Progress	Athletics Fiscal Administration	2022		
	Status of Recommendations	The University Corporation	2022	7	7
Pomona	Status of Recommendations	Academic Department Fiscal Review	2022	2	2
	Status of Recommendations	Foundation	2022	3	2 1
	Status of Recommendations	Information Security	2022	6	6
Sacramento	Audits Currently in Progress	Capital Public Radio	2022		
	Audits Currently in Progress	Computer Security Incident Response	2022		
	Status of Recommendations	Athletics Fiscal Administration	2022	5	4 1

\*Status  
 Closed (green) - Recommendations have been satisfactorily implemented  
 Open (blue) - Implementation of recommendations is in progress and within the agreed upon timeframe  
 Exceeds Agreed Upon Timeframe (red) - Recommendations have not been implemented within the agreed upon timeframe

# STATUS REPORT ON CURRENT AND PAST AUDIT ASSIGNMENTS

Campus	Category	Audit Topic	Audit Plan Year	Total # of Recommendations	*Status	
San Bernardino	Audits Currently in Progress	Police Services	2022			
	Status of Recommendations	Centers and Institutes	2021	5	5	
		Human Resources	2021	13	13	
		Information Security	2022	6	2	4
San Diego	Audits Currently in Progress	Aztec Shops	2022			
		Academic Department Fiscal Review	2023			
	Status of Recommendations	Student Organizations	2022	2	2	
San Francisco	Status of Recommendations	Construction Management	2022	2	2	
		Training Compliance	2022	3	3	
San Jose	Audits Currently in Progress	Information Security	2022			
	Status of Recommendations	Decentralized Computing	2021	9	8	1
		Athletics Fiscal Administration	2022	6	6	
		Vendor Administration and Payments	2022	1	1	
San Luis Obispo	Audits Currently in Progress	Youth Programs	2023			
	Status of Recommendations	Information Security	2020	12	12	
		Athletics Fiscal Administration	2022	7	7	
		IT Disaster Recovery	2022	3	3	
San Marcos	Audits Currently in Progress	Accessible Technology Initiative	2022			
		Counseling and Psychological Services	2023			
	Status of Recommendations	Human Resources and Training Compliance	2022	5	1	4
Sonoma	Audits Currently in Progress	Business Continuity and IT Disaster Recovery	2023			
	Status of Recommendations	Academic Department Fiscal Review	2022	5	5	
		Philanthropic Foundation	2022	1	1	
Stanislaus	Status of Recommendations	Student Health Services	2022	3	3	

\*Status  
 Closed (green) - Recommendations have been satisfactorily implemented  
 Open (blue) - Implementation of recommendations is in progress and within the agreed upon timeframe  
 Exceeds Agreed Upon Timeframe (red) - Recommendations have not been implemented within the agreed upon timeframe



# AUDIT HIGHLIGHTS

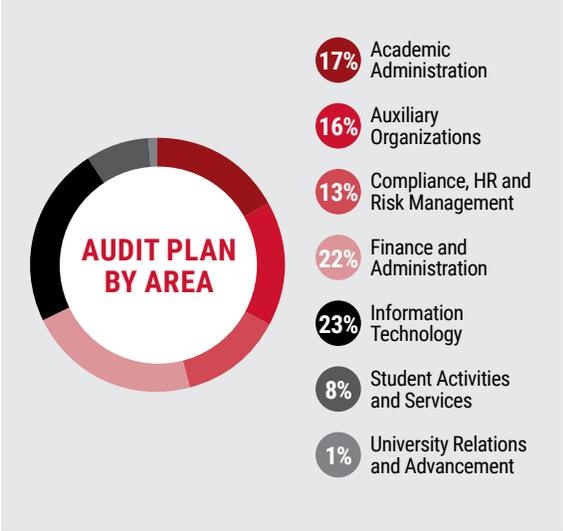
## 2022-23 ASSURANCE AUDITS



COMPLETED



IN-PROGRESS



## 2021-22 AUDIT RECOMMENDATIONS

**49**  
AUDITS

**235**  
TOTAL RECS

**233**  
CLOSED



## CALIFORNIA STATE AUDITOR (CSA)



THE CSA AUDIT REPORT ON CSU COMPLIANCE WITH NAGPRA WAS RELEASED ON JUNE 29. THE CSA REPORT ON CSU COMPLIANCE WITH TITLE IX IS ANTICIPATED TO BE RELEASED ON JULY 18.

## FRAUD PREVENTION



THE CSU POLICY ON THE REPORTING OF CAMPUS FISCAL IMPROPRIETIES HAS BEEN UPDATED TO INCLUDE INFORMATION PERTAINING TO CALPERS BENEFIT FORFEITURE REQUIREMENTS.

# KEY MILESTONES

**JULY 2023**

**WRAPPING UP THE 2022-23 AUDIT PLAN**

**PRESENTED THE 2023-24 AUDIT PLAN TO CAMPUS CFO'S**

**COMMENCED WORK ON THE 2023-24 AUDIT PLAN**



**AGENDA**

**JOINT COMMITTEE ON EDUCATIONAL POLICY AND FINANCE**

**Meeting: 11:30 a.m., Tuesday, July 11, 2023**  
**Glenn S. Dumke Auditorium**

**Committee on Educational Policy**

Diego Arambula, Chair  
Christopher Steinhauser, Vice Chair  
Diana Aguilar-Cruz  
Raji Kaur Brar  
Jack B. Clarke, Jr.  
Mark Ghilarducci  
Leslie Gilbert-Lurie  
~~Romey Sabalius~~  
Jose Antonio Vargas

**Committee on Finance**

Julia I. Lopez, Chair  
Jack McGrory, Vice Chair  
Larry L. Adamson  
Douglas Faigin  
Mark Ghilarducci  
Leslie Gilbert-Lurie  
Anna Ortiz-Morfit  
~~Romey Sabalius~~  
Jose Antonio Vargas

- Consent** 1. Approval of Minutes of the Meeting of January 2, 2023, *Action*  
**Discussion** 2. Chancellor's Strategic Workgroup on Financial Aid, *Information*

**MINUTES OF THE JOINT MEETING OF  
THE COMMITTEE ON EDUCATIONAL POLICY AND FINANCE**

**Trustees of The California State University  
Office of the Chancellor  
Glenn S. Dumke Auditorium  
401 Golden Shore  
Long Beach, California**

**January 24, 2023**

**Members Present**

**Committee on Educational Policy**

Romey Sabalius, Chair  
Diego Arambula, Vice Chair  
Douglas Faigin  
Jean Picker Firstenberg  
Leslie Gilbert-Lurie  
Maria Linares  
Julia I. Lopez  
Yammilette Rodriguez  
Christopher Steinhauser

**Committee on Finance**

Jack McGrory, Chair  
Julia I. Lopez, Vice Chair  
Larry L. Adamson  
Diana Aguilar-Cruz  
Leslie Gilbert-Lurie  
Lillian Kimbell  
Anna Ortiz-Morfit  
Romey Sabalius  
Christopher Steinhauser

Wenda Fong, Chair of the Board  
Jolene Koester, Interim Chancellor

Trustee Sabalius called the meeting to order.

**Public Comment**

Public comment took place at the beginning of the meeting's opening session, prior to all committees. There were no comments addressed to the board regarding the Overview of CSU Enrollment and Resource Alignment.

**Consent Agenda**

Chair Sabalius removed the minutes from the consent agenda to propose an amendment to the list of members present for the Committee on Educational Policy. He noted Trustee Steven G. Stepanek's name should be removed from the list of members present and that his name should be added. The minutes from the meeting on September 17, 2019 were approved with a correction.

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The overview of CSU enrollment and resource alignment was then presented as an information item by Dr. Sylvia A. Alva, executive vice chancellor for Academic and Student Affairs, Dr. Nathan Evans, associate vice chancellor and chief of staff for Academic and Student Affairs and Mr. Steve Relyea, executive vice chancellor and chief financial officer for Business and Finance. The focus of the presentation was to provide an overview of the changes observed in national and CSU enrollment patterns, outline recommendations on how to navigate these changes and share how the CSU is strategically aligning resources to increase access to the system's 23 universities.

Trustees posed clarifying questions and shared their reflections on the information presented to the committees. Interim Chancellor Koester commented on the urgency and exigent nature of enrollment and its relationship to CSU resources during the Trustees open discussion.

Trustee Sabalius adjourned the meeting of the Joint Committees on Educational Policy and Finance.

## **JOINT COMMITTEE ON EDUCATIONAL POLICY AND FINANCE**

### **Chancellor's Strategic Workgroup on Financial Aid**

#### **Presentation By**

Sylvia A. Alva  
Executive Vice Chancellor  
Academic and Student Affairs

Nathan Evans  
Deputy Vice Chancellor  
Academic and Student Affairs

Julia Lopez  
Trustee

#### **Workgroup Charge**

At the May 2023 Board of Trustees meeting, the Chancellor's Sustainable Financial Model Workgroup presented its recommendations for a multi-year strategy to achieve stable and predictable revenues to support the California State University (CSU) mission. In its report, the workgroup underscored the need for a shared sense of how the CSU can best provide an affordable, accessible and quality education for Californians while bringing revenues into alignment with the costs of this shared vision.

As one of its priorities, the workgroup identified the need for a tuition policy that clearly states the CSU's commitment to affordability; ensures that tuition increases are modest, gradual and predictable; and stipulates that a portion of any increase should be dedicated to financial aid. The workgroup also strongly endorsed the need for a companion financial aid policy that maximizes and clearly communicates to families the availability of financial aid while minimizing the need for student loans.

As a direct result of the group's recommendations, in June 2023, the Interim Chancellor appointed a follow-up Chancellor's Strategic Workgroup on Financial Aid, charged with: (1) recommending a comprehensive financial aid strategy and policy for the CSU; (2) developing an implementation plan to ensure that universities are equipped with the procedural requirements, infrastructure and flexibility to make student-by-student adjustments (within a set of consistent parameters); and (3) linking the policy to a clear message to Californians about CSU affordability. In accomplishing these action items, the workgroup is to consider pending changes in both the Free Application for Federal Student Aid (FAFSA) and Cal Grant programs, recent changes to California's Middle

Class Scholarship Program and affordability challenges facing a large and growing share of the CSU's students.

Today's information item provides a preliminary update on the group's progress, including current context and considerations, as well as the values and principles the group has begun to outline to help frame a broader CSU financial aid policy.

### **Background**

The CSU is committed to providing access and opportunity to California students, regardless of their financial circumstances. To that end, the CSU continues to offer one of the most affordable educations in the nation; 56% of CSU students who earn a bachelor's degree graduate with zero student loan debt. Of the students who graduated in 2021-22 with debt, the average loan debt of \$17,479 was well below the most recently available state average of \$21,125 (2019-2020).

As the cost of living, housing and inflation are of increasing concern to students and families, college affordability and financial aid are often the differentiator between students attending college or going straight into the workforce. Financial aid is a critical element that enables students to continue their education at the CSU and ultimately earn a college degree. The CSU disbursed over \$4.2 billion in financial aid funds during the 2020-21 academic year, the most recent financial aid period for which final federal data is available. As of that year, 81% of all CSU students received some form of financial aid. What's more, 60.5% of all undergraduates had the full cost of tuition covered by non-loan aid in the form of grants, scholarships or waivers.

As presented at the January 2023 Board of Trustees meeting, following is an overview of financial aid participation, the various forms of financial aid students receive at the CSU and how this aid is packaged to meet a student's individual need.

### **Cost of Attendance (Estimated Student Expenses)**

The cost of attendance is an important component used to determine financial need. Recognition of student expenses is not limited to mandatory tuition and fees. Federal Title IV financial aid program regulations require institutions to develop cost of attendance allowances that include mandatory tuition and fees as well as allowances for books and supplies, food and housing, transportation and personal expenses.

Institutions develop these allowances, also referred to as standard student budgets, differentiating among students living at home with their parents, students living in campus residence facilities and students living off-campus, typically in a shared apartment. For context, in 2020-21, 45% of CSU students lived at home, 11% lived on campus and 44% lived off campus.

To determine the estimated cost of attendance, CSU campuses and most other California institutions utilize data from the Student Expenses and Resources Survey (SEARS) that is administered by the California Student Aid Commission. Each year, these figures are indexed for inflation.

For 2022-23, the CSU cost of attendance estimates are shown below. Importantly, these figures are systemwide averages and do not represent the amount paid by any one student. Cost of attendance varies among CSU campuses, primarily differentiated by campus-based fees and room and board expenses.

### **2022-2023 Estimated Average Cost of Attendance Undergraduate Academic Year Costs (9 months)**

	At Home 44%	On Campus 11%	Off Campus 45%
Tuition	\$5,742	\$5,742	\$5,742
Campus-based Fees	\$1,810	\$1,810	\$1,810
Books and Supplies	\$1,156	\$1,156	\$1,156
<b>Room and Board</b>	<b>\$8,522</b>	<b>\$15,210</b>	<b>\$17,297</b>
<b>Transportation</b>	<b>\$1,504</b>	<b>\$1,059</b>	<b>\$1,451</b>
Personal	\$2,399	\$2,198	\$2,735
<b>TOTAL</b>	<b>\$21,133</b>	<b>\$27,175</b>	<b>\$30,191</b>

\* Systemwide averages, actual amounts vary by CSU campus

#### **Determination of Financial Need**

To develop a financial aid package for a CSU student, the university first determines that student's financial need – the difference between the Cost of Attendance (COA) at a CSU campus and the amount of a student's Expected Family Contribution (EFC). The process of determining the extent to which a student and his or her family can contribute toward postsecondary educational expenses is referred to as need analysis. The parameters and formulas in the need analysis for all federal student aid funding are approved by the U.S. Congress as federal methodology.

$$\text{Cost of Attendance (COA)} - \text{Expected Family Contribution (EFC)} = \text{Financial Need}$$

Applicants for federal student aid must annually complete the FAFSA. The State of California utilizes the FAFSA to determine eligibility for Cal Grants, and the CSU uses the FAFSA to determine eligibility for State University Grants and other need-based aid programs administered at the university level. As described later, significant changes to the FAFSA will be implemented for the 2024-25 financial aid year.

The California Dream Act Application (CADAA) is used by students who qualify for an AB 540 Non-Resident Tuition Waiver to apply for state and institutionally funded financial aid. The California Dream Act application is provided by the California Student Aid Commission and uses the same need analysis formula as the FAFSA.

### **Overview of Student Financial Aid Programs**

There are four types of financial aid programs: grants (including federal, state and institutional grants), scholarships, loans and work-study. At the CSU, student financial aid programs are authorized and funded by the U.S. Congress, the California State Legislature and governor, the individual university, and various private entities such as philanthropic organizations, foundations, civic clubs and community groups.

Grants and scholarships do not have to be repaid and are also referred to as “gift aid.” Loans and work-study are often referred to as “self-help aid,” as they require that a student repay the amount from future earnings (for loans) or earn the funding through a subsidized employment program while pursuing an education (for work-study). While the University of California and many other institutions include self-help aid when determining a student’s total financial aid package, the CSU does not.

Once a student has applied for financial aid, the campus must confirm that certain general eligibility requirements are met. To be eligible for financial aid a student must:

- Be a U.S. citizen or a permanent resident of the U.S. with a valid Social Security number.
  - Alternately, the California Dream Act makes state and institutional funding available to students who qualify for an AB 540 Non-Resident Tuition Waiver.
- Have a high school diploma or recognized equivalent.
- Be enrolled, or accepted for enrollment, as a regular student who will be working toward a degree or certificate in an eligible program.
- Maintain satisfactory academic progress for financial aid.
- Not owe a repayment on a federal grant or be in default on a federal educational loan.
- Demonstrate financial need, except some federal loans.
- Reapply for aid each year.

Individual award programs may have their own specific eligibility requirements. Those are covered in the following descriptions.

### ***Federal Grants***

#### **Pell Grant**

In 2020-21, 52% of CSU undergraduate students received a federal Pell Grant. Pell Grants provide a foundation of financial aid to which other aid may be added. They are typically awarded only to undergraduate students who have not earned a bachelor's degree. Under certain conditions, however, students enrolled in a postbaccalaureate teacher credential program may be eligible to receive federal Pell Grants.

For the 2020-21 award year, the maximum award a student can receive is \$6,345. The Pell Grant has a lifetime limit of the equivalent of six years (12 semesters) of full-time enrollment, which allows for part-time enrollment.

#### **Federal Supplemental Educational Opportunity Grant (FSEOG)**

The Federal Supplemental Educational Opportunity Grant (FSEOG) is restricted to undergraduate students with the greatest financial need. Eligible students must be a federal Pell Grant recipient. These funds are allocated to institutions, including the CSU, and are awarded by the school to eligible students in accordance with federal regulations.

The availability of FSEOG funds varies among universities. As such, there is no guarantee that every eligible student will be able to receive an FSEOG. The federal grants range from \$100 to \$4,000 per award year; however, as funds are limited, most eligible CSU students do not receive the maximum award.

#### **Teacher Education Assistance for College and Higher Education Grant**

In 2020-21, the CSU awarded nearly 840 Teacher Education Assistance for College and Higher Education (TEACH) Grants to students. The TEACH Grant program is a federal financial aid program available to students enrolled in eligible programs.

Students who receive a TEACH Grant must agree to teach in a high-need field, at a low-income elementary or secondary school as a highly qualified, full-time teacher for at least four years. For the purpose of the TEACH Grant, a high-need field is defined as mathematics, science, foreign language, bilingual education, English language acquisition, special education, reading specialist or any other field that has been identified as high-need by the federal or state government or a local

educational agency. In California, these additional fields include English/drama/humanities, computer science and self-contained class (i.e. elementary classrooms). The maximum annual amount a student can receive through the TEACH Grant program is \$4,000.

### *California State Grants*

#### Cal Grant

Cal Grants are awarded to eligible California students by the California Student Aid Commission. Selection is based on financial need, academic performance and other factors. Eligible students may receive up to a maximum of four years of full-time grant payments.

There are currently multiple types of Cal Grants, including:

- **Cal Grant A Entitlement Award** – Cal Grant A Entitlement Awards are for a maximum of the mandatory systemwide fees at the CSU, which is currently \$5,742. These awards are available to students who graduate from high school and achieve a minimum high school grade point average of at least 3.0 on a 4.0 scale. Eligible students must have financial need at least equal to the amount of the award plus \$1,500, and have family income and assets below the established ceilings.
- **Cal Grant B Entitlement Award** – Cal Grant B Entitlement Awards provide grant funds to low-income students for a living allowance of \$1,648 for an academic year. For a student's first year, these funds can be used for books and supplies, transportation expenses and living expenses. With the second and subsequent years of Cal Grant B benefits, students are also eligible to receive an additional amount for tuition and mandatory systemwide fees. At the CSU, the tuition and fee award is currently \$5,742. These awards are available to students who graduate from high school with a minimum grade point average of at least 2.0 on a 4.0 scale. Eligible students must have a minimum financial need of \$700 and have family income and assets below the established ceilings.
- **Cal Grant California Community College Transfer Entitlement Award** – Transfer Entitlement Awards provide grant funds to transfer students. These awards will be either A or B depending on which income and asset ceilings the student falls under. Award levels will be the same as those for the A and B entitlement programs. These awards are for students who graduated from a California high school, did not receive a Cal Grant Entitlement Award upon high school graduation and are transferring from a California Community College to an eligible four-year institution in California. Students must have a minimum grade point average of 2.4 on all transferrable community college coursework. Eligible students must be under the age of 28 and pursuing a bachelor's degree in order to be eligible for an award.

- **Cal Grant A and B Competitive Award** – A limited number of Cal Grant awards are available for students who are not eligible to be considered for entitlement awards. These awards are for students who are not graduating high school seniors or recent graduates; eligibility for these awards prioritizes nontraditional students. Students will receive either A or B awards at grant levels referenced above for the entitlement programs. Eligible students must meet all basic eligibility requirements, have financial need and be under the income and asset ceilings.

### *Scholarships*

The CSU offers a wide variety of scholarships offered by generous donors to enrolled CSU students. These scholarships help students cover the costs of their education and come from a variety of sources. They help enhance the educational excellence of the CSU and strengthens the value of a CSU education. These scholarships help students pursue their goals. Scholarships are available every academic year to new and continuing students in every discipline of study. There are two types of scholarships, CSU and Private/Off-campus. The CSU scholarships are funded by donors to the CSU and administered by our campuses. There was a total of \$95 million in CSU scholarships disbursed to students in CSU Scholarships during the 2020-21 academic year. Private/Off-Campus scholarships are scholarships that a student applies to on their own and a check is issued to the campus from the organization on behalf of the student. The CSU disbursed \$60 million from private scholarships in 2020-21.

### *Additional State Programs*

The state has introduced a number of new programs and redesigned an existing program to best serve California's students. It is important to note that new aid programs and significant changes to programs increase the need for improved financial aid technology and additional staffing in financial aid offices.

### Middle-Class Scholarship (MCS)

The Middle-Class Scholarship (MCS) is a California program that provides a scholarship to undergraduate students with a maximum annual family income and household asset ceiling of \$201,000 (for 2022-23 awards). To qualify, a student must be enrolled at a CSU or University of California campus, be a California resident or an eligible AB 540 student and have filed for financial aid.

Prior to 2022-23, students who qualified for a Middle-Class Scholarship were eligible for a scholarship of no less than 10%, and no more than 40%, of the mandatory systemwide tuition and fees. Recent legislative changes modified the program. Award amounts are now based on the

cost of attendance for the school of the student's choice and the following program requirements:

- Available gift aid that the student is eligible for (i.e. federal, state, institutional or scholarship aid);
- A self-help student contribution of \$7,898 (applied to all students); and
- A parent contribution for dependent students with a household income of over \$100,000.

These three factors, collectively, are referred to as a student's "available resources". These amounts are deducted from the student's total cost of attendance to determine the MCS award. Under this formula, award amounts will vary widely among students, with each student's award reflecting their costs and available resources. Preliminary data shows that CSU students will be receiving over \$400 million in MCS funding during the 2022-23 academic year.

#### Golden State Teacher Grant

The Golden State Teacher Grant (GSTG) is awarded to students currently enrolled in professional preparation programs approved by the Commission on Teacher Credentialing (CTC). Students must be pursuing their preliminary teacher credential or pupil personnel services credential. Students are eligible for up to \$20,000.

Students must:

1. Complete their program and obtain their credential within three years from the first disbursement of their GSTG funds.
2. Commit to work at a priority school in California for four years within eight years of completing their credential program.

#### Golden State Education and Training Grant

The Golden State Education and Training Grant (GSETG) targets awards to students who lost their jobs due to the COVID-19 pandemic with a one-time grant of \$2,500. Student eligibility requirements include:

1. Student is displaced from employment due to the COVID-19 pandemic.
2. Student is not enrolled in a training program or institution of higher education at the time they were displaced from employment.
3. Student has been unable to obtain employment that provides an average monthly wage that is equal to or greater than the average monthly wage received from their employment prior to the COVID-19 pandemic.

4. Student meets the income and asset criteria to be eligible for a Cal Grant A award (pursuant to subdivision (k) of California Education Code Section 69432.7).
5. Student is enrolled in a qualified education or training program, including at any California Community College, CSU or University of California.

### Learning-Aligned Employment Program

The Learning-Aligned Employment Program (LAEP) is designed to provide students an opportunity to earn money to help defray education costs while gaining education-aligned, career-related employment. Students prioritized for the LAEP come from an underrepresented background, defined as first-generation or current or former foster youth, or homeless/at-risk for homelessness. Institutions will further prioritize eligible students who meet the aforementioned criteria and who are majoring in science, technology, engineering or math (STEM) disciplines. Employers must sign an employer agreement with the institution to participate. A student must only be placed in an educationally beneficial position that relates to the student's area of study, career objective or the exploration of career objectives. LAEP funds may provide up to 90% of a student's compensation for positions at public educational institutions or nonprofit corporations. This includes up to 100% of compensation for positions at the UC, CSU or California Community Colleges, and up to 50% of compensation for positions at for-profit employers.

### *CSU Grants*

#### State University Grant

The State University Grant (SUG) program is funded by a portion of the tuition paid by CSU students. Currently, an amount equivalent to a third of any new tuition revenue is transferred to campuses as operating funds specifically for SUG grants. The CSU Board of Trustees retains the authority to approve policy governing its use and to regularly review the amount and impact of the CSU's SUG investment. The effective distribution of SUG funds is a primary focus of the Chancellor's Strategic Workgroup for Financial Aid. The program provides need-based awards to eligible undergraduate and graduate/postbaccalaureate students who are California residents or are otherwise determined as eligible (e.g. AB 540-eligible students). Based on preliminary data, more than 140,000 CSU students received SUG awards in 2020-21.

For the 2020-21 academic year, more than \$658 million in SUG funding was paid to students. Systemwide, the institutional aid priority is to award a SUG equal to the amount of resident tuition (\$5,742 for undergraduates; \$6,660 for students in teaching credential programs; and \$7,176 for graduate and postbaccalaureate students) to eligible students who apply for financial aid by March 2; who have an EFC of \$4,000 or less; and who are not receiving a Cal Grant or other award designated to cover tuition.

The number of units a student has earned also affects SUG eligibility. Undergraduates in most programs may receive SUG for up to 150 completed units. Transfer students are reviewed for eligibility based on the number of units transferred. Graduate and credential students are also limited based on their program length.

In considering the CSU Tuition Policy and Proposal also on today's agenda, the board will review the amount of ongoing tuition revenue to be designated for SUG aid beginning in 2024-25.

#### Educational Opportunity Program Grant

The Educational Opportunity Program (EOP) Grant provides need-based awards to eligible undergraduate students who are California residents or otherwise determined as eligible (e.g. AB 540-eligible students). Based on preliminary data, approximately 21,450 CSU students received an EOP award in 2020-21.

The program is designed for students from economically disadvantaged backgrounds who are admitted to the CSU via the EOP program. Each campus receives a fixed allocation, which is awarded to students with the highest financial need (as demonstrated by a low EFC). The determination of "highest financial need" varies by campus, depending on its student profile.

#### Doctoral Grants

The CSU currently offers doctoral programs in education, nursing, physical therapy, occupational therapy and audiology. Students who apply for financial aid through the FAFSA or Dream Act application – and who are enrolled in a doctoral program at a CSU campus – will be automatically considered for a grant in that program. Should a student qualify, they will be notified by their campus.

#### ***Work-Study***

The federal Work-Study Program provides jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay for expenses related to their education. The program encourages community service work and work related to a student's course of study.

Federal Work-Study earnings are equal to, or greater than, federal minimum wage, depending on the type of work a student is doing and the skills required. A federal Work-Study award depends on the availability of funding at the institution, the institution's awarding policies for federal Work-Study, the student's financial need and their commitment to obtaining a qualified federal Work-Study position and performing the work required.

Federal Work-Study Program employment may be on-campus or off campus. Off-campus opportunities are typically with private, nonprofit organizations or public agencies, with the work

performed advancing the public interest. CSU campuses typically limit a student's work hours to a maximum of 20 hours per week when classes are in session.

### ***Loans***

At the CSU, financial aid is packaged to prioritize grants, scholarships, work-study and only then – as needed – loans. Reviewing national data from 2019-20, it is clear that CSU students who do apply for a loan graduate with lower loan debt than their peers at other institutions. As previously noted, for 2019-20, the CSU average loan debt was \$17,966. This amount was significantly lower than the average for other state four-year institutions (\$21,125).

### **Packaging of Financial Aid Awards**

Once a student's financial need is determined, the campus works to provide a package of financial aid to meet that need. This package takes into consideration a student's eligibility for a federal Pell Grant and a state Cal Grant before the institution adds additional grants, work-study employment and – if needed – student loans. As noted earlier, the University of California and many other institutions include self-help aid when determining a student's total financial aid package, but the CSU does not.

Financial aid offices attempt to use all available financial aid program funding in an effort to meet as much of a student's financial need as possible and to minimize student loan debt to the extent possible. Each university establishes its own packaging approach within the constraints of award limits that apply to individual aid programs, the funding priorities for the various aid programs, and, where applicable, the allocation of funds available for the program. One of the overriding considerations in the packaging process is to ensure that it provides for the fair and equitable treatment of all potentially eligible aid applicants and ensures that students in like circumstances are awarded in essentially the same manner.

### **Forthcoming Changes to Federal and State Financial Aid Programs**

#### **FAFSA Simplification Act**

The FAFSA Simplification Act and the follow-up legislation, the FAFSA Simplification Act Technical Corrections Act, were passed in 2021 and 2022 respectively. Both bills were part of the Consolidated Appropriations Acts. These acts make important amendment to the Higher Education Act of 1965. The majority of changes will go into effect for the 2024-25 financial aid award year. Changes were originally enacted with a general effective date of July 1, 2023. In 2022, the FAFSA Simplification Act Technical Corrections Act pushed the general effective date back one year to July 1, 2024. Although the effective date was pushed back, some changes will go into effect for the 2023-24 financial aid award year.

This overhaul updates the Free Application for Federal Student Aid (FAFSA) Form, need analysis and many policies and procedures for schools to participate in the federal student aid programs.

Major highlights of the legislation include:

- 2023-24 Award Year Changes
  - Reinstates Pell Grant eligibility for students in federal and state penal facilities starting in the 2023-24 award year.
  - Restores Lifetime Eligibility Used (LEU) regarding loan discharges associated with closed schools, false certifications, identity theft and successful borrower defense claims.
  - Changes some components of cost of attendance (COA).
  - Updates determination process for unaccompanied homeless youth.
  - Implements additional flexibilities for assisting students with unusual circumstances and who cannot provide parental information.
  - Updates professional judgement provisions.
- 2024-25 Award Year Changes
  - Replacing the Expected Family Contribution (EFC) with the Student Aid Index (SAI).
  - Decreases the number of questions on the FAFSA and allows for a higher number of fields to be imported from a federal income tax form.
  - Ties federal Pell Grant eligibility to federal poverty guidelines based on adjusted gross income (AGI). The AGI threshold is either 175% or 225% depending on student's dependency status and marital status.
  - Provides Education Department authority to regulate all COA components except tuition and fees.

The FAFSA Simplification Act requires changes to most aspects of the policies, procedures, processes and systems used to award federal student aid.

#### AB 288 – Scholarship Displacement Bill

California Assembly Bill 288 was passed in 2021 and will take effect for the 2023-24 academic year. This bill would prohibit each public and private institution of higher education in the state that receives, or benefits from, state-funded financial assistance, or that enrolls students who receive state-funded student financial assistance, from reducing certain students' institution-based

gift aid offer below their financial need, except as specified. Commencing with the 2023–24 academic year, an institution of higher education shall not reduce the institutional gift aid offer of a student who is eligible to receive a federal Pell Grant award or financial assistance under the California Dream Act for an academic year as a result of private scholarship awards designated for the student unless the student’s gift aid exceeds the student’s annual cost of attendance.

Institutional gift aid means gift aid that is paid for by the institution of higher education from its funds and the recipient of the aid is selected by the institution. This would include university or systemwide scholarships, fee waivers, State University Grant and any graduate fellowships from the university. These are funds from the CSU or administered by the CSU.

Private scholarship means financial assistance awarded to students based on one or more factors, including, but not limited to: academic merit; talent or a particular area of study; by a private company, foundation or nonprofit organization; or a public charity or service group. Private scholarships are not funded by the CSU and the CSU is not involved in the administration of these funds.

### Cal Grant Reform

The 2022 state budget committed to prioritize the Cal Grant Reform Act that makes major changes to the state’s largest financial aid program. The current Cal Grant program will be replaced with a new version that provides a Cal Grant 2 for California Community College students and a Cal Grant 4 for students attending eligible four-year public or private universities. *The program will begin in 2024-25 if a determination is made in the spring of 2024 that California General Funds are available to support the program over a multi-year forecast.* Highlights of the changes include:

- Collapsing the current eight types of Cal Grants to Cal Grant 2 and Cal Grant 4.
- Aligning eligibility for Cal Grant with the new federal Student Aid Index (SAI).
- Removing age limitations, time since graduation and Grade Point Average requirements.
- Eliminating Cal Grant B access awards that CSU students currently receive as a living allowance.

The changes to the Cal Grant program could significantly impact the awards provided to CSU students. The Chancellor’s Office and the California Student Aid Commission are currently undertaking data analysis and modeling to better understand the impact to students. If the decision is not made until the spring of 2024 to enact this reform, for the 2024-25 aid year, significant delays in awarding and packaging state aid will most likely occur. In addition, the changes to the Cal Grant program may necessitate State University Grant (SUG) policy and awarding changes, so these awards could also be delayed. The CSU aims to award newly admitted students in the

February/March time frame so students and families can make informed decisions regarding enrolling and paying for college. The timing of these changes could negatively impact students starting college in 2024-25. Continuing students, receiving Cal Grant, will continue to be funded under the current program.

### **Opportunities for More Impactful Financial Aid**

Against this complex landscape, the Chancellor's Strategic Workgroup on Financial Aid has begun its work to develop a comprehensive, data-informed financial aid strategy and policy with the ultimate goal of expanding access, minimizing student debt and ensuring that a high-quality CSU degree is within the financial reach of all California students. The proposed policy will aim to maximize student eligibility for federal and state grant aid, assure that the net cost of attendance is lowest for those with the least ability to pay, ensure timely and consistent financial aid messaging for students and their families, and complement the CSU's other policy priorities, including student success and equity, strategic enrollment management and fiscal sustainability. As stated earlier, a primary focus is the effective use of SUG funds to elicit the greatest impact in advancing the CSU mission.

The workgroup has thus far analyzed available data to review current practices, coverage and potential gaps in awarding financial aid across the CSU's 23 universities, with a close eye on student demographics. The group has also scrutinized differences in net cost of attendance across the system along with possible effects on enrollment, retention and achievement across various student groups.

Through preliminary conversations, and reviewing available data, the group has weighed the pros and cons of applying SUG toward such options as 1) reducing the total cost of attendance for the lowest income students, 2) reducing the cost of tuition and fees for a broader range of low- and moderately low-income students, 3) mitigating campus-based student fees for all students with incomes below predetermined levels, and 4) utilizing consistent cost of attendance calculations to better align universities in the same geographic regions.

In future data-informed discussions, the group will review additional considerations, including, but not limited to:

- Enrollment patterns and financial need of traditional and post-traditional students.
- The role and equity implications of relying on student loans and/or student earnings to cover total cost of attendance, and whether this "self-help" aid should be considered as part of the CSU's financial aid packages.
- The system's return-to-aid policy in the context of enrollment trends and rising costs of attendance.
- The separation or co-mingling of undergraduate, graduate and post-graduate return-to-aid dollars.

- A potential unit cap of “lifetime” eligibility for SUG.
- The current and potential role of new or amended campus-based fees including a return-to-aid requirement.
- Expectations for campus advancement/development activities designated for student scholarships.

### **Next Steps**

Once a policy framework is finalized, the workgroup’s next focus will be to develop an implementation plan that provides for the flexibility, tools, resources, administrative capacity and infrastructure required by our campuses to meet the unique financial needs of their students. The workgroup will also delineate a communication strategy to highlight to potential students and their families the affordability and value of a CSU education, as well as clear, timely and easy-to-understand information on available financial support.

The workgroup will report once again to the Board of Trustees in September. It is the hope of the workgroup that the final report and recommendations will provide an effective framework and actionable steps to optimize and expand the CSU’s financial aid programs, for the greatest benefit to our students and our state.

**AGENDA**

**COMMITTEE ON FINANCE**

**Meeting:** 1:30 p.m., Tuesday, July 11, 2023  
Glenn S. Dumke Auditorium

Julia I. Lopez, Chair  
Jack McGrory, Vice Chair  
Larry L. Adamson  
Douglas Faigin  
Mark Ghilarducci  
Leslie Gilbert-Lurie  
Anna Ortiz-Morfit  
~~Romey Sabalius~~  
Jose Antonio Vargas

- Consent**
1. Approval of Minutes of the Meeting of May 24, 2023, *Action*
  2. Approval to Issue Debt for Affordable Housing at California State University, Northridge, *Action*
  3. Approval to Issue Debt in Support of the 2023-2024 Budget, *Action*
- Discussion**
4. 2023-2024 Final Budget, *Information*
  5. Planning for the 2024-2025 Operating Budget, *Information*
  6. Tuition Policy, *Information*
  7. Multi-Year Tuition Proposal, *Information*

**MINUTES OF THE MEETING OF  
COMMITTEE ON FINANCE**

**Trustees of the California State University  
Office of the Chancellor  
Glenn S. Dumke Auditorium  
401 Golden Shore  
Long Beach, California**

**May 24, 2023**

**Members Present**

Jack McGrory, Chair  
Julia I. Lopez, Vice Chair  
Larry L. Adamson  
Diana Aguilar-Cruz  
Leslie Gilbert-Lurie  
Lillian Kimbell  
Anna Ortiz-Morfit  
Romey Sabalius  
Christopher Steinhauser

Wenda Fong, Chair of the Board  
Jolene Koester, Interim Chancellor

Trustee Julia Lopez called the meeting to order.

**Public Comment**

Public comment took place at the beginning of the meeting's open session, prior to all committees.

**Approval of the Consent Agenda**

The minutes of the March 22, 2023, meeting of the Committee on Finance were approved as submitted.

Item 2, Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for a Capital Project at California State Polytechnic University, Humboldt, was approved as submitted (RFIN 05-23-06).

Item 3, Quarterly Investment Report was an information item.

## **Discussion Agenda**

The committee had two items on the discussion agenda.

### **Item 4, 2023-2024 Operating Budget Update, *Information***

An update was provided to the California State University (CSU) Board of Trustees with the latest developments on the CSU budget request for 2023-2024.

Trustee Steinhauser emphasized the significance of maintaining reserves, highlighting their importance. The CSU possesses a reserve equivalent of 33 days (as opposed to the standard practice of 3-6 months). Trustee McGrory echoed and supported this statement.

Trustee Sabalius inquired about the potential adverse effects of the accumulated debt on the CSU's credit rating. Executive Vice Chancellor Steve Relyea clarified that the amount of debt would not pose any negative consequences to the credit rating of the CSU.

### **Item 5, Sustainable Financial Model Workgroup, *Information***

The Sustainable Financial Model Workgroup submitted its report with recommendations to the Chancellor on May 9, 2023. Attachment A in the agenda for the Committee on Finance is the final report and related documents.

During the past eight months, the Workgroup conducted a thorough and disciplined examination of 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 the conclusion that long-term sustainability requires adequate revenues for the 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.

The conclusions drawn from the report highlight that the operational costs of the CSU far exceed the projected revenues in the coming years, regardless of revenue sources such as general funds, tuition, philanthropy, and partnerships. The report emphasizes the need to step back and assess goals, strategies, and funding methods, especially considering the upcoming appointment of a new chancellor.

The report proposes a thorough review of policies and practices, including budgeting, to address issues such as outdated policies and implementation challenges. One significant recommendation is the adoption of a tuition policy that aligns with the values of affordability, gradual increases, and strong financial aid support. While advocating for state funding remains important, the report stresses the stability and predictability of tuition as a revenue source. A new workgroup is proposed to explore financial aid policies and implementation, focusing on maximizing aid options and delivering clear messaging to students. The report concludes by emphasizing the need for proactive decision-making, acknowledging the vulnerability of state funding, and preparing for future challenges by seeking realistic options.

President Yao emphasizes the importance of differentiating costs from expenses, evaluating system-wide policies, and utilizing data for a strategic and predictable financial model. He plans to incorporate the cost model into the Academic Master Plan Implementation at CSU Channel Islands and use it for multi-year enrollment and budget planning. President Jiménez-Sandoval highlights the need for a transparent financial model that considers the full costs of teaching across disciplines. He believes that understanding the comprehensive costs will enable strategic planning and the development of initiatives that align with California's market opportunities and economic growth. Both presidents stress the significance of information and knowledge for vision-building and maintaining California's economic stability and innovation.

EVC Relyea shared that the process would start with a written proposal for a tuition increase (for FY 24-25) that will be presented to the California State Student Association (CSSA), followed by an information item at the July Board meeting and potentially an action item at the September meeting.

Trustee McGrory shared that the report uncovered detailed information on the costs of majors, student expenses, and campus expenditures, revealing the challenge of running the university without sufficient funding.

Krishan Malhotra shared that the CSSA executive officer team and board of directors are currently undergoing a transition and are not ready to adopt a formal position on this just yet. During the discussions on the sustainable financial model workgroup recommendations, CSSA has expressed student concerns and emphasized the need for a student-centered proposal that clarifies how increased tuition revenue will support student success. The CSSA board has raised concerns about the impact on enrollment, affordability, and the inclusion of student input in decision-making processes. They highlight the importance of clear communication and safeguards to ensure affordability and the pursuit of resources from the state and federal government. CSSA appreciates the inclusion of their recommendations and ongoing dialogue.

Lieutenant Governor Kounalakis highlighted the significance of understanding the potential impacts on graduation rates, accessibility, and opportunities for students and suggested a comprehensive analysis of the financial strength of students before deciding on a tuition increase.

Trustee Lopez acknowledged the importance of considering financial aid in conjunction with any tuition policy. Lopez mentioned that currently, 60% of students do not pay tuition, and believes that increasing financial aid can further support students. Lopez recognized the concerns raised and shared that the workgroup will continue to take them into account during their discussions.

Trustee Gilbert-Lurie highlighted the need to maintain excellence and ensure that students view the CSU as a top choice. Gilbert-Lurie agrees that any tuition should be directed towards student success and advocate for making the CSU accessible to all eligible students in the state.

Trustee Rodriguez suggested including federal advocacy in the system practices to ensure that no financial aid opportunities are missed. Rodriguez emphasized the importance of a strong federal component in financial aid. Secondly, Rodriguez discussed the need for a system-wide real-time data system to track the progression of recruitment, applications, and enrollment. Rodriguez believes that having this data will help inform budget forecasting and improve decision-making.

Trustee Arambula highlighted the need for action and emphasized that it is not solely about generating revenue, but also finding more efficient ways to allocate existing resources without compromising value for students.

Trustee Aguilar-Cruz requested two things for the proposed policy: accountability through regular reports to the board and the public on the impact of the policy on students over a span of five to ten years, and the allocation of tuition revenue towards student success initiatives.

Interim Chancellor Koester emphasized the need to understand these efforts as part of an integrated whole for the CSU system.

Chair Fong adjourned the meeting of the Committee on Finance.

## **COMMITTEE ON FINANCE**

### **Approval to Issue Debt for Affordable Housing at California State University, Northridge**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officers

Robert Eaton  
Assistant Vice Chancellor  
Financing, Treasury and Risk Management

#### **Summary**

This item requests that the California State University Board of Trustees authorize the issuance of long-term Systemwide Revenue Bond (SRB) financing and related debt instruments, including shorter term and variable rate debt, floating and fixed rate loans placed directly with banks, and bond anticipation notes (BANs) to support interim financing under the CSU commercial paper (CP) program, in an aggregate amount not-to-exceed \$20,605,000 to provide financing for a campus capital project:

#### **California State University, Northridge Affordable Student Housing Project**

#### **Background**

The SRB program provides capital financing for projects of the CSU – student housing, parking student union, health center, continuing education facilities, certain auxiliary projects, and other projects, including academic facilities, approved by the Board of Trustees. Revenues from these programs and other revenues approved by the Board of Trustees, including CSU operating funds, are used to meet operational requirements for the projects and pay debt service on the bonds issued to finance the projects. The consolidated pledge of gross revenues to the bondholders strengthens the SRB program and has resulted in strong credit ratings and low borrowing costs for the CSU. Prior to issuance of bonds, some projects are funded through BANs issued by the CSU in support of its CP program. The BANs are provided to the CSU Institute, a recognized systemwide auxiliary organization, to secure the CSU Institute's issuance of CP used to finance the projects. CP notes provide greater financing flexibility and lower short-term borrowing costs during project construction than long-term bond financing. Proceeds from the issuance of bonds are then used to retire outstanding CP and finance any additional costs not previously covered by CP.

**California State University, Northridge Affordable Student Housing Project**

The California State University, Northridge Affordable Student Housing Project (the “Project”) was presented to the Board of Trustees Committee on Campus Planning, Buildings and Grounds for schematic approval during the July 2022 meeting. The Project will be in the student housing precinct, north of the existing student housing dining services, and will consist of two buildings providing a total of 198 beds. The Project will include suite-style living rooms, study rooms, community kitchen space, student housing administrative space, laundry rooms, and a mail room. The Project will also be oriented to create a sheltered central courtyard and common area.

The not-to-exceed principal amount of the proposed bonds is \$20,605,000, based on a total project budget of \$72,905,000 with funding of \$37,500,000 from the State’s Higher Education Student Housing Grant Program, and a campus housing reserve contribution of \$17,072,000. Additional net financing costs, such as capitalized interest and cost of issuance (estimated at \$2,272,000), are expected to be funded from bond proceeds. The Project is scheduled to start construction in July 2023 with completion expected in May 2025.

The funding from the State’s Higher Education Student Housing Grant Program was initially expected to be in the form of a one-time cash grant, which was awarded in the 2022-23 fiscal year. However, the 2023-24 state budget for the CSU claws back the cash grants for all previously awarded projects in the program and replaces them with an increase in CSU’s annual support appropriation which will allow CSU to replace the cash grants with a like amount of additional SRB net proceeds. This additional SRB funding—\$37,500,000 for the Project in this agenda item, as well as funding for all other CSU affordable student housing projects under the program—will be repaid from the additional support appropriation from the state (rather than campus resources) and is being presented for approval by the Board of Trustees in Agenda Item 3 at this meeting of the Committee on Finance.

The following table summarizes key information about this financing transaction.

Not-to-exceed principal amount	\$20,605,000
Amortization	Approximately level debt service over 30 years
Projected maximum annual debt service	\$1,407,739
Projected debt service coverage including the new project:	
Net revenue – Northridge pledged revenue programs: <sup>1</sup>	1.78
Net revenue – Projected campus housing program:	1.68

1. Combines 2021-22 actuals for campus pledged revenue programs with 2025-26 projections for the project.

The not-to-exceed principal amount for the Project, the maximum annual debt service, and the financial ratios above are based on an estimated all-in true interest cost of 5.68 percent, which includes a cushion for changing financial market conditions that could occur before the permanent financing bonds are sold. The financial plan assumes level amortization of debt service, which is the CSU program standard. The campus financial plan projects a housing program net revenue debt service coverage of 1.68 in fiscal year 2025-26, the first full year of operations, which is better than the CSU benchmark of 1.10 for the program. When combining the Project with information for all campus pledged revenue programs, the campus' overall net revenue debt service coverage for the first full year of operations is projected to be 1.78, which is better than the CSU benchmark of 1.35 for a campus.

In coordination with CSU's Office of General Counsel, Orrick, Herrington & Sutcliffe LLP, as outside bond counsel, is preparing resolutions to be distributed to the Board prior to this meeting that authorize interim and permanent financing for the Project described in this agenda. The proposed resolutions will achieve the following:

1. Authorize the sale and issuance of the Trustees of the California State University Systemwide Revenue Bonds, and/or the sale and issuance of related Systemwide Revenue Bond Anticipation Notes, and/or the issuance of related debt instruments, including shorter term debt, variable rate debt, floating rate loans placed directly with banks, or fixed rate loans placed directly with banks, in an aggregate amount not-to-exceed \$20,605,000 and certain actions relating thereto.
2. Provide a delegation to the chancellor; the executive vice chancellor and chief financial officer; the assistant vice chancellor, Financial Services; and the assistant vice chancellor, Financing, Treasury, and Risk Management; and their designees to take any and all necessary actions to execute documents for the sale and issuance of the bond anticipation notes, the revenue bonds, and the related debt instruments.

Approval of the financing resolutions for this project as described in this Agenda Item 2 of the Committee on Finance at the July 9-12, 2023, meeting of the CSU Board of Trustees is recommended for:

**California State University, Northridge Affordable Student Housing Project**

## **COMMITTEE ON FINANCE**

### **Approval to Issue Debt in Support of the 2023-2024 Budget**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Robert Eaton  
Assistant Vice Chancellor  
Financing, Treasury, and Risk Management

#### **Summary**

This item requests that the California State University (CSU) Board of Trustees authorize the issuance of long-term Systemwide Revenue Bond (SRB) financing and related debt instruments, including shorter term and variable rate debt, floating and fixed rate loans placed directly with banks, and bond anticipation notes (BANs) to support interim financing under the CSU commercial paper (CP) program, in an aggregate amount not-to-exceed \$1,266,040,000 to provide financing for various capital projects as part of the state's final 2023-24 budget for the CSU.

#### **Background**

The SRB program provides capital financing for projects of the CSU – student housing, parking student union, health center, continuing education facilities, certain auxiliary projects, and other projects, including academic facilities, approved by the Board of Trustees. Revenues from these programs and other revenues approved by the Board of Trustees, including CSU operating funds, are used to meet operational requirements for the projects and pay debt service on the bonds issued to finance the projects. The consolidated pledge of gross revenues to the bondholders strengthens the SRB program and has resulted in strong credit ratings and low borrowing costs for the CSU. Prior to issuance of bonds, some projects are funded through BANs issued by the CSU in support of its CP program. The BANs are provided to the CSU Institute, a recognized systemwide auxiliary organization, to secure the CSU Institute's issuance of CP used to finance the projects. CP notes provide greater financing flexibility and lower short-term borrowing costs during project construction than long-term bond financing. Proceeds from the issuance of bonds are then used to retire outstanding CP and finance any additional costs not previously covered by CP.

### **Financing Component of the State's Final 2023-2024 Budget for the CSU**

As originally proposed by the Governor in January and May of 2023 and shared with the Board of Trustees at the January and May 2023 meetings, the state's final 2023-2024 budget for the CSU includes provisions to replace \$1,245,389,000 of approved and proposed one-time funding for capital projects of the CSU, most of which was originally approved in the 2021-2022 and 2022-2023 state budgets for CSU, and replace those sources of funding with SRB debt supported by \$99.69 million of ongoing state appropriation. This amount of ongoing appropriation is in addition to the \$227 million of ongoing state appropriation approved in the state's final 2023-2024 budget for CSU to support core CSU operations.

The capital projects to be financed under this new plan include the following:

- Five projects totaling \$329.8 million originally proposed by the Governor in January for this “swapping” concept. The original total amount of projects proposed for swapping in January was \$404.8 million, however, CSU staff subsequently determined that \$75 million of that total was ineligible for capital financing under the CSU’s SRB program.
- The grant component of CSU housing projects approved and proposed under the state’s Higher Education Student Housing Grant Program totaling \$655 million. As originally envisioned, the grant components of the program were about 65% of the total project costs with the remaining 35% to be provided by campus housing funds or SRB debt supported by campus housing revenues. Nine projects totaling \$498,461,000 had already been approved for grant funding under the program and are included in this swap plan. In addition, \$156,779,000 of pending grants for CSU projects under the program will now be included in this financing plan. Note that two of the affordable student housing projects that had already been approved for grant funding—the San Francisco State University West Campus Green Housing, Student Health Center and Dining project and the California State Polytechnic University, Humboldt Student Housing project—already received financing approval from the Board of Trustees at the January, March, and May 2023 meetings for the SRB component of the projects supported by campus housing revenues. A third project that has also already been approved for grant funding—the California State University, Northridge Affordable Student Housing project—is being presented in the Committee on Finance at this meeting of the Board of Trustees (see Agenda Item 2) for financing approval of the SRB component of the project supported by campus housing revenues.
- Two projects totaling \$201,009,000 at the California State Polytechnic University, Humboldt campus that were to be funded with a portion of the \$433 million in one-time funds provided by the state in the 2021-2022 budget to transition the campus to a polytechnic university.
- Two new projects: a human identification lab at California State University, Chico with an estimated cost of \$55,000,000; and a capacity and infrastructure expansion for the Master of

Science in Physician Assistant Program at California State University, San Bernardino with an estimated cost of \$4,340,000.

A summary of these capital projects and the amount of appropriation from the state to cover expected debt service on the debt for the projects are included in Attachment A.

### **Systemwide Revenue Bond Financing**

This agenda item requests authorization from the Board of Trustees to issue long-term SRB financing and related debt instruments, including shorter term and variable rate debt, floating and fixed rate loans placed directly with banks, and BANs to support interim financing under the CP program, in an aggregate amount not-to-exceed \$1,266,040,000 to provide financing for the various capital projects as described herein and in Attachment A, as well as the costs of issuance. The final amount of debt to be issued will be determined based upon interest rates at the time long term bonds are sold and will be set at an amount so that the annual maximum debt service over the life of the debt issued for these projects will not exceed \$99.69 million, which is the amount of ongoing state appropriation approved by the state for the CSU in the 2023-2024 state budget to pay the principal and interest on the debt issued for these projects.

### **Trustee Resolutions and Recommendations**

Orrick, Herrington & Sutcliffe LLP, as bond counsel and in coordination with CSU's Office of General Counsel, is preparing resolutions to be distributed to the Board prior to this meeting that authorize interim and permanent financing for the projects in Attachment A as described in this agenda item. The proposed resolutions will be distributed at the meeting and will achieve the following:

- a. Authorize the sale and issuance of the Trustees of the California State University Systemwide Revenue Bonds, and/or the sale and issuance of related Systemwide Revenue Bond Anticipation Notes, and/or the issuance of related debt instruments, including shorter term debt, variable rate debt, floating rate loans placed directly with banks, or fixed rate loans placed directly with banks, in an aggregate amount not-to-exceed \$1,266,040,000 and certain actions relating thereto.
- b. Provide a delegation to the chancellor; the executive vice chancellor and chief financial officer; the assistant vice chancellor, Financial Services; and the assistant vice chancellor, Financing, Treasury, and Risk Management; and their designees to take any and all necessary actions to execute documents for the sale and issuance of the revenue bonds, bond anticipation notes, or related debt instruments.

The financing resolutions described in this Agenda Item 3 of the Committee on Finance at the July 9-12, 2023, meeting of the CSU Board of Trustees are recommended for approval.

**CSU Capital Projects to be Financed with Systemwide Revenue Bonds  
 as Part of the CSU's 2023-2024 Final State Budget**

<b>Project Category and Description</b>	<b>Project Amount to be Financed</b>	<b>Ongoing State Appropriation Approved to Cover Annual Debt Service</b>
<b><u>Projects Originally Funded with 2022-2023 One-Time Funds</u></b>		
Bakersfield      Energy and Innovation Center	83,000,000	
Fullerton        Engineering & Computer Science Innovation Hub	67,500,000	
San Bernardino   Palm Desert Student Center	79,000,000	
San Diego        Brawley Center	80,000,000	
San Luis Obispo   Swanton Pacific Ranch	20,300,000	
	<b>\$329,800,000</b>	
<b><u>Higher Education Student Housing Grant Projects</u></b>		
San Francisco	116,300,000	
Long Beach	53,300,000	
Humboldt	27,107,000	
Fresno	31,050,000	
Northridge	37,500,000	
Dominguez Hills	48,750,000	
Fullerton	88,900,000	
San Marcos	91,000,000	
San Diego/Imperial Valley College	4,554,000	
Pending approvals	156,779,000	
	<b>\$655,240,000</b>	
<b><u>California State Polytechnic University, Humboldt Projects</u></b>		
PLY101: Eng.Tech Housing Building	100,000,000	
PLY106: Student Housing Health Dining	101,009,000	
	<b>\$201,009,000</b>	
<b>Chico Human ID Lab</b>	<b>\$55,000,000</b>	
<b>San Bernardino Expansion for the Master of Science in Physician Asst.</b>	<b>\$4,340,000</b>	
<b>Total</b>	<b>\$1,245,389,000</b>	<b>\$99,690,000</b>

## **COMMITTEE ON FINANCE**

### **2023-2024 Final Budget**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Ryan Storm  
Assistant Vice Chancellor  
Budget

#### **Summary**

This agenda item summarizes final budget-related decisions made by the State of California for the 2023-2024 fiscal year and their effect on the California State University (CSU) operating budget.

#### **Background**

As anticipated, the governor's May Revision reported a drop in anticipated state general fund tax revenue by another \$9 billion resulting in an overall state budget shortfall of approximately \$31.5 billion for the 2023-2024 budget cycle.

In the May Revision, the governor sustained the multi-year compact commitment of an additional \$227.3 million base increase to the CSU's budget.

Additionally, the governor's administration used a technique known as a cost shift to help propose a balanced budget. This strategy was employed for the CSU in the January proposal and again in the May Revision. Specifically, the state appropriated hundreds of millions of one-time dollars in the 2021-2022 and 2022-2023 state budgets for CSU capital outlay projects. To help solve the budget shortfall, the governor's administration proposed in the May Revision to revert \$1.2 billion of one-time funding that would have used state cash for the construction of these projects. To ensure that the projects are completed and to finance another capital project, the governor's administration proposed \$91.1 million dollars of ongoing funding that would allow the CSU to issue bonds, complete the projects with the proceeds of those bonds, and pay the annual debt service on those bonds for many years. This proposal is fiscally neutral to the CSU and would not slow down any of the planned projects.

The governor's January and May proposals would affect all affordable student housing grant program projects, several university facility and infrastructure projects approved for this current year, and a few large Humboldt projects approved in the past year.

Specifically, the May Revision included:

- Affordable student housing grants: A reversion of \$655 million of current and planned one-time state general fund and an increase of \$45 million in ongoing funding for debt service on CSU-issued bonds.
- Various university facility and infrastructure projects: a reversion of \$329.8 million of one-time state general fund and an increase of \$27 million in ongoing funding for debt service on CSU-issued bonds.
- Cal Poly Humboldt: A reversion of \$201.1 million of one-time state general and an increase of \$16 million in ongoing funding for debt service on CSU-issued bonds.
- Human identification lab facility at California State University, Chico: An increase of \$3.1 million in ongoing funding for debt service for the project.

Since the May Board of Trustees meeting, there have been several important developments on the 2023-2024 state budget.

On June 11, 2023, the state legislature adopted a bicameral budget agreement that approved many of the administration's proposals through the May Revision including the additional compact funding and the cost shift strategy on the many CSU facility and infrastructure projects.

In addition, the legislature proposed the following ongoing funding increases:

- \$1.3 million ongoing for student basic needs.
- \$1 million ongoing to support students with disabilities.
- \$800,000 ongoing for student mental health.
- \$300,000 for rapid rehousing.

The legislature proposed the following one-time funding increases:

- \$15 million in support of California State University, Dominguez Hills.
- \$3 million for the CalFresh Outreach Resource Hub at the Center for Healthy Families at California State University, Chico.
- \$1 million to improve and expand discrimination, harassment and retaliation programs at CSU.

In summary for 2023-2024, the governor’s plan would have increased the CSU’s ongoing funding by \$318.4 million and the legislature’s plan would have increased the CSU’s ongoing funding by \$322.1 million.

**The CSU and the Final Budget Agreement**

On June 26, 2023, the governor, senate president pro tempore, and assembly speaker reached a three-party consensus on the 2023-2024 state budget.

The final budget included all amounts noted above—the combined governor’s January and May proposals and the legislature’s bicameral budget agreement. The two most notable contents of the budget agreement are the \$227.3 million base funding increase contained in the multi-year compact commitment and a \$99.7 million base increase for the many CSU facility and infrastructure projects (Note: the change from \$91.1 million to \$99.7 million reflects an update to anticipated debt service costs due to changes in market conditions). The ongoing increase in support of both the Board of Trustees’ priorities and state leadership priorities totals \$330.5 million.

The final budget agreement also included one-time increases aligned with state leadership priorities totaling \$25.5 million.

The following tables capture the items included in the Board of Trustees budget request for the 2023-2024 and state-elected leader priorities funded by the Budget Act of 2023.

<b>Ongoing Sources of Funds (<i>in millions</i>)</b>	<b>Request</b>	<b>Final Budget</b>
• State General Fund	\$513.8	\$330.5
• Tuition Revenue from Enrollment Growth	16.1	16.1
<b>Total Incremental Ongoing Sources of Funds</b>	<b>\$529.8</b>	<b>\$346.6</b>

<b>Ongoing Uses of Funds (<i>in millions</i>)</b>	<b>Request</b>	<b>Final Budget</b>
• Unallocated Base Increase	-	\$122.6
• Faculty & Staff Compensation Pool	\$260.9	-
• Graduation Initiative 2025	55.0	-
• Strategic Resident Enrollment Growth	50.6	50.6
• Heath Premium Increases	50.5	50.5
• Academic Facilities & Infrastructure	50.0	-
• Required Operational Costs	42.8	19.7
• Student Basic Needs	20.0	1.3
• Students with Disabilities	-	1.0
• Capital Projects: Cash to Ongoing Funding Shift	-	99.7

• Student Mental Health	-	0.8
• Rapid Rehousing	-	0.3
• Corp. for Edu. Network Init. in CA (CENIC)	-	0.1
<b>Total Incremental Ongoing Uses of Funds</b>	<b>\$529.8</b>	<b>\$346.6</b>

<b>One-Time Uses of Funds (in millions)</b>	<b>Request</b>	<b>Final Budget</b>
• Critical Capital Renewal	\$1,300.0	-
• Dominguez Hills: General Operations	-	\$15.0
• Northridge: Basic Needs Suite	-	6.0
• CalFresh Outreach Resource Hub, CSU Chico	-	3.0
• Title IX Program Improvement & Expansion	-	1.0
• Dominguez Hills: Dymally Institute Operations	-	0.5
<b>Total Incremental One-Time Uses of Funds</b>	<b>\$1,300.0</b>	<b>\$25.5</b>

### Conclusion

As the state developed and eventually enacted its budget for the 2023-2024 fiscal year, the state's fiscal picture progressively worsened. The state expects a tax revenue shortfall and resulting budget shortfall for the 2023-2024 cycle. For context, this is approximately a five percent budget deficit, on average, for the past, current, and budget years.

Despite the state budget deficit, the governor proposed and the legislature agreed to a \$227.3 million ongoing increase to the CSU, which would fulfill the multi-year compact commitment to provide a five percent state general fund increase to the CSU for 2023-2024 (or a 2.85 percent increase to the operating budget). To help solve the budget shortfall, state leaders reverted \$1.2 billion of one-time funding that would have used state cash for the construction of several campus facility and infrastructure projects. Instead, the state provided \$99.7 million dollars of ongoing funding that would allow the CSU to issue bonds and pay the annual debt service on those bonds for many years. This change is fiscally neutral to the CSU and it is anticipated that this change will not slow down any of the planned projects.

The CSU is grateful that, despite revenue declines in the state's general fund, the Budget Act of 2023 continues to honor the multi-year commitment to increase base funding for the CSU. While the \$227.3 million General Fund base funding increase does not fully cover the CSU's projected ongoing operating costs, it offers predictable and reliable levels of current and future funding and provides a valuable element of protection against a more severe economic downturn.

## COMMITTEE ON FINANCE

### **Planning for the 2024-2025 Operating Budget**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Ryan Storm  
Assistant Vice Chancellor  
Budget

#### **Summary**

The purpose of this item is to provide the CSU Board of Trustees with preliminary assumptions and an initial framework in preparation for the 2024-2025 Operating Budget Request for the governor's and legislature's consideration.

#### **Introduction**

A budget is a financial plan for a defined period, normally a year, and includes a summary of intended uses (expenditures) along with estimated funding sources (revenues).

The Operating Fund budget, which supports the core functions of the university—such as classroom instruction, student services, campus operations, and state university grants, remains the greatest focus for CSU budget planning purposes. The primary revenue sources for the Operating Fund are state general fund, tuition, and certain student fees. Typical expenditures of the Operating Fund are employee salaries and benefits, student financial aid, and operations (e.g., goods, energy, and debt service). The following sections of this item will delve deeper into various issues including potential revenues and expenditure priorities for 2024-2025.

The preliminary 2024-2025 budgetary priorities for the CSU could include: improved compensation for all employee groups, student enrollment growth, investment in student success priorities (with particular emphasis on eliminating equity gaps), required cost obligations, initiatives included in the multi-year compact, facility, infrastructure, and critical capital renewal needs, and emerging issues.

## **Current Budget Context**

The CSU's current budget situation provides important context for constructing the 2024-2025 budget plan. We are entering the 2023-2024 year with several unfunded costs that are creating significant cost pressures for our universities. Each university is undertaking a critical assessment of priorities and how to balance available resources with rising costs, unfunded mandates, and underfunded compensation increases.

The possibility of predictable multi-year tuition revenue is an important consideration in the budget planning discussion. The additional tuition revenue from the multi-year tuition proposal would provide critical resources to complement the state's compact funding and would allow the university to substantially advance the most important budget priorities.

Along with existing cost pressures, the CSU is facing several emerging items that are creating new fiscal constraints. Significant resources will be required to implement the Title IX and discrimination, harassment and retaliation (DHR) program recommendations from the Cozen report. In addition, the Chancellor recently shared several strategic workgroup recommendations calling for new investments to support enrollment, black student success, graduation initiative, and a sustainable financial model.

## **Current and Prospective State Funding**

The multi-year compact between Governor Newsom's administration and the CSU continues to provide necessary financial support. Beginning in fiscal year 2022-2023 and continuing through 2026-2027, the governor agreed to propose annual, ongoing state general fund increases of five percent for the term of the compact (or approximately 2.9 percent of the CSU Operating Fund). The governor's administration supported that commitment by ensuring that the five percent state general fund increase (i.e., \$227.3 million) was provided in 2023-2024. The CSU is grateful for the multi-year compact because it provides foundational, predictable, and more sustainable funding for our shared commitments to access, equity, and student success. Further, the CSU views the compact as a critical safety net to protect the university from economic fluctuations over the next several years.

The CSU anticipates that the governor's administration will again propose an ongoing state general fund increase of five percent for 2024-2025. This foundational feature of the compact provides the CSU the opportunity to differentiate the revenue assumptions of the 2024-2025 operating budget plan. The compact's five percent state general fund commitment would not cover all of the Trustees' budget priorities. Put another way, the challenge the CSU faces is several priorities would not be fully funded or funded at all if the CSU were to rely exclusively on the compact funding.

At this early point in time, both positive and negative economic signals make the future uncertain. It is unclear if there will be additional state revenue to support CSU priorities above the compact. Market volatility, specifically capital gains, delayed tax receipts, rising inflation and interest rates, and financial institution failures contribute to continued economic uncertainty.

### **Revenue from Proposed Tuition Rate Increase**

The interim chancellor is recommending a multi-year tuition proposal that would increase tuition rates beginning in the 2024-2025 year. The additional revenue resulting from the recommended six percent rate increases is included in the preliminary budget plan. The increased tuition revenue would allow the CSU to invest more fully in the trustees' budget priorities and more adequately advance student success. The additional tuition revenue estimated from the proposed increase would be \$148.3 million in 2024-2025. Aligned with the CSU's long-standing practice of using 33 percent of the new tuition revenue for financial aid, the preliminary plan would dedicate an additional \$49.4 million to the State University Grant program.

### **Expenditure Priorities**

The CSU has several budget priorities that are critical to the university and contribute to the mission and values of student achievement. CSU students have expressed a desire for increased support services that meet their diverse individual needs. This approach necessitates the need for a high level of support and engagement with students, which will enhance the educational experience for all students.

It is very early in the budget development process and appropriate for the Board of Trustees to discuss these CSU priorities (and others) for the 2024-2025 Operating Budget Request. Each of these budget priorities contributes to the whole and are important to student success. As mentioned previously, there are insufficient ongoing financial resources proposed in the compact to fully support these and other priorities.

- Advance student success by expanding the work of Graduation Initiative 2025 to support the CSU's broader mission of educational equity so that all students have the equal opportunity to earn the lifelong, life-transforming benefits of a CSU degree.
- Invest in our faculty and staff who support, inspire and uplift our diverse and talented students.
- Ensure safe, modern and sustainable facilities where teaching, learning and student well-being can thrive.
- Continue to provide financial aid to assist students with the greatest financial need.
- Grow enrollment to ensure a solid foundation for California's future economy with a degree-holding, well-educated citizenry.

The preliminary budget plan would be supported by the ongoing funding included in the state's multi-year compact, as well as the multi-year tuition proposal. It is unclear if state funding above the compact would be available and provided by the state.

At this stage, it is important for the Board of Trustees to provide input on fiscal policy priorities and the potential to delineate between expenditures of the preliminary budget plan.

### **Preliminary Budget Plan – Ongoing**

This section provides descriptions for each of the potential investments and revenue sources of the preliminary budget plan. At this time, only a few include dollar estimates. Estimates for all potential investments and revenue sources will be further developed and available at the September board meeting.

#### *Estimated Revenue Sources – To Be Determined*

At this preliminary stage, the planning effort focuses on stating the CSU's budget priorities and needs. Forecasted revenues of \$411 million would be available to support the plan and include the proposed tuition rate increase of six percent (\$148 million), tuition from the one percent resident, undergraduate enrollment growth (\$24 million), and the 2024-2025 compact commitment (\$239 million). If the estimated revenues are insufficient to support the preliminary expenditure plan an additional request for ongoing funds above the state compact could be included.

#### *State University Grant – \$49 million*

The State University Grant (SUG) program provides need-based awards to eligible undergraduate and graduate/postbaccalaureate students. As a six percent increase in tuition rates is being proposed, the SUG commitments by the CSU would increase by approximately \$49 million.

#### *Strategic Resident Enrollment Growth – \$54 million*

To accommodate more students at the CSU, the governor and the CSU committed in the compact to grow enrollment by approximately 3,500 resident, undergraduate, full-time equivalent students in 2024-2025. This would cost approximately \$54 million and would be equivalent to a one percent increase in resident undergraduate enrollment. Due to the multi-year compact, it could be possible to increase undergraduate resident students over the next three years by approximately 10,500 full-time equivalent students.

#### *Title IX and DHR Programs – To Be Determined*

Implementing the Cozen recommendations and establishing systemwide and university Title IX and DHR programs at appropriate levels will create substantial new costs.

*Workforce Investments – To Be Determined*

Three-quarters of the operating budget consists of salaries and benefits. For salaries to keep pace with inflation and to cover related health care and pension cost increases requires many tens of millions of dollars more per year to cover these investments.

With some minor exceptions, no collective bargaining agreements have salary provisions that extend beyond 2022-2023. At this stage, it would be premature to identify specific amounts or forms of compensation (e.g., general salary increases) for any employee group. The cost of a one percent increase in employee salaries is estimated at \$55 million. In addition, we anticipate health premium and retirement benefit costs will climb again by several tens of millions of dollars.

*Graduation Initiative – \$30 million*

As the year 2025 approaches, and after a decade of focused systemwide work and lessons learned, the CSU finds itself at an inflection point. Increasing retention and graduation rates while eliminating equity gaps remains the CSU's imperative, and it is a consequential and opportune moment to remake, rebrand and reshape Graduation Initiative 2025. Additional resources of \$30 million would advance this effort through a variety of priorities directly focused on student learning and success.

Reports from the interim chancellor's strategic workgroups were recently released and include several recommendations to strategically deploy a variety of data-informed best practices, policies, and innovations that have the potential to drive student success and equity to new heights. Additional investments would ensure implementation is strategically integrated, particularly the Black Student Success, Strategic Enrollment Management, and Sustainable Financial Model workgroup recommendations.

The CSU remains focused on meeting Graduation Initiative 2025 goals—especially closing the equity gap. The CSU adopted and began implementing an equity action plan that is re-engaging underserved students who have disenrolled, expanding the use of digital degree planners, reviewing and restructuring courses with inequitable low-pass rates, bolstering student opportunities to earn credits during summer and winter sessions, and eliminating administrative barriers. The multi-year compact contains shared goals designed to close equity gaps and promote student success, expand student access, increase affordability for students, increase intersegmental collaboration to benefit students, support workforce preparedness, and provide access to online course offerings. Instruction is the core function at the CSU and receives the largest share of funding. Costs associated with high-demand degrees are often higher than other disciplines. Additional resources will be focused on these areas to achieve the shared goals of the CSU and the governor's administration.

Students have expressed a desire for increased support services that meet their diverse individual needs. This approach necessitates the need for a high level of support and engagement with students. The additional resources will help to fill the already existing funding gap in student services and enhance the educational experience for students. Student basic needs remain a priority investment as the CSU takes a holistic look at students' well-being both inside and outside the classroom. While the primary mission of the CSU is educational in nature, students cannot be fully engaged in or out of the classroom if they do not receive appropriate support services. Continued investment in these efforts may include but are not limited to the following:

- Tutoring, peer mentoring, and academic support
- Cultural centers (space, staffing & programming)
- Title IX efforts to include bystander and prevention education
- Increasing the number of students participating in high-impact practices such as undergraduate research, international experiences, and internships
- Early alert systems and case management efforts to support student retention and persistence
- Increased efforts to re-engage and re-enroll students who have dropped out of college
- On-campus student employment opportunities

*Required Operational Costs – \$45 million*

Required operational cost increases for existing university commitments are anticipated to be \$45 million in 2024-2025. Required operational costs include increases to operations and maintenance of newly-constructed facilities, utilities and insurance, inflation, and other mandated programs. If operating budget requests do not include these types of required operational cost increases, campuses must redirect resources from existing programs, services, and priorities to meet those cost increases.

*Academic Facilities and Infrastructure - To Be Determined*

The addition of ongoing funds in 2024-2025 could finance needed facility and infrastructure projects that modernize and address deficiencies in existing facilities and increase capacity for student growth. For every \$25 million in ongoing funding, the CSU could finance approximately \$300 million of new academic and infrastructure facilities.

To effectively educate all students, it is necessary to regularly invest in critical infrastructure while also refurbishing existing, and building new, academic facilities to best serve students. The CSU's five-year plan has identified more than \$7 billion in systemwide academic infrastructure and facility needs in 2023-24 alone.

**Multi-year Budget Plan (ongoing)**

In light of the multi-year compact and recommended tuition proposal, the CSU has a unique opportunity to develop a budget framework that would span multiple years. Planning over more than one year recognizes the time horizon necessary for CSU priorities to be successfully implemented. But in this early stage of determining priorities, it would be premature to develop multiyear expenditure estimates for many of these priorities.

The continued state investment and additional student tuition provide predictable revenues to ensure continued investment in high-impact areas of the university. This plan reflects the final three years of the governor’s compact and demonstrates a gradual investment in several of the university’s highest priorities.

Incremental Ongoing Plan   In Millions	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27
<b>Revenue Sources</b>			
General Fund			
Compact Commitment (5%)	\$238.7	\$250.6	\$263.1
Above Compact	TBD	TBD	TBD
Tuition from Proposed Rate Increase	148.3	157.8	167.6
Tuition from Strategic Enrollment Growth (1%)	24.0	25.4	26.7
<b>Total Revenue Sources</b>	<b>\$411.0</b>	<b>\$433.8</b>	<b>\$457.4</b>
<b>Expenditures</b>			
State University Grant (SUG)	\$49.4	\$52.6	\$55.9
Strategic Resident Enrollment Growth (1%)	54.2	57.4	60.3
Title IX and DHR Programs	TBD	TBD	TBD
CSU Workforce Investments	TBD	TBD	TBD
Graduation Initiative	30.0	40.0	50.0
Required Operational Costs	44.6	46.2	47.9
Academic Facilities & Infrastructure (Debt Service)	TBD	TBD	TBD
<b>Total Expenditures</b>	<b>\$178.2</b>	<b>\$196.2</b>	<b>\$214.1</b>

*Preliminary Budget Plan: Critical Capital Renewal – One-time – To Be Determined*

A complementary strategy to address CSU’s deferred maintenance and infrastructure needs would be to include a request for one-time funds from the state for critical capital renewal. Additional one-time funding could be used to reduce existing, growing backlogs which are estimated at more than \$7 billion.

### **Next Steps**

Over the next several weeks, Chancellor's Office staff will meet with many stakeholder groups to solicit feedback on the potential contents of the 2024-2025 Operating Budget Request.

Using feedback provided by the Board of Trustees at the July 2023 meeting as well as feedback from CSU stakeholder groups, Chancellor's Office staff will present an updated and detailed operating budget recommendation for Board of Trustees' approval in September 2023.

### **Conclusion**

The California State Constitution requires the submittal of the governor's budget proposal each year by January 10. To meet fall deadlines of the Department of Finance and to optimally engage in state budget advocacy, it is necessary to commence planning for the 2024-2025 CSU Operating Budget Request at the July 2023 meeting.

This information item presented preliminary assumptions and an initial framework for the 2024-2025 CSU Operating Budget Request, which will be brought to the board for approval at the September 2023 meeting.

## **COMMITTEE ON FINANCE**

### **Tuition Policy**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Ryan Storm  
Assistant Vice Chancellor  
Budget

#### **Summary**

This information item includes a draft tuition policy. Based on the outcome of the discussion by the trustees at this meeting, a final policy will be presented to the board at their September 2023 meeting.

#### **Background**

The State of California, through the establishment of the California State University (CSU), recognized the importance of higher education collectively to the state and individually to its citizens.

It is reasonable, therefore, for both the state, through appropriations to the university, and for students (or their benefactors), through the payment of systemwide tuition and fees, to provide the financial support necessary for the university to offer high-quality academic programs and student support services. It is also reasonable that qualified students who could not otherwise afford to attend the CSU be provided with the financial support necessary for them to enroll.

The board provides policy guidance and fiduciary oversight for all matters pertaining to systemwide tuition and fees, and has authority to establish, adjust and oversee tuition and fees. Unlike the CSU Fee Policy which was revised by the Board of Trustees in 2015, it has been three decades since the Board of Trustees last formulated a tuition policy and guiding principles.

At the May 2023 board meeting, the Sustainable Financial Model Workgroup recommended the adoption of a tuition policy and formation of a new workgroup on financial aid. As a result, the Interim Chancellor and Board of Trustees have discussed in recent board meetings a desire to

establish a new tuition policy and the Interim Chancellor formed a Strategic Workgroup on Financial Aid charged with recommending a comprehensive financial aid strategy and policy.

The Financial Aid Workgroup will recommend the level of student financial need that the CSU should meet with institutional aid, ways to measure achievement of this goal, and annual reports to the board. The proposed tuition policy may be adjusted by the board based on the financial aid workgroup recommendations.

### **Draft Tuition Policy**

The draft tuition policy provided in this item would supersede the tuition policy last formulated by the board in 1993 and applies to systemwide tuition for all levels of education, undergraduate through doctorate; nonresident supplemental tuition; and Graduate Business Professional Program supplemental tuition.

The Board of Trustees will establish, adjust, and oversee systemwide tuition using the following principles:

- The CSU relies on revenue from tuition and state support to ensure the delivery of a high-quality education and robust student support services.
- Affordability of a CSU education must be measured based on the total cost of attendance and student need. A CSU education must be affordable to all students and their families and consider factors such as income, cost of living, enrollment status, and university program of study.
- A paramount responsibility of the Board of Trustees is to ensure sufficient revenues from state appropriations and tuition to meet the CSU mission and to provide the universities with the necessary funding for operations.

It shall be the policy of the Board of Trustees that:

- Each year, the CSU shall increase funding for need-based institutional aid by an amount not less than one-third of incremental tuition revenue, including tuition increases and enrollment growth.
- Increases in tuition shall be predictable and clearly communicated so that students and their families are able to plan for university attendance.
- The Board of Trustees shall review the tuition policy every five years in consultation with the designated student association.

## COMMITTEE ON FINANCE

### Multi-Year Tuition Proposal

#### Presentation By

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Ryan Storm  
Assistant Vice Chancellor  
Budget

#### Summary

The California State University (CSU) Board of Trustees is considering a multi-year tuition proposal for certain systemwide tuition and fees: systemwide tuition, nonresident tuition and the graduate business professional program fee. The proposal would benefit current and prospective students in three important ways: 1) provide the necessary resources for each university to further the CSU's core values of equitable excellence and access; 2) provide tuition stability and predictability for students and parents; and 3) enhance financial aid and affordability for those students with the greatest financial need.

The CSU's first priority and commitment continues to be to pursue full funding from the state and to collaborate with partners across the system to make the case in Sacramento for the level of new funding that supports student success. Additionally, the CSU is committed to its efforts to find administrative efficiencies and increase effectiveness across the system, which help mitigate increasing mandatory costs. However, to ensure the university has the revenue to meet its priorities, the CSU began a conversation and consultation process for a possible multi-year tuition increase.

The interim chancellor recommends the Board consider the following:

- A Board action in September 2023 that would put in place scheduled tuition rate increases each year.
- The increases would begin in fall 2024.
- The annual rate increases would be six percent per year for all levels of education.
- The first increase in 2024-25 would be \$342 for the academic year for full-time undergraduate students.
- Sixty percent of students would not be affected by the proposed tuition increase because their tuition is fully covered by grants or waivers.

- The Board would review the tuition rate schedule every five years.

The proposal would generate \$148 million of revenue in the first year (2024-2025) with a goal of dedicating \$49 million to the CSU's State University Grant (SUG) program for financial aid support for low-income students. Over the first five years of the tuition increase, the proposal would generate \$840 million in revenue with a goal of dedicating \$280 million to the SUG program. The tuition increase would take effect in fall 2024, aligning with the timeline and requirements of the Working Families Student Fee Transparency and Accountability Act (Act).

The multi-year tuition proposal and the governor's multi-year compact funding commitment would provide the greatest level of revenue sustainability and predictability in the university's history.

The CSU remains committed to keeping tuition costs as low as possible for students. Nearly 60 percent of all enrolled undergraduate students have the full cost of tuition covered by grants, scholarships or waivers. Because these programs are designed to pay the full cost of tuition, the multi-year tuition proposal would have no financial effect on more than 249,000 students who receive these grants, scholarships and waivers.

To provide students and their families with as much information as possible for planning purposes, the [calstate.edu/tuition-increase](https://calstate.edu/tuition-increase) website includes information on the proposal. The webpage also provides the opportunity for students, their families, and anyone else to comment on the proposal.

## **Background**

The trustees have the sole authority to establish and increase systemwide tuition. The trustees establish and periodically adjust tuition rates by student level: undergraduate, post-baccalaureate, credential, graduate and doctorate. In order for the trustees to increase tuition in a fiscal year without state appropriation cuts, the CSU must follow a precise timeline and meet several requirements outlined by the Act codified in 2012 by Assembly Bill 970. The Act requires the CSU to consult with the California State Student Association (CSSA) before the trustees consider any increase to mandatory systemwide tuition and ensure transparency in the process. Specifically, the CSSA is to receive a detailed tuition proposal and the opportunity to consult with the CSU at a minimum of six months before the CSU can fully implement a tuition increase. Specific to this proposal and its potential effect on the 2024-2025 academic year, the Chancellor's Office prepared and delivered to the CSSA the "CSU Multi-year Tuition Proposal" on May 25, 2023. A consultation meeting between CSSA executive leadership and Chancellor's Office representatives to discuss the proposal followed on May 30 and subsequent meetings occurred on June 20 and June 28 and another is scheduled for July 9. Next, the Act requires public notice of the proposed tuition increase (this item meets this requirement), followed by a meeting of the trustees to discuss the proposal and gather public comment. The proposal will be considered for adoption at the

September 2023 Board of Trustees meeting.

The CSU has long valued inclusive excellence, equity, access, affordability and elevating lives through the transformative power of higher education. These core values are on exhibit every day across the 23 universities and are embodied by more than 460,000 students. University faculty, staff, and—importantly—students are accelerating the CSU’s undeniable positive momentum evidenced by record numbers of graduates and student success measures. To continue this unwavering commitment and to carry on the promise of an affordable and accessible higher education for students from all backgrounds and walks of life, the CSU must be financially sustainable now and for the coming years. This tuition proposal will allow the CSU to build on the promise made to the state and ensure it extends to future generations.

Long-term financial sustainability of the CSU requires an alignment of costs and revenues necessary for the CSU to fulfill its functions and provide a high-quality, affordable, and accessible education to Californians in the 21st century. The system has continual and growing cost pressures—an increased need to expand high-cost degree offerings, inflation, unfunded mandates, and infrastructure needs growing over time.

The CSU has two principal sources of revenue: state general fund and tuition. The state general fund is the CSU’s largest revenue source, but it is volatile and dependent on the state economy. Recessions, even mild ones, often result in state revenue shortfalls, which in turn translate into campus budget reductions. Tuition is the second-largest source of revenue. Today, the CSU’s undergraduate tuition rate is \$5,742 per year and is among the lowest in the country. Historically, tuition increases followed state budget cuts; however, for 10 of the past 11 years, there has been no tuition increase. Instead, thanks to a strong economy and support from the governor and legislature, general fund support has grown. The net effect is that, since the last tuition increase, the general fund portion of total system revenue steadily grew while the tuition portion remained flat. When only one of the two main revenue sources is available to cover growing costs, an imbalance is created.

When the CSU receives less revenue than it requires to operate the university, some costs go unaddressed (e.g., student services, critical capital renewal projects, up-to-date instructional equipment and appropriate workforce investments) and costs that cannot be deferred are accommodated by redirecting funds from other purposes. Gaps between revenues and costs cannot be closed with existing practices. As the CSU strives to be an engine of social mobility, it is not sustainable to rely only on state funding increases or to defer necessary institutional investments. A tuition proposal that governs future changes, ensures stable and predictable increases and is transparent for the universities, students and their families is required.

### **Justification for the Multi-Year Tuition Proposal**

The CSU is the largest driver of social mobility for students and their families in the state. The 23 universities are widely regarded by policymakers, business leaders, millions of CSU alumni and the broader California public as one of the most important drivers of California's economy, locally, regionally and across the state. To ensure the CSU can continue to fulfill this role—while maintaining diversity, academic quality and rigor—new investments in the CSU are crucial.

State general fund and student tuition and fee revenue are the two primary sources that make up the university's operating budget and support the educational endeavors of approximately 460,000 CSU students. Over the past two decades, state tax revenues that support public higher education institutions have significantly fluctuated, with a trend toward a decrease in real dollars, across the country and within California. This decline came as states responded to the condition of the economy and shifted public dollars to other priorities. The state's share of the total CSU operating budget has decreased from approximately 80 percent in the mid-1990s to 60 percent by 2022-2023, with the remaining revenue provided by tuition and fees. Despite this fiscal trend, the CSU has remained committed to keeping tuition affordable, providing all students a high-quality education and admitting as many qualified students from California's high schools and community colleges as can be accommodated. Ninety-four percent of CSU students are from California.

The CSU's priority is to advocate for and pursue increased state funding to cover elements of the operating budget request for 2024-2025 and beyond. Over the past decade, these advocacy efforts have coincided with an important increase in state tax revenues, which recovered by tens of billions of dollars between the low point of the Great Recession and the 2022-2023 state budget year. The CSU has and will continue to collaborate with stakeholders and partners across the system including trustees, students, faculty, staff, union leaders, alumni, business partners and friends to make the case in Sacramento to fund the CSU's priorities.

Over the past 10 years, the CSU made operating budget requests that would fund the most critical priority areas, such as academic and student support service improvements through Graduation Initiative 2025, additional student basic needs investments, and improved academic facilities for better learning environments and student collaboration spaces. However, only once in the last 10 years has that request been fully funded.

The CSU appreciates Governor Newsom's multi-year compact that ensures a five percent increase to the CSU's general fund appropriation for five years. This commitment has been and will continue to be an important fiscal foundation for the universities. However, more funding is still needed for the CSU to continue advancing its educational mission and to do so through the 21st century. The governor's compact only provides funding through 2026-2027 and due to current economic and budgetary indicators and other state priorities, there is the possibility that the state

may not be able to significantly supplement the CSU budget at or beyond the committed levels of the multi-year compact.

Beginning in the spring of 2022, members of the Board expressed a desire to deeply explore the totality of university costs, expenditures, and revenues. A greater understanding of these budgetary factors would help the Board identify the necessary multi-year investments in the university and would chart a long-term fiscal plan for the CSU. As a result, Interim Chancellor Jolene Koester appointed the Sustainable Financial Model Workgroup in July 2022, and charged it to recommend a multi-year strategy to achieve stable and predictable revenues to support the CSU mission, maintain affordability for its students, and recognize the differing needs of its 23 universities.

Currently, the CSU budget reflects expenditures and the revenues it receives, that is, the CSU spends what it gets, but these expenditures do not capture what it more appropriately costs to operate the university system. When the CSU receives less revenue than it requests from the state or generates from tuition, two things occur: (1) some costs go unaddressed (e.g., increased student support, critical capital renewal projects and up-to-date instructional equipment and appropriate workforce investments) and (2) costs that cannot be deferred are accommodated by redirecting funds from existing programs and purposes, leaving those areas under-resourced. These two actions create a disconnection between costs and expenditures. The workgroup concluded that CSU costs exceed the amounts expended, creating an expenditure gap. When compared with university revenues, there is similarly a funding gap.

The annual five percent multi-year compact commitment (coupled with the assumption that the commitment continues beyond 2026-2027) would provide an additional \$1.3 billion in new funding by 2028-2029. While advocating for additional state funding will continue to be the CSU's top priority, it is unlikely that state funding alone would be able to meet CSU's funding needs.

Tuition is the only other significant source of revenue for the CSU operating fund. Tuition has been held flat for 10 of the last 11 years through 2022-2023, which has helped maintain affordability for as many students as possible and kept the CSU as one of the most affordable institutions of higher education in the country. However, the absence of a tuition increase has also prevented the CSU from having sufficient resources to keep up with rising costs. For example, the annual tuition for an undergraduate student increased only once by \$270 (or five percent) since 2011-2012. By comparison, inflation increased by 39 percent over that same time period. Implementing the multi-year tuition proposal would provide the CSU with an additional \$840 million in tuition revenue by 2028-2029, which would help the 23 universities address more of the CSU's budgetary priorities than the status quo.

An underfunded budget requires the universities to redirect funding from existing programs, services and priorities like the Graduation Initiative to fund required operating cost obligations. A persistently underfunded CSU could mean fewer course sections, reduced average unit loads, less

student services and a longer timeline to graduation. The CSU would also be limited in its ability to build or renew critical capital projects on the campuses, adjust employee compensation to remain competitive in the higher education industry and create or improve additional safe, functional and educationally appropriate learning environments.

Financial sustainability and predictability are critically important for the CSU to accomplish its mission and overcome its challenges. A strategic, multi-year increase to tuition, nonresident tuition and the graduate business professional fee, beginning with 2024-2025, would provide additional resources to better ensure that Californians have opportunities to earn lifelong, life-transforming benefits through CSU educational programs. A multi-year tuition proposal and the governor's multi-year compact funding commitment would provide the greatest level of revenue sustainability and predictability in the university's history.

### **How New Revenues Would Be Used**

It must be emphasized that the additional revenue is necessary to pay for existing programs, services, priorities and unfunded state and federal mandates. That said, additional revenue received from a tuition increase also likely would be invested in the budget priorities that reflect the values and mission of the university:

- Expand the work of Graduation Initiative 2025 to support the CSU's broader mission to advance educational equity so that all students have the equal opportunity to earn the lifelong, life-transforming benefits of a CSU degree.
- Provide competitive salaries and benefits to our faculty and staff who educate, inspire and uplift our diverse and talented students.
- Ensure safe, modern and sustainable facilities where teaching, learning and student well-being can thrive.
- Continue to provide financial aid to assist students with the greatest financial need. This would cover the full cost of tuition and could also be expanded to cover other attendance costs of the university.

More specifically, additional revenue received from tuition would be used to support seven key priorities over a multi-year period. Decisions on the precise amount of ongoing funding to be dedicated to each of the key priorities will be made through the annual CSU budget process and periodically by way of finalized collective bargaining agreements.

1. *Graduation Initiative*: Launched in 2016, the graduation initiative aims to increase graduation rates for first-time and transfer students, eliminate equity gaps for underrepresented minority students and Pell Grant recipients and meet California's workforce needs. Reducing time to degree means that graduates enter the workforce or

graduate sooner, with less debt, positively impacting their future and producing additional graduates to power California.

Based on 2022 data, four- and six-year graduation rates for first-time students and two- and four-year rates for transfer students continue to increase and many have reached and sustained all-time highs.

- The four-year graduation rate for first-time students increased from 19 percent to 35 percent.
- The six-year graduation rate for first-time students increased from 57 percent to 62 percent.
- The two-year graduation rate for transfer students increased from 31 percent to 40 percent.
- The four-year graduation rate for transfer students increased from 73 percent to 80 percent.

Despite systemwide efforts, eliminating equity gaps—the difference in graduation rates between students from historically underserved backgrounds and their peers—remains an ongoing challenge. To address this, the CSU adopted and began implementing an equity action plan that is re-engaging underserved students who have disenrolled, expanding the use of digital degree planners, reviewing and restructuring courses with inequitable low-pass rates, bolstering student opportunities to earn credits during summer and winter sessions, and eliminating administrative barriers.

Students have expressed a desire for increased support services that meet their diverse individual needs. This approach necessitates the need for an elevated level of support and engagement with students. The additional tuition revenue will help to fill the already existing funding gap in student services and enhance the educational experience for students. Student basic need programs remain a priority investment as the CSU takes a holistic look at students' well-being both inside and outside the classroom. While the primary mission of the CSU is educational in nature, students cannot be fully engaged in or out of the classroom if they do not receive appropriate support services. Continued investment in these efforts may include but are not limited to the following:

- Tutoring, peer mentoring, and academic support
- Cultural centers (space, staffing & programming)
- Title IX efforts to include bystander and prevention education
- Increasing the number of students participating in high-impact practices such as undergraduate research, international experiences, and internships
- Early alert systems and case management efforts to support student retention and persistence

- Increased efforts to re-engage and re-enroll students who have dropped out of college
  - On-campus student employment opportunities
2. *CSU Workforce Investments*: Central to the student experience is the ability to interact, learn from, and be guided by outstanding faculty and staff. The CSU is proud of the thousands of its employees who are dedicated to students and their success. The CSU recognizes that a competitive compensation package is essential to recruit and retain a diverse world-class workforce, which is a key element to student success. Unfortunately, there are current fiscal challenges that limit the CSU's ability to adequately address compensation. The 2023-2024 budget plan is a good example. After addressing other critical CSU budget needs, the remaining funding available for compensation improvements would be equivalent to less than a two percent general salary increase for all employee groups. Two percent is less than the rate of inflation today and for the near future. Without additional funding in the form of tuition revenue, the CSU would not be able to sufficiently fund compensation and remain competitive in today's job market.

Workforce investments are subject to collective bargaining. The mutual agreement between the CSU and each CSU bargaining unit will determine the form of compensation that additional state general fund and tuition revenue will support.

3. *Academic Facilities & Infrastructure Needs*: To provide students with the best possible educational experience, it is necessary to regularly invest in critical infrastructure and academic facilities. The CSU's five-year plan has identified—in 2023-2024 alone—more than \$4.2 billion in systemwide academic infrastructure and facility needs. The five-year capital outlay and infrastructure improvement plan primarily identifies renewal and replacement needs of existing buildings, along with some new facilities to be constructed to advance student access. These priorities of the plan are consistent with the state's priorities of critical infrastructure, energy efficiency and life safety projects, to increase the CSU's capacity to serve its existing and projected enrollment. Many of these projects would support students seeking careers in engineering, health care and the sciences.
4. *Required Operational Costs*: Required operational costs are expenditures the university must pay regardless of the level of funding allocated by the state, and they often increase independent of growing, flat or declining state support. Over the past decade, the final state budget received by the CSU has not included funding explicitly for a variety of expenses such as utilities, technology, instructional equipment, library subscriptions, contracts and other supplies. Examples of emerging required operational costs are Title IX and discrimination, harassment and retaliation programs, liability and property insurance premiums and heightened rates of inflation. More specifically, the California Consumer Price Index increased by 6.6 percent in 2021-2022 alone, with no new funding to cover

these rising costs. Insurance premiums are on the rise across the country and even more so for California public entities. Numerous factors contribute to this increase such as an overall rise in claims (especially for wildfires in recent years) and inflated values of settlements and verdicts.

5. *Investment In High-Demand Instruction:* Instruction is the core function at the CSU and receives the largest share of funding. Costs associated with high-demand degrees in health and science, technology, engineering and mathematics (STEM) fields are often higher than other disciplines. The difference between the costs and expenditures in instruction highlights questions about the capacity of campuses to finance increased enrollments in higher-cost, high-demand disciplines and support the balance of the CSU student population.

The renewed emphasis on undergraduate education outcomes—to improve student learning outcomes, persistence, and graduation rates for students in STEM—has become an institutional imperative. There is a recognized need to invest in more student-centered learning environments that are built on the foundations of conceptual learning goals and use the most effective research-based teaching, learning and assessment strategies. Indeed, the increasingly interdisciplinary nature of the global challenges our society faces requires that students engage in learning that will prepare them to address and solve 21st-century problems. Improved learning environments have led to more students graduating and entering the workforce with high-wage career opportunities.

STEM leaders also recognize that in addition to improvements in pedagogy and curriculum, multifaceted changes are needed to create student success. Student advising, faculty professional development, student research mentoring and academic support programs are central to student success.

6. *Strategic Resident Enrollment Growth:* The CSU continues to plan for steady and strategic increases in enrollment to meet student demand for a CSU education and the needs of California's future workforce. The governor's multi-year compact includes a requirement of one-percent growth in resident undergraduate students annually through 2026-2027. It is the CSU's intent to place new enrollment strategically at campuses that are experiencing significant prospective student demand and can expand more seats in academic programs that are vital to reducing current and prospective workforce shortages.
7. *Expand Financial Aid Opportunities:* Continuing to provide financial aid to assist students with the greatest financial need is of utmost importance. At present, the CSU's State University Grant (SUG) program covers the full cost of tuition for more than 100,000 low-income CSU students and the program could be expanded to cover other attendance costs of the university.

### **Potential Impact to Students and Mitigation of Impact on Students with Financial Need**

The CSU remains committed to keeping costs as low as possible for students. Nearly 82 percent of all CSU students receive financial aid and nearly 60 percent of all enrolled undergraduate financial aid recipients receive non-loan aid to cover the full cost of tuition. The CSU does not expect these percentages to change as the result of a possible tuition increase.

The CSU understands the impact financial aid has on social mobility – a student’s ability to attend college, earn a baccalaureate degree and enter the California workforce in a position to attain greater lifetime earnings. The CSU strives to keep costs to a minimum by offering institutional aid (most notably SUG) in addition to federal and state grant and loan programs. Financial aid allows CSU students to better focus on their academics by easing the pressure of educational and personal costs. The average financial aid award for a CSU student is \$11,070.

The CSU’s goal is to use tuition revenue generated from a rate increase for additional financial aid support for students. The percentage would be determined each year through the CSU operating budget request, approved by the Board, based on available funding and student needs. This would provide the CSU the necessary flexibility to dedicate more or less tuition revenue per year to financial aid depending on the financial condition of the state’s economy and the effect that the state budget would have on the CSU’s financial position. This increased source of financial aid would continue to support the CSU’s financially neediest students by paying the full cost of tuition and up to fifty percent of the campus-based mandatory fees. The CSU currently provides \$945 million in institutional aid; \$701 million of that aid is associated with the SUG program.

#### State Grants and Fee Waivers

The multi-year tuition proposal would not typically affect a student who receives a Cal Grant tuition award because the state designed the program so that the award amount pays the entire tuition cost. This would include students utilizing the California Dream Act Application. However, there is no guarantee that the state will increase Cal Grant awards if the CSU annually raises tuition. Similarly, the proposed tuition increase would not affect a student who receives a statutory tuition fee waiver because the state designed these programs to waive the entire cost of tuition.

#### Institutional Grants

SUG is available to undergraduates, teacher credential candidates and graduate students. The multi-year tuition proposal would not affect a student who receives a full SUG because this CSU-administered institutional aid program covers the entire tuition cost. For students who do not receive the maximum award to cover the full tuition cost and absent any other financial aid, SUG may still cover the proposed increase in tuition. However, individual SUG awards vary for each student. CSU doctoral programs and graduate business professional programs also offer need-based grant programs like SUG. As part of the proposal, SUG funding could grow \$280 million

(from 2024-2025 through 2028-2029) to accommodate eligible students' additional needs that could result from a tuition increase.

#### Federal Aid

The maximum full-time Pell Grant award for 2023-2024 is \$7,395. Any changes to the 2024-2025 Pell award amounts are not known at this time. Under the proposal, the increases to CSU tuition would not exceed the maximum 2023-2024 Pell Grant award until 2028-2029. This means a resident undergraduate student who qualifies for the maximum Pell Grant award would have the cost of tuition covered by this program through at least 2028-29 even if the maximum Pell Grant award did not increase. At the CSU, most resident students who are eligible for a full Pell Grant also qualify for a Cal Grant or SUG tuition award. For those students, non-loan aid would still fully cover the cost of tuition.

For those students who qualify for the Cal Grant or SUG, the Pell Grant may be used for non-tuition expenses including campus-based fees, books, housing and other living expenses.

Pell Grant award amounts can vary based on income and enrolled units. For students who do not receive the maximum award, and absent any other financial aid, the Pell Grant may partially cover the proposed increase in tuition.

#### Financial Aid Awareness

The CSU will continue its commitment to informing students and families of the availability of financial aid. Each campus maintains a robust website that provides information to students and families. Campuses will continue to communicate with students on a regular basis with reminders and notices of key application periods and deadlines. Information will continue to be available via the admission application site (i.e., [Cal State Apply](#)) and [calstate.edu](#). Campuses will also provide information as part of student outreach, the admission process and orientation events as well as through workshops both on and off campus to prospective and current students and their families.

#### Employment

CSU financial aid packaging policies do not include or establish a minimum workload expectation for students. A student may work on or off campus to cover tuition and other college-related expenses and, if the student qualifies, one can participate in the Federal Work-Study program. For students who work to meet their full cost of attendance, at the current minimum wage of \$15.50 per hour, a resident undergraduate student would need to work approximately 166 additional hours over a four-year academic career or an average of 42 hours per year—equivalent to roughly 0.8 hours per week—to cover the additional \$2,286 of tuition for a full-time undergraduate student entering the CSU in 2024-2025.

### Loans and Student Indebtedness

Loan programs can also be used to cover tuition costs for a student. Based on CSU financial aid packaging policies in which grants and waivers are applied first, and loans second, it is unlikely that student loan debt would increase materially, if at all, to pay for a tuition increase.

While 42 percent of all CSU students graduate with loan debt for college-related expenses, the amount of the debt is substantially lower than the California and national average. In 2021-2022, CSU baccalaureate degree recipients had lower average debt (\$17,682) than the 2019-2020 non-CSU California student average (\$21,125) and well below the 2019-2020 national average (\$28,950). Given this, the multi-year tuition proposal should keep CSU graduate debt below the California average and the national average for many years.

If a student were to borrow additional funds to cover the proposed tuition increase, average indebtedness would increase. For example, a full-time undergraduate student entering the CSU in 2024-2025 would pay \$2,286 more for four years of enrollment. If a student were to borrow, the anticipated monthly payment upon graduation would increase by \$28, based on a maximum interest rate of 8.25 percent (currently 5.49 percent) and a standard 10-year repayment schedule. Based on similar terms and conditions, if a student were to borrow \$6,096 more for six years of enrollment, the anticipated monthly payment would increase by approximately \$75. With these changes included, average indebtedness at the CSU would continue to be lower than the national average.

### **Alternative Options**

The CSU has five primary options as alternatives for addressing the current fiscal priorities. These options are not mutually exclusive and may be combined in varying proportions.

#### 1. Advocate for increased state funding to cover full operating budget requests

The CSU's first priority and commitment are to make the case with state leaders that additional investments in the CSU are necessary and in the best interest of the state and students. The CSU continues to collaborate with partners across the system including students, faculty, staff, businesses, union leaders, alumni and friends to make the case in Sacramento. While additional state funding will always be the preferred option, the current budgetary indicators for the state do not look promising over the next few years making it more challenging for the state to provide additional funding to the CSU.

It is exceptionally rare for the state to fully fund a CSU operating budget request. The last time this occurred was in the 2015-2016 fiscal year. Prior to that, the operating budget request was fully funded in 2006-2007.

2. Increase tuition to partially cover the operating budget request while continuing to advocate for more state funding

While the revenue generated from a multi-year tuition proposal would not fully fund the operating budget request, it would allow for tens of millions of dollars of new investments to be made in critical areas per year. The new revenue would be coupled with continued advocacy efforts in Option 1 (above) to fund the annual operating budget plan.

3. Cost avoidance, efficiencies and reduction of programs and services

The CSU remains vigilant in its efforts to pursue cost avoidance strategies and administrative efficiencies to be good stewards of state and tuition resources and to address as many unfunded cost increases as possible. CSUBUY is just one example of a recent endeavor to leverage systemwide buying power to receive greater discounts and rebates on common supplies purchased throughout the CSU. However, it is important to manage expectations and dispel misconceptions about improved efficiency and effectiveness. Past successes have yielded up to tens of millions of dollars per year and remaining opportunities are marginal in value.

The CSU makes every effort to ensure any new efforts undertaken add value to the students, the campus or fulfill a legislative requirement. Along that vein, any reduction in programs and services will undoubtedly have a negative impact on student success and either halt or undo some of the groundbreaking work done through the Graduation Initiative.

Additionally, the CSU will continue to examine ongoing investments to ensure they are in line with the mission of the university so that the funding invested in the CSU by the state and students is spent thoughtfully and with student success at its core. For example, state law authorizes the CSU to invest in securities that yield a higher rate of return than fixed income securities. As regularly reported to the Board, a portion of funds are invested in portfolios that typically earn a better rate of return and those returns are to be used for critical capital renewal, which is a key piece of student success. Doing so allows the CSU to use more of the operating funds for direct academic offerings and support.

4. In lieu of additional state funding or the multi-year tuition proposal, reduce programs and services, both academic and non-academic

The CSU's required financial obligations, along with critical priorities like workforce investments and Graduation Initiative 2025, far exceed the amount of funding received from the state in recent years. If advocacy efforts do not secure the operating budget request, and if tuition is not increased, priority areas of the operating budget would be reduced or eliminated because campuses would have to redirect funding from existing programs, services and priorities to fund a sizable portion of mandatory cost obligations. Fewer course sections would be available to students, the average unit load would go down and fewer academic and student support services would be available due to the possibility of employee layoffs.

#### 5. Use operating fund designated balances and reserves

As of June 30, 2022, the CSU had operating fund designated balances and reserves totaling \$2.5 billion, accumulated primarily from tuition, fees and other revenues in excess of annual expenses. These balances can be broken down into four main categories: short-term obligations (\$1.4 billion), catastrophic events (\$48 million), capital (\$282 million) and economic uncertainty (\$714 million).

Designated balances for short-term obligations include everything from encumbrances for goods and services already under contract, to planned program development and/or to outstanding commitments that were not complete by the end of the fiscal year. Examples are near-term debt service payments and financial aid obligations.

Designated balances for catastrophic events are held to be used in the event of a natural disaster or other catastrophic event. Typically, these balances are used to pay for costs that are not covered by insurance and are sufficient to cover expected needs.

Designated balances for capital are for new construction projects and building improvements on campuses, facilities maintenance and repair. Campuses could use these balances for critical capital renewal and emergency capital needs as well using them to meet the 10 percent of project costs for larger, bond-supported projects. It is important to note that the projected need for capital projects in 2024-2025 is \$4.0 billion and the projected need through 2028-2029 is \$31.1 billion.

Reserves for economic uncertainty are held for costs that may occur due to periods of short-term recessionary cycles or state budget fluctuations. These reserves are part of the university's prudent fiscal strategy and are intended to be used as a one-time supplement giving the operating budget time to balance reductions and minimize disruptions to the educational experience. The \$714 million designated for economic uncertainty equates to less than one month of operating expenses for the CSU operating fund.

Using operating fund reserves is at best a one-time, short-term solution and at worst, a fiscally irresponsible divergence of funds if used extensively for ongoing costs.

#### **Proposed Tuition Increases**

The process to increase tuition began on May 25, 2023, with a written proposal to the CSSA and continues with appropriate consultation with, and feedback from, other CSU stakeholders. The consultation period includes this information item at the July 2023 Board of Trustees meeting and a possible action item at the September 2023 board meeting. The state budget cycle is asynchronous from the planning decisions of the CSU, as well as the planning that current and potential students must undertake to prepare for the 2024-2025 academic year. Specifically, the outcome of the 2024-2025 budget cycle will not be known until June 2024. If the trustees consider

and approve a tuition increase at their September 2023 meeting, the tuition increase would go into effect for the fall 2024 term and apply to the full 2024-2025 academic year. An 11-month lead time between a potential decision at the board meeting and the ultimate implementation of the tuition increase helps provide students and their families adequate time to plan and ensures that the CSU is in alignment with the law.

As one of the long-term financial sustainability solutions, the multi-year tuition proposal would apply to the following systemwide tuition and fee categories: systemwide tuition, nonresident tuition and the graduate business professional fee (for simplicity purposes, these will be referred to collectively as “tuition”). Under this proposal:

- Tuition increases would begin with the 2024-25 academic year.
- Annual tuition increases would apply to all students at every level of education.
- Tuition would increase six percent each year for all students.
- Tuition increases would continue to consider the longstanding trustee policy to maintain differential pricing between undergraduate and graduate/postbaccalaureate tuition levels.

The proposed tuition increase of \$342 per resident undergraduate student would take the annual tuition price from \$5,742 per student to \$6,084 for a six percent rate increase. Similar rate increases are proposed for nonresident tuition, as well as graduate, doctoral, and teacher credential programs.

The proposal would generate \$148 million of revenue in the first year (2024-2025) with a goal of dedicating \$49 million to the SUG program for financial aid support for students. Over the first five years of the tuition increase, the proposal would generate \$860 million with a goal of dedicating \$280 million for financial aid.

Undergraduate, Credential and Graduate Programs

The following tables show the current and proposed tuition rates for full- and part-time undergraduate, credential and graduate programs.

Summer rates would increase beginning with the summer 2025 term.

	<b>Academic Year</b>					
	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
<b>Undergraduate (full-time)</b>	\$ 5,742	\$ 6,084	\$ 6,450	\$ 6,840	\$ 7,248	\$ 7,682
<b>Undergraduate (part-time)</b>	\$ 3,330	\$ 3,528	\$ 3,738	\$ 3,962	\$ 4,200	\$ 4,452
<b>Credential (full-time)</b>	\$ 6,660	\$ 7,062	\$ 7,488	\$ 7,938	\$ 8,414	\$ 8,918
<b>Credential (part-time)</b>	\$ 3,864	\$ 4,098	\$ 4,344	\$ 4,604	\$ 4,880	\$ 5,172
<b>Graduate (full-time)</b>	\$ 7,176	\$ 7,608	\$ 8,064	\$ 8,550	\$ 9,066	\$ 9,612
<b>Graduate (part-time)</b>	\$ 4,164	\$ 4,416	\$ 4,680	\$ 4,962	\$ 5,262	\$ 5,580

Doctoral Programs

The tables below show the current and proposed tuition rates for the six doctoral programs offered by the CSU. Noted are any limitations to future tuition increases. Because four of the six rates must be coordinated with the University of California (UC) and future UC rates are not yet determined, rate increases for future years may not occur if the rate has reached the not-to-exceed threshold.

	<b>Academic Year</b>					
	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
<b>Doctor of Audiology</b>	\$ 14,742	\$ 15,624	\$ 16,560	\$ 17,556	\$ 18,612	\$ 19,728
<b>Doctor of Education</b>	\$ 11,838	\$ 12,546	\$ 13,296	\$ 14,094	\$ 14,940	\$ 15,836
<b>Doctor of Nursing Practice</b>	\$ 15,270	\$ 16,188	\$ 17,160	\$ 18,192	\$ 19,284	\$ 20,442
<b>Doctor of Occupational Therapy</b>	\$ 17,196	\$ 18,228	\$ 19,320	\$ 20,480	\$ 21,708	\$ 23,010
<b>Doctor of Physical Therapy</b>	\$ 17,196	\$ 18,228	\$ 19,320	\$ 20,480	\$ 21,708	\$ 23,010
<b>Doctor of Public Health</b>	\$ 18,900	\$ 20,034	\$ 21,234	\$ 22,508	\$ 23,858	\$ 25,290

- Doctor of Audiology program tuition is mandated by state law (Education Code 66041.1) to be no higher than the rate at UC.
- Doctor of Education program tuition is mandated by state law (Education Code 66040.5) to be no higher than the rate at UC.
- State law does not limit the tuition that may be assessed for the CSU Doctor of Nursing Practice program.

- State law does not limit the tuition that may be assessed for the Doctor of Occupational Therapy program.
- Doctor of Physical Therapy program tuition is mandated by state law (Education Code 66042.1) to be no higher than the rate at UC.
- Doctor of Public Health program tuition is mandated by state law (Education Code 66044.1) to be no higher than the rate at UC.

Nonresident Students

Nonresident tuition is in addition to applicable systemwide tuition. The following table shows the per semester and per quarter unit tuition rates for nonresident students. Revenue from nonresident tuition varies widely by campus and is kept locally at each campus to educate nonresident students.

	<b>Academic Year</b>					
	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
<b>Semester Rate</b>	\$ 396	\$ 420	\$ 444	\$ 471	\$ 498	\$ 528
<b>Quarter Rate</b>	\$ 264	\$ 280	\$ 296	\$ 314	\$ 332	\$ 352

Graduate Business Professional Program

The Graduate Business Professional Fee is in addition to applicable systemwide tuition. The Board resolution authorizing this fee requires that whenever the Board takes action to adjust tuition for graduate students, the same adjustment will be made to the Graduate Business Professional Fee. The following table shows the per semester and per quarter unit rates. Revenue from Graduate Business Professional Fee varies widely by campus and is kept locally at each campus to educate graduate students.

	<b>Academic Year</b>					
	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
<b>Semester Rate</b>	\$ 270	\$ 285	\$ 303	\$ 321	\$ 339	\$ 360
<b>Quarter Rate</b>	\$ 180	\$ 190	\$ 202	\$ 214	\$ 226	\$ 240

**Further Information and Opportunity for Public Comment**

To provide students and their families with as much information as possible for planning purposes, the [calstate.edu/tuition-increase](http://calstate.edu/tuition-increase) website includes information on the proposal. It provides information about the possible tuition increase, including proposed rate increases, general and specific campus financial aid resources, answers to frequently asked questions and other information.

The webpage also provides the opportunity for students, their families, and anyone else to comment on the proposal. Comments received will be compiled and summarized for the trustees at the September 2023 meeting.

### **Conclusion**

The CSU's first priority continues to be to pursue additional funding from the state and to collaborate with partners across the system including the board, students, faculty, staff, business and union leaders, alumni, and friends to make the case in the capitol for the level of new funding that supports student success. However, to ensure the university has the revenue available to meet its priorities, the CSU must consider a multi-year tuition proposal. The proposal seeks to balance the need to keep tuition affordable and yield enough revenue to make meaningful investments in necessary existing and new academic programs, student services, financial aid, unfunded state and federal mandates, and emerging priorities to support students on their path to graduation.

This information item requests the trustees' consideration of a multi-year tuition proposal. The CSU would use new tuition revenue in combination with additional state general fund allocations to support CSU budget priorities. The adoption of the multi-year tuition proposal by the trustees in September 2023 would put in place annual, scheduled tuition rate increases with the first increase effective for fall 2024. This would keep with the timeline and requirements of the Working Families Student Fee Transparency and Accountability Act. Also, it would allow the CSU to publish the approved increases in communications and provide advance notice of the change to current and prospective students and their families.

**AMENDED**

**AGENDA**

**COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS**

**Meeting:**      **3:45 p.m., Tuesday, July 11, 2023**  
**Glenn S. Dumke Auditorium**

Jack McGrory, Chair  
Diana Aguilar-Cruz, Vice Chair  
Larry L. Adamson  
Raji Kaur Brar  
Mark Ghilarducci  
Leslie Gilbert-Lurie  
Anna Ortiz-Morfit  
~~Romey Sabalius~~

- Consent**      1. Approval of Minutes of the Meeting of May 24, 2023, *Action*
- Discussion**      2. Preliminary Five-Year Outlay Capital Plan, *Information*
3. California State University, Long Beach Peterson Hall I Replacement,  
                         Schematic Design Approval, *Action*

**MINUTES OF THE MEETING OF THE  
COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS**

**Trustees of the California State University  
Office of the Chancellor  
Glenn S. Dumke Auditorium  
401 Golden Shore  
Long Beach, California**

**May 24, 2023**

**Members Present**

Larry L. Adamson, Chair  
Anna Ortiz-Morfit, Vice Chair  
Diana Aguilar-Cruz  
Douglas Faigin  
Maria Linares  
Romey Sabalius  
Wenda Fong, Chair of the Board  
Jolene Koester, Interim Chancellor

Trustee Larry Adamson called the meeting to order.

**Public Comment**

Public comment occurred at the beginning of the meeting's open session prior to all committees. No public comments were made pertaining to committee agenda items.

**Consent Agenda**

The minutes of the January 2023 meeting of the Committee on Campus Planning, Buildings and Grounds were approved as submitted.

**California State University, San Marcos University Village Housing and Dining  
Schematic Design Approval**

This item requested approval of the schematic plans for the University Village Housing and Dining project at California State University, San Marcos.

Following the presentation, no questions were asked.

The committee recommended approval of the proposed resolution (RCPBG 05-23-03).

**California State University, Dominguez Hills Health, Wellness, and Recreation Center Approval to Amend the Capital Outlay Program and Approval of Schematic Design**

This item requested approval of the amendment of the 2022-2023 Capital Outlay Program as well as the schematic plans for the Health, Wellness, and Recreation Center at CSU Dominguez Hills.

Following the presentation, the project was commended for being driven as a student-led referendum and is an example of what can be achieved when the student body unites. The student body was complimented for being willing to ‘pay it forward’ for the benefit of future students, and the project was also commended for its cost efficiency.

Clarification was requested regarding the funding approach and impact on total student fees. It was explained that the incremental student fees of \$430/year represent a 6% increase in total outlay which includes tuition and fees, and a larger percentage if only fees are considered. Currently, student fees are estimated to be \$1300/year.

It was asked if the CSU should consider cutting back on new projects, except for self-funded projects such as this one, considering the current enrollment outlook and financial challenges. It was explained the CSU’s capital project priority list is constantly examined and the viability of projects is reconsidered as conditions change. It was also noted that this project is an investment in the future for the university’s diverse demographic which is more vulnerable to health crises such as the recent pandemic, so project cost should not be the only consideration.

The committee recommended approval of the proposed resolution (RCPBG 05-23-04).

Trustee Adamson adjourned the Committee on Campus Planning, Buildings and Grounds.

## COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

### **Preliminary Five-Year Capital Outlay Plan**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Elvyra F. San Juan  
Assistant Vice Chancellor  
Capital Planning, Design and Construction

#### **Summary**

This item provides information on the California State University capital and facilities infrastructure program and planning in support of the Board of Trustees Operating Budget Request for 2024-2025. The Preliminary Five-Year Capital Outlay Plan for 2024-2025 through 2028-2029 incorporates campus deferred maintenance priorities along with facilities renewal, modernization, and improvements to support the academic and student life programs. The plan also reflects the projects funded in the 2023-2024 budget. The Final Five-Year Plan will be presented to the Board of Trustees in September 2023 for approval.

The preliminary list of capital projects is included in Attachment A. The projects in the 2024-2025 plan year are in a draft priority order focusing funding on critical infrastructure and renovation with a small amount for growth pending further review. The universities have identified a need for over \$31 billion in the Five-Year Plan with over \$4 billion in projects included in the 2024-25 year. The \$4.1 billion in the 2024-25 budget request year includes approximately \$1.3 billion in deferred maintenance projects and \$594 million in infrastructure improvements for specific campus projects. The preliminary plan can be found at: <https://www.calstate.edu/impact-of-the-csu/government/Advocacy-and-State-Relations/Pages/legislative-reports.aspx>.

#### **Preliminary Five-Year Plan Overview**

The primary objective of the Capital Outlay Program is to develop facility plans appropriate to the CSU's educational programs, create environments conducive to learning, and ensure that the quality and quantity of facilities at each of the 23 campuses serve the students equally well. The CSU Board of Trustees has established Categories and Criteria<sup>1</sup> to set capital program priorities to inform campuses as they develop and consider proposed campus projects. The Categories and

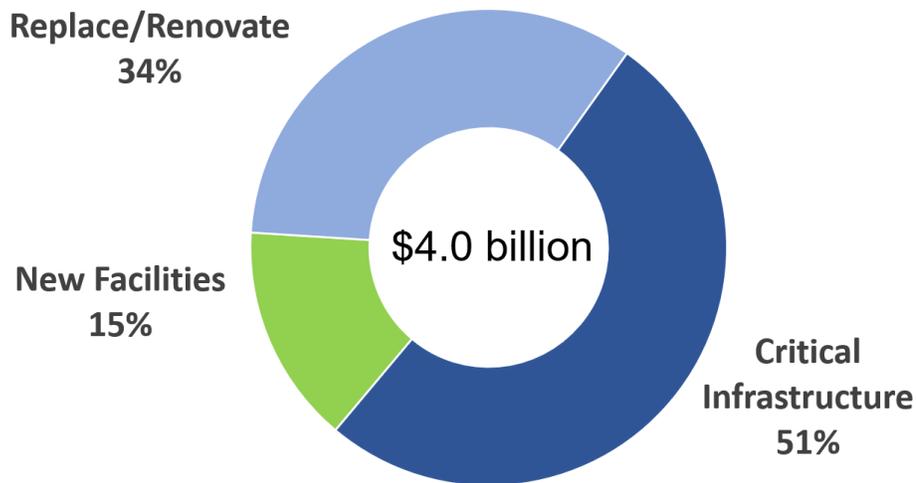
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<sup>1</sup> Approved by the board in March 2019, RCPBG 03-19-02.

Criteria emphasize projects that address health and life safety opportunities to provide a safe learning environment for students, and projects that address critical infrastructure integrity to ensure facilities remain operable to serve student needs and educational programs geared to learning inquiry and discovery.

The program identifies the campuses' capital project priorities to address facility deficiencies and increase student enrollment growth. Campuses have identified a funding need of \$31.1 billion for the five-year period beginning in 2024-2025. The first-year request (2024-25) of the five-year period, referred to as the Action Year, includes \$4.0 billion to address academic and self-support facilities with self-support making up approximately \$46 million of this total.

**Chart A – 2024-25 Preliminary Capital Outlay Plan**



The Preliminary Five-Year Capital Outlay Plan is submitted to the state legislature and the Department of Finance each September. After the preliminary plan is submitted to the Board of Trustees, the Chancellor's Office staff continues to work with campuses to review the scope, budget, and schedule of the proposed projects in order to submit final project descriptions and justifications to the Board of Trustees in November and to the State in December.

The priority list reflects only minor changes from the 2023-24 list, as limited funding was available to implement the priority projects from 2023-24.

## **Enrollment, Capacity and Utilization**

Several planning tools are utilized in the development of the Five-Year Plan. Systemwide enrollment projections are used to analyze capacity in both lecture and lab space at each university to determine if a university has a space deficit or surplus. An analysis of the individual courses offered in each building and specific room are used to develop our systemwide utilization data.

In the development of the 2024-25 plan, a systemwide projected enrollment increase of 1% was used, with university projections varying based on actual enrollment for 2022/2023. However, as the system is projecting a year-over-year enrollment decline, the Chancellor's Office will work with each university to carefully and appropriately tailor university enrollment planning to specific university circumstances, challenges, and strengths. Therefore, as staff move through the final planning process analyzing the capacity at on each campus, it is expected that the longer-term enrollment planning for universities will be revised for the 2024-25 plan to realign university budgets with actual enrollment.

The classroom and laboratory utilization rates are generated for each of the 23 universities of the California State University. Capacity space in the CSU is categorized as lecture or teaching laboratory to serve the Full-Time Equivalent (FTE) student enrollment. Utilization data is used to show how efficiently the CSU is using capacity space based on California's higher education space standards set by the state legislature. Utilization is based on the hours per week a classroom or laboratory space is scheduled and the student station occupancy per class.

Both utilization rates and capacity surplus or deficit measurements continue to be impacted by a variety of factors including the continuing effects of the COVID-19 pandemic, enrollment declines, and a shift in teaching modality to more online offerings. These factors are driving the development of the capital program and are influencing decisions to continue to focus on repairing and replacing critical infrastructure, provide for increased energy efficiency, seismically strengthen our existing facilities and undertake major building renovations. When merited by programmatic needs and enrollment, the program will include some limited growth projects.

## **Funding the Five-Year Plan**

In order to adequately address current and ongoing capital needs, the CSU employs funding strategies that include the following:

- Designated major maintenance reserves and designated capital reserves
- Investment earnings designated for deferred maintenance and capital improvements
- One-time funds
- Base operating funds to fund or finance projects
- Support of State General Obligation Bonds

The 2024-25 operating budget is under development with final amounts for one-time funding requests and any potential base budget funds to be determined. Any base budget amounts could be used to finance capital projects and facilities infrastructure. The CSU debt financing authority permits the proceeds to fund deferred maintenance, energy efficiency improvements, seismic strengthening, acquisitions, renovations, and construction of new facilities. The use of CSU bond financing has been highly effective and since 2014, the Board of Trustees has approved approximately \$2.6 billion in Systemwide Revenue Bonds to support the academic program. These funds have been primarily targeted to projects that address critical needs with roughly seventy percent allocated to critical renewal projects and improving existing facilities. Most of the funds have been allocated with the remainder planned to support two projects approved in 2023-2024 Academic Capital Program - CSU Financing (see table below) and support program contingency needs. The CSU will continue to request increases to the support budget as part of the capital facilities and infrastructure funding strategy as annual increases would facilitate meaningful progress to address needs of the universities identified in the Five-Year Plan to better serve CSU students and foster a creative and supportive learning environment.

Supplementing the two primary funding tools for capital program, universities will be encouraged to invest in their maintenance and capital reserves to help fund projects. In addition, investment earnings will continue to be applied, realized through the Total Return Portfolio program, into facilities. Although the amounts are not large compared to one-time and recurring funding requests, these two sources have provided and will continue to provide much needed resources.

**2023-2024 Facilities Funding Update**

CSU Systemwide Revenue Bond Funded - Academic Program Funding

The 2023-2024 Five-Year Plan was approved by the Board of Trustees in November 2022. Pending Department of Finance approval, the following projects *may* be funded from the remaining funds from the Board of Trustees prior approval of academic debt financing.

<b>2023-2024 Academic Capital Program - CSU Financing</b>			
<b>Campus</b>	<b>Project Title</b>	<b>Phase</b>	<b>Project Budget</b>
Systemwide	Capital and Infrastructure Improvements	PWC	\$50,000,000
California Maritime Academy	Boat Basin and Pier Extension	C	\$82,196,000 <sup>2</sup>
<b>Total</b>			<b>\$92,196,000</b>

New State Funding for Capital

The state’s final 2023-2024 budget for the CSU includes provisions to rescind \$1,238,809,000 of one-time funding for capital projects of the CSU most of which was originally approved in the 2021-2022 and 2022-2023 state budgets for CSU and replace those sources of funding with SRB debt supported

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<sup>2</sup> Includes Federal Funds request

by \$99.69 million of ongoing state appropriation. This amount of ongoing appropriation is in addition to the \$227 million of ongoing state appropriation approved in the state’s final 2023-2024 budget for CSU to support CSU operations. Most of the \$99.69 million will be used for this “swap” of funding, with a small portion, approximately \$3.39 million, to be used for two new projects. The two new projects to be debt financed are outlined in the table below.

<b>Campus</b>	<b>Project Title</b>	<b>Phase</b>	<b>Project Budget <sup>3</sup></b>
Chico	Human Identification Lab	<i>PWCE</i>	<i>\$55.0M</i>
San Bernardino	Yasuda Center Renovation and Addition	<i>PWCE</i>	<i>\$4.3M</i>
	<b>Total</b>		<b><i>\$59.3M</i></b>

Five projects totaling \$329.8 million were originally proposed by the Governor in January for this “swapping” concept. The original total amount of projects proposed for swapping in January was \$404.8 million, however, CSU staff subsequently determined that \$75 million of that total were ineligible for capital financing under the CSU’s SRB program. The five projects included in the swap are listed in the chart below.

<b>Campus</b>	<b>Project Title</b>	<b>Phase</b>	<b>Project Budget <sup>4</sup></b>
Bakersfield	Energy and Innovation Building	PWCE	\$83.0M
Fullerton	Eng. & Computer Science Innovation Hub	PWCE	\$67.5M
San Bernardino	Palm Desert Student Center	PWCE	\$79.0M
San Diego	Brawley Center	PWCE	\$80.0M
San Luis Obispo	Swanton Pacific Ranch	PWCE	\$20.3M
	<b>Total</b>		<b>\$329.8M</b>

Two projects totaling \$201,009,000 at the California State Polytechnic University, Humboldt campus that were to be funded with a portion of the \$433 million in one-time funds provided by the state in the 2021-2022 budget to transition the university to a polytechnic university.

<b>Campus</b>	<b>Project Title</b>	<b>Phase</b>	<b>Project Budget <sup>5</sup></b>
Humboldt	Engineering Tech Housing Building	PWCE	\$101.009M
Humboldt	Student Housing Health and Dining	PWCE	\$100M
	<b>Total</b>		<b>\$201.009M</b>

The administration has worked with the CSU to swap one-time funding for affordable student housing provided in Ed Code 17200. This includes projects previously funded from the CSU’s 2021-2022 and 2022-2023 support budget and three new projects included in the 2023-2024 budget. And a small amount to address some project overruns. Projects approved in the 2021-2022 and 2022-2023 budgets provide a total of 3,945 beds with 2,771 of those for low-income students

<sup>3</sup> Estimated Project Cost based on recent interest rates.

<sup>4</sup> Estimated Project Cost based on recent interest rates.

<sup>5</sup> Estimated Project Cost based on recent interest rates.

and 1,174 of them at the standard rate. The projects in the 2023-2024 budget will provide an estimated 1,412 beds; 877 affordable and 535 standard beds. The table below includes these projects.

<b>Campus</b>	<b>Project Title</b>	<b>Phase</b>	<b>Project Budget <sup>6</sup></b>
Dominguez Hills	Student Housing Phase 4	PWCE	\$48.75M
Fresno	New Affordable Student Housing	PWCE	\$31.05M
Fullerton	Student Housing Phase 5	PWCE	\$88.9M
Long Beach	Hillside North Student Housing	PWCE	\$53.3M
Humboldt	Craftsman Student Housing	PWCE	\$27.107M
Northridge	Student Housing Buildings #22 & #23	PWCE	\$37.5M
Sacramento*	Student Housing Phase III	PWCE	\$41.34M
San Diego	Calexico Off-Campus Center Housing	PWCE	\$4.554M
San Francisco	West Campus Green Affordable Housing and Student Health Center	PWCE	\$116.3M
San Jose*	Campus Village 3 Phase 1	PWCE	\$89.1M
San Marcos	University Village Housing and Dining	PWCE	\$91.0M
Stanislaus*	Residence Life Village IV	PWCE	\$18.85M
Systemwide	Augments		\$7.489M
		<b>Total</b>	<b>\$655.2M</b>

### Next Steps

Staff will continue to work with universities to review the proposed scope and budget of proposed projects. The Final Five-Year Capital Outlay Plan will be presented for approval at the September 2023 meeting of the Board of Trustees followed by budget advocacy in the fall and spring.

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<sup>6</sup> Estimated Project Cost based on recent interest rates.

\*Funded in 2023-2024

Preliminary - 2024/2025 Capital Outlay Program Project List

Cost Estimates are at Engineering News Record California Construction Cost Index 10461 and Equipment Price Index 5000

ACADEMIC PROJECTS LIST  
 (Dollars in 000s)

Priority Order	Cate-gory	Campus	Project Title	FTE	Phase	Campus Reserves/ Other	SRB-AP <sup>1</sup>	Total Budget	Cumulative Total Budget	Cumulative SRB-AP Budget
1	IA/IB	Statewide	Infrastructure Improvements <sup>2</sup>	N/A	PWC	8,468	585,533	594,001	594,001	585,533
2	IA	Maritime	Boat Basin & Pier Extension, Ph. 1B <sup>3</sup>	N/A	PWCE	55,014	27,181	82,195	676,196	612,714
3	IA	Chico	Utilities Infrastructure <sup>4</sup>	N/A	PWC	6,399	113,508	119,907	796,103	726,222
4	IA	Dominguez Hills	Utilities Infrastructure (Water)	N/A	WC	0	44,540	44,540	840,643	770,762
5	IA	East Bay	Library Seismic (West Wing Relocations)	0	PWCE	3,425	30,832	34,257	874,900	801,594
6	IB	Long Beach	Peterson Hall 1 Replacement Bldg (Seismic)	-2,221	CE	15,000	159,540	174,540	1,049,440	961,134
7	II	San Marcos	Integrated Sciences & Engineering	555	CE	5,488	65,457	70,945	1,120,385	1,026,591
8	IB	Dominguez Hills	Natural Science & Math Bldg Renovation (Seismic)	198	WCE	0	82,142	82,142	1,202,527	1,108,733
9	II	Fullerton	Science Laboratory Replacement (Seismic)	205	PWCE	12,806	115,251	128,057	1,330,584	1,223,984
10	IB	Sacramento	Engineering Replacement Building	83	PWCE	9,635	151,266	160,901	1,491,485	1,375,250
11	IB	Northridge	Sierra Hall Renovation	0	PWCE	16,284	150,629	166,913	1,658,398	1,525,879
12	II	Fresno	Concert Hall	0	WCE	36,625	44,296	80,921	1,739,319	1,570,175
13	IB	San Diego	Life Sciences Building Replacement	0	PWCE	70,000	80,000	150,000	1,889,319	1,650,175
14	II	Channel Islands	Early Childhood Care and Education Center	75	PWCE	20,150	22,641	42,791	1,932,110	1,672,816
15	IB	San Francisco	Thornton Hall Renewal	-581	PWCE	0	172,394	172,394	2,104,504	1,845,210
16	IB	Los Angeles	King Hall Replacement	3,691	PWCE	10,960	243,268	254,228	2,358,732	2,088,478
17	II	Stanislaus	Classroom II	1,917	PWCE	10,446	123,405	133,851	2,492,583	2,211,883
18	II	Monterey Bay	Taylor Science & Engineering Bldg - Academic IV	96	PWCE	23,950	56,047	79,997	2,572,580	2,267,930
19	IA	Pomona	Library Building Renovation (Seismic)	N/A	PWCE	2,000	76,525	78,525	2,651,105	2,344,455
20	IB	San Luis Obispo	Space Recapture	3,165	PWCE	5,000	33,000	38,000	2,689,105	2,377,455
<b>Total Academic Projects</b>				<b>7,183</b>		<b>\$ 311,650</b>	<b>\$ 2,377,455</b>	<b>\$ 2,689,105</b>	<b>\$ 2,689,105</b>	<b>\$ 2,377,455</b>

SELF-SUPPORT / OTHER PROJECTS LIST  
 (Dollars in 000s)

Alpha Order	Cate-gory	Campus	Project Title	Spaces	Phase	Campus Reserves/ Other Budget	SRB-SS <sup>5</sup>	Total Budget	Cumulative Total Budget	Cumulative SRB-SS Budget
1	IB	Fresno	Valley Children Stadium Modernization - N. Endzone Upgrades	N/A	PWC	7,700	0	7,700	7,700	0
2	II	Los Angeles	Ctr for Academic Success/Ctr for Faculty Excellence	0	PWC	15,000	0	15,000	22,700	0
3	IB	Los Angeles	Physical Education Locker Room Renovation	0	PWCE	6,700	0	6,700	29,400	0
4	IA	Pomona	Student Hsg & Dining Demo & Site Restoration, Ph. I	N/A	PWC	10,200	6,984	17,184	46,584	6,984
<b>Total Self-Support / Other Projects</b>				<b>0</b>		<b>\$ 39,600</b>	<b>\$ 6,984</b>	<b>\$ 46,584</b>	<b>\$ 46,584</b>	<b>\$ 6,984</b>
<b>Grand Total Academic and Self-Support Projects</b>				<b>7,183</b>		<b>\$ 351,250</b>	<b>\$ 2,384,439</b>	<b>\$ 2,735,689</b>	<b>\$ 2,735,689</b>	<b>\$ 2,384,439</b>

P = Preliminary Plans / W = Working Drawings / C = Construction / E = Equipment

Categories:

- I Existing Facilities/Infrastructure
  - A. Critical Infrastructure Deficiencies
  - B. Modernization/Renovation
- II Growth/New Facilities

Notes:

- <sup>1</sup> SRB-AP: Systemwide Revenue Bonds - Academic Program
- <sup>2</sup> The Infrastructure Improvements Program addresses smaller scale utility, building systems renewal, ADA, seismic strengthening, and minor upgrades. Projects are listed separately on the following page. [The list does not include State Deferred Maintenance or Cap & Trade funding requests.]
- <sup>3</sup> Projects in *italics* have been approved by the Board of Trustees and are included only relative to the project funding total.
- <sup>4</sup> Projects in *red italics* have previously received approval by the Board of Trustees and Department of Finance, and are included only relative to the project funding total.
- <sup>5</sup> SRB-SS: Systemwide Revenue Bonds - Self-Support Program

## **COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS**

### **California State University, Long Beach Peterson Hall 1 Replacement, Schematic Design Approval**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Dr. Jane Close Conoley  
President  
California State University, Long Beach

Elvyra F. San Juan  
Assistant Vice Chancellor  
Capital Planning, Design and Construction

#### **Summary**

This agenda item requests the California State University Board of Trustees approve schematic plans for the California State University, Long Beach Peterson Hall 1 Replacement Building (Seismic) project.

#### **Project Background and Scope**

*Architect: Cannon Design*  
*CM@ Risk Contractor: Hunt Construction Group, Inc.*

California State University, Long Beach (CSULB) proposes to design and construct a 3-story, 86,490 assignable square feet (ASF)/129,800 gross square feet (GSF) Peterson Hall 1 Replacement Building (#30<sup>1</sup>), centrally located on the main quad of campus, south of Shakarian Student Success Center (#38), east of Faculty Office 3 (#15), and west of Parking Lot E7 and G15.

This proposed project will demolish three existing buildings: the 60-year-old Peterson Hall 1 (#37) which is on the CSU Seismic Review Board's Priority 2 list, the 50-year-old temporary Faculty Office 4 (#36), and the temporary Faculty Office 5 (#45). The demolition of these buildings will address seismic and code deficiencies, reduce \$30 million of deferred maintenance, and provide the project site for the new replacement building and expanded parking lot.

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<sup>1</sup> The facility number is shown on the master plan map and recorded in the Space and Facilities Database.

The project is supported by the recent systemwide Capacity Assessment Study which identified a shortage of graduates in the health care professions. The Peterson Hall 1 Replacement Building will become the new home for the College of Health and Human Services (CHHS). Eight CHHS departments that are currently scattered throughout the campus will be consolidated into one centralized hub to support interdisciplinary learning, engagement, and collaboration. This project will address impacted academic programs in health professions. In the next 10 years, the College of Health and Human Services will educate approximately 80,000 students.

The new replacement building is designed for flexibility and interdisciplinary learning, which will maximize space utilization by sharing spaces across CHHS departments and provide an efficient and streamlined learning environment that is critical for success in healthcare education. This project will bring together the college's clinical education, health and wellness, and human performance programs to maximize synergies in education and research and prepare students for the workforce in health professions.

The new replacement building will include interdisciplinary teaching labs for CHHS, simulation labs, research centers, student study spaces, faculty offices, and administrative space. In addition, the replacement building will house Speech Language Clinic, a teaching clinic that provides free diagnostic and therapeutic services; Test Kitchen, a teaching and research-based interdisciplinary lab for applied hospitality management, nutrition, dietetics, and food sciences research and education; and an integrated public medical teaching clinic.

Through a partnership between CHHS and Long Beach Memorial Care, the public medical teaching clinic will provide quality healthcare to the public and benefit the Long Beach community at large. The clinic will provide comprehensive clinical education, hands on experiences, and internship/career opportunities for CHHS students, particularly those in nursing, nurse practitioner, social work, nutrition, speech pathology, mental health, gerontology, and healthcare administrative programs. This partnership will provide clinical care education onsite at CSULB campus which will lower the overall cost of clinical care education and allow more students to become healthcare professionals.

The new building will be a three-story steel-moment framed structure. This project is currently designed to achieve Leadership in Energy and Environmental Design (LEED) Silver certification equivalent and will be a net zero energy building. Notable sustainability features include low flow plumbing fixtures and aerators, energy efficient heat pump water heater, VAV system with energy efficient air handlers, efficient mechanical systems, LED lighting, and drought-tolerant landscape. This building will utilize several strategies to reduce energy use and meet greenhouse gas emissions (GHG) reduction targets below baseline emissions to achieve the goal of a net zero building, including optimizing the building envelope for daylight and heat transfer to minimize cooling and heating loads, decarbonizing systems, specifying high efficiency lighting and HVAC equipment, and providing integrated controls and monitoring.

**Timing (Estimated)**

Completion of Preliminary Plans	November 2023
Completion of Working Drawings	May 2024
Start of Construction	December 2025
Occupancy	November 2027

**Basic Statistics**

Gross Building Area	129,800 square feet
Assignable Building Area (CSU <sup>2</sup> )	86,490 square feet
Net Useable Building Area (FICM <sup>3</sup> )	120,285 square feet
Efficiency (CSU)	67 percent
Efficiency (FICM)	93 percent

**Cost Estimate – California Construction Cost Index (CCCI) 10461<sup>4</sup>**

Building Cost (\$897 per GSF) \$116,417,000

<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>
a. Substructure (Foundation)	\$ 11.55
b. Shell (Structure and Enclosure)	\$ 222.31
c. Interiors (Partitions and Finishes)	\$ 126.44
d. Services (HVAC, Plumbing, Electrical, Fire)	\$ 301.64
e. Built-in Equipment and Furnishings	\$ 58.44
f. Special Construction and Demolition	\$ 16.37
g. General Requirements/General Conditions and Insurance	\$ 160.16

Site Development 12,258,000

Construction Cost \$128,675,000

Fees, Contingency, Services 48,558,000

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<sup>2</sup> Assignable building area is based on CSU policy.

<sup>3</sup> Net useable building area is greater than assignable building area by including corridors, restrooms, mechanical rooms, etc., based on the definitions of the Postsecondary Education Facilities Inventory & Classification Manual (FICM).

<sup>4</sup> The July 2022 *Engineering News-Record* California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco.

Total Project Cost (\$1,365 per GSF)	\$177,233,000
Fixtures, Furniture & Movable Equipment	<u>6,876,000</u>
Grand Total	<u>\$184,109,000</u>

### **Cost Comparison**

The project building cost of \$897 per GSF is lower than the \$994 per GSF for the California State University, Chico Butte Hall Replacement Building approved in November 2021, and the \$1,040 per GSF for the California State University, Northridge Global HIS Equity Innovation Hub project approved in May 2022, all adjusted to CCCI 10461.

During the schematic design phase, CSULB reduced approximately \$20 million direct cost by simplifying the building design. Through value engineering process, CSULB saved an additional \$10 million direct cost by several mindful revisions, including reducing overall glazing, changing façade materials, and choosing alternative curtain wall systems and finish materials for flooring.

### **Funding Data**

The project will be funded by CSU Systemwide Revenue Bonds (\$9,569,000), campus designated capital reserves (\$5,000,000), and Long Beach Memorial Care donation (\$10,000,000). Construction phase funding (\$159,540,000) will rely on a future increase in the CSU's operating budget or other funding sources to be determined.

### **California Environmental Quality Act (CEQA) Action**

A Tiered Initial Study/Mitigated Negative Declaration (Tiered IS/MND) to the 2008 Master Plan Update Environmental Impact Report (EIR) was prepared to analyze the potentially significant environmental effects of the proposed project in accordance with the requirements of the California Environmental Quality Act (CEQA) and the State CEQA Guidelines. The Draft Tiered IS/MND was made available to the public for review and comment from May 27, 2022 to June 27, 2022. Two written comment letters were received at the close of the public review period, from the Los Angeles Sanitation District and the Gabrieleño Band of Mission Indians – Kizh Nation. Neither letter raised substantive new issues not already addressed in the Draft Tiered IS/MND or resulted in the need for substantive revisions. The Gabrieleño Band of Mission Indians – Kizh Nation reiterated comments already raised during formal Assembly Bill (AB) 52 consultation between the Tribe and CSULB regarding the potential for impacts to tribal cultural resources and need for mitigation, including tribal construction monitoring. The Los Angeles County Sanitation District comment letter provided technical clarifications regarding sewer infrastructure serving the campus and did not raise any substantive issues.

The Tiered IS/MND concluded that impacts resulting from the proposed project, including potential impacts to tribal cultural resources, are either less than significant or mitigable to a less than significant level with the implementation of mitigation measures contained in the Mitigation Monitoring and Reporting Program adopted as part of 2008 Master Plan Update EIR approval. Applicable mitigation measures are identified in the Tiered IS/MND. Accordingly, there is no substantial evidence, in light of the whole record, that the Peterson Hall 1 Replacement project may have a significant effect on the environment. This conclusion is supported by Section 15070 of the State CEQA Guidelines. The finalized Tiered IS/MND is available for review at: <https://www.csulb.edu/beach-building-services/california-environmental-quality-act-ceqa-compliance>.

### **Recommendation**

The following resolution is presented for approval:

**RESOLVED**, by the Board of Trustees of the California State University, that:

1. The Tiered IS/MND to the 2008 Master Plan Update EIR was prepared to evaluate the environmental effects associated with the Peterson Hall 1 Replacement project and confirms the project will not result in new significant environmental impacts that cannot be mitigated, pursuant to the requirements of CEQA and the State CEQA Guidelines.
2. This resolution is adopted pursuant to the requirements of Section 21081 of the Public Resources Code and Section 15091 of the State CEQA Guidelines, which require that the Board of Trustees make findings prior to the approval of a project.
3. The Board of Trustees hereby approves the Tiered IS/MND to the 2008 Master Plan Update EIR and reaffirms prior adoption of the Findings of Fact and Mitigation Monitoring and Reporting Program prepared for that EIR, including all mitigation measures identified therein.
4. The mitigation measures contained within the 2008 Master Plan Update EIR Mitigation Monitoring and Reporting Program that are applicable to the Peterson Hall 1 Replacement project are hereby incorporated by reference and shall be monitored and reported in accordance with the requirements of CEQA (Public Resources Code Section 21081.6).
5. The Board of Trustees hereby approves the Tiered IS/MND to the 2008 Master Plan Update EIR as complete and in compliance with CEQA.

6. Applicable mitigation measures shall be monitored and reported in accordance with the requirements of the California Environmental Quality Act (Public Resources Code, Section 21081.6).
7. The California State University, Long Beach Peterson Hall 1 Replacement Building (Seismic) project will benefit the California State University.
8. The schematic plans for the California State University, Long Beach Peterson Hall 1 Replacement Building (Seismic) project are approved at a project cost of \$184,109,000 at CCCI 10461.

## AGENDA

### COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

**Meeting:** 9:00 a.m., Wednesday, July 12, 2023  
Glenn S. Dumke Auditorium

Larry L. Adamson, Chair  
Jean Picker Firstenberg, Vice Chair  
Diana Aguilar-Cruz  
Douglas Faigin  
Lillian Kimbell  
Jack McGrory  
Yammilette Rodriguez  
Lateefah Simon  
Christopher Steinhauser

- Consent** 1. Approval of Minutes of the Meeting of May 24, 2023, *Action*
- Discussion** 2. Executive Compensation: Chancellor – select, California State University, *Action*  
3. Executive Compensation: President – Sonoma State University, *Action*  
4. Executive Compensation, *Action*  
5. Executive Transition Assignments, *Information*  
6. Proposed Amendment of California State University Conflict of Interest Code,  
*Information*

**MINUTES OF THE MEETING OF  
COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

**Trustees of the California State University  
Office of the Chancellor  
Glenn S. Dumke Conference Center  
401 Golden Shore  
Long Beach, California**

**May 24, 2023**

**Members Present**

Jack Clarke, Jr., Chair  
Douglas Faigin, Vice Chair  
Larry L. Adamson  
Jean Picker Firstenberg  
Anna Ortiz-Morfit

Wenda Fong, Chair of the Board  
Jolene Koester, Interim Chancellor

**Public Comment**

All public comment took place at the beginning of the meeting's open session, prior to all committees.

Trustee Jack Clarke called the meeting to order.

**Approval of the Consent Agenda**

A motion to approve the consent agenda without discussion passed. The minutes from the meeting of March 22, 2023 were approved as submitted.

**Approval of Recommended Revision of Title 5, California Code of Regulations, Article 2.2, Management Personnel Plan, Section 42723 Employment Status**

The committee approved the proposed resolution for two non-substantive revisions to Section 42723 of Article 2.2 of Title 5 which addresses Management Personnel Plan employees.

The amendments update language by stating that MPP employees serve "at the will of" rather than "at the pleasure of" the campus president or the chancellor and removes unnecessary language

concerning layoff which applies to MPP employees hired on or after January 1, 1984. (Those employees serve “at will” and are not eligible for layoff.)

Vice Chancellor for Human Resources Leora D. Freedman noted that the item was noticed for the 45-day public hearing on Title 5 revisions. No written comments were received and there were no comments during the public comment period at the beginning of the board meeting. Trustee Clarke closed the public hearing and the resolution passed (RUF 05-23-06).

**Executive Compensation: President – California State University, Chico**

Interim Chancellor Jolene Koester introduced Dr. Stephen J. Perez as president of California State University, Chico and recommended an annual salary of \$454,757. A \$50,000 annual housing allowance and monthly auto allowance of \$1,000 were also recommended. A motion to approve the resolution passed (RUF 05-23-07).

**Executive Compensation: President – California State University, Sacramento**

Interim Chancellor Jolene Koester introduced Dr. J. Luke Wood as president of California State University, Sacramento and recommended an annual salary of \$476,225. A \$60,000 annual housing allowance and monthly auto allowance of \$1,000 were also recommended. A motion to approve the resolution passed (RUF 05-23-08).

**Executive Compensation: Interim Presidents**

Interim Chancellor Jolene Koester presented information on the appointment of four interim presidents: Dr. Leroy M. Morishita, interim president of Cal State LA; Retired Vice Admiral Michael J. Dumont, interim president of Cal Maritime; Dr. Sylvia A. Alva, interim president of Cal State Fullerton; and Dr. Susan E. Borrego, interim president of Stanislaus State.

The chancellor recommended that the interim presidents of Cal State Fullerton and Stanislaus State receive the same salary as the incumbents: \$476,223 at Fullerton and \$370,319 at Stanislaus.

Salary increases for the interim presidents of Cal State LA and Cal Maritime were recommended. The salary for the incumbent at Cal State LA is 10.86% below the peer group median. A salary of \$496,213 (10% increase) was recommended for the interim president of Cal State LA. The salary for the incumbent at Cal Maritime is 5.86% below the peer group median. A recommended salary of \$370,241 increases the salary for the Maritime interim president to the peer group median. The chancellor noted that both increases are authorized by current policy which allows for increases up to 10 percent of the incumbent’s salary.

A motion to approve the resolution passed (RUF 05-23-09).

**Report on CSU Systemwide Title IX and DHR Assessment by Cozen O'Connor**

Board Chair Wenda Fong shared that recent events involving reports of sexual harassment on campuses reflect that the CSU had fallen short in providing safe and welcoming campus environments. The board took immediate action and in March 2022 Cozen O'Connor's Institutional Response Group was retained to conduct a comprehensive assessment of the university's implementation of Title IX and other anti-discrimination programs.

Vice Chancellor of Human Resources Leora D. Freedman introduced Gina Maisto Smith and Leslie Gomez, chair and vice chair of the Institutional Response Group at Cozen O'Connor, who presented a report of their assessment. Their presentation described the assessment process, what the assessment revealed, and recommendations at the system level (chancellor's office) and campus level. A written report will be publicly released and will include observations and recommendations at the system level and for each campus and the chancellor's office.

Cozen O'Connor's May 24<sup>th</sup> presentation to the board is available on the CSU's Title IX web site at: <https://www.calstate.edu/titleix/Pages/cozen-title-ix-assessment.aspx>.

Trustee Clarke adjourned the Committee on University and Faculty Personnel.

## **COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

### **Executive Compensation: Chancellor-select, California State University**

#### **Presentation By**

Wenda Fong  
Chair of the Board

#### **Summary**

This action item establishes the compensation for Dr. Mildred García as chancellor of the California State University.

#### **Executive Compensation**

This item recommends that Dr. Mildred García receive an annual salary of \$795,000 effective October 1, 2023, the date of her appointment as chancellor of the California State University. Additionally, Dr. García will receive annual deferred compensation of \$80,000, subject to IRC 457f and the provisions of a plan document that will be drafted to provide this benefit.

Dr. García will receive an annual housing allowance of \$96,000 and in accordance with existing policy of the California State University, 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.

Subject to faculty consultation and approval in accordance with CSU systemwide, board and applicable university policy, Dr. García will hold an appointment with the academic rank of full professor with tenure; the respective department and campus to be named.

#### **Recommended Action**

The following resolution is recommended for adoption:

**RESOLVED**, by the Board of Trustees of the California State University, that Dr. Mildred García shall receive a salary set at the annual rate of \$795,000 effective October 1, 2023, the date of her appointment as chancellor of the California State University; and be it further

**AMENDED**

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July 9-12, 2023

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**RESOLVED**, that Dr. Mildred García shall receive annual deferred compensation of \$80,000; and be it further

**RESOLVED**, that Dr. Mildred García shall receive an annual housing allowance of \$96,000; and be it further

**RESOLVED**, that Dr. Mildred García shall receive additional benefits as cited in Agenda Item 2 of the Committee on University and Faculty Personnel at the July 9-12, 2023 meeting of the Board of Trustees.

## **COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

### **Executive Compensation: President – Sonoma State University**

#### **Presentation By**

Jolene Koester  
Interim Chancellor

#### **Summary**

This action item establishes the compensation for Dr. Ming-Tung “Mike” Lee as president of Sonoma State University.

#### **Executive Compensation**

This item recommends that Dr. Ming-Tung Lee receive an annual salary of \$381,409 effective on May 23, 2023, the date of his appointment as president of Sonoma State University.

Dr. Lee has been serving as interim president since August 2022. There will be no change to the compensation he received at the time of his interim appointment, which is also the same compensation received by the incumbent effective July 1, 2022. He will continue to receive a housing allowance of \$5,000 per month as president.

In accordance with existing policy of the California State University, Dr. Lee will receive the following benefits:

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

Subject to faculty consultation and approval in accordance with systemwide and Sonoma State University policy, Dr. Ming-Tung Lee will hold an appointment with the academic rank of full professor with tenure at Sonoma State.

#### **Recommended Action**

The following resolution is recommended for adoption:

**RESOLVED**, by the Board of Trustees of the California State University, that Dr. Ming-Tung Lee shall receive a salary set at the annual rate of \$381,409 effective on May 23, 2023, the date of his appointment as president of Sonoma State University; and be it further

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**RESOLVED**, Dr. Ming-Tung Lee shall receive a housing allowance of \$5,000 per month; and be it further

**RESOLVED**, Dr. Ming-Tung Lee shall receive additional benefits as cited in Agenda Item 3 of the Committee on University and Faculty Personnel at the July 9-12, 2023 meeting of the Board of Trustees.

## **COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

### **Executive Compensation**

#### **Presentation By**

Jolene Koester  
Interim Chancellor

Yammilette Rodriguez  
Chair, Committee on Audit

#### **Summary**

Equity adjustments will be recommended for four presidents resulting from salary assessments during their triennial performance review. A salary adjustment will also be recommended for the vice chancellor and chief audit officer.

#### **Executive Compensation: Presidents**

##### Background

In accordance with the Board of Trustees' CSU Policy on Compensation and the Policies and Procedures for Review of Presidents, following completion of presidential triennial performance reviews, and following an ensuing salary assessment, the Board of Trustees may consider a compensation adjustment. The policy was adopted in November 2019.

In September 2021, the Board of Trustees adopted a salary review process (RUF 09-21-06) that includes the following elements:

- Concurrent with triennial review cycle.
- Annual adjustments over three years, if applicable.
- Target salary is the peer group median.
- First year adjustment not to exceed 10 percent which aligns with current policy.
- Second and third year equity adjustments from 0 to 10 percent, as applicable.
- Reassess market data periodically.

##### Market Equity Adjustments

The table below lists four presidents who are eligible for equity adjustments as a result of a salary assessment conducted during their triennial performance evaluation period. Equity adjustments

may occur over the three years as outlined in the governing policy. Adjustments are designed to incrementally reach the peer group median (target salary).

Six-year performance reviews were completed in 2022 and 2021 for the presidents listed below. Their salaries remain below the peer group median. Therefore, equity adjustments are recommended in accordance with the table set forth in the salary assessment notes below. For three presidents, this is the final year of the triennial salary adjustment period.

Trustee approval of the proposed equity adjustments for the presidents listed below is recommended as presented.

President	Peer Group Median (Target Salary)	Current Annual Salary	Amt to Reach PG Md	Triennial Increase Year	Proposed Equity Increase	Effective Date	New Salary to be Approved	New Amt to Reach PG Md
Lynn Mahoney	\$498,269	\$445,755	11.78%	Yr. 2 of 3	4.00%	7/15/2023	<b>\$463,585</b>	7.48%
Ellen Neufeldt	\$476,015	\$436,783	8.98%	Yr. 3 of 3	2.00%	7/1/2023	<b>\$445,519</b>	6.85%
Thomas Parham	\$476,015	\$445,070	6.95%	Yr. 3 of 3	2.00%	6/30/2023	<b>\$453,971</b>	4.86%
Tomás Morales	\$476,015	\$446,276	6.66%	Yr. 3 of 3	2.00%	8/15/2023	<b>\$455,201</b>	4.57%

Presidential Triennial Performance Review Salary Assessment Notes:

Target Salary = Peer Group Median (PG Md)

Salary adjustments over a three-year period if warranted and availability of funds and budget conditions.

Year 1 increase = Percent to reach Peer Group Median, maximum 10% increase.

Year 2 or Year 3 increase = Equity increase, if applicable (see matrix).

Amount to Reach Peer Group Median	Equity Increase
0% to 5%	0%
5.01% to 10%	2%
10.01% to 15%	4%
15.01% to 25%	7%
25.01% to 35%	10%

**Executive Compensation: Vice Chancellor and Chief Audit Officer**

The Rules Governing the Board of Trustees of the California State University provide for the Committee on Audit, along with input from the chancellor, to make recommendations to the Board of Trustees concerning the compensation of the vice chancellor and chief audit officer. Executive Compensation is presented under the Committee of University and Faculty Personnel.

Interim Chancellor Jolene Koester and Trustee Yammilette Rodriguez (Chair of the Committee on Audit) recommend a ten percent equity increase for Vice Chancellor and Chief Audit Officer Vlad Marinescu effective July 1, 2023. A proposed salary of \$314,900 is reflective of the scope and

duties of the University's chief audit officer and aligns his salary equitably when compared to his executive peers and top paid MPP employees at the Chancellor's Office.

Trustee approval of the proposed increase for the vice chancellor and chief audit officer of the California State University is recommended.

**Recommended Action**

The following resolution is recommended for adoption:

**RESOLVED**, by the Board of Trustees of the California State University, that the individuals named in Item 4 of the Committee on University and Faculty Personnel at the July 9-12, 2023 meeting of the Board of Trustees shall receive the new salaries as stated in the item.

## **COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

### **Executive Transition Assignments**

#### **Presentation By**

Jolene Koester  
Interim Chancellor

#### **Summary**

In accordance with CSU's Transition II Program (revised on November 16, 2022), Interim Chancellor Jolene Koester will present as an information item on the discussion agenda of the Committee on University and Faculty Personnel, the executive transition assignments for Cal Maritime President Thomas A. Cropper and Cal State Fullerton President Framroze Virjee, who are resigning their positions in July.

#### **Background**

Executive transition assignments enable the university to continue to benefit from an executive's accumulated experience and insights. This includes assisting the successor president by facilitating a smooth transition of responsibilities by, among other things, providing background and historical information on university operations; briefing the successor on current institutional and campus issues; and making introductions to key community stakeholders, university alumni and other supporters.

The CSU currently offers two executive transition programs. To be eligible to participate in CSU's Transition II Program, an executive must have been appointed prior to March 22, 2022. In addition, the executive must have served for at least five years in an executive position at the CSU; they must be in good standing at the commencement and duration of the transition assignment; they must have previously identified a position at the CSU to return to upon completion of the transition program; and they must not have accepted employment outside of the CSU.

President Virjee and President Cropper are both eligible to participate in the CSU's Transition II Program. In addition to the responsibilities described above, they will also be available to the Interim Chancellor and her successor, at their request. As part of the transition assignment, both presidents will prepare to join the faculty at the conclusion of their transition assignments.

**COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

**Proposed Amendment of California State University Conflict of Interest Code**

**Presentation By**

Leora D. Freedman  
Vice Chancellor  
Human Resources

**Summary**

The Political Reform Act of 1974 requires the Trustees of the California State University (CSU) to adopt a Conflict of Interest Code which requires employees in designated positions to file a Statement of Economic Interests (Form 700) every year. Employees in designated positions are required to disclose financial interests which foreseeably could be materially affected by their making, or participating in the making of, decisions in their CSU employment. The Fair Political Practices Commission (FPPC) is the governing authority that approves Conflict of Interest Code updates.

The California State University Conflict of Interest Code must be updated periodically to reflect changes in designated positions and disclosure categories of those individuals who make or participate in the making of decisions that foreseeably will have a material effect on personal financial interests.

The purpose of this information item is to provide a summary of the proposed amendment to the Code:

- a. FPPC recommended and CSU proposes to condense the disclosure categories from 8 to 7, and also to update designated position changes.
- b. The proposed amendment brings into conformity, changes made by campuses and the Chancellor's Office in the titles and responsibilities of designated positions.

These changes will amend the CSU's disclosure categories and list of designated positions.

Attachment A identifies proposed disclosure categories changes. The Designated Positions List which identifies proposed designated positions, some of which may be subject to minor changes prior to final action by the Board, can be accessed at <https://www.calstate.edu/csu-system/faculty-staff/systemwide-human-resources/conflict-of-interest>.

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This item will be presented for action at the September 2023 Board of Trustees meeting.

Upon approval by the Board of Trustees, the amendment will be submitted to the Fair Political Practices Commission (FPPC) for final approval.

## **CSU CONFLICT OF INTEREST DISCLOSURE CATEGORIES**

### **INTRODUCTION**

For designated employees of a campus of the California State University, “the campus” shall mean the campus of the employee’s service.

For designated employees in the headquarters office, “the campus” shall mean each campus of the California State University including the headquarters office or any or all of these.

Each designated employee is assigned to one or more of the following disclosure categories and must disclosure reportable financial interests in each category assigned.

Designated employees need not report any investment in a business entity or real property worth less than \$2,000, or any source of income, including gifts, loans and travel payments, which aggregated less than ~~\$500-590~~ (if a gift, less than \$50) during the calendar year prior to filing, beginning January 1, 2023. An interest in real property used as the designated employee’s principal residence need not be reported.

### **CATEGORY "1"**

Interests in real property located within two miles of the campus at which the designated employee works, or within two miles of land owned or used, or proposed for acquisition or use by the campus.

### **CATEGORY "2"**

Investments and business positions in business entities and income, including gifts, loans, and travel payments, from sources of the type which, within the last two calendar years, have contracted with the California State University to either (a) supply goods or services, and/or (b) perform construction work. This disclosure is limited to the types of contracts over which the designated employee has authority or influence.

### **CATEGORY "3"**

Interests in real property located within the State of California.

### **CATEGORY "4"**

All investments and positions in business entities, and income, including gifts, loans and travel payments, from any business or nonprofit entities (other than an entity deemed by the FPPC as

exempt under FPPC regulation 18755) which will be providing funds, or support for the research project for which the filer is the principal investigator. (The required disclosure shall be made on FPPC Form 700-U).

~~CATEGORY "5"~~

~~All investments and business positions in business entities, and income (including gifts, loans and travel payments) from sources which are of the type in which California State University funds are or may be invested.~~

CATEGORY "6"

Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from sources of the type which, within the last two calendar years, have contracted with the California State University to purchase goods or services, including agricultural commodities or other products, which are sold by the campus.

CATEGORY "7"

Consultants and new positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The Chancellor or President as appropriate may determine in writing that a particular consultant/new position, although serving in a "designated position", is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this category "7". Such written determination shall include a description of the consultant/new position's duties and based upon that description, a statement of the extent of disclosure requirements. The Chancellor or President's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Gov. Code Sec. 81008)

New positions shall be recorded and maintained on an Interim Disclosure until the conflict of interest code is updated to formally include the new positions on the official list of designated positions.

CATEGORY "8"

All interests in real property, all investments, all income, including gifts, loans and travel payments, and business positions.

**TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY**

**California State University  
Office of the Chancellor  
Glenn S. Dumke Auditorium  
401 Golden Shore  
Long Beach, CA 90802**

**Wednesday, July 12, 2023**

*Presiding: Wenda Fong, Chair*

**10:15 a.m.\***

**Board of Trustees**

**Dumke Auditorium**

**Call to Order**

**Roll Call**

**Consent**

*Action* 1. Approval of the Minutes of the Board of Trustees Meeting of May 23, 2023 and May 24, 2023

*Action* 2. Approval of Committee Resolutions as follows:

**Committee on Finance**

2. Approval to Issue Debt for Affordable Housing at California State University, Northridge
3. Approval to Issue Debt in Support of the 2023-2024 Budget

**Committee on Campus Planning, Buildings and Grounds**

3. California State University, Long Beach Peterson Hall I Replacement, Schematic Design Approval

**Committee on University and Faculty Personnel**

2. Executive Compensation: Chancellor – select, California State University
3. Executive Compensation: President – Sonoma State University
4. Executive Compensation

**Discussion**

*Action* 3. Conferral of Title of Trustee Emeritus – Adam Day

*Action* 4. Conferral of Title of Student Trustee Emerita – Maria Linares

*Action* 5. Conferral of Titles of President Emeritus and Executive Vice Chancellor Emeritus – Framroze Virjee

*Action* 6. Conferral of Title of President Emeriti – Robert S. Nelsen, William A. Covino, Ellen N. Junn

\*The Board of Trustees is a public body, and members of the public have a right to attend and participate in its meetings. This schedule of meetings is established as a best approximation of how long each scheduled meeting will take to complete its business. Each meeting will be taken in sequence, except in unusual circumstances. Depending on the length of the discussions, which are not possible to predict with precision in advance, the scheduled meeting times indicated may vary widely. For two-day meetings, items scheduled for one day may be heard either the day before or the day after depending upon the time spent on each matter. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

**Agendas, notices, and information on addressing the Board of Trustees may be found on Board of Trustees website: <https://www.calstate.edu/csu-system/board-of-trustees/Pages/default.aspx> .**

**MINUTES OF THE MEETING OF BOARD OF TRUSTEES**

**Trustees of the California State University  
Office of the Chancellor  
Glenn S. Dumke Auditorium  
401 Golden Shore  
Long Beach, California**

**May 23, 2023**

**Trustees Present**

Wenda Fong, Chair  
Jack Clarke, Jr., Vice Chair  
Larry L. Adamson  
Diego Arambula  
Raji Kaur Brar  
Douglas Faigin  
Jean Picker Firstenberg  
Mark Ghilarducci  
Leslie Gilbert-Lurie  
Lillian Kimbell  
Maria Linares  
Julia I. Lopez  
Anna Ortiz-Morfit  
Yammilette Rodriguez  
Romey Sabalius  
Lateefah Simon  
Christopher Steinhauser  
Jolene Koester, Interim Chancellor

Chair Wenda Fong called the meeting of the Board of Trustees to order.

**Public Comment**

In an effort to provide accessibility and flexibility for the public, all public comment took place at the beginning of open session prior to all committees.

The board heard from the following individuals who provided public comment in person: Armenia Ward, CSULA; Lisa Pena, CSUSB; Robie Madrigal, CSUSB; Mario Baeza, CSUSB; Jason Rabinowitz; Drew Scott; Christopher Rooney; Carlos Sanchez; Matt Mason; Aaron Flores; Tessa Reese; Don Moreno; Dawn McCulley; Marty Brenner; Jessica Westby; Rose Duran; Diana Perez; Spencer Owen; Taylor Adams; David Unger; Edie Brown; Steven Filling; Andrea Terry, CSUS;

Kevin Wehr; Charles Toombs, SDSU; Vang Vang; Esme Murdock, SDSU; Lark Winner; Sharon Elise; Francesca Felder, SFSU; Tyrone Jefferies, CSUN; Wren Wilson, CSUSB; Chris Naticchia, CSUSB; Robert Hogg, CSUN; TJ Lake, CSUFr; Frances Mercer, CPP; Yazmin Lommel, SDSU; Raquel Baker, CSUCI; Gwen Urey, CPP; Kate Ozmet, CPP; John Caravello, CSUCI; Katie Johnson, CSUDH; Glenn DeVoogd, CSUDH; Ellen Kuang, SDSU; Nicholas Von Glahn, CPP; Shanelle Wikramanayake, CSUN; Alessandro Bartolo, CSULB; Vaugh Wilbur; Vincent Rasso.

The board also heard from the following individuals who provided public comment virtually: Marie Botkin, CSULB; Matt Carlton, SLO; Ryan Carter, SLO; Alexandria Raynes, SLO; Mikala Purugganan, SLO; Hallee Harper-Kinney; Sara Sexton, SLO; Evan Schwaegerle, SLO; Shelayne Werfel, SLO; Debbie Raucher, Steven Runyon, CSUM; Nickolas Hardy, CPP; Sarah Goldman, SLO; Julia Hernandez, SLO; Michael Allen, SLO; Miller Moore, SLO; Kevin James, SLO; Erin Bookchin, SLO; Sam Harris, SLO; Alma Flores, CSUS; Anna Christensen; Wendy St. John, SSU; Deborah Meyer/Morris; Rianna Hernandez-Thorn, CPP.

### **Chair's Report**

Chair Fong's report is available online at the following link: <https://www.calstate.edu/csu-system/board-of-trustees/reports-of-the-chair/Pages/may-2023.aspx>

### **Report of the Academic Senate CSU**

CSU Academic Senate Chair Beth A. Steffel's report is available online at the following link: <https://www2.calstate.edu/csu-system/faculty-staff/academic-senate/Pages/ASCSU-Chairs-Report.aspx>

### **Report from the California State Student Association**

CSSA President Krishan Malhotra's report is available online at the following link: <https://www.calstatestudents.org/public-documents/#president>

### **Report of the California State University Alumni Council**

Alumni Council President Jeremy Addis-Mills' report is available online at the following link: <https://www2.calstate.edu/impact-of-the-csu/alumni/council/board-of-trustee-reports/Pages/default.aspx>

### **Chancellor's Report**

Interim Chancellor Jolene Koester's report is available online at the following link: <https://www.calstate.edu/csu-system/board-of-trustees/chancellor-reports/Pages/May-23-2023.aspx>

## **MINUTES OF THE MEETING OF BOARD OF TRUSTEES**

**Trustees of the California State University  
Office of the Chancellor  
Glenn S. Dumke Auditorium  
401 Golden Shore  
Long Beach, California**

**May 24, 2023**

### **Trustees Present**

Wenda Fong, Chair  
Jack Clarke, Jr., Vice Chair  
Larry L. Adamson  
Diana Aguilar-Cruz  
Raji Kaur Brar  
Douglas Faigin  
Jean Picker Firstenberg  
Mark Ghilarducci  
Leslie Gilbert-Lurie  
Lillian Kimbell  
Maria Linares  
Julia I. Lopez  
Anna Ortiz-Morfit  
Yammilette Rodriguez  
Romey Sabalius  
Christopher Steinhauser  
Jolene Koester, Interim Chancellor  
Lieutenant Governor Eleni Kounalakis

Chair Fong called the meeting of the Board of Trustees to order.

### **Consent Agenda**

Chair Fong called for a motion to approve the items listed on the consent agenda. There was a motion and a second. The minutes of the meeting of May 23, 2023, and May 24, 2023, were unanimously approved as submitted.

The Board of Trustees unanimously approved the following resolutions:

## COMMITTEE ON INSTITUTIONAL ADVANCEMENT

### **Naming of Landmark Hall – California State University, Fullerton (RIA 05-23-05)**

**RESOLVED**, by the Board of Trustees of the California State University, that the planned Center for Leadership Building at California State University, Fullerton be named as Landmark Hall for a term of 25 years.

### **Naming of the Philip and Christina Bailey College of Science and Mathematics - California Polytechnic State University, San Luis Obispo (RIA 05-23-06)**

**RESOLVED**, by the Board of Trustees of the California State University, that the College of Science and Mathematics at California Polytechnic State University, San Luis Obispo be named the Philip and Christina Bailey College of Science and Mathematics.

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## COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

### **Approval of Recommended Revision of Title 5, California Code of Regulations, Article 2.2, Management Personnel Plan, Section 42723 Employment Status (RUF 05-23-06)**

**RESOLVED**, by the Board of Trustees of the California State University, acting under the authority prescribed herein and pursuant to Section 89030.1 of the Education Code, that the board hereby amends its regulations in Section 42723, Article 2.2, Subchapter 7, Chapter 1, Division 5 of Title 5 of the California Code of Regulations as follows:

**Title 5, California Code of Regulations  
Division 5 – Board of Trustees of the California State Universities  
Chapter 1 – California State University  
Subchapter 7 – Employees  
Article 2.2 – Management Personnel Plan  
§ 42723. Employment Status.**

(a) A Management Personnel Plan employee serves at the ~~pleasure~~will of the campus President or the Chancellor, as appropriate. A Management Personnel Plan employee shall not serve a probationary period and shall not receive permanent status.

(b) Athletic personnel who are appointed to positions in the Management Personnel Plan may be given appointments for a definite term. Any such appointment must be in writing and contain the initial date of appointment, the date on which the appointment expires, and a statement that the appointment may be terminated by the appointing authority at any time on terms set forth in the appointment document.

(c) A Management Personnel Plan employee who had permanent status in a class prior to January 1, 1984 shall retain permanent status in the class despite inclusion as a Management Personnel Plan employee. A Management Personnel Plan employee who prior to January 1, 1984 was serving a probationary period may be awarded permanent status by the appointing power upon the successful conclusion of the probationary period. Upon acquisition of permanent status such an employee shall retain permanent status in the same manner as an employee who has permanent status prior to January 1, 1984.

(d) A Management Personnel Plan employee who retains permanent status under subdivision (c) and who is placed in or promoted to a position under the Management Personnel Plan shall retain retreat rights as described in this subdivision (d) to the former class in which permanent status is held. Should the appointing power terminate the Management Personnel Plan employee's service in a Management Personnel Plan position, the employee shall have the right to return to the former class in which permanent status is held at the salary last received in the permanent class.

(e) ~~Except in the case of layoff, t~~ With respect to employees who were hired on or after January 1, 1984, the President or Chancellor, as appropriate, shall give a Management Personnel Plan employee, with the exception of athletic personnel appointed to definite terms under (b) above, notice of termination at least three months prior to the employee's separation date or shall give a Management Personnel Plan employee, with the exception of athletic personnel appointed to definite terms under (b) above, corresponding salary in lieu of notice.

Note: Authority cited: Sections 89030 and 89500, Education Code. Reference: Section 89500, Education Code.

And be it further

**RESOLVED,** That the Board of Trustees has determined that the adoption of the proposed amendment will not impose a cost or savings on any state agency; will not impose a cost or savings on any local agency or school district that is required to be reimbursed under Section 17561 of the Government Code; will not result in any nondiscretionary cost or savings to local agencies; will not result in any cost or savings in federal funding to the state; and will not impose a mandate on local agencies or school districts.

And be it further

**RESOLVED**, That the Board of Trustees delegates to the Chancellor of the California State University authority to further adopt, amend, or repeal this revision pursuant to the Administrative Procedure Act if further adoption, amendment, or repeal is required and is nonsubstantial or solely grammatical in nature, or sufficiently related to the original text that the public was adequately placed on notice that the change could result from the originally proposed regulatory action.

**Executive Compensation: President – California State University, Chico  
(RUF 05-23-07)**

**RESOLVED**, by the Board of Trustees of the California State University, that Dr. Stephen J. Perez shall receive a salary set at the annual rate of \$454,757 effective July 1, 2023, the date of his appointment as president of California State University, Chico; and be it further

**RESOLVED**, that Dr. Stephen J. Perez shall receive an annual housing allowance of \$50,000; and be it further

**RESOLVED**, that Dr. Stephen J. Perez shall receive additional benefits as cited in Agenda Item 3 of the Committee on University and Faculty Personnel at the May 21-24, 2023 meeting of the Board of Trustees.

**Executive Compensation: President – California State University, Sacramento  
(RUF 05-23-08)**

**RESOLVED**, by the Board of Trustees of the California State University, that Dr. J. Luke Wood shall receive a salary set at the annual rate of \$476,225 effective July 16, 2023 the date of his appointment as president of California State University, Sacramento; and be it further

**RESOLVED**, that Dr. J. Luke Wood shall receive an annual housing allowance of \$60,000; and be it further

**RESOLVED**, that Dr. J. Luke Wood shall receive additional benefits as cited in Agenda Item 4 of the Committee on University and Faculty Personnel at the May 21-24, 2023 meeting of the Board of Trustees.

**Executive Compensation: Interim Presidents  
(RUFP 05-23-09)**

**RESOLVED**, by the Board of Trustees of the California State University, that the compensation for Interim Presidents Leroy Morishita, Michael Dumont, Sylvia Alva, and Susan Borrego are approved as cited herein; and be it further

**RESOLVED**, that Interim Presidents Michael Dumont, Sylvia Alva, and Susan Borrego shall receive additional benefits as cited in Agenda Item 5 of the Committee on University and Faculty Personnel at the May 21-24, 2023 meeting of the Board of Trustees.

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**COMMITTEE ON FINANCE**

**Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for a Capital Project at California State Polytechnic University, Humboldt  
(RFIN 05-23-06)**

**California State Polytechnic University, Humboldt Student Housing Project**

**RESOLVED**, by the Board of Trustees of the California State University, that the Trustees:

1. Authorize the sale and issuance of the Trustees of the California State University Systemwide Revenue Bonds, and/or the sale and issuance of related Systemwide Revenue Bond Anticipation Notes, and/or the issuance of related debt instruments, including shorter term debt, variable rate debt, floating rate loans placed directly with banks, or fixed rate loans placed directly with banks, in an aggregate amount not-to-exceed \$79,315,000 and certain actions relating thereto.
2. Provide a delegation to the chancellor; the executive vice chancellor and chief financial officer; the assistant vice chancellor, Financial Services; and the assistant vice chancellor, Financing, Treasury, and Risk Management; and their designees to take any and all necessary actions to execute documents for the sale and issuance of the bond anticipation notes, the revenue bonds, and the related debt instruments.

**COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS**

**California State University, San Marcos University Village Housing and Dining Schematic Design Approval  
(RCPBG 05-23-03)**

**RESOLVED**, By the Board of Trustees of the California State University, that:

1. The California State University, San Marcos University Village Housing and Dining project will benefit the California State University.
2. The March 2023 Finding of Consistency for the California State University, San Marcos University Village Housing and Dining project has been prepared in accordance with the requirements of the California Environmental Quality Act.
3. The California State University, San Marcos University Village Housing and Dining project is within the scope of the Campus Master Plan approved in 1988 and last revised in 2018 and was adequately analyzed in the Campus Master Plan Final EIR certified in 1988.
4. Applicable mitigation measures shall be implemented, monitored, and reported in accordance with the requirements of the California Environmental Quality Act (Cal. Pub. Res. Code § 21081.6).
5. The schematic plans for the California State University, San Marcos University Village Housing and Dining project are approved at a project cost of \$119,784,000 at CCCI 8287.

**California State University, Dominguez Hills Health, Wellness, and Recreation Center Approval to Amend the Capital Outlay Program and Approval of Schematic Design  
(RCPBG 05-23-04)**

**RESOLVED**, by the Board of Trustees of the California State University, that:

1. The California State University, Dominguez Hills Wellness, Health, and Recreation Center project will benefit the California State University.

2. The April 2023 Finding of Consistency for the California State University, Dominguez Hills Health, Wellness, and Recreation Center project has been prepared in accordance with the requirements of the California Environmental Quality Act.
  3. The California State University, Dominguez Hills Health, Wellness, and Recreation Center project is within the scope of the Campus Master Plan Revision approved in September 2019 and was adequately analyzed in the Campus Master Plan Revision Final EIR certified in September 2019.
  4. Applicable mitigation measures shall be implemented, monitored, and reported in accordance with the requirements of the California Environmental Quality Act (Public Resources Code, Section 21081.6).
  5. The schematic plans for the California State University, Dominguez Hills Health, Wellness, and Recreation Center project are approved at a project cost of \$87,614,000 at CCCI 8287.
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### **Discussion Agenda**

The committee had three items on the discussion agenda.

### **Approval of Board of Trustees' Standing Committee Assignments for 2023-2024**

This item was presented by Trustee Firstenberg and discussed prior meeting dates of the committee and background of this item. Chair Fong received a motion and a second. There was no discussion, and the following resolution was approved unanimously.

### **BOARD OF TRUSTEES**

### **Approval of Board of Trustees' Standing Committee Assignments for 2023-2024 (RBOT 05-23-02)**

**RESOLVED**, by the Board of Trustees of The California State University, on recommendation by the Committee on Committees that the following appointments be made to the Standing Committees for 2023-2024 to take effect immediately following the conclusion of the May 21-24, 2023 board meeting:

**AUDIT**

Yammilette Rodriguez, Chair  
Jean Picker Firstenberg, Vice Chair  
Leslie Gilbert-Lurie  
Lillian Kimbell  
Romey Sabalius  
Lateefah Simon  
Christopher Steinhauser

**CAMPUS PLANNING, BUILDINGS  
AND GROUNDS**

Jack McGrory, Chair  
Diana Aguilar-Cruz, Vice Chair  
Larry L. Adamson  
Raji Kaur Brar  
Mark Ghilarducci  
Leslie Gilbert-Lurie  
Anna Ortiz-Morfit  
Romey Sabalius

**FINANCE**

Julia I. Lopez, Chair  
Jack McGrory, Vice Chair  
Larry L. Adamson  
Douglas Faigin  
Mark Ghilarducci  
Leslie Gilbert-Lurie  
Anna Ortiz-Morfit  
Romey Sabalius  
Jose Antonio Vargas

**COLLECTIVE BARGAINING**

Christopher Steinhauser, Chair  
Jack Clarke, Jr., Vice Chair  
Larry L. Adamson  
Julia I. Lopez  
Lateefah Simon

**EDUCATIONAL POLICY**

Diego Arambula, Chair  
Christopher Steinhauser, Vice Chair  
Diana Aguilar-Cruz  
Raji Kaur Brar  
Jack Clarke, Jr.  
Mark Ghilarducci  
Leslie Gilbert-Lurie  
Romey Sabalius  
Jose Antonio Vargas

**ORGANIZATION AND RULES**

Lillian Kimbell, Chair  
Julia I. Lopez, Vice Chair  
Jack Clarke, Jr.  
Diego Arambula  
Douglas Faigin  
Jean Picker Firstenberg  
Anna Ortiz-Morfit  
Lateefah Simon

**GOVERNMENTAL RELATIONS**

Jack Clarke, Jr., Chair  
Yammilette Rodriguez, Vice Chair  
Diana Aguilar-Cruz  
Diego Arambula  
Raji Kaur Brar  
Lillian Kimbell  
Julia Lopez  
Jack McGrory  
Jose Antonio Vargas

**UNIVERSITY AND FACULTY  
PERSONNEL**

Larry L. Adamson, Chair  
Jean Picker Firstenberg, Vice Chair  
Diana Aguilar-Cruz  
Douglas Faigin  
Lillian Kimbell  
Jack McGrory  
Yammilette Rodriguez  
Lateefah Simon  
Christopher Steinhauser

**INSTITUTIONAL  
ADVANCEMENT**

Anna Ortiz-Morfit, Chair  
Douglas Faigin, Vice Chair  
Diego Arambula  
Raji Kaur Brar  
Jean Picker Firstenberg  
Mark Ghilarducci  
Yammilette Rodriguez  
Jose Antonio Vargas

**Election of the Chair and Vice Chair of the Board of Trustees for 2023-2024**

Trustee Firstenberg presented this item to the board thanking both Trustees Fong and Clarke for their service. There was a motion and a second. The following resolution was unanimously approved.

**Election of the Chair and Vice Chair of the Board of Trustees for 2023-2024  
(RBOT 05-23-03)**

**RESOLVED**, by the Board of Trustees of the California State University, on recommendation by the Committee on Committees, that Wenda Fong be elected chair for 2023-2024 to take effect immediately following the conclusion of the May 21-24, 2023 board meeting.

**RESOLVED**, by the Board of Trustees of the California State University, on recommendation by the Committee on Committees, that Jack B. Clarke, Jr. be elected vice chair for 2023-2024 to take effect immediately following the conclusion of the May 21-24, 2023 board meeting.

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**Conferral of Title of President Emeriti – Gayle E. Hutchinson, Thomas A. Cropper**

Chair Fong presented the item and introduced President Hutchinson and President Cropper and Interim Chancellor Koester for their remarks. There was a motion and a second to approve the conferrals. The following resolutions were unanimously approved.

**Conferral of Title of President Emeriti – Gayle E. Hutchinson, Thomas A. Cropper  
(RBOT 05-23-04)**

**RESOLVED**, by the Board of Trustees of the California State University, that this board confers the title of President Emerita on President Gayle E. Hutchinson with all the rights and privileges thereto.

**RESOLVED**, by the Board of Trustees of the California State University, that this board confers the title of President Emeritus on Thomas A. Cropper with all the rights and privileges thereto.

**BOARD OF TRUSTEES**

**Conferral of Title of Trustee Emeritus – Adam Day**

**Presentation By**

Wenda Fong  
Chair of the Board

**Summary**

It is recommended that Trustee Adam Day be conferred the title of Trustee Emeritus for his service, commitment and leadership to the California State University. The granting of emeritus status carries the title but no compensation.

The following resolutions are recommended for approval:

**RESOLVED**, by the Board of Trustees of the California State University, that this board confers the title of Trustee Emeritus on Adam Day, with all the rights and privileges thereto.

**BOARD OF TRUSTEES**

**Conferral of Title of Student Trustee Emerita – Maria Linares**

**Presentation By**

Wenda Fong  
Chair of the Board

**Summary**

It is recommended that Student Trustee Maria G. Linares, upon the expiration of her term, be conferred the title of Student Trustee Emerita for her service, commitment and leadership to the California State University. The granting of emerita status carries the title but no compensation.

The following resolutions are recommended for approval:

**RESOLVED**, by the Board of Trustees of the California State University, that this board confers the title of Student Trustee Emerita on Maria G. Linares, with all the rights and privileges thereto.

**BOARD OF TRUSTEES**

**Conferral of Titles of President Emeritus and Executive Vice Chancellor Emeritus –  
Framroze Virjee**

**Presentation By**

Jolene Koester  
Interim Chancellor

**Summary**

It is recommended that President Framroze Virjee, upon his retirement, be conferred the titles of President Emeritus and Executive Vice Chancellor Emeritus for his many years of dedicated service as president at California State University, Fullerton and as executive vice chancellor and General Counsel for the California State University. The granting of emeritus status carries the title but no compensation.

The following resolutions are recommended for approval:

**RESOLVED**, by the Board of Trustees of the California State University, that this board confers the title of President Emeritus on President Framroze Virjee with all the rights and privileges thereto.

**RESOLVED**, by the Board of Trustees of the California State University, that this board confers the title of Executive Vice Chancellor Emeritus on Framroze Virjee with all the rights and privileges thereto.

**BOARD OF TRUSTEES**

**Conferral of Title of President Emeriti – Robert S. Nelsen, William A. Covino, Ellen N. Junn**

**Presentation By**

Jolene Koester  
Interim Chancellor

**Summary**

It is recommended that Presidents Robert S. Nelsen, William A. Covino, and Ellen N. Junn, upon their retirements, be conferred the title of President Emeriti for their many years of dedicated service to California State University, Sacramento; California State University, Los Angeles; California State University, Stanislaus; and the California State University. The granting of emeriti status carries the title but no compensation.

The following resolutions are recommended for approval:

**RESOLVED**, by the Board of Trustees of the California State University, that this board confers the title of President Emeritus on President Robert S. Nelsen with all the rights and privileges thereto.

**RESOLVED**, by the Board of Trustees of the California State University, that this board confers the title of President Emeritus on William A. Covino with all the rights and privileges thereto.

**RESOLVED**, by the Board of Trustees of the California State University, that this board confers the title of President Emerita on Ellen N. Junn, with all the rights and privileges thereto.