

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
March 7-9, 2016

Time*	Committee	Place
<u>Monday, March 7, 2016</u>		
8:00 a.m.	Call to Order	Long Beach Hilton
8:00 a.m.	Board of Trustees—Closed Session Executive Personnel Matters Government Code §11126(a)(1)	Long Beach Hilton
<u>Tuesday, March 8, 2016</u>		
8:30 a.m.	Board of Trustees—Closed Session Executive Personnel Matters Government Code §11126(a)(1)	Munitz Conference Room
9:00 a.m.	Committee on Collective Bargaining—Closed Session Government Code §3596(d)	
10:15 a.m.	Committee on Collective Bargaining—Open Session Discussion 1. Ratification of the Collective Bargaining Agreement with Bargaining Unit 4, the Academic Professionals of California, <i>Action</i> 2. Adoption of Initial Proposals for a Successor Collective Bargaining Agreement with Bargaining Unit 13, California State University Employees Union (CSUEU), SEIU Local 2579, English Language Program Instructors, California State University, Los Angeles, <i>Action</i> 3. Status of Negotiations with the California Faculty Association (CFA), <i>Information</i>	Dumke Auditorium
10:55 a.m.	Committee on Campus Planning, Buildings and Grounds Consent 1. Amend the 2015-2016 Capital Outlay Program for Parking Lot C Reconfiguration for California State Polytechnic University, Pomona, <i>Action</i> 2. Amend the 2015-2016 Capital Outlay Program for Parking Lot N for California State University, San Bernardino, <i>Action</i> 3. Amend the 2015-2016 Capital Outlay Program for South Parking Facility Improvements for San José State University, <i>Action</i>	Dumke Auditorium

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Tuesday, March 8, 2016 (cont.)

- 11:00 a.m. Committee on Organization and Rules Dumke Auditorium**
Discussion
1. Revision of Standing Orders – Delegation of Capital Outlay Project Approval and Schematic Design Approval, *Information*
- 11:15 a.m. Committee on Audit Dumke Auditorium**
Consent
1. Report on Compliance with National Collegiate Athletic Association Requirements for Financial Data Reporting, *Information*
Discussion
2. Status Report on Current and Follow-up Internal Audit Assignments, *Information*
3. Report of the Systemwide Audit in Accordance with Generally Accepted Accounting Principles, Including the Report to Management, *Information*
4. Single Audit Reports of Federal Funds, *Information*
- 11:45 a.m. Committee on Institutional Advancement Dumke Auditorium**
Discussion
1. Naming of the Ramiro Compean and Lupe Diaz Compean Student Union – San José State University, *Action*
2. Naming of Bob Bennett Stadium – California State University, Fresno, *Action*
3. Naming of the John D. Welty Center for Educational Policy and Leadership – California State University, Fresno, *Action*
- 12:15 p.m. Luncheon**
- 1:00 p.m. Committee on Finance Dumke Auditorium**
Consent
1. California State University Annual Debt Report, *Information*
2. Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments for a Project at California State University, San Bernardino, *Action*
Discussion
3. Conceptual Approval of a Public/Private Partnership Mixed-Use Development Project at California State University, Fullerton, *Action*
4. Conceptual Approval of a Public/Private Partnership Faculty Staff Housing Development Project at California Polytechnic State University, San Luis Obispo, *Action*
5. Conceptual Approval of a Public/Private Partnership Junior Giants Urban Youth Academy at San Francisco State University, *Action*
6. Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments to Refinance and Restructure State Public Works Board Debt, *Action*
7. Update on the Sustainable Financial Model Task Force Report, *Information*

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- 2:30 p.m. Committee on Educational Policy Dumke Auditorium**
Consent
 1. Academic Planning, *Action*
Discussion
 2. Academic Preparation, *Information*
 3. Commission on the Extended University, *Information*
 4. Middle College High School, *Information*

Wednesday, March 9, 2016

- 8:30 a.m. Committee on University and Faculty Personnel Dumke Auditorium**
Discussion
 1. Executive Compensation: President – California State University Channel Islands, *Action*
 2. Executive Compensation: President – California State University, Chico, *Action*

- 9:10 a.m. Committee on Governmental Relations Dumke Auditorium**
Discussion
 1. Legislative Update, *Information*

- 9:30 a.m. Board of Trustees Dumke Auditorium**
Call to Order
Roll Call
Public Speakers
Chair’s Report
Chancellor’s Report
Report of the Academic Senate CSU: Chair—Steven Filling
Report of the California State University Alumni Council: President—Dia S. Poole
Report of the California State Student Association: President—Taylor Herren

Board of Trustees

- Consent**
 1. Approval of the Minutes of the Board of Trustees Meeting of January 27, 2016
 2. Election of Five Members to the Committee on Committees for 2016-2017, *Action*
 3. General Counsel’s Annual Litigation Report, *Information*
 4. Approval of Committee Resolutions as follows:

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Committee on Campus Planning, Buildings and Grounds

1. Amend the 2015-2016 Capital Outlay Program for Parking Lot C Reconfiguration for California State Polytechnic University, Pomona, *Action*
2. Amend the 2015-2016 Capital Outlay Program for Parking Lot N for California State University, San Bernardino, *Action*
3. Amend the 2015-2016 Capital Outlay Program for South Parking Facility Improvements for San José State University, *Action*

Committee on Institutional Advancement

1. Naming of the Ramiro Compean and Lupe Diaz Compean Student Union – San José State University, *Action*
2. Naming of Bob Bennett Stadium – California State University, Fresno, *Action*
3. Naming of the John D. Welty Center for Educational Policy and Leadership – California State University, Fresno, *Action*

Committee on Finance

2. Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments for a Project at California State University, San Bernardino, *Action*
3. Conceptual Approval of a Public/Private Partnership Mixed-Use Development Project at California State University, Fullerton, *Action*
4. Conceptual Approval of a Public/Private Partnership Faculty Staff Housing Development Project at California Polytechnic State University, San Luis Obispo, *Action*
5. Conceptual Approval of a Public/Private Partnership Junior Giants Urban Youth Academy at San Francisco State University, *Action*
6. Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments to Refinance and Restructure State Public Works Board Debt, *Action*

Committee on Educational Policy

1. Academic Planning, *Action*

Committee on University and Faculty Personnel

1. Executive Compensation: President – California State University Channel Islands, *Action*
2. Executive Compensation: President – California State University, Chico, *Action*

Discussion

5. Conferral of the Title of Trustee Emerita—Margaret Fortune, *Action*

11:00 a.m. Board of Trustees—Closed Session
Executive Personnel Matters
Government Code §11126(a)(1)

Munitz Conference Room

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Addressing the Board of Trustees

Members of the public are welcome to address agenda items that come before standing and special meetings of the board, and the board meeting. Comments should pertain to the agenda or university-related matters and not to specific issues that are the subject of collective bargaining, individual grievances or appeals, or litigation. Written comments are also welcome and will be distributed to the members of the board. The purpose of public comments is to provide information to the board, and not to evoke an exchange with board members. Questions that board members may have resulting from public comments will be referred to appropriate staff for response.

Members of the public wishing to speak must provide written or electronic notice to the Trustee Secretariat two working days before the committee or board meeting at which they desire to speak. The notice should state the subject of the intended presentation. An opportunity to speak before the board on items that are on a committee agenda will only be provided where an opportunity was not available at that committee, or where the item was substantively changed by the committee.

In fairness to all speakers who wish to speak, and to allow the committees and Board to hear from as many speakers as possible, while at the same time conducting the public business of their meetings within the time available, the committee or board chair will determine and announce reasonable restrictions upon the time for each speaker, and may ask multiple speakers on the same topic to limit their presentations. In most instances, speakers will be limited to no more than three minutes. The totality of time allotted for public comment at the board meeting will be 30 minutes, and speakers will be scheduled for appropriate time in accord with the numbers that sign up. Speakers are requested to make the best use of the public comment opportunity and to follow the rules established.

Note: Anyone wishing to address the Board of Trustees, who needs any special accommodation, should contact the Trustee Secretariat at least 48 hours in advance of the meeting so appropriate arrangements can be made.

Trustee Secretariat
Office of the Chancellor
401 Golden Shore, Suite 136
Long Beach, CA 90802
Phone: 562-951-4022
Fax: 562-951-4949
E-mail: trusteesecretariat@calstate.edu

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AGENDA

COMMITTEE ON COLLECTIVE BARGAINING

Meeting: 9:00 a.m., Tuesday, March 8, 2016
Munitz Conference Room—Closed Session
Government Code §3596(d)

10:15 a.m., Tuesday, March 8, 2016
Glenn S. Dumke Auditorium —Open Session

Lupe C. Garcia, Chair
Lillian Kimbell, Vice Chair
Adam Day
Debra Farar
Hugo N. Morales

Open Session— Glenn S. Dumke Auditorium

Consent Item

Approval of Minutes of the Meeting of January 26, 2016

Discussion Item

1. Ratification of the Collective Bargaining Agreement with Bargaining Unit 4, the Academic Professionals of California, *Action*
2. Adoption of Initial Proposals for a Successor Collective Bargaining Agreement with Bargaining Unit 13, California State University Employees Union (CSUEU), SEIU Local 2579, English Language Program Instructors, California State University, Los Angeles, *Action*
3. Status of Negotiations with the California Faculty Association (CFA), *Information*

**MINUTES OF MEETING OF
COMMITTEE ON COLLECTIVE BARGAINING**

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

January 26, 2016

Members Present

Lupe C. Garcia, Chair
Lillian Kimbell, Vice Chair
Adam Day
Debra Farar
Timothy P. White, Chancellor
Lou Monville, Chair of the Board

Chair Garcia called the Committee on Collective Bargaining to order.

Approval of Minutes

The minutes of the November 17, 2015 meeting were approved as submitted.

Presentation of Action Item

Vice Chancellor Lori Lamb presented the action item.

Public Speakers

The Committee heard from the following public speakers:

Patrick Choi, President, Academic Professionals of California (APC), indicated that APC had reached a tentative agreement with the California State University and had begun the APC ratification process. Pat Gantt, President, California State University Employees Union (CSUEU) (Chico), spoke of the importance of working together on the state budget plan. Loretta Seva'aetasi, Vice President, Finance, CSUEU (San Francisco) and Susan Smith, Vice President for Representation, CSUEU Bargaining Unit 9 (Fullerton), spoke about concerns with the In-Range Progression system on some of the campuses. Rocky Sanchez, Vice Chair, CSUEU Bargaining Unit 7 (Pomona), spoke in favor of a systemwide surveillance camera policy. Ricardo Uc, Vice Chair, CSUEU Unit 9, discussed the importance of active shooter training and contracting out of jobs.

Jennifer Eagan, President, California Faculty Association (CFA), discussed efforts to obtain increased faculty pay. David Bradfield, Representation Committee Chair, CFA (Dominguez Hills), joined with others in singing “Which Side Are You On?” Carl Kimberlin, Business Manager, State Employees Trades Council-United (SETC), thanked the bargaining teams for their efforts in arriving at the Collective Bargaining Agreement between SETC and the California State University and also thanked the Board for its efforts to address infrastructure needs.

Action Item

The committee then unanimously approved the following action item:

1. Ratification of the Collective Bargaining Agreement with Bargaining Unit 6, the State Employees Trades Council-United

Chair Garcia then adjourned the committee meeting.

COMMITTEE ON COLLECTIVE BARGAINING

Ratification of the Collective Bargaining Agreement with Bargaining Unit 4, the Academic Professionals of California

Presentation By

Lori Lamb
Vice Chancellor
Human Resources

Summary

The collective bargaining agreement between the California State University and Bargaining Unit 4, the Academic Professionals of California, will be presented to the Board of Trustees for ratification.

Recommended Action

The following resolution is recommended for ratification:

RESOLVED, by the Board of Trustees of the California State University, that the collective bargaining agreement between the California State University and Bargaining Unit 4, the Academic Professionals of California, is hereby ratified.

COMMITTEE ON COLLECTIVE BARGAINING

Adoption of Initial Proposals for a Successor Collective Bargaining Agreement with Bargaining Unit 13, California State University Employees Union (CSUEU), SEIU Local 2579, English Language Program Instructors, California State University, Los Angeles

Presentation By

Lori Lamb
Vice Chancellor
Human Resources

Summary

The adoption of initial proposals for a successor collective bargaining agreement between the California State University and Bargaining Unit 13, California State University Employees Union (CSUEU), SEIU Local 2579, English Language Program Instructors, California State University, Los Angeles, will be presented to the Board of Trustees. The proposals are attached to this item.

Recommended Action

The following resolution is recommended for adoption:

RESOLVED, by the Board of Trustees of the California State University, that the initial proposals for a successor collective bargaining agreement between the California State University and Bargaining Unit 13, California State University Employees Union (CSUEU), SEIU Local 2579, English Language Program Instructors, California State University, Los Angeles, is hereby adopted.



The California State University's Initial Collective Bargaining Proposals

Between

The Board of Trustees of The California State University

And

California State University Employees Union

February 2016

Unit 13
2016 Successor Agreement Negotiations
California State University Bargaining Proposals

ARTICLE 1 – Recognition

The CSU will make proposals to the existing article with the purpose of improving operational effectiveness.

ARTICLE 2 – Definitions

The CSU will make proposals to the existing definitions with the purpose of improving operational effectiveness.

ARTICLE 8 – Employee Status

The CSU will make proposals to amend in relation to employee status.

ARTICLE 9– Performance Evaluations

The CSU will make proposals to amend the evaluation processes.

ARTICLE 15 –Salary and Schedule

The CSU will make proposals related to compensation and class schedules.

ARTICLE 16 –Benefits

The CSU will make proposals related to benefits.

ARTICLE 19 – Non-Discrimination

The CSU will make proposals to bring the contract language into alignment with current executive orders regarding non-discrimination.

ARTICLE 24 – Duration and Implementation

The CSU will make proposals to amend in relation to duration and implementation.

Changes will be made to reflect the campus conversion from quarter to semester terms. The University reserves the right to add to, modify, or delete proposals for any/all Articles during the course of negotiations, in accordance with applicable laws.



CSUEU Initial Proposals for BU 13

Pursuant to Article 24 of the Collective Bargaining Agreement for English Language Program Instructors between the California State University Employees Union (CSUEU or Union) and the Board of Trustees of the California State University (CSU), CSUEU presents this list of initial proposals to commence bargaining for a successor agreement between the parties that is set to expire on June 30, 2016.

CSUEU reserves the right to add, modify or delete these proposals and to introduce new proposal during the course of negotiations.

Article 2: Definitions

- The Union will propose amendments to the definitions of terms within the agreement.

Article 7: Grievance Procedure

- The Union will propose amendments to provide consistency and clarity throughout in the grievance process.

Article 8: Employee Status

- The Union will propose amendments to improve job security for instructors.
- The Union will propose amendments to promote clarity, transparency and fairness in the hiring process.
- The Union will propose amendments to increase efficiency in the hiring of instructors.

Article 9: Performance Evaluations

- The Union will propose amendments to improve the clarity, accuracy and fairness in the evaluation process.

Article 10: Personnel Files

- The Union will propose amendments to how the personnel file is used in decision making by university officials.

Article 13: Holiday and Leaves of Absence with Pay

- The Union will propose to improve leave programs, and to gain parity with other CSU bargaining units.

Article 15: Salary and Schedule

- The Union will propose increases in salary, including cost of living, for all instructors to promote retention, recruitment and equity in the workforce.
- The Union will propose to better define the roles and duties of an instructor.

Article 16: Benefits

- The Union will propose benefit enhancements, and additional programs comparable to other CSU bargaining units.

Article 17: Professional Development

- The Union will propose amendments to professional development opportunities for instructors.

Article 19: Non-Discrimination

- The Union will propose amendments to reflect the current applicable executive orders regarding non-discrimination.

Article 24: Duration and Implementation

- Proposal regarding the duration and implementation of the Agreement will be determined during bargaining.

The Union will also propose updating the name of the college (College of Professional and Global Education) throughout the Agreement.

COMMITTEE ON COLLECTIVE BARGAINING

Status of Negotiations with the California Faculty Association (CFA)

Presentation By

Lori Lamb
Vice Chancellor
Human Resources

Summary

Vice Chancellor Lamb will provide an update on the status of negotiations between the California State University and the California Faculty Association, the statutory impasse process and campus logistical issues.

AGENDA

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Meeting: 10:55 a.m., Tuesday, March 8, 2016
Glenn S. Dumke Auditorium

J. Lawrence Norton, Chair
Peter J. Taylor, Vice Chair
Kelsey M. Brewer
Adam Day
Rebecca D. Eisen
Margaret Fortune
Steven G. Stepanek

Consent Items

Approval of Minutes of the Meeting of January 26, 2016

1. Amend the 2015-2016 Capital Outlay Program for Parking Lot C Reconfiguration for California State Polytechnic University, Pomona, *Action*
2. Amend the 2015-2016 Capital Outlay Program for Parking Lot N for California State University, San Bernardino, *Action*
3. Amend the 2015-2016 Capital Outlay Program for South Parking Facility Improvements for San José State University, *Action*

**MINUTES OF MEETING OF
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**

January 26, 2016

Members Present

J. Lawrence Norton, Chair
Peter J. Taylor, Vice Chair
Kelsey Brewer
Adam Day
Rebecca D. Eisen
Margaret Fortune
Lou Monville, Chair of the Board
Steven G. Stepanek
Timothy P. White, Chancellor

Trustee J. Lawrence Norton called the meeting to order.

Approval of Minutes

The minutes of November 17, 2015 were approved as submitted.

Amend the 2015-2016 Capital Outlay Program for California State University, Fullerton, California State University, Long Beach, California State University, Northridge, California State University, Sacramento, and San Diego State University

Trustee Norton presented agenda item 1 as a consent action item. The committee recommended approval of the proposed resolution (**RCPBG 01-16-01**).

Approval to Set Aside and Vacate the 2007 Campus Master Plan Revision and Partially Decertify the Environmental Impact Report for San Diego State University

Trustee Norton presented agenda item 2 as a consent action item. The committee recommended approval of the proposed resolution (**RCPBG 01-16-02**).

Trustee Norton adjourned the meeting.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Amend the 2015-2016 Capital Outlay Program for the Parking Lot C Reconfiguration for California State Polytechnic University, Pomona

Presentation By

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

Summary

The California State University Board of Trustees approved the 2015-2016 Capital Outlay Program at its November 2014 meeting. This item allows the board to consider the scope and budget of a project not included in the previously approved capital outlay program.

**California State Polytechnic University, Pomona
Parking Lot C Reconfiguration**

PWCE¹ \$3,827,000

California State Polytechnic University, Pomona wishes to proceed with the reconfiguration of Parking Lot C, a primary parking lot for visitors, faculty, and staff. This project will reconfigure the remainder of Parking Lot C comprised of 128,775 gross square feet (GSF), following the construction of the nearby Administration Replacement Building (#121²) to provide approximately 250 parking spaces. The design will also reduce current pedestrian-vehicular conflicts and provide a safer environment for the campus community. The project scope includes the removal of existing 20-year-old asphalt and base, and the regrade and re-compaction of the site. Other design features include LED lighting upgrades, landscaping, and irrigation.

The project will be financed through the CSU Systemwide Revenue Bond program. The bonds will be repaid from parking revenues.

Recommendation

The following resolution is presented for approval:

RESOLVED, by the Board of Trustees of the California State University, that the 2015-2016 Capital Outlay Program be amended to include \$3,827,000 for preliminary plans, working drawings, construction, and equipment for the California State Polytechnic University, Pomona Parking Lot C Reconfiguration.

¹ Project phases: P – Preliminary Plans, W – Working Drawings, C – Construction, E – Equipment

² Facility number shown on master plan map and recorded in Space and Facilities Database

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Amend the 2015-2016 Capital Outlay Program for Parking Lot N for California State University, San Bernardino

Presentation By

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

Summary

The California State University Board of Trustees approved the 2015-2016 Capital Outlay Program at its November 2014 meeting. This item allows the board to consider the scope and budget of a project not included in the previously approved capital outlay program.

California State University, San Bernardino

Parking Lot N **PWC¹ \$6,454,000**

California State University, San Bernardino wishes to proceed with the construction of Parking Lot N, located on vacant land south of North Campus Circle and west of Education Lane. The 1,271-space parking lot will replace the 593 surface parking spaces located in Parking Lot E that will be displaced by the Student Housing and Dining Commons (#44²) project, scheduled to start construction in June 2016.

The new parking lot will provide an additional 678 spaces to address future student enrollment growth and improve accessibility to the campus. Sustainable design features include storm water bioswales, LED light fixtures, electric vehicle charging stations, and drought tolerant landscape.

The project funding will be from designated parking reserves and financing through the CSU Systemwide Revenue Bond program. The bonds will be repaid from parking revenue.

Recommendation

The following resolution is presented for approval:

RESOLVED, by the Board of Trustees of the California State University, that the 2015-2016 Capital Outlay Program be amended to include \$6,454,000 for preliminary plans, working drawings, and construction for the California State University, San Bernardino Parking Lot N.

¹ Project phases: P – Preliminary Plans, W – Working Drawings, C – Construction, E – Equipment

² Facility number shown on master plan map and recorded in Space and Facilities Database

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Amend the 2015-2016 Capital Outlay Program for the South Parking Facility Improvements for San José State University

Presentation By

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

Summary

The California State University Board of Trustees approved the 2015-2016 Capital Outlay Program at its November 2014 meeting. This item allows the board to consider the scope and budget of a project not included in the previously approved capital outlay program.

San José State University

South Parking Facility Improvements

PWC¹ \$7,601,000

San José State University wishes to proceed with the design and construction of the South Parking Facility Improvement project as part of the redevelopment of the southeast quadrant of the campus. The project will replace existing accessible parking stalls on 8th Street that will be lost when the proposed Student Recreation and Aquatic Center (SRAC, #115²) is constructed, and will enhance accessibility as well as increase energy efficiency throughout the existing parking structure (#54). The project will add a new elevator on the north side of the facility, restripe the accessible parking stalls throughout the floors, and install charging stations for electric vehicles, solar panels, LED lights and associated lighting panels. The solar panels will provide about 700 kilowatts of power and will be installed on metal canopies on the roof.

The project will be funded from designated parking and campus reserves.

Recommendation

The following resolution is presented for approval:

RESOLVED, by the Board of Trustees of the California State University, that the 2015-2016 Capital Outlay Program be amended to include \$7,601,000 for preliminary plans, working drawings, and construction for the San José State University South Parking Facility Improvements.

¹ Project phases: P – Preliminary Plans, W – Working Drawings, C – Construction, E – Equipment

² Facility number shown on master plan map and recorded in Space and Facilities Database

AGENDA

COMMITTEE ON ORGANIZATION AND RULES

Meeting: 11:00 a.m., Tuesday, March 8, 2016
Glenn S. Dumke Auditorium

Lillian Kimbell, Chair
Steven G. Stepanek, Vice Chair
Douglas Faigin
Hugo N. Morales
J. Lawrence Norton

Consent Item

Approval of Minutes of the Meeting of January 27, 2016

Discussion Item

1. Revision of Standing Orders – Delegation of Capital Outlay Project Approval and Schematic Design Approval, *Information*

**MINUTES OF MEETING OF
COMMITTEE ON ORGANIZATION AND RULES
Trustees of The California State University
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

January 27, 2016

Members Present

Lillian Kimbell, Chair
Steven G. Stepanek, Vice Chair
Douglas Faigin
J. Lawrence Norton

Trustee Kimbell called the meeting to order.

Approval of the Minutes

The minutes of the November 17, 2015 meeting were approved as submitted.

Action Item

Trustee Kimbell introduced one action item on the consent agenda, an amendment to the California State University Board of Trustees' 2016 Meeting Dates, and commented that a change was proposed to move the November 2016 meeting dates to November 15-16, 2016 so as not to conflict with the national election on November 8, 2016. All other meeting dates would remain unchanged. The committee recommend approval of the proposed resolution.

(ROR 01-16-01)

Trustee Kimbell adjourned the Committee on Organization and Rules.

COMMITTEE ON ORGANIZATION AND RULES

Revision of Standing Orders – Delegation of Capital Outlay Project Approval and Schematic Design Approval

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 presents a revision to the California State University Board of Trustees' Standing Orders to increase authority delegated to the chancellor to approve capital outlay project budgets and schematic designs for projects of a total estimated cost of \$5,000,000 or less. The proposed change to the Standing Orders is noted in *italics* on page 1 of Attachment A.

Background

The Board of Trustees has statutory authority to approve the California State University budget, including the capital outlay program and its associated projects. The Standing Orders define the delegation of authority from the trustees to the chancellor and other officials in the California State University.

The last significant amendment to the Standing Orders as they pertained to capital outlay projects was in September 1999 when the Board of Trustees increased the authorization to the chancellor, or designee, to approve the schematic design of projects from \$1 million to \$3 million to reduce the number of small projects coming forward to the board for approval. The chancellor had previously been delegated authority to approve schematic plans on all remodel and utilitarian projects, regardless of cost, unless the design is architecturally significant or the project has unavoidable significant environmental impacts. Examples of utilitarian projects include site development, utilities, outdoor physical education facilities excluding stadiums, interior remodels, minor additions, structural strengthening, heating and cooling facilities, landscape

REVISED

Org. & Rules
Agenda Item 1
March 7-9, 2016
Page 2 of 2

projects, and surface parking. Architecturally significant projects are presented to the board for approval.

In July 2004, the trustees approved a complete re-write of the Standing Orders in an effort to restate existing authority in a manner that would be easier for the public to read and understand, and to include accepted delegations to system officials which had not been included in the Standing Orders at the time. When the Standing Orders were streamlined in 2004, details pertaining to the chancellor's delegated authority over the design of capital projects of \$3 million or less and all remodel and utilitarian projects was omitted, resulting in a lack of clarity.

Proposal

Consistent with the actions taken in 1999, this proposal aims to add clarity to the chancellor's delegation and eliminate the smaller transactions brought forward to the board for approval. The proposed change to Standing Orders Section II(f) includes:

1. *Authorize the chancellor to approve the capital outlay budget and scope of projects with a value of \$5 million or less.* Currently, all projects with a proposed budget more than \$656,000 (value of a minor capital outlay project, recently increased) come forward to the trustees for approval as the chancellor had previously been delegated authority to establish a minor capital outlay program.
2. *Authorize the chancellor to approve the schematic design of projects with a value of \$5 million or less.* The chancellor, or designee, is already authorized to approve the schematic design of projects valued at \$3 million or less.
3. *Authorize the chancellor to approve the schematic design of all remodel and utilitarian projects, regardless of cost, unless the design is architecturally significant or includes significant unavoidable environmental impacts.* The Board previously delegated this authority to the chancellor, but specific mention of this authority was omitted when the Standing Orders were streamlined in 2004.

In order to keep the board informed of the results of the proposed delegation, an annual report on the approved projects and approved schematic designs will be provided to the board beginning in July 2017. An annual report to the trustees on delegated environmental actions is currently provided.

This item is introduced for information and will be on the board's agenda for action in May 2016.

STANDING ORDERS OF THE BOARD OF TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

I. PURPOSE

The Standing Orders delegate authority from the Board of Trustees to the Chancellor and others within the California State University.

II. DELEGATION TO THE CHANCELLOR

The Chancellor is the chief executive officer of the California State University and has authority and responsibility to take whatever actions are necessary, consistent with Trustee policy and applicable law, for the appropriate functioning of the institution, which includes:

- a. Establishment and oversight of all academic programs
- b. Issuance of degrees
- c. Operation of educational opportunity programs
- d. Resolution of claims, settlement of litigation and discharge from accountability
- e. Establishment of policies and procedures for acquisition or sale of services, facilities, materials, goods, supplies, and equipment with the authority to sign agreements
- f. Development and oversight of the budget, including the capital outlay program, *approval of capital outlay projects and schematic designs for projects valued at \$5 million or less, and approval of schematic designs for all remodel and utilitarian projects, regardless of cost, unless the design is architecturally significant or includes significant unavoidable environmental impacts.*
- g. Application, receipt and oversight of grants and loans
- h. Deposit, control, investment, and expenditure of funds
- i. Establishment and oversight of campus fees; establishment, adjustment and oversight of systemwide fees
- j. Oversight of construction, and authority to sign all construction documents
- k. Purchase, sale and exchange of any interest in or use of real property
- l. Approval of minor changes to campus master plans

- m. Appointment of personnel, development and enforcement of personnel programs and discipline and termination of personnel
- n. Appointments to various boards and committees
- o. Development of a legislative program
- p. Acceptance of gifts
- q. Permission to use the name of the CSU
- r. Performance of all acts necessary to qualify for and receive benefits from the federal government
- s. Oversight of the systemwide advancement program

This list is not inclusive, and is not intended to limit the necessary actions of the Chancellor as the chief executive officer of the institution. The Chancellor may delegate his or her authority to others within the California State University. The Chancellor may issue executive orders as are necessary or convenient to the performance of his or her office.

The Chancellor shall regularly report to the Board of Trustees concerning the performance of his or her functions.

III. DELEGATION TO THE GENERAL COUNSEL

The General Counsel is the chief legal officer of the California State University and has full authority and responsibility for the legal affairs of the institution, which includes:

- a. Advice to and representation of the California State University, the Trustees, Chancellor, Presidents, and other officers and employees of the California State University in all legal matters of the institution or that may result from their service to, or employment by, the California State University.
- b. Retention of outside counsel to represent the California State University, who are accountable to the General Counsel for their professional work.
- c. Acceptance of service of process for the California State University, the Trustees, Chancellor and Presidents, for any matter arising out of their service to, or employment by, the California State University.
- d. In consultation with the Chancellor and/or appropriate campus

Presidents, settlement, termination or other resolution of all claims and litigation, and signing all documents relating to such action(s) on behalf of the California State University, the Trustees, Chancellor, Presidents, and those officers or employees of the California State University for whom the Office of General Counsel also provides representation.

- e. As Secretary of the Board, is the custodian of the official seal, which appears below and may be used, at the discretion of the Chancellor, for any official purpose:



This list is not inclusive, and is not intended to limit the necessary actions of the General Counsel as the chief legal officer of the institution. The General Counsel may delegate his or her authority to other members of his or her legal staff.

The General Counsel shall regularly report to the Board of Trustees concerning the status of litigation of institutional significance and other matters of legal import.

IV. DELEGATION TO THE TREASURER

The Treasurer of the Board is responsible for the fiscal affairs of the California State University, which include:

- a. Implementation of a system of internal controls that plan, organize and direct the performance of actions to protect the California State University's assets, ensure records are accurate, promote operational efficiency, and encourage adherence to policies.
- b. Management of the programs that incur external debt on behalf of the

University to ensure projects are financially sound, strategic and essential to the mission of the university to preserve the full faith and credit of the institution.

- c. Placement of investments to obtain the best possible return commensurate with the degree of risk that the University is willing to assume in obtaining that return.

This list is not inclusive, and is not intended to limit the necessary actions of the Treasurer as the chief fiscal officer. The Treasurer may delegate his or her authority to other members of his or her staff.

The Treasurer shall regularly report to the Board of Trustees concerning the performance of these functions.

V. DELEGATION TO THE UNIVERSITY AUDITOR

The University Auditor is responsible for implementing the Board of Trustees' audit program and represents the California State University in all audits conducted by external agencies.

The University Auditor shall regularly report to the Trustees' Committee on Audit concerning the performance of his or her functions.

VI. DELEGATION TO THE PRESIDENTS

The Presidents of the California State University campuses are the chief executive officers for their campuses and have authority and responsibility, with appropriate consultation, to take whatever actions are necessary, consistent with Trustee and Chancellor's policy, and applicable law, for the appropriate functioning of each of their campuses, which includes:

- a. Development of curricular and instructional plans
- b. Academic, administrative and staff appointments
- c. Supervision, discipline and termination of employees
- d. Oversight of business and financial affairs
- e. Oversight of student affairs
- f. Oversight and adjustment of campus fees in accord with applicable policy

- g. Oversight of the campus advancement function, including alumni affairs and community relations
- h. Oversight of and responsibility for campus auxiliary organizations
- i. Use of campus buildings and grounds

This list is not inclusive, and is not intended to limit the necessary actions of the Presidents as the chief executive officers of their campuses. The Presidents may delegate their authority to other officials on their campuses.

The Presidents report to the Chancellor and shall keep him or her regularly informed as to the activities on their campuses.

VII. THE ACADEMIC SENATE

The constitution of the Academic Senate of the California State University has been ratified by the faculties and approved by the Board of Trustees. The Academic Senate is therefore constituted and functions in accord with the provisions of that constitution. Amendments to the Academic Senate constitution become effective when ratified in accord with the requirements of that constitution and approved by the Board of Trustees.

VIII. AMENDMENTS

These Standing Orders may be amended at any regular meeting of the Board of Trustees. Notice and a draft of the proposed amendment is required at the last regular meeting prior to the meeting at which action is taken. This advance notice requirement may be waived by a majority vote for matters that are not controversial and require no further discussion.

AGENDA

COMMITTEE ON AUDIT

Meeting: 11:15 a.m., Tuesday, March 8, 2016
Glenn S. Dumke Auditorium

Lupe C. Garcia, Chair
Douglas Faigin, Vice Chair
Adam Day
Hugo N. Morales
Peter J. Taylor

Consent Items

Approval of Minutes of the Meeting of January 26, 2016

1. Report on Compliance with National Collegiate Athletic Association Requirements for Financial Data Reporting, *Information*

Discussion Items

2. Status Report on Current and Follow-up Internal Audit Assignments, *Information*
3. Report of the Systemwide Audit in Accordance with Generally Accepted Accounting Principles, Including the Report to Management, *Information*
4. Single Audit Reports of Federal Funds, *Information*

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

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

January 26, 2016

Members Present

Lupe C. Garcia, Chair
Douglas Faigin, Vice Chair
Adam Day
Peter J. Taylor
Lou Monville, Chair of the Board
Timothy P. White, Chancellor

Chair Garcia called the meeting to order.

Approval of Minutes

The minutes of the meeting of November 17, 2015, were approved as submitted.

**Assignment of Functions to Be Reviewed by the Office of Audit and Advisory Services for
Calendar Year 2016**

Mr. Larry Mandel, vice chancellor and chief audit officer, stated that each year at the January meeting of the Board of Trustees, the Committee on Audit reviews the audit assignments for the Office of Audit and Advisory Services (OAAS) and approves the audit plan for the year. He indicated that the OAAS performs an annual risk assessment that includes input from campuses, executive management, and the Committee on Audit and a separate information technology (IT) risk assessment that incorporates input from campus chief information officers. He stated that the results of the aforementioned risk assessments were used to develop the 2016 audit plan.

Mr. Mandel presented the various areas included in the audit plan. Delegations of Authority is a mandated audit required by the legislature to be performed every five years and represents approximately 5 percent of the audit plan. This is a heavy-duty procurement audit that also includes motor vehicle inspections and real and personal property transactions. Operational/financial reviews represent approximately 21 percent of the audit plan and include Academic Department Fiscal Review, Emergency Management, International Activities, Construction, and three Student Activities audits that have been carried over from the 2015 audit plan. Mr. Mandel explained that Academic Department Fiscal Review is essentially the same audit topic from 2015 entitled College Department Reviews. This audit area continues to be a high-profile area; the name of the audit topic was changed to better reflect the campus area of review.

Technology, specifically, Information Security, Cloud Computing, and Information Technology Disaster Recovery Planning, represents approximately 11 percent of the audit plan. Mr. Mandel stated that Information Security audits were performed as part of the 2014 and 2015 audit plans, and the area continues to be identified as high risk in both the non-IT specific and IT specific risk assessments, such that audits at additional campuses will be performed in 2016. He added that Cloud Computing has been carried forward from the 2015 audit plan. Technology support is provided for non-IT audits and advisory services reviews.

Mr. Mandel stated that as per previous direction of the Board, auxiliary organizations audits are conducted at each campus on a three-year cycle. This year's audit plan includes 29 auxiliaries at eight different campuses, which represents approximately 26 percent of the audit plan. He added that Investigations represent approximately 4 percent of the audit plan.

Mr. Mandel reminded the Trustees that advisory services was introduced as a new function in 2013 and continues to be well received within the system. He explained that its goal is to essentially prevent risk, rather than conducting audits to detect problems after the fact. Approximately 22 percent of the audit plan is dedicated to advisory services. Mr. Mandel indicated that the remainder of the audit plan includes staff time for committees/special projects (4 percent) and audit support (7 percent).

Chair Garcia called for a motion to approve the committee resolution (RAUD 01-16-01). A motion was then made, and the resolution was passed unanimously to approve the audit plan for calendar year 2016.

Status Report on Current and Follow-Up Internal Audit Assignments

Mr. Mandel reported that almost all of the 2015 audit assignments have either been completed, are currently in the report-writing phase, or are awaiting a campus response prior to finalization. He reiterated that three Student Activities audits will be completed in the first quarter of 2015, while the audit of Cloud Computing has been carried forward to the 2016 audit plan. He stated that due to resource constraints, one construction project review has also been carried forward to the 2016 audit plan. Mr. Mandel commented that the campuses and CSU Chancellor's Office continue to do a good job completing recommendations on a timely basis. He reminded the Trustees that updates to the status report are displayed in green numerals and indicate progress toward or completion of recommendations since the distribution of the agenda book. He noted that OAAS staff is working with the Long Beach campus to clear the remaining recommendation from the Information Security audit. He added that both the reviews and associated recommendations for 2015 construction projects are also being completed timely.

Trustee Taylor inquired about the two open recommendations noted in the California State Auditor *Report on Recommendations Not Fully Implemented After One Year* and asked whether they would be completed within this fiscal year.

Mr. Mandel stated that the two such recommendations are open for valid reasons. He indicated that the legislature had to pass certain statutes before the CSU Chancellor's Office could begin working on one of the recommendations. He anticipated completion of the recommendations within this fiscal year.

2014 Quality Assurance Review – Status Report

Mr. Mandel provided a status report on the quality assurance review of the OAAS performed in 2014. He reported that five of the seven recommendations for enhancement have been completed. Actions taken included implementation of a separate IT audit risk assessment and an additional IT staff resource; deployment of a fraud survey and the ongoing inclusion of fraud-related questions and issues in the annual risk assessment; implementation of an electronic workpaper system; and the provision of advanced training in Microsoft Excel to department staff where necessary.

Mr. Mandel indicated that recommendation #2 suggested that the current organizational structure of the division be reviewed to determine if a reporting relationship should be established between the campus auditors and the OAAS, as it was observed that it is very difficult to sufficiently understand, assess, and remediate individual campus risks with the current centralized internal audit organization model. He stated that OAAS management continues to review alternate organization structures to support the system and will bring the results of this review to a future meeting of the Committee on Audit.

Mr. Mandel indicated that recommendation #4 suggested that the current risk assessment and audit planning approach be re-evaluated. It was specifically observed that not all campus managers and staff are included in the risk assessment process, and a large percentage of audit resources are utilized on auxiliary organizations audits that are required per a 1999 Board policy. He reported that while incremental changes have been made to the risk assessment process, further changes to the risk assessment will be considered in conjunction with the evaluation of alternative organizational models referenced in the status of recommendation #2. He added that the evaluation will also consider alternative approaches to audits of auxiliary organizations.

The meeting was adjourned.

COMMITTEE ON AUDIT

Report on Compliance with National Collegiate Athletic Association Requirements for Financial Data Reporting

Presentation By

Mary Ek
Assistant Vice Chancellor/Controller
Financial Services

Summary

Colleges and universities with intercollegiate athletic programs in the National Collegiate Athletic Association (NCAA) are required to submit financial data detailing operating revenues and expenses related to their intercollegiate athletics programs to the NCAA by January 15 following the end of the fiscal year. The financial data is subject to agreed-upon procedures performed by a qualified independent accountant and must be submitted to the president or chancellor prior to submission to the NCAA.

Nine California State University campuses are in NCAA Division I, eleven campuses are in NCAA Division II, and three campuses do not have athletic programs in the NCAA. Division I schools are required to issue the agreed-upon procedures and submit financial data to the NCAA annually. Division II schools are required to issue the agreed-upon procedures report every three years, but must submit financial data to the NCAA annually.

All nine Division I campuses issued the agreed-upon procedures report and submitted related financial data to the NCAA for fiscal year ended June 30, 2015. One campus elected to use audited financial statements from the campus Athletic Corporation in lieu of the university's report, and conducted additional verification required by the NCAA during the audit.

One of the eleven campuses in Division II issued the agreed-upon procedures report for fiscal year ended June 30, 2015. Ten of the eleven campuses in Division II were not required to issue the report for fiscal year ended June 30, 2015 due to the three year cycle. All eleven campuses submitted the financial data to the NCAA.

Based on the review of the submitted reports by Audit and Advisory Services as well as Financial Services staff at the Office of the Chancellor, all campuses are in compliance with the NCAA financial reporting requirements.

COMMITTEE ON AUDIT

Status Report on Current and Follow-up Internal Audit Assignments

Presentation By

Larry Mandel
Vice Chancellor and Chief Audit Officer
Office of Audit and Advisory Services

Summary

This item includes both a status report on the 2016 audit plan and follow-up on past assignments. For the 2016 year, assignments were made to conduct reviews of Auxiliary Organizations, Delegations of Authority, Academic Departments, Emergency Management, International Activities, Construction, Student Activities, Information Security, Cloud Computing, and Information Technology (IT) Disaster Recovery Planning. In addition, follow-up on current/past assignments (Auxiliary Organizations, Information Security, IT Procurement, College Reviews, Clery Act, Admissions, PCI, and Scholarships) was being conducted on approximately 40 prior campus/auxiliary reviews. Attachment A summarizes the reviews in tabular form. An up-to-date Attachment A will be distributed at the committee meeting.

Status Report on Current and Follow-up Internal Audit Assignments

Auxiliary Organizations

The initial audit plan indicated that approximately 267 staff weeks of activity (26.1 percent of the plan) would be devoted to auditing internal compliance/internal control at eight campuses/29 auxiliaries. Fieldwork is being conducted for one campus/two auxiliaries, and report writing is being completed for one campus/four auxiliaries.

Delegations of Authority

The initial audit plan indicated that approximately 48 staff weeks of activity (4.7 percent of the plan) would be devoted to a review of the management of processes for administration of purchasing and contracting activities, motor vehicle inspections, and real and personal property transactions. Six campuses will be reviewed. Fieldwork is being conducted at one campus.

Operational/Financial Reviews

Academic Department Fiscal Review

The initial audit plan indicated that approximately 47 staff weeks of activity (4.7 percent of the plan) would be devoted to a review of college/department administrative and financial controls. Six campuses will be reviewed. Fieldwork is being conducted at one campus.

Emergency Management

The initial audit plan indicated that approximately 50 staff weeks of activity (4.8 percent of the plan) would be devoted to a review of campus emergency management policies and procedures to ensure compliance with CSU and state and federal compliance requirements. Six campuses will be reviewed.

International Activities

The initial audit plan indicated that approximately 50 staff weeks of activity (4.8 percent of the plan) would be devoted to a review of campus international programs and activities to ensure compliance with CSU policies and other regulatory requirements. Six campuses will be reviewed.

Construction

The initial audit plan indicated that approximately 47 staff weeks of activity (4.6 percent of the plan) would be devoted to a review of design budgets and costs; the bid process; invoice processing and change orders; project management, architectural, and engineering services; contractor compliance; cost verification of major equipment and construction components; the closeout process and liquidated damages; and overall project accounting and reporting. Six projects will be reviewed. Fieldwork is being conducted for one project.

Student Activities

Due to resource constraints, we were unable to complete three Student Activities audits in 2015. The 2016 audit plan indicated that approximately 25 staff weeks of activity (2.5 percent of the plan) would be devoted to completion of these reviews that ensure compliance with CSU policies and other regulatory requirements. Three campuses will be reviewed. Report writing is being completed for two campuses.

Information Technology Reviews and Support

Information Security

The initial audit plan indicated that approximately 46 staff weeks of activity (4.5 percent of the plan) would be devoted to a review of the activities and measures undertaken to protect the confidentiality, integrity, access to, and availability of information. Six campuses will be reviewed. Fieldwork is being conducted at one campus.

Cloud Computing

The initial audit plan indicated that approximately 26 staff weeks of activity (2.5 percent of the plan) would be devoted to a review of activities pertaining to the use of third-party cloud computing/internet service providers, including a review of contractual provisions related to service availability, data ownership, backup and recovery, and protection of sensitive and/or proprietary information. Four campuses will be reviewed. Fieldwork is being conducted at one campus.

Information Technology Disaster Recovery Planning

The initial audit plan indicated that approximately 26 staff weeks of activity (2.6 percent of the plan) would be devoted to a review of program and facility readiness and resource planning for the recovery of data processing services following a catastrophic event. Four campuses will be reviewed.

Technology Support

The initial audit plan indicated that approximately 17 staff weeks of activity (1.6 percent of the plan) would be devoted to technology support for non-information technology specific audits and advisory services reviews. The provision of support is ongoing.

Advisory Services

The initial audit plan indicated that approximately 220 staff weeks of activity (21.6 percent of the plan) would be devoted to partnering with management to identify solutions for business issues, offering opportunities to improve the efficiency and effectiveness of operating areas, and assisting with special requests, while ensuring the consideration of related internal control issues. Reviews are ongoing.

Investigations

The Office of Audit and Advisory Services is periodically called upon to provide investigative reviews, which are often the result of alleged defalcations or conflicts of interest. In addition, whistleblower investigations are being performed on an ongoing basis, both by referral from the state auditor and directly from the CSU Chancellor's Office. Forty-three staff weeks have been set aside for this purpose, representing approximately 4.2 percent of the audit plan.

Committees/Special Projects

The Office of Audit and Advisory Services is periodically called upon to provide consultation to the campuses and/or to participate on committees such as those related to information systems implementation and policy development, and to perform special projects. Thirty-eight weeks have been set aside for this purpose, representing approximately 3.8 percent of the audit plan.

Audit Support

Audit Follow-up

The audit plan indicated that approximately 16 staff weeks of activity (1.6 percent of the plan) would be devoted to follow-up on prior audit recommendations. The Office of Audit and Advisory Services is currently tracking approximately 40 current/past assignments (Auxiliary Organizations, Information Security, IT Procurement, College Reviews, Clery Act, Admissions, PCI, and Scholarships) to determine the appropriateness of the corrective action taken for each recommendation and whether additional action is required.

Annual Risk Assessment

The Office of Audit and Advisory Services annually conducts a risk assessment to determine the areas of highest risk to the system. Eleven staff weeks have been set aside for this purpose, representing approximately 1.1 percent of the audit plan.

Administration

Day-to-day administration of the Office of Audit and Advisory Services represents approximately 4.3 percent of the audit plan.

2016 ASSIGNMENTS												FOLLOW-UP PAST/CURRENT ASSIGNMENTS					
Aux Orgs	Info Security	Student Activities	Cloud Comptg	Acad Dept Fiscal Review	Deleg of Auth	Intl Activities	IT Dis Recov	Emerg Mgmt	Special Investigation	Auxiliary Organizations	Information Security						
									*Recs **Mo.	*No. **Mo.	*Recs **Mo.						
BAK										4	35/35	10/10	-				
CHI										3	25/25	21/21	-				
CI		RW								3	32/32						
DH										3	19/19						
EB										3	31/31						
FRE									0/5	6	36/36	11/11	-				
FUL			FW							4	28/28						
HUM										4	30/30	4/4	-				
LB				FW						4	17/18	6/6	-				
LA										4	18/18		-				
MA										2	13/13	7/7	-				
MB										2	23/23						
NOR	FW									5	7/19	4					
POM		RW								2	11/11						
SAC										5	41/41						
SB										4	22/23	10/10	-				
SD										4	21/21						
SF					FW					3	17/17	0/9	1				
SJ										5	26/26	17/17	-				
SLO										3	11/11						
SM	RW									4							
SON										3	1/4	2					
STA										4	14/14	0/21	4				
CO	FW									2							
SYS																	

* The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.
 ** The number of months recommendations have been outstanding from date of report.
 • The number of auxiliary organizations reviewed.
 Numbers/letters in green are updates since the agenda mailout.

FW = Field Work In Progress
 RW = Report Writing in Progress
 AI = Audit Incomplete (awaiting formal exit conference and/or campus response)
 AC = Audit Complete

FOLLOW-UP PAST/CURRENT ASSIGNMENTS												
	IT Procurement		College Reviews		Clery Act		Admissions		PCI		Scholarships	
	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.
BAK												
CHI			4/5	8					0/1	5	0/3	2
CI							0/7	5				
DH											0/3	4
EB					6/6	-						
FRE							8/8	-				
FUL	0/0	-										
HUM					1/3	7						
LB							0/0	-	0/1	2		
LA			4/4	-	3/3	-					0/2	1
MA					2/3	6						
MB							5/6	5				
NOR			4/4	-							0/3	1
POM	0/0	-	3/3	-								
SAC			8/8	-								
SB	2/2	-					5/5	-				
SD					3/4	7						
SF												
SJ							5/7	5			0/3	2
SLO					3/3	-					1/1	-
SM												
SON	0/0	-										
STA												
CO	1/3	6										
SYS			1/1	-								

* The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.

** The number of months recommendations have been outstanding from date of report.

• The number of auxiliary organizations reviewed.

Numbers/letters in green are updates since the agenda mailout.

COMMITTEE ON AUDIT

Report of the Systemwide Audit in Accordance with Generally Accepted Accounting Principles, Including the Report to Management

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

Mary Ek
Assistant Vice Chancellor/Controller
Financial Services

Summary

Annually, financial statement audits are performed for the California State University system as a whole, and also for discretely presented component units (i.e., auxiliary organizations) that separately issue stand-alone audited financial statements. In addition, a separate audit is also performed each year on the financial statements of the CSU Systemwide Revenue Bond program. Financial statement audits covering the University and component units are performed by more than 20 certified public accounting firms.

The CSU systemwide financial statements for the fiscal year ended June 30, 2015 were issued with an unmodified opinion on February 15, 2016, and are included as Attachment A to this item. The issuance of the CSU audited financial statements was delayed this year due to technical issues related to Governmental Accounting Standards Board Statements No. 68 and 71 (Accounting and Financial Reporting for Pensions).

There were no audit findings relating to the CSU systemwide financial statements. Highlights of the CSU systemwide financial statements will be presented including any significant changes from last year. There were audit findings relating to some of the separately issued auxiliary organization financial statements and the Chancellor's Office is following up on those auxiliary organizations' audit findings to ensure appropriate corrective actions are taken.



CALIFORNIA STATE UNIVERSITY

Financial Statements and Supplementary Information

June 30, 2015

(With Independent Auditors' Report Thereon)

CALIFORNIA STATE UNIVERSITY

Table of Contents

	Page(s)
Letter from the Executive Vice Chancellor, Chief Financial Officer	1
Independent Auditors' Report	2-3
Management's Discussion and Analysis (Unaudited)	4-19
Financial Statements:	
Statement of Net Position	20
Statement of Revenues, Expenses, and Changes in Net Position	21
Statement of Cash Flows	22-23
Notes to Financial Statements	24-60
Required Supplementary Information:	
Schedule of the University's Proportionate Share of the Net Pension Liability	61
Schedule of Employer Contributions	62

LETTER FROM THE EXECUTIVE VICE CHANCELLOR, CHIEF FINANCIAL OFFICER

The California State University is an extraordinary system of 23 campuses providing an outstanding education to over 450,000 students in the academic year 2014-15. The University is dedicated to providing opportunities and opening doors for our students to learn and grow. As the nation's largest and most diverse university, it has become the economic engine for California; creating jobs, companies, and innovation. With more than three million degrees awarded since inception, the majority of California's leaders and policymakers received their degrees from one of the 23 campuses of the California State University.

The investment of tax dollars in the California State University is the best investment Californians can make in their future. For every \$1 invested in the California State University, \$5.43 is invested by the University back into California's economy. This investment helps ensure an educated and successful California populace that leads to economic and social prosperity.

Recent estimates by the California Public Policy Institute suggest that the state will require an additional 1,000,000 baccalaureates by 2030, well above current levels. Additional investments in the California State University will increase access to an excellent education and help meet the need for an educated workforce critical to California's success.

I am happy to say that the California State University's financial position is very strong, and the new financial authority granted to the University by the State will allow us to optimally use our resources for our highest priorities. While we continue to increase our enrollment capacity, the demand for admission to our campuses continues to increase at a much higher rate.

The campuses and University system are working hard to improve and streamline our operations so that we can best serve the academic enterprise. We are investing in innovative new ways to provide students with tools to shorten the time it takes to get their degree, and provide faculty with the resources they need to be successful.

Our commitment to the people of California is to build on the foundation of a great University; to increase access to an affordable, high-quality education, and to help solve the State's greatest challenges in the years ahead.



STEVE RELYEA
EXECUTIVE VICE CHANCELLOR & CFO
THE CALIFORNIA STATE UNIVERSITY



KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report

The Board of Trustees
California State University:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the California State University (the University), an agency of the State of California (the State), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of 88 of the 90 aggregate discretely presented component units, which reflect total assets constituting 92% and total revenues constituting 94% of the aggregate discretely presented component units totals. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the 88 discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of 46 discretely presented component units are not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the California State University, as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

Adoption of New Accounting Pronouncements

As discussed in the note 2 to the financial statements, in fiscal year 2015, the California State University and its discretely presented component units adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (amendment of GASB Statement No. 68)*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4–19, and the schedules of University's proportionate share of the net pension liability and employer contributions on pages 61–62, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2016 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Irvine, California
February 15, 2016

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2015

(Unaudited)

The following discussion and analysis provides an overview of the financial position and performance of the California State University as of and for the year ended June 30, 2015, including 23 campuses and the Office of the Chancellor (together referred to as the University), and 90 discretely presented component units (primarily recognized auxiliary organizations). The discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes, which follow this section. Separate financial statements are issued for each of the discretely presented component units and may be obtained from the individual campuses.

The financial statements of the University as of and for the year ended June 30, 2015 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. For reporting purposes, the University is considered a special-purpose government engaged in business-type activities.

Financial Statements

This discussion and analysis is intended to serve as an introduction to the University's financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The financial statements are designed to provide readers with a broad overview of the University's finances from all sources of revenue, in a manner similar to the private sector. The University's discretely presented component units are presented in a separate column to enable the reader to distinguish between the University and these separate but related not-for-profit organizations.

The Statement of Net Position is the University's balance sheet. It presents information on all of the University's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these four reported as net position (equity). Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally reported at book value, except investments, which are reported at fair value. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the University.

The University's net position is classified into three categories:

- Net investment in capital assets
- Restricted
- Unrestricted

Changes from one year to the next in total net position as presented on the Statement of Net Position are based on the activity presented on the Statement of Revenues, Expenses, and Changes in Net Position.

The Statement of Revenues, Expenses, and Changes in Net Position is the University's income statement. Revenues earned and expenses incurred during the year on an accrual basis are classified as either operating or nonoperating. This distinction results in operating deficits, as the GASB Statement No. 35 reporting model requires classification of state appropriations, a significant revenue stream to fund current operations, as nonoperating revenue.

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2015

(Unaudited)

The Statement of Cash Flows presents the changes in the University's cash and cash equivalents during the most recent fiscal year. This Statement is prepared using the direct and indirect methods of cash flows. The Statement breaks out the sources and uses of the University's cash and cash equivalents into four categories:

- Operating activities
- Noncapital financing activities
- Capital and related financing activities
- Investing activities

The University's routine activities appear in the operating and noncapital financing categories. Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. The proceeds from the issuance of Systemwide Revenue Bond (SRB) that will be passed through to the discretely presented component units for capital purposes are reported as noncapital financing activities.

Capital and related financing sources include debt proceeds, state capital appropriations, capital grants and gifts, proceeds from sale of capital assets, and principal and interest payments received on capital leases. Within the capital and related financing activities, uses of funds consist of acquisition of capital assets, and debt repayments. Sales and purchases of investments are part of investing activities.

The Statement of Cash Flows for the discretely presented component units is not included in the University's financial statements.

Financial Highlights

Effective July 1, 2014, the University changed its pension accounting policies with the implementation of new accounting standards, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (amendment of GASB Statement No. 68)*. Changes in accounting policies for pensions are designed to improve transparency regarding pension liability by requiring recognition of a liability equal to the net pension liability, which is measured as the total pension liability, less the amount of the pension plan's fiduciary net position for the University's defined-benefit plans. This standard requires recognition of pension expense using systematic method, designed to match the cost of pension benefits with service periods for eligible employees. The net position, without the changes in accounting policies, would have been \$5.82 billion. The accounting changes related to net pension liability reduced the net position by \$5.99 billion resulting to a net deficit of \$175.72 million as of June 30, 2015. These accounting policy changes do not impact the University's funding requirements for the pension plans.

The noncapital state appropriation for the University in fiscal year 2015 was \$2.76 billion, \$416.26 million higher than in fiscal year 2014. This increase consists of \$197.24 million to pay the cost of State's General Obligation Bond debt service attributable to the University's capital projects, \$142.66 million increase in general noncapital operating budget support, \$66.26 million for employer-paid retirement costs, \$9.72 million for State Public Works Board (SPWB) capitalized lease bond payments, and \$0.38 million for other items.

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

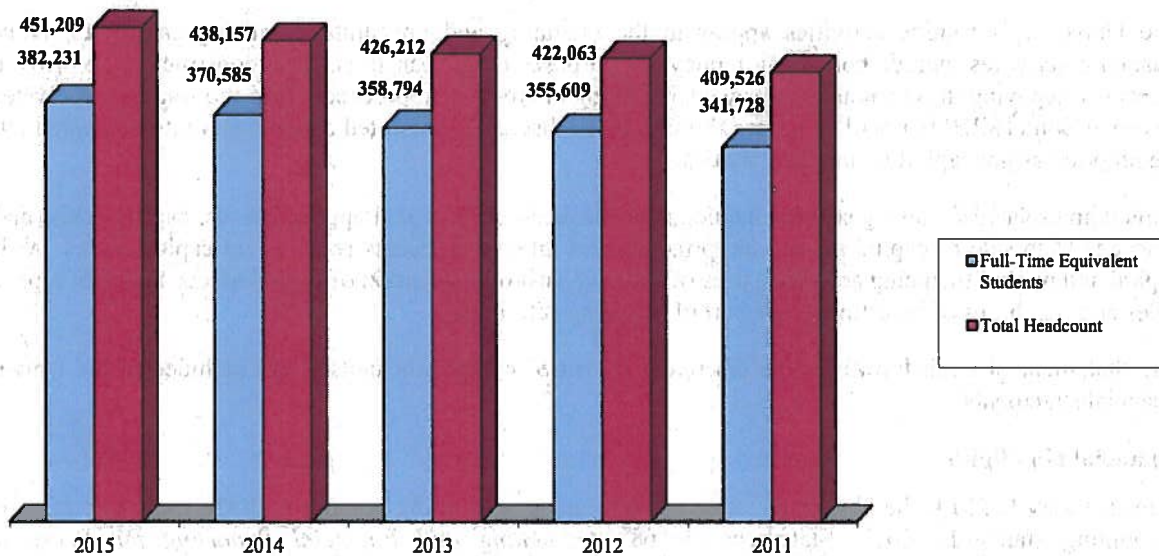
June 30, 2015

(Unaudited)

The student tuition fee revenues increased by \$26.57 million in fiscal year 2015, mainly due to student enrollment growth. Headcount enrollment increased from 438,157 in fiscal year 2014 to 451,209 in fiscal year 2015, as reflected in the following chart. At the same time, Full-Time Equivalent Students increased from 370,585 in fiscal year 2014 to 382,231 in fiscal year 2015.

The following chart displays the University's historical enrollment data by fiscal year:

Enrollment



Financial Analysis

The following sections provide additional details on the University's financial position and activities for fiscal years 2015 and 2014:

- I. Condensed Schedules of Net Position
- II. Condensed Schedules of Revenues, Expenses, and Changes in Net Position

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2015

(Unaudited)

I. Condensed Schedules of Net Position

	University		Discretely presented component units	
	2015	2014	2015	2014
	(In thousands)			
Current assets	\$ 3,212,249	3,125,495	1,248,946	1,227,635
Capital assets, net	8,046,000	7,820,312	813,195	811,405
Other noncurrent assets	1,515,826	1,435,131	2,098,681	2,077,887
Total assets	<u>12,774,075</u>	<u>12,380,938</u>	<u>4,160,822</u>	<u>4,116,927</u>
Deferred outflows of resources	648,757	45,426	10,091	5,204
Current liabilities	1,384,897	1,294,577	489,131	479,949
Noncurrent liabilities	11,126,911	5,388,743	1,011,072	1,019,365
Total liabilities	<u>12,511,808</u>	<u>6,683,320</u>	<u>1,500,203</u>	<u>1,499,314</u>
Deferred inflows of resources	1,086,744	—	15,898	1,561
Net position:				
Net investment in capital assets	3,614,410	3,625,543	191,711	181,825
Restricted:				
Nonexpendable	13,448	16,218	981,900	924,853
Expendable	82,280	114,485	914,518	906,097
Unrestricted	<u>(3,885,858)</u>	<u>1,986,798</u>	<u>566,683</u>	<u>608,481</u>
Total net position	<u>\$ (175,720)</u>	<u>5,743,044</u>	<u>2,654,812</u>	<u>2,621,256</u>

Current and Other Noncurrent Assets

Current and other noncurrent assets are assets that are not capital assets and are used to meet current and noncurrent obligations. These assets consist of cash and cash equivalents, restricted cash and cash equivalents, investments, accounts receivable, notes receivable, leases receivable, student loans receivable, pledges receivable, prepaid expenses, and other assets.

The total current and other noncurrent assets of \$4.73 billion for the University represents an increase of \$167.45 million compared to \$4.56 billion in fiscal year 2014. Investments represent 74.97% of the total current and other noncurrent assets. The University invests its funds mainly through the California State University (CSU) Consolidated Investment Pool whose objective is to maximize current income while preserving and prioritizing asset safety and liquidity. In addition, funds are invested in Surplus Money Investment Fund (SMIF), which is managed by the State Treasurer to invest funds in a short-term pool.

Total investments increased by \$331.70 million due to an overall increase in operating resources provided by the State of California (the State) through noncapital appropriation as previously discussed. In addition, new issuances of notes receivable of \$46.53 million contributed to the increase in total current and other noncurrent assets.

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2015

(Unaudited)

This increase is offset by the decrease of \$132.93 million in accounts receivable, which is mainly due to the collection of funds from the State utilized for operations and capital-related projects (including those under the SPWB Lease Revenue Bonds program), \$55.37 million of collections of notes receivable, a decrease of \$13.33 million in prepaid expenses and other assets due to the amortization of capitalized interest related to SPWB capital lease obligations, a \$5.68 million net collection of leases receivable, a \$2.86 million net collection of student loans receivable, and a net decrease of \$0.61 million in other items.

Current and other noncurrent assets for the discretely presented component units increased by \$42.11 million mainly due to the increase in gifts and contributions to endowments managed mostly by Foundations. The endowment investments increased by \$41.78 million. In addition, nonendowment investments increased by \$21.44 million. Other assets also increased by \$21.74 million. This is offset by a \$12.61 million decrease in pledges receivable, the net collection of Bond Anticipation Notes (BANs) issued by the California State University Institute of \$26.71 million and a decrease in other items of \$3.53 million.

Capital Assets, Net

The University's capital assets, net of accumulated depreciation and amortization, as of June 30, 2015 and 2014, comprise the following:

	<u>2015</u>	<u>2014</u>
	(In thousands)	
Land and land improvements	\$ 271,059	261,990
Buildings and building improvements	6,050,976	6,028,032
Improvements other than buildings	170,916	167,728
Infrastructure	596,876	583,453
Equipment	223,108	210,875
Library books and materials	35,997	37,163
Works of art and historical treasures	33,719	30,341
Intangible assets	31,210	31,426
Construction work in progress	632,139	469,304
Total	<u>\$ 8,046,000</u>	<u>7,820,312</u>

Total capital assets, net of accumulated depreciation and amortization, increased by \$225.69 million during fiscal year 2015 as a result of additions on various capital projects including the following:

- Completion of the \$41.31 million Bakersfield Student Housing Northeast Phase 1
- Completion of the \$39.33 million Maritime Academy Physical Education Replacement Building
- Completion of the \$56.60 million Pomona Recreation Center
- Construction in progress on the \$142.70 million San Diego South Campus Plaza
- Construction in progress on the \$126.19 million San Jose Campus Village, Phase 2
- Construction in progress on the \$90.55 million San Jose Student Union Expansion and Renovation

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2015

(Unaudited)

- Construction in progress on the \$63.80 million San Jose Spartan Complex Renovation
- Construction in progress on the \$55.69 million Chico Taylor II Replacement Building
- Construction in progress on the \$53.29 million San Diego Zura Hall Renovation

Deferred Outflows of Resources

Deferred outflows of resources are consumption of net assets that is applicable to a future reporting period, which has a positive effect on the net position. The University's deferred outflows of resources consist of unamortized loss on debt refunding in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and the pension contributions made by the University subsequent to the measurement date of the net pension liability in accordance with GASB Statement No. 68 as amended by GASB Statement No. 71 effective in fiscal year 2015.

The deferred outflows of resources increased by \$603.33 million from fiscal year 2014. The increase is due mainly to the deferred outflows of resources of \$602.99 million of University's pension contributions subsequent to the measurement date of the net pension liability. The unamortized loss on debt refunding increased slightly by \$0.34 million due to the partial refunding of SRB Series 2004A, 2005A, and 2005C through the issuance of SRB Series 2014A in August 2014 offset by the current year amortization.

Current and Noncurrent Liabilities

Current liabilities (liabilities due within one year) and noncurrent liabilities (liabilities due in more than one year) include accounts payable, accrued salaries and benefits, accrued compensated absences, unearned revenues, grants refundable, capitalized lease obligations, long-term debt obligations, claims liability for losses and loss adjustment expenses, depository accounts, other postemployment benefits obligations, net pension liability, and other liabilities.

Current and noncurrent liabilities of \$12.51 billion for the University represent an increase of \$5.83 billion compared to \$6.68 billion in fiscal year 2014. This is mainly due to the \$5.51 billion net pension liability recognized in accordance with GASB Statements Nos. 68 and 71 effective as of July 1, 2014. The other major factors include \$221.75 million increase in long-term debt obligations as further discussed in the following paragraphs, \$46.35 million increase in other postemployment benefits obligations, \$40.08 million combined increase in accrued salaries and benefits and accrued compensated balance due to increase in salary and benefit rates, \$28.66 million increase in unearned revenues due to the increase in student enrollment, and \$17.86 million increase in other items. Capitalized lease obligations for the University decreased by \$39.87 million in fiscal year 2015, consisting primarily of new capital lease obligations of \$33.41 million (not related to SPWB), offset by current year repayments of \$70.99 million, and amortization of net premium of \$2.29 million.

Current and other noncurrent liabilities for the discretely presented component units increased by \$0.89 million mainly due to \$71.13 million increase in net pension liability. Grants refundable also increased by \$2.19 million and \$1.64 million in other items. These are offset by a decrease in long-term debt of \$37.28 million due to repayments, in other liabilities of \$12.10 million, in other postemployment benefits obligations of \$11.30 million, in capitalized lease obligations of \$8.14 million, and in claims liability for losses and loss adjustment expenses of \$5.25 million.

CALIFORNIA STATE UNIVERSITY
 Management's Discussion and Analysis
 June 30, 2015
 (Unaudited)

Long-Term Debt Obligations

The University's long-term debt obligations are summarized as follows:

	<u>2015</u>	<u>2014</u>
	(In thousands)	
Systemwide Revenue Bonds (SRB)	\$ 3,687,508	3,507,043
Bond Anticipation Notes (BANs)	149,285	168,511
Others	65,988	72,898
Total	<u>3,902,781</u>	<u>3,748,452</u>
Unamortized net bond premium	<u>223,491</u>	<u>156,073</u>
Total long-term debt obligations	4,126,272	3,904,525
Less current portion	<u>(259,535)</u>	<u>(260,601)</u>
Long-term debt obligations, net of current portion	<u>\$ 3,866,737</u>	<u>3,643,924</u>

The University's total long-term debt obligations increased by \$221.75 million in fiscal year 2015, mainly due to the issuance of SRB Series 2014A of \$844.09 million (including premium of \$96.35 million), issuance of BANs of \$134.41 million to finance capital-related projects, new debt of \$4.68 million, which were offset by the \$484.11 million (including \$14.74 million unamortized premium) debt refunding of SRB Series 2004A, 2005A, and 2005C, \$263.14 million debt repayment, and \$14.18 million amortization of net bond premium.

In addition, the State's General Obligation Bond program has provided capital funding for various projects of the University. The debt related to these projects is not allocated to the University by the State and thus is not recorded in the University's financial statements. The total General Obligation Bond debt carried by the State related to University projects at June 30, 2015 and 2014 is approximately \$2.53 billion and \$2.60 billion, respectively.

No fundamental changes occurred in the revenues and expenditures of the revenue bond programs during fiscal year 2015. Repayment of specific programmatic revenue bonds is legally limited to the sources of revenue from operations of the projects including specific mandatory fees pledged to the revenue bond programs. For the SRB, revenues pledged generally include student housing fees, parking fees, student union fees, health center facilities fees, and continuing education fees, as well as other revenues designated by the Trustees of California State University (Trustees) for inclusion in the SRB program.

Moody's Investors Service currently provides an intrinsic rating of Aa2, with a stable outlook, for the SRB. Standard & Poor's Ratings Services currently provides an intrinsic rating of AA-, with a stable outlook, for the SRB. All maturities in SRB Series 2005A, Series 2005B, Series 2005C, Series 2007A, Series 2007B, Series 2007C, and Series 2007D and certain maturities in 2008A and 2009A were insured. Since the middle of fiscal year 2008, some providers of insurance for SRB have been downgraded to ratings below Aaa/AAA. Those bonds that are uninsured bear the intrinsic ratings of the SRB, which are Aa2 from the Moody's Investors Service and AA-, from the Standard & Poor's Ratings Services.

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2015

(Unaudited)

In August 2015, the University issued its SRB Series 2015A (Tax-Exempt) and Series 2015B (Taxable). The proceeds were used to refund certain maturities of SRB Series 2005A, 2005B, 2005C, and 2007A, fund new capital projects, payment of BANs, refund outstanding bond indebtedness issued by the discretely presented component units, for capitalized interest, and payment of cost of issuance.

Deferred Inflows of Resources

Deferred inflows of resources are related to the University's changes in the net pension liability. Deferred inflows of resources in fiscal year 2015 increased by \$1.09 billion due to higher than expected earnings on pension plan investments.

Net Position

As noted earlier, net position may serve over time as a useful indicator of the University's financial position. Net position represents the residual interest in the University's assets and deferred outflows of resources after all liabilities and deferred inflows of resources are deducted. As of June 30, 2015, the net position is in a deficit position of \$175.72 million. The deficit is mainly due to the recognition of net pension liability. Net position for fiscal year 2014 was restated and reduced by \$6.18 billion as a result of adopting GASB Statement Nos. 68 and 71.

**University Net Position
 June 30, 2015
 (in thousands)**

Net investment in capital assets	\$3,614,410
Restricted nonexpendable	\$13,448
Restricted expendable	\$82,280
(\$3,885,858) Unrestricted	

Total Net Position: (\$175,720,000)

Net Investment in Capital Assets

The net position category "Net investment in capital assets" represents the University's capital assets, net of accumulated depreciation and amortization, and also net of outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and any related deferred outflows of resources. The University uses these capital assets in its day-to-day operations. This category is the largest portion of the University's net position year-over-year. The net investment in capital assets decreased by \$11.13 million as a result of depreciation of capital assets at a faster rate than repayment of the long-term debt.

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2015

(Unaudited)

Restricted

Restricted net position has constraints on its use that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for specific purposes. Such restrictions are primarily related to endowments, scholarships, capital projects, loans, and debt service funds. The restricted net position category consists of two subcategories: "Restricted nonexpendable" and "Restricted expendable."

i. Restricted nonexpendable

The restricted nonexpendable net position is made up of the permanent endowment funds, the corpus of which may not be expendable. Generally speaking, the University's foundations, which are discretely presented component units, hold the significant majority of the University-related endowments. In the current year, there was no significant change in the University's restricted nonexpendable net position.

ii. Restricted expendable

Restricted expendable net position represents resources that are subject to external restrictions on how they may be used. Such restrictions are primarily related to scholarships, capital projects, loans, and debt service funds. In the current year, there was no significant change in the University's restricted expendable net position.

Unrestricted

The unrestricted net position represents all other net resources available to the University for general and educational obligations. Under U.S. generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Although unrestricted net position is not subject to externally imposed restrictions per accounting definitions, the predominant portions of the unrestricted net position are designated for specific programs or projects related to certain revenue sources, as further explained in the following paragraphs.

As of June 30, 2015, the unrestricted net position is in a deficit position of \$3.89 billion, mainly due to the recognition of net pension liability. Unrestricted net position as of June 30, 2014 was restated and reduced by \$6.18 billion as a result of adopting the new accounting standards.

The unrestricted net position consists of \$1.07 billion designated resources from various funds and deficit of \$4.96 billion in undesignated resources mainly from the operating fund. The undesignated resources would generally provide a prudent reserve for contingencies, such as the uncertain direction of future state appropriations, as well as the effects of an uncertain economic environment. However, the net undesignated resources is in deficit position due mainly to the adoption of the new accounting standards.

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2015

(Unaudited)

Within the unrestricted net position category, the designated resources are derived from fee collections and other activities that are designated for very specific purposes and are not to be repurposed and spent for other activities. For example, students pay fees including Housing and Parking fees, campus activities fees, all of which are to be used for specific designated purposes as described in the Education Code. The University also has certain designated resources that represent amounts pledged to support the SRB program.

Of the \$1.07 billion in designated unrestricted net position, approximately 63.00% was designated for supporting enterprise activities (i.e., Continuing Education, Housing, Parking, and Student Union), 9.29% was designated for campus-based projects or programs, and 12.00% was designated for special capital projects. The remaining 15.71% was designated for supporting activities related to education, financial aid, and other programs.

II. Condensed Schedules of Revenues, Expenses, and Changes in Net Position

	University		Discretely presented component units	
	2015	2014	2015	2014
	(In thousands)			
Operating revenues:				
Student tuition and fees, net	\$ 2,149,786	2,123,212	179,383	170,703
Grants and contracts, noncapital	99,545	73,343	477,309	475,835
Sales and services of educational activities	41,797	42,227	32,802	34,458
Sales and services of auxiliary enterprises, net	451,993	416,300	504,282	476,237
Other operating revenues	194,216	178,657	241,490	233,327
Total operating revenues	2,937,337	2,833,739	1,435,266	1,390,560
Operating expenses	6,868,506	6,534,506	1,570,435	1,509,773
Operating loss	(3,931,169)	(3,700,767)	(135,169)	(119,213)
Nonoperating revenues (expenses):				
State appropriations, noncapital	2,762,018	2,345,755	—	—
Federal financial aid grants, noncapital	953,931	885,327	1,167	1,198
State financial aid grants, noncapital	627,321	521,796	1,185	1,310
Local financial aid grants, noncapital	—	—	89	269
Nongovernmental and other financial aid grants, noncapital	30,605	34,784	486	325
Other federal nonoperating grants, noncapital	3,944	3,925	—	—
Gifts, noncapital	48,060	39,636	167,918	182,424

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2015

(Unaudited)

	<u>University</u>		<u>Discretely presented component units</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(In thousands)			
Investment income, net	\$ 42,851	43,610	15,338	94,335
Endowment income, net	61	86	1,006	136,027
Interest expense	(223,034)	(226,268)	(24,579)	(27,047)
Other nonoperating revenues (expenses)	<u>(105,944)</u>	<u>66,417</u>	<u>(35,001)</u>	<u>(19,858)</u>
Net nonoperating revenues	<u>4,139,813</u>	<u>3,715,068</u>	<u>127,609</u>	<u>368,983</u>
Income (loss) before other revenues (expenses)	208,644	14,301	(7,560)	249,770
State appropriations, capital	5,766	1,896	—	—
Grants and gifts, capital	50,492	45,728	38,216	8,166
Additions (reductions) to permanent endowments	<u>(1,996)</u>	<u>(1,883)</u>	<u>51,646</u>	<u>47,392</u>
Change in net position	<u>262,906</u>	<u>60,042</u>	<u>82,302</u>	<u>305,328</u>
Net position – beginning of year, as previously reported	5,743,044	5,683,002	2,621,256	2,322,130
Restatements	<u>6,181,670</u>	<u>—</u>	<u>(48,746)</u>	<u>(6,202)</u>
Net position – beginning of year, as restated	<u>(438,626)</u>	<u>5,683,002</u>	<u>2,572,510</u>	<u>2,315,928</u>
Net position – end of year	<u>\$ (175,720)</u>	<u>5,743,044</u>	<u>2,654,812</u>	<u>2,621,256</u>

CALIFORNIA STATE UNIVERSITY

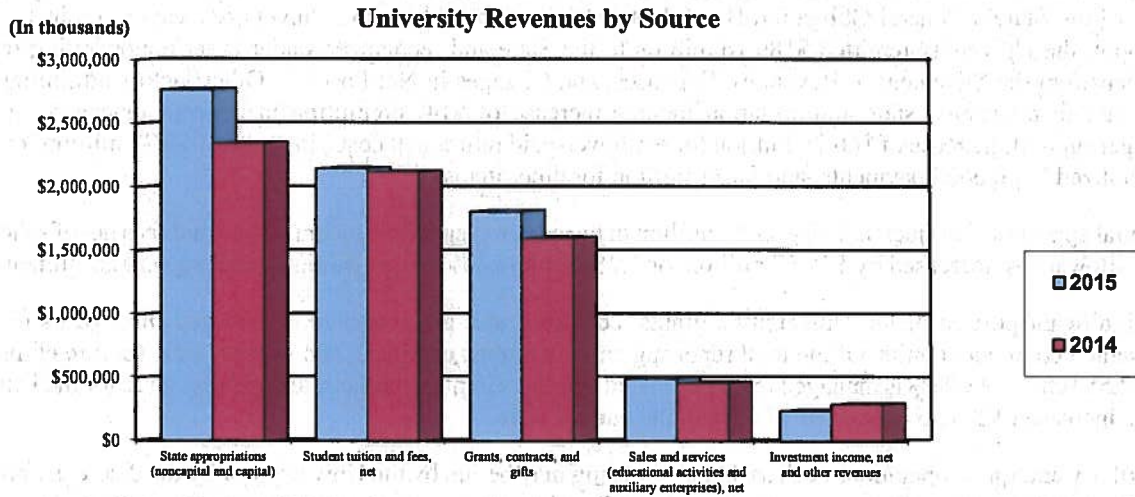
Management's Discussion and Analysis

June 30, 2015

(Unaudited)

Revenues (Operating and Nonoperating)

The following chart displays the components of the University's revenues for fiscal years 2015 and 2014:



	<u>2015</u> (In thousands)	<u>Percentage of total</u>	<u>2014</u> (In thousands)	<u>Percentage of total</u>
State appropriations (noncapital and capital)	\$ 2,767,784	37.10%	\$ 2,347,651	34.42%
Student tuition and fees, net	2,149,786	28.82	2,123,212	31.13
Grants, contracts, and gifts	1,811,902	24.29	1,602,656	23.50
Sales and services (educational activities and auxiliary enterprises), net	493,790	6.62	458,527	6.72
Investment income, net and other revenues	237,128	3.17	288,770	4.23
Total revenues (operating and nonoperating)	\$ 7,460,390	100.00%	\$ 6,820,816	100.00%

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2015

(Unaudited)

The two largest components of revenues are state appropriations and student tuition and fees, net, which accounted for a combined 65.92% of the University's revenues in fiscal year 2015. State appropriations are received for both noncapital and capital purposes. The noncapital state appropriation for the University in fiscal year 2015 was \$2.76 billion, \$416.26 million higher than in fiscal year 2014. This increase consists of \$197.24 million to pay the cost of the State's General Obligation Bond debt service attributable to the University's capital projects. Of this amount, the University remitted \$189.16 million to the State and recognized under other nonoperating revenues (expense) in the Statement of Revenues, Expenses, and Changes in Net Position. Other factors attributing to the increase in noncapital state appropriation include increase of \$142.66 million in general noncapital operating budget support, increase of \$66.26 million for employer-paid retirement costs, increase of \$9.72 million for SPWB capitalized lease bond payments, and \$0.38 million for other items.

Capital appropriations increased by \$3.87 million in the current year. The student tuition and fees net of scholarship and allowances, increased by \$26.57 million, or 1.25%, mainly due to growth in overall student enrollment.

A significant portion of the University's grants, contracts, and gifts revenue is managed through its discretely presented component units. Of the total reporting entity's grants, contracts, and gifts revenue (before elimination) of \$2.55 billion, 28.94% is managed by these related entities. Grants, contracts, and gifts revenue for the University have increased \$209.25 million or 13.06% in the current year.

Auxiliary enterprise operations such as student housing may be run by the University or by the discretely presented component units depending on the campus, whereas student unions are run by the discretely presented component units. There was no significant change in sales and services of auxiliary enterprises revenue for the total reporting entity (either the University or the discretely presented component units) in the current fiscal year.

Investment income, net and other revenues for the University, which consists of investment income, endowment income, other operating revenue, decreased by \$51.64 million to \$237.13 million in the current year.

In fiscal year 2014, there was a net other nonoperating revenues of \$66.42 million. In fiscal year 2015, however, there was no net other nonoperating revenue. Instead, there was net other nonoperating expense of \$105.94 million as a result of the University's payment of the State's General Obligation Bonds of \$189.16 million. Further, the investments and endowment income decreased by \$0.78 million, offset by an increase of \$15.56 million in other operating revenues.

Endowment investments are managed by discretely presented component units (mostly Foundations). Endowment income decreased by \$135.02 million in fiscal year 2015 compared to fiscal year 2014 due to changes in investment market conditions.

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

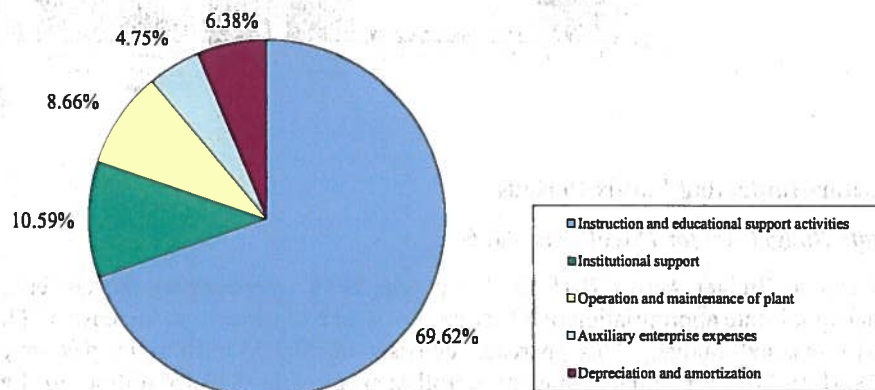
June 30, 2015

(Unaudited)

Operating Expenses

When the mission-critical educational support activities of student services, academic support, student grants and scholarships, public service, and research are added to direct classroom instruction, total instruction and educational support activities account for 69.62% of the total operating expenses of the University as shown below:

	<u>2015</u> (In thousands)	<u>Percentage of total</u>
Instruction	\$ 2,348,698	34.20%
Research	47,467	0.69
Public service	55,436	0.81
Academic support	709,642	10.33
Student services	731,830	10.65
Student grants and scholarships	888,558	12.94
Total instruction and educational support activities	<u>4,781,631</u>	<u>69.62</u>
Institutional support	727,274	10.59
Operation and maintenance of plant	594,999	8.66
Auxiliary enterprise expenses	326,271	4.75
Depreciation and amortization	438,331	6.38
Total operating expenses	<u>\$ 6,868,506</u>	<u>100.00%</u>



CALIFORNIA STATE UNIVERSITY

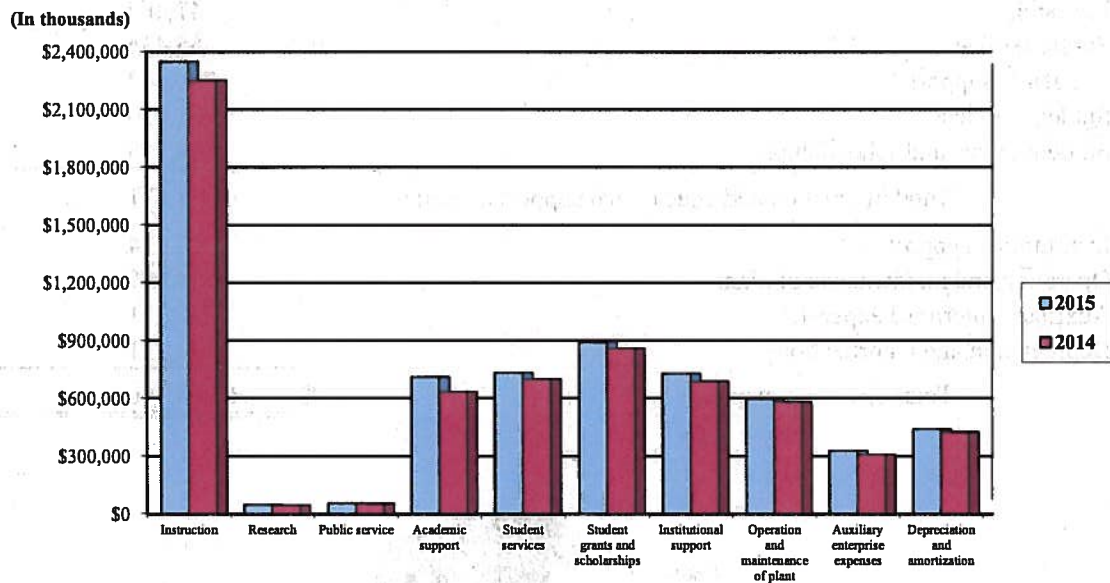
Management's Discussion and Analysis

June 30, 2015

(Unaudited)

Total operating expenses for the University increased by \$334.00 million in the current year. The increase was a result of primarily the increase in employees' salaries, employees' and retirees' benefit costs, resulting in an increase of \$98.48 million in instruction expenses, \$77.56 million in academic support, \$41.21 million in institutional support, and \$34.35 million in student services. Other factors included increases in auxiliary enterprise expenses due to housing and parking lot maintenance of \$18.85 million, student grants and scholarships of \$30.70 million, maintenance and repair expenses of \$14.55 million, \$14.54 million increase in depreciation and amortization, and \$3.76 million net increase in other items. The following chart displays the University's operating expenses by program for fiscal years 2015 and 2014.

University Operating Expenses by Program



Factors Impacting Future Periods

State Budget Act for Fiscal Year 2016

The State Budget Act of 2015 for fiscal year 2016, approved by the Governor on June 24, 2015, resulted in noncapital state appropriation of \$2.99 billion, which represents an increase of \$225.05 million over the fiscal year 2015 enacted budget. This increase consists of \$65.53 million to pay employee compensation increases, \$58.91 million for funded student enrollment growth, \$49.15 million to fund Systemwide Initiatives and Performance Program, \$20.00 million to fund Student Success and Completion Program, \$11.04 million for employer-paid Health Care Premiums, \$7.00 million for retirement costs adjustments, \$7.63 million to pay SPWB capital lease obligation debt service, \$5.04 million for operations and maintenance of new space, and \$0.75 million for other items.

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2015

(Unaudited)

Changes in Capital Financing Authorities

In June 2014, the State enacted legislation that granted additional capital financing authorities to the University. These new authorities include the ability to pledge the University's annual general fund support appropriation, less the amount of that appropriation required to meet State's General Obligation Bond payments and SPWB capitalized lease payments, to secure the payment of debt obligations issued by the University pursuant to the State University Revenue Bond Act of 1947 (the Act). No more than 12% of the University's annual general fund support appropriation, less the amount of that appropriation that is required to fund State's General Obligation Bond payments and SPWB capitalized lease payments, may be used for debt service for, or to directly fund, certain capital expenditures. These new authorities also allow the University to pledge any other revenues that the University chooses to pledge to secure the payment of debt obligations issued by the University pursuant to the Act and provide flexibility to utilize these new authorities through the SRB program. The University has taken no action to utilize them in fiscal year 2015.

CALIFORNIA STATE UNIVERSITY
 Statement of Net Position
 June 30, 2015

Assets	University	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 3,574,000	225,876,000	229,450,000
Short-term investments	2,958,316,000	585,948,000	3,544,264,000
Accounts receivable, net	156,922,000	173,502,000	330,424,000
Leases receivable, current portion	13,915,000	1,783,000	15,698,000
Notes receivable, current portion	27,115,000	155,572,000	182,687,000
Pledges receivable, net	360,000	47,761,000	48,121,000
Prepaid expenses and other current assets	52,047,000	58,504,000	110,551,000
Total current assets	3,212,249,000	1,248,946,000	4,461,195,000
Noncurrent assets:			
Restricted cash and cash equivalents	103,000	29,185,000	29,288,000
Accounts receivable, net	153,481,000	19,944,000	173,425,000
Leases receivable, net of current portion	350,760,000	67,109,000	417,869,000
Notes receivable, net of current portion	264,732,000	29,433,000	294,165,000
Student loans receivable, net	85,389,000	1,035,000	86,424,000
Pledges receivable, net	720,000	89,338,000	90,058,000
Endowment investments	13,448,000	1,315,172,000	1,328,620,000
Other long-term investments	572,670,000	510,061,000	1,082,731,000
Capital assets, net	8,046,000,000	813,195,000	8,859,195,000
Other assets	74,523,000	37,404,000	111,927,000
Total noncurrent assets	9,561,826,000	2,911,876,000	12,473,702,000
Total assets	12,774,075,000	4,160,822,000	16,934,897,000
Deferred Outflows of Resources			
Deferred outflows of resources	648,757,000	10,091,000	658,848,000
Liabilities			
Current liabilities:			
Accounts payable	210,684,000	79,094,000	289,778,000
Accrued salaries and benefits	324,928,000	25,118,000	350,046,000
Accrued compensated absences, current portion	127,694,000	15,560,000	143,254,000
Unearned revenue	283,549,000	68,873,000	352,422,000
Capitalized lease obligations, current portion	74,718,000	13,880,000	88,598,000
Long-term debt obligations, current portion	259,535,000	185,530,000	445,065,000
Claims liability for losses and loss adjustment expenses, current portion	—	26,730,000	26,730,000
Depository accounts	10,051,000	13,413,000	23,464,000
Other liabilities	93,738,000	60,933,000	154,671,000
Total current liabilities	1,384,897,000	489,131,000	1,874,028,000
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	103,494,000	2,801,000	106,295,000
Unearned revenue	13,213,000	6,632,000	19,845,000
Grants refundable	92,659,000	9,070,000	101,729,000
Capitalized lease obligations, net of current portion	1,135,691,000	353,906,000	1,489,597,000
Long-term debt obligations, net of current portion	3,866,737,000	349,884,000	4,216,621,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	68,385,000	68,385,000
Depository accounts	2,210,000	13,651,000	15,861,000
Other postemployment benefits obligations	313,360,000	84,993,000	398,353,000
Net pension liability	5,513,655,000	71,132,000	5,584,787,000
Other liabilities	85,892,000	50,618,000	136,510,000
Total noncurrent liabilities	11,126,911,000	1,011,072,000	12,137,983,000
Total liabilities	12,511,808,000	1,500,203,000	14,012,011,000
Deferred Inflows of Resources			
Deferred inflows of resources	1,086,744,000	15,898,000	1,102,642,000
Net Position			
Net position:			
Net investment in capital assets	3,614,410,000	191,711,000	3,806,121,000
Restricted for:			
Nonexpendable – endowments	13,448,000	981,900,000	995,348,000
Expendable:			
Scholarships and fellowships	14,523,000	233,256,000	247,779,000
Research	37,000	24,743,000	24,780,000
Loans	14,072,000	1,834,000	15,906,000
Capital projects	25,883,000	61,109,000	86,992,000
Debt service	6,102,000	18,774,000	24,876,000
Others	21,663,000	574,802,000	596,465,000
Unrestricted	(3,885,858,000)	566,683,000	(3,319,175,000)
Total net position	\$ (175,720,000)	2,654,812,000	2,479,092,000

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY
 Statement of Revenues, Expenses, and Changes in Net Position
 Year ended June 30, 2015

	<u>University</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$1,392,151,000)	\$ 2,149,786,000	179,383,000	(15,631,000)	2,313,538,000
Grants and contracts, noncapital:				
Federal	41,571,000	321,860,000	(59,000)	363,372,000
State	34,406,000	84,532,000	(1,695,000)	117,243,000
Local	5,655,000	14,660,000	—	20,315,000
Nongovernmental	17,913,000	56,257,000	(5,126,000)	69,044,000
Sales and services of educational activities	41,797,000	32,802,000	—	74,599,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$86,397,000)	451,993,000	504,282,000	(7,787,000)	948,488,000
Other operating revenues	194,216,000	241,490,000	(1,555,000)	434,151,000
Total operating revenues	2,937,337,000	1,435,266,000	(31,853,000)	4,340,750,000
Expenses:				
Operating expenses:				
Instruction	2,348,698,000	165,472,000	(9,330,000)	2,504,840,000
Research	47,467,000	199,075,000	(265,000)	246,277,000
Public service	55,436,000	158,466,000	(3,197,000)	210,705,000
Academic support	709,642,000	66,294,000	(3,387,000)	772,549,000
Student services	731,830,000	168,693,000	(26,646,000)	873,877,000
Institutional support	727,274,000	201,634,000	(11,861,000)	917,047,000
Operation and maintenance of plant	594,999,000	40,327,000	(365,000)	634,961,000
Student grants and scholarships	888,558,000	48,640,000	(28,540,000)	908,658,000
Auxiliary enterprise expenses	326,271,000	472,108,000	(30,991,000)	767,388,000
Depreciation and amortization	438,331,000	49,726,000	—	488,057,000
Total operating expenses	6,868,506,000	1,570,435,000	(114,582,000)	8,324,359,000
Operating loss	(3,931,169,000)	(135,169,000)	82,729,000	(3,983,609,000)
Nonoperating revenues (expenses):				
State appropriations, noncapital	2,762,018,000	—	—	2,762,018,000
Federal financial aid grants, noncapital	953,931,000	1,167,000	—	955,098,000
State financial aid grants, noncapital	627,321,000	1,185,000	—	628,506,000
Local financial aid grants, noncapital	—	89,000	—	89,000
Nongovernmental and other financial aid grants, noncapital	30,605,000	486,000	(17,394,000)	13,697,000
Other federal nonoperating grants, noncapital	3,944,000	—	—	3,944,000
Gifts, noncapital	48,060,000	167,918,000	(39,502,000)	176,476,000
Investment income, net	42,851,000	15,338,000	—	58,189,000
Endowment income	61,000	1,006,000	—	1,067,000
Interest expense	(223,034,000)	(24,579,000)	—	(247,613,000)
Other nonoperating expenses	(105,944,000)	(35,001,000)	7,040,000	(133,905,000)
Net nonoperating revenues	4,139,813,000	127,609,000	(49,856,000)	4,217,566,000
Income (loss) before other revenues (expenses)	208,644,000	(7,560,000)	32,873,000	233,957,000
State appropriations, capital	5,766,000	—	—	5,766,000
Grants and gifts, capital	50,492,000	38,216,000	(32,873,000)	55,835,000
Additions (reductions) to permanent endowments	(1,996,000)	51,646,000	—	49,650,000
Increase in net position	262,906,000	82,302,000	—	345,208,000
Net position:				
Net position at beginning of year, as restated	(438,626,000)	2,572,510,000	—	2,133,884,000
Net position at end of year	\$ (175,720,000)	2,654,812,000	—	2,479,092,000

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2015

	<u>University</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 2,167,648,000
Federal grants and contracts	44,000,000
State grants and contracts	31,595,000
Local grants and contracts	3,014,000
Nongovernmental grants and contracts	16,466,000
Payments to suppliers	(1,357,241,000)
Payments to employees	(4,297,931,000)
Payments to students	(885,899,000)
Collections of student loans	2,650,000
Sales and services of educational activities	42,026,000
Sales and services of auxiliary enterprises	454,279,000
Other receipts	197,447,000
Net cash used in operating activities	<u>(3,581,946,000)</u>
Cash flows from noncapital financing activities:	
State appropriations	2,762,350,000
Federal financial aid grants	953,502,000
State financial aid grants	629,323,000
Nongovernmental and other financial aid grants	31,024,000
Other federal nonoperating grants	4,045,000
Gifts and grants received for other than capital purposes	47,016,000
Federal loan program receipts	1,312,167,000
Federal loan program disbursements	(1,309,835,000)
Monies received on behalf of others	172,179,000
Monies disbursed on behalf of others	(169,855,000)
Transfers to escrow agent	(28,754,000)
Proceeds from long-term debt	96,341,000
Principal paid on long-term debt	(62,742,000)
Interest paid on long-term debt	(15,607,000)
Issuance of notes receivable	(42,233,000)
Issuance of capital leases receivable	(7,200,000)
Principal collections on capital leases	20,213,000
Interest collections on capital leases	14,002,000
Principal collections on notes receivable	56,247,000
Interest collections on notes receivable	12,724,000
Other noncapital financing activities	(115,200,000)
Net cash provided by noncapital financing activities	<u>4,359,707,000</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	912,241,000
State appropriations	6,387,000
State appropriations – SPWB Lease Revenue Bond program	143,153,000
Capital grants and gifts	14,509,000
Proceeds from sale of capital assets	2,434,000
Acquisition of capital assets	(602,465,000)
Transfers to escrow agent	(468,954,000)
Principal paid on capital debt and leases	(271,219,000)
Interest paid on capital debt and leases	(210,672,000)
Principal collection on capital leases	633,000
Interest collection on capital leases	3,361,000
Net cash used in capital and related financing activities	<u>(470,592,000)</u>

CALIFORNIA STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2015

	<u>University</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 8,859,787,000
Purchases of investments	(9,189,606,000)
Investment income proceeds	22,163,000
Net cash used in investing activities	<u>(307,656,000)</u>
Net decrease in cash and cash equivalents	(487,000)
Cash and cash equivalents at beginning of year	4,164,000
Cash and cash equivalents at end of year	<u>\$ 3,677,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 3,574,000
Restricted cash and cash equivalents	103,000
Total cash and cash equivalents at end of year	<u>\$ 3,677,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (3,931,169,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	438,331,000
Change in assets and liabilities:	
Accounts receivable, net	(6,459,000)
Student loans receivable, net	131,000
Prepaid expenses and other current assets	(2,560,000)
Other assets	(58,000)
Accounts payable	(7,382,000)
Accrued salaries and benefits	27,136,000
Accrued compensated absences	12,940,000
Unearned revenue	29,766,000
Depository accounts	84,000
Other postemployment benefits obligations	46,347,000
Net pension liability	(184,267,000)
Other liabilities	(4,786,000)
Net cash used in operating activities	<u>\$ (3,581,946,000)</u>
Supplemental schedule of noncash transactions:	
Contributed capital assets	\$ 36,232,000
Amortization of net bond premium	16,465,000
Change in accrued capital asset purchases	15,458,000
Capitalized interest applied against debt service	14,942,000
Amortization of loss on debt refundings	5,699,000
Issuance of notes receivable through proceeds from long-term debt	4,548,000
Acquisition of capital assets through capitalized lease	2,658,000
Gifts in kind	1,157,000

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

(1) Organization

California State University (the University) was established under the State of California Education Code as a public university to offer undergraduate and graduate instruction for professional and occupational goals emphasizing a broad liberal arts education. As an agency of the State of California (the State), the University is also included in the State's financial statements. Responsibility for the University is vested in the Trustees of California State University (the Trustees) who, in turn, appoint the Chancellor, the chief executive officer of the University, and the University Presidents, the chief executive officers of the respective campuses. In addition to the Office of the Chancellor, the following 23 campuses comprise the California State University at June 30, 2015:

- California State University, Bakersfield
- California State University Channel Islands
- California State University, Chico
- California State University, Dominguez Hills
- California State University, East Bay
- California State University, Fresno
- California State University, Fullerton
- Humboldt State University
- California State University, Long Beach
- California State University, Los Angeles
- California State University Maritime Academy
- California State University, Monterey Bay
- California State University, Northridge
- California State Polytechnic University, Pomona
- California State University, Sacramento
- California State University, San Bernardino
- San Diego State University
- San Francisco State University
- San José State University
- California Polytechnic State University, San Luis Obispo
- California State University San Marcos
- Sonoma State University
- California State University, Stanislaus

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

The University provides instruction for baccalaureate, masters', doctorate, and certificate programs, and operates various auxiliary enterprises, such as student housing and parking facilities. In addition, the University administers a variety of financial aid programs that are funded primarily through state and federal programs.

(2) Summary of Significant Accounting Policies

(a) Financial Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and No 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*, the accompanying financial statements present the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows of the 23 campuses and the Office of the Chancellor of the University.

In addition, the accompanying financial statements include the accounts of the 90 discretely presented component units, which are primarily University-related recognized auxiliary organizations. There are five discretely presented component units that are not auxiliary organizations (identified by asterisk (*) below). These discretely presented component units are legally separate entities that provide services primarily to the University and its students except for one component unit identified by ⁽¹⁾ below. Although not a legally separate entity, it is considered as a discretely presented component unit in accordance with GASB. Recognized auxiliary organizations include foundations, associated students, student unions, food service entities, bookstores, and similar organizations. Foundations, whose net position comprises approximately 79.65% of the discretely presented component unit totals, carry out a variety of campus-related activities. Such activities consist primarily of administering grants from governmental and private agencies for research, as well as soliciting and accepting donations, gifts, and bequests for University-related use. Separate financial statements are issued for each of the discretely presented component units and may be obtained from the individual campuses.

The recognized discretely presented component units are as follows:

- California State University, Bakersfield, Foundation
- Associated Students, California State University, Bakersfield, Inc.
- California State University, Bakersfield Student Union
- California State University, Bakersfield, Auxiliary for Sponsored Programs Administration
- California State University Institute
- California State University Foundation
- California State University Risk Management Authority*
- California State University, Channel Islands Foundation
- Associated Students of California State University, Channel Islands, Inc.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

- California State University Channel Islands Financing Authority*
- California State University Channel Islands Site Authority*
- California State University Channel Islands University Glen Corporation
- The CSU, Chico Research Foundation
- The University Foundation, California State University, Chico
- Associated Students of California State University, Chico
- California State University Dominguez Hills Foundation
- Associated Students, Inc., California State University, Dominguez Hills
- The Donald P. and Katherine B. Loker University Student Union, Inc., California State University, Dominguez Hills
- California State University, East Bay Foundation, Inc.
- Associated Students, Inc. of California State University, East Bay
- Cal State East Bay Educational Foundation, Inc.
- California State University, Fresno Foundation
- Associated Students, Inc. of California State University, Fresno
- California State University, Fresno Association, Inc.
- The Agricultural Foundation of California State University, Fresno
- California State University, Fresno Athletic Corporation
- The Bulldog Foundation (Fresno)*
- Fresno State Programs for Children, Inc.
- Cal State Fullerton Philanthropic Foundation
- Associated Students, California State University, Fullerton, Inc.
- Titan Student Centers Associated Students California State University, Fullerton, Inc.*⁽¹⁾
- CSU Fullerton Auxiliary Services Corporation
- Humboldt State University Sponsored Programs Foundation
- Associated Students of Humboldt State University
- Humboldt State University Center Board of Directors
- Humboldt State University Advancement Foundation
- California State University, Long Beach Research Foundation
- CSULB 49er Foundation

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

- Associated Students, Inc., California State University, Long Beach
- Forty-Niner Shops, Inc. (Long Beach)
- Cal State L.A. University Auxiliary Services, Inc.
- California State University, Los Angeles Foundation
- Associated Students of California State University, Los Angeles, Inc.
- University – Student Union at California State University, Los Angeles
- California Maritime Academy Foundation, Inc.
- Associated Students of the California Maritime Academy
- University Corporation at Monterey Bay
- Foundation of California State University, Monterey Bay
- California State University, Northridge Foundation
- Associated Students, Inc., California State University, Northridge
- University Student Union, California State University, Northridge
- North Campus – University Park Development Corporation (Northridge)
- The University Corporation (Northridge)
- Cal Poly Pomona Foundation, Inc.
- Associated Students, Inc., California State Polytechnic University, Pomona
- The University Foundation at Sacramento State
- University Enterprises, Inc. (Sacramento)
- Associated Students of California State University, Sacramento
- University Union Operation of California State University, Sacramento
- Capital Public Radio, Inc. (Sacramento)
- Santos Manuel Student Union of California State University, San Bernardino
- Associated Students, Incorporated, California State University, San Bernardino
- CSUSB Philanthropic Foundation
- University Enterprises Corporation at CSUSB
- San Diego State University Research Foundation
- The Campanile Foundation (San Diego)
- Associated Students of San Diego State University

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

- Aztec Shops, Ltd. (San Diego)
- The University Corporation, San Francisco State
- Associated Students of San Francisco State University
- San Francisco State University Foundation
- Associated Students of San Jose State University
- The Student Union of San Jose State University
- The Tower Foundation of San Jose State University
- San Jose State University Research Foundation
- Spartan Shops, Inc. (San Jose)
- California Polytechnic State University Foundation (San Luis Obispo)
- Cal Poly Corporation (San Luis Obispo)
- Associated Students, Inc. (California Polytechnic State University, San Luis Obispo)
- University Auxiliary and Research Services Corporation (San Marcos)
- Associated Students, Inc. of California State University, San Marcos
- San Marcos University Corporation
- California State University San Marcos Foundation
- Sonoma State University Academic Foundation, Inc.
- Associated Students of Sonoma State University
- Sonoma State Enterprises, Inc.
- California State University, Stanislaus Foundation
- Associated Students Incorporated of California State University, Stanislaus
- University Student Union of California State University, Stanislaus
- California State University, Stanislaus Auxiliary and Business Services

These component units are presented in the accompanying financial statements as discretely presented component units of the University due to the nature and significance of their relationship with the University. The relationships are such that exclusion of these organizations from the reporting entity would render the financial statements incomplete, primarily due to their close affiliation with the University. These organizations are discretely presented to allow the financial statement users to distinguish between the University and the component units. None of the component units are considered individually significant to the total discretely presented component units.

All significant nonexchange transactions have been eliminated.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

The accompanying financial statements also include the Stockton Center Site Authority, and Fullerton Arboretum, which are included as blended component units. These organizations primarily provide services to the University in the areas of asset management and student support. The University is financially accountable for these organizations.

(b) Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

As a public institution, the University is considered a special-purpose government under the provisions of GASB Statements Nos. 34 and 35. The University records revenue in part from fees and other charges for services to external users and, accordingly, has chosen to present financial statements using the reporting model for special-purpose governments engaged in business-type activities. This model allows all financial information for the University to be reported in a single column in each of the financial statements, accompanied by aggregated financial information for the discretely presented component units, as discussed above. The effects of internal activities between funds or groups of funds have been eliminated from these financial statements.

(c) New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for the University's fiscal year beginning July 1, 2014. This Statement revises existing standards for measuring and reporting pension liabilities for pension plans provided by the University to its employees. This Statement requires recognition of a liability equal to the net pension liability, which is measured as the total pension liability, less the amount of the pension plan's fiduciary net position.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (amendment of GASB Statement No. 68)*. This is effective for the University's fiscal year beginning July 1, 2014. This Statement states that if it is not practical to determine the beginning balances for deferred inflows of resources and deferred outflows of resources these should not be reported on the year of implementation of the standard.

The effect of the changes from the implementation of GASB Statement Nos. 68 and 71 on the University's financial statements for the year ended June 30, 2015 was as follows:

Net position as of June 30, 2014, as previously reported	\$ 5,743,044,000
Adjustment due to implementation of GASB Statement Nos. 68 and 71	<u>(6,181,670,000)</u>
Net position at beginning of year, as restated	<u>\$ (438,626,000)</u>

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for the University's fiscal year beginning July 1, 2015. This Statement defines fair value and

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. The University has not yet determined the impact of GASB Statement No. 72 on the University's financial statements.

In June 2015, the GASB issued Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the University's fiscal year beginning July 1, 2017. This Statement establishes how government employers should measure, recognize, display, and disclose the long-term obligations and annual costs arising from their promises to provide other postemployment benefits to their retired employees. The University has not yet determined the impact of GASB Statement No. 75 on the University's financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles (GAAP) for State and Local Governments*, effective for the University's fiscal year beginning July 1, 2015, and should be applied retroactively. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The University has not yet determined the impact of GASB Statement No. 76 on the University's financial statements.

(d) Discretely Presented Component Units Restatements

The beginning net position of the discretely presented component units has been restated by \$48.75 million. A summary of those restatements to beginning net position is as follows:

Net position as of June 30, 2014, as previously reported	\$ 2,621,256,000
Adjustment due to implementation of GASB Statement Nos. 68 and 71	(51,463,000)
Other restatements, net	<u>2,717,000</u>
Net position at beginning of year, as restated	<u>\$ 2,572,510,000</u>

(e) Classification of Current and Noncurrent Assets (Other than Investments) and Liabilities

The University considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the Statement of Net Position date. Liabilities that reasonably can be expected, as part of normal University business operations, to be liquidated within 12 months of the Statement of Net Position date are considered to be current. All other assets and liabilities are considered noncurrent. For classification of current and noncurrent investments, refer to note 2(g).

(f) Cash and Cash Equivalents and Statement of Cash Flows

The University considers highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The University considers amounts included in the California State University (CSU) Consolidated Investment Pool to be investments. The Statement of Cash Flows does not include the cash flows of the discretely presented component units. Certain discretely presented component units are also participants in the CSU Consolidated Investment Pool. The University

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

considers changes in the equity in the CSU Consolidated Investment Pool as investing cash flows of the University in the accompanying Statement of Cash Flows.

(g) Investments

Investments are reflected at fair value using quoted market prices. Realized and unrealized gains and losses are included in the accompanying Statement of Revenues, Expenses, and Changes in Net Position as a component of net investment income.

Investments that are used for current operations are classified as short-term investments. Investments that are restricted from withdrawal or use for other than current operations, designated or restricted for the acquisition or construction of noncurrent assets, designated or restricted for the liquidation of the noncurrent portion of long-term debt, and restricted as to the liquidity of the investments are classified as other long-term investments.

The University invests in Surplus Money Investment Fund (SMIF), an external investment pool. The State Treasurer invests the funds through the Pooled Money Investment Account (PMIA). PMIA policy sets as primary investment objectives safety, liquidity, and yield. The Investment Division of the State Treasurer's Office manages the PMIA under statutory authority granted by California Government Code Sections 16430 and 16480.4. The Pooled Money Investment Board governs the PMIA. The State Treasurer chairs the Board, which also includes the State Controller and the State Director of Finance.

(h) Accounts Receivable

The University maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable based on type of receivables and expectations of repayment. In establishing the required allowance, management considers one or more of the following: type of receivable, state guidelines, historical losses adjusted to take into account current market conditions, the amount of receivable in dispute, the current receivable aging, and current payment patterns. The University reviews its allowance for doubtful accounts annually. Past-due balances over 90 days and over a specified amount are reviewed individually for collectibility.

(i) Capital Assets

Capital assets are stated at cost or estimated historical cost if purchased, or, if donated, at estimated fair value at date of donation. Capital assets, including infrastructure and intangible assets, with an original value of \$5,000 or more and with a useful life of one year or more, are capitalized. Such cost includes, where applicable, interest capitalized as part of the cost of constructed capital assets. Title to all University assets, whether purchased, constructed, or donated, is held by the State. Although title is not with the University for land and buildings, the University has exclusive use of these assets and is responsible for the maintenance of these assets and thus has recorded the cost of these assets in the accompanying financial statements. Capital assets, with the exception of land and land improvements, works of art and historical treasures, construction work in progress, and certain intangible assets, are depreciated or amortized on a straight-line basis over their estimated useful lives, which ranges from 3 to 45 years. Library books, unless considered rare collections, are capitalized and depreciated over a 10-year period. Periodicals and subscriptions are expensed as purchased. Works of art and historical

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

treasures are valued at cost, if purchased, or the fair market value at the date of donation, if contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Depreciation and amortization expense is shown separately in the Statement of Revenues, Expenses, and Changes in Net Position rather than being allocated among other categories of operating expenses.

(j) Unearned Revenue

Unearned revenue consists primarily of fees collected in advance for summer and fall terms and continuing education programs.

(k) Compensated Absences

Compensated absences are recognized when the right to receive the compensation is earned by the employees. Vacation is accrued on a monthly basis. The University uses an employee's current pay rate as of July 1, 2015 to calculate the liability for accrued compensated absences. The University provides vacation based on length of service and job classifications.

(l) Grants Refundable

The University periodically receives contributions from the federal government in support of its operation of the Federal Perkins and Nursing Loan programs, both Title IV Loan programs. The federal government has the ability to terminate its support of these programs at any time and to request that the University return those contributions on a cumulative basis. Accordingly, the federal contributions received and retained by the University at year-end are considered liabilities of the University and are reflected as such in the accompanying Statement of Net Position.

(m) Claims Liability for Losses and Loss Adjustment Expenses

The claims liability for losses and loss adjustment expenses included in the aggregate discretely presented component units column of the financial statements includes California State University Risk Management Authority's (CSURMA) estimated ultimate cost of settling claims relating to events that have occurred on or before June 30, 2015. The liability includes the estimated amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the reinsurance that is related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

In the estimate of the unpaid losses and loss adjustment expenses, CSURMA and its consulting actuary have employed methods and assumptions they considered reasonable and appropriate given the

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

information currently available. Given the inherent uncertainty in the nature of such estimates, future losses may deviate from those estimates.

(n) *Deferred Outflows of Resources and Deferred Inflows of Resources*

The University classifies loss on debt refunding as deferred outflows of resources and amortizes the amount as a component of interest expense over the remaining life of the old debt, or the new debt, whichever is shorter.

Changes in net pension liability not included in pension expense are reported as deferred outflows or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

(o) *Net Position*

The University's net position is classified into the following categories:

- Net Investment in Capital Assets: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and any related deferred outflows of resources.
- Restricted:
 - Nonexpendable: Net position subject to externally imposed conditions that the University retains in perpetuity. Net position in this category consists of endowments held by the University or its related discretely presented component units.
 - Expendable: Net position subject to externally imposed conditions that can be fulfilled by the actions of the University or by the passage of time.
- Unrestricted: All other categories of net position. In addition, unrestricted net position may have legislative or bond indenture requirements associated with their use or may be designated for use by management of the University. These requirements limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas. University housing programs are a primary example of operations that have unrestricted net position with designated uses.

(p) *Classification of Revenues and Expenses*

The University considers operating revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position to be those revenues and expenses that result from exchange transactions and from other activities that are connected directly to the University's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 35. These nonoperating activities include the University's capital and noncapital appropriations from the State, financial aid, net investment income, noncapital gifts, interest expense, and capital grants and gifts.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

The State appropriates funds to the University on an annual basis. The appropriations are, in turn, allocated among the campuses by the Office of the Chancellor. Appropriations are recognized as revenue in general when authorization is received and are reported as either noncapital appropriations when used to support general operations or capital appropriations when used for capital projects.

Student tuition and fees revenue, and sales and services of auxiliary enterprises, including revenues from student housing programs, are presented net of scholarships and fellowships applied to student accounts. Certain other scholarship amounts are paid directly to, or refunded to, the student and are reflected as expenses.

(q) Other Postemployment Benefits Obligations

The University's other postemployment benefits obligations included in the accompanying financial statements reflects the University's estimated funding liability of the State administered and sponsored plan as of the fiscal year ended. The State's actuary has employed methods and assumptions considered reasonable and appropriate given the information currently available. Given the inherent uncertainty in the nature of such estimates, future amounts may deviate from those estimates.

(r) Net Pension Liability

The University records pension liability equal to the net pension liability for its cost sharing defined-benefit plans with the State of California's Miscellaneous Plan and Peace Officers & Firefighters Plan (Agent Multiple-Employer Defined-Benefit Pension Plans). The net pension liability is measured as the University's proportionate share of total pension liability, less the University's proportionate share of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the cost sharing defined-benefit plans has been measured consistent with the accounting policies used by the plans.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

(s) Grant Revenues and Expenses

The University records grant revenue when all applicable grant eligibility requirements are met. Expenses are recorded as expenditures are incurred. Expenditure-driven grant revenue is recorded after the expenditures are incurred, in amounts equal to the expenditures.

(t) Internal Services Activities

Certain institutional internal service providers offer goods and services to University departments, as well as to their external customers. These include activities such as copy centers, postal services, and telecommunications. All internal service activities to University departments have been eliminated in the accompanying financial statements. These eliminations are recorded by removing the revenue and

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

expense in the internal service sales and service units and, if significant, allocating any residual balances to those departments receiving the goods and services during the fiscal year.

(u) Income Taxes

The University is an agency of the State and is treated as a governmental entity for tax purposes. As such, the University is generally not subject to federal or state income taxes pursuant to IRC §115. The component units are either governmental entities exempt pursuant to IRC §115 or not-for-profit organizations exempt under IRC Section 501(c)(3). However, the University and its component units remain subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded. If there is net income from any unrelated trade or business, such provision, in the opinion of management, is not material to the financial statements taken as a whole.

(v) Eliminations

All significant nonexchange transactions between the University and the discretely presented component units have been eliminated from the total column and are separately presented in the eliminations column in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

(w) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results could differ from those estimates.

(3) Cash, Cash Equivalents, and Investments

The University's cash, cash equivalents, and investments as of June 30, 2015 are classified in the accompanying Statement of Net Position as follows:

Cash and cash equivalents	\$ 3,574,000
Restricted cash and cash equivalents	<u>103,000</u>
Total cash and cash equivalents	<u>3,677,000</u>
Short-term investments	2,958,316,000
Endowment investments	13,448,000
Other long-term investments	<u>572,670,000</u>
Total investments	<u>3,544,434,000</u>
Total cash, cash equivalents, and investments	<u>\$ 3,548,111,000</u>

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

(a) Cash and Cash Equivalents

At June 30, 2015, cash and cash equivalents consists of demand deposits held at the State Treasury and commercial banks, and petty cash. Total cash and cash equivalents of \$3,677,000 had a corresponding carrying balance with the State Treasury and commercial banks of \$11,283,000 at June 30, 2015. The difference was primarily related to deposits in transit and outstanding checks.

Cash in demand deposit accounts is minimized by sweeping available cash balances into the CSU Consolidated Investment Pool on a daily basis.

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that in the event of the failure of the custodian, the deposits may not be returned to the University. The University deposits are maintained at financial institution that are Federal Deposit Insurance Corporation (FDIC) secured. As a result, custodial credit risk for deposits is remote.

(b) Investments

At June 30, 2015, the University's investment portfolio consists primarily of investments in the CSU Consolidated Investment Pool and SMIF. Separate accounting is maintained as to the amounts allocable to the various University funds and programs.

Investment Policy

State law and regulations require that surplus monies of the University must be invested. The primary objective of the University's investment policy is to safeguard the principal. The secondary objective is to meet the liquidity needs of the University. The third objective is to return an acceptable yield.

The University's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Section 16430 and Education Code Section 89724, subject to certain limitations. In general, the University's investment policy permits investments in obligations of the Federal and California state governments, certificates of deposit, high-quality domestic corporate and fixed income securities, and certain other investment instruments.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

Interest Rate Risk

Interest rate risk is the risk that fluctuations in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The University's investment guidelines manage its interest rate risk by limiting an eligible investment to maximum effective maturity and by limiting the average duration of the portfolio. The effective maturity date reflects a bond with embedded options such as a call, put or reset date, and prepayment speed resulting in the maturity of a bond being less than the final maturity date. Duration is a measure of the sensitivity of the price of an investment relative to fluctuations in market interest rates. Durations of the University's investment portfolio for each investment type, except for SMIF in which weighted average life is used, as of June 30, 2015 are presented in the following table.

<u>Investment type</u>	<u>Fair value</u>	<u>Duration</u>
Money market funds	\$ 55,698,000	—
Repurchase agreements	8,137,000	0.00274
Certificates of deposit	147,278,000	0.19372
U.S. agency securities	1,114,073,000	1.60424
SMIF	339,860,000	0.65479
U.S. Treasury securities	714,326,000	1.51918
Municipal bonds	22,112,000	1.00814
Corporate bonds	927,517,000	1.12087
Asset-backed securities	213,850,000	1.18643
Mortgage-backed securities	1,583,000	2.40316
Total	<u>\$ 3,544,434,000</u>	

Another way the University manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide cash flow and liquidity needed for operations.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

By law, the University invests in low credit risk securities such as: U.S. government securities, securities of federally sponsored agencies, highly rated domestic corporate bonds, prime-rated commercial paper, repurchase and reverse repurchase agreements, banker's acceptance, and negotiable certificates of deposit. Therefore, the occurrence of credit risk is remote. Ratings of the University's investment portfolio for each investment type as of June 30, 2015 are presented in the following table.

Investment type	Fair value	Rating as of year-end			
		AAA	AA	A	Not rated
Money market funds	\$ 55,698,000	28,501,000	—	1,219,000	25,978,000
Repurchase agreements	8,137,000	—	—	5,174,000	2,963,000
Certificates of deposit	147,278,000	—	10,581,000	136,697,000	—
U.S. agency securities	1,114,073,000	—	1,114,073,000	—	—
SMIF	339,860,000	—	—	—	339,860,000
U.S. Treasury securities	714,326,000	—	—	—	714,326,000
Municipal bonds	22,112,000	—	22,112,000	—	—
Corporate bonds	927,517,000	24,197,000	202,465,000	700,855,000	—
Asset-backed securities	213,850,000	213,850,000	—	—	—
Mortgage-backed securities	1,583,000	—	1,583,000	—	—
Total	\$ 3,544,434,000	266,548,000	1,350,814,000	843,945,000	1,083,127,000

By law, the SMIF only invests in: U.S. government securities, securities of federally sponsored agencies, domestic corporate bonds, interest-bearing time deposits in California banks, savings and loan associations and credit unions, prime-rated commercial paper, repurchase and reverse repurchase agreements, security loans, banker's acceptances, negotiable certificates of deposit, and loans to various bond funds.

Concentration Risk

Concentration risk rises as investments become concentrated relative to a portfolio characteristic such as issuance, issuer, market sector, counterparty, or sovereign nation and is best mitigated by diversification. The University's investment policy has concentration limits that provide sufficient diversification. As such, the concentration risk is remote.

As of June 30, 2015, the following investments (excluding U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the University's investment portfolio: Federal Home Loan Banks (\$478,471,000 or 13.50%), Federal National Mortgage Association, Inc. (\$251,464,000 or 7.09%), Federal Home Loan Mortgage Corporation (\$203,699,000 or 5.75%), and Federal Farm Credit Banks Funding Corporation (\$181,351,000 or 5.12%).

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

Risk and Uncertainties

The University may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that the changes could materially affect the amounts reported in the Statement of Net Position.

The University, through the CSU Consolidated Investment Pool, invests in securities with contractual cash flows, such as asset-backed securities and mortgage-backed securities. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate values, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Custodial Credit Risk for Investments

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned to the University. Substantially all of the University's securities are registered in the University's name by the custodial bank as an agent for the University. As a result, custodial credit risk for such investments is remote.

Discretely Presented Component Units' Investments

Investments of the discretely presented component units at fair value consisted of the following at June 30, 2015:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
State of California Local Agency			
Investment Fund	\$ 160,878,000	4,919,000	165,797,000
Money market funds	26,194,000	11,814,000	38,008,000
Repurchase agreements	131,000	4,000	135,000
Certificates of deposit	13,304,000	38,925,000	52,229,000
U.S. agency securities	26,782,000	36,747,000	63,529,000
SMIF	12,882,000	—	12,882,000
Corporate bonds	41,608,000	123,030,000	164,638,000
U.S. Treasury securities	21,747,000	73,928,000	95,675,000
Municipal bonds	1,314,000	32,534,000	33,848,000
Mortgage-backed securities	1,928,000	19,705,000	21,633,000
Asset-backed securities	3,569,000	12,122,000	15,691,000
Mutual funds	178,721,000	889,201,000	1,067,922,000
Exchange traded funds	7,906,000	33,425,000	41,331,000
Equity securities	67,589,000	331,141,000	398,730,000

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Alternative investments:			
Private equity (including limited partnerships)	\$ 10,947,000	47,290,000	58,237,000
Hedge funds	6,139,000	54,474,000	60,613,000
Real estate investments (including REITs)	852,000	31,004,000	31,856,000
Commodities	960,000	12,814,000	13,774,000
Derivatives	—	7,386,000	7,386,000
Other alternative investments	2,282,000	26,858,000	29,140,000
Other external investment pools	—	14,815,000	14,815,000
Others	215,000	23,097,000	23,312,000
Total	<u>\$ 585,948,000</u>	<u>1,825,233,000</u>	<u>2,411,181,000</u>

For additional information regarding the investments of the individual discretely presented component units, refer to their separately issued financial statements.

Investments reported by the University of \$42,243,000 are invested under contractual agreements on behalf of the discretely presented component units of the University.

(4) Accounts Receivable

Accounts receivable of the University at June 30, 2015 consisted of the following:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
State appropriations	\$ 4,890,000	16,293,000	21,183,000
State appropriations – SPWB Lease Revenue Bond program	—	134,078,000	134,078,000
Discretely presented component units	34,245,000	1,929,000	36,174,000
Student accounts	46,325,000	—	46,325,000
Government grants and contracts	21,889,000	—	21,889,000
Others	55,689,000	1,181,000	56,870,000
	<u>163,038,000</u>	<u>153,481,000</u>	<u>316,519,000</u>
Less allowance for doubtful accounts	<u>(6,116,000)</u>	<u>—</u>	<u>(6,116,000)</u>
Total	<u>\$ 156,922,000</u>	<u>153,481,000</u>	<u>310,403,000</u>

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

(5) Leases Receivable

The University has entered into capital lease agreements with certain discretely presented component units to lease existing and newly constructed facilities to the discretely presented component units. Interest rates range from 1.50% to 5.55%. Lease payments are due twice a year on May 1 and November 1.

Under the lease agreements, lease payments are due to the University as follows:

Fiscal year ending:	
2016	\$ 31,497,000
2017	27,285,000
2018	27,351,000
2019	27,355,000
2020	50,207,000
2021–2025	149,273,000
2026–2030	132,368,000
2031–2035	90,394,000
2036–2040	26,028,000
2041–2045	20,219,000
	<hr/>
Total minimum lease payments to be received	581,977,000
Less amounts representing interest	<u>(217,302,000)</u>
Present value of future minimum lease payments to be received	364,675,000
Less current portion	<u>(13,915,000)</u>
Lease receivable, net of current portion	<u><u>\$ 350,760,000</u></u>

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

(6) Notes Receivable

The University has entered into note agreements with certain discretely presented component units to finance existing and newly constructed facilities for the discretely presented component units. Interest rates range from 1.50% to 6.48%. Note payments are due twice a year, on May 1 and November 1.

Under the note agreements, note payments are due to the University as follows:

Fiscal year ending:	
2016	\$ 40,332,000
2017	21,868,000
2018	21,874,000
2019	21,882,000
2020	21,644,000
2021–2025	105,492,000
2026–2030	98,220,000
2031–2035	78,238,000
2036–2040	46,414,000
2041–2045	<u>13,174,000</u>
Total minimum note payments to be received	469,138,000
Less amounts representing interest	<u>(177,291,000)</u>
Present value of future minimum note payments to be received	291,847,000
Less current portion	<u>(27,115,000)</u>
Notes receivable, net of current portion	<u>\$ 264,732,000</u>

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

(7) Capital Assets

Capital assets activity for the University for the year ended June 30, 2015 consisted of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending balance</u>
Nondepreciable/nonamortizable capital assets:					
Land and land improvements \$	261,990,000	9,069,000	—	—	271,059,000
Works of art and historical treasures	30,341,000	3,572,000	(194,000)	—	33,719,000
Construction work in progress	469,304,000	498,898,000	(5,632,000)	(330,431,000)	632,139,000
Intangible assets	11,029,000	3,615,000	(114,000)	(477,000)	14,053,000
Total nondepreciable/ nonamortizable capital assets	<u>772,664,000</u>	<u>515,154,000</u>	<u>(5,940,000)</u>	<u>(330,908,000)</u>	<u>950,970,000</u>
Depreciable/amortizable capital assets:					
Buildings and building improvements	10,576,247,000	63,229,000	(2,932,000)	278,283,000	10,914,827,000
Improvements other than buildings	571,572,000	10,032,000	(3,463,000)	19,550,000	597,691,000
Infrastructure	997,709,000	16,296,000	(1,196,000)	28,897,000	1,041,706,000
Personal property:					
Equipment	745,293,000	60,942,000	(23,754,000)	3,466,000	785,947,000
Library books and materials	391,655,000	6,644,000	(6,293,000)	—	392,006,000
Intangible assets	317,772,000	5,530,000	(10,614,000)	712,000	313,400,000
Total depreciable/ amortizable capital assets	<u>13,600,248,000</u>	<u>162,673,000</u>	<u>(48,252,000)</u>	<u>330,908,000</u>	<u>14,045,577,000</u>
Total cost	<u>14,372,912,000</u>	<u>677,827,000</u>	<u>(54,192,000)</u>	<u>—</u>	<u>14,996,547,000</u>
Less accumulated depreciation/ amortization:					
Buildings and building improvements	(4,548,215,000)	(316,829,000)	1,193,000	—	(4,863,851,000)
Improvements other than buildings	(403,844,000)	(23,301,000)	370,000	—	(426,775,000)
Infrastructure	(414,256,000)	(30,970,000)	396,000	—	(444,830,000)
Personal property:					
Equipment	(534,418,000)	(50,011,000)	21,590,000	—	(562,839,000)
Library books and materials	(354,492,000)	(8,083,000)	6,566,000	—	(356,009,000)
Intangible assets	(297,375,000)	(9,137,000)	10,269,000	—	(296,243,000)
Total accumulated depreciation/ amortization	<u>(6,552,600,000)</u>	<u>(438,331,000)</u>	<u>40,384,000</u>	<u>—</u>	<u>(6,950,547,000)</u>
Net capital assets	<u>\$ 7,820,312,000</u>	<u>239,496,000</u>	<u>(13,808,000)</u>	<u>—</u>	<u>8,046,000,000</u>

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

Capital assets activity of the discretely presented component units of the University for the year ended June 30, 2015 consisted of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending balance</u>
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	\$ 111,745,000	16,971,000	(3,628,000)	100,000	125,188,000
Works of art and historical treasures	8,401,000	1,659,000	(101,000)	—	9,959,000
Construction work in progress	9,891,000	21,300,000	(3,707,000)	(11,252,000)	16,232,000
Intangible assets	<u>5,082,000</u>	<u>16,000</u>	<u>—</u>	<u>—</u>	<u>5,098,000</u>
Total nondepreciable/ nonamortizable capital assets	<u>135,119,000</u>	<u>39,946,000</u>	<u>(7,436,000)</u>	<u>(11,152,000)</u>	<u>156,477,000</u>
Depreciable/amortizable capital assets:					
Buildings and building improvements	781,862,000	14,739,000	(15,302,000)	4,695,000	785,994,000
Improvements other than buildings	114,509,000	6,065,000	(3,014,000)	3,328,000	120,888,000
Infrastructure	67,564,000	10,000	(1,000)	—	67,573,000
Personal property:					
Equipment	195,477,000	11,215,000	(12,365,000)	2,976,000	197,303,000
Intangible assets	<u>10,686,000</u>	<u>206,000</u>	<u>(1,785,000)</u>	<u>153,000</u>	<u>9,260,000</u>
Total depreciable/ amortizable capital assets	<u>1,170,098,000</u>	<u>32,235,000</u>	<u>(32,467,000)</u>	<u>11,152,000</u>	<u>1,181,018,000</u>
Total cost	<u>1,305,217,000</u>	<u>72,181,000</u>	<u>(39,903,000)</u>	<u>—</u>	<u>1,337,495,000</u>
Less accumulated depreciation/ amortization:					
Buildings and building improvements	(271,187,000)	(27,240,000)	5,442,000	—	(292,985,000)
Improvements other than buildings	(53,879,000)	(6,307,000)	2,435,000	—	(57,751,000)
Infrastructure	(15,756,000)	(1,689,000)	—	—	(17,445,000)
Personal property:					
Equipment	(144,993,000)	(13,766,000)	9,662,000	—	(149,097,000)
Intangible assets	<u>(7,997,000)</u>	<u>(653,000)</u>	<u>1,628,000</u>	<u>—</u>	<u>(7,022,000)</u>
Total accumulated depreciation/ amortization	<u>(493,812,000)</u>	<u>(49,655,000)</u>	<u>19,167,000</u>	<u>—</u>	<u>(524,300,000)</u>
Net capital assets	<u>\$ 811,405,000</u>	<u>22,526,000</u>	<u>(20,736,000)</u>	<u>—</u>	<u>813,195,000</u>

For additional information regarding the capital assets of the individual discretely presented component units of the University, refer to their separately issued financial statements.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

(8) Lease Obligations

The University is obligated under various capital and operating leases and installment purchase agreements for the acquisition of equipment and facility rentals. A substantial amount of the capital leases are a result of the University's participation with the State in the State Public Works Board (SPWB) Lease Revenue Bond program. The University has participated in this program since 1986 in connection with the construction of campus facilities and related equipment. Current California law permits the SPWB to authorize the sale of bonds to construct certain state facilities if there is a revenue stream that can be pledged to repay the obligations. The process in general is described in brief as follows:

- The University and the State of California Department of Finance agree to the construction of one or more facilities to be funded by SPWB bonds. The projects are approved as part of the University's capital outlay budget.
- The SPWB approves the sale of bonds for the project(s) and the University agrees to execute certain legal documents in connection with the financing, including a site lease to the SPWB, a construction agreement to construct the facility for the SPWB, and a facility lease to lease the completed facility from the SPWB for annual rental payments.
- Prior to the execution of the facility lease, the University receives a short-term loan from the State of California Pooled Money Investment Board to provide working capital for initial phases of the construction and in some cases the entire construction.
- Generally, during the construction phase of the project, the bonds are sold by the SPWB, the construction loan is repaid, and site leases and facility leases are executed requiring semiannual lease payments, beginning upon completion of the facilities, by the Trustees that are used to pay principal and interest on the bonds.
- As part of the annual budget process, the State of California Department of Finance augments the University's operating budget to provide additional funds for the required lease payments.

The capitalized lease obligation related to the SPWB Lease Revenue Bond program amounted to \$1,073,186,000. The University also enters into capital leases with financial institutions and via commercial paper issued by the California State University Institute (the Institute), a discretely presented component unit of the University.

Overall capital leases consist primarily of leases of campus facilities, but also include certain computer, energy efficiency, and telecommunications equipment. Total assets related to capital leases have a carrying value of \$912,842,000 at June 30, 2015. The leases bear interest at rates ranging from 1.39% to 14.72% and have terms expiring in various years through fiscal year 2041.

Operating leases consist primarily of leases for the use of real property. The University's operating leases expire in various years through fiscal year 2099. The leases can be canceled if the State does not provide adequate funding. Some of these leases are with related auxiliary organizations for the rental of office space used in the operations of the University. Total operating lease expenditures for the year ended June 30, 2015 were \$27,808,000 of which \$15,087,000 was paid to related discretely presented component units.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

Future minimum lease payments under capital and operating leases having remaining terms in excess of one year as of June 30, 2015 are as follows:

	Capital leases	Operating leases
Year ending June 30:		
2016	\$ 135,130,000	21,261,000
2017	130,853,000	18,845,000
2018	130,122,000	16,116,000
2019	105,569,000	12,098,000
2020	99,841,000	18,139,000
2021–2025	430,212,000	23,115,000
2026–2030	397,082,000	17,333,000
2031–2035	336,380,000	8,214,000
2036–2040	96,677,000	3,980,000
2041–2045	2,387,000	441,000
2046–2050	—	397,000
2051–2055	—	33,000
2056–2060	—	33,000
2061–2100	—	250,000
Total minimum lease payments	1,864,253,000	\$ 140,255,000
Less amount representing interest	(684,935,000)	
Present value of future minimum lease payments	1,179,318,000	
Unamortized net premium	31,091,000	
Total capitalized lease obligations	1,210,409,000	
Less current portion	(74,718,000)	
Capitalized lease obligations, net of current portion	\$ 1,135,691,000	

(9) Long-Term Debt Obligations

(a) State's General Obligation Bond Program

The General Obligation Bond program of the State has provided capital outlay funds for the three segments of California Higher Education through voter-approved bonds. Each of the approved bond programs provides a pool of available funds, which is allocated on a project-by-project basis among the University, the University of California, and the Community Colleges. Financing provided to the University through State's General Obligation Bonds is not allocated to the University by the State. This debt remains the obligation of the State and is funded by state tax revenues. Accordingly, such debt is not reflected in the accompanying financial statements. The total General Obligation Bonds carried by the State related to the University projects is approximately \$2,528,838,000 as of June 30, 2015.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

Effective in fiscal year 2015, the University's state appropriation noncapital includes an additional amount required to meet the State's General Obligation Bond payments for projects related to the University. The payment of the State's General Obligation Bonds of \$189,159,000 for fiscal year 2015 was recognized as other nonoperating expenses. The flow of these resources and debt repayments through the University is a result of the Omnibus Higher Education Trailer Bill, SB 860.

(b) Revenue Bond Programs

The Revenue Bond Act of 1947 provides the Trustees with the ability to issue revenue bonds to fund specific self-supporting programs. The statute has enabled the Trustees to finance student housing, student unions, parking facilities, health facilities, continuing education facilities, and designated auxiliary organization facilities.

The Systemwide Revenue Bond program, formerly the Housing Revenue Bond program, was approved by the Trustees in fiscal year 2003. This program provides funding for various construction projects, including student residence and dining hall facilities, continuing education buildings, student unions, parking facilities, health facilities, and auxiliary organization facilities at certain campuses within the University as specified by the individual bond documents. It is designed to provide lower cost debt and greater flexibility to finance revenue bond projects at the University. Rather than relying on specific pledged revenues to support specific debt obligations, this program pools several sources of revenue as the pledge for the revenue-producing projects. The University's total outstanding balance of revenue bond indebtedness under the Systemwide Revenue Bond program was \$3,687,508,000 at June 30, 2015.

The University has pledged future continuing education, healthcare facilities, housing, parking, and student union revenues plus designated auxiliary revenues, net of maintenance and operation expenses before extraordinary items (net income available for debt service), to repay \$4,403,043,000 in Systemwide Revenue Bonds issued through fiscal year 2015.

(c) Bond Anticipation Notes (BANs)

The Trustees have authorized the issuance of BANs to provide short-term financing to the University for certain projects. The BANs are purchased by the Institute with proceeds from the commercial paper issued by the Institute. The BANs are generally issued for periods of up to three years in anticipation of issuing permanent revenue bonds at a future date. State law was amended in 2008 to allow BAN maturities to extend beyond three years and the maturity date for the issuance of BANs to be determined by the Trustees. In fiscal year 2010, the Trustees authorized three projects for financing with maturities beyond three years and they will remain in BANs until the debt is retired. BAN interest is variable and changes based upon the cost of the Institute's commercial paper program. The maximum and minimum weighted average interest rates for the year ended June 30, 2015 were 0.18% and 0.04%, respectively. The University's BANs totaled \$149,285,000 at June 30, 2015. The not-to-exceed amounts related to the outstanding amounts totaled \$315,820,000 of which \$152,320,000 has not been issued and \$14,215,000 has been issued and paid back.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

Long-term debt obligations of the University as of June 30, 2015 consisted of the following:

<u>Description</u>	<u>Interest rate percentage</u>	<u>Final maturity date</u>	<u>Original issue amount</u>	<u>Amount outstanding</u>
Systemwide Revenue Bonds,				
Housing Series J – Q	3.00%	2019/20–2021/22	\$ 20,763,000	4,908,000
Series 2005A	3.80–5.00	2016/17–2032/33	163,015,000	126,890,000
Series 2005B	5.00	2015/16–2021/22	134,805,000	52,620,000
Series 2005C	4.50–5.25	2015/16–2038/39	540,900,000	148,465,000
Series 2007A	4.50–5.00	2024/25–2044/45	254,770,000	235,365,000
Series 2007B	5.27–5.55	2027/28–2037/38	13,165,000	11,015,000
Series 2007C	5.00	2020/21–2028/29	63,275,000	47,230,000
Series 2007D	4.00–5.00	2037/38	80,360,000	71,640,000
Series 2008A	3.50–5.00	2022/23–2039/40	375,160,000	335,065,000
Series 2009A	3.50–6.00	2015/16–2040/41	465,365,000	430,880,000
Series 2010A	3.00–5.00	2019/20–2031/32	146,950,000	119,595,000
Series 2010B	5.45–6.49	2035/36–2041/42	205,145,000	205,145,000
Series 2011A	2.50–5.25	2020/21–2042/43	429,855,000	397,700,000
Series 2012A	3.00–5.00	2021/22–2042/43	436,220,000	430,865,000
Series 2012B	2.79–4.17	2036/37	16,700,000	15,990,000
Series 2013A	1.50–5.00	2024/25–2026/27	308,855,000	308,215,000
Series 2014A	3.00–5.00	2018/19–2044/45	747,740,000	745,920,000
			<u>\$ 4,403,043,000</u>	<u>3,687,508,000</u>
Bond Anticipation Notes	Various			149,285,000
Others	Various			<u>65,988,000</u>
Total				3,902,781,000
Unamortized net bond premium				<u>223,491,000</u>
Total long-term debt				4,126,272,000
Less current portion				<u>(259,535,000)</u>
Long-term debt, net of current portion				\$ <u>3,866,737,000</u>

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

Long-term debt principal and interest are payable in the following fiscal years:

Year ending June 30:	<u>Principal</u>	<u>Interest</u>
2016	\$ 259,535,000	182,787,000
2017	119,385,000	177,640,000
2018	125,274,000	172,495,000
2019	128,448,000	166,726,000
2020	130,924,000	160,349,000
2021-2025	707,184,000	703,570,000
2026-2030	792,990,000	518,082,000
2031-2035	830,290,000	310,490,000
2036-2040	593,280,000	125,230,000
2041-2045	215,315,000	19,759,000
2046-2050	156,000	—
	<u>\$ 3,902,781,000</u>	<u>2,537,128,000</u>

Long-term debt obligations of the individual discretely presented component units have been issued to purchase or construct facilities for University-related uses. For additional information regarding long-term debt obligations of the individual discretely presented component units, refer to their separately issued financial statements.

(10) Long-Term Debt Refunding

Current Year Refunding

In August 2014, the University partially defeased certain Systemwide Revenue Bonds (Series 2004A, 2005A, and 2005C) by placing a portion of the proceeds from the issuance of the Systemwide Revenue Bonds Series 2014A refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. The proceeds from the Series 2014A refunding bonds were used to purchase U.S. federal, state, and local government securities that were placed in escrow accounts. The investments and fixed earnings from the investments are considered sufficient to fully service the defeased debt until the debt is called or matured. These transactions will reduce the University's total financing cost by approximately \$73,912,000 over the life of the bonds. The economic gain (difference between net present values of the debt service payments on the old debt and new debt) from these transactions was approximately \$52,294,000. Accordingly, the refunded bonds have been considered defeased and, therefore, removed as a liability from the accompanying financial statements. The amount of defeased bonds outstanding as of date of refunding and as of June 30, 2015 totaled \$469,365,000.

The loss on the debt refunding for SRB Series 2014A amounted to \$6,869,000 as of date of refunding. The loss on debt refunding is the difference between the reacquisition price and the net carrying amount of the old debt, together with any unamortized difference from the prior refunding. The loss on debt refunding is deferred and amortized over the shorter of the old debt (or original amortization period remaining in the prior refunding) or the life of the latest refunding debt. The unamortized loss on debt refunding, included in deferred outflows of resources in the Statement of Net Position, amounted to \$6,582,000 as of June 30, 2015.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

Prior Year Refunding

In prior years, the University defeased certain SRB bonds by placing the proceeds from the issuance of SRB refunding bonds in an irrevocable trust with the State Treasurer to provide for all future debt service payments on the defeased bonds. The proceeds from the refunding bonds were used to purchase U.S. federal, state, and local government securities that were placed in the State University Trust Fund. The investments and fixed earnings from the investments are considered sufficient to fully service the defeased bonds until the bond is called or matured. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. The amount of defeased bonds outstanding, excluding those bonds defeased in fiscal year 2014 as described above, totaled \$802,950,000 as of June 30, 2015.

(11) Long-Term Liabilities Activity

Long-term liabilities activity of the University for the year ended June 30, 2015 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Accrued compensated absences	\$ 218,243,000	143,963,000	(131,018,000)	231,188,000	127,694,000
Capitalized lease obligations (note 8)	1,250,274,000	33,410,000	(73,275,000)	1,210,409,000	74,718,000
Long-term debt obligations (note 9):					
Systemwide Revenue Bonds	3,507,043,000	747,740,000	(567,275,000)	3,687,508,000	101,150,000
Bond Anticipation Notes	168,511,000	134,411,000	(153,637,000)	149,285,000	148,185,000
Others	72,898,000	4,678,000	(11,588,000)	65,988,000	10,200,000
	3,748,452,000	886,829,000	(732,500,000)	3,902,781,000	259,535,000
Unamortized net bond premium	156,073,000	96,345,000	(28,927,000)	223,491,000	—
Total long-term debt obligations	<u>3,904,525,000</u>	<u>983,174,000</u>	<u>(761,427,000)</u>	<u>4,126,272,000</u>	<u>259,535,000</u>
Total long-term liabilities	<u>\$ 5,373,042,000</u>	<u>1,160,547,000</u>	<u>(965,720,000)</u>	<u>5,567,869,000</u>	<u>461,947,000</u>

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

Long-term liabilities activity of the aggregated discretely presented component units of the University for the year ended June 30, 2015 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Accrued compensated absences	\$ 17,545,000	13,044,000	(12,228,000)	18,361,000	15,560,000
Claims liability for losses and loss adjustment expenses	100,366,000	40,485,000	(45,736,000)	95,115,000	26,730,000
Capitalized lease obligations	375,926,000	17,567,000	(25,707,000)	367,786,000	13,880,000
Long-term debt obligations:					
Revenue bonds	40,510,000	—	(1,420,000)	39,090,000	1,415,000
Commercial paper	181,150,000	652,397,000	(679,108,000)	154,439,000	152,015,000
Notes payable	238,828,000	46,530,000	(51,518,000)	233,840,000	26,065,000
Others	102,745,000	4,526,000	(13,741,000)	93,530,000	6,035,000
	<u>563,233,000</u>	<u>703,453,000</u>	<u>(745,787,000)</u>	<u>520,899,000</u>	<u>185,530,000</u>
Unamortized net bond premium	9,460,000	5,938,000	(883,000)	14,515,000	—
Total long-term debt obligations	<u>572,693,000</u>	<u>709,391,000</u>	<u>(746,670,000)</u>	<u>535,414,000</u>	<u>185,530,000</u>
Total long-term liabilities	<u>\$ 1,066,530,000</u>	<u>780,487,000</u>	<u>(830,341,000)</u>	<u>1,016,676,000</u>	<u>241,700,000</u>

For additional information regarding the long-term liabilities of the individual discretely presented component units of the University, refer to their separately issued financial statements.

(12) Pension Plan and Postretirement Benefits

(a) Pension Plan

Plan Description

The University, as an agency of the State, contributes to CalPERS. The State's plan with CalPERS is an agent multiple-employer defined-benefit pension plan and CalPERS functions as an investment and administrative agent for its members. For the University, the plan acts as a cost sharing multiple-employer defined-benefit pension plan, which provides a defined-benefit pension and postretirement program for substantially all eligible University employees. The plan also provides survivor, death, and disability benefits. Eligible employees are covered by the Public Employees' Medical and Hospital Care Act (PEMHCA) for medical benefits.

A full description of the pension plan regarding numbers of employees covered, benefit provision, assumptions, and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report.

CalPERS issues a publicly available Actuarial Valuation Report and Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. Copies of

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

the CalPERS Actuarial Valuation Report CAFR may be obtained from the California Public Employees' Retirement System Executive Office, 400 P Street, Sacramento, CA 95814.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014, the average active employee contribution rates for State Miscellaneous and Peace Officer & Firefighters Plans are 6.525% and 11.252% of annual pay, respectively. The State's contribution rates for State Miscellaneous and Peace Officer & Firefighters Plans are 21.137% and 31.320% of annual payroll, respectively.

University personnel are required to contribute 5.00% of their annual earnings in excess of \$513 per month to CalPERS. Effective January 1, 2013, all new employees that are considered "new members" to CalPERS are required to contribute 50% of the normal cost for their category (e.g., State Miscellaneous Member is 6.00% of their annual earnings per month to CalPERS). The University is required to contribute at an actuarially determined rate; the current rate for State Miscellaneous is approximately 24.28% of annual covered payroll. The contribution requirements of the plan members are established and may be amended by CalPERS. The contractual maximum contribution required for the University is determined by the annual CalPERS compensation limit(s), which are based on provisions of Assembly Bill (AB) 340 and the Internal Revenue Code (IRC) 401 (a) 17 limits.

The University's contributions to CalPERS for the most recent three fiscal years were equal to the required contributions and were as follows:

2013	\$ 462,607,000
2014	493,922,000
2015	602,995,000

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the University reported a liability of \$5,513,655,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined based on an actuarial valuation as of June 30, 2013 rolled forward to the measurement date. The University's proportion of the State's net pension liability was calculated based on its proportionate share of pensionable compensation. The State considered this a practical, systematic, and a rational approach. At June 30, 2014, the University's proportionate share of the total State net pension liability for the Miscellaneous Plan and Peace Officers & Firefighters Plan was 22.72891% and 1.006233%, respectively.

CALIFORNIA STATE UNIVERSITY
 Notes to Financial Statements
 June 30, 2015

For the year ended June 30, 2015, the University recognized pension expense of \$418,729,000, which was reported as benefits expense. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
University retirement contribution subsequent to the measurement date	\$ 602,995,000	—
Net difference between projected and actual earnings on pension plan investments	—	1,086,744,000
Total	<u>\$ 602,995,000</u>	<u>1,086,744,000</u>

The \$602,995,000 of deferred outflows of resources related to pension resulting from the University's contributions subsequent to the measurement date of June 30, 2014 will be recognized as a reduction of the net pension liability as of the measurement date of June 30, 2015. The deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

	<u>Deferred inflows of resources</u>
Measurement period ended June 30:	
2015	\$ 271,686,000
2016	271,686,000
2017	271,686,000
2018	271,686,000
Total	<u>\$ 1,086,744,000</u>

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

Actuarial Assumptions

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and 2014 total pension liability were based on the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.65%, net of pension plan investment expense but without reduction for administrative expenses including inflation
Postretirement benefit increase	Contract cost of living allowance up to 2.75% until purchasing power protection allowance floor on purchasing power applies

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality, and retirement rates.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense but without reduction for administrative expenses, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11-60 years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset class</u>	<u>New strategic allocation</u>	<u>Real return years 1-10¹</u>	<u>Real return years 11+²</u>
Global equity	47.00%	5.25%	5.71%
Global fixed income	19.00	0.99	2.43
Inflation sensitive	6.00	0.45	3.36
Private equity	12.00	6.83	6.95
Real estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the University's proportionate share of net pension liability of the Plans as of the measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.65%) or one-percentage point higher (8.65%) than the current rate:

<u>Plan</u>	<u>Discount rate -1% (6.65%)</u>	<u>Current discount rate (7.65%)</u>	<u>Discount rate +1% (8.65%)</u>
Miscellaneous Plan	\$ 7,960,751,000	5,411,439,000	3,223,934,000
Peace Officers and Firefighters Plan	153,998,000	102,216,000	58,719,000

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

(b) *Postretirement Healthcare Plan*

Plan Description

The State provides retiree healthcare benefits to statewide employees, including the University employees, through the programs administered by CalPERS. The State's substantive plan represents a substantive single-employer defined-benefit OPEB Plan, which includes medical and prescription drug benefits (collectively, healthcare benefits) to the retired University employees. The University provides dental benefits to eligible University's retirees. Eligible retirees receive healthcare and dental benefits upon retirement at age 50 with five years of service credit.

For healthcare benefits, CalPERS offers Preferred Provider Organizations (PPOs), Health Maintenance Organizations (HMOs), and Exclusive Provider Organizations (EPOs) (limited to members in certain California counties); for dental benefits, a Dental Maintenance Organization (DMO) and dental indemnity plans to the University's retirees. Health plans offered, covered benefits, monthly rates, and copayments are determined by the CalPERS Board, which reviews health plan contracts annually.

The contribution requirements of retirees and the State are established and may be amended by the State legislature. For healthcare benefits, the State makes a contribution toward the retiree's monthly health premiums, with the retirees covering the difference between the State's contribution and the actual healthcare premium amount. The State contribution is normally established through collective bargaining agreements. No retiree contribution is required for dental benefits.

The State contributes to the California Employers' Retiree Benefit Trust Fund (CERBTFF). The CERBTFF is a self-funded trust fund for the prefunding of health, dental, and other nonpension benefits. CalPERS reports on the CERBTFF as part of its separately issued annual financial statements, which can be obtained from CalPERS on its website at www.CalPERS.ca.gov.

Funding Policy

For healthcare benefits, responsibility for funding the cost of the employer share of premiums is apportioned between the State and the University based on "billable" and "nonbillable" accounts. Billable accounts have special revenue sources such as fees, licenses, penalties, assessments, and interest, which offset the costs incurred by a State department during the year. The University reimburses the State for retiree's health benefit costs allocated to billable accounts but not for costs allocated to nonbillable accounts. The University is responsible for funding the costs of the billable accounts on a pay-as-you-go basis as part of the statewide general administrative costs charged to the University. The State is responsible for funding the cost of the employer share of healthcare premiums of retirees for all nonbillable accounts.

The University is responsible for paying the cost of dental benefits for all University retirees using funds provided by the State through general fund appropriations. The University makes payments directly to Delta Dental for the retiree's monthly dental premiums. The University is paying these benefits on a pay-as-you-go basis.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the total annual required contribution (ARC) for the University's allocated portion of the postretirement healthcare plan, the amount contributed to the plan by the University, and changes in the University's net OPEB obligation (NOO) for the fiscal years ended 2015, 2014, and 2013:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual required contribution (ARC):			
Billable accounts	\$ 40,931,000	38,942,000	35,602,000
Nonbillable accounts (dental only)	38,765,000	40,057,000	40,055,000
Total ARC	<u>79,696,000</u>	<u>78,999,000</u>	<u>75,657,000</u>
Contributions:			
Billable accounts	(16,293,000)	(14,584,000)	(13,175,000)
Nonbillable accounts (dental only)	(17,056,000)	(16,420,000)	(16,051,000)
Total contributions	<u>(33,349,000)</u>	<u>(31,004,000)</u>	<u>(29,226,000)</u>
Increase in net OPEB obligation (NOO)	46,347,000	47,995,000	46,431,000
NOO – beginning of year	<u>267,013,000</u>	<u>219,018,000</u>	<u>172,587,000</u>
NOO – end of year:			
Billable accounts	151,946,000	127,308,000	102,950,000
Nonbillable accounts (dental only)	161,414,000	139,705,000	116,068,000
Total NOO	<u>\$ 313,360,000</u>	<u>267,013,000</u>	<u>219,018,000</u>
Percentage of annual OPEB cost contributed during the years ended June 30, 2015, 2014 and 2013	41.85%	39.25%	38.63%

Actuarial Methods and Assumptions and Plan Funding Information

As an agency of the State, the University was included in the State's OPEB actuarial study. The analysis of the statewide ARC by accounts is performed by the State Controller's Office (SCO) and a portion related to billable accounts is allocated to the University. Since the ARC allocated by the SCO does not provide a breakdown of the ARC for health and dental benefits separately, the ARC for the nonbillable accounts, which related only to dental benefits, was estimated based on dental contributions as a percentage of the total OPEB contributions.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

Projections of benefits for financial statement reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the State and the plan members to that point. The actuarial methods and assumptions used are consistent with a long-term perspective. In the June 30, 2014 actuarial valuation, the individual entry age normal cost method was used. The actuarial assumptions included a 4.25% investment rate of return, and 4.25% discount rate. Both rates included a 2.75% annual inflation assumption. Annual wage inflation is assumed to be 3.00%. The unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payroll on an open basis over a 30-year period.

Funding progress information specifically related to the University's portion of the statewide OPEB plan is not available. For more details about the actuarial methods and assumptions used by the State as well as the statewide plans' funding progress and status, refer to the State of California's CAFR for the fiscal year ended 2015.

(13) Deferred Outflows and Inflows of Resources

The composition of deferred outflows and inflows of resources at June 30, 2015 is summarized as follows:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Related to net pension liability	\$ 602,995,000	1,086,744,000
Loss on debt refundings:		
Systemwide Revenue Bonds	45,246,000	—
SPWB capitalized lease obligations	516,000	—
Total	<u>\$ 648,757,000</u>	<u>1,086,744,000</u>

(14) Claims Liability for Losses and Loss Adjustment Expenses

The University and certain auxiliary organizations have established the CSURMA, a discretely presented component unit of the University, to centrally manage workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, and other risk-related programs. The claims liability included in the discretely presented component unit column reflects the estimated ultimate cost of settling claims related to events that have occurred on or before June 30, 2015. The liability includes estimated amounts that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not yet been reported. The liability is also reduced by estimated amounts recoverable from the reinsurer that are related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. Although considerable variability is inherent in such estimates, management believes that the liability is a reasonable estimate at June 30, 2015.

The information of the change in claims liability for losses and loss adjustment expenses may be obtained from the separate financial statements issued for CSURMA.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

(15) Commitments and Contingencies

The State is a defendant in multiple lawsuits involving University matters not covered by the CSURMA as discussed in note 14. Management of the University is of the opinion that the liabilities, if any, arising from litigation will not have a material effect on the financial position of the University.

Federal grant programs are subject to review by the grantor agencies, which could result in requests for reimbursement to grantor agencies for disallowed expenditures. Management believes that it has adhered to the terms of its grants and that any disallowed expenditures resulting from such reviews would not have a material effect on the financial position of the University.

Authorized but unexpended expenditures for construction projects as of June 30, 2015 totaled \$352,944,000. These expenditures will be funded primarily by State appropriations and bond proceeds.

In order to secure access to natural gas and electricity used for normal operation, the University participates in forward purchase contracts of natural gas and electricity operated by the Department of General Service and Shell Energy North America, respectively. The University's obligation under these special purchase arrangements requires it to purchase an estimated total of \$14,004,000 and \$40,557,000 of natural gas and electricity at fixed prices through June 2017 and December 2019, respectively. The University estimates that the special purchase contracts in place represent approximately 35.40% and 11.27% of its total annual natural gas and electricity expenses, respectively.

(16) Classification of Operating Expenses

The University has elected to report operating expenses by functional classification in the Statement of Revenues, Expenses, and Changes in Net Position, and to provide the natural classification of those expenses as an additional disclosure. For the year ended June 30, 2015, operating expenses by natural classification consisted of the following:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships and fellowships</u>	<u>Supplies and other services</u>	<u>Depreciation and amortization</u>	<u>Total</u>
Functional classification:						
Instruction	\$ 1,563,473,000	583,622,000	—	201,603,000	—	2,348,698,000
Research	23,346,000	6,296,000	—	17,825,000	—	47,467,000
Public service	29,873,000	8,411,000	—	17,152,000	—	55,436,000
Academic support	365,886,000	145,385,000	—	198,371,000	—	709,642,000
Student services	372,591,000	154,182,000	—	205,057,000	—	731,830,000
Institutional support	369,024,000	153,220,000	—	205,030,000	—	727,274,000
Operation and maintenance of plant	200,038,000	102,402,000	—	292,559,000	—	594,999,000
Student grants and scholarships	—	—	888,558,000	—	—	888,558,000
Auxiliary enterprise expenses	72,591,000	50,880,000	—	202,800,000	—	326,271,000
Depreciation and amortization	—	—	—	—	438,331,000	438,331,000
Total	\$ 2,996,822,000	1,204,398,000	888,558,000	1,340,397,000	438,331,000	6,868,506,000

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2015

(17) Transactions with Related Entities

The University is an agency of the State and receives about 37.10% of total revenues through state appropriations. State appropriations allocated to the University aggregated approximately \$2,767,784,000 for the year ended June 30, 2015. State appropriations receivable is \$155,261,000 at June 30, 2015.

(18) Subsequent Events

In August 2015, the University issued its SRB Series 2015A (Tax Exempt) and Series 2015B (Taxable) with a par amount of \$1,063,675,000 and net proceeds of \$1,180,762,000. The proceeds were used to refund certain maturities of SRB Series 2005A, 2005B, 2005C, and 2007A of \$409,726,000, fund new capital projects of \$541,971,000, payment of BANs of \$147,829,000, refund outstanding bond indebtedness issued by the discretely presented component units of \$14,115,000, capitalized interest expense of \$65,997,000, and cost of issuance of \$1,124,000.

Schedules of Required Supplementary Information

CALIFORNIA STATE UNIVERSITY

Schedule of University's Proportionate Share of the Net Pension Liability

June 30, 2015

Last Ten Fiscal Years*

(Dollar amounts in thousands)

	State of California Miscellaneous Plan	State of California Peace Officers & Firefighters Plan
University's proportion of the net pension liability	22.72891%	1.00623%
University's proportionate share of the net pension liability	\$ 5,411,439	102,216
University's covered-employee payroll	\$ 2,209,786	30,160
University's proportionate share of the net pension liability as a percentage of covered-employee payroll	244.88521%	338.91247%
Plan fiduciary net position as a percentage of the total pension liability	74.17418%	72.18915%

* The University implemented GASB Statement No. 68 effective July 1, 2014, therefore, no information is available for the measurement periods prior to June 30, 2014.

See accompanying independent auditors' report.

Schedules of Required Supplementary Information

CALIFORNIA STATE UNIVERSITY

Schedule of Employer Contributions

Year ended June 30, 2015

Last Ten Fiscal Years*

(Dollar amounts in thousands)

	State of California Miscellaneous Plan	State of California Peace Officers & Firefighters Plan	Total
Actuarially determined contribution	\$ 487,992	9,403	497,395
Contributions in relation to the actuarially determined contributions	(490,106)	(9,657)	(499,763)
Contribution excess	<u>\$ (2,114)</u>	<u>(254)</u>	<u>(2,368)</u>
Covered-employee payroll	\$ 2,209,786	30,160	2,239,946
Contributions as a percentage of covered-employee payroll	22.17889%	32.01923%	

Notes to required supplementary information schedule:

Valuation date:

Actuarially calculated contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumption used to determine contribution rates:

Actuarial cost method

Entry age normal in accordance with the requirements of GASB

Amortization method/period

For details, see June 30, 2012 Funding Valuation Report

Asset valuation method

Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.

Inflation

2.75%

Salary increases

Varies by entry age and service

Payroll growth

3%

Investment rate of return

7.65%, net of pension plan investment expenses but without reduction for and including inflation administrative expenses

Retirement age

The probabilities of retirement are based on the 2010 CalPERS experience

Mortality

The probabilities of mortality are based on the 2010 CalPERS experience retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* The University implemented GASB Statement No. 68 effective July 1, 2014, therefore, no information is available for the measurement periods prior to June 30, 2014.

See accompanying independent auditors' report.

COMMITTEE ON AUDIT

Single Audit Reports of Federal Funds

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

Mary Ek
Assistant Vice Chancellor/Controller
Financial Services

Summary

Federal awards received by the California State University, including student financial aid, are subject to both compliance and internal control audit procedures as required by Office of Management and Budget Circular A-133.

The CSU A-133 Single Audit Reports were issued on February 15, 2016 with an unmodified opinion, and are included as Attachment A to this item. The issuance of the A-133 Single Audit Reports of Federal Funds was delayed pending release of the CSU systemwide audited financial statements presented in Agenda Item 3 of the March 7-9, 2016 meeting of the Committee on Audit.

There were four audit findings identified in the A-133 Single Audit Reports. Three findings were related to internal controls over administration of federal financial aid funds at several campuses and one related to internal controls over federal procurement and suspension and debarment requirements at one campus. Corrective actions are underway and a status update will be provided at the May 2016 board meeting.



CALIFORNIA STATE UNIVERSITY

Single Audit Reports

Year ended June 30, 2015

CALIFORNIA STATE UNIVERSITY

Table of Contents

	Page
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i>	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	17
Schedule of Findings and Questioned Costs	19



KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Trustees
California State University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the California State University, an agency of the State of California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise California State University's basic financial statements, and have issued our report thereon dated February 15, 2016. Our report refers to the other auditors who audited 88 of the 90 aggregate discretely presented component units, which statements reflect total assets constituting 92% and total revenues constituting 94% of the aggregate discretely presented totals. The reports of the other auditors have been furnished to us, and our opinions, insofar as they relate to the amounts included for the 88 aggregate discretely presented component units, are based solely on the reports of the other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters in accordance with *Government Auditing Standards* that are reported on separately by those auditors.

Our report included an emphasis of a matter paragraph stating that the University and its discretely presented component units adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (amendment of GASB Statement No. 68)*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered California State University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of California State University's internal control. Accordingly, we do not express an opinion on the effectiveness of California State University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California State University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the California State University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the California State University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Irvine, California
February 15, 2016



KPMG LLP
Suite 1500
550 South Hope Street
Los Angeles, CA 90071-2629

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

The Board of Trustees
California State University:

Report on Compliance for Each Major Federal Program

We have audited the California State University's (the University) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2015. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The University's basic financial statements include the operations of the University's discretely presented component units, which received federal awards totaling \$321,860,000, which is not included in the schedule of expenditures of federal awards for the year ended June 30, 2015. Our audit, described below, did not include the operations of these component units because the component units engaged other auditors to perform audits in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.



Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, 2015-003, and 2015-004. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, 2015-003, and 2015-004, that we consider to be significant deficiencies.



The University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the California State University, an agency of the State of California, as of and for the year ended June 30, 2015, and have issued our report thereon dated February 15, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Los Angeles, California
February 15, 2016

CALIFORNIA STATE UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/expenditures
Student Financial Assistance Cluster:			
U.S. Department of Education:			
Direct programs:			
Federal Supplemental Educational Opportunity Grant Program	84.007		\$ 12,977,202
Federal Work-Study Program	84.033		15,816,000
Federal Perkins Loan Program	84.038		104,449,516
Federal Pell Grant Program	84.063		921,224,162
Federal Direct Student Loans	84.268		1,493,343,653
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		1,109,460
Total U.S. Department of Education			<u>2,548,919,993</u>
U.S. Department of Health and Human Services:			
Direct programs:			
Nurse Faculty Loan Program	93.264		3,654
Nursing Student Loan Program	93.364		388,467
Total U.S. Department of Health and Human Services			<u>392,121</u>
Total Student Financial Assistance Cluster			<u>2,549,312,114</u>
Other program and clusters:			
U.S. Department of Agriculture:			
Child Nutrition Cluster:			
Passed through California Department of Education:			
Summer Food Service Program for Children	10.559	04050-SFSP-37	13,161
Total Child Nutrition Cluster			<u>13,161</u>
Passed through California Department of Education:			
Child and Adult Care Food Program	10.558	04346-CCSP	48,310
Direct program:			
Rural Development, Forestry, and Communities	10.672		62,365
Total U.S. Department of Agriculture			<u>123,836</u>
U.S. Department of Defense:			
Passed through Institute of International Education Incorporated:			
The Language Flagship Grants to Institutions of Higher Education	12.550	NSEP-U631073-SFSU-CHN	286,974
Total U.S. Department of Defense			<u>286,974</u>
U.S. Department of the Interior:			
Direct programs:			
Department of Interior (not classified elsewhere)	15.000		3,116
Fish and Wildlife Management Assistance	15.608		2,636
Passed through Office of Historic Preservation:			
Historic Preservation Fund Grants-in-Aid	15.904	C8955518	9,286
Historic Preservation Fund Grants-in-Aid	15.904	C8956509	6,982
Subtotal CFDA 15.904			<u>16,268</u>
Direct programs:			
Native American Graves Protection and Repatriation Act	15.922		27,802
Cultural Resources Management	15.946		107,096
National Park Service Conservation, Protection, Outreach, and Education	15.954		39,012
Total U.S. Department of the Interior			<u>195,930</u>

CALIFORNIA STATE UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/ expenditures
U.S. Department of Labor:			
Passed through County of Imperial, State of CA - Workforce Development Board:			
Workforce Investment Act (WIA) Adult Program	17.258	M.O. #55	\$ 9,547
Passed through South Bay Workforce Investment Consortium, Incorporated:			
Workforce Investment Act (WIA) National Emergency Grants	17.277		10,930
Direct program:			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282		602,046
Passed through City and County of San Francisco:			
Workforce Innovation Fund	17.283		183,134
Total U.S. Department of Labor			805,657
U.S. Department of Transportation:			
Passed through California Department of Transportation:			
Department of Transportation (not classified elsewhere)	20.000	04A3889	19,021
Department of Transportation (not classified elsewhere)	20.000	04A3355	36,947
Department of Transportation (not classified elsewhere)	20.000	04A4643	2,840
Department of Transportation (not classified elsewhere)	20.000	04A4091	132,328
Department of Transportation (not classified elsewhere)	20.000	03A2168	6,299
Subtotal CFDA 20.000			197,435
Passed through County of San Diego Sheriff:			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	528851-3	8,449
Direct programs:			
State Maritime Schools	20.806		727,160
Ballast Water Treatment Technologies	20.819		112,470
Total U.S. Department of Transportation			1,045,514
National Aeronautics and Space Administration:			
Direct program:			
Science	43.001		295,328
Passed through University of California, San Diego:			
Science	43.001	NNX10AT93H	9,150
Science	43.001	012815	489
Passed through Stanford University:			
Science	43.001	PY04430-22727-C	366,784
Passed through California Institute of Technology:			
Science	43.001	44A-1085525	69,166
Subtotal CFDA 43.001			740,917
Direct Program:			
Education	43.008		166,630
Total National Aeronautics and Space Administration			907,547
National Endowment for the Arts:			
Direct program:			
Promotion of the Arts Grants to Organizations and Individuals	45.024		10,227
Total National Endowment for the Arts			10,227
National Endowment for the Humanities:			
Passed through California Humanities:			
Promotion of the Humanities Federal/State Partnership	45.129	COS12-353	1,000
Total National Endowment for the Humanities			1,000

CALIFORNIA STATE UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/expenditures
National Science Foundation:			
Passed through American Physical Society:			
Mathematical and Physical Sciences	47.049	APS090114	\$ 7,306
Direct programs:			
Geosciences	47.050		114,120
Education and Human Resources	47.076		623,290
Passed through University Enterprises, Incorporated			
California State University, Sacramento:			
Education and Human Resources	47.076	523841	17,325
Education and Human Resources	47.076	HRD-1302873	7,475
Education and Human Resources	47.076	520541A	9,026
Passed through University Enterprises Corporation at			
California State University, San Bernardino:			
Education and Human Resources	47.076	SA GT 10184	(906)
Passed through California State University, Sacramento:			
Education and Human Resources	47.076	523911	11,132
Passed through CSU Fresno Foundation:			
Education and Human Resources	47.076	SC340328-14-01	51,088
Passed through Missouri State University:			
Education and Human Resources	47.076	11052-002	43,240
Subtotal CFDA 47.076			761,670
Direct program:			
ARRA – Trans – NSF Recovery Act Research Support	47.082		23,568
Total National Science Foundation			906,664
Environmental Protection Agency:			
Direct program:			
Regional Wetland Program Development Grants	66.461		232,584
Total Environmental Protection Agency			232,584
U.S. Department of Energy:			
Direct program:			
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117		251,564
Total U.S. Department of Energy			251,564
U.S. Department of Education, excluding Student Financial Assistance Cluster:			
TRIO Cluster:			
Direct program:			
TRIO_Student Support Services	84.042		1,471,648
Passed through The California State University, Chico			
Research Foundation:			
TRIO_Student Support Services	84.042	P042A100584-14	32,084
Passed through San Diego State University Research Foundation:			
TRIO_Student Support Services	84.042	40098294	20,000
Subtotal CFDA 84.042			1,523,732
Direct programs:			
TRIO_Talent Search Program	84.044		442,938
TRIO_Upward Bound Program	84.047		1,434,149
TRIO_McNair Post-Baccalaureate Achievement Program	84.217		206,990
Total TRIO Cluster			3,607,809
Direct programs:			
International Research and Studies	84.017		146,432
Higher Education Institutional Aid	84.031		5,249,945
Higher Education Institutional Aid – Title V Computer Engineering	84.031		659,999
Higher Education Institutional Aid – Engineering Sciences	84.031		737,572

CALIFORNIA STATE UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

<u>Federal grantor/pass-through agency/program title</u>	<u>Catalog of federal domestic assistance (CFDA) number</u>	<u>Pass-through entity identifying number</u>	<u>Federal disbursements/expenditures</u>
Passed through Bakersfield College: Higher Education Institutional Aid – Stem and Articulation Program	84.031	GRA 1994	\$ 193,753
Passed through Santa Barbara City College: Higher Education Institutional Aid	84.031	12131.4070.562000.60	1,709
Passed through Ventura County Community College District: Higher Education Institutional Aid	84.031	P0083733	96,885
Passed through San Mateo County Community College District: Higher Education Institutional Aid	84.031	P031C110159	108,084
Subtotal CFDA 84.031			<u>7,047,947</u>
Direct programs:			
TRIO Staff Training Program	84.103		401,041
Fund for the Improvement of Postsecondary Education	84.116		245,926
Minority Science and Engineering Improvement – Engineering Calculus and Outreach	84.120		139,093
Passed through California Department of Rehabilitation: Rehabilitation Services – Vocational Rehabilitation Grants to States	84.126	28592	144,485
Direct program: Rehabilitation Long-Term Training	84.129		278,596
Passed through Ventura Unified School District: Magnet Schools Assistance	84.165	14-03146	76,310
Passed through Oxnard School District: Magnet Schools Assistance	84.165	13-176	68,503
Subtotal CFDA 84.165			<u>144,813</u>
Direct programs:			
English Language Acquisition National Professional Development Program	84.195		9,505
Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	84.325		904,878
Passed through Salus University: Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	84.325	83401-A3	22,000
Passed through Commission on Teacher Credentialing: Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	84.325	14STC0035	797
Subtotal CFDA 84.325			<u>927,675</u>
Direct program:			
Special Education – Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326		534,737
Child Care Access Means Parents in School	84.335		234,012
Passed through California State University Bakersfield Auxiliary for Sponsored Programs Administration: Teacher Quality Partnership Grants	84.336	SA GRA1677	12,116
Passed through The California State University, Chico Research Foundation: Teacher Quality Partnership Grants	84.336	SUB 12-034 and 12-060	13,723
Teacher Quality Partnership Grants	84.336	SUB 12-059	18,441
Subtotal CFDA 84.336			<u>44,280</u>
Passed through California State University Dominguez Hills Foundation:			
Transition to Teaching	84.350	5630	(424)
Transition to Teaching	84.350	5766	7,178
Subtotal CFDA 84.350			<u>6,754</u>

CALIFORNIA STATE UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/expenditures
Direct program:			
English Language Acquisition State Grants	84.365		\$ 156,276
Passed through California Department of Education:			
English Language Acquisition State Grants	84.365	CN110387	110,713
Passed through University of California, Santa Cruz:			
English Language Acquisition State Grants	84.365	S0183643	114,245
Subtotal CFDA 84.365			<u>381,234</u>
Passed through Santa Rosa City Schools:			
Mathematics and Science Partnerships	84.366	101	28,535
Passed through The Regents of the University of California:			
Improving Teacher Quality State Grants	84.367	NCLB11-CISP-SONOMA	49,606
Improving Teacher Quality State Grants	84.367	NCLB11-CMP-SONOMA	28,570
Improving Teacher Quality State Grants	84.367	NCLB11-CMP-STANISLAUS	26,952
Improving Teacher Quality State Grants	84.367	NCLB11-CWP-TURLOCK	36,531
Passed through National Writing Project:			
Improving Teacher Quality State Grants	84.367	92-CA10-SEED2012	9,803
Improving Teacher Quality State Grants	84.367	AM2A 92CA10 SEED2012	10,266
Subtotal CFDA 84.367			<u>161,728</u>
Passed through California Department of Rehabilitation:			
Promoting Readiness of Minors in Supplemental Security Income	84.418	29505	7,643
Total U.S. Department of Education, excluding Student Financial Assistance Cluster			<u>14,492,245</u>
U.S. Department of Health and Human Services:			
Child Care and Development Fund Cluster:			
Passed through California Department of Education:			
Child Care and Development Block Grant	93.575	CSPP-4097	10,490
Child Care and Development Block Grant	93.575	CCTR-4043	58,413
Subtotal CFDA 93.575			<u>68,903</u>
Passed through California Department of Education:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CSPP-4097	19,066
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR-4043	106,375
Subtotal CFDA 93.596			<u>125,441</u>
Total Child Care and Development Fund Cluster			<u>194,344</u>
Passed through Healthcare Research and Quality:			
Research on Healthcare Costs, Quality and Outcomes	93.226	N/A	133
Direct programs:			
Mental Health Research Grants	93.242		77,095
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		213,102
Passed through University of California, San Francisco:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	8300SC	18,356
Subtotal CFDA 93.243			<u>231,458</u>
Direct program:			
Mental Health National Research Service Awards for Research Training	93.282		22,191
Passed through University of California, San Francisco:			
Minority Health and Health Disparities Research	93.307	7518SC	11,351
Direct programs:			
Trans-NIH Research Support	93.310		192,393
National Center for Research Resources	93.389		35,017

CALIFORNIA STATE UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/expenditures
Passed through Northcoast Children's Services: Head Start (Humboldt State University)	93.600	HSUCHI	\$ 37,170
Passed through University of California, Berkeley: Foster Care Title IV-E	93.658	14-2025	1,083,626
Foster Care Title IV-E	93.658	00008510	887,338
Passed through The Regents of the University of California: Foster Care Title IV-E	93.658	00008514	1,026,906
Foster Care Title IV-E	93.658	00008301	17,479
Subtotal CFDA 93.658			<u>3,015,349</u>
Passed through County of Sonoma: PPHF: Community Transformation Grants – Small Communities Program financed solely by Public Prevention and Health Funds	93.737	2013-0159-A00	54,357
Passed through Stanford University: Health Careers Opportunity Program	93.822	266-76210-49878A	59,945
Direct program: Biomedical Research and Research Training	93.859		1,832,059
Passed through AIDS United: HIV Prevention Activities Non-Governmental Organization Based	93.939	1U65PS004409-01	124,316
Passed through The Regents of the University of California, Los Angeles: Geriatric Education Centers	93.969	1558 G NA589	6,403
Total U.S. Department of Health and Human Services			<u>5,893,582</u>
Corporation for National and Community Service: Direct programs: Learn and Serve America Higher Education	94.005		60,233
AmeriCorps	94.006		67,823
Passed through Jumpstart for Young Children: AmeriCorps	94.006		17,824
Subtotal CFDA 94.006			<u>85,647</u>
Total Corporation for National and Community Service			<u>145,880</u>
U.S. Department of Homeland Security: Passed through Department of Parks and Recreation, Division of Boating and Waterways: Boating Safety Financial Assistance	97.012	C8956314	15,994
Passed through Marine Exchange of the San Francisco Bay Area Region: Port Security Grant Program	97.056	941115724	1,519,938
Passed through California Emergency Management Agency: Homeland Security Grant Program	97.067	2012-00123	99,429
Passed through Trustees of the CSU: Homeland Security Grant Program	97.067	X0029209-PO000	1,620
Passed through County of San Diego Sheriff: Homeland Security Grant Program	97.067	2011-1077	22,858
Subtotal CFDA 97.067			<u>123,907</u>
Total U.S. Department of Homeland Security			<u>1,659,839</u>
Agency for International Development: Passed through World Learning: United States Agency for International Development Foreign Assistance for Programs Overseas	98.001	SPANS-024	309
Total Agency for International Development			<u>309</u>
Research and Development Cluster: U.S. Department of Agriculture: Passed through California Department of Education: Agricultural Research Basic and Applied Research	10.001	59-6201-4-020 and 68-6201-1-039	13,422
Passed through The Regents of the University of California: Agriculture and Food Research Initiative	10.310	8103	5,447
Passed through University of California, Santa Barbara: Forestry Research	10.652	KK1339	20,327

CALIFORNIA STATE UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

<u>Federal grantor/pass-through agency/program title</u>	<u>Catalog of federal domestic assistance (CFDA) number</u>	<u>Pass-through entity identifying number</u>	<u>Federal disbursements/expenditures</u>
Direct programs:			
Cooperative Forestry Assistance	10.664		\$ 252,723
Urban and Community Forestry Program	10.675		2,500
Collaborative Forest Restoration	10.679		80
Total U.S. Department of Agriculture			<u>294,499</u>
U.S. Department of Commerce:			
Passed through Monterey Bay Aquarium Research Institute:			
Integrated Ocean Observing System	11.012	PO# 1111289 - A1	78,196
Integrated Ocean Observing System	11.012	NA11NOS0120032	170,987
Passed through Sonoma State University:			
Integrated Ocean Observing System	11.012	SA 110467	21,616
Subtotal CFDA 11.012			<u>270,799</u>
Direct program:			
Sea Grant Support	11.417		14,000
Passed through California Coastal Commission:			
Coastal Zone Management Administration Awards	11.419	RD	99,374
Passed through Point Blue Conservation Science:			
Coastal Zone Management Administration Awards	11.419	N/A	47,313
Passed through University of New Hampshire:			
Coastal Zone Management Administration Awards	11.419	111C66	29,783
Coastal Zone Management Administration Awards	11.419	12-38	256,610
Subtotal CFDA 11.419			<u>433,080</u>
Direct program:			
Coastal Zone Management Estuarine Research Reserves	11.420		599,085
Passed through Merkel & Associates Incorporated:			
Coastal Zone Management Estuarine Research Reserves	11.420	GS-10F-0060T/ AB-133F-14NC-1535	10,401
Subtotal CFDA 11.420			<u>609,486</u>
Direct program:			
Marine Sanctuary Program	11.429		45,194
Passed through Merkel & Associates Incorporated:			
Habitat Conservation	11.463	GS-10F-0060T/ AB-133F-14NC-0346	42,690
Direct program:			
Center for Sponsored Coastal Ocean Research – Coastal Ocean Program	11.478		3,143
Total U.S. Department of Commerce			<u>1,418,391</u>
U.S. Department of Defense:			
Direct programs:			
Flood Control Projects	12.106		25,347
Basic and Applied Scientific Research	12.300		99,959
Passed through Army Research Office:			
Basic, Applied, and Advanced Research in Science and Engineering	12.630	W911NF-15-1-0033	341,133
Direct program:			
Air Force Defense Research Sciences Program	12.800		154,969
Passed through University of Missouri:			
Air Force Defense Research Sciences Program	12.800	C00030628-1	37,198
Subtotal CFDA 12.800			<u>192,167</u>
Total U.S. Department of Defense			<u>658,606</u>
U.S. Department of the Interior:			
Direct programs:			
Fish, Wildlife and Plant Conservation Resource Management	15.231		23,902
Challenge Cost Share	15.238		10,000
Central Valley Project Improvement Act, Title XXXIV	15.512		298,088
ARRA – Fish and Wildlife Coordination Act	15.517		26,058
Fish and Wildlife Management Assistance	15.608		39,216
Cooperative Endangered Species Conservation Fund	15.615		85,144
Central Valley Project Improvement Anadromous Fish Restoration Program	15.648		18,463

CALIFORNIA STATE UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

<u>Federal grantor/pass-through agency/program title</u>	<u>Catalog of federal domestic assistance (CFDA) number</u>	<u>Pass-through entity identifying number</u>	<u>Federal disbursements/ expenditures</u>
Research Grants (Generic)	15.650		\$ 44,549
Earthquake Hazards Reduction Program	15.807		49,741
U.S. Geological Survey – Research and Data Collection	15.808		174,748
Passed through California Office of Historic Preservation:			
Historic Preservation Fund Grants-In-Aid	15.904	C8356510	9,000
Direct program:			
Cooperative Research and Training Programs – Resources of the National Park System	15.945		10,729
Passed through Santa Monica Mountains Fund:			
National Park Service Conservation, Protection, Outreach, and Education	15.954	103114	2,773
Total U.S. Department of the Interior			<u>792,412</u>
National Aeronautics and Space Administration:			
Direct program:			
Science	43.001		164,931
Passed through Los Gatos Research:			
Science	43.001	SFSU-1	42,906
Passed through San Mateo County Community College District:			
Science	43.001	NNX10AU75G	838
Passed through Oregon State University:			
Science	43.001	NS251A-A	154,933
Passed through Arizona State University, Tempe:			
Science	43.001	15-718	1,175
Passed through Jet Propulsion Laboratory:			
Science	43.001	1510249	10,341
Passed through San Jose State University Research Foundation:			
Science	43.001	21-1614-4877-SFSU	23,385
Subtotal CFDA 43.001			<u>398,509</u>
Passed through San Jose State University Research Foundation:			
Aeronautics	43.002	21-1614-4877-SFSU	15,405
Passed through Georgia Institute of Technology:			
Exploration	43.003	RD224-G1	163,229
Total National Aeronautics and Space Administration			<u>577,143</u>
National Science Foundation:			
Direct programs:			
Engineering Grants	47.041		82,032
Mathematical and Physical Sciences	47.049		1,023,429
Geosciences	47.050		1,014,457
Passed through The Regents of the University of California:			
Geosciences	47.050	S0184227	6,009
Subtotal CFDA 47.050			<u>1,020,466</u>
Direct program:			
Computer and Information Science and Engineering	47.070		154,028
Passed through San Diego State University Research Foundation:			
Computer and Information Science and Engineering	47.070	SA0000426	6,023
Subtotal CFDA 47.070			<u>160,051</u>
Direct program:			
Biological Sciences	47.074		1,322,344
Passed through University of California, Berkeley:			
Biological Sciences	47.074	00007925	93,780
Subtotal CFDA 47.074			<u>1,416,124</u>
Direct programs:			
Social, Behavioral, and Economic Sciences	47.075		35,344
Education and Human Resources	47.076		563,144
Passed through Humboldt State University			
Sponsored Programs Foundation:			
Education and Human Resources	47.076	PO 0009730651-HMSPF	6,978

CALIFORNIA STATE UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

<u>Federal grantor/pass-through agency/program title</u>	<u>Catalog of federal domestic assistance (CFDA) number</u>	<u>Pass-through entity identifying number</u>	<u>Federal disbursements/expenditures</u>
Passed through University Enterprises, Incorporated California State University, Sacramento:			
Education and Human Resources	47.076	523751	\$ 9,960
Education and Human Resources	47.076	523951	15,000
Passed through The University Foundation at Sacramento State:			
Education and Human Resources	47.076	802628-515451-515455	294
Education and Human Resources	47.076	MOUHRD-1302873-52396	15,000
Subtotal CFDA 47.076			<u>610,376</u>
Direct programs:			
Polar Programs	47.078		130,675
Trans – NSF Recovery Act Research Support	47.082		76,542
Total National Science Foundation			<u>4,555,039</u>
Environmental Protection Agency:			
Passed through California Coastal Conservancy:			
Congressionally Mandated Projects	66.202	CONTRACT NO. 10-030	165,671
Passed through Santa Monica Bay Restoration Foundation:			
Regional Wetland Program Development Grants	66.461	14-19	7,030
Direct program:			
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707		35,648
Total Environmental Protection Agency			<u>208,349</u>
U.S. Department of Energy:			
Direct programs:			
Department of Energy (not classified elsewhere)	81.000		70,527
Office of Science Financial Assistance Program	81.049		156,392
Passed through Lawrence Livermore National Laboratory:			
Office of Science Financial Assistance Program	81.049	BB608315	9,721
Subtotal CFDA 81.049			<u>166,113</u>
Passed through Cornell University:			
Renewable Energy Research and Development	81.087	68579-10096	156,394
Total U.S. Department of Energy			<u>393,034</u>
U.S. Department of Education:			
Direct program:			
Investing in Innovation (i3) Fund	84.411		655,728
Total U.S. Department of Education			<u>655,728</u>
U.S. Morris K. Udall Foundation:			
Direct program:			
Morris K. Udall Scholarship Program	85.400		96,684
Total U.S. Morris K. Udall Foundation			<u>96,684</u>
U.S. Department of Health and Human Services:			
Direct programs:			
Environmental Public Health and Emergency Response	93.070		11,250
Research Related to Deafness and Communication Disorders	93.173		121,482
Mental Health Research Grants	93.242		859,464
Passed through Santa Clara University:			
Mental Health Research Grants	93.242	NIH008-01	24,074
Passed through Arizona State University:			
Mental Health Research Grants	93.242	10-262	6,721
Subtotal CFDA 93.242			<u>890,259</u>
Direct program:			
Immunization Cooperative Agreements	93.268		30,750
Passed through University of California, Berkeley:			
Alcohol Research Programs	93.273	00007430	73,883

CALIFORNIA STATE UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance (CFDA) number	Pass-through entity identifying number	Federal disbursements/expenditures
Direct programs:			
Mental Health Research Career/Scientist Development Awards	93.281		\$ 29,040
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283		159,375
Passed through Stanford University:			
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	60917381-114033	11,698
Direct programs:			
Minority Health and Health Disparities Research	93.307		14,931
Trans-NIH Research Support	93.310		1,301,764
Passed through University of California, San Francisco:			
Cancer Cause and Prevention Research	93.393	5647SC	12,012
Direct program:			
Cancer Detection and Diagnosis Research	93.394		312,197
Passed through Stanford University:			
ARRA Trans-NIH Recovery Act Research Support	93.701	24024890-12656-A	59,844
Direct programs:			
PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Fund State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.745		162,805
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		57,379
Cardiovascular Diseases Research	93.837		248,101
Passed through Medical College of Georgia:			
Cardiovascular Diseases Research	93.837	22411-2	7,977
Subtotal CFDA 93.837			<u>256,078</u>
Passed through University of California, San Francisco:			
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	8109 SC	59,880
Direct program:			
Allergy, Immunology and Transplantation Research	93.855		86,124
Passed through The Regents of the University of California:			
Allergy, Immunology and Transplantation Research	93.855	6125 SC	144,448
Subtotal CFDA 93.855			<u>230,572</u>
Direct program:			
Biomedical Research and Research Training	93.859		1,009,372
Passed through Stanford University:			
Biomedical Research and Research Training	93.859	26977560-30501-K	1,168
Passed through University of California, San Francisco:			
Biomedical Research and Research Training	93.859	A120112	60,631
Biomedical Research and Research Training	93.859	7284 SC	54,346
Biomedical Research and Research Training	93.859	7754 SC	48,956
Passed through University of Washington:			
Biomedical Research and Research Training	93.859	755971	20,677
Subtotal CFDA 93.859			<u>1,195,150</u>

CALIFORNIA STATE UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

<u>Federal grantor/pass-through agency/program title</u>	<u>Catalog of federal domestic assistance (CFDA) number</u>	<u>Pass-through entity identifying number</u>	<u>Federal disbursements/ expenditures</u>
Direct program:			
Child Health and Human Development Extramural Research	93.865		\$ 646,668
Passed through Research Foundation for Mental Hygiene, Incorporated:			
Child Health and Human Development Extramural Research	93.865	25999	84,431
Subtotal CFDA 93.865			<u>731,099</u>
Passed through University of Southern California:			
Aging Research	93.866	57764387	70,900
Passed through University of California, San Francisco:			
Aging Research	93.866	444986-31259	2,874
Subtotal CFDA 93.866			<u>73,774</u>
Direct programs:			
Assistance Programs for Chronic Disease Prevention and Control	93.945		48,750
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988		90,766
Total U.S. Department of Health and Human Services			<u>5,942,238</u>
U.S. Department of Homeland Security:			
Passed through Smithsonian Institution:			
Information Analysis Infrastructure Protection (IAIP) and Critical Infrastructure Monitoring and Protection	97.080	15-SUBC-440-0000315055	96,839
Total U.S. Department of Homeland Security			<u>96,839</u>
U.S. Agency for International Development:			
Direct program:			
USAID Foreign Assistance for Programs Overseas	98.001		7,738
Total U.S. Agency for International Development			<u>7,738</u>
Total Research and Development Cluster			<u>15,696,700</u>
Total Expenditures of Federal Awards			<u>\$ 2,591,968,166</u>

See accompanying notes to schedule of expenditures of federal awards and independent auditors' report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

CALIFORNIA STATE UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

(1) General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal award programs of the California State University (the University). The University does not consider itself a subrecipient of federal funds when those funds are received as payments for services rendered from individual campus foundations, which are discretely presented component units in the basic financial statements of the University. Accordingly, these amounts are not reflected in the accompanying Schedule.

For purposes of the Schedule, federal awards include all grants and contracts entered into directly between the University and agencies and departments of the federal government and pass-through agencies. The awards are classified into major program categories in accordance with the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

(2) Basis of Accounting

The information in the accompanying Schedule is prepared on the accrual basis of accounting and is also presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(3) Loan Programs

Total loans outstanding under the Federal Perkins Loan Program and the Nursing Student Loan Program are \$87,005,567 and \$1,275,163, respectively, at June 30, 2015. The amounts included in the accompanying Schedule consist of loans advanced to students and the administrative cost allowance for the year ended June 30, 2015.

(4) Administrative Cost Allowances

Administrative cost allowances included in the accompanying Schedule are summarized as follows:

Federal Perkins Loan Program	\$	1,293,403
Federal Pell Grant Program		764,520
Federal Work-Study Program		528,581
Federal Supplemental Educational Opportunity Grant Program		91,517
Total administrative cost allowances	\$	<u>2,678,021</u>

CALIFORNIA STATE UNIVERSITY
 Notes to Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

(5) Amounts Provided to Subrecipients

Included in the Schedule are the following amounts passed through to subrecipients:

<u>Program title</u>	<u>CFDA No.</u>	<u>Amount</u>
Rural Development, Forestry, and Communities	10.672	\$ 15,774
Education	43.008	18,000
Geosciences	47.050	29,105
Regional Wetland Program Development Grants	66.461	232,584
Higher Education Institutional Aid	84.031	448,358
Fund for the Improvement of Postsecondary Education	84.116	50,528
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	43,980
Mental Health Research Grants	93.242	45,955
Trans-NIH Research Support	93.310	18,429
United States Agency for International Development Foreign Assistance for Programs Overseas	98.001	40,291
Subtotal Non-Research and Development Cluster		<u>943,004</u>
Research and Development Cluster:		
Integrated Ocean Observing System	11.012	107,741
Coastal Zone Management Administration Awards	11.419	161,481
Air Force Defense Research Sciences Program	12.800	(9,185)
Central Valley Project Improvement Act, Title XXXIV	15.512	110,872
Cooperative Endangered Species Conservation Fund	15.615	58,262
Central Valley Project Improvement (CVPI) Anadromous Fish Restoration Program (AFRP)	15.648	12,775
Mathematical and Physical Sciences	47.049	113,554
Geosciences	47.050	25,100
Biological Sciences	47.074	54,901
Education and Human Resources	47.076	15,773
Polar Programs	47.078	534
Mental Health Research Grants	93.242	375,674
Trans-NIH Research Support	93.310	144,061
Allergy and Infectious Diseases Research	93.855	20,634
Child Health and Human Development Extramural Research	93.865	135,461
Subtotal Research and Development Cluster		<u>1,327,638</u>
Total Amounts Provided to Subrecipients		<u>\$ 2,270,642</u>

CALIFORNIA STATE UNIVERSITY
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2015

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on financial statements: Unmodified opinion.

Internal control over financial reporting:

• Material weakness identified? Yes No

• Significant deficiencies in internal control were disclosed by the audit of the consolidated financial statements Yes No

Noncompliance material to the financial statements noted Yes No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified Yes No

• Significant deficiencies in internal control over major programs Yes No

Type of auditors' report issued on compliance for major programs: Unmodified opinion

Any Audit Findings that are Required to be Reported in Accordance with Section 510(a) of OMB Circular A-133? Yes No

Identification of Major Programs

<u>CFDA number(s)</u>	<u>Name of federal program or cluster</u>
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.364, and 93.264	Student Financial Assistance Cluster
84.031	Higher Education Institutional Aid
97.056	Port Security Grant Program
93.859	Biomedical Research and Research Training

Dollar Threshold Used to Distinguish Between Type A and Type B programs: \$1,279,682

Auditee Qualified as Low-Risk Auditee? Yes No

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None noted.

(3) Findings and Questioned Costs Relating to Federal Awards

2015-001

<i>Compliance requirement:</i>	Disbursements To and On Behalf of Students
<i>Campus:</i>	Dominguez Hills, East Bay, Monterey Bay, San Jose, San Luis Obispo, and San Marcos
<i>Cluster name/program:</i>	Student Financial Aid Cluster
<i>CFDA number:</i>	84.268 Federal Direct Student Loans, 84.038 Federal Perkins Loan Program
<i>Federal agency:</i>	U.S. Department of Education
<i>Passed through entity:</i>	None
<i>Award year:</i>	July 1, 2014 through June 30, 2015

Criteria or Specific Requirement

Per 34 CFR section 668.165, with respect to each disbursement of Federal Direct Loans or Federal Perkins Loans, institutions must notify the student or parent in writing to communicate the date and amount of the disbursement and of the student's or parent's right to cancel all or a portion of the loan or loan disbursement and have the loan proceeds returned to the holder of the loan. This notification must be made no earlier than 30 days before and no later than 30 days after each loan disbursement if the campus has implemented an affirmative confirmation process and no later than 7 days after disbursement if they have not implemented an affirmative confirmation process.

Condition Found and Context

During our testwork, we selected 175 samples of notifications for federal loan disbursements made to students from seven campuses and noted the following:

- We identified 75 student notifications that did not contain the specific amount of the loan disbursement.
- We identified 30 student notifications that did not contain the date the notifications were sent to the students.
- We identified 28 student notifications that were not performed in a timely manner. The notifications were sent 147 days before the date of loan disbursement and up to 112 days after the date of loan disbursement.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Since student notifications were late or missing information at 6 of the 7 campuses sampled, we consider this to be a significant deficiency in internal control over the compliance requirement for disbursements to and on behalf of students.

Cause and Effect

The notification noncompliance at the six campuses resulted from not having a control that was properly designed to ensure that notifications sent to students or parents have met all federal requirements.

Questioned Costs

None noted.

Recommendation

We recommend that the University adopt policies that would include providing and maintaining documentation of notification sent to borrowers of their right to cancel federal loans.

Views of Responsible Officials

The University concurs with the recommendation. Campuses will review and revise procedures and processes to ensure timely and accurate student notifications related to Federal Direct and Perkins loan disbursements, including documentation that notification was sent.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

2015-002

<i>Compliance requirement:</i>	Enrollment Reporting
<i>Campus:</i>	Dominguez Hills, East Bay, Los Angeles, Monterey Bay, San Jose, San Luis Obispo, and San Marcos
<i>Cluster name/program:</i>	Student Financial Aid Cluster
<i>CFDA number:</i>	84.268 Federal Direct Student Loans
<i>Federal agency:</i>	U.S. Department of Education
<i>Passed through entity:</i>	None
<i>Award year:</i>	July 1, 2014 through June 30, 2015

Criteria or Specific Requirement

Per 34 CFR section 685.309, institutions with direct loan programs must complete and return to the National Student Loan Data System for Students (NSLDS) within 30 days the enrollment reporting roster file provided by NSLDS, unless the school expects to complete the next roster within 60 days, then they must return it within 60 days. The institution must update changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and then submit changes electronically to the NSLDS, for the purpose of providing complete and accurate data to lenders regarding enrollment status so they may properly determine when repayment of the loans should begin.

Condition Found and Context

During our testwork, we selected 175 samples of reporting enrollment status changes to NSLDS from seven campuses and noted the following:

- We identified 78 samples which were not reported to the NSLDS within the 30/60 day reporting period.
- We identified 13 samples with student status changes which were not accurately reported to NSLDS.
- We identified 10 samples with student status changes which were not reported to NSLDS.
- We identified 4 samples which did not report the student graduation status change to NSLDS.
- We identified 4 instances related to inadequate control documentation.

Since late or inaccurate enrollment status reporting in conjunction with inadequate documentation of controls was identified at 7 of the 7 campuses sampled, we consider this to be a significant deficiency in internal control over the compliance requirement for enrollment status reporting.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Cause and Effect

All seven campuses sampled have contracted with the National Student Clearinghouse (NSC) to assist in the reporting of enrollment status changes to NSLDS. Each of the seven campuses tested were relying on the timely filing by NSC, and as such, were not performing their own independent checks of data received by NSLDS, or properly accounting for the time lag incurred by NSLDS in the processing of changes, resulting in late and or inaccurate data submissions.

Questioned Costs

None noted.

Recommendation

We recommend that the University review its policies and procedures, as well as enhance its procedures and controls to ensure timely and accurate reporting of student enrollment status changes to NSLDS. We also recommend the University review its data submissions against the NSLDS website to ensure the information is transmitted timely and accurately.

Views of Responsible Officials

The University concurs with the recommendation. Campuses will review their policies and procedures and devise appropriate internal controls to ensure the timely and accurate reporting of student status changes, including data provided on behalf of the campus by the NSC.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

2015-003

Compliance requirement: Special Tests and Provisions – Return of Title IV Funds
Campus: Dominguez Hills, Los Angeles, Monterey Bay, San Jose, San Luis Obispo, and San Marcos
Cluster name/program: Student Financial Aid Cluster
CFDA number: 84.268 Federal Direct Student Loans, 84.063 Federal Pell Grant Program, 84.038 Federal Perkins Loan Program, 84.033 Federal Work-Study Program, 84.007 Federal Supplemental Educational Opportunity Grants, 84.379 Teacher Education Assistance for College and Higher Education Grants
Federal agency: U.S. Department of Education
Passed through entity: None
Award year: July 1, 2014 through June 30, 2015

Criteria or Specific Requirement

Per 34 CFR sections 668.22 (a)(1) through a(5), with respect to the Return of Title IV funds, the following requirements apply:

- When a student withdraws officially or unofficially, the institution must determine the withdrawal date and the amount of Title IV aid earned by the student as of the student's withdrawal date.
- If the student's withdrawal date is after the completion of 60% of the calendar days of the semester, no refund is generated. If it is less than 60%, a refund calculation must be performed and funds must be returned within 45 days of the withdrawal date.
- Aid must be returned in the following order: unsubsidized direct loans, subsidized direct loans, Federal Perkins loans, Federal Direct Plus, Federal Pell Grant, Federal Supplemental Educational Opportunity Grants, Teacher Education Assistance for College and Higher Education Grants and Iran and Afghanistan Service Grants.

Condition Found and Context

During our testwork, we selected 175 samples of returns of Title IV funds from seven campuses and noted the following:

- We identified 57 samples wherein the Title IV funds were incorrectly calculated, as the University used the incorrect number of holiday days for the Spring semester and wrong end date for the Fall semester. This resulted in over awards of \$7,917 and under awards of \$61 of Title IV funds.
- We identified 19 samples in which the return of Title IV funds exceeded the 45 day limit ranging from 8 to 128 days.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

- We identified 1 sample that did not have adequate support evidencing that funds were returned to the student, or returned to the Federal agency.
- We identified 5 instances related to inadequate control documentation.

Cause and Effect

For the refunds returned after the 45 days allowed, we noted the following:

- 1) We noted management review controls are in place at two campuses to capture the completeness and accuracy of refunds. However, we also noted that the management review control of the refund calculations was not properly designed to detect the timeliness of the review and submission of the Return of Title IV calculation, as the review was performed in intervals greater than 45 days.
- 2) We noted that there were no documented controls in place at three campuses to support that a review and monitoring of accurate and timely Return of Title IV funds was occurring.
- 3) We noted that the management review control was not functioning properly during the Spring Semester at one campus.

For the refunds calculated incorrectly, we noted the following:

- 1) Fourteen refunds were computed incorrectly because the preparer utilized an incorrect semester end date. The correct date resulted in the students completing less than 60% of the semester.
- 2) There were 158 refunds that were computed incorrectly because the campuses used the incorrect number of days allowed for the Spring Break. Using the correct number of days resulted in the students completing less than 60% of the semester, thereby requiring a Return of Title IV funds.
- 3) There were 43 refunds that were computed incorrectly because the incorrect number of days allowed for the Fall Break was used in the computation. Using the correct number of days resulted in the students completing less than 60% of the semester, thereby requiring a Return of Title IV funds.

For one sample item selected, we were unable to obtain sufficient evidence that the computation of Return of Title IV funds occurred accurately and timely.

Since late or inaccurate return of Title IV funds was identified at 7 of the 7 campuses sampled, we consider this to be a significant deficiency in internal control over the compliance requirement for Return of Title IV Funds.

Questioned Costs

Under return of Title IV Funds known amounts: \$1,721 at Dominguez Hills, \$5,360 at San Marcos, \$318 at Monterey Bay, and \$454 at San Jose.

Over return of Title IV Funds known amounts: \$61 at San Jose.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Recommendation

We recommend that effective internal control procedures be implemented to ensure that the return of funds is processed accurately in addition to being returned to the Federal agency in a timely manner. Additionally, proper documentation needs to be retained in order to demonstrate the existence of control procedures.

Views of Responsible Officials

The University concurs with the recommendation. Campuses will implement and document internal controls to ensure the return of funds is calculated correctly and done within prescribed time frames.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

2015-004

Compliance Requirement: Procurement and Suspension and Debarment
Campus: Maritime Academy
Cluster name/program: Port Security Grant
CFDA number: 97.056
Federal Agency: U.S. Department of Homeland Security
Passed through entity: None
Award year: July 1, 2014 through June 30, 2015

Criteria or Specific Requirement

A. Procurement

Title 2 Grants and Agreements. Chapter II—Office of Management and Budget Circulars and Guidance. Part 215 Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and other Non-Profit Organizations. Subpart C—Post-Award Requirements. Applicable to all procurements made with federal funds greater than \$100,000.

- Sec. 215.43 Competition. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.
- Sec. 215.45 Cost and price analysis. Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action.
- Sec. 215.46 Procurement Records. Procurement records and files for purchases in excess of the small purchase threshold shall include the following at a minimum: (a) Basis for contractor selection; (b) Justification for lack of competition when competitive bids or offers are not obtained; and (c) Basis for award cost or price.

B. Suspension and Debarment

- Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All nonprocurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

CALIFORNIA STATE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Condition Found and Context

During our testwork over procurement requirements, we selected 3 contracts for which federal funds were expended during the year ended June 30, 2015. Current year expenditures related to these contracts totaled \$83,635. We were not provided with procurement records that included the basis for contractor selection or the justification for lack of competition for two of the contracts totaling \$57,982.

During our testwork over suspension and debarment requirements, for the three sample items selected, we were not provided with documentation that the University checked the Excluded Party List System (EPLS), or performed other procedures to verify that covered transactions are not awarded to suspended or debarred parties.

Cause and Effect

The University has a written policy consistent with federal requirements for procurement and suspension and debarment. However, the policies do not appear to have been referenced by the University during the procurements described above. Consequently, it appears that the controls in place were ineffective in ensuring compliance with federal requirements. Noncompliance with procurement requirements could result in expenditures that are not responsive to a solicitation or the most advantageous to the University with respect to price, quality and other factors. Moreover, lack of compliance with suspension and debarment policies could result in disbursement of federal funds to suspended or debarred vendors.

Questioned Costs

None noted.

Recommendation

We recommend that the University strengthen its current processes and controls to ensure compliance with federal procurement and suspension and debarment requirements.

Views of Responsible Officials

The University concurs with the recommendation. The University will strengthen procurement procedures to ensure compliance with the CSU and Federal competitive bid requirements. The University has updated its general terms and conditions to include required language related to certification that the vendor or contractor is not debarred or suspended.

AGENDA

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Meeting: 11:45 a.m., Tuesday, March 8, 2016
Glenn S. Dumke Auditorium

Steven G. Stepanek, Vice Chair
Silas H. Abrego, Vice Chair
Douglas Faigin
Debra S. Farar
Margaret Fortune
Hugo N. Morales
J. Lawrence Norton

Consent Item

Approval of Minutes of the Meeting of January 27, 2016

Discussion Items

1. Naming of the Ramiro Compean and Lupe Diaz Compean Student Union – San José State University, *Action*
2. Naming of Bob Bennett Stadium – California State University, Fresno, *Action*
3. Naming of the John D. Welty Center for Educational Policy and Leadership – California State University, Fresno, *Action*

**MINUTES OF THE MEETING OF
COMMITTEE ON INSTITUTIONAL ADVANCEMENT**

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

January 27, 2016

Members Present

Steven G. Stepanek, Chair
Silas H. Abrego, Vice Chair
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lou Monville, Chair of the Board
J. Lawrence Norton
Timothy P. White, Chancellor

Trustee Stepanek called the meeting to order.

Approval of Minutes

The minutes of November 18, 2015 were approved on consent.

Annual Report on Philanthropic Support for 2014-2015

Mr. Garrett P. Ashley, vice chancellor for university relations and advancement, and Ms. Lori Redfearn, assistant vice chancellor for advancement services, presented this item.

Last year, gifts received were a record \$314.7 million. This was the fourth year in a row that giving has increased year over year. Mr. Ashley thanked the donors, trustees, presidents, faculty and advancement staff for this achievement.

Alumni giving increased by 44 percent, or an additional \$27 million, during the Class of 3 Million celebration. The number of alumni giving increased by 11,000.

The CSU is providing \$49 million in privately funded scholarships. Combined with state and federal aid, 77 percent of CSU students receive assistance that reduces their financial burden.

The aggregated market value of endowments is now \$1.4 billion, which is a new record. The average investment return was .44 percent.

Overall, the CSU raised an equivalent of 18% of its state funded budget.

2

Inst. Adv.

The committee unanimously recommended approval by the board of the proposed resolution (RIA 01-16-01) to adopt the Annual Report on Philanthropic Support for 2014-2015 for submission to the California Joint Legislative Budget Committee and the California Department of Finance.

Trustee Stepanek adjourned the meeting.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Naming of the Ramiro Compean and Lupe Diaz Compean Student Union – San José State University

Presentation By

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Summary

This item will consider naming the Student Union at San José State University as the Ramiro Compean and Lupe Diaz Compean Student Union.

This proposal, submitted by San José State University, meets the criteria and other conditions specified in the Board of Trustees Policy on Naming California State University Facilities and Properties including approval by the system review panel and the campus academic senate.

Background

The proposed naming of the facility recognizes a \$14 million commitment by Lupe Compean to San José State University. The gift will be used to create four endowment funds: A student success fund to support initiatives that foster student success and increase retention and graduation rates; two scholarship endowments to support emancipated foster youth (Guardian Scholars) and a merit scholarship for high performing students; a Student Union programming fund to provide support for visiting lectures, art exhibits, workshops and other student-focused special events and programming; and a Student Union operating fund that will provide resources for ongoing maintenance and operating needs of the facility.

Ms. Compean is not a graduate of SJSU, but believes very strongly in the mission of the institution and the importance of education. She was born in Texas in 1926, and she and her late husband moved to San José in 1956. Her husband worked for a construction company, and they saved money to purchase their first home and then continued to buy properties in the Bay Area.

Most of Ms. Compean's real estate holdings are commercial properties and she actively manages them, including a storage facility she recently sold. Lupe Compean made her gift to support students and demonstrate that with hard work and diligence, anyone can achieve what she has.

Inst. Adv.
Agenda Item 1
March 7-9, 2016
Page 2 of 2

Recommended Action

The following resolution is recommended for approval:

RESOLVED, by the Board of Trustees of the California State University, that the Student Union Building at San José State University be named the Ramiro Compean and Lupe Diaz Compean Student Union.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Naming of Bob Bennett Stadium – California State University, Fresno

Presentation By

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Summary

This item will consider naming the Fresno State Baseball Stadium in the Department of Intercollegiate Athletics at California State University, Fresno as the Bob Bennett Stadium.

This proposal, submitted by California State University, Fresno, meets the criteria and other conditions specified in the Board of Trustees Policy on Naming California State University Facilities and Properties including approval by the system review panel and the campus academic senate.

Background

Bob Bennett, a Fresno native, student-athlete and two-time alumnus, became the winningest baseball coach in Fresno State history leading the Bulldogs to a 1,302-759-4 record over his thirty-four seasons. He helped Fresno State build Beiden Field into a first-class facility and was largely responsible for the Bulldogs becoming a model in the area for ticket sales, fan support and community pride. Under his leadership, Fresno State baseball consistently led the nation in game attendance, and in the community, Coach Bennett helped spearhead the campaign to raise \$2.2 million to refurbish Beiden Field in 1983.

Bob Bennett's coaching success at Fresno State began in 1952 as a catcher for the legendary coach Pete Beiden. As a four-year letterman and two-time all-conference performer, Bennett led teams to two CCAA titles in 1954 and 1955 and finished with a 117-52 record. At the end of his career as a Bulldog student-athlete, Bennett graduated with a degree in physical education, later continuing on to earn his master's degree in physical education at Fresno State.

Dedicated, hardworking and loyal, Bob Bennett is an admirable representation of not only Fresno State Baseball, but of the culture that has evolved at Fresno State University. His vision and legacy shaped the lives of the young men he coached and helped brighten the future for Fresno State Baseball.

Inst. Adv.
Agenda Item 2
March 7-9, 2016
Page 2 of 2

Bob Bennett retired in 2002 after guiding the program to 17 Conference Titles, 21 NCAA Regional Appearances and two College World Series appearances.

Recommended Action

The following resolution is recommended for approval:

RESOLVED, by the Board of Trustees of the California State University, that the Baseball Stadium in the Department of Intercollegiate Athletics at California State University, Fresno be named the Bob Bennett Stadium.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Naming of the John D. Welty Center for Educational Policy and Leadership – California State University, Fresno

Presentation By

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Summary

This item will consider naming the Central Valley Educational Leadership Institute at California State University, Fresno as the John D. Welty Center for Educational Policy and Leadership.

This proposal, submitted by California State University, Fresno, meets the criteria and other conditions specified in the Board of Trustees Policy on Naming California State University Academic Entities, including approval by the system review panel and the campus academic senate.

Background

The proposed naming recognizes the contributions of several donors – totaling \$1.1 million – to Fresno State’s Central Valley Educational Leadership Institute in honor of Dr. Welty. The gift will be used to establish a permanent endowment to develop the center into a national model for policy, leadership training and professional development.

Dr. Welty was the seventh president in Fresno State’s 103-year history. He championed the role of higher education as a catalyst for educational and economic growth in the Central Valley. Under his leadership, the university doubled its graduation rate and tripled the number of Hispanic students who earn a college diploma.

The Central Valley Educational Leadership Institute was and remains a point of pride and passion for Dr. Welty. The establishment of the John D. Welty Center for Educational Policy and Leadership will sustain Dr. Welty’s passion for improving the educational and economic condition of the region.

Inst. Adv.
Agenda Item 3
March 7-9, 2016
Page 2 of 2

Recommended Action

The following resolution is recommended for approval:

RESOLVED, by the Board of Trustees of the California State University, that the Central Valley Educational Leadership Institute at California State University, Fresno, be named as the John D. Welty Center for Educational Policy and Leadership.

AGENDA

COMMITTEE ON FINANCE

Meeting: 1:00 p.m., Tuesday, March 8, 2016
Glenn S. Dumke Auditorium

Adam Day, Chair
Peter J. Taylor, Vice Chair
Silas H. Abrego
Kelsey M. Brewer
Rebecca D. Eisen
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lupe C. Garcia
Lillian Kimbell

Consent Items

Approval of Minutes of the Meeting of January 26, 2016

1. California State University Annual Debt Report, *Information*
2. Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments for a Project at California State University, San Bernardino, *Action*

Discussion Items

3. Conceptual Approval of a Public/Private Partnership Mixed-Use Development Project at California State University, Fullerton, *Action*
4. Conceptual Approval of a Public/Private Partnership Faculty Staff Housing Development Project at California Polytechnic State University, San Luis Obispo, *Action*
5. Conceptual Approval of a Public/Private Partnership Junior Giants Urban Youth Academy at San Francisco State University, *Action*
6. Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments to Refinance and Restructure State Public Works Board Debt, *Action*
7. Update on the Sustainable Financial Model Task Force Report, *Information*

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

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

January 26, 2016

Members Present

Adam Day, Chair
Peter J. Taylor, Vice Chair
Silas H. Abrego
Kelsey M. Brewer
Rebecca D. Eisen
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lupe Garcia
Lillian Kimbell
Lou Monville, Chair of the Board
Timothy P. White, Chancellor

Trustee Adam Day called the meeting to order.

Public Comments

There were six public speakers. Two members of the Students for a Quality Education, Christian Torres (CSU, Los Angeles) and Gloria Juarez (CSU, Dominguez Hills) expressed support for the California Faculty Association (CFA) and spoke against student fee increases; Cristina Railey, a CSU, Dominguez Hills student expressed concern with increasing student debt; CFA representatives Jennifer Eagen, Kevin Wehr, and Lillian Taiz expressed concerns with some recommendations of the draft report of the Task Force on a Sustainable Financial Model, including public-private partnerships because they felt it may compromise academic freedom.

Approval of Minutes

The minutes of the November 17, 2015 meeting were approved as submitted.

Sustainable Financial Model Task Force Draft Report, *Information*

Executive Vice Chancellor and Chief Financial Officer Steve Relyea, San Diego State University President Elliott Hirshman and CSU, East Bay President Leroy Morishita presented the draft report of the Task Force on a Sustainable Financial Model for the CSU.

Fin.

Trustee Doug Faigin suggested one of the work groups explore what the CSU is spending versus what it needs. He expressed concern in making annual tuition increases automatic. Mr. Relyea added that any consideration of tuition increases would be brought before the board.

Trustee Peter Taylor spoke in favor of public-private partnerships noting that many campuses have student demand and available vacant land. Trustee Garcia agreed that public-private partnerships could be a good way to explore revenue generating projects and referred to Executive Order 747 to provide the board with direction on approving public-private partnerships.

Trustee Taylor requested further clarification on the admission redirection process and setting of non-resident tuition.

Trustees Silas Abrego and Margaret Fortune stated the CSU should explore alternative dedicated sources of revenue, similar to an oil severance tax.

Student Trustee Kelsey Brewer appreciated being included in the task force discussions and opined that the report is a good advocacy tool for the CSU in Sacramento. She added that changes to the State University Grant should focus on maintaining affordability and minimizing the impact on financially needy students.

Chair Lou Monville said that it would be helpful to have timelines for the recommendations. He requested that the work group on student access explore the use of online technology to alleviate bottlenecks and allow cross-campus learning. He also suggested including incentives for students to graduate within four years. In the area of use of facilities, he advised that campuses should make better use over the weekend to increase enrollment. He expressed interest in replacing the use of Integrated Postsecondary Education Data System (IPEDS) with something that better aligns with the nature of CSU. Trustee Monville suggested State University Grants be limited to undergraduates, since the core mission of the CSU is undergraduate education. He supported increased efforts in philanthropy but would like to have metrics. He expressed willingness to consider market based non-resident tuition for graduate students.

Trustee Day asked that specific examples on recommendations be shared with the board to better understand the problems and recommended solutions. He also requested that the appropriate work group conducts a super senior analysis to identify ways to increase capacity.

Report on 2016-2017 Support Budget, *Information*

Mr. Steve Relyea introduced the item and shared that recently the governor released his budget plan for the 2016-2017 fiscal year.

Mr. Ryan Storm, Assistant Vice Chancellor for Budget provided an update on the state's response to the support budget that the Board of Trustees approved last November. The governor proposed a \$140.4 million state General Fund increase for the CSU which was consistent with

the governor's multi-year funding plan for the CSU. This amount is approximately a four percent increase in general fund (or a two percent increase in total operating funds) and is \$101.3 million short of the board-approved support budget request.

Mr. Storm added the governor proposed a one-time allocation of \$35 million in cap and trade funding which campuses would use for energy efficiency and renewable energy projects, as well as a one-time allocation of \$35 million for deferred maintenance projects. He noted that even with new one-time and ongoing funding dedicated to the CSU's capital program over the past few years, the deferred maintenance backlog remains at approximately \$2 billion.

The Legislative Analyst's Office (LAO) will next analyze the governor's budget proposal in more detail and issue reports before the end of February. Like the governor's budget, the LAO's most likely state budget scenario for 2016-2017 calls for a multi-billion dollar revenue surplus that could be placed in reserve or spent on state programs, including the CSU.

Trustee Garcia inquired if there had been any feedback from Sacramento regarding to the Academic Sustainability Plan and if the feedback could be shared with the board. Mr. Storm responded that feedback had been received and Mr. Relyea stated that the feedback would be shared with the board when the next Academic Sustainability Plan is brought before the board.

Trustee Day stated that given our population of students, graduating in four years may not be realistic and he would not want the CSU to be penalized for not reaching a goal or target that is not achievable. He also emphasized the importance of continuing to tell the CSU's story to communicate why resources are good for CSU students and the economy.

2015-2016 Student Fee Report, *Information*

Mr. Ryan Storm summarized the annual report of campus-based mandatory fees by campus for the 2015-2016 academic year.

Mr. Storm shared that the Chancellor's Office developed a robust and informative website for Student Success Fee information. This website provides clear and timely information to students and their families as they financially plan for a CSU education. The website can be accessed through the www.calstate.edu homepage.

Trustee Faigin indicated he was involved in the Student Success Fee work group and congratulated the chancellor and staff on the website. He inquired if there was a way to publicize it for people to know that it is available. Mr. Storm responded that it is available on the CSU home page so it is one of the immediate things you see. Mr. Relyea added that also on this website are links to each comparable campus website.

Trustee Day adjourned the meeting on Finance Committee.

COMMITTEE ON FINANCE

California State University Annual Debt Report

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

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

Summary

This item reports on the debt of the California State University Systemwide Revenue Bond (SRB) program, issued in accordance with the CSU Policy on Financing Activities (RFIN/CPBG 11-14-01).

Background

The SRB program, under the provisions and authorities of The State University Revenue Bond Act of 1947 (Education Code Sections 90010-90083), was established by the CSU Board of Trustees at its March 2002 meeting. Since the inception of the SRB program, the CSU Policy on Financing Activities has set forth the principles that serve as the basis for the SRB program and has provided the chancellor with additional authority to establish procedures for the management of the SRB program consistent with the board's objectives for the use of debt. In turn, the chancellor has established these procedures through the issuance of executive orders. The current CSU Policy on Financing Activities (RFIN/CPBG 11-14-01), which was amended by the board in November 2014 in response to State legislation passed in June 2014 that affected the CSU's capital financing programs, is included herein as Attachment A. The current executive order governing the SRB program (Executive Order 994) is included herein as Attachment B. This executive order is under review and pending revisions in response to the same State legislation.

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. Revenues from these programs and revenues approved by the board, including CSU operating funds, are used to meet operational requirements for the projects and to pay debt service on the bonds issued to finance the projects. A strength of the SRB program is its consolidated pledge of gross revenues to the bondholders, which has resulted in strong credit ratings and low borrowing costs for the CSU.

SRB Portfolio Profile

As of June 30, 2015 and December 31, 2015, the outstanding SRB debt of the CSU was approximately \$3,688,000,000 and approximately \$4,355,000,000, respectively.

Key characteristics of the SRB portfolio are as follows:

Debt Ratings:	Aa2 (Moody's) AA- (Standard & Poor's)
Weighted Average Cost of Capital:	4.18%
Weighted Average Maturity:	14.3 Years
Interest Rate Mix:	100% Fixed Rate

SRB Operating Performance and Debt Service Coverage Ratios

For fiscal years ended June 30, 2013, June 30, 2014, and June 30, 2015, operating performance and debt service coverage ratios for the SRB program were as follows (amounts in millions):

	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Operating Revenues	\$1,475	\$1,571	\$1,701
Operating Expenses	<u>1,058</u>	<u>1,122</u>	<u>1,232</u>
Net Revenues	417	449	469
Annual Debt Service	243	259	266
Debt Service Coverage ¹	1.72	1.73	1.76

(1) The minimum benchmark for the system, as established by Executive Order 994, is 1.45.

2015A and 2015B SRB Issuance

In August 2015, the CSU issued \$1,063,675,000 of Systemwide Revenue Bonds (Series 2015A \$1,034,370,000 tax-exempt and Series 2015B \$29,305,000 taxable). Of this amount, \$684,710,000 was issued for new money projects at an all-in true interest cost of 3.95 percent. This new money component also included \$131 million for projects under the CSU's new capital financing authorities. The CSU also took advantage of low interest rates and issued \$378,965,000 in bonds to refund existing SRB and auxiliary debt, producing net present value savings of \$57 million, or 14 percent of the refunded bonds. The refunding of debt will save SRB programs across the system approximately \$3.1 million in combined cash flow per year.

CSU Policy for Financing Activities
Board of Trustees' Resolution
RFIN/CPBG 11-14-01

WHEREAS, The Board of Trustees of the California State University ("the Board" or "the Trustees") finds it appropriate and necessary to use various debt financing programs afforded to it through the methods statutorily established by the legislature, and to use to its advantage those programs available to it through debt financing by recognized auxiliary organizations of the California State University; and

WHEREAS, The Board recognizes the capital needs of the CSU require the optimal use of all revenues to support its academic mission; and

WHEREAS, The Board wishes to establish and maintain policies that provide a framework for the approval of financing transactions for the various programs that enable appropriate oversight and approval by the Trustees; and

WHEREAS, Within a policy framework, the Board desires to establish appropriate delegations that enable the efficient and timely execution of financing transactions for the CSU and its recognized auxiliary organizations in good standing; and

WHEREAS, The Board recognizes that there is a need from time to time to take advantage of rapidly changing market conditions by implementing refinancings or restructurings; and

WHEREAS, The Board finds it appropriate to use the limited debt capacity of the CSU in the most prudent manner; and

WHEREAS, There are certain aspects of the tax law related to the reimbursement of up-front expenses from tax-exempt financing proceeds that would be more appropriately satisfied through a delegation to the Chancellor without affecting the Trustees' ultimate approval process for such financings; now, therefore be it

RESOLVED, by the Board of Trustees of the California State University as follows:

Section 1. General Financing Policies

1.1 The State University Revenue Bond Act of 1947 (1947 Bond Act) and Education Code Sections 89770-89774 (EC 89770-89774) (collectively, the "CSU Bond Acts") provide the Board of Trustees with the ability to acquire,

construct, finance, or refinance projects funded with debt instruments repaid from various revenue sources.

1.2 The long-term debt programs of the Board of Trustees established pursuant to the CSU Bond Acts shall be managed by the Chancellor, to the greatest extent possible, to credit rating standards in the "A" category, at minimum.

1.3 The intrinsic rating of any debt issued by the Trustees shall be at investment grade or better.

1.4 The Trustees' debt programs should include the prudent use of variable rate debt and commercial paper to assist with lowering the overall cost of debt.

1.5 The Trustees' programs shall be designed to improve efficiency of access to the capital markets by consolidating bond programs where possible.

1.6 The Chancellor shall develop a program to control, set priorities, and plan the issuance of all long-term debt consistent with the five-year capital outlay program.

1.7 The Chancellor shall annually report to the Trustees on the activity related to the issuance of long-term debt.

Section 2. Financing Structure of the CSU's Debt Programs

2.1 To use the limited debt capacity of CSU in the most cost effective and prudent manner, all on-campus student, faculty, and staff rental housing, parking, student union, health center, and continuing education capital projects will be financed by the Trustees using a broad systemwide multi-source revenue pledge under the authority of the CSU Bond Acts in conjunction with the respective authority of the Trustees to collect and pledge revenues.

Other on-campus and off-campus projects, including academic and infrastructure support projects, will also be financed through this structure under the authority of the CSU Bond Acts, unless there are compelling reasons why a project could not or should not be financed through this structure (see Section 3 below).

2.2 The Chancellor is hereby authorized to determine which revenues may be added to the broad systemwide multi-source revenue pledge under the authority granted by the CSU Bond Acts, to determine when such revenues may be added,

and to take appropriate action to cause such additional revenues to be pledged to CSU debt in accordance with the CSU Bond Acts.

2.3 The Chancellor shall establish minimum debt service coverage and other requirements for financing transactions undertaken under the CSU Bond Acts and/or for the related campus programs, which shall be used for implementation of the Trustees' debt programs. The Chancellor shall also define and describe the respective campus program categories.

2.4 The Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management, and each of them (collectively, "Authorized Representatives of the Trustees"), are hereby authorized and directed, for and in the name and on behalf of the Trustees, to take any and all actions necessary to issue bonds pursuant to the CSU Bond Acts to acquire or construct projects. Authorized Representatives of the Trustees, with the advice of the General Counsel, are authorized to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, all bond resolutions, bond indentures, official statements and all other documents, certificates, agreements and information necessary to accomplish such financing transactions.

2.5 The Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management, and each of them (collectively, "Authorized Representatives of the Trustees"), are hereby authorized and directed, for and in the name and on behalf of the trustees, to take any and all actions necessary to refinance any existing bonds issued pursuant to the CSU Bond Acts. Authorized Representatives of the Trustees, with the advice of the General Counsel, are authorized to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, all bond resolutions, bond indentures, official statements and all other documents, certificates, agreements and information necessary to accomplish such refinancing transactions.

Section 3. Other Financing Programs

3.1 The Board recognizes that there may be projects, or components of projects, that a campus wishes to construct that are not advantaged by, or financing is not possible for, or are inappropriate for financing under the CSU Bond Acts. A campus president may propose that such a project be financed as an auxiliary organization or third party entity financing, if there is reason to believe that it is more advantageous for the transaction to be financed in this manner than through the CSU Bond Acts financing program.

3.1.1 Such financings and projects must be presented to the Chancellor for approval early in the project's conceptual stage in order to proceed. The approval shall be obtained prior to any commitments to other entities.

3.1.2 These projects must have an intrinsic investment grade credit rating, and shall be presented to the Trustees to obtain approval before the financing transaction is undertaken by the auxiliary organization or other third party entity.

3.1.3 If a project is approved by the Trustees, the Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management, and each of them (collectively, "Authorized Representatives of the Trustees") are hereby authorized and directed, for and in the name and on behalf of the Trustees, to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, any and all documents and agreements with such insertions and changes therein as such Authorized Representatives of the Trustees, with the advice of the General Counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof, in order to assist with the planning, design, acquisition, construction, improvement, financing, and refinancing of the projects.

3.2 The Chancellor may require campus presidents to establish campus procedures applicable to campus auxiliary organizations for the issuance of debt instruments to finance or to refinance personal property with lease purchase, line-of-credit, or other tax-exempt financing methods. The procedures issued by the

Chancellor need not contain a requirement for approval of the Trustees or the Chancellor but may include authority for campus presidents to take all actions to assist the auxiliary organization on behalf of the Trustees to complete and qualify such financing transactions as tax-exempt.

Section 4. State Public Works Board Lease Revenue Financing Program

4.1 The authorizations set forth in this section shall be in full force and effect with respect to any State Public Works Board project which has been duly authorized by the legislature in a budget act or other legislation and duly signed by the Governor and which is then in full force and effect.

4.2 The Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management, and Assistant Vice Chancellor for Capital Planning, Design and Construction each of them (collectively, "Authorized Representatives of the Trustees") are hereby authorized and directed, for and in the name and on behalf of the Trustees, to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, any and all construction agreements, equipment agreements, equipment leases, site leases, facility leases and other documents and agreements with such insertions and changes therein as such Authorized Representatives of the Trustees, with the advice of the General Counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof, in order to provide for the planning, design, acquisition, construction, improvement, financing, and refinancing of the projects.

Section 5. Credit of the State of California

5.1 The delegations conferred by this resolution are limited and do not authorize the Chancellor or other Authorized Representatives of the Trustees to establish any indebtedness of the State of California, the Board of Trustees, any CSU campus, or any officers or employees of any of them. Lending, pledging or otherwise using the credit established by a stream of payments to be paid from funds appropriated from the State of California for the purpose of facilitating a financing transaction associated with a capital project is permitted only if specifically authorized by a bond act or otherwise authorized by the legislature.

Section 6. Tax Law Requirement for Reimbursement of Project Costs

6.1 For those projects which may be financed under the authority of the Trustees, the Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management, and each of them (collectively, "Authorized Representatives of the Trustees"), are hereby authorized to make declarations on behalf of the Trustees solely for the purposes of establishing compliance with the requirements of Section 1.150-2 of the U.S. Treasury Regulations; provided, however that any such declaration:

6.1.1 Will not bind the Trustees to make any expenditure, incur any indebtedness, or proceed with the project or financing; and

6.1.2 Will establish the intent of the Trustees at the time of the declaration to use proceeds of future indebtedness, if subsequently authorized by the Trustees, to reimburse the Trustees for expenditures as permitted by the U.S. Treasury Regulations.

Section 7. Effective Date and Implementation

7.1 Within the scope of this financing policy, the Chancellor is authorized to further define, clarify and otherwise make and issue additional interpretations and directives as needed to implement the provisions of this policy.

7.2 This resolution supersedes RFIN 03-02-02 and shall take effect immediately.

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR



BAKERSFIELD

CHANNEL ISLANDS

October 23, 2006

CHICO

MEMORANDUM

DOMINGUEZ HILLS

EAST BAY

TO: CSU Presidents

FRESNO

FROM: Charles B. Reed
Chancellor

FULLERTON

SUBJECT: Financing and Debt Management Policy – Project Development and the Systemwide Revenue Bond Program Executive Order No 994

HUMBOLDT

LONG BEACH

Attached is a copy of Executive Order No 994 relating to the CSU's Financing and Debt Management Policy.

LOS ANGELES

MARITIME ACADEMY

In accordance with policy of the California State University, the campus president has the responsibility for implementing executive orders where applicable and for maintaining the campus repository and index for all executive orders.

MONTEREY BAY

NORTHBRIDGE

If you have questions regarding this executive order, please contact Colleen Nickles, Senior Director, Financing & Treasury, at (562) 951-4570 or cnickles@calstate.edu.

POMONA

SACRAMENTO

CBR/tr

SAN BERNARDINO

Attachment

SAN DIEGO

cc: Vice Presidents for Business/Administration
Executive Staff, Office of the Chancellor

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS

Executive Order 994

THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
401 Golden Shore
Long Beach, California 90802-4210
(562) 951-4570

Executive Order: 994
Effective Date: October 23, 2006
Supersedes: Executive Order No. 876
Title: Financing and Debt Management Policy — Project Development and the Systemwide Revenue Bond Program

Section 1: General Policies Regarding Financing Activities of the CSU

1.1 Authority: This policy statement provides information and procedures in connection with financing activities of campuses and auxiliary organizations. It is issued pursuant to Standing Orders of the Board of Trustees, Section 2, and the authority delegated to the Chancellor in the Trustees CSU Policy for Financing Activities, (RFIN 03-02-02; see Attachment B).

1.2 General Rule: Use of the capital markets to finance revenue-based, and in some limited cases, non-revenue-based non-state funded capital outlay projects of CSU campuses, auxiliaries, and other affiliated organizations shall be limited to the use of the Chancellor's Office tax-exempt or taxable commercial paper programs and the issuance of notes, bonds and other instruments, as approved by the Trustees, within the CSU Systemwide Revenue Bond Program as described below, hereafter referred to as the SRB Program. Additionally, the tax-exempt or taxable commercial paper program may also be used for the purpose of financing Chancellor's Office, campus, auxiliaries, and other affiliated organizations' personal property needs. The aspects of the Systemwide Revenue Bond Program and this policy are based on the fact that debt management is a dynamic undertaking, that evaluation of debt capacity and credit quality involves many different measures, and that the choice to use the specific criteria and measures in this policy may require change over time.

1.3 Types of Debt: The Trustees have traditionally issued variable-rate, short-term commercial paper for the construction period of a project, and fixed-rate, long-term debt for the permanent financing of a project. With the introduction of the commercial paper program use for personal property financing, the Trustees may not refinance these commercial paper issuances with long-term, fixed-rate debt, and the financed amounts will be amortized while the issuance remains in commercial paper.

Given this change in approach, the Trustees will establish a parameter that not more than 25% of its debt be unhedged variable rate debt, including commercial paper, to be consistent with rating agency expectations and market targets appropriate for the CSU's debt rating.

1.4 Alternative Financing Activities: An alternative financing structure to Section 1.2 above may be utilized if the Chancellor's Office or the campus is able to demonstrate significant benefits and if the Trustees approve the alternative structure. The Chancellor's Office or campus must not only demonstrate benefits for the use of an alternative structure, but must

Executive Order 994

also identify the detailed structure of the proposed financing. In reviewing the proposed structure, the Trustees shall evaluate such things as 1) impacts on the CSU's financial statements, 2) the extent to which the financing will be counted as a use of the Trustees' credit, 3) the relative cost of the proposed financing, 4) the proposed use of financing techniques that involve greater repayment risk than are typically used in the SRB Program, and 5) any other short-term or long-term impacts to the Trustees' credit profile.

Section 2: Definitions

2.1 "Project": Construction of a facility or group of facilities related to the same use and constructed at the same approximate time (example; one or more dormitories constructed with one construction contract). Project may also be defined as personal property with a dollar value greater than \$100,000.

2.2 "Stand-Alone Project": For a campus, a Stand-alone Project is a campus self-supporting activity supported by an Established CSU Fee that provides the source for repayment of debt for only one campus-related Project (e.g. the first campus-operated student housing facility). For an auxiliary organization a Stand-alone Project is a single Project operated by the auxiliary that is supported by the project-related revenue, or all of the auxiliary organization's available revenue (e.g. the first auxiliary-operated bookstore facility).

2.3 "Debt Program": For a campus, a Debt Program is a campus self-supporting activity funded by an Established CSU Fee that provides the source for repayment of debt for more than one campus-related Project (e.g. two or more separately financed campus-operated student housing facilities). For an auxiliary organization, a Debt Program is a program operated by the auxiliary that provides the source for repayment of debt for more than one auxiliary-operated Project (e.g. two separately financed auxiliary-operated food service facilities). Note that a general revenue pledge of all available auxiliary organization revenue makes it possible for the entire auxiliary organization program to be classified as a single Debt Program.

2.4 "Established CSU Fees": The following fee categories established in the Education Code have been pledged to the repayment of bonds issued by the SRB Program:

- Parking Fees (Education Code Section 89701)
- Student Body Center Fees (i.e., Student Union Fees) (Education Code Section 89304)
- Rental Housing Fees (Education Code Section 89703)
- Health Center Facility Fees (Education Code Section 89702)
- Continuing Education Revenue Fund Fees (Education Code Section 89704)

2.5 "Net Revenue Debt Service Coverage Ratios" (DSCR): A DSCR consists of annual gross revenue, less annual operating expenses divided by annual debt service. This ratio serves as a benchmark at the systemwide and campus level for decisions about new debt and the management of debt (See Section 4).

2.6 "Operating Expenses": For a Project or Program, Operating Expenses are defined as all costs related to providing a good or service, including regular maintenance charges, expenses of reasonable upkeep, a properly allocated share of charges for insurance, direct or special administrative expenses directly chargeable to the Project or Program, and all other expenses incident to the operation of the Project or Program, but excluding depreciation expense and

Executive Order 994

other non-cash charges, general administrative expenses of the Board or the State, Extraordinary Expenses and Major Maintenance and Repairs, and Debt Service.

2.7 "Extraordinary Expenses and Major Maintenance and Repairs": For a Project or Program, Extraordinary Expenses and Major Maintenance and Repairs will not be included in the DSCR, and the expenses are expected to be paid from Building Maintenance and Equipment Reserves or from Prior Year Fund Balances.

Note: Operating Expenses, as defined in the SRB indenture, include extraordinary repairs in the calculation of debt service coverage; the indenture requires the Board to set rates, charges, and fees for all Projects so that Net Income Available for Debt Service is at least equal to Aggregate Debt Service for all indebtedness. Sections 2.5, 2.6, and 2.7 are intended for internal operations purposes and shall not result in a conflict with indenture requirements. Campuses are expected to monitor their Programs to ensure overall compliance with the indenture requirements for annual DSCR tests.

Section 3: Systemwide Revenue Bond Program (SRB)

3.1 Trustee Approval: Each issuance of debt instruments under the SRB Program shall be approved by the Trustees.

3.2 Gross Revenue Pledge: Bonds issued under the SRB Program are secured by a gross revenue pledge of all Established CSU Fees.

3.2.1 Lawfully available revenue may be pledged from a campus, auxiliary, or other organization through a formal binding agreement if approved by the Trustees.

3.3 Commercial Paper Program: Within the capacity of the CSU Chancellor's Office commercial paper program, each non-state funded capital outlay or personal property project may receive acquisition or construction funding through the issuance of commercial paper.

3.4 Auxiliary Organization Projects: Except as indicated in Section 1.3, Projects of auxiliary or other organizations (special purpose governmental units, such as a joint powers authority) shall be financed through the SRB Program.

3.4.1 Each auxiliary or other organization SRB project financing shall be supported by the execution of a financing lease between the auxiliary organization and the CSU with a legal structure that is permitted by the provisions of the State University Bond Act and the SRB Master Resolution.

3.4.1.1 For auxiliary or other organizations with no existing debt obligations, the lease shall contain provisions that 1) pledge all available corporation revenue to the Trustees for payment of the lease obligations; 2) require deposit of all pledged revenues (i.e., all revenues) into a pledged "gross revenue fund" bank account; 3) establish criteria for issuance of additional bonds; and 4) covenant that the auxiliary or other organization will set rates or otherwise maintain pledged income that will generate the required net revenue (See Section 4.4).

3.4.1.2 For auxiliary or other organizations with existing debt obligations, the lease shall contain provisions that 1) require the corporation to abide by the criteria of existing bonds for the issuance of "parity" debt; 2) establish that Trustees share in

Executive Order 994

pledged revenue with all other bondholders on a parity basis; and 3) require that Trustees receive the same covenants as existing bondholders for the issuance of additional bonds and the same coverage required for a rate covenant for the existing bonds.

3.4.1.3 The financing lease shall be considered parity debt with all other, existing auxiliary or other organization debt.

3.4.1.4 The financing lease payment from the auxiliary or other organization to the CSU shall be calculated to include: 1) debt service associated with the bonds including the cost of participation in the commercial paper program, interest and principal on bonds issued to permanently finance the project and other debt management related costs of the CSU; and 2) any costs incurred by the auxiliary organization's campus for operation and maintenance for the financed facility. (See Executive Order No. 753)

3.4.2 At each campus the aggregate annual direct and indirect debt service for other third-party financings and for auxiliary or other financings that are either part of or separate from the SRB Program is limited to a maximum amount of 25% of the respective allocation of debt capacity to the respective campus (See Section 5).

3.5 Structure and Timing of Bond Transactions: The structure and timing of each issuance of SRB bonds shall be determined by the Chancellor's Office.

3.6 Allocation of Costs: Debt service and other debt management costs shall be allocated to campuses on the basis of a formula determined by the Chancellor's Office.

Section 4: DSCR Benchmarks

4.1 Systemwide (DSCR): For the system, the DSCR is computed using the total of the gross revenue of the Established CSU Fee plus any pledged revenue supporting SRB capital lease payments from auxiliary or other organizations. Operating expenses and debt service for the computation consist of the total operating expenses and debt service relating to these programs. The systemwide DSCR should be maintained at or above 1.45. If the SRB systemwide DSCR falls below 1.45, the campus benchmarks may be changed to strengthen the credit position of the Program. (See also Attachment A)

4.2 Combined Campus and Auxiliary Organizations (DSCR): At the combined campus and auxiliary organization level, the DSCR is similar to the systemwide DSCR test except that the amounts of pledged revenue, operating expenses, and debt service are related to the combined pledged revenues of the campus and auxiliary organizations' Established CSU Fees plus pledged revenue, operating expense and debt service that is related to the specific auxiliary organization Debt Program. The minimum requirement of the DSCR for a Combined Campus and its Auxiliary Organizations is 1.35.

4.3 Campus Debt Program (DSCR): The DSCR for a campus Debt Program must be equal to a minimum of 1.10. The DSCR for a campus Stand-alone Project must be equal to a minimum of 1.10. For these requirements the DSCR is computed from pledged revenue, operating expense and debt service that is related to the specific Debt Program or the Stand-alone Project.

Executive Order 994

4.4 Auxiliary Organization Project and Debt Program (DSCR): The DSCR for a campus auxiliary organization Debt Program must be equal to a minimum of 1.25. The DSCR for a campus SRB auxiliary organization Stand-alone Project must equal a minimum of 1.25. For these requirements the DSCR is computed from pledged revenue, operating expense and debt service that is related to the specific auxiliary organization Debt Program or the Stand-alone Project.

4.5 DSCR and Effective Year: The chief financial officer of a campus is responsible to implement plans and budgets so that the required DSCRs for campus CSU Established Fee programs and campus auxiliary organizations be supportable and maintained at or above the minimum level for the first operating year, and at or above the minimum for all subsequent years of operation for Stand-alone or Debt Program Projects.

Section 5: Debt Capacity

5.1 General Rule: Financing shall not be recommended by the Chancellor's Office if the issuance of new bonds will cause the total amount of issued and outstanding SRB bonds to exceed the CSU's debt capacity as determined by the Trustees.

5.2 Calculation of the CSU's Debt Capacity: Debt service on all issued and outstanding SRB bonds shall not at any time exceed an amount that would cause the quality of the CSU's credit to fall below a minimum level as determined by the Trustees.

5.3 Allocation of Debt Capacity to Campuses: Capacity, as measured by debt service on campus debt, shall be allocated to CSU campuses as follows:

5.3.1 Campus general allocation: The aggregate debt service related to a campus' individual projects shall not exceed an amount computed from its net unrestricted expenditures times two-thirds (2/3) of the same ratio that the Trustees have recognized as appropriate for the system.

5.3.2 Chancellor's Office special allocation: With concurrence of the Trustees, the Chancellor's Office may allocate portions of up to an additional one-third (1/3) of the CSU's debt service capacity to individual campuses for special priority purposes.

Section 6: General Financial Planning Principles For Projects

6.1 Project Size: The CSU SRB Program is intended to provide a mechanism to finance revenue based, and in some limited cases, non-revenue-based non-state capital outlay projects pursuant to the State University Revenue Bond Act of 1947 and the issuance of debt to the public through a complex legal structure and financial marketing process. As such, the Program is suitable for projects of greater than \$3 million, and with a useful life of greater than ten years. For personal property financed through the commercial paper program, financings should be \$100,000 to \$5,000,000, with a useful life of 1-8 years. See Section 7 for program-related costs that should be funded through a reserve plan rather than through the issuance of debt.

6.2 Allocation of Debt Service: The plan of finance for SRB Projects shall assume level debt service and allocation of long-term debt over 25 or 30 years unless the useful life of the asset

Executive Order 994

financed is less. In some cases, the debt service may be structured to allow for accelerating debt service, bullet repayments of principal, shorter repayment terms, or other special arrangements as determined appropriate for a project. The Trustees will be notified in the Financing item at the time of approval if an alternative debt service repayment schedule will be utilized.

6.3 Timing of Bond Sale: The plan of finance shall assume the sale of long-term debt at the time of initiation of construction (i.e., including capitalized construction period interest) to meet net revenue debt coverage ratio tests.

6.4 Interest Rate Assumptions: The plan of finance for Projects shall incorporate a moderate interest rate contingency for unfavorable changes in interest rates between the time of the initial financial plan and the time long-term bonds will be sold.

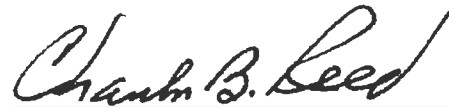
6.5 Consistency of Computations: Upon request the Chancellor's Office will provide the debt service information to be used in all financial plans relating to debt issuance in order to ensure that information regarding the debt is consistently prepared.

Section 7: Reserves

7.1 Reserve Development: The campus president and chief financial officer are responsible for developing and maintaining a campus policy to provide reserves from Project revenues for projects funded by debt issued by the Board of Trustees. The campus reserve policies, at a minimum, should address the following needs:

- Major Maintenance and Repair/Capital Renovation and Upgrade
- Working Capital
- Capital Development for New Projects
- Catastrophic Events

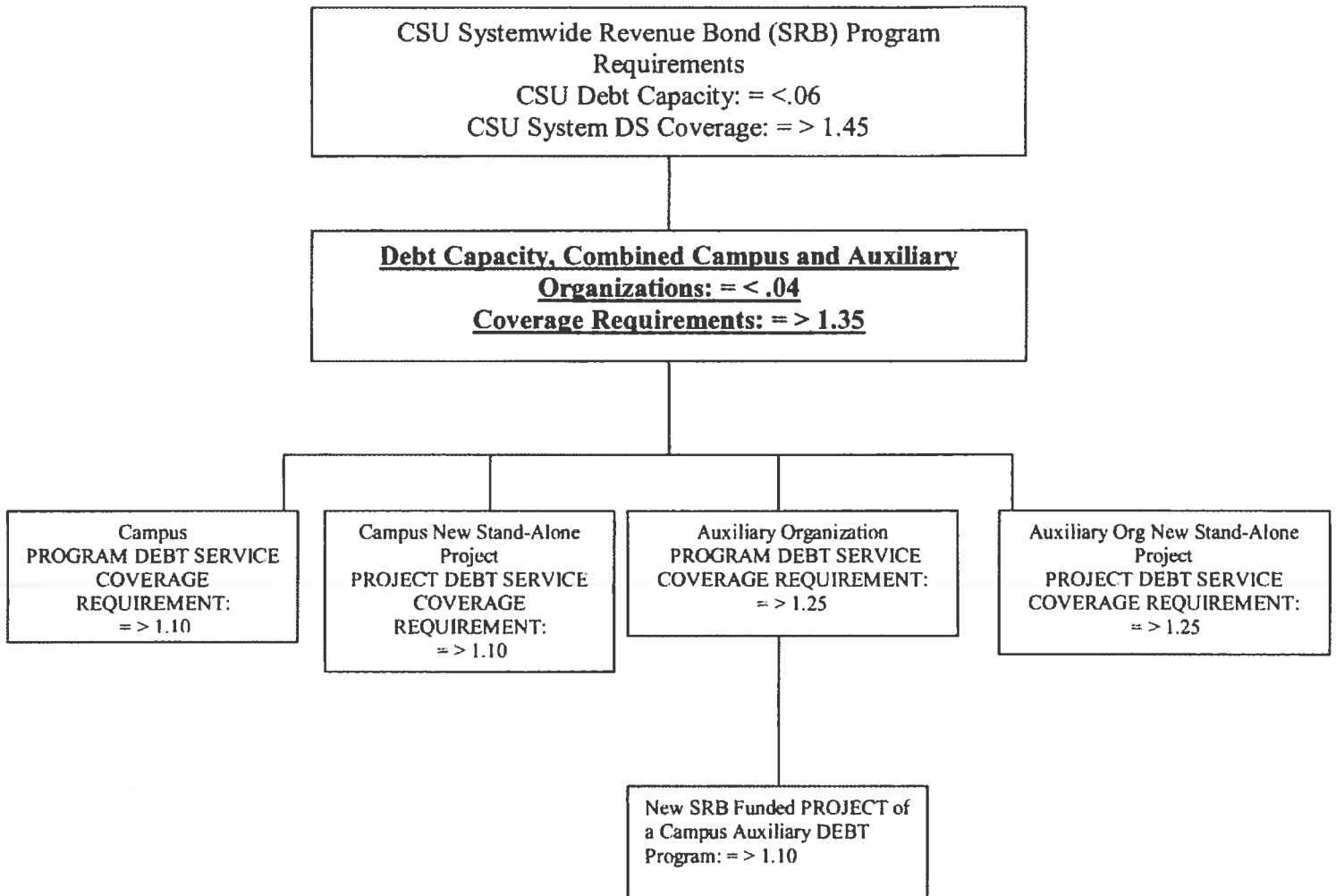
7.2 Reserve Review: At a minimum of once every three years, each campus shall conduct an in-depth review to assess the adequacy of the reserves and the campus reserve policies applicable to the projects funded by debt, and shall make necessary adjustments and changes to account for changing conditions. For Major Maintenance and Repair/Capital Renovation and Upgrade Reserves, the reviews should include formal studies of facility systems and necessary funding levels to cover all aspects of cost of replacement through the reserve-funding plan.



Charles B. Reed, Chancellor

Date: October 23, 2006

Attachment A



Attachment B

CSU Policy for Financing Activities Board of Trustees' Resolution RFIN 03-02-02

WHEREAS, The Board of Trustees of The California State University ("the Board" or "the Trustees") finds it appropriate and necessary to use various debt financing programs afforded to it through the methods statutorily established by the legislature, and to use to its advantage those programs available to it through debt financing by recognized auxiliary organizations of the California State University; and

WHEREAS, The Board wishes to establish and maintain policies that provide a framework for the approval of financing transactions for the various programs that enable appropriate oversight and approval by the Trustees; and

WHEREAS, Within a policy framework the Board desires to establish appropriate delegations that enable the efficient and timely execution of financing transactions for the CSU and its recognized auxiliary organizations in good standing; and

WHEREAS, The Board recognizes that there is a need from time to time to take advantage of rapidly changing market conditions by implementing refinancings that will lower the cost of debt financing for the CSU and its auxiliary organizations and that such refinancings could be better implemented by reducing the time required to authorize such refinancings; and

WHEREAS, The Board finds it appropriate to establish the lowest cost debt financing programs for the CSU, and to use the limited debt capacity of the CSU in the most prudent manner; and

WHEREAS, There are certain aspects of the tax law related to the reimbursement of up-front expenses from tax-exempt financing proceeds that would be more appropriately satisfied through a delegation to the Chancellor without affecting the Trustees' ultimate approval process for such financings; now, therefore be it

RESOLVED, by the Board of Trustees of The California State University as follows:

Section 1. General Financing Policies

1.1 The State University Revenue Bond Act of 1947 (Bond Act) provides the Board of Trustees with the ability to acquire, construct, or refinance projects funded with debt instruments repaid from various revenue sources.

1.2 The long-term debt programs of the Board of Trustees established pursuant to the Bond Act shall be managed by the Chancellor to credit rating standards in the "A"e category.

1.3 The intrinsic rating of any debt issued by the Trustees shall be at investment grade or better.

1.4 The Trustees debt programs should include the prudent use of variable rate debt and commercial paper to assist with lowering the overall cost of debt.

Executive Order 994

1.5 The Trustees programs shall be designed to improve efficiency of access to the capital markets by consolidating revenue bond programs where possible.

1.6 The Chancellor shall develop a program to control, set priorities and plan the issuance of all long-term debt consistent with the five-year non-state capital outlay program.

1.7 The Chancellor shall annually report to the Trustees on the activity related to the issuance of long-term debt.

Section 2. Financing Program Structure of the CSU's Debt Program

2.1 To use the limited debt capacity of CSU in the most cost effective and prudent manner, all on-campus student, faculty and staff rental housing, parking, student union, health center, and continuing education capital projects will be financed by the Trustees using a broad systemwide multi-source revenue pledge under the authority of the Bond Act in conjunction with the respective authority of the Trustees to collect and pledge revenues.

Other revenue-based on-campus and off-campus projects will also be financed through this program and the Bond Act unless there are compelling reasons why a project could not or should not be financed through this program (see Section 3 below).

2.2 The Chancellor shall establish minimum debt service coverage and other requirements for Bond Act financing transactions and/or for the related campus programs, which shall be used for implementation of the Trustees' debt programs. The Chancellor shall also define and describe the respective campus program categories.

2.3 The Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Senior Director of Financing and Treasury, and each of them (collectively, "Authorized Representatives of the Trustees"), are hereby authorized and directed, for and in the name and on behalf of the trustees, to take any and all actions necessary to refinance any existing bonds issued pursuant to the Bond Act of 1947 if the refinancing transaction will result in net present value savings, as determined by an Authorized Representative of the Trustees and which determination shall be final and conclusive. Authorized Representatives of the Trustees are authorized to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, all bond resolutions, bond indentures, official statements and all other documents, certificates, agreements and information necessary to accomplish such refinancing transactions.

Section 3. Other Financing Programs

3.1 The Board recognizes that there may be projects, or components of projects, that a campus wishes to construct that are not advantaged by, or financing is not possible, or is inappropriate for the Bond Act financing program. A campus president may propose that such a project be financed as an auxiliary organization or third party entity financing if there is reason to believe that it is more advantageous for the transaction to be financed in this manner than through the Bond Act financing program.

3.1.1 Such financings and projects must be presented to the Chancellor for approval early in

Executive Order 994

the project's conceptual stage in order to proceed. The approval shall be obtained prior to any commitments to other entities.

3.1.2 These projects must have an intrinsic investment grade credit rating, and shall be presented to the Trustees to obtain approval before the financing transaction is undertaken by the auxiliary organization or other third party entity.

3.1.3 If a project is approved by the Trustees, the Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Senior Director of Financing and Treasury, and each of them (collectively, "Authorized Representatives of the Trustees") are hereby authorized and directed, for and in the name and on behalf of the Trustees, to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, any and all documents and agreements with such insertions and changes therein as such Authorized Representatives of the Trustees, with the advice of the General Counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof, in order to assist with the planning, design, acquisition, construction, improvement, financing, and refinancing of the projects.

3.2 The Chancellor may require campus presidents to establish campus procedures applicable to campus auxiliary organizations for the issuance of debt instruments to finance or to refinance personal property with lease purchase, line-of-credit, or other tax-exempt financing methods. The procedures issued by the Chancellor need not contain a requirement for approval of the Trustees or the Chancellor but may include authority for campus presidents to take all actions to assist the auxiliary organization on behalf of the Trustees to complete and qualify such financing transactions as tax-exempt.

Section 4. State Public Works Board Lease Revenue Financing Program

4.1 The authorizations set forth in this section shall be in full force and effect with respect to any State Public Works Board project which has been duly authorized by the Legislature in a budget act or other legislation and duly signed by the Governor and which is then in full force and effect.

4.2 The Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Senior Director of Financing and Treasury, and each of them (collectively, "Authorized Representatives of the Trustees") are hereby authorized and directed, for and in the name and on behalf of the Trustees, to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, any and all construction agreements, equipment agreements, equipment leases, site leases, facility leases and other documents and agreements with such insertions and changes therein as such Authorized Representatives of the Trustees, with the advice of the General Counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof, in order to provide for the planning, design, acquisition, construction, improvement, financing, and refinancing of the projects.

Section 5. Credit of the State of California

5.1. The delegations conferred by this resolution are limited and do not authorize the Chancellor or other Authorized Representatives of the Trustees to establish any indebtedness

Executive Order 994

of the State of California, the Board of Trustees, any CSU campus, or any officers or employees of any of them. Lending, pledging or otherwise using the credit established by a stream of payments to be paid from funds appropriated from the State of California for the purpose of facilitating a financing transaction associated with a capital project is permitted only if specifically authorized by a bond act or otherwise authorized by the legislature.

Section 6. Tax Law Requirement for Reimbursement of Project Costs

6.1 For those projects which may be financed under the authority of the Trustees, the Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Senior Director of Financing and Treasury, and each of them (collectively, "Authorized Representatives of the Trustees"), are hereby authorized to make declarations on behalf of the Trustees solely for the purposes of establishing compliance with the requirements of Section 1.150-2 of the U.S. Treasury Regulations; provided, however that any such declaration:

6.1.1 Will not bind the Trustees to make any expenditure, incur any indebtedness, or proceed with the project or financing; and

6.1.2 Will establish the intent of the Trustees at the time of the declaration to use proceeds of future indebtedness, if subsequently authorized by the Trustees, to reimburse the Trustees for expenditures as permitted by the U.S. Treasury Regulations.

Section 7. Effective Date and Implementation

7.1 Within the scope of this financing policy, the Chancellor is authorized to further define, clarify and otherwise make and issue additional interpretations and directives as needed to implement the provisions of this policy.

7.2 This resolution supercedes RFIN 11-98-18 and shall take effect immediately. However, the Chancellor shall have the authority to authorize on a individual basis, auxiliary organization projects that are in the planning stage as of the adoption of this policy to proceed under the previous policy in order to prevent situations that would result in additional project costs or additional time-to-completion.

COMMITTEE ON FINANCE

Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments for a Project at California State University, San Bernardino

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

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

Background

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

Summary

This item requests the CSU Board of Trustees to authorize the issuance of long term SRB financing and the issuance of BANs to support interim financing under the CP program in an aggregate amount not-to-exceed \$3,725,000 to provide financing for one campus project. The board is being asked to approve resolutions related to this financing. Long-term bonds will be part of a future SRB sale and are expected to bear the same ratings from Moody's Investors Service and Standard & Poor's as the existing SRBs.

The financing project is as follows:

California State University, San Bernardino Parking Lot N

The California State University, San Bernardino Parking Lot N project is being presented for approval by the board for the amendment of the Non-State Capital Outlay program in Agenda Item 3 of the March 7-9, 2016 Committee on Campus Planning, Buildings and Grounds meeting.

The not-to-exceed par amount of the proposed bonds is \$3,725,000 and is based on a total project budget of \$6,454,000 with a program reserve contribution of \$2,954,000. Additional net financing costs, such as capitalized interest and cost of issuance (estimated at \$225,000), are expected to be funded from bond proceeds. The project is scheduled to start construction in March 2016 with completion expected in August 2016.

The following table summarizes key information about this financing transaction.

Not-to-exceed amount	\$3,725,000
Amortization	Approximately level over 25 years
Projected maximum annual debt service	\$261,968
Projected debt service coverage including the new project:	
Net revenue – San Bernardino pledged revenue programs: ¹	1.91
Net revenue – Projected for the campus parking program:	1.32

1. Based on campus projections of 2017-2018 operations of the project with full debt service.

The not-to-exceed amount for the project, the maximum annual debt service, and the ratios above are based on an all-in interest cost of 5.20 percent, reflective of adjusted market conditions plus 1.00 percent as a cushion for changing financial market conditions that could occur before the permanent financing bonds are sold. The financial plan includes level amortization of debt service, which is the CSU program standard. The campus financial plan projects parking program net revenue debt service coverage of 1.32 in 2017-2018, the first full year of operations, which exceeds the CSU benchmark of 1.10 for the program. When combining the project with projected 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 1.91, which exceeds the CSU benchmark of 1.35 for a campus.

Trustee Resolutions and Recommendation

Orrick, Herrington & Sutcliffe LLP, as bond counsel, is preparing resolutions to be presented at this meeting that authorize interim and permanent financing for the projects described in this agenda. The proposed resolutions will be distributed at the meeting and will achieve the following:

1. Authorize the sale and issuance of Systemwide Revenue Bond Anticipation Notes and/or the related or stand-alone sale and issuance of the Trustees of the California State University Systemwide Revenue Bonds in an aggregate amount not-to-exceed \$3,725,000 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 and the revenue bonds.

Approval of the financing resolutions for the project as described in this Agenda Item 2 of the Committee on Finance at the March 7-9, 2016, meeting of the CSU Board of Trustees is recommended for:

California State University, San Bernardino Parking Lot N

COMMITTEE ON FINANCE

Conceptual Approval of a Public/Private Partnership Mixed-Use Development Project at California State University, Fullerton

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

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

Mildred García
President
California State University, Fullerton

Summary

This item requests conceptual approval to pursue a public-private partnership plan through CSU Fullerton Auxiliary Services Corporation, (herein referred to as “ASC”), a recognized campus auxiliary organization, for the development of a mixed-use project (herein referred to as “College Park”) on ASC real property adjacent to California State University, Fullerton.

Background

The College Park site is located south of Nutwood Ave., directly across the street from the Steven G. Mihaylo College of Business and Economics building on the campus. The real property owned by ASC currently contains an office building at the north end and surface parking. The proposed development does not include the existing office building. The 2003 Campus Master Plan currently designates the development site for faculty, staff, and student housing, including a 1,200 space parking garage. In 2010, ASC and the campus began to explore development options for the site, and in 2011, campus stakeholders were interviewed to confirm the highest and best use for the development site. The result of that evaluation was the recommendation for ASC to develop a mixed use project which would include a combination of student friendly housing, ground floor retail space, parking, and possibly commercial space. In March 2014, the campus engaged an outside consultant to conduct an additional market survey, the results of which demonstrated a demand for additional student housing.

Project Description

The proposed site for this mixed-use development is approximately 6.2 acres and is located primarily south of the existing office building. The College Park project site is currently leased to the campus and used as surface parking with 833 parking spaces. There are additional parking spaces on the north and west sides of the building (approximately 0.8 acres).

The campus has received support from the Land Development Review Committee.

Educational Benefits

The development of this property will help support the academic mission of the campus by providing land uses that will complement services required by the campus, but which are currently not available or inadequate to meet the growing campus population. The potential land uses that would provide educational benefits include student friendly housing as the current on-campus housing facilities are targeted at freshmen students and are at capacity; retail opportunities that are not currently provided by ASC; potential conference facilities that could be integrated with an academic program; and potential office space.

Budget and Financing

ASC anticipates leasing the development site to a developer selected through a competitive bid process. No campus or auxiliary funds will be committed to the project and the developer will be fully responsible for the financing, construction and management of the project during the term of the sublease. The ground lease will be structured to ensure that ASC receives rent based upon fair market value of the site at a minimum.

The developer will also be responsible for funding all costs associated with the environmental and entitlement processes in accordance with CSU requirements. Furthermore, because the College Park site is presently financed on a tax-exempt basis with CSU Systemwide Revenue Bonds, the selected developer will be responsible for mitigating and possibly providing funds to pay off any debt that is no longer eligible for tax-exempt financing due to the development. Through provisions in the legal documents, ASC will also ensure that the facility is well maintained and adequately funded by maintenance reserves throughout the life of the agreement.

Approval of the Final Development Plan

Per Board of Trustees policy, as the project moves forward, all related master plan revisions, amendments of the capital outlay program, proposed schematic plans, financial plans, proposed key business points of the finalized development plan, and the required environmental documents will be presented at future meetings for final approval by the board prior to execution of any commitments for development and use of the property.

Recommendation

The following resolution is recommended for approval:

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

1. Approve the concept of a public-private partnership for a mixed-use development on 6.2 acres at California State University, Fullerton and the release of the Request for Qualifications/Proposals;
2. Authorize the chancellor, the campus, and the ASC to enter into negotiations for agreements as necessary to develop a final plan for the public-private partnership as explained in Agenda Item 3 of the March 7-9, 2016 meeting of the Committee on Finance;
3. Authorize the chancellor and the campus to enter into a due diligence access and option agreement which provides the developer with a limited-term option along with the responsibility for the development of a final plan, schematic drawings, and necessary environmental analyses during the option period;
4. Will consider the following future action items relating to the final plan:
 - a. Certification of Final California Environmental Quality Act (CEQA) documentation;
 - b. Approval of a developer agreement with the advice of the chancellor;
 - c. Approval of any amendments to the campus master plan as they pertain to the project;
 - d. Approval of an amendment to the Capital Outlay Program;
 - e. Approval of the schematic design.

COMMITTEE ON FINANCE

Conceptual Approval of a Public/Private Partnership Faculty Staff Housing Development Project at California Polytechnic State University, San Luis Obispo

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

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

Jeffrey D. Armstrong
President
California Polytechnic State University, San Luis Obispo

Summary

This item requests conceptual approval to pursue a public-private partnership plan for the development of a faculty/staff apartment complex on the California Polytechnic State University, San Luis Obispo campus.

Background

The lack of workforce rental housing suitable for faculty and staff in San Luis Obispo is a known impediment to campus efforts to recruit and retain employees. Virtually all rental apartments in close proximity to campus are suited for student housing and thus do not meet the housing needs of faculty and staff.

In March 2015, the campus contracted with a consulting firm to conduct market analysis of potential demand for the development of faculty and staff housing on campus. Based upon the analysis, including inquiries with numerous reputable development firms, there appears to be strong demand for such a project.

Project Description

The project proposes the construction of up to approximately 420 apartment homes on a 15-acre site along the southeastern boundary of the campus, situated near the main entrance on Grand Avenue. The site is currently undeveloped and is used periodically for pasturing horses.

The site has several attributes conducive to apartment development, including its close proximity to the surrounding residential community, various campus amenities such as the Performing Arts Center and on-campus athletic venues, and the 101 Freeway, as well as land available for self-contained parking. It is anticipated that the project will include design amenities on par with higher-end private garden style apartments.

The campus received support for the development from the Land Development Review Committee in November 2015.

Education Benefits

The development of the project site will help support the academic mission of the campus by providing greater access to much-needed housing options for employees, visiting scholars, and potentially graduate students with families. Additionally, the on-campus housing facility may help reduce commuter traffic.

Budget and Financing

The campus anticipates leasing the development site to a developer selected through a competitive bid process. No campus funds will be committed to the project and the developer will be responsible for the related financing, construction, and management of the property during the term of the lease. The lease will be structured to ensure that the campus receives rent based upon fair market value, at minimum.

The developer will be responsible for funding all costs associated with the environmental and entitlement processes in accordance with CSU requirements. Through provisions in the legal documents, the campus will ensure that the facility is well maintained and adequately funded by maintenance reserves throughout the life of the agreement.

Approval of the Final Development Plan

Per Board of Trustees policy, as the project moves forward, all related master plan revisions, amendments of the capital outlay program, proposed schematic plans, financial plans, proposed key business points of the finalized development plan, and the required environmental documents will be presented at future meetings for final approval by the board prior to execution of any commitments for development and use of the property.

Recommendation

The following resolution is presented for approval:

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

1. Approve the concept of a public-private partnership for an apartment development for campus faculty and staff and the release of the Request for Qualifications/Proposals;
2. Authorize the chancellor and the campus to enter into negotiations for agreements necessary to develop the final plan for the public/private partnership as explained in Agenda Item 4 of the March 7-9, 2016 meeting of the Committee on Finance;
3. Authorize the chancellor and the campus to enter into a due diligence access and option agreement which provides the developer with a limited-term option along with the responsibility for the development of a final plan, schematic drawings, and necessary environmental analyses during the option period;
4. Will consider the following future action items relating to the final plan:
 - a. Certification of Final California Environmental Quality Act (CEQA) documentation;
 - b. Approval of a developer agreement with the advice of the chancellor;
 - c. Approval of any amendments to the campus master plan as they pertain to the project;
 - d. Approval of an amendment to the Non-State Capital Outlay Program;
 - e. Approval of the schematic design.

COMMITTEE ON FINANCE

Conceptual Approval of a Public/Private Partnership Junior Giants Urban Youth Academy at San Francisco State University

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

Robert Eaton
Assistant Vice Chancellor
Finance, Treasury and Risk Management

Leslie E. Wong
President
San Francisco State University

Summary

San Francisco State University requests conceptual approval to pursue a public-private partnership with the Giants Community Fund to establish a Junior Giants Urban Youth Academy, an athletic and educational program for underserved youth and their families on the San Francisco State University campus.

Background

The San Francisco Giants Community Fund and Major League Baseball have proposed collaborating with San Francisco State University to establish the Junior Giants Urban Youth Academy at the university. This collaboration will advance the mission of both institutions to provide positive encouragement and support for youth who live in neighborhoods with limited opportunities and to expand their horizons in pursuit of higher education. The partnership represents a shared vision for community-building and social justice. The Urban Youth Academy at San Francisco State will strengthen the educational pipeline of local communities to the campus and provide San Francisco State students and faculty with opportunities for hands-on learning and research.

Project Description

The proposed project is the construction of a youth-size baseball field and a 16,500-square-foot structure housing a learning center, covered infield, and batting cages on a 2-acre site along the western boundary of the campus, off Lake Merced Boulevard. The site currently contains 14 tennis courts used primarily by outside community groups. The Giants Community Fund would also construct an activity plaza and restrooms east of the site for shared access and events support. In addition, San Francisco State would improve its existing varsity baseball and softball fields for shared use by the university and the Urban Youth Academy.

The site has attributes advantageous for the Urban Youth Academy program, including co-location with the existing baseball field, proximity to the softball field for special events, a valley location that minimizes the visual impact of the structure, and separation from the academic core. The site provides easy access to Lake Merced Boulevard, public transportation, drop-off for daily arrivals, and parking for special events. The site is master-planned for recreation and athletics use.

The Urban Youth Academy would serve as a year-round facility on the campus for 75-150 disadvantaged girls and boys, ages 7 to 18, per weekday plus weekend clinics and other large group programs throughout the year. It would provide program participants with free baseball instruction, academic enrichment, and mentoring.

Education Benefits

The academic dimension of the Urban Youth Academy will be focused on cultivating a higher education pipeline for students, under the leadership of Student Affairs & Enrollment Management (SAEM) at the campus and with the collaborative efforts of several SAEM units such as Student Outreach Services, Financial Aid Office, and Office of Undergraduate Admissions. The Urban Youth Academy's "Baseball to Baccalaureate" programming will prepare the city's underserved students for college, while exposing them to a variety of educational and academic opportunities. For over 45 years, the campus and the Educational Opportunity Program have improved access for, and retention of, historically underserved, low income, first generation college students by facilitating their matriculation into San Francisco State and by providing a support system for their success.

The Urban Youth Academy will also provide opportunities for current San Francisco State students to study the natural laboratory aspects of the development of children and youth. This will be particularly valuable for students in Kinesiology and for faculty studying the role of exercise in curbing obesity and enhancing executive function in the developing brain. It will permit students majoring in Recreation, Parks, and Tourism to study the role of sports in maintaining academic preparedness in at-risk youth. It should open opportunities for research for faculty and service learning experiences for students in a number of disciplines, as they engage with the Giants and other community members to interact with participants through the Urban Youth Academy.

Budget and Financing

The campus anticipates providing a license to the Giants Community Fund to construct the facilities described above and entering into a long-term ground lease for the constructed facilities, which will be owned and maintained by the campus. The approximate \$5 million cost of the improvements, as well as the replacement cost of the existing tennis courts, will be funded by the Giants Community Fund. The lease agreement with the Giants Community Fund will include fair market value rent for the land and will cover all operational and maintenance costs of the facilities, including utilities, as well as the costs of improving the baseball and softball fields.

Approval of the Final Development Plan

Per Board of Trustees' policy, as the project moves forward, all related master plan revisions, amendments of the capital outlay program, proposed schematic plans, financial plans, proposed key business points of the finalized development plan, and the required environmental documents will be presented at future meetings for final approval by the board prior to execution of any commitments for development and use of the property.

Furthermore, prior to presentation of the final development plan to the Board of Trustees, San Francisco State University will provide information to the chancellor which demonstrates the following:

- The partnership will provide a substantial and clear link of the partnership to specific academic programs which furthers the educational mission of the university, in addition to cultivating a higher education pipeline for students.
- The valuation of the project site for the determination of ground lease rent will consider land in the immediate vicinity of the university at its highest and best use to determine the market value.
- The ground lease revenue produced through the partnership will meet or preferably exceed campus costs to construct, operate, and maintain the proposed Junior Giants Urban Youth Academy, as well as any campus costs to renovate, operate, and maintain the existing varsity baseball and softball fields to be used jointly by the campus and the Junior Giants organization; and ancillary costs including but not limited to campus police services, security, parking, and janitorial services.
- Joint use of existing campus varsity baseball and softball fields by the Junior Giants Urban Youth Academy will not significantly affect use of the fields by university programs or athletics and not adversely affect the condition of the fields.
- Partnership agreements will contain a provision to indemnify CSU during construction, operation, and maintenance of the project.

- The ground lease will include a provision requiring an assessment to be provided to the Chancellor every five years which verifies the expected academic, pedagogic, and advancement benefits of the project to the campus and that ground lease revenue received by the campus exceeds campus costs. The ground lease shall also enable CSU to cancel or renegotiate the ground lease if such verification is unable to be obtained.
- The project will be consistent with provisions of the Memorandum of Understanding dated October 30, 2007 between the City and County of San Francisco and the California State University relating to transportation measures.

Recommendation

The following resolution is presented for approval:

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

1. Approve the concept of a public-private partnership for the Junior Giants Urban Youth Academy;
2. Authorize the chancellor and the campus to enter into negotiations for agreements necessary to develop the final plan for the public/private partnership as explained in Agenda Item 5 of the March 7-9, 2016 meeting of the Committee on Finance;
3. Authorize the chancellor and the campus to enter into a due diligence access and option agreement which provides the developer with a limited-term option along with the responsibility for the development of a final plan, schematic drawings, and necessary environmental analyses during the option period;
4. Will consider the following additional action items relating to the final plan:
 - a. Certification of Final California Environmental Quality Act (CEQA) documentation;
 - b. Approval of a developer agreement with the advice of the chancellor;
 - c. Approval of any amendments to the campus master plan as they pertain to the project;
 - d. Approval of an amendment to the Non-State Capital Outlay Program;
 - e. Approval of the schematic design.

COMMITTEE ON FINANCE

Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments to Refinance and Restructure State Public Works Board Debt

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

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

Summary

This agenda item requests the Board of Trustees of the California State University to authorize the issuance of long term Systemwide Revenue Bonds (SRB) and related debt instruments, including shorter term and variable rate debt, in an aggregate amount not-to-exceed \$1,200,000,000 to refinance and restructure State Public Works Board (SPWB) bond debt that has been issued for the benefit of the CSU. The debt will be issued in coordination with future SRB sales. The long term, fixed rate SRB debt issued under this authorization is expected to bear the same ratings from Moody's Investors Service and Standard & Poor's as the existing SRBs. This agenda item is a follow-up to the information item on the restructuring of the State Public Works Board debt that was presented to the board in November 2015.

Background

Currently, approximately \$980 million of SPWB bond debt issued for the benefit of the CSU is outstanding. Proceeds from the issuance of these bonds, which were issued from 1993 through 2013, were used to build or renovate academic projects across the CSU system. Historically, the principal and interest on these bonds has been paid by the State through an annual general fund appropriation to the CSU that would fluctuate depending upon the amount of principal and interest due in that particular fiscal year. Thus, while the legal structure of the bonds required that the debt be carried on the CSU's financial statements, as a practical matter, the State paid the debt service on the bonds.

Legislation passed in July 2014 altered the way the State funds capital projects for the CSU and provided the CSU with new capital financing authorities. As a result, the budget responsibility for paying debt service on SPWB and State general obligation bonds issued on behalf of the CSU

shifted from the State to the CSU. For the 2014-2015 fiscal year, the CSU received a \$297 million augmentation to its base general fund appropriation to cover debt service on the State Public Works Board and State general obligation bonds. This augmentation would no longer be adjusted each year for fluctuations in the actual debt service, meaning that, in future years when the debt service is greater than the \$297 million, the CSU will need to find other resources to make up the difference. Conversely, in future years when the debt service is lower than the \$297 million, the CSU will retain the savings.

The legislation also provided the CSU with new capital financing authorities, including the ability to refinance the SPWB bond debt with debt issued directly by the CSU such as SRB debt. Any savings generated by such a refinancing would not impact the \$297 million base budget augmentation and, therefore, would accrue to the benefit of the CSU. Furthermore, the \$297 million will not be reduced as a result of reducing SPWB debt and replacing it with SRB debt.

Refinancing Plan Objective

The basic goal of refinancing and restructuring the CSU's SPWB bond debt with CSU SRB debt is to generate savings and cash flow benefits for the CSU—i.e. reduce the amount of debt service that is required to be paid, thereby freeing up funds to meet other system needs. Generally, these objectives can be measured in one or a combination of two ways:

- Refinancing for Net Present Value Savings

These types of savings are the same as those generated by the refinancing of SRB debt and which periodically are reported to the board. These savings are achieved by refinancing debt, without extending the principal repayment period, at lower interest rates than what is currently being paid on the outstanding debt and reducing the amount of funds needed to service the outstanding debt. When evaluated in current dollars—i.e. on a net present value basis—the savings are positive and significant.

Currently, approximately \$450 million of the outstanding SPWB bonds can be refinanced on this basis, resulting in net present value savings of approximately \$52 million or annual average savings of \$3.1 million over the next twenty years.

- Restructuring for Cash Flow Benefits

Cash flow benefits are generated by restructuring the amortization schedule of the principal. This is done by extending the terms of the bond or by deferring the start of principal amortization, each of which lowers the principal component of the near term debt service, thereby reducing the amount of cash flow needed to service the outstanding debt in the near term and freeing up cash flow for other needs. However, when evaluated in current dollars—i.e. on a net present value basis—there can be a negative impact on savings because of the increased debt service that must be paid over a longer term.

Key Structuring Parameters

Because of the complexity and size of the transaction, and because of the potential for changing market conditions between now and the sale of debt, this item outlines key structuring parameters that will serve as guidelines for staff as the transaction is structured and finalized.

Amount of State Public Works Board Bonds to be Refinanced and Restructured

Of the \$980 million in outstanding SPWB bonds, approximately \$773 million are good candidates for near term refinancing and restructuring. The remaining \$207 million of bonds are not suitable candidates for refinancing and restructuring in the foreseeable future due to the extremely high cost of doing so or because the bonds will be paid in full in less than two years.

The not-to-exceed principal amount assumes the eventual refinancing and restructuring of all of the SPWB bonds in order to provide flexibility on the timing and structure of the bond sale, and in the event that market conditions or other circumstances change significantly enough to warrant the refinancing and restructuring of all bonds.

Restructuring to Adjust the Asset-Liability Match

Historically, the SPWB bonds issued on behalf of the CSU had shorter amortization periods (generally 25 years) when compared to SRB debt (generally 30 years). In refinancing and restructuring SPWB bonds, the CSU expects to extend the amortization schedule of the debt to more closely align with the average useful life of the underlying assets. For the \$773 million of bonds that are most suitable for near term refinancing and restructuring, the amortization of principal will be extended to no more than forty years. In addition, the refinancing debt may have an interest only period of up to 10 years.

Use of Variable Rate or Shorter Term Debt

Historically, the CSU has issued long-term, fixed-rate bonds under its SRB program and the SPWB bond debt was issued on that same basis, although with a shorter amortization period. However, in order to reduce the potentially negative impact that restructuring and extending the repayment of principal will have on net present value savings, the refinancing and restructuring will utilize variable rate debt or debt instruments with shorter maturities, thereby lowering the interest rate component of the near term debt service. The use of variable rate or shorter term debt will be a key component in generating cash flow benefits compared to an all long term, fixed rate structure. However, the use of variable rate debt and shorter term debt introduces interest rate risk or refinancing risk at the time of initial maturity, specifically, the possibility that interest rates may be higher than otherwise would have been the case had fixed rate debt been issued at the outset.

Generally, prudent use of variable rate or shorter term debt can reduce interest costs relative to long-term, fixed rates in exchange for a reasonable degree of interest rate risk. In order to balance this risk-reward trade-off for this transaction, the structure is expected to utilize variable rate or shorter term debt within a range of 25 to 50 percent of the transaction size. For purposes of planning and sizing the transaction, and estimating savings, the interest cost of the variable rate or shorter term debt component is being assumed at 3 percent, which is roughly equivalent to average short-term rates over the last 25 years with an allowance for annual costs.

Net Present Value and Cash Flow Savings Targets

On a total transaction basis, staff will target net present value savings that are at least neutral when compared to the debt service on the existing SPWB bonds that are refinanced and restructured, and will target cash flow savings over the next ten years at a minimum of \$200 million to address the CSU's deferred maintenance and critical infrastructure backlog.

Revenue Pledge

To appropriately support the refinancing and restructuring of the SPWB debt, student tuition fees will be added to the existing SRB revenue pledge. As of June 30, 2015, pledged revenues of the SRB program totaled approximately \$1.7 billion. With the addition of approximately \$2.5 billion in estimated gross student tuition for 2015-2016, the total SRB pledged revenues will increase to approximately \$4.2 billion, providing support for annual debt service on all SRB debt (after the refinancing and restructuring) of approximately \$5.6 billion of outstanding SRB debt (\$4.4 billion of current outstanding bonds plus up to approximately \$1.2 billion to pay off the SPWB bonds assuming full use of the not-to-exceed amount.)

Although the 2014 legislation that granted new capital financing authorities to the CSU allows the CSU to pledge its annual state general fund appropriation to support the issuance of debt, the annual state general fund appropriation is not being added to the SRB revenue pledge based upon legal, financial, and operating considerations.

Trustee Resolutions and Recommendations

Orrick, Herrington & Sutcliffe LLP, as bond counsel, is preparing resolutions to be presented at this meeting that authorize interim and permanent financing for the projects described in this agenda item. The proposed resolutions will be distributed at the meeting and will achieve the following:

1. Authorize the sale and issuance of Systemwide Revenue Bond Anticipation Notes, short to medium term debt instruments, variable rate debt instruments, and/or the related or stand-alone sale and issuance of the Trustees of the California State University Systemwide Revenue Bonds in an aggregate amount not-to-exceed \$1,200,000,000 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 and the revenue bonds.

Approval of the financing resolutions described in this Agenda Item 6 of the Committee on Finance at the March 7-9, 2016, meeting of the CSU Board of Trustees is recommended.

COMMITTEE ON FINANCE

Update on the Sustainable Financial Model Task Force Report

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

Summary

This item presents the report of the Sustainable Financial Model for the California State University Task Force, which is included as Attachment A to this agenda item. The report has been revised to reflect discussion at the January 2016 Board of Trustees meeting. In addition, the presentation will provide an overview of next steps for a number of recommendations in the report.

Background

The task force was established in October 2014 by Chancellor Timothy White, and was co-chaired by two campus presidents and the executive vice chancellor and chief financial officer. The charge to the task force was to propose a sustainable financial plan for the university, recognizing the changes in state funding of higher education, our inability to meet demand by qualified students, and critical faculty and facility needs for instruction and support.

Membership of the task force included the student trustee and the chair of the California State Student Association, the faculty trustee, the Chair of the Academic Senate, two campus provosts, three campus chief financial officers, and a campus vice president for student affairs.

The final task force report includes nineteen recommendations across five major areas including resource allocation, administrative effectiveness, managing costs, and revenue generation all in the context of supporting a quality education and student achievement. For each area, the final report includes a brief review of the background challenges, provides a conceptual proposal to address the challenges, summarizes the rationale for the proposal, and describes specific recommendations.

Consultation

The task force consulted with a broad array of individuals and groups including the Academic Senate, the California State Student Association, campus provosts, vice presidents for Student Affairs, and the campus vice presidents for Administration and Finance. In addition,

representatives from the task force met with the Systemwide Budget Advisory Committee, the state legislature and the Department of Finance, as well as the Council of Presidents. To ensure the broadest possible review, copies of draft reports were also published on the CSU website at www.calstate.edu/financial-future/phases/, allowing an opportunity for public feedback.

As the final step in the consultative process, the draft report was presented at the January 26, 2016 meeting of the Committee on Finance. Comments received during the presentation of the draft report have been incorporated in the final report.

Implementation

The report included nineteen recommendations. Some of the recommendations require further exploration and analysis by subject matter experts at the campuses and the Chancellor's Office. In some cases, the task force suggested the formation of workgroups to more fully analyze and develop recommendations and to provide more specific implementation plans.

The schedule and key milestones for implementation of many recommendations will be provided during the presentation to the Committee on Finance.

A Financial Model to Support the Future of The California State University

**Report of the Chancellor's Task Force for a
Sustainable Financial Model for the CSU**



LETTER TO CHANCELLOR FROM THE CO-CHAIRS

The California State University (CSU) educates over 460,000 and graduates over 100,000 students each year and contributes significantly to California's economic strength and educated citizenry. The system receives over 400,000 new applications annually; students with a dream could be threatened by limited resources available to support the 23 campuses. While the legislature and governor were able to fully fund the Board of Trustees' budget request in 2015-16, K-12 education and community college funding requirements under Proposition 98, the state's new rainy day savings requirement, and growth in health and human services programs requires the CSU and the state to consider new approaches to funding the university. State general fund support should remain a primary source of revenue for the university but we must find supplemental resources and tools to address our operating and infrastructure needs.

This report proposes a series of possible actions and new tools beyond increases in general fund appropriations to support the university into the future. It is our belief that the current financial model is not sustainable in the long run and now threatens access to the high-quality education offered by CSU campuses. California's future is tied to having a well-educated workforce, and as an institution we must make sure we are fulfilling our obligation to the state and those who should have access to a college education. Even if all of the recommendations in this report are adopted, it is critical that the State of California increase its investment in the University over the next ten years to maintain educational quality, provide authentic student access, and maintain an affordable cost to students.

Over the past year, the task force has reviewed several interrelated elements that affect how our institution acquires and allocates its resources in an effort to provide current and prospective students a quality education. The report reflects our commitment to do all that we can to serve students today and tomorrow. However, it is clear that we cannot do it alone; we will continue to need ongoing investment from the state as well as policymakers' support to explore and implement other approaches and serve as partners in making sure that the future remains bright for students and the state for decades to come.

On behalf of the Task Force for a Sustainable Financial Model, we respectfully submit to you the proposed findings and recommendations that are designed to ensure access to a high quality education for Californians.

Sincerely,

Elliot Hirshman
President
San Diego State University

Leroy Morishita
President
California State University, East Bay

Steve Relyea
Executive Vice Chancellor/CFO
California State University

TABLE OF CONTENTS

LETTER TO CHANCELLOR FROM THE CO-CHAIRS	1
TABLE OF CONTENTS	2
SUMMARY	3
SUPPORTING A QUALITY EDUCATION.....	5
STUDENT ACCESS	5
RESEARCH AND GRANTS.....	6
ADMINISTRATIVE EFFECTIVENESS.....	8
POLICIES AND PROCEDURES	8
IMPROVE ADMINISTRATIVE SYSTEMS	9
MAXIMIZE USE OF FACILITIES.....	9
PUBLIC PRIVATE PARTNERSHIPS (P3)	10
RESOURCE ALLOCATION	13
INTERNAL ALLOCATIONS FOR ENROLLMENT	13
CAPITAL FINANCING	14
ALTERNATIVE MEASURES FOR ALLOCATION OF FUNDS	15
MANAGING COSTS	17
HEALTH PREMIUMS AND PENSION BENEFIT COSTS	17
STATE UNIVERSITY GRANT ALLOCATION PROCEDURES.....	18
REVENUE.....	20
EXPAND CSU’S INVESTMENT AUTHORITY	20
THE CRITICAL ROLE OF PHILANTHROPY	21
TUITION MODEL.....	22
MARKET BASED NON-RESIDENT TUITION RATES	23
APPENDIX A. TASK FORCE CHARGE	25
APPENDIX B. GUIDING PRINCIPLES	27
APPENDIX C. SUMMARY OF COMMENTS	28
APPENDIX D. TASK FORCE MEMBERSHIP	30

SUMMARY

The California State University has existed as a single publicly-funded, publicly-minded system for 55 years. In that time, more than 3 million alumni have earned a quality CSU degree – a degree of high academic standards and applied demonstration of learning. The university system empowered people from every region and community of this state. These alumni have gone on to drive one of the world’s most dynamic innovation economies, while breaking cycles of poverty and producing generations of civic leaders.

Between 2008 and 2011, the CSU faced an existential threat. Within a four-year period, the state cut public funding to CSU by \$1 billion – or a third. As a result, the university was forced to take drastic actions, including furloughs, administrative and staff layoffs, deferred repairs and replacement of building and equipment, and tuition increases. Even as the university became more cost efficient and effective to soften the burden, these four years radically realigned the role of the state and students in funding higher education.

The CSU has continued to serve a growing student population even in the face of the dramatic reductions in state support. During fiscal year 2008, before the most recent budget cuts arising from the recession, the CSU served 368,424 full-time equivalent students and received \$2,970,515,000 from the state for operations. In fiscal year 2015, the level of state support was \$2,762,018,000 or \$208,497,000 below the level provided in 2008 even though the CSU served 382,231 full-time equivalent students—an increase of 13,807 FTES. Compared to 2008 the CSU served four percent more FTES annually while state support remained seven percent lower in 2015 than in 2008. Greater and greater student access with less and less state support is not a sustainable approach for the CSU or California.

Today, we continue to see the traditional role of the state change. Most notably, the burden for facilities repair and replacement has shifted from the state to the university. And the CSU continues to face a \$2.6 billion backlog of deferred maintenance as a result of past funding constraints. Simultaneously, experts at the Public Policy Institute of California (PPIC) project a shortfall for the state of 1.1 million educated workers with bachelor’s degree by 2030.

The state took an important step toward the future by fully funding the trustees’ requested budget for 2015-2016, which will begin to slowly increase state support per full-time equivalent student, even while CSU funding levels remain well below historic levels. The CSU will continue to work with the governor and legislature to build on this investment. Yet, state funding alone is not likely to meet the need identified by the PPIC with appropriate quality and adequate/safe facilities. This report presents options – perhaps best viewed as a menu of prompts for further development – to sustain the CSU as it meets the demand of California’s economy and society, while preparing for the possibility of unstable state resources in the future. However, it is important to stress that even if all of the recommendations in this report were adopted, it remains critical that the state invest more resources in the CSU than it is investing today. To do otherwise will lead to untenable conditions of decreasing access and educational quality, and increasing costs to students.

The tables below summarize recommendations presented in this report to sustain the CSU into the future.

Supporting a Quality Education	Administrative Effectiveness	Resource Allocation
<ul style="list-style-type: none"> • Expand research funding • Advance English and mathematics preparation • Formalize applicant redirection • Continue to build data-driven decision making capacity • Consider alternative scheduling to use facilities more effectively 	<ul style="list-style-type: none"> • Partner to revise regulations and policies to remove barriers • Improve support and infrastructure systems • Consider funding year-round operations • Pursue public-private partnerships where appropriate 	<ul style="list-style-type: none"> • Create a direct and transparent campus allocation process • Develop allocation factors that consider student success • Implement financing authority, restructure debt, build reserves
Managing Costs	Revenue	
<ul style="list-style-type: none"> • Review structure and cost of health benefit and pension programs for long-term viability • Enhance the State University Grant program • Pursue funding to replace tuition discounts with direct grants 	<ul style="list-style-type: none"> • Strengthen advocacy effectiveness regarding our state appropriation Expand CSU's investment authority • Increase investment and expand philanthropic giving • Consider moving from intermittent large spikes in tuition to planned small increments over time • Consider adjusting non-resident tuition rates by campus, with controls that do not displace residents 	

SUPPORTING A QUALITY EDUCATION

Many of the recommendations of this report, if implemented, will provide additional resources from cost savings and new revenue that can be used to enhance the quality of the educational services provided to students. Other recommendations, such as those regarding capital financing, will help improve critical infrastructure, including facility renovations, to further enhance educational quality.

The task force also considered several issues that more directly support the quality of education, including student success and the expansion of research and grants activity.

STUDENT ACCESS

There continues to be strong demand for a CSU education from high school students and community college transfers. To meet this demand and prepare the state's future workforce, we must manage our enrollment within our human and fiscal resources to ensure access to quality and affordable educational opportunities for students.

Background

California's higher education institutions face four inter-related challenges; 1) enrollment demand exceeds enrollment capacity at many public universities, 2) K-12 schools and community colleges are preparing more graduates seeking access to postsecondary education, 3) many eligible students enrolling at universities are not adequately prepared and require additional college preparatory coursework in math and English to ensure their success, and 4) public policy analyses indicate that robust economic growth will require a significant increase in the number of college graduates in California.

CSU should also remain cognizant of the need for families, students, policymakers, and our segmental partners to understand CSU enrollment policies including local admission areas, priority students (i.e. associate degree transfer students), and supplemental admission criteria.

Proposal

The CSU should support creative efforts designed to enhance preparation for college and, to the extent possible, implement a comprehensive admission redirection program to broaden admission opportunities for eligible students at one or more of the 23 CSU campuses.

Rationale

The importance of student access to success is the cornerstone of the CSU. Efforts should facilitate students' access and support their efforts to make academic progress and graduate. It is critical to explore opportunities that make student access to success the focus of CSU campuses rather than just meeting enrollment targets.

Recommendations

The task force recommends that committees and workgroups focused on CSU access and student success help specify tactics to address the following:

First, build on current efforts to reduce the need for additional English and mathematics preparation for entering freshmen, within the context of the new Common Core State Standards and new K-12 assessments. The workgroup should also explore new intersegmental strategies to further reduce the numbers of admitted students who are not ready for college level work to enhance systemwide implementation of best practices, such as current Summer Bridge and Early Start Programs, and to increase the number of students completing their college preparation work prior to beginning their coursework in the fall.

Second, develop a robust process that provides options for students who are CSU-eligible but unable to attend campuses that are at enrollment capacity. A CSU admissions redirection program would provide denied eligible students, who find their preferred campus is at capacity, with options to attend another CSU campus. The task force recognizes that many students are place-bound and it may be difficult to attend another CSU campus. A review of regional demand and local service area policies will facilitate the conversation about where and when to redirect applications and help balance enrollment demand and capacity across the system

Third, identify a set of best practices for campuses to adopt in using technology and data-driven decision making to enhance student retention and progress to degree. These new techniques can support early identification of problems, enhance advising strategies, support students who are facing challenges, and encourage students to graduate as soon as they acquire sufficient units.

Fourth, identify scheduling and online instructional approaches that maximize the use of our facilities given campus facility capacity limitations. Analysis should be done to determine to what extent these problems could be alleviated by alternative scheduling including extending the instructional week, offering a full summer term, and expansion of Friday and Saturday classes. Consideration of alternative scheduling approaches should take into account the costs and benefits of space utilization, faculty and administrative staffing, utilities, infrastructure, and maintenance needs.

RESEARCH AND GRANTS

Background

The CSU generates over \$500 million of federal, state, local, and nongovernmental grants and contracts each year to support faculty who conduct substantial research, scholarship, and creative activities, often in collaboration with students and in support of the CSU undergraduate and graduate instructional mission. Undergraduate research is a key "high-impact" educational practice, and is a growing part of CSU undergraduate education programs. CSU faculty members are outstanding scholars in their disciplines, and provide significant mentorship to support the research, scholarship, and creative activities they undertake with their students. Much of the undergraduate research conducted at the CSU is focused on regional and community needs, supports students' professional advancement, and constitutes an important driver for curriculum renewal and innovation.

Proposal

Opportunities exist to increase funding available for research and in particular directed research, which is a critical aspect of the CSU's mission. CSU campuses should be encouraged to continue to pursue research, scholarship, and creative activities responsibly and consistent with campus mission and goals, taking into consideration the support costs and requirements of these programs, through sharing of best practices, further investment in critical infrastructure, faculty development, and inter-segmental partnerships, among others.

Rationale

The expansion of opportunities to engage in research, scholarship, and creative activities will generate additional resources to enhance academic quality, student engagement, and promote new knowledge.

Recommendations

The task force recommends that the Office of Research Initiatives and Partnerships at the Chancellor's Office collaborate with campus Research and Sponsored Programs offices to identify and implement strategies designed to expand funding opportunities from federal, state, local, and private entities to support the CSU's mission regarding research, scholarship, and creative activities.

ADMINISTRATIVE EFFECTIVENESS

CSU campuses consistently rank among the nation's most effective higher education institutions thanks to the academic rigor applied by faculty and administrative efficiencies that have helped to save and avoid significant costs. However, in order to preserve the quality of education, CSU must consider alternative solutions to increase its effectiveness. It must pursue policy and regulatory changes that increase the institution's financial flexibility, evaluate advancements in tools and software for its administrative functions, make better use of facilities to maximize enrollment capacity, and consider increased use of public-private partnerships to advance its capital program and mission.

POLICIES AND PROCEDURES

Background

Over the past ten years the CSU has evolved significantly away from the state agency fiscal structure. Before this change, the Board of Trustees was limited in its authority to develop their own fiscal policies or establish financial management procedures. Since the implementation of the revenue management program in 2006 allowing the CSU to collect and retain student tuition, the CSU has a greater ability to respond to changing financial conditions, but additional improvements are required. Examples of the requirements that should be reviewed include investment limitations imposed by the California Government Code; state approval of leases of roofs for cellular service rentals, which can take up to a year to process; claim schedules required by the State Controller for some capital outlay projects; sale of CSU surplus property must follow the state annual surplus property bill conducted through the Department of General Services; multitude of periodic reports filed with the legislature and state departments affecting almost all areas of the University; and regulation of CSU vehicle purchase and replacement by the Department of General Services.

Proposal

Changes should be considered to the California Education Code, the California Code of Regulations, and CSU policy that currently constrain effective campus financial and operational management. Proposed changes should provide campus leadership with the tools and flexibility necessary to achieve the mission of their campus.

Rationale

To fulfill our mission of providing highly valued degrees to the top one-third of the state's high school graduates and transfer students, it is the CSU's obligation and desire to operate as effectively as possible. Accordingly, CSU must be provided the financial tools to achieve the educational objectives of the state.

Recommendations

The task force recommends that a workgroup be appointed to review California codes and regulations, as well as all CSU policies and procedures with a financial or operational impact and recommend changes to the chancellor for consideration. In some cases, proposed changes may require action by the

Board of Trustees. A comprehensive evaluation is critical to assure that the resulting recommendations strive to remove bureaucratic regulations and impediments regarding all aspects of the CSU's financial and administrative operations.

IMPROVE ADMINISTRATIVE SYSTEMS

Background

Fifteen years ago the CSU set out to achieve a target administrative systems environment to improve its performance standard for administrative functions and to provide efficient and effective services to students, faculty, and staff. That environment was designed to perform administrative functions in concert with a common set of best practices, support administrative functions with a shared suite of application software, and operate the administrative software suite as a shared service.

Proposal

There have been significant improvements in application software support and hardware operating environments since the original vision 15 years ago. The time has come for the CSU to explore and evaluate advancements that will improve administrative services and manage the inevitable cost increases associated with the maintenance of the current software and hardware support.

Rationale

The CSU has implemented, maintained, and utilized the Common Management System (CMS) to manage its human resources, financial, and student information requirements as well as successfully operated CMS as a shared service. However, full achievement of best practices—the first and most important objective—has not been fully realized.

Recommendations

The task force recommends the chancellor charge separate workgroup(s) to evaluate and develop a set of recommendations on: existing and potential improvements in applications software and hardware support that can enable better administrative services while containing or reducing costs; cost reduction strategies in the areas of strategic procurement, multi-segment collaboration, and network infrastructure; current statutes and regulations that restrict efforts to reduce energy consumption and costs, and becoming more self-reliant with conventional and renewable energy sources; and, cost reduction strategies in the area of library management systems.

MAXIMIZE USE OF FACILITIES

Background

Summer session programs have been very successful at several CSU campuses; however, other campuses struggle to offer a robust summer term using a traditional summer-session model. Currently, five campuses offer state-supported summer session programs, down from the all-time high of 19 campuses in 2003-04. There are many reasons for contraction of state-supported summer programs, but

a common and significant reason was the loss of significant state resources during recent recessions. For those campuses evaluating a move toward year-round operations, the endeavor could be a responsible and effective approach to serving the CSU's mission to educate students in a timely manner.

Proposal

The CSU should seek additional state funding to increase enrollment generally and to further support those select campuses with demonstrated capacity that choose to explore implementing a fully state-supported year-round calendar.

Rationale

Significant efficiencies can be gained through year-round operations with the full utilization of facilities including housing, classrooms, labs, food service centers, and recreational facilities during the summer months. Furthermore, implementing full year-round operations on select campuses could become an important vehicle to expand enrollment, provide increased access, and promote timely progression to graduation. Benefits could include flexible scheduling options for students, increased year-round employment opportunities for students, faculty, and staff and the opportunity to serve greater numbers of students. The economic impact on the local communities would also be significantly enhanced.

Recommendations

The task force recommends that campuses and the system explore the viability of year-round operations on select campuses and address issues such as faculty hiring and deployment processes, the application and admission process, and financial aid across the full college year. In addition to operational considerations, campuses will need to re-envision campus culture and academic pathways to promote student success under the year-round model. Such change must be accomplished in partnership with faculty and within the framework of the collective bargaining environment. Year-round operations may be an optimal forward-looking path for some CSU campuses.

Enrollment growth achieved through year-round operations should not come at the expense of growth for other campuses following the traditional academic-year model and the state should provide supplemental enrollment growth funding to support expansion of the summer term.

PUBLIC PRIVATE PARTNERSHIPS (P3)

Background

Public-private partnerships, often referred to as P3, have been employed successfully by the CSU for many years. As capital funding continues to present challenges, the use of public-private partnerships offers additional methods to provide necessary services, facilities, and opportunities to generate revenue. In concept, a public-private partnership represents a contractual arrangement between the CSU and a private sector entity. Through this agreement, the skills and assets of each sector, public and private, are shared in delivering a service or facility for use by the CSU. In addition to the sharing of resources, each party shares in the potential risks and rewards.

There are potential risks associated with public private partnerships including: the loss of flexibility and control, liability exposure, increased financing costs and developer fees, the need to achieve an expected rate of return on investment, increased transaction time for negotiation and development of legal documents, and greater possibility for unforeseen challenges. To minimize and mitigate these risks, Executive Order 747 provides important policy guidance regarding the process to consider, approve, and implement public-private partnership projects. In addition, campuses are responsible for ensuring that appropriate governance and consultation occurs to properly evaluate and consider benefits and risks associated with public-private partnership projects.

The use of public-private partnerships for the delivery of student housing, parking, research park, sport facility, retail, renewable energy, and recreation center projects has proven to be effective and beneficial on many campuses. Other projects have included a local municipality, which can enhance land utilization, or provide tax benefits from a public-public partnership. Recent examples of successful public-private partnership projects in the CSU include:

- California State University, Dominguez Hills: Stub Hub Center (formerly Home Depot Center)
- California State University, Los Angeles: Hertzberg-Davis Forensic Science Center
- California State University, Los Angeles: County High School of the Arts
- California State University, Fresno: Campus Pointe
- California State Polytechnic University, Pomona: Innovation Village

Proposal

The various forms of public-private partnerships can offer campuses additional resources to deliver needed projects and generate revenue and should be pursued where the opportunity exists. Campuses are increasingly turning to partnerships as an alternative financing and delivery method for the implementation of academic facilities which may not be achievable under current funding parameters.

Rationale

Public-private partnerships offer many benefits to be considered as campuses evaluate a proposed project. Value for money is an important tool used to assess the relative costs and benefits of alternative options available for selection of a potential public project. The transfer of the financing risks for a project may also be beneficial by shifting the fluctuations in financing costs as well as estimated and actual inflation costs to the development partner. In addition, the inherent risks associated in a design and construction project may be mitigated with emerging project delivery models that may allow the transfer of risk during a building's entire life cycle.

In addition to capital project delivery, public-private partnerships can generate various revenue streams to support operations as well as financing opportunities. Ground leases can provide a stable income stream while retaining property ownership and may also include a monetization strategy to provide institutions with substantial cash infusions, improved balance sheet performance, or a needed campus asset. Private sector space leases in mixed-use university facilities provide another source of revenue and can help support fixed costs associated with capital development.

Recommendations

The task force endorses increased consideration and use of public-private partnerships to advance the CSU's mission, with careful attention to potential risks, meaningful consultation, and campus governance policies, as well as compliance with systemwide policies. In challenging times and with limited resources, public-private partnerships provide tested alternative tools to deliver facilities, generate revenue, and potentially transfer some project risks to private partners. The success of public-private partnerships depends upon a sound business plan with realizable revenues, a committed and knowledgeable team of personnel, and senior leadership to support its purpose in meeting institutional objectives.

While the task force reached general consensus on this recommendation, one member was cautious about the involvement of private profit-driven entities in campus development activities, which may conflict with the educational mission of the campus.

RESOURCE ALLOCATION

The CSU support budget has two primary funding sources: state general fund appropriation, which is provided by the state legislature and governor, and tuition and fees, which are paid by students and their families. With severe budget cuts in the past decade and tuition freezes in effect since 2011-12, the CSU must continue to creatively and strategically manage the allocation of all of its available resources.

INTERNAL ALLOCATIONS FOR ENROLLMENT

Background

The CSU is a large and complex organization. There are many and sometimes competing interests and obligations that must be balanced so that the system's overall contribution to the state and service to students is as valuable and responsive as possible. Consequently, the balanced allocation of internal resources to meet these needs is critical to CSU's success. The past budget allocation methodology for enrollment growth, while responsive to the environment in which it was developed, no longer adequately serves CSU's current financial imperatives.

Proposal

The internal resource allocation methodology should be modified to distinctly and directly address the funding of enrollment growth, and should focus on the allocation of new dollars for the express purpose of instructing and supporting a greater number of students.

Rationale

The new method should foster transparency and predictability regarding the revenue associated with enrollment growth. It should limit unexpected swings in budget allocations and provide appropriate incentives for campuses to generate additional revenue. The task force recognizes that enrollment growth is only one factor driving cost increases (others include compensation, student success, and mandatory costs), and that there will be a need for tailored budget adjustments among campuses (e.g., support for infrastructure growth at developing campuses) and that these adjustments may affect funding available for enrollment growth and other allocation categories.

Making such allocations separately and transparently will enhance predictability and campus planning. There are, of course, many additional issues associated with enrollment management, which are discussed elsewhere in this report.

Recommendations

The task force recommends that the chancellor modify the internal resource allocation methodology to address the funding of enrollment growth in a direct and transparent manner. Ideally, a fixed dollar amount should be allocated to campuses for every additional full-time equivalent student (FTES) and allocations for enrollment growth should not be reduced as other revenue sources grow. As a separate part of the allocation methodology, the chancellor may allocate additional funds to support specific needs of campuses to address financial or physical infrastructure challenges.

CAPITAL FINANCING

Background

Until 2014, the state paid for CSU academic buildings and infrastructure, either directly or by issuing general obligation and State Public Works Board lease revenue bonds. State funding for academic and core infrastructure capital projects declined dramatically over the past decade and fundamentally changed with the legislature and governor's approval of new capital financing authorities for the CSU in June 2014. Specifically, responsibility to pay principal and interest on state general obligation and State Public Works Board bonds issued for past CSU capital projects shifted permanently from the state to the CSU. Although the state appropriated additional general funds to the CSU to fund the existing principal and interest payments, no additional funding was provided to deal with future capital costs. The state may provide additional capital support in the future, but currently there is no commitment to support what has historically been a responsibility of the general fund.

Going forward, costs associated with construction and renovation of academic buildings and infrastructure will be the responsibility of the CSU, similar to the CSU's responsibility for many decades to construct and renovate facilities such as student housing, student unions, parking, and other "self-support" activities that are not supported by the state general fund.

The CSU now has sole responsibility to prioritize, plan, finance, and construct facilities located on each of the 23 campuses using existing revenue sources to support capital debt financing. The CSU must develop ways to utilize existing state appropriation, tuition, or other revenue sources to address over \$2.6 billion-worth of current deferred maintenance and approximately \$6 billion-worth of key infrastructure projects already proposed.

The new capital financing authority provides the CSU with significant opportunities to control its own destiny. However, the new capital financing authorities depend on revenue streams that are already fully committed. While opportunities for revenue generation and resource redirection exist, these potential approaches will not provide the CSU with sufficient revenues to fund ongoing operations and meet all of its capital needs, at least not in the near to medium term.

Proposal

Debt capacity is a strategic resource and must be managed on a systemwide basis to ensure that the CSU is able to balance operating and capital demands to meet the most critical campus needs. The CSU has the opportunity to provide incentives to expand the number of projects funded by encouraging campuses to identify sources that have not previously been used to fund capital projects and use designated reserves to fund deferred maintenance components of major renovations or replacement projects. The CSU should communicate clearly the application of systemwide priorities to the long list of critical capital outlay needs so that we appropriately balance financial resources, debt capacity, and local capital project priorities

Rationale

In order to fully maximize the new authorities, the CSU must fundamentally change the way it thinks about, prioritizes, and allocates all of its available resources — especially those revenues that have historically only been used for operating purposes such as state general fund and tuition and fees.

Recommendations

The task force makes the following recommendations with regards to the CSU's operating budget and capital program needs.

1. CSU policy should acknowledge the new capital financing authorities and the impact on operating revenues by providing each campus with the flexibility and authority to allocate available resources to meet its operating and capital needs. CSU policy should allow each campus to establish the priority of its needs, within the broader mission priorities established by the Board of Trustees.
2. In consultation with key stakeholders including students, faculty, and the state, the CSU should pursue ongoing and one-time state funds, as well as future general obligation bonds with debt service paid by the state general fund. The task force deliberated on possible solutions in the event that additional state support is not provided for capital needs, including consideration of a capital facilities fee to sustain safe and adequate facilities. While additional capital funding is critical, as a result of consultation with faculty, students, and legislative representatives, the task force determined that the recommendation to consider a future capital facilities student fee was inconsistent with the principles of state-funded public higher education. Passing the cost along to students puts pressure on affordable access to a high quality education. The buildings that make up the CSU were built by the state and should be maintained by the state for future use by California students. As a result, the task force decided not to recommend further consideration of a capital facilities student fee.
3. CSU policy should require that each campus contribute funding towards the cost of campus capital projects in an amount at least equal to an established minimum percentage for each project, taking into consideration specific campus circumstances and project characteristics.
4. CSU policy should require that each campus set aside cash reserves annually, over and above the amount needed to meet debt service payments, to support such debt service payments in an amount at least equal to an established minimum percentage of annual debt service.

ALTERNATIVE MEASURES FOR ALLOCATION OF FUNDS

Background

Historically the state has partially funded the CSU, and the Chancellor's Office has made allocations to campuses, based in part on the number of full-time equivalent students CSU campuses enroll. More recently, however, drastic reductions in state general fund revenues have made it more difficult for the system to increase student access while maintaining quality. In addition, state and federal expectations regarding "outcomes", such as time-to-degree, are gaining attention.

Proposal

The CSU should consider alternative allocation methodologies in addition to enrollment growth. One proposed alternative is to allocate a small portion of the annual budget based on a set of student success and completion measures. Selected measures must take into account the context of the CSU mission, guidance from the Board of Trustees and the chancellor, and individual campus circumstances. The entire CSU budget should be evaluated while considering alternative allocation measures, not just the incremental annual state general fund support appropriation. If successful, over time a growing portion of the annual budget could be allocated using the selected alternative measures.

Rationale

Many higher education institutions across the country already allocate funds based on student success and completion measures. Federal and state demands for greater accountability as well as continued public interest in higher education outcomes suggest strongly that the CSU should more closely connect resource allocation and measures of achievement.

Recommendations

The task force recommends that the CSU consider additional measures for funding and that the chancellor direct committees and workgroups to further analyze and develop a set of potential student success and completion measures. The workgroup should ensure appropriate faculty and student input and should consider the following:

1. Allowing campuses with different missions to be measured according to different standards and focus on improvement of selected measures rather than achievement of a systemwide standard.
2. Ways to support and encourage campuses that struggle with a measure.
3. Unintended consequences of measures that may steer the CSU from its core mission.
4. Including measures to incentivize institutions that graduate low-income and traditionally underrepresented student populations.
5. Supporting academic quality by incorporating student-learning measures.
6. The appropriate level of funding that should be committed each year to such measures.
7. Facilitating broader comparison by using Integrated Postsecondary Education Data System (IPEDS) data or other national sources.
8. Maintaining focus on the goal of improving college completion.
9. Enrolled time to degree as a better measure of student achievement while also quantifying in real terms the actual impact of students' attendance patterns.
10. An implementation timeline allowing for development, data gathering and analysis.

MANAGING COSTS

The state budget allocation to the CSU has increased over the past two years and we are making progress toward recovery from the dramatic reductions in state support resulting from the last recession. However, even with the increases in general fund support, discretionary resources are limited due to the rapid increase in mandatory costs. Paramount among these are health care premiums, pensions costs, and increases in the “cost” or foregone revenue of the State University Grant program.

HEALTH PREMIUMS AND PENSION BENEFIT COSTS

Background

Mandatory costs incorporated in the annual operating budget plan include inflationary increases, operating costs associated with new space, as well as employee benefits, which totaled over \$1.5 billion in fiscal year 2014-15. Health care premiums and pension contributions paid by the CSU made up 80% of these costs accounting for over \$1.2 billion. These costs are large, growing by 41% over the past three years representing a \$350 million increase in operating expenses. Not only are costs increasing rapidly, beginning in 2014-15, the state stopped funding the full cost of CSU pension benefits, freezing the state’s obligation to adjust funding based on annual rates established by CalPERS at the level established in 2013-14 for pensionable payroll. Going forward, the CSU bears the full cost of pension benefits for employees hired after July 1, 2014, representing a significant departure from past practice.

Proposal

Mandatory costs associated with health care premiums and retirement contributions will continue to grow and reduce funding available for other critical needs. The CSU should evaluate all cost categories with particular attention to the structure of health and pension programs to ensure that adequate resources are available to fund costs over the long term. In addition, a comprehensive review of ongoing operating costs may identify opportunities for savings that can be redirected to other priority areas.

Rationale

The state has shifted responsibility for aspects of the existing retirement program to the CSU and health care premiums are projected to continue to increase beyond expected growth in revenue.

Recommendations

The CSU should conduct a comprehensive assessment of all major cost categories, including an evaluation of the structure and cost of health care and retirement programs within the context of a total compensation strategy to ensure the long-term viability of these programs relative to the overall financial condition of the CSU.

STATE UNIVERSITY GRANT ALLOCATION PROCEDURES

Background

The State University Grant program was designed to provide critical institutional financial aid to students with demonstrated financial need. Last year, over 131,000 or 30 percent of students enrolled in the California State University received State University Grants, representing over \$644 million of foregone revenue across the 23-campus system. This institutional commitment to affordability represents an important tenet of the CSU and additional state support will be required in the future as demand for a high-quality CSU education increases.

The practice of tuition discounting—charging different students different prices for the same educational opportunities—is a long-standing technique of private and, more recently, public higher education institutions. Discounts to published tuition and fee rates are most often provided to students with the least ability to pay.

The CSU discounts state university tuition through the State University Grant program, which reduces tuition for students based on financial need determined by the federal financial aid methodology. The amount budgeted for tuition discounts represents tuition that will not be collected from students who receive State University Grants.

The cost of State University Grant tuition discounts has grown dramatically, based in large part on the tuition increases required to offset declining state support during the recession. For 2014-15, the program cost of over \$644 million in tuition discounts was almost double the amount in 2008-09. This rate of growth is a significant financial commitment that reduces revenue available to the university and thus limits the CSU's ability to provide a higher quality of education.

This challenge is exacerbated by the current procedures for allocating State University Grant tuition discounts among campuses. The allocation formulae are complex; simultaneously incorporating enrollment growth, student financial need profiles, and tuition increases. This complexity makes it very difficult to identify the factors influencing the rate of growth of the State University Grant program and the year-over-year impact on campus budgets.

Proposal

The CSU should carefully review and revise the State University Grant tuition discount program to ensure that the methodology used is clear, understandable, and predictable. Furthermore, the CSU should consider the effectiveness of tuition discounts in meeting the increasing financial need of our students. The CSU and the state should also seek alternative funding to replace tuition discounts with direct grants-in-aid to students, perhaps by expanding the Cal Grant program by making additional need-based grants available to students enrolled in California public universities.

Rationale

To address this issue, the task force created models using separate calculations of the allocation of State University Grants associated with enrollment growth, changes in campuses' student financial need profiles, and tuition increases. These simplified models are fully consistent with all relevant board policy

and statute. The models demonstrate that the State University Grant allocations rely on discretionary parameters that affect the rate of growth of the State University Grant systemwide pool. Examples of these parameters include the rate used to allocate tuition discounts for enrollment growth and the total amount of state appropriation to be re-allocated among campuses. Currently, these parameters are set, implicitly or explicitly, by staff in the Chancellor's Office.

The short term changes recommended below should produce greater financial stability, make the State University Grant allocation process more transparent, and may slow the rate of growth of unfunded tuition discounts. The long-term recommendations envision additional approaches that will allow the CSU to enhance its financial stability while maintaining its commitment to helping financially needy students.

Recommendations

SHORT-TERM RECOMMENDATIONS

The task force recommends that the chancellor or his designee set the discretionary parameters for the State University Grant program as part of the budget allocation process that allows campuses, at a minimum, to continue to meet existing student financial need.

LONG-TERM RECOMMENDATIONS

The task force recommends the Chancellor's Office monitor the rate of growth of tuition discounts from 2015-16 to 2017-18. During this period, the Chancellor's Office should review and consider approaches for identifying funding sources for the program, including expansion of the Cal Grant Program to provide additional need-based grants to students. If such sources cannot be identified and the rate of growth of tuition discounts is not slowed, more significant changes in the program, possibly requiring changes in Board of Trustees' policy, should be considered, including renaming the program to more accurately describe the use of tuition discounts rather than grants-in-aid.

REVENUE

Student tuition revenue and philanthropic giving now comprise a significant portion of the total operating budget. As a result, the management of this revenue has become more important to the financial stability of the CSU.

EXPAND CSU'S INVESTMENT AUTHORITY

Background

As described earlier in this report, responsibility for the annual principal and interest on state general obligation and State Public Works Board bonds that have been issued on behalf of the CSU have been shifted from the state to the CSU on a permanent basis beginning with 2014-15. Although the state increased the CSU's support budget to address this shift, the augmentation is not sufficient to support new capital funding to address the CSU's deferred maintenance, critical infrastructure, renovation, and new construction needs. In order to appropriately address capital requirements, the CSU must find new revenues to support new capital funding. Investment earnings are one potential source of revenue.

Currently, the CSU may only invest funds in fixed-income securities authorized by the California Government Code, which have historically generated lower investment returns compared to the returns of balanced portfolios that diversifying investment risk over a broader array of asset types.

In addition, recent developments regarding environmental, social, and governance criteria applicable to institutional investment policies and CSU's leadership role regarding the advancement of these principles as they apply to CSU investment policies would benefit from additional flexibility regarding investment opportunities beyond that provided by the California Government Code.

Proposal

The CSU should consider options to expand authority to prudently invest funds in a manner that allows the CSU to generate additional revenues that can be used to help reduce deferred maintenance, meet critical infrastructure needs, and respond to evolving environmental, social, and governance investment principles. The options should allow the CSU to invest in a broader range of asset classes would enhance the system's ability to appropriately exercise fiduciary responsibilities to achieve an appropriate return that helps protect the CSU from inflationary pressures.

Rationale

The CSU can generate additional investment revenues to help meet capital needs, and reduce the amount that may be sought from the state or students. This broader authority is consistent with the goal of giving the CSU greater autonomy and responsibility in making decisions on how best to utilize its limited resources and manage risks in meeting its educational mission.

Recommendations

The task force recommends the CSU seek legislative changes that will expand its investment authority, establish an investment advisory committee to the board and enhance investment performance reporting. Furthermore, the task force recommends that the CSU incorporate environmental, social, and governance principles as part of its investment policy.

While the task force reached a strong consensus on the recommendation to expand CSU's investment authority, one member expressed concern that broadening investment options may result in a loss of principal and expose the CSU to inappropriate market risk.

THE CRITICAL ROLE OF PHILANTHROPY

Background

Philanthropic support is not a replacement for state support. The state provides critical base funding for permanent core operations. However, philanthropy provides significant resources that enhance quality and expand opportunity. These include funds for academic innovation, cross-system collaboration, statewide expansion of best practices, exploration of scientific frontiers, the application of discovery across disciplines, and scholarship.

The CSU should also be poised to realize high-value philanthropic gifts connected to capital opportunities made possible through expanded financing authority. Yet, CSU advancement staffing and infrastructure lag many private non-profit institutions and the University of California. Investment continues to be necessary to grow philanthropic support that benefits students, alumni, faculty, staff, and the community.

Proposal

CSU campuses should further invest in university advancement, alumni engagement, and community relations in order to increase philanthropic support for the CSU mission.

Rationale

The return on investment in philanthropic infrastructure and cultivation activity is substantial. Every dollar invested in CSU advancement returns six dollars in new funds. In 2014-2015, the CSU received more than \$314 million in gifts that included support for student scholarships, academic enrichment, research, capital improvement, public service programs, athletics, and other priorities. Comparisons with other educational systems and non-profit institutions suggest that campuses could expand their philanthropic productivity. Making this point, several CSU campuses have achieved successive fundraising records in recent years as a result of increased sophistication in their advancement programs.

It is critical that the CSU reinforce its efforts to develop closer relationships with students, before they arrive on campus, while they are in school, and after they graduate. As the CSU succeeds in its completion efforts, the number of alumni will grow at an increasing rate. This presents both an opportunity for engagement and an increased demand for alumni services. To be effective at cultivating

alumni relationships, the CSU must develop multiple strategies that are segmented to provide value to alumni of different age groups and at different stages in their careers.

Additionally, philanthropic activities require identifying educational, civic, and business leaders who are committed to the CSU mission and interested in addressing regional needs. The CSU can also add value by providing tools, facilitating the adoption of best practices, and sponsoring training at the system level.

Recommendations

The task force recommends that the CSU develop strategies to increase its investment in alumni, corporate and foundation relations; to focus on the support of quality programs and facilities; and to increase applied learning opportunities.

TUITION MODEL

Background

Creating a sustainable approach to tuition in California has been a significant challenge. Historically, there have been many years in which tuition did not increase. For example, fiscal year 2016-17 will be the fifth consecutive year without a tuition increase in the CSU. Conversely, there have been years in which tuition has increased dramatically, by as much as 40 percent. Both approaches are problematic.

Extended periods without tuition increases are not sustainable without increases in state appropriation to support operations including mandatory costs, enrollment growth, and now capital outlay needs. This is because the university faces inflationary cost increases each year such as health care, retirement, facility and construction, library materials, energy, salary, and others.

While the university continually strives to increase productivity and reduce costs, most inflationary costs are set by third parties or through contractual negotiations with represented employees and are outside the university's full control. Given limitations in state funding, the impact of inflation means that the university's costs will significantly exceed its revenues without tuition increases. This financial instability, over time, results in reductions in quality and large, unexpected tuition increases.

Dramatic and unexpected tuition increases are especially problematic and make it impossible for students and their families to financially plan for college expenses. This also creates affordability inequities when similarly situated students pay dramatically different tuition amounts based on state fiscal conditions in place at the time they attend college.

Proposal

In consultation with stakeholders including students, faculty, and the state, the CSU should consider predictable and incremental adjustments to tuition and fees that maintain purchasing power in the face of inflationary increases over time. The task force focused on systemwide tuition and fees in the development of this proposal and did not consider campus-based mandatory fees, including student success fees, which were addressed in an earlier report and resolutions by the Board of Trustees at the January 27-28, 2015 meeting.

Rationale

When combined with increases in state general fund, modest tuition increases ensure the CSU's academic quality and fiscal stability. Small, planned tuition increases will allow students and their families to budget appropriately. The State University Grant tuition discount program will continue to ensure affordability and minimize impact on financially needy students. This additional revenue combined with annual increases in state general fund will contribute to the CSU's financial sustainability, supporting quality educational opportunities and predictable expenses for students and their families.

Recommendations

The task force recommends that the Board of Trustees annually consider enacting small, systemwide tuition increases designed to maintain the purchasing power of the revenue collected and mitigate future large, unplanned tuition increases in response to state budget reductions in the face of economic uncertainty. Coupled with significantly increased general fund investment by the state, including identification of new dedicated revenue streams, small increases in tuition will improve the ability of the CSU to provide affordable access to a high-quality education for a growing number of students. This recommendation is not intended to result in automatic tuition adjustments but rather an annual review of tuition rates by the Board of Trustees in conjunction with development of the annual budget.

MARKET BASED NON-RESIDENT TUITION RATES

Background

CSU campuses can best serve students when they have the resources and flexibility to act on unique campus priorities and goals. In this context, CSU campuses must consider new sources of revenue, which could bolster educational offerings and experiences for students. CSU remains committed to serving Californians first but it is also true that nonresident and international students have been a small part of the CSU student body for decades. Additionally, non-resident domestic and international students add to the learning environment as CSU students and faculty gain a greater understanding of the global marketplace and society.

Proposal

The task force recommends that campuses be given the authority to propose market-based tuition rates for non-resident domestic and international students. Importantly, the CSU should continue to closely monitor enrollment of nonresident and international students to ensure their numbers do not increase disproportionately to California students.

Rationale

Revenue raised from this source will vary across campuses due to differing strategic non-resident domestic and international enrollment opportunities and goals. In addition, the tuition rates the market can bear will vary from campus to campus. Nevertheless, additional revenue from charging market based non-resident domestic and international tuition rates has the potential to strengthen campuses individually and the CSU system as a whole by providing new resources to support campus programs

and services. An increase in non-resident tuition will provide additional revenue to increase California resident enrollment and enhance our ability to serve all students.

Recommendations

The task force recommends that the Board of Trustees and chancellor give CSU campuses the authority to propose campus-specific, market-based tuition for non-resident domestic and international students. The task force proposes that increases in these non-resident tuition rates apply to incoming students so that currently enrolled non-resident domestic and international students would not be impacted. The CSU should continue to closely monitor enrollment of nonresident and international students to ensure their numbers do not increase disproportionately to California students.

APPENDIX A. TASK FORCE CHARGE

Chancellor's Charge for the Task Force on

A Sustainable Financial Model for the California State University

October 21, 2014

Several interrelated elements influence the general fund acquisition and distribution for undergraduate and graduate instruction. These elements, viewed at a high level, include state appropriated funds, tuition fees collected, state university grants (revenue foregone), and budget allocations to campuses and the Chancellor's Office.

The current approach to budget and finance was developed over a number of years, based on the infamous "orange book" antecedent. While appropriate for the times, going forward it does not bode well for enabling the CSU to provide high quality programs with broad access by academically qualified students reflective of the spectrum of society, all at a moderate cost to students and the state of California.

The charge to this task force is to propose to the Chancellor in April 2015 a sustainable plan for the future with respect to budget allocation, revenue generation, enrollment management, and institutional financial aid policies. The system-wide recommendations are to:

- Be responsive to the mission of the CSU and to the needs of our students, California, and society in general.
- Reflect regional as well as campus specific enrollment and student needs and aspirations.
- Provide for flexibility across the system, recognizing diversity of campus educational offerings.
- Recognize special circumstances for new and/or small campuses.
- Identify revenue enhancement opportunities for some/all campuses, including national and international students.
- Modify SUG policy to create manageable 'skin-in-the-game' for all students.
- Create policies and practices on revenues including tuition that are predictable with minimal fluctuations in annual resource allocations that allow coherent planning.
- Create a phased transitional implementation plan that does no harm.

The committee will refine the work plan at its first meeting and determine if membership is adequate and if a third-party consultant is required. The task force will decide upon meeting venues (e.g., in person; video conference; teleconference; hybrid) and schedule. It will also suggest any modifications to the charge for Chancellor's approval. All necessary and reasonable costs (travel and lodging) will be borne by the Chancellor's Office.

The work of the Task Force shall commence in October 2014, and consist of two phases.

Phase one will begin by exploring the universe of issues at hand *writ large*, and if necessary refine the initial charge to a narrower, actionable focus that will lead to recommendations and an articulation of core values and operating principles. This refined charge will be reviewed by campus presidents, the statewide academic senate leadership, and leadership in the Chancellor's Office to ensure that it has broad understanding and acceptance. The Task Force membership will determine if its composition is suitable for the charge, including the possibility of retaining a third-party consultant, and if necessary make a compelling request to the Chancellor for adding an additional member or two to the Task Force.

During the second phase, the Task Force will carry out the final charge with an eye to having a draft report completed in April 2015. The draft report will be posted for broad input by any interested individuals in the CSU or from the communities we serve. The input will be reviewed by the Task Force for consideration, and the final report will be submitted thereafter.

The task force consists of colleagues across the state with demanding schedules. Consequently it is not feasible to meet in person on every occasion. And yet the work is important and will require constant attention and focus. The meeting schedule is being established by the task force convener to optimize participation of the task force members. The work of the task force is important, and I caution that progress not become paralyzed in the search of 'perfect' solutions.

The Task Force members are appointed by the Chancellor. Members will bring perspectives and experiences formed in their prior and current roles, yet they are not appointed as 'representative' *per se* of their current role and campus, but rather these colleagues are charged to serve the broad interests of the California State University.

APPENDIX B. GUIDING PRINCIPLES

The following principles articulate the framework for a new, sustainable financial model for the CSU that were developed by the task force to carry out the charge included in Appendix A.

1. Take advantage of all possible options to advance the university's financial position, consistent with the university's mission.
2. Look beyond the university's historical budget methodology.
3. Budget allocation methodology should follow the priorities of the University.
4. Budget allocations should incentivize campuses to reduce time-to-degree and achieve higher rates of degree completion.
5. The budget processes and regulatory practices should provide campuses with maximum flexibility to address each campus' highest priorities, leverage the heterogeneity of the campuses, and ensure the system has a subsidiary role to support the campuses.
6. The financial model should encourage campuses to increase funding from non-state sources such as philanthropy, third-party partnerships, auxiliaries, enterprises, grants, contracts, and other activities.
7. Recognize that all campuses must have a critical mass of size and resources to adequately serve their campus mission effectively.
8. Ensure that there is critical mass, available resources, and demonstrated need prior to consideration of opening any new campuses.
9. Grow enrollment appropriately to the extent that there are adequate resources available to support student achievement, success, and graduation.
10. Changes to the allocation methodology should be phased-in so that campuses' base budgets are not significantly reduced.
11. The financial model should minimize dramatic swings in resource allocation from year-to-year, be predictable, transparent, and allow campuses to engage in longer-term planning.
12. Financial aid policies should be examined to determine whether all students should pay a portion of the cost of their education as an incentive to make timely academic progress towards their degrees.
13. The financial model should recognize that all campuses have to support and contribute to the system as a whole.

APPENDIX C. SUMMARY OF COMMENTS

This report incorporates comments from a wide variety of faculty, students, staff, and other key stakeholders. Much of the input from briefing sessions were positive, and the comments that were critical of the draft report coalesced around four areas, which are summarized below. All of the comments and suggestions were considered by the Task Force and have been incorporated in this report.

An initial draft of Task Force report was distributed widely in September and several members of the Task Force consulted with key stakeholders within the California State University including the California State Student Association, the Statewide Academic Senate, the Council of Presidents, the Academic Council, the Chief Administrative and Business Officers, Vice President's for Student Affairs and Advancement, and others. Members of the Task Force also met with legislative staff and members as well as representatives from the Department of Finance to discuss the September 2015 draft report. In addition, the initial draft Task Force report was posted for public feedback and over 100 comments were received and considered by the Task Force.

Resource Allocation

Public comments and feedback from consultation meetings recommended that performance or outcome measures used to determine allocations should be considered carefully to ensure that they support the mission of the CSU. Some comments also warn against potential unintended consequences resulting from the use of these measures to determine campus allocations.

Capital Facilities Fee

Many of those who commented on the initial draft strongly opposed the establishment of a capital facilities fee. Opposition to a capital facilities fee was driven primarily by the view that state general fund support was the appropriate mechanism to maintain state buildings and that student fees should not be the source of funding for deferred maintenance resulting from inadequate state funding.

Financial Aid

Comments suggested that the draft report did not adequately consider the benefits of financial aid programs like the State University Grant to provide access to students who otherwise could not attend the CSU and that the draft report did not appropriately recognize the challenges faced by students who are unable to afford the cost of attendance.

Many individuals commented that one of the recommendations in the initial draft report to rename the State University Grant program would confuse students and their families.

State Support

Several comments suggested that the draft report should more emphatically express that the state should provide additional general fund support and that emphasizing savings from efficiencies and other revenue streams weakens the argument for additional state funding.

Many individuals indicated that the initial draft failed to appropriately call for substantial increased investment by the state in the CSU to improve the quality and maintain affordability of a CSU education. Comments also elaborated the point that the initial draft report failed to describe the significant reduction in state funding of the CSU representing a fundamental change in the nature of public education in California.

APPENDIX D. TASK FORCE MEMBERSHIP

Co-Chair

Elliot Hirshman
President
San Diego State University

Co-Chair

Leroy Morishita
President
CSU East Bay

Co-Chair

Steve Relyea
Executive Vice Chancellor & CFO
Chancellor's Office

Talar Alexanian

Student Trustee
CSU Northridge

Kelsey Brewer

Student Trustee
CSU Fullerton

Drew Calandrella

Vice President
Student Affairs
CSU Chico

Kathleen Enz Finken

Provost & Executive Vice President
Academic Affairs
Cal Poly San Luis Obispo

Steven Filling

Chair
Statewide Academic Senate

Larry Furukawa-Schlereth

Vice President
Administration & Finance
Sonoma State University

Harry Hellenbrand

Provost & Vice President
Academic Affairs
CSU Northridge

Taylor Herren

President
California State Student Association
CSU Chico

Steven Stepanek

Faculty Trustee & Professor of Computer Science
CSU Northridge

Mary Stephens

Vice President
Administration & Finance
CSU Long Beach

Ysabel Trinidad

Vice President
Business & Financial Affairs
CSU Channel Islands

***Ex-officio* Chancellor's Office support:**

Ryan Storm

Assistant Vice Chancellor
Budget

Rodney Rideau

Deputy Assistant Vice Chancellor
Budget

Robert Eaton

Assistant Vice Chancellor
Financing, Treasury & Risk Management

Dean Kulju

Director
Student Financial Aid Services & Programs

Kara Perkins

Executive Director
Systemwide Budget

Brad Wells

Associate Vice Chancellor
Business and Finance

AGENDA

COMMITTEE ON EDUCATIONAL POLICY

Meeting: 2:30 p.m., Tuesday, March 8, 2016
Glenn S. Dumke Auditorium

Debra S. Farar, Chair
Margaret Fortune, Vice Chair
Silas H. Abrego
Kelsey M. Brewer
Rebecca D. Eisen
Douglas Faigin
Lupe C. Garcia
Lillian Kimbell
J. Lawrence Norton
Steven G. Stepanek

Consent Item

Approval of Minutes of the Meeting of January 26, 2016

1. Academic Planning, *Action*

Discussion Items

2. Academic Preparation, *Information*
3. Commission on the Extended University, *Information*
4. Middle College High School, *Information*

**MINUTES OF MEETING OF
COMMITTEE ON EDUCATIONAL POLICY**

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

January 26, 2016

Members Present

Debra S. Farar, Chair
Silas H. Abrego
Kelsey Brewer
Rebecca D. Eisen
Lupe C. Garcia
Lou Monville, Chair of the Board
Lillian Kimbell
J. Lawrence Norton
Steven G. Stepanek
Timothy P. White, Chancellor

Trustee Farar called the meeting to order.

Approval of Minutes

The minutes of November 17, 2015 were approved as submitted.

Recommended Addition to Title 5 Regarding AB2000

Dr. Loren Blanchard, executive vice chancellor for academic and student affairs introduced the item and Ray Murillo, director of student programs to present the action item. Mr. Murillo noted the proposed changes to Title 5 regarding Assembly Bill 2000 would modify existing requirements regarding exemption of nonresident tuition for students who graduate from a California high school but do not meet the definition of California residents. The amended section would expand the types of schooling which may be considered to meet the minimum three years of attendance requirement. Following questions posed during the public comment period, several trustees questioned whether attendance at an adult school could be considered in meeting the minimum three year requirement and whether text within Title 5 must match text in California Education Code regarding this matter. Mr. Murillo indicated that staff were currently researching the inclusion of adult school attendance and would provide clarifying guidance to campuses on the implementation of this amendment. Lastly, Fram Virjee, general counsel, indicated that staff would communicate the final guidance to be provided on the matter to trustees. The committee recommended approval of the proposed resolution. **(REP 01-16-01)**

Overview of Financial Aid and State University Grant

Dr. Loren Blanchard, executive vice chancellor for academic and student affairs introduced the item and Dean Kulju, director of financial aid programs and services to present the item. Mr. Kulju began by outlining the process by which students apply for financial aid via the Free Application for Federal Student Aid (FAFSA) and the methodology by which CSU campuses determine estimated financial contribution. Mr. Kulju then described the process by which CSU campuses establish an estimated average cost of attendance for students based upon the student's living situation.

CSU campuses provide financial aid in the forms of grants, scholarships, work study, and loans. Unlike most other institutions, CSU campuses prioritize grants first in the packaging of student aid, an approach that supports our mission of access and affordability within the financial aid process. Mr. Kulju then described the steps by which a campus develops a financial aid package for a student, using sample student scenarios based upon family income.

Finally, Mr. Kulju described recent increases in the CalGrant and State University Grant programs and outlined the profile of students receiving financial aid, and more specifically the State University Grant program. Trustees then discussed the importance of the CSU's financial aid programs as a critical component of the CSU's mission of access and affordability.

The CSU Graduation Initiative and Student Success Updates

Loren Blanchard, executive vice chancellor for academic and student affairs introduced the history of the graduation initiative which set graduation targets for the 2009 entering class of new freshmen. Summer 2015 marked the six year milestone which concluded the initial phase of the graduation initiative. The CSU embarked on this effort in collaboration with the National Association of System Heads (NASH) and the Education Trust using the single metric of six year graduation rates for first-time, full-time freshmen. Dr. Blanchard acknowledged the limitations of a single metric but reported the significant achievement made by the CSU in exceeding its 6-year graduation rate goal by graduating fifty-seven percent of freshmen students who entered in fall 2009 in six years or less.

Ed Sullivan, assistant vice chancellor for academic research and resources highlighted that because graduation rates for all students disaggregated by race and ethnicity improved, no change in the achievement gap which existed between underrepresented minority students and non-underrepresented minority students persisted. As announced in the *State of the CSU* address, eliminating this gap will be the primary focus of the second phase of the graduation initiative.

Dr. Blanchard introduced a video regarding the Cougar Care Network at CSU San Marcos as an example of the specific strategies undertaken by campuses to improve retention and graduation. Gerry Hanley, assistant vice chancellor for academic technology, described efforts to improve student success and graduation through the expanded use of technology to support course redesign

and growth in the number of online courses offered. Finally, Dr. Blanchard outlined the goals for Graduation Initiative 2025, including the focal areas of six-year graduation rates, four-year graduation rates, transfer student graduation rates, and the elimination of achievement gaps by race/ethnicity and Pell-recipient status.

Trustee Eisen inquired about the outcomes for students who leave the university and encouraged staff to study these outcomes. Trustee Brewer requested an update on the academic preparation of entering students while Trustee Fortune recognized the goal of eliminating achievement gaps as a bold and critical endeavor for the CSU. Finally, several trustees commented on the use of multiple measures of student success beyond a simple six-year or four-year metric.

The Wang Family Excellence Award

Chancellor Timothy P. White began the award ceremony by thanking Trustee Emeritus Stanley T. Wang for his family's generous gift to reinstate the Wang Family Excellence Award. Board of Trustee Chair Lou Monville also provided brief remarks thanking Trustee Emeritus Wang and the award selection committee as well as commending all nominees considered for the award. Chancellor White said the Wang Family Excellence Award was created to honor four faculty and one staff member each with a \$20,000 award for distinguishing themselves through groundbreaking achievements in their academic disciplines and having an enormous impact on students through superior teaching. The awards for faculty are given to members of four groups of academic disciplines – Visual and Performing Arts and Letters; Natural Sciences, Mathematical and Computer Science and Engineering; Social and Behavioral Sciences and Public Service; and Education and Professional Applied Sciences. The award also pays tribute to staff members whose contributions significantly exceed expectations in their appropriate areas at the university.

Chancellor White read a brief biography and introduced each 2016 Wang Family Excellence Award recipient. They included:

- Ms. Kristine Diekman, Professor of Arts and Technology in the School of Art, joined California State University San Marcos in 1997. A media artist and leader of collaborative vision and social change, Professor Diekman has more than 30 years of experience producing, directing and editing award-winning films and videos. In 2016, Professor Diekman and her colleague were awarded a W.M. Keck Foundation Undergraduate Education Program grant of \$250,000 for the creation of the American Indian Digital Media and Culture Project, which incorporates American Indian epistemology in digital media projects that serve Southern California tribes and university students.
- Dr. Lynn R. Cominsky, Professor and Chair of the Department of Physics and Astronomy, joined the faculty at Sonoma State University in 1986 and became chair of the Physics and Astronomy Department in 2004. As the director of the Education and Public Outreach group, Dr. Cominsky's mission is to develop exciting educational materials that inspire students in grades five through 14 to pursue STEM careers, to train teachers nationwide in the use of these materials, and to enhance science literacy for the general public.

- Dr. Nancy L. Segal has been a professor in the Department of Psychology at California State University, Fullerton since 1991. As a Professor of Developmental Psychology, Dr. Segal's interests lie at the juncture of genetics, evolutionary psychology and twin studies. In addition to lecturing, mentoring, publishing and presenting, she uses her research to inform twin-based legal cases, to provide input to the media, and to assist authors and artists in creative endeavors. Dr. Segal was awarded the 2013 William James Book Award for her work, *Born Together-Reared Apart: The Landmark Minnesota Twin Study*, which summarized the origins, methods, findings and controversies of a pivotal project on separated twins.
- Dr. Kamal Hamdan joined California State University, Dominguez Hills in 2000 as a full-time lecturer in the College of Education. He has been serving as the Principal Investigator and Director for multiple grants-funded projects for 11 years, the director of the California STEM Institute for Innovation and Improvement (CSI3) for three years, and the Annenberg Endowed Professor and Director of the Center for Innovation in STEM Education (CISE) for one year. Dr. Hamdan has been instrumental in securing grants exceeding \$47 million to develop much needed teaching staff in high-need schools in urban and rural areas.
- Ms. Debra L. Hammond has been serving as Executive Director of the University Student Union at California State University, Northridge for 22 years. As Executive Director of the University Student Union, Ms. Hammond manages the strategic direction and vision for the \$14.3 million non-profit corporation, and serves as executive secretary of the Board of Directors. She supports student development by providing inclusive activities, meaningful employment opportunities, leadership experiences and innovative technologies, facilities and services. Ms. Hammond also serves as a part-time faculty member in the Michael D. Eisner College of Education, teaching in the student services and college counseling program.

Trustee Farar adjourned the Committee on Educational Policy.

COMMITTEE ON EDUCATIONAL POLICY

Academic Planning

Presentation By

Christine Mallon
Assistant Vice Chancellor
Academic Programs and Faculty Development

Summary

In accordance with Board of Trustees policy established in 1963, this item summarizes the California State University (CSU) academic planning process, including the long-range program planning activity that took place over the past year. The proposed resolution approves additions and modifications to campus academic plans and the CSU Academic Master Plan.

Background

Six areas of academic planning activity are reported in this item, and a proposed resolution concerning changes to the CSU Academic Master Plan is presented. The academic planning topics include:

1. Changes to program projections:
 - New projections proposed for addition to ten-year campus Academic Plans and to the CSU Academic Master Plan (**Attachment A**)
 - Projections that will be removed from the CSU Academic Master Plan and campus Academic Plans
2. Changes to existing degree programs:
 - Degree programs suspending new admissions
 - Discontinuance of existing degree programs
3. Total units required for a bachelor of arts and bachelor of science degree programs
4. Summaries of WASC Senior College and University Commission (WSCUC) accreditation visits (**Attachment B**)
5. Student-Learning Assessment conducted through program review (**Attachment C**)
6. Accredited academic programs and departments (**Attachment D**)

1. Changes to Program Projections

New projections proposed for addition to ten-year campus academic plans and to the CSU Academic Master Plan

The office of Academic Programs and Faculty Development at the Chancellor's Office maintains the CSU Academic Master Plan, a comprehensive list of projected programs, existing degree programs and program-review schedules for authorized degree programs. The CSU Academic Master Plan, which guides program, faculty and facility development, will be updated to reflect the resolution adopted by the board at the March 8-9, 2016 meeting. Subsequently the CSU Academic Master Plan and each campus academic plan will be posted online as resources for university planning.

In addition to the CSU Academic Master Plan, the Chancellor's Office maintains the CSU Degrees Database, an online inventory of all authorized degree programs and associated concentrations (a focused area of study within the degree program). Campuses submit program information to the online database, and the Chancellor's Office accepts authorized degree programs and concentrations. The Degrees Database informs the public CSU Search Degrees website (<http://degrees.calstate.edu>), a tool for exploring the bachelor's and graduate degree programs and concentrations currently offered at CSU campuses.

The projections listed below and in **Attachment A** indicate campus intention to develop degree programs within the coming decade. Across the system, 31 new projections are proposed, 15 at the undergraduate level and 16 at the graduate level. When considering proposed degree projections, attention is paid to the "declared policy of the Board to encourage broadly based degrees of high academic quality and to avoid unnecessary proliferation of degrees and terminologies" (REP-91-03). Projected programs will be removed from campus academic plans if a full degree proposal is not submitted to the Chancellor's Office within five years of the date originally projected for implementation. This time limitation does not apply to "foundation" liberal arts and science programs.

After the trustees approve a projection, the campus may begin developing a full degree implementation proposal, which is submitted to the Chancellor's Office for review and final action before students may be enrolled. With approval from the Chancellor's Office, a pilot degree program may enroll students for five years. Pilot programs may be proposed for conversion to permanent status, which requires the chancellor's approval. **Attachment A** presents a ten-year overview of projected degree programs, by campus.

Newly proposed program projections include:

Channel Islands

BS Mechatronic Engineering 2016

East Bay

MS Nursing 2018

Fresno

BA Dance 2016

BA Liberal Arts 2017

BS City and Regional Planning 2016

MS Athletic Training 2018

Fullerton

BS Environmental Engineering 2017

MS Athletic Training 2018

Humboldt

MA Spanish 2017

Long Beach

BA American Sign Language and Deaf Cultures 2016

BA Biochemistry 2016

BS Biomedical Engineering 2016

MS International Affairs 2016

MS Marketing 2016

Los Angeles

MPH Public Health 2017

Monterey Bay

BS Public Safety 2018

MS Physician Assistant 2018

MA Teaching English to Speakers Of Other Languages 2018

Northridge

BA Earth and Environmental Sciences 2017

Northridge (continued)

MA	Higher Education Leadership	2017
MA	Sustainability Practices	2021
MS	Human Nutrition	2021
PhD	Complex Systems	2021

Pomona

BM	Music	2018
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San Bernardino

EdS	School Psychology	2017
MA	World Histories and Comparative Civilizations	2017
MS	Finance	2017

San José

BA	Mexican American Studies	2017
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San Marcos

BA	American Indian Studies	2016
BA	Chicano/a Studies	2016
BS	Wildfire Science	2017

Projections Removed from the Academic Master Plan

The following projections will not be developed into degree programs.

Channel Islands

BS	Kinesiology and Athletic Training
BS	Nutrition and Dietetics
MA	Digitally Integrated Media Arts
MA	English

Channel Islands (continued)

MS	Biology
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Dominguez Hills

BS	Environmental Engineering
BS	Exercise Science

Fullerton

MA	Japanese
MA	Liberal Studies

Humboldt

BS Marine Biology

Maritime Academy

BS Electronic and Computer Engineering

Northridge

BA, BS Geoscience

BFA Art

MS Market Analytics

MS Nursing

San Diego

EdD Special Education

Stanislaus

MS Digital Media and Visual Anthropology

2. Changes to Existing Degree Programs

Programs Suspending New Admissions

Campuses have reported admission suspensions for the following degree programs, which remain on the Academic Master Plan because admission may be reinstated during a future academic term. While no new matriculations will be allowed, continuously enrolled students already admitted into these programs will be allowed to complete degree objectives within a reasonable time frame.

Bakersfield

MA Sociology

Chico

BA Linguistics

BA Special Major

BS Special Major

MA Accountancy

MA Geography

MS Botany

Dominguez Hills

BS Quality Assurance

East Bay

MA Anthropology
MA Geography
MA Sociology

Fresno

BA German
BA Russian

Fullerton

MA Interdisciplinary Studies
MBt Biotechnology
MS Engineering
MS Physics

Long Beach

MA Family and Consumer Science

Los Angeles

BS Graphic Communication*

Northridge

MA Interdisciplinary Studies
MS Interdisciplinary Studies
MKM Knowledge Management

Pomona

BS Social Sciences
MBt Biotechnology

San Diego

DNP Nursing Practice

San Francisco

DPTSc Physical Therapy Science
(offered jointly with University of California, San Francisco)

San Luis Obispo

BA Liberal Studies

Sonoma

- BA Special Major: Interdisciplinary Studies
- BS Special Major: Interdisciplinary Studies

Stanislaus

- BA French

Discontinuance of Existing Degree Programs

The following degree programs will no longer be offered at the reporting campus after currently enrolled students have completed degree requirements. These programs will be removed from the CSU Academic Master Plan and campus academic plans. Discontinuances are expected to be carried out according to each campus' discontinuation policy, in accordance with Coded Memorandum AAP-91-14.

Bakersfield

- BA Global Intelligence and National Security
- MS Administration Health Care Management
- MS Science Education

Dominguez Hills

- BA Recreation and Leisure Studies

East Bay

- MA Anthropology
- MA Geography
- MA Sociology

Long Beach

- BA Engineering Systems
- BA Kinesiology
- MS Global Logistics
- MS Health Science

Los Angeles

- BA Chemistry

San Francisco

- BS Atmospheric and Oceanic Sciences

San José

- BA Life Science

Sonoma

- EdD Educational Leadership (offered jointly with University of California, Davis)

3. Total Units Required for a Bachelor of Arts and Bachelor of Science Degree Programs

Ninety-four percent of all CSU bachelor of arts (BA) and bachelor of science (BS) degree programs require no more than 120 units for degree completion. Only bachelor of fine arts, bachelor of music, bachelor of architecture and bachelor of landscape architecture are allowed higher unit totals. As new BA and BS degree proposals are reviewed at the Chancellor's Office, the 120-unit limit remains a central consideration in evaluating curricular coherence and quality, student-learning outcomes, quality assurance, access, fiscal responsibility, and service to students and employers. Since the last annual report to the board, no new BA or BS degree proposals were approved to require more than 120 units. Exceptions to the 120-unit limit may be granted exclusively by a chancellor's action, and 59 such exceptions have been granted, accounting for 2 just percent of all BA and BS programs. The large majority of exceptions were granted for engineering degree programs. Chancellor White in November 2014 requested that campuses continue working to reduce units in programs for which exception requests were denied. The Los Angeles and Pomona campuses were granted additional time to reduce units as part of the curriculum redesign taking place during the quarter-to-semester conversion process. Follow-up reports will be gathered this year.

4. Summaries of WASC Senior College and University Commission (WSCUC) Accreditation Visits

The CSU Board of Trustees adopted a resolution in January 1991 that requires an annual agenda item on academic planning and program review, including information on recent campus accreditation visits from the regional accreditor we have known as the Western Association of Schools and Colleges (WASC). The agency has changed its name to the WASC Senior College and University Commission (WSCUC). Summaries of WSCUC accreditation visits are presented in **Attachment B**.

5. Student-Learning Assessment Conducted through Program Review

Assessment of student learning is best carried out when it is a faculty-driven practice. Faculty have the responsibility of identifying the skills and knowledge that students are expected to demonstrate by the time they complete a degree program. Faculty also determine how to measure the extent to which learning has been accomplished, and faculty evaluate evidence of student learning so that improvements to curricula and pedagogies can be adjusted to facilitate improved student learning in the future. Assessment is an analytical program-improvement process that focuses on student learning, and it is not used to evaluate faculty performance. The Division of Academic Affairs encourages assessment activities to be meaningful (reflective of program goals), measurable (faculty can determine whether the learning has been accomplished), and manageable (simple enough to provide useful data and be sustainable over time). This report lists a sample of the student-learning outcomes for some programs reviewed in the past year. Included are summary findings of analyses of

student achievement and brief descriptions of the faculty's improvement actions taken or planned. **Attachment C** contains a sample of the assessment activities carried out in conjunction with the previous year's program review cycle.

6. Accredited Academic Programs and Departments

Campuses are expected, as reasonable, to seek professional accreditation for degree programs and academic departments, schools, and colleges. **Attachment D** contains the list of all reported accredited units and degree programs.

The following resolution is recommended for adoption and refers to changes in the CSU Academic Master Plan and campus Academic Plans described in this agenda item.

RESOLVED, by the Board of Trustees of the California State University, that the amended projections to the Academic Plans for the California State University campuses (as identified in Agenda Item 1 of the March 7-9, 2016 meeting of the Committee on Educational Policy), be approved and accepted for addition to the CSU Academic Master Plan and as the basis for necessary facility planning; and be it further

RESOLVED, that those degree programs proposed to be included in campus Academic Plans be authorized for implementation, at approximately the dates indicated, subject in each instance to the chancellor's approval and confirmation that there exists sufficient societal need, student demand, feasibility, financial support, qualified faculty, facilities and information resources sufficient to establish and maintain the programs; and be it further

RESOLVED, that degree programs not included in the campus Academic Plans be authorized for implementation only as pilot or fast-track programs or as modifications of existing degree programs, subject in each instance to Chancellor's Office approval and CSU policy and procedures.

**CSU Academic Master Plan
Ten-Year Overview of Planned Programs**

Projections Proposed to the Board of Trustees
Planned for Implementation between 2016-17 and 2026-27

Planned (“projected”) degree programs appearing in bold red font are proposed for trustee approval at this meeting. Projected degree programs may remain on the CSU Academic Master Plan for five years after the originally approved implementation date, which appears in the far right column. Within that five-year window, planned launch years may be adjusted in response to societal need or campus schedules and resources. Current planned implementation years appear in the column to the left of the degree program. Subsequent to approval of a projection, the campus may develop a full degree implementation proposal, which requires the Chancellor’s approval in order for a program to enroll students.

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
Bakersfield	2017	MS	Computer Science	2017

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
Channel Islands	2016	BS	Mechatronic Engineering	2016
		MA	Psychology	2016
	2017	MA	History	2012
		MPA	Public Administration	2012
		MS	Coastal Sustainability	2012
	2018	BA	Freedom and Justice Studies	2013
		MS	Applied Sociology	2013
	2019	BA	Philosophy	2014
MS		Nursing	2014	

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
Chico	2016	BA	Environmental Policy and Planning	2011
		MA	Teaching	2015
		MS	Mechatronic Engineering	2013

Attachment A
 Ed. Pol. Item 1
 March 7-9, 2016
 Page 2 of 7

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
Dominguez Hills	2016	BS	Information Technology	2015
		MA	Communication Disorders	2014
		MA	Kinesiology	2014
		MA	Spanish	2016
		MHA	Healthcare Administration	2016
		MS	Cybersecurity	2015
	2018	MA	International Peace and Security	2018

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
East Bay	2018	MS	Nursing	2018

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
Fresno	2016	BA	Dance	2016
		BS	City and Regional Planning	2016
		BS	Emergency Management and Homeland Security	2014
	2017	BA	Liberal Arts	2017
	2018	MS	Athletic Training	2018

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
Fullerton	2015	BA	Chinese Studies	2012
		BA	Vietnamese	2014
		MA	Criminal Justice	2011
		MS	Accounting and Finance	2013
		MS	Financial and Risk Engineering	2015
	2016	BS	Software Engineering	2016
		MS	Engineering Management	2016
		MS	Human Services	2016
	2017	BS	Environmental Engineering	2017
	2018	MS	Athletic Training	2018

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
Humboldt	2017	BA	Child Development	2015
		BFA	Art	2015
		MA	Spanish	2017

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
Long Beach	2016	BS	Biomedical Engineering	2016
		BFA	Theatre Arts	2011
		MA	Languages and Cultures	2015
		MS	Engineering Management	2015
		MS	Hospitality Management	2015
		MS	Information Systems	2014
	2017	BA	American Sign Language and Deaf Cultures	2016
		BA	Biochemistry	2016
		MS	International Affairs	2016
		MS	Marketing	2016
		MS	Sustainability	2016

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
Los Angeles	2016	AuD	Audiology (joint degree with Western University of Health Sciences)	2011
		BA	Computer Science	2012
		BA	Urban Studies	2012
		BA	Women's, Gender, and Sexuality Studies	2015
		MA	Liberal Studies	2013
		MS	Aerospace Engineering	2011
		MS	Systems Engineering	2012
		PhD	Complex Systems	2011
		PhD	Forensic Sciences (joint Doctoral partner to be determined)	2012
	2017	MPH	Public Health	2017

Maritime Academy

No future programs are projected at this time.

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
Monterey Bay	2016	BA	Human Development and Family Studies	2015
		2017	BS	Computer Engineering
		EdD	Educational Leadership	2012
		MPA	Public Administration	2013
		MS	Accounting	2015
	2018	BS	Public Safety	2018
		MA	Teaching English to Speakers of Other Languages	2018
		MS	Physician Assistant	2018

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
Northridge	2017	BA	Criminology and Justice Studies	2017
		BA	Earth and Environmental Sciences	2017
		MA	Higher Education Leadership	2017
		MA	Instructional Design	2019
		MS	Entrepreneurship	2018
		MS	Finance	2017
		MS	Management	2019
		MS	Real Estate	2017
	2020	MS	Information Systems Management	2020
	2021	BS	Neuroscience	2021
		MA	Sustainability Practices	2021
		MS	Human Nutrition	2021
		PhD	Complex Systems	2021

Campus	Currently Planned Implementation Year	Degree Type	Title	Year Originally Approved for Implementation
Pomona	2016	BA	Physics	2016
		MS	Architecture	2016
	2017	BS	Regenerative and Sustainable Studies	2017
		MS	International Apparel Management	2014
		MS	Mechatronics and Robotics Engineering	2017
	2018	BM	Music	2018
		MS	Dietetics	2018

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
Sacramento	2016	MS	Finance	2013

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
San Bernardino	2015	MA	Music	2011
		MS	Kinesiology	2015
	2016	MS	Information Systems and Technology	2016
	2017	MA	World History and Comparative Civilizations	2017
		MS	Finance	2017
		EdS	School Psychology	2017

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
San Diego	2016	MFA	Television, Film, and New Media Production	2012
	2017	BFA	Graphic Design	2012
		PhD	Communication (with Fielding Graduate Institute)	2012
		PhD	Hearing Science (with UC San Diego)	2014

Attachment A
 Ed. Pol. Item 1
 March 7-9, 2016
 Page 6 of 7

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
San Francisco	2016	MA	East Asian Languages and Literatures	2016
		MA	Modern European Languages and Literatures	2016

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
San José	2017	BA	Design Studies	2016
		BA	Mexican American Studies	2017

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
San Luis Obispo	2016	BS	Health Science	2016
		MS	Food Science	2014
	2017	BS	Environmental Product Design	2016
		BS	Sustainable Designed and Built Environments	2016
		MEng	Civil and Environmental Engineering	2015
		MPS	Forage and Feed Science	2015
		MS	Architectural Engineering	2013
	2018	MA	Disaster Management and Homeland Security	2011

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
San Marcos	2016	BA	American Indian Studies	2016
		BA	Arts, Media, and Design	2016
		BA	Chicano/a Studies	2016
		BA	Philosophy	2016
	2017	BS	Wildfire Science	2017
		BA	Ethnic Studies	2015
		BA	Theatre	2015
		MS	Chemistry	2017
	2019	BS	Computer Engineering	2019
		BS	Software Engineering	2019
2024	BS	Electrical Engineering	2024	

Sonoma State

No future programs are projected at this time.

Campus	Currently Planned Implementation Year	Degree Designation	Title	Year Originally Approved for Implementation
Stanislaus	2017	MFA	Theatre Production	2017

**Summaries of WASC Senior College and University Commission (WSCUC)
Accreditation Visits**

California State University Channel Islands

This year the campus underwent its first reaffirmation process following initial accreditation in 2007. The WASC Senior College and University Commission (WSCUC) team visit on April 7-10, 2015 was part of the institutional review process, and the campus received its accreditation letter on July 15, 2015. The letter reaffirmed accreditation for nine years, with the offsite review scheduled for fall 2023, the accreditation visit in spring 2024, a mid-cycle review in spring 2020, and an interim report in fall 2020 to review progress on the following issues cited in the team report:

- Updates on implementation of the 2014-2019 strategic plan, the aligned academic plan, and divisional planning, including faculty hiring; and
- A plan for the growth in graduate programs aligned with the strategic objectives of the university, and results accomplished from the implementation of that plan by the time of the report.

Commendations were made in seven areas: the campus mission-centered design that keeps students and their success as the focus of planning and decision-making; a passion for the mission of the university, expressed through the four pillars that informs institutional ethos and culture; commitment to diversity, realized through the demographic composition of the student body; pedagogical design that puts multidisciplinary understanding at the core of student learning; commitment to student success, exemplified by many support systems and evidenced by nearly identical retention and graduation rates for underserved and better served students; focus on regional issues and the entrepreneurial spirit that together fuel creative thinking about public and private partnerships; and recent improvements to institutional research and data.

The team made six recommendations to the institution: continue to develop its strategic plan to include detailed steps for implementation; develop a plan to increase its proportion of tenure-track faculty; use its program review process as the primary vehicle for assessing educational effectiveness and thereby continue to increase the collection and use of institutional data; regularize collection of evidence from student learning outcomes assessment and increase reliance on an electronic repository as a resource for providing continuity for program review; streamline administrative processes to serve better the needs of the campus as it grows; develop a strategic and integrated plan for the growth of its graduate programs as educational offerings are expanded in response to regional needs; and give careful attention to leadership development and transition.

California State University, East Bay

California State University, East Bay hosted a WSCUC accreditation visit from April 8-10, 2015. The commission acted to reaffirm accreditation for 10 years; the next accreditation visit is scheduled for spring 2025. In addition to supporting all commendations in the visiting team report, the commission specifically mentioned as areas of strength: collaboration and shared governance, commitment to diversity, development of assessment of core competencies, and financial management during a time of fiscal challenges. The institution has been asked to submit a progress report in spring 2019, addressing the impact of semester conversion, improvements to data collection and analysis, the achievement gap for African American and Latino student, and the results of “Planning for Distinction,” a comprehensive review of all campus programs and activities

California State University, San Bernardino

The California State University, San Bernardino accreditation visit took place on September 29-October 2, 2014. The related WSCUC action letter (dated March 15, 2015) specified:

- CSUSB received reaccreditation for seven years;
- A progress report was due by October 1, 2015;
- An interim report is due October 1, 2017;
- Mid-cycle review is scheduled in spring 2019; and
- The next offsite review is scheduled in spring 2021 and the accreditation visit in fall 2021.

San José State University

WSCUC visited San José State University (SJSU) during April 13-16, 2015. The commission action letter (July 15, 2015) reaffirmed accreditation for seven years and requested a special visit in spring 2017 to monitor progress with respect to leadership, organizational climate, shared governance, and campus climate. The letter included numerous commendations about the high quality of preparation for the WSCUC visit, the care SJSU took in addressing new components of the accreditation self-study related to meaning, quality, and integrity of degree, and assessment of core competencies. WSCUC also commended effective management of funds, elimination of a structural budget deficit, and investment of surpluses in Academic Affairs.

Based on the findings and recommendations of the visiting team, the commission identified the following two areas for continued attention and development. These will be the focus of the 2017 special visit.

Leadership, Organizational Climate and Shared Governance

The commission identified the high turnover of top administration between 2007 and 2015 and the rapid development of a strategic plan under President Qayoumi as contributing to the perception of a lack of shared governance. The commission called for a plan to stabilize leadership at the cabinet level; to improve the process of shared governance between the president, cabinet and senate; and to address university-wide issues of isolated decision making in silos. In particular, the visiting team and the commission recommend improving and refining the *Vision 2017* strategic plan so that the entire campus could share ownership.

Campus Climate

The commission noted diversity as well as growth in Latino enrollments, and noted the gap in retention and graduation rates between minority and majority populations. Citing the 2013 racial bullying incident, the commission indicated that the lesser success of underrepresented students may be linked to the campus climate. It was recommended that SJSU proactively develop academic and co-curricular programs to support the needs of underrepresented students. The commission recommended institutionalizing the successful pilot programs that resulted from the African American and Latino/a Chicano/a Student Success task forces. The commission also recommended development of a strong student affairs division and strategic plan, and a student-centered approach to assessing campus climate.

Student-Learning Assessment Conducted Through Program Review

This report includes a sampling of assessment carried out in conjunction with programs reviews conducted in 2014-15. Selected student-learning outcomes and outcome assessments are presented, and improvement strategies are described. Programs may not assess all expected student-learning outcomes each year.

The abbreviations “SLO” and “PLO” refer to student-learning outcome and program-learning outcome respectively. Program-learning outcomes tend to be broadly stated goals, while student-learning outcomes identify more specific objectives for student performance.

California State University, Bakersfield

Business Administration, MBA

Students were assessed on their competency demonstrating the team skills required of a successful organizational leader.

Students conducted a group project. At end of the project, students rated their own performance and their teammates’ performance regarding the ability to work in teams. The average score was 100. An above average performance would receive a rating of more than 100 and a below average performance would receive a rating of less than 100. A highly cohesive group would have individual ratings clustered around 100, whereas a non-cohesive group would have high and low ratings. Therefore, the standard deviation of ratings of a cohesive group should be low and the standard deviation of ratings of a non-cohesive group should be high. Assessment findings indicated the target of eighty percent was exceeded. Eighty-five percent or 41 out of 48 students received a rating of 90 or above.

History, BA

Students were assessed on their competence to analyze historical evidence (primary and secondary sources) and incorporate it into an interpretation of the past.

Students in all upper-division history major courses taught fall 2013 participated in this assessment. All seven instructors have submitted their results. Of the 139 students who participated in the assessment, 119 either met expectations (a score of 7 or 8) or demonstrated strong competency (a score of 9 or 10) in the skills of document analysis and interpretation. Thus, 86 percent of the students who participated in the assessment met or exceeded expectations. Based on these results, it is clear the department is doing an excellent job helping students learn how to analyze and interpret historical evidence. The department was encouraged by these results to continue to include document analysis and interpretation as an integral part of the History major, and repeat the assessment in the second five-year assessment cycle.

Human Biological Sciences, BS

One SLO was assessed: Students will demonstrate sophomore-level biological literacy of the principles of human organization, form, and function at the levels of the (a) atom, molecule, organelle, cell, tissue, (b) nutrition, (c) organ, organ system, organism, and (d) human population and the impact of humans on ecosystems and the environment.

Students completed a comprehensive exam covering the material presented in the lower-division required biology courses. The Department of Biology faculty created their own multiple choice exam that represents key concepts to be learned in the lower-division curriculum. The department utilized the results of this exam to determine if their lower-division courses were providing the foundation in biology for students to progress to more specialized courses. The exam was divided into separate subject matter areas to identify areas of strength and weakness depending on student results. The findings strongly suggested the assessment tool needed reworking. The faculty worked diligently to complete a new and updated exam for students to take in a course required of all majors. The department assessment results indicated the program's willingness to undertake assessment as a cycle of continuous improvement.

Philosophy, BA

One SLO was assessed by program faculty: students will critically respond to written texts and other media to understand and assess ideas, norms, and cultural practices.

During a three-year period, philosophy assessment focused on students' argument recognition, analysis, and evaluation skills. Most students were able to correctly distinguish argumentative discourse from other types of discourse. Ninety-three percent of students were able to correctly identify a passage as a non-argument, and 87 percent of students were able to correctly identify a passage as an argument. Assessment also focused on students' argument analysis skills. Results indicated most students were able to correctly analyze arguments. Eighty five percent of students were able to correctly identify the conclusion of the argument, 80 percent of students were able to correctly identify the premises of the argument, and 68 percent of students were able to correctly identify the structure of the argument.

Assessment of students' argument evaluation skills indicated most students were able to correctly distinguish deductive and inductive reasoning and most met expectations for identifying the appropriate criteria for evaluating deductive and inductive arguments. Seventy-one percent of students were able to correctly distinguish deductive and inductive reasoning, 86 percent of students were able to recognize the appropriate criteria for evaluating deductive arguments, and 79 percent of students were able to recognize the appropriate criteria for evaluating inductive arguments.

California State University, Channel Islands

Nursing, BS

Nursing assesses all program learning outcomes as part of the Commission on Collegiate Nursing Education (CCNE) accreditation process. The self-study and external review components are conducted as part of that process. The program MOU and action plan for the campus are developed from the most recent report and visit, which culminated with an action letter on May 28, 2015.

Examples of student-learning outcomes assessed include completion of a liberal education; demonstration of knowledge; skills and attitudes in leadership; quality improvement and patient safety; integration of evidence of current best practices in the professional nurse as a care provider; identification and participation in change techniques in healthcare policy, finance and regulatory environments; application of effective inter-professional communication and collaboration with health professionals to provide high quality and care; identification and evaluation of population health issues; practice of core values within an ethical and legal framework; planning and providing culturally competent nursing care; and demonstration of effective communication.

Assessment data and analysis methods used to make improvements can be found in the required 2009 self-study and 2012 self-study update for CCNE accreditation.

Based on the data, 15 program modifications were implemented. For example, one course increased from two to three units to cover the volume of content required. Another course includes endocrine and respiratory content, since many of the clients in the agencies had diabetes and respiratory disorders. A course in nutrition for therapeutics in health changed both its delivery mode and pedagogy. The course is now offered online to enable students to have more flexibility with their general studies course offerings.

Performing Arts, BA

Students were assessed on three student-learning outcomes: (1) performance in one or more of the performing arts emphases; (2) demonstration of critical thinking through analysis, interpretation, and evaluation of written, visual, and audio texts in an interdisciplinary context; and (3) effective self-expression in written, physical, and spoken forms in response to a variety of personal, local, global, and historical events.

Assessment data on SLOs were collected in the program's capstone course. Student work was rated as "excellent," "very good," "good," "poor," or "unacceptable." Out of the 20 students in the spring 2014 course, seven were rated as excellent, three very good, five good, and three poor. Based on these results, it was decided faculty would develop an assessment plan for all program-learning outcomes after outcome and curricular modifications have been approved. Additionally, faculty would fine tune learning outcomes; implement an assessment plan across emphases including studio courses; and collect, analyze, and use learning-outcome data on a more systematic

basis. Faculty also decided to engage in a complete curriculum overhaul by requiring fewer core courses and adding units to the major.

Library

The library assessed students on: (1) accessing needed information effectively and efficiently; (2) evaluating information and its sources critically; and (3) explaining the economic, legal, social, and ethical issues surrounding the use of information.

Based on their analysis, the library proposed program modifications such as: (1) engaging in systemic curriculum mapping to inform and help sustain the library's information literacy instruction program; (2) establishing a dedicated library program seat on the General Education Committee to enhance instructional services and research support to distance and online students; and (3) conducting an evaluation of the library's digital presence in order to provide better services to students online and at distance sites.

California State University, Chico

Anthropology, BA

Anthropology reported on one of five student-learning outcomes during the review period: Students will document, interpret, and analyze human cultural and biological diversity.

The outcome was assessed using multiple choice pre- and post-tests in Anthropology 301 and Anthropology 303, and essays in Anthropology 496, the capstone course. Success was reported as 29.4 percent for Anthropology 301 (mean post-test score 70 percent), 48 percent for Anthropology 303 (mean post-test score 69 percent), and 92.9 percent in Anthropology 498 (mean post-test score 98.6 percent). Overall, students in the 300 series classes did not perform well on either the pre- or post-tests, although there was significant improvement. Upper division students performed very well in Anthropology 496. Future assessment of this SLO will evaluate student understanding of diversity derived from a wider variety of courses that are representative of the different subfields of anthropology.

Asian Studies, BA

Asian Studies reported on one of four student-learning outcomes: Students will identify factual knowledge of Asia in the following realms: cultural, religious, economic, and political.

The SLO was assessed utilizing a three-question quiz with three possible points. Thirty-eight students out of 42, including eight Asian Studies majors, successfully completed the assessment. The benchmark score was set at 2.5. Both majors and non-majors achieved the benchmark, with majors outscoring non-majors by a margin of about 10 percent. Results were highly satisfactory. No corrective action is needed at this time.

French, BA

Program faculty reported on SLO 3 from four overall SLOs: Students will demonstrate reading comprehension through the development of ideas by following the organization of ideas, accuracy of understanding, knowledge of vocabulary expressions and socio-linguistic awareness.

SLO 3 assessment required students to read a novel and produce an original analysis of the text based on themes, style or symbols. The result showed great improvement in the ability of all students to write and talk about abstract subject matter, adopt a point of view, and explain how and why they developed their understanding. All students achieved mastery in reading comprehension and are reading at the expected proficiency level. No specific action was taken. Future assessment will be conducted with different pieces of reading and the department will continue to promote reading proficiency in French.

Mathematics, BS

Within the mathematics program, six student-learning outcomes are assessed. The program reported on SLO 1: Students will perform basic operations on fundamental mathematical objects and have a working knowledge of the mathematical ideas and theories behind these operations.

Assessment consisted of four items embedded in the final exam in a linear algebra course. One hundred percent of the students tested proficient on item 1, 60 percent tested proficient on items 2 and 3, and 80 percent tested proficient on item 4. The relatively small numbers of mathematics majors provide too little data to carry any statistical significance. No statistically supportable recommendations could be generated, and the department is considering assessing SLOs in additional ways that utilize significant amounts of data to paint a comprehensive picture of the success students achieve.

Sociology, BA

Within the sociology program, two of ten SLOs were reported: Students will demonstrate critical thinking through verbal and written communication (SLO 1), and students will design and evaluate quantitative and qualitative research (SLO 2).

SLO 1 was assessed with two activities, a self-reported exit survey of graduating seniors and a paper in the capstone course. Results of the exit survey indicated 86.8 percent believe their skill level in critical thinking through verbal and written communication is “excellent” (44.7 percent), or “good” (42.1 percent). The department will continue to assess students’ self-reported level of skill in critical thinking through verbal and written communication to see if levels remain high, as well as the value they attribute to critical thinking. Results of the paper assignment revealed 3 of 12 students, (25 percent), demonstrated competency “well.” Seven of 12 students (21 percent) demonstrated competency. Two students did not demonstrate competency. The benchmark was met. The department will continue to broaden assessment beyond this course assignment and will discuss opportunities to engage students in critical thinking in monthly faculty meetings.

SLO 2 was assessed with two activities: an exit survey of graduating seniors and a paper in the capstone course. Self-reported data from the exit survey indicated 89.4 percent believe their skill in designing research is “excellent,” and 44.7 percent rated themselves as “good.” Ninety-two percent believe their skill in evaluating research is “excellent,” with 42 percent rating themselves as “good.” The department will reassess students’ self-reported level of skill in designing and evaluating research to see if self-reports are consistent with desires for more technological research skills training. Results of the paper revealed 17 of 34 (50 percent), demonstrated their competency “well,” and 7 of 34 students (21 percent) demonstrated competency. Ten of 34 students (29 percent), did not demonstrate competency. The benchmark was not met. Future assessment of SLO 2 should be conducted in the statistical analysis course or in an advanced methods course. The department will continue coordination of the sociological methods sequence to see that students acquire skill in designing and evaluating quantitative and qualitative research.

California State University, Dominguez Hills

Art, BA

The art department faculty assessed two of eight student-learning outcomes during this assessment cycle: Students will demonstrate written comprehension of the diverse historical art traditions (SLO 5), and students will exhibit a selection of representative works in a public gallery or other cultural venue (SLO 8).

For SLO 5, 65.5 percent of the students exceeded the minimum standard. For SLO 8, 77.5 percent exceeded the minimum performance standard. The department is investigating establishing a standard research paper rubric for all art history courses and also requiring at least one formative writing paper in all upper division art history courses.

Digital Media Arts, BA

Faculty assessed all five of their SLOs: (1) Students will demonstrate application of the basic software and hardware tools used in digital media production; (2) students will produce a product that reflects professional level production value and standards relative to student producer time and budget constraints; (3) students will demonstrate ability to create and produce a capstone digital media product that meets the objective of its target audience; (4) students will work effectively and cooperatively with others as co-producers on team projects; and (5) students will perform in a manner that is consistent with the professional image and demeanor of the digital media industries.

For SLO 1, 96.7 percent of the students achieved at a higher level than the minimum. For SLO 2, 96.1 percent achieved higher than minimum performance. For SLO 3, the percentage was 89.5 percent higher than minimum achievement. For SLO 4, 88.7 percent achieved above the minimum, and 83 percent achieved above minimum for SLO 5. No departmental actions were indicated.

Labor Studies, BA

The labor studies program assessed two of their eight SLOs: SLO 3, students will read, analyze and interpret varied sources of information drawn from several disciplines, such as Sociology, History, Women's and Chicana/o Studies, and demonstrate how the information and concepts are relevant to labor issues. For SLO 5, students will explain the significance of labor history.

All students achieved at a level higher than minimum for each of the SLOs assessed. Regarding SLO 3, the program is considering adding consistency in the assignments so students can draw clearer connections among the readings; no action was considered in response to SLO 5.

Liberal Studies, BA

The department assessed two of seven SLOs: Students will demonstrate the ability to communicate effectively in oral and written forms in a variety of contexts (SLO 3); and students will demonstrate professional commitments and dispositions (SLO 6).

Students achieved a higher than minimum standard at a rate of 78 percent for SLO 3 and 88 percent for SLO 6. Actions anticipated are to give students more explicit definitions and a clearer discussion of the writing topic, devote more time to the papers, and provide more feedback for SLO 3. For SLO 6, the department plans to revise the standards of success.

Spanish, BA

Department faculty assessed four of six SLOs: Students will read and write in Spanish at the beginning, intermediate and advanced levels (SLO 1); students will understand Spanish language literatures and linguistics as they relate to Latin America, Spain and other Spanish-speaking countries (SLO 2); students will interpret, analyze and evaluate textual and linguistic productions within their specific historical and sociocultural context (SLO 3); and students will utilize literary and linguistic research methodologies and skills in using traditional and electronic sources for both oral and written projects (SLO 4).

For SLOs 1 through 3, students achieved at the program's desired standard of higher than minimum; however, no specific percentages were indicated. It is unclear whether students achieved the minimum standard for SLO 4. No actions were recommended for SLOs 1 and 2. In response to the outcome for SLO 3, the department is considering adding a course requirement to attend a library orientation session. For SLO 4, the department is exploring adding a research method course to their established curriculum.

Theatre Arts, BA

The department assessed four of its SLOs, two for each of its options: Students will demonstrate technical knowledge for directing a play (SLO 1); and students will create actor blocking and directorial composition for a stage performance (SLO 2). For dance, students will demonstrate

technical knowledge of a dance concert (SLO 3); and students will create movement and set it upon another dancer (SLO 4).

All students achieved above a minimum standard set for each SLO. Actions derived from the data include continuing to express and reinforce the significance of technical requirements needed to direct a play for a stage performance; pursuing a full-time faculty member to teach scenic, lighting, and sound design to work with student directors, and continuing to reinforce the importance of understanding the choreographic process and the technical requirements necessary to produce a dance concert.

California State University, East Bay

Biochemistry, BS

Student laboratory skills were assessed by conducting a review of the students' laboratory notebooks as well as answers to essay questions. While results showed roughly 80 percent of the students demonstrated the desired level of laboratory analytical skills, there was room for improvement in data analysis. Improvement strategies include devoting more teaching time to data analyses in which sample data are provided to students by the instructor, and breaking down the analysis into a series of questions that lead to appropriate conclusions.

Hospitality, Recreation and Tourism, BS

The program assessed all of its program learning outcomes over the five-year review period, and reported on two: For PLO 3, students will articulate ethical, philosophical, historical and current practices and administrative foundations of the profession; and for PLO 4, students will conduct research in the profession, analyze data, draw conclusions based on evidence, and provide accurate referencing for all sources.

For PLO 3, a rubric-based assessment of student papers found 77 percent demonstrated extensive or adequate professional knowledge, whereas 23 percent demonstrated limited or inadequate professional knowledge. The program has modified the curriculum to require additional research regarding the discipline's professional organizations and visits to at least one professional meeting or conference. For PLO 4, an assessment of the literature reviews found 68 percent were able to correctly identify and cite a peer-reviewed journal in correct American Psychological Association (APA format). The program now requires APA-style citations in all term papers.

California State University, Fresno

Chemistry, BA, BS

The chemistry department assessed two out of six student-learning outcomes. For SLO 1, students will apply their understanding of terminology, concepts, theories, and skills to solve problems by defining problems and research questions clearly, formulating testable hypotheses, designing and

conducting experimental tests of hypotheses, analyzing and interpreting data, and drawing and conducting within professional ethical guidelines. For SLO 4, students will demonstrate the ability to clearly and effectively communicate scientific results and opinions using written formats and following professional style and format conventions as well as professional ethical guidelines.

On SLO 1, student understanding of terminology, concepts, theories, and skills, student presentations were evaluated in ten categories on a scale of 0 “poor” to 3 “excellent.” For each assessment, six laboratory reports were selected. Two were considered excellent by the instructor, two were average, and two were weak. Four of the reports were scored and discussed by three faculty members to ensure consistency. On SLO 4, writing skills, in both the BA and BS chemistry programs, students met or exceeded the departmental standard of 1.5 out of 3 in all five categories. Using an experimental design, both degree programs fell below the expected levels in two categories. Students were generally weak in interpreting the significance of their experimental results.

Based on an analysis of the assessment data, the department will integrate several additional inquiry-based labs into general chemistry to facilitate the development of data processing and analysis skills at an earlier stage in the program.

Construction Management, BS

The department assessed the first of three student-learning outcomes. For SLO 1, students were directly assessed on skill competency in communication, problem solving and critical thinking, business management, procurement and pre-constructions, and legal and ethical responsibilities. Students were expected to achieve the required average minimum of 70 percent average in all cases. All students assessed met the standard.

History, BA

The history department assessed these two of seven student-learning outcomes: SLO (4) students will demonstrate critical thinking skills by analyzing sources, evaluating information and sources for accuracy; and SLO (5) students will identify and analyze appropriate and inappropriate interpretations and conclusions based on specific sources or information.

Regarding SLO 4, out of a total of 35 students assessed, 77 percent met the criteria of a 3 or 4 in the area of making connections. On SLO 5, of the 110 students at a point near graduation who completed the assignment, 68 percent of the students were able to assess claims; 64 percent of students were able to analyze evidence; and 53 percent of students were able to evaluate strengths and weaknesses accurately, including recognizing fallacies. Further evaluation of the critical thinking skills of history majors and their ability to analyze arguments is warranted, given the results of this assessment.

Psychology, BA

The psychology department assessed these two of three student-learning outcomes during this assessment cycle: SLO (2) students will write an APA style empirical research report, and demonstrate an understanding of the various sections; and SLO (3) students will demonstrate effective written communication and oral presentation skills, and numerical literacy.

On SLO 2, the results indicated four of the five components did not differ significantly from a score of 3, suggesting the mean rating was not very different from an adequate rating. The overall average grade did not differ significantly from a passing grade. The results indicated one component of the paper was significant with the average rating for mechanics being significantly lower than 3, with a mean rating of 2.64. This indicates on average, that faculty rated the papers as being below adequate on this component. For SLO 3, the results of the tests on all three questions indicated that student responses on average were significantly higher than this criteria, with a mean response for these questions approximately equal to a mean rating of 3, corresponding to a response of *somewhat proficient* on the four point scale.

History, MA

The history program assessed one SLO: Students will demonstrate application and effective communication of knowledge as measured by a presentation.

Fourteen students were assessed using a holistic rubric. Overall, 79 percent met the benchmark. This was just slightly below the desired level of performance of 90 percent of the students demonstrating proficiency, with a score of 2 out of 3 on the rubric. A revised SLO will state the skill level that students must demonstrate more clearly. The department will also review the timeline of planned assessment activities to ensure that all outcomes are measured more than once in a five- to seven-year period and in future assessment reports will note any patterns in student performances.

Psychology, EdS

The program assessed SLO (3): Students will write clearly and effectively and display effective oral communication skills; and SLO (4) students will demonstrate appreciation of diverse perspectives.

For SLO 3, the program uses a rubric to evaluate completed theses. The rubric incorporates a scale of 0 (minimally acceptable), 1 (average), 2 (good), and 3 (excellent) with a departmental standard of 2.0.

Twenty-one raters evaluated eight school psychology theses. Ratings were lower than in past years. Areas of concern include statistical methodology, reporting results effectively, and discussion sections. Consequently, the department is enhancing their statistics lab and encouraging students—even requiring some—to take advantage of the University Graduate Writing Studio.

For SLO 4, the program uses field evaluations to rate practicum skills, internship skills and student dispositions. Ratings are on a scale of 1 to 4 with 3.0 as the departmental standard. The average rating for first year students was 3.83 and for the second year was 3.84, with interns scoring 3.53. While average ratings were well above the departmental standard, the program faculty will be revising the field evaluation instrument to align with new professional organization training standards.

Teaching, MAT

The program assessed two outcomes using a four point rubric: Students will search, navigate, and critically consume educational research (SLO 2); and students will use technology critically to access information and to communicate as a means of curricular and pedagogical support for higher-level thinking (SLO 6).

For SLO 2, data indicated nearly all students scored at the exemplary level with many choosing the action research project as their culminating experience.

For SLO 6, data from the assessment of signature assignments indicated that nearly all students scored at the exemplary level. However, after careful analysis it was determined that the scoring rubric was assessing students' effective use of technology as a learner, not as a teacher of students. Consequently, the faculty are re-evaluating and refining the signature assignments and corresponding scoring rubrics to better assess the effective use of technology as a teacher.

Educational Leadership, EdD

Faculty assessed four SLOs, including students ability to: (1) employ critical and systems thinking to identify root causes of complex educational problems and develop meaningful solutions to address educational inequities; (2) collaborate with others to generate and apply a professional knowledge base that integrates both experiential and research knowledge to inform leadership decisions; (3) undertake appropriate critical inquiry and research studies to inform leadership decisions; and (4) formulate administrative and instructionally effective approaches and best practices to improve the quality of instruction and learning environments for all students.

The outcomes were assessed through embedded fieldwork, through which students work in small groups to address problems of practice. The students are evaluated through a qualitative fieldwork survey. Data from the survey indicate clients highly valued the contributions of the doctoral students and that the work completed by the students resulted in tangible change within their institutions.

These outcomes are also assessed through the qualifying exam. Results from the most recent exam indicate a majority of all doctoral students passed on their first attempt. Two students were required

to retake a portion of the exam, with one passing on the second attempt and the other being dismissed from the program for academic dishonesty.

California State University, Fullerton

All engineering programs reported in this review cycle are accredited by the Accreditation Board for Engineering and Technology (ABET). The 2014 accreditation report was accepted in lieu of a program performance review.

Civil Engineering, BS

Outcome data from this SLO were reported: Students will identify, formulate, and solve engineering problems. Course surveys were conducted in four courses. Results in all four courses exceeded the 3.5 criterion for success.

Based on the responses obtained from the course surveys, several core courses previously offered only once a year during the past ABET visit have been offered in both fall and spring semesters. That was helpful in reducing the class size. Multiple sections have been offered for the high-enrollment classes and the majority of the lab classes.

Computer Engineering, BS

Faculty developed a comprehensive assessment program to evaluate program objectives and student-learning outcomes to improve the program on a continuous basis. The continuous improvement committee outlined a process that will utilize assessment, evaluation, and comparison to targeted levels of performance, as well as feedback from various constituents to propose and implement changes in the curriculum. Continuous evaluation and improvement actions are triggered by various constituents, which assess, evaluate, improve, and monitor outcomes and curriculum.

Computer Science, BS

Outcome data from this SLO were reported: Students will apply knowledge of computing and mathematics appropriate to the discipline. About 80 percent of students seem to have proper knowledge of the subject matter but lack application ability, particularly the application of mathematical approaches.

The undergraduate committee met with the assessment coordinator to discuss possible ways to improve student performance of application skills. The consensus was to recommend that instructors spend more time on designing and providing application-oriented examples focusing on mathematical thinking and problem solving.

The new assessment process, when fully implemented, will involve all full-time and part-time faculty members who teach core courses. Use of the revamped assessment process needs to be demonstrated on a sustained basis.

Electrical Engineering, BS

Outcome data from this SLO were reported: Students will apply knowledge of computing and mathematics appropriate to the discipline. Results indicate 70 percent or more of enrolled students achieve the student outcome. However, looking at each course individually, the data also suggest significant gains in the achievement of these outcomes would emerge if programmatic improvements were made to the following courses: Engineering Probability and Statistics, which did not meet three of its intended student outcomes; Introduction to Microprocessors and Microcomputers, which did not meet four of its intended student outcomes; Digital Computer Architecture and Design II, which did not meet four of its intended student outcomes; and Network Analysis which did not meet five of its intended student outcomes.

Faculty critically reviewed the findings and determined that low scores in some courses were attributable to a misunderstanding about evaluating the outcome.

Mechanical Engineering, BS

Outcome data from one SLO were reported; students will design and conduct experiments, and analyze data. The assessment results are somewhat mixed with low ratings from graduating seniors and on the direct assessment of student work. This suggests students are not reaching the expected level of achievement with respect to their ability to design experiments.

Based on students' written comments and on faculty input, the continuous improvement committee recommends that additional emphasis or homework assignments on designing experiments be added to the various lab classes and that an updating of experimental equipment is needed in five courses.

Counseling, MS

The program has multiple SLOs organized around personal identity; diversity awareness and sensitivity; clinical skills; conceptualization and treatment planning; research, critical thinking, and problem solving; and professional writing skills.

Results for all SLOs, assessed through coursework, indicate outcomes were met.

Humboldt State University

Business Administration, BA

Program faculty assessed all six of their main student-learning outcomes for each of their five concentration areas: accounting, finance, marketing, management and international business, as required by their accrediting body, the International Assembly for Collegiate Business Education: (1) knowledge of core subjects; (2) effective writing skills; (3) effective presentation skills; (4)

ethical reasoning skills; (5) sustainability understanding; and (6) knowledge integration, strategy development.

For SLO 1, knowledge of core subjects, students scored lowest in the areas of finance and accounting. In response, faculty members are making pedagogical, curricular, and student support changes to improve student comprehension and performance in these areas in particular. Although a large majority of business administration students exceeded the minimum standards for SLO 2, 4, 5, and 6, program faculty are building strategies for strengthening these five SLOs into the curriculum at a deeper level. For example, faculty members are emphasizing issues related to stakeholder identification and practical application of ethical theories across the curriculum to improve SLOs 4 and 6.

Computer Science, BS

Faculty assessed computational thinking. Seventy-six percent showed evidence of meeting the outcome and 16 percent showed evidence of partially meeting the outcome. Eight percent did not show evidence of meeting the outcome. Given that 92 percent of students met or partially met the outcome, the program did not find it necessary to make a specific change to the program.

Critical Race, Gender and Sexuality Studies, BA

Program faculty assessed one SLO: Students can link theory to practice. It was assessed through an oral communication embedded assignment.

Students demonstrated competency through a three-minute oral presentation discussing the ways their curricular and co-curricular activities have prepared them for their post-graduation plans for work or graduate study. Overall, at least 75 percent of students met or exceeded expectations in all areas. A quarter of the students did not meet expectations for the core skills of organization, delivery, supporting material and central message. As a result, program faculty discussed more effective pedagogical strategies and are now sharing the oral communication rubric with students in multiple courses in the major. They also modified the embedded assignment used for the assessment to make it clearer and more focused.

Environmental Management and Protection, BS

Program faculty assessed these two out of five SLOs during this assessment cycle: Students will demonstrate knowledge and skills to manage human use of environmental resources (SLO 4), and students will demonstrate spoken and written communication with a variety of audiences (SLO 5).

On SLO 4, faculty found that 86 to 100 percent of students in each of the classes assessed met or exceeded the minimum expectations. The program plans to improve the assessment process and the rubrics used for the assessment. On SLO 5, 87 percent of students sampled met minimum expectations for oral communication. Nearly one third exceeded minimum expectations. Fourteen percent did not meet expectations for standard English usage on the assignment. While generally

satisfied with student performance on SLO 5, faculty are encouraged to continue emphasizing written and oral communication skills in multiple courses throughout the program.

Political Science, BA

The political science program assessed this SLO: Students will demonstrate proficiency in written and oral communication. Assessment was conducted through video-recorded presentations in the capstone course. The vast majority of students met or exceeded expectations in all categories of the standardized oral communication rubric. Findings generally indicated program majors tend to present material more effectively in an oral rather than written format. One major weakness in their oral presentation skills centered on the students' inability to articulate the assumptions and reasons for their beliefs. Many gave in rather than argue a point forcefully and with evidence. As a result, the department has emphasized the need for faculty to provide clear guidelines regarding expectations for oral presentations throughout the curriculum.

Rangeland Resource Science, BS

The program assessed this one of five SLOs during this assessment cycle: Students will communicate effectively—using oral and written means—the factual basis, interconnectedness, and interpretation of rangeland or wildland soil science and management.

Rubric assessment scores ranged from 86.5 to 87.9 percent. The discussion and conclusions sections of the papers were the weakest areas overall (average 2.9 and 3.4 out of 4 points). Accordingly, program faculty will assign practice scientific writing assignments in which discussion and conclusions sections have been omitted from simple, yet actual published papers; and students will write mock discussion and conclusions sections for comparison to those of the peer-reviewed authors.

Recreation Administration, BA

Faculty assessed one SLO during this cycle; students will apply effective professional communication, leadership, and management to the leisure industry. Faculty used three separate projects from two sections of the senior capstone as assessment tools. From this, the faculty identified two criteria as focus points for improvement: (1) students' ability to evaluate information and its sources critically, and (2) students' ability to use information effectively to accomplish a specific purpose.

Program faculty identified three courses students should take earlier in their career to introduce methods of evaluation of information, sources, and ways to use information effectively. To strengthen students' ability to use information effectively, program faculty will host information literacy workshops taught by the discipline-specific librarian in three additional required courses, including the capstone. Program faculty met with the librarian to initiate a web-based discipline-specific search guide through the library website, which will help students gather information effectively and guide their understanding of how to use the information more effectively.

California State University, Long Beach

Economics, BA, MA, MS

The department has three learning skills sets, with several subsets of learning outcomes for its bachelor's degree programs. A sample of these learning outcomes include: (1) Students should use quantitative reasoning skills to analyze economic theory; (2) students should use written and oral skills to explain and apply economic theory; (3) students should be able to use library and other resources to write a literature review that reflects higher-order critical thinking skills; and (4) students should be able to independently identify and analyze economic data, using statistical software to compile data, and develop and interpret econometric models.

The department embedded multiple-choice questions in examinations in five classes, as well as written responses to gauge student ability to explain and apply macroeconomic theory. Results of assessment were mixed, with some scores showing a slide in student achievement over three semesters, particularly at the lower division level. Students performed better in written analysis, when describing and interpreting the relationships of variables. To address concerns regarding these results, the department implemented a walk-in tutoring program for students to receive one-on-one help for concepts they struggled to grasp. The department's assessment coordinator is currently reviewing assessment results in relation to standard course outlines to ensure that students receive reinforcement of skills introduced early in their career as majors.

At the graduate level, the department completed an assessment of written and oral communication of economic concepts and theories. Students performed overwhelmingly well on these assessments, though the department will focus extra attention on reinforcing critical thinking skills and the ability to identify a research question. The department's faculty will work together to define critical thinking for the program and develop a rubric so faculty members are consistent in expectation of skills. The department is engaging in similar strategies for research methods by reviewing the curriculum and syllabi to ensure that research methods are introduced at the appropriate time and reinforced throughout the curriculum.

Psychology, BA, MA, MS

A sample of the psychology learning outcomes for the BA program include: (1) critically evaluate psychological research as well as the popular notions of human behavior; (2) design and implement research, analyze data appropriately, and judge the significance of the findings; (3) work effectively with a diversity of individuals and groups; (4) explain biological processes underlying behavior; (5) explain how internal, environmental, and social factors influence behavior; and (6) explain and analyze individual differences in behavior, including those related to gender, ethnicity, and culture.

The department engaged in a department-wide assessment of its majors' quantitative reasoning skills. The results showed strong skills amongst the upper-division students, but a discrepancy in the skills between native students and transfer students. Since many majors receive their foundational major-specific quantitative course at the community college, the department is working on ways to ensure that all students in the major receive the same statistical training both in the department and at the campus. It is consequently redesigning the curriculum of two of its "gateway" courses that first-semester upper-division students take to ensure that students receive appropriate foundational training in psychology specific statistics. Further, the department is revising its curriculum map to ensure concepts that are introduced are then reinforced in subsequent courses before the demonstration of mastery at the capstone level.

At the graduate level, the department has engaged in multiple direct assessments of student learning of its master's programs. For the MA in Psychological Research, the department determined that its mentoring program has been successful and is expanding it. For the MS in Industrial and Organizational Psychology, the department tightened its curriculum by weeding out extraneous courses, reassessed, and determined that students are more successfully meeting the outcomes established by department and the field's professional society.

California State University, Los Angeles

Aviation Administration, BS

Faculty assessed this outcome: Students will analyze and interpret data.

At the junior level, students created a chart of annual airline profits from 1970 to the present and embedded the chart into a paper discussing the impact of deregulation on airline profits. At the senior level, students calculated airport landing fees using two different methodologies. Then, a recommendation was made to the airport on what methodology to use. Results indicated a significant decline in students' ability to perform the tasks. Faculty members are reviewing the introductory curriculum (as well as assignments at the junior and senior levels), to ensure that students receive clear and consistent instruction and to ensure the assessment process is valid.

Fire Protection Administration and Technology, BS

Program faculty rewrote the previous twenty-one SLOs into seven SLOs addressing knowledge, skills and attitudes. Faculty assessed students' ability to communicate effectively, orally and in writing, to diverse audiences. Collaboration as members of multi-disciplinary project teams was also assessed.

Direct assessment results indicated students were satisfactory in oral communication. Alumni surveys indicated a majority of alumni believed their preparation in oral communication was not

sufficient for the industry. As a result, instructors will modify their courses to include additional student oral presentations.

California Maritime Academy

No programs were reviewed this year.

California State University, Monterey Bay

Biology, BS

The program focuses on biological foundations through which students (1) understand and describe the role of evolution and its application to the diversity of life and life processes; and (2) apply basic scientific principles and methods to these biological processes.

Faculty identified an overall increase in the knowledge of core concepts in all three introductory biology courses. Specifically, students increased their post-test scores 30-35 percent in each of the three courses. Through assessment, faculty reported students increased their knowledge over the semester by about 31 percent in molecular biology and by about 62 percent in biodiversity.

As a result, faculty modified the introductory biology series from a three-semester to two-semester series and is currently conducting pre- and post-assessments in those courses. Faculty implemented a supplemental instruction program within the introductory biology courses, and in the spring 2016 biology series, an additional 55 formative assessments will be added to increase student engagement throughout the semester.

Computer Science, BS

Faculty assessed students' understanding of the fundamentals of computer architecture, operating systems and networks.

Faculty identified a gap of about 15-18 percent coverage between the program outcomes and the recommended Association for Computer Machinery, computer science curriculum. They found 20 percent of the students exceeded the standard, and about 15 percent of the students fell below required standards. The remaining students satisfied the required standard. Faculty also looked at the senior-year capstone project. Fifty percent of the projects had clearly identifiable relevance to the concepts and knowledge gained in the capstone. Due to the diversity of projects developed, faculty decided that a clear indication of relevance in 50 percent of the projects is a good result and no further action is necessary.

Modifications to the course have been made to reduce this gap in topics covered to about 5 percent. More active learning techniques are being introduced in this course to strengthen students' learning and retention of material.

Human Communication, BA

Faculty assessed students' ability to communicate critically and empathetically in both oral and written contexts, including reading, writing, listening and speaking.

Findings revealed: (1) inconsistent student performance in terms of proficiency in this learning outcome; (2) clear and well-developed assignments to assess this learning outcome were critical; and (3) the rubric created facilitated the assessment clearly.

Of the three scoring categories in the assessment rubric, capstone, milestone, and needs improvement, the majority of student work assessed fell into the lower range of the milestone category. Since the senior capstone represents an exit-level of achievement in the degree program and many students complete this outcome during their junior year, faculty found this level of performance to be appropriately aligned to students' progress through the major as a whole.

Psychology, BA

Faculty assessed the application of basic research methods, including research design, data analysis and interpretation. Skills measured include differentiating research methods, evaluating aptness of research conclusions, designing and conducting basic studies and generalizing research conclusions appropriately.

Faculty examined final papers from the upper-division research methods. Papers were assessed using an adapted rubric for assessing inquiry and analysis. Each paper was given six scores from 1 (benchmark or basic) to 3 (capstone level or advanced) on each of the following elements: 1) topic selection (2.55); 2) existing knowledge (2.36); 3) design process (2.08); 4) analysis (1.86); 5) conclusions (2.08); and 6) limitations and implications (1.86).

The results suggest students seem relatively strong in choosing a topic, integrating existing literature, and using the appropriate methodology to answer their question. However, their skills in analyzing the data, drawing conclusions, and identifying the limitations and implications of their work are weak.

Corrective action includes having research methods courses plan more assignments and practice with activities that guide students in the later stages of the research process.

California State University, Northridge

Assistive Technology Engineering, MS

The program identified six program objectives, defined as overall, post-graduate goals; and seven learning outcomes, defined as goals to be attained by graduation. The program self-study notes that no assessment rubrics have been designed to guide assessment, and that existing results from

assessments are subjective per course instructors. Results with respect to unspecified learning outcomes assessed in Assistive Technology Engineering 605 are described as somewhat low, due to the wide variety of academic background among students.

Assistive Technology and Human Services, MS

The program identified eight SLOs, six of which have been assessed through portfolio assessment of written assignments in one course. Results indicate that students have demonstrated strength in six out of eight student learning objectives, with the exception of SLO 4, which is that students will explain and illustrate relevant concepts, orally, in writing, and via multimedia tools. Students are described as having met the expectations, but have not always demonstrated strength in their abilities to present their knowledge.

Communication Studies, BA, MA

The program assessed one SLO: Students will identify effective and ethical communication. A sample of 50 program majors completed an electronic assignment that was scored according to a rubric on a twelve point scale. Thirty percent of undergraduate students are reported as having met or exceeded expectations; 52 percent approached the expectation, and 18 percent failed to meet the expectation. Analysis shows that these results are much lower than last year's assessment.

Analysis of the assessment information reveals problems in student learning with respect to the SLO assessed, as well as with the wording of the SLO itself. The program plans to revise the SLO, reconstitute the faculty teams that conduct SLO assessment, and include part-time faculty more fully in the process.

The graduate program assessed one SLO: Students will analyze and critically interpret and evaluate communication practices and research. Fourteen graduate students from two courses were assessed via a 1,000-word electronic assignment that was scored according to a twelve-point scale. Seventy percent met or exceeded expectations, and thirty percent approached expectations, an improvement over the assessment of graduate student learning in the past. The average score of 65 percent is observed to be "fairly low," however.

California State Polytechnic University, Pomona

Anthropology, BS

Anthropology has five comprehensive learning goals, each supported by a set of skills and performance indicators. Student evidence includes exams, oral presentations, reports, research projects, and exit interviews.

In the latest program review cycle, the program focused on the first two goals: (1) Apply scientific methodology either by descriptive, qualitative or quantitative means, and (2) use holistic

perspectives. The assessment focused on summative findings, using the senior portfolios to extrapolate an understanding of students' progression through the various learning objectives. Student feedback indicates that this progression is less clear to them. More attention will be devoted to formative assessment, measuring achievement in earlier milestones.

Geography, BS

Geography has three learning outcomes, each supported by a set of skills and performance indicators. Evidence of learning is collected in the senior colloquium, student-faculty meetings and surveys, and through evaluation of senior portfolios.

In the latest program review cycle, all of the outcomes were reviewed, and adjustments were made to the program as a result. SLO 1 specifies that students will use various methods and devices to identify and describe spatial characteristics, patterns, and processes at a variety of scales. Students were judged as competent with some concern over their breadth of knowledge. As a result, changes were made to the content of lower-division courses and scheduling of upper-division courses. For SLO 3, students will be able to communicate their understanding and analysis results through maps, research papers and technical reports, and oral and multimedia presentations, students were judged to be strong in mapping but not as competent in writing. Writing assignments were developed to strengthen the students' skills. For SLO 4, students will demonstrate readiness to pursue employment or a graduate program in a geography-related field, alumni feedback was strong; the department used this response to develop more job exploration activities for the student clubs.

Psychology, BS

Psychology has four goals with two-to-four corresponding outcomes for each. Final project papers are collected to evaluate writing proficiency, conceptual comprehension, critical thinking, application, and ability to design, implement and report a research project. Focus groups allow the measurement of student awareness of the effects of psychological and sociological forces on their own lives and on other individuals and groups, and evaluation of the program as a whole.

In the latest program review cycle, conclusions from the focus groups show that students were able to demonstrate a basic understanding of psychodynamic theory and principles of conditioning, developmental stage theories and other basic concepts in psychology. The students requested more actual studies and applied experiences. As a result, the department has increased the number of applied research experiences available. A review of the final projects shows a repeated failure to use previous literature to create a perceived need for the studies, and nonsensical explanations of tests and effects. Original analysis and interpretation was also rated comparatively lower. Faculty will review their pedagogical methods and the content of experimental psychology and sociology survey research courses.

Regenerative Studies, MS

Program faculty identified eight learning outcomes. The cornerstone of their assessment is a group interview with the students. An online survey is also administered, and the master's thesis and its defense are evaluated.

In the latest program review cycle, four outcomes were assessed and the results used to improve the program. An evaluation of SLO 1, appreciation for the complexities in defining sustainability and regeneration, found that students had difficulty early in their studies to define regeneration. A seminar is now facilitated in the first term to discuss these topics and a course was revised to more specifically address this issue. With respect to SLO 2, complex awareness of contemporary environmental issues, students had insufficient exposure to environmental problem solving. As a result, two courses were redesigned to include a case-study approach. Finally, on SLO 8, ability to design and implement research or investigative methods, students had challenges with effective literature review and linking the literature to research design. The curriculum of the culminating experience was revised to emphasize the role of the literature review.

California State University, Sacramento

Criminal Justice, BS

The department reported on assessment of one of four student-learning outcomes: personal and social awareness, with specific emphasis on student capacity for ethical reasoning, life-long learning, cultural and global awareness, sensitivity and respect for diversity, civic-mindedness and social responsibility. Faculty focused on intellectual and practical skills by using the Value rubric created by the Association of American Colleges and Universities. This rubric was used to assess the signature assignment in two sections of the senior capstone class. Students were evaluated on a range from "benchmark" level (emerging competency) to "milestone" level (average competency) and "capstone" level (mastery). Data collected suggest that students are meeting the milestone level of performance for critical thinking, which was determined to be an average level of performance. In fact, in all previous assessment efforts, students performed at an average level.

The program will refine its long-term assessment plan including the development of stronger processes for data collection and aligning the signature assignment with the critical thinking Value rubric to match the two more coherently. The program is developing a new data analysis plan and will communicate roles and expectations of each faculty member clearly.

Criminal Justice, MS

By the time of the program review, the graduate program had just developed the following graduate learning outcomes. Students will: (1) independently apply critical and original analysis to issues and research in the field of criminal justice; (2) integrate knowledge to understand and apply research methodology to criminal justice problems and decision making; (3) conduct original independent and critical research and evaluations; (4) demonstrate competency, originality, and

critical analysis in writing; and (5) demonstrate the capacity to critically assess and develop innovative approaches in pursuit of a just and effective criminal justice system. As the department works to implement these goals, they will use their findings to make plans for improvement. No assessment results were reported.

Geography, BA

Faculty identified four learning outcomes. Students will: (1) demonstrate competency in one or more of the basic geographic tools and techniques for data collection, display and analysis; (2) demonstrate graphic literacy in the use and analysis of maps, graphs, and spatial data sets; (3) synthesize geographic models, data and methodologies in research design; and (4) acquire the overall competencies necessary to succeed in graduate school and post-graduation careers. The first three were assessed through student performance on the senior project, and the fourth through a survey of graduating seniors and alumni.

The geography department's assessment process, aimed at assessing program learning outcomes, was designed to evaluate the degree to which students in the BA program achieve its specified goals and outcomes, and to identify potential areas for improvement. This assessment was centered on two courses, a gateway course taken by all students during their first semester in the major, and the senior research seminar, a capstone course taken during the student's final semester before graduation.

For SLOs 1 and 2, students had difficulty mapping data and interpreting mapped data. For SLO 3, students needed a more solid grounding in the fundamentals of research design. For SLO 4, survey respondents reported internships offered the best way to prepare for both career readiness and graduate school, and that internship information was not effectively available. The geography department has taken measures to address the needs in each of these areas.

Kinesiology, BS

Kinesiology has four distinct degree options: health science, athletic training, exercise science, and physical education. The department does not have an integrated plan of student-learning outcomes; rather, each of the four programs has its own SLOs, some mandated by their accrediting agencies. Each program reported a list of extensive student-learning outcomes. Given the diversity and range of degree programs in the department, each program undertook its own review process. They modified the Value rubric as a tool to assess learning outcomes. Findings for these outcomes were not reported. The program review report observed that the department needs to develop effective tools for measuring outcomes, giving specific recommendations to create and implement an assessment plan. Based upon these recommendations, the department has created a road map for implementation in the next five years.

Kinesiology, MS

In 2008, the MS in kinesiology curriculum was redesigned and degree programs renamed to comply with current titles within the field. Courses were generated to comply with the accrediting body in sports psychology. The program is presently considering applying for recognition by the National Strength and Conditioning Association. The exercise science concentration is also considering accreditation by the American College of Sports Medicine. No assessment was reported. The program review team recommended that the MS program develop a holistic plan to assess the program utilizing both direct and indirect measures employing appropriate sample sizes.

California State University, San Bernardino

Year 2014-15 was the second year program reviews at CSUSB were conducted based on learning outcomes. The department self-study reports are noticeably more related to learning assessment than the previous year.

Biology, BA, BS

Student-learning outcomes included that students will access and critically evaluate subject matter information, will communicate the findings of laboratory research and incorporate these findings into the existing body of knowledge in that area of biology, and will undertake careers in the biological sciences.

The department provided an analysis of student artifacts in relation to the learning outcomes of the programs. Strengths and areas for improvement were identified in the self-study report. The department made a more robust future assessment plan, focusing on further revising its student-learning outcomes and on identifying better mechanisms for data collection and analysis.

Geology, BA, BS

Students will conduct scientific research, particularly in the geological sciences; develop effective communication skills; become familiar with the use of modern scientific instruments; and develop intellectual independence and skills that will assist them in continuing to learn after graduating.

Department faculty had been collecting data each year since 1997 with the most updated information in 2012, using various instruments and tools for its student-learning outcome assessment: embedded questions, accreditation agency exam, field camp grades, and student placement data. The assessment is comprehensive, consistent and informative. They were able to identify the strengths and weaknesses of their program each year. Close-the-loop actions include the creation of a series of courses.

Kinesiology, BA

Students will develop a sound understanding of the scientific foundations of physical activity, and will ground kinesiology in cultural, historical, and philosophical contexts.

The outcomes listed above are aligned with the American Kinesiology Association's required competencies. The department's assessment plan links courses with these outcomes, with additional information obtained from alumni surveys. The department plans to design more robust plans for data collection and analysis, leading to more meaningful assessment of its programs.

Mathematics, BA

Students will demonstrate a conceptual understanding of mathematics; attain procedural fluency; demonstrate adaptive reasoning and problem solving skills; demonstrate mathematical communication skills; understand and produce correct mathematical proofs; and reflect on their mathematical experiences.

The department revises the learning outcomes for math students and identifies strengths and areas of improvement of its programs based on assessment on a rotational basis. The faculty have decided, in an effort to further refine their assessment plans, to revisit the assessment map and minimize the number of times these courses are involved in the assessment of the program due to the finding that the current assessment plan is too complicated to implement.

Mathematics, MA

Students will analyze and critique secondary school mathematics from an advanced viewpoint, at levels ranging from teaching and understanding specific concepts to broader, programmatic levels; present mathematics clearly and coherently in writing and orally; analyze K-12 student understanding of mathematical topics; apply a variety of methods to enhance K-12 student understanding of mathematics and to correct their misunderstanding; and find, critique, and use outside sources to enhance their mathematics teaching.

The department faculty had been using a single portfolio assessment system until 2014 and were able to revise their curriculum accordingly. In 2013-2014, they revised this single portfolio system to include a more varied set of data collecting methods.

The department faculty found they should improve the written communication skills for their MA candidates. They set a long term goal to develop a specific course in writing mathematics.

Political Science, BA

Students will actively participate in politics or academic organizations within the discipline of political science; evaluate the *institutions* of politics; evaluate the *theories* of politics; evaluate the *policies* of politics; and obtain effective written communication skills.

The department reported its assessment of the first SLO. Indirect evidence suggests students are meeting the goal, as a significant number of them are engaging in extracurricular activities such as internships, student clubs, independent study, Pi Sigma Alpha, or attendance at professional meetings. The department plans to evaluate one goal per year over a five-year period.

Psychology, BA

Students will acquire knowledge of major concepts and empirical findings to: describe, understand, predict, and control behavior and mental processes; understand and apply data analysis, and interpretation; apply psychological principles in problem solving in different sub-disciplines within psychology, as well as applying these principles to personal, social, and organizational issues; respect and use critical and creative thinking, skeptical inquiry, and when applicable, the scientific approach to solve problems related to behavior and mental processes; use information and technology for research and professional activities including the identification and evaluation of scholarly material, data analysis, written reports, presentations, and communications; understand and apply high ethical standards across academic and professional settings; emerge from the psychology major with realistic ideas about how to implement their knowledge, skills, and values in occupational pursuits in a variety of settings; develop their interpersonal skills so that they can participate effectively in social interactions; develop an appreciation and respect for individual uniqueness and diversity and individual differences in human behavior; and be committed to life-long learning.

The department engaged in the revision of program learning outcomes in accordance with the assessment requirements of WASC and outcomes guidelines by American Psychological Association, adding, for example, the career planning and development component to the outcomes. Faculty used an array of methods for data collection, including exit exam, graduation rates, and time to completion rates. They identified strengths and areas for improvement for the program.

Department faculty members are also planning on refining their assessment plans, focusing on adopting more direct methods for data collection. These methods include senior exit exam, measurement of professional development experiences, and course assignments tailor-made for specific outcomes.

San Diego State University

Dance, BA

Students will: actively and consistently give complete attention to suggestions and movement concepts and principles introduced; demonstrate ability to grasp and retain nuances of rhythm, phrasing, and qualitative dimension of exercises and combinations; demonstrate ability to move quickly from learning to performing; and apply technique with a sense of self.

These outcomes are all related to dance technique, and were assessed through individual performances in two courses using specific four-level rubrics for freshman, sophomores, and juniors and seniors. The program aimed for a target of 75 percent of each student population performing at a level of 3 (proficient) or 4 (advanced). Scorings were highly variable within and

among the student populations—a finding that has sparked discussion of an action plan to transition to an incoming skill-based placement model versus a regimented sequence. In addition, Pilates and hip hop were identified as contributing factors to high achievement in dance technique, and greater integration of these techniques is planned.

Communication, BA

Students will demonstrate the ability to orally express ideas, thoughts, claims, propositions, arguments, and evidence in a competent verbal and nonverbal communication.

The School of Communication has developed an integrated and holistic approach to assessment based on department-wide rubrics for each outcome which can then be used to assess any major assignment within any course across the curriculum. This approach also affords a means to demonstrate how student achievement with respect to these outcomes increases as students progress through the curriculum. While some lower-division courses produce rubric scores below the universal target, all upper-division courses are consistently above this universal target.

History, BA

Students will interrogate primary and secondary sources within their historical contexts; argue, both in writing and speaking, in a style used by professional historians, using appropriate evidence and critical thinking; and use interpretive tools such as historical empathy, interdisciplinary discourse, and comparative models in order to “do history” as an evidence-based interpretation of past human events, not a mere listing of names and events.

At the end of their undergraduate program, majors complete a final paper in their capstone course used to assess student achievement on the degree learning outcomes. Drawing upon the research and analytical skills developed in previous major courses, this final paper presents original research in primary source material and contextualizes this research in the scholarship of the subfield of history to which it relates. Papers are assessed through specific four-level rubrics for each outcome with the target that 75 percent of students score a 3 (competent), or 4 (accomplished). The targets were partially met and led to faculty collaborations to improve course scaffolding and integration along with the development of a new course to provide more practice and reinforcement of skill and capacities.

Music, BA

Students will: (1) demonstrate functional proficiency on piano; (2) demonstrate sight reading on piano or their primary instrument and sight singing of melodies of varying complexity; and (3) improvise in an appropriate style on a primary instrument of voice and provide an accompaniment in an appropriate style on the piano.

These outcomes were assessed through individual piano-based performances using specific four-level rubrics, each with a target that 75 percent of the students would perform at a level of 3

(proficient) or 4 (advanced). This target was met for the first outcome, but not the second or third outcome. These findings, in concert with input from an independent consultant and piano faculty, have led to an action plan focused on the priority hire of a piano-focused faculty member who will work with program faculty to: (1) integrate keyboard skill across the broader curriculum to promote greater student mastery of this foundational instrument and skill; (2) develop opportunities for an instructor-referral-based “near-peer piano” tutoring; (3) develop more opportunities for formative assessment within the curriculum; and (4) acquire a Yamaha MLC-100 lab controller system, which would allow the students to hear only their own performance and that of the instructor.

Spanish, BA

Students will: (1) recognize similarities and differences among Hispanic cultures: and (2) produce Spanish orally and in writing to communicate and exchange points of view with peoples of Spanish-speaking worlds in both formal and informal situations using conventional and electronic means.

To assess both outcomes, students in three courses produced a 200 word essay that addressed a prompt written in Spanish during a 50 minute class session.

A total of 119 essays were assessed using a five-level rubric that addressed components of command of topic, argumentative development, language and style, and control of mechanics (spelling, punctuation), with the first component aligned with the first outcome and the remaining three components aligned with the second. The target for each component was that 75 percent of students would earn a 4 or 5. Findings revealed rubric scores of 4 or 5 for each component to be 55 percent, 67 percent, 68 percent, and 67 percent. These findings did not meet the program’s targets, and revealed the opportunity for faculty to reinforce the nature of comparative analysis for student benefit within and beyond the program.

San Francisco State University

Classics, BA, MA

Faculty has identified four learning outcomes: (1) exhibit proficiency in either Latin or Greek; (2) understand the history of ancient Mediterranean cultures; (3) develop strong writing skills, including critical analysis; and (4) make connections between Mediterranean cultures and languages and their own. Assessment of these learning goals found students were weakest in using evidence to evaluate arguments. In order to address this deficiency, a new required course was added to the curriculum.

As part of the master’s program review process, faculty evaluated the graduate student-learning outcomes and made some curricular changes, including instituting a new MA exam in classical archaeology for students who focused on cultural topics. They found improvement in students’ learning around Greek and Roman literature after curricular changes were made.

Community Health Education, BS

The program learning outcomes include the competencies set by the National Commission for Health Education Credentialing as well as goals that are distinctive to the campus community health education program. One outcome assessed student development of interpersonal and professional skills in the fieldwork course. The results indicated that 80 percent of the students were meeting the learning goal, but written and oral communication needed closer attention from instructors. In response to that finding, a part-time position was created to assist in writing support. Department faculty has received additional training on how to teach writing skills and assist students in their development of those skills. Presentations were required in each course, but the faculty also identified the need to specifically teach students core presentation skills.

English BA, Concentration in English Education

This program uses electronic portfolios to assess whether students are meeting the competencies identified as the new Common Core Standards for English Language Arts. Students were not explicitly directed to address every listed competency. In future cycles, students will be clearly asked to provide evidence for each of the competencies.

To measure performance, faculty assessed a total of 23 portfolios for the extensive detailed competencies. Improvement measures will focus on the competencies in which fewer than 10 students demonstrated the competency. Faculty have identified some measures to address this, including working with individual instructors to see why the goals of that course are not met, embedding some competencies in additional courses, and revising certain courses to address the skills their graduates need to be successful in the job market more specifically.

International Relations, BA

The international relations bachelor's degree includes ten learning goals that range from the theory and history of international relations to specific skills such as data analysis and using graphics to illustrate arguments. Faculty assessed all learning objectives. Their findings indicated students were struggling with international relations theories and debates. To address this issue, the program strategically decreased enrollment in the course that specifically addresses this learning goal. They have also added an undergraduate methods course to address the weaknesses of students' ability to test hypotheses with empirical research. Finally, they identified two courses in which students would be required to use graphics in order to strengthen the outcomes of that learning objective.

Mathematics, BA, MA

Faculty conducted program assessments at the undergraduate as well as graduate levels in order to determine whether current prerequisites best serve to increase the success of undergraduate major students. Student-learning outcomes at the baccalaureate and post baccalaureate level include a variety of math related skills, but also the ability to write and orally present technical information. The faculty created a rubric to assess written papers and oral presentations. They used their assessment results to identify the student learning goals that need more attention and the courses

in which these goals are met. As a result of the review of their prerequisites, the department raised the required grade in two courses to a C in order to continue to the next course in the math curriculum. Although the program reported the process and plans, no actual assessment data were reported.

Psychology, BA

Psychology identified ten learning goals organized under six broad objectives including: acquiring psychological literacy, knowledge through research and scholarship, psychological knowledge and theory, skills in written and oral communication of psychological concepts, skills and competencies in applying psychology in a practical setting, and understanding various career opportunities post-graduation. Two specific outcomes were assessed: (1) psychological literacy, which was demonstrably achieved by ranges of 89 percent to 95 percent of students; and (2) specific career goals, which were met by 28 percent of graduating seniors who had a job lined up and by 36 percent starting a graduate education. The department is contacting alumni to evaluate their employment status in order to improve future placement options for their students.

Sexuality Studies, MA

The master's program in sexuality studies includes seven student learning objectives ranging from content matter (e.g., gender and sexuality identity) to achieving graduate-level research skills. One sample learning objective is to master the ability to write for a diverse audience of academics, non-academics, advocates and people in political positions. This learning goal is assessed largely in the culminating experience course. Most recently, the faculty decided to evaluate theses based on four domains of theory, method, writing, and advocacy. As a result of that analysis, common weaknesses were addressed in order to refine the teaching in the culminating course. The program also decided to move a required professional development course to the first year of the curriculum to assist students in identifying career opportunities early in their graduate program.

San José State University

Biology, BS

Students will demonstrate proficiency in scientific writing skills by writing an advanced scientific paper, such as a scientific literature review.

Assessment occurred in one course. One hundred fifty-nine students were assessed on their ability to write a review paper of scientific literature. Faculty used nine criteria: revision and drafting process; grammar; academic language; organization and development; explanation and expression of ideas; accuracy, relevance, or timeliness of content; critical evaluation of information and sources for a professional audience; synthesis of information from multiple sources; and use and citation of appropriate primary and secondary sources.

Results showed students performed better on some criteria than others. Eighty-five percent of students were evaluated as proficient or exemplary in the accuracy, relevance, or timeliness of

content. Eighty-three percent of students achieved proficiency in citation of primary and secondary sources, and 72 percent of students were proficient or exemplary in revision and drafting. Fewer students (between 62-67 percent) achieved proficiency in most of the other categories. Only 48 percent were evaluated as proficient or exemplary in grammar, 38 percent as developing, and 14 percent as inadequate in this category.

The sections of the class in which this outcome was assessed are taught by various instructors, who develop their own requirements for the literature review assignment. The assessment committee noted substantial variation in the scores assigned by different instructors. The department will revise the rubric for this outcome to reduce the potential for variation and to work with the course coordinator and instructors to improve consistency in evaluation.

Communication Studies, MA

Graduate faculty assessed six outcomes through comprehensive exam questions. Students will: (1) identify, explain, and critique the major paradigms and theories that have shaped the field of communication, including their historical development and current trends; (2) articulate the ethical and social responsibilities in communicating with others in different social contexts (i.e. interpersonal, organizational, intercultural, mediated, and public); (3) interpret and critique research methods used in published communication research studies; (4) design and conduct scholarly research using one or more methods of inquiry; (5) articulate in-depth understanding of conceptual foundations and research methods through advanced scholarly writing and oral communication; and (6) design, facilitate, and evaluate applied communication activities, such as presentations, workshops, forums, trainings, and group discussions in professional contexts utilizing conceptual foundations and research methods.

Results indicated 44 percent of students achieved a pass or high pass rating for theory, research methods, and research design. Fifty-six percent achieved a pass or high pass for communication competence and application of theory and research. The remaining students achieved ratings of low pass on these learning outcomes. This analysis also revealed that the comprehensive exam questions do not ask students to address ethics.

Based on this analysis, the department decided to ensure that every course in the graduate program addresses ethics, and faculty decided to focus the MA culminating exam more clearly on questions of ethics in communication studies research.

English, BA

Students will demonstrate the ability to articulate the relations among culture, history, and texts.

Achievement of this learning outcome was assessed using midterm essays and a final essay plus a PowerPoint presentation from American literature and British literature surveys. These assignments required students to analyze specific literary texts by placing them within a larger historical and cultural context. Rubrics containing outcome-specific criteria were used to assess

this outcome. Results showed that a majority of students in the major demonstrated satisfactory (or higher) achievement. Four out of a total of 83 students in three sections failed to achieve the outcome criteria. The department is currently restructuring the curriculum, including development of new courses. In this process, efforts will be made to preserve the strength of achievement of this outcome, as well as finding ways to streamline the assessment of all outcomes.

Library and Information Science, MA

Faculty assessed one outcome: Each graduate will articulate the ethics, values, and foundational principles of library and information professionals and their role in the promotion of intellectual freedom.

Student mastery of learning outcomes is assessed through e-portfolios through which students submit essays to demonstrate they understand and can meet each of the outcome expectancies. Program faculty use common rubrics and indicate the number of revisions necessary to meet or exceed expectations for each outcome. The results indicated that 82 percent met or exceeded expectations with zero revisions. Seven percent needed one revision to meet expectations; 10 percent needed two revisions to meet expectations, and one percent needed three or four revisions to meet expectations.

While a majority of students met outcome expectations with little or no revision, the faculty are working on clarifying the outcome statement and rubrics, and adding several one-unit classes to broaden awareness in areas of information privacy, information secrecy, and digital copyright, to further support student mastery.

Political Science, BA

Students will be able to: formulate research questions; engage in systematic literature searches using primary and secondary sources; have competence in systematic data gathering using library sources, government documents, and data available through electronic sources; evaluate research studies; and critically analyze and interpret influential political texts.

Three members of the assessment committee independently rated a randomly selected sample of 10 final research proposal papers from the required research methods course for a total of 30 rated papers collected from sections taught in spring 2014 and fall 2014 by different instructors, and anonymized before committee review. Committee members developed an assessment rubric and participated in a norming session using the rubric before engaging in the review process.

The committee's analysis revealed students are meeting only some aspects of this learning outcome. While 70 percent met or exceeded expectations for formulating research questions, only 62 percent met or exceeded expectations for systematic literature search and gathering data, and less than half, 45 percent met or exceeded expectations for evaluating research studies.

Based on the assessment results, faculty identified processes for incorporating additional training and practice in evaluating research studies. Faculty members who will teach this course next year will discuss further ways to address the observed weaknesses in evaluating research studies, literature search, and data gathering.

Sociology, BA

Students will be proficient in oral and written communication skills appropriate to the discipline. Assignments from the capstone course were evaluated to assess this learning outcome. These assignments included group oral presentations (critical argument, community engagement project report), and written work (professional resume, written report). Results indicate 60 percent of students achieved at least baseline competency in the critical argument oral presentations, and 90 percent achieved baseline competency or higher in the community engagement project oral reports. For the written assignments, 75 percent of students achieved at least baseline competency for the professional resume, and 85 percent achieved baseline competency or higher on the written report.

These results indicate the need for improvement above the baseline competencies, particularly in the areas of critical argument and critical writing assignments. The department is also developing a sociology writing webpage that will identify writing resources for students and faculty.

California Polytechnic State University, San Luis Obispo

Eleven ABET accreditation learning-outcomes were assessed by engineering programs. Students will: apply knowledge of mathematics, science, and engineering; design and conduct experiments, as well as analyze and interpret data; design a system, component, or process to meet desired needs within realistic constraints such as economic, environmental, social, political, ethical, health and safety, manufacturability, and sustainability; function on multidisciplinary teams; identify, formulate, and solve engineering problems; understand professional and ethical responsibility; communicate effectively; understand the impact of engineering solutions in a global, economic, environmental, and societal context; engage in life-long learning; and use the techniques, skills, and modern engineering tools necessary for engineering practice.

Architectural Engineering, BS

Students will understand professional and ethical responsibility, communicate effectively, and know how the built environment is related to contemporary issues.

Based on findings from student, faculty, employer and alumni surveys, faculty created four sub-committees to look at the courses that support each learning outcome. The committees reexamined course objectives and content and implemented changes in the mode of instruction in several courses

to gain efficiencies and program improvement, for example by changing the mode of instruction from laboratory or activity to lecture mode. Many courses were added, modified or eliminated to achieve the desired results. All faculty members participate in the assessment process by maintaining comprehensive course notebooks containing a course outcome matrix, syllabus, homework, quizzes, projects, examinations, labs and supplemental handouts.

Civil Engineering, BS

All 11 ABET program learning outcomes were assessed. Data are currently under analysis.

Based on the forthcoming analysis, the program anticipates changes to the senior design curriculum, which will be discussed, evaluated and implemented as needed. Direct measures included the Fundamentals of Engineering Exam, senior project, quizzes, midterms and final exam results.

Computer Engineering, BS

All 11 ABET program learning outcomes were assessed with result data from senior surveys, employer surveys, online quizzes, junior prerequisite exam, project outcomes improvement, and control questions from two courses.

The program reported action plans for improvement efforts but did not report actual assessment data. Faculty members will implement program improvement initiatives based on the findings. The online quiz will be administered to seniors in parallel with senior surveys to improve retention of material. The discrete structures course will be moved to upper division standing. Data from faculty assignments and exams and employer and alumni surveys support the need to improve problem solving and rigorous thinking. These changes will be effective in the 2015-2017 catalog, and the department will monitor their effect using data from two courses. For the Writing Proficiency Examination (WPE), an improved lab report template may have contributed to improved pass rates. The junior-level exam revealed concerns with students' retention of fundamentals electrical engineering. This issue will be addressed as a program improvement project. New assessment efforts addressing professionalism and ethics are being implemented.

Computer Science and Software Engineering, BS

Faculty assessed this outcome: Students will communicate effectively with a range of audiences; apply mathematical foundations; design and conduct experiments; and analyze and interpret data.

The program-learning outcomes were investigated with rubric-scored student projects. Based on the assessment findings, faculty determined to address learning outcomes by introducing a term paper with rubric and a final project with rubrics in two courses. Additional data are still being gathered and this process will be repeated next fall.

Electrical Engineering, BS

These outcomes were assessed: Students will excel in the electrical engineering profession; embrace life-long learning as a necessary component to remain current in their profession; and pursue graduate degrees for enhanced skills and opportunities.

Program improvement plans were included, but no assessment data were reported. Key areas of program improvement action plans include the senior project design experience, student retention of information, variability of faculty teaching effectiveness, and ethics and professionalism improvement. The curriculum committee initiated definitions of a set of essential skills students will possess when each program outcome is achieved. These skills provide metrics used to determine the extent to which students have achieved the outcomes. Assessment tools include quizzes, exams, multidisciplinary project questions, senior project analysis, WPE, and surveys by employers, industrial advisory boards, seniors, and alumni.

General and Biomedical Engineering, BS

Faculty assessed these outcomes: Students will utilize a knowledge base with a core foundation in engineering, physical and biological sciences; demonstrate innovation, creativity, adaptability, and critical thinking to solve problems in disciplines related to biomedical engineering that are relevant to industry, academia, or medicine and health related fields; demonstrate leadership in their chosen fields, and make decisions that are socially and ethically responsible; function effectively in multidisciplinary team environments and communicate effectively to a variety of audiences; and engage in opportunities to extend their undergraduate education throughout their careers, as demonstrated by such things as pursuing graduate study, taking short courses, or attending conferences.

Based on responses from surveys by seniors, alumni, and industrial advisory boards, which indicated a lack in solid-modeling experience, the program added a required solid-modeling class to improve technical skills. The findings also revealed that students lack familiarity with topics in professionalism and ethics. The program will emphasize professionalism and ethics more deliberately in the contemporary issues in biomedical engineering class and require students to address ethics and professionalism in the capstone design course. The senior project was also identified as an area in need of improvement as the experience overlaps with the senior design experience and lack of completion was hindering graduation rates in the college of engineering.

Industrial Manufacturing Engineering, BS

All 11 ABET learning outcomes were assessed using a variety of direct and indirect measures.

Based on assessment results from employer surveys, the WPE, an online quiz for professionalism and ethics, senior project evaluations, senior exam, senior exit interviews, and alumni surveys, the faculty were able to identify ethics, manufacturing engineering programming skills, and large-scale enterprise information technology and information systems concepts as areas for targeted

improvement. An action framework utilizing background, current condition, goal or target condition, root-cause analysis, changes in the implementation plan, confirmation, and follow-up is being used to track the progress of improvement actions. The follow-up analyses will be performed over future cycles. Other areas for targeted improvement include instructional innovation and equipment and facilities updates.

Materials Engineering, BS

Students will: apply advanced science and engineering principles to material systems; understand the scientific and engineering principles underlying the four elements of the field: structure, processing, properties and performance related to material systems; apply and integrate knowledge from each of four elements of the field to solve materials selection and design problems; and utilize experimental, statistical, and computational methods consistent with the goals of the program.

Assessment results from the capstone senior project indicate that all learning outcomes were met at the expected level, with only five percent of rankings falling short. None of the reports fell below a 1.5 rating for insufficient (on a scale of 0-27 ratings), with 25 of 27 reports having a mean rating above 2 for sufficient to outstanding. These ratings reflect acceptable targets for the program. For senior project presentations assessed by external judges (practicing engineers), 95 percent of the ratings demonstrate the presentations were of equal or better quality than presentations by practicing engineers at technical conferences.

Computational proficiency revealed that the scope of senior projects was narrow, so a topical breadth representing a full arrangement of material systems has been identified. The external advisory board insisted on the need to grow the faculty base for the department. The program will do this through collaborations with other programs. Creative partnerships, negotiations and their results were to be studied in 2015.

Mechanical Engineering, BS

All 11 ABET learning outcomes were assessed using a variety of direct and indirect measures. Specific results were not reported.

Actions taken to improve the program include: (1) Dynamics and calculus will be reinforced in various classes in the senior year; (2) experimental design will be introduced in the freshman year and include more practice in other lab and design classes; (3) the freshman year design experience was changed in order to build expertise progressively; (4) the faculty will continue to work with the computer science department to make the changes; (5) the senior survey asked students to rate the quality of advising received; and (6) faculty are creating a handbook to prepare students for the senior project, industry sponsored projects, and for their career with concepts associated with the outcome on professionalism and ethics. Due to low ratings, enhanced advising was identified as an improvement area.

California State University San Marcos

Biotechnology, BS

All student-learning outcomes focus on the dual topics of biology and business, and are based on guidelines from the National Institute of Health. During the period under review, the program assessed one of four outcomes; students will apply fundamental knowledge of biology, biological processes, and the scientific method to solve problems in biotechnology. The activity was designed to identify and gauge the gains in content knowledge and problem-solving skills in one course with retention of that knowledge in a following course. The outcome was measured by examination. Findings demonstrated a decrease in student retention of material related to molecular content, however 71 percent of the students maintained knowledge in cellular content.

Programmatic changes made in response to annual assessments include developing a comprehensive assessment plan to systematically measure all outcomes in a two-year cycle to provide closing-the-loop opportunities- and revising the student-learning outcome course matrix to demonstrate how all courses in the major introduce, reinforce, or enable mastery of outcomes more effectively.

Economics, BA

Students will: (1) define, describe, interpret and apply the choice calculus of different economic entities; (2) describe, explain, and employ the economic way of thinking; (3) explain and analyze how markets work; (4) define, describe, and employ the scientific method to answering economic questions; (5) explain and analyze how the economy works; and (6) apply appropriate knowledge and methods to both formulate and answer economic questions.

The department assessed one outcome: Students will define, describe, interpret, and apply the choice calculus of different entities (individuals, firms, groups, government). Using questions on a common exam, the assessment evaluated student mastery by identifying (1) whether or not the students knew the content of the choice calculus, and (2) the students' ability to derive outcomes consistent with choice calculus. The expectation is that all students should obtain a 70 percent or better score; however an average of 56.53 percent scored above 70 percent. The results demonstrated that while most students understand what the choice calculus entails, how it is used, and which results are consistent with choice calculus, they sometimes have a difficult time applying the choice calculus in novel settings.

Program changes planned as a result of this assessment include adding specific applications-based instruction in courses to help students apply the choice calculus in various settings.

Nursing, MSN

Program outcomes are designed to measure advanced clinical practice guidelines from national accrediting agencies and to provide the foundation for concentrations, tracks, and specialties, as

well as the basis for course-level SLOs. The program assessed one of eleven outcomes in two separate activities. Students will synthesize theoretical and empirical knowledge from the discipline of nursing, the humanities, the natural, social, cultural, organizational and biological sciences, as well as knowledge applicable to the practice of professional nursing at the advanced level.

The first activity focused on the Graduate Writing Assessment Requirement measured by a campus-wide four-point rubric covering four areas: style and format, mechanics, content and organization, and integration and critical analysis. The minimal acceptable combined score from all of the four sections is ten points, with no scores of “one” on any section, resulting in a minimum of a 2.5 average for all sections. Students are allowed three attempts to pass, and only four students required a second attempt.

The second activity occurred two years later, using multiple questions on a final exam to measure students’ knowledge of healthcare needs within specific social environments. The target of 70 percent was set from the Commission on Collegiate Nursing Education accreditation recommendations, and 96 percent of the students achieved an overall score of at least 70 percent, indicating students have a strong theoretical and empirical knowledge in the discipline.

Program-level changes based on assessment data included holding a retreat to review and revise the outcomes, developing criteria for assessing student mastery of each outcome, and clarifying outcomes so they may be assessed in more measureable terms. The graduate program committee worked to make certain all relevant outcomes are listed on course syllabi and that communication regarding the assessment process is communicated to all faculty.

Sonoma State University

Chemistry, BA, BS

The program is guided by nine student-learning outcomes. Students will: (1) understand both the concepts and mathematics of the basic thermodynamic properties and the three laws of thermodynamics; (2) understand the difference between thermodynamics and kinetics as it pertains to the fate of a reaction; (3) understand the components of solutions, including physical knowledge of how to make a solution, and perform serial dilutions; (4) understand the concepts of acids and bases, neutralization and buffers; (5) have a good grasp of stoichiometry, writing chemical equations, predicting products and basic categorization of chemical reactions, and a fundamental understanding of chemical reactivity; (6) manipulate and interpret data; (7) maintain a good lab notebook, basic lab skills, scientific ethics in data collection, reporting and lab safety, trouble shooting and experimental design; (8) possess working skills and knowledge in instrumentation and computer literacy; and (9) understand basic chemical bonding theory including drawing Lewis dot structures, and recognizing hybrid orbitals and molecular orbital theory.

Graduating seniors were given an exit exam in two consecutive years. The exam covered nine of the program learning outcomes that are chemical based. The expectation was that two-thirds of the students would score above 65 percent on the exam. In the first year, 43 percent of students scored at or above the expected level. Further analysis revealed students scoring above 65 percent had strong participation in undergraduate research and presented their results at a scientific conference. Furthermore, all students who went on to pursue a PhD scored above 65 percent. Repeating the exam the following year gave similar outcomes. Between the two years, the average student score was 62.3 percent. Based on average scores, five learning outcomes (2, 4, 5, 6, and 9) were strongly met (score > 3.3 out of 5), two learning outcomes (7 and 8) were marginally met (score 2.8-3.3 out of 5), and 2 learning outcomes (1 and 3) were strongly not met (score <2.8 out of 5).

One response by the department to improve student-learning outcomes was to transform the introductory year-long chemistry sequence for the majors into a “freshmen experience.” The course is combined with a transition-based course in chemistry. The two courses are blended together and co-taught by two chemistry faculty with the intent of building a learning cohort that is expected to last into the upper division. Majors are steeped in the scientific method evaluating data and undertake a culminating experience project.

Geography, BA

The department conducted a course-embedded assessment of how well students were meeting the program’s key bio-physical learning objective: Students will understand the basic processes of the atmosphere, hydrosphere, lithosphere, and biosphere, and how those physical processes shape the pattern of the earth’s surface.

Results of the assessment revealed 23 percent of the students were not meeting the expected achievement level of 70 percent or greater, with mastery of understanding of the lithosphere to be the most challenging to students (49 percent of students falling below 70 percent).

In response to the assessment results, the program plans to strengthen its curriculum by providing students with a deeper scientific understanding of ecosystem services, an analysis of socio-economic and ecological implications of policy approaches, and by modeling certain aspects of those policy approaches through the scientific method and statistical analysis of geospatial and other datasets.

Nursing, BS, MS

The core concept of the BS program is the concept of caring. The learning outcome for this core concept focuses on developing inter-subjective nurturing relationships that support the fulfillment of client and nurse health potential.

Using the Assessment Technology Institute (ATI) assessment instrument, the program’s expected pass criteria is a score of level two or higher. In one course, nine students did not meet the standard in 2010, and seven did not meet the standard in 2011. In response, the program implemented

several improvements, including integration of more ATI concepts in focused readings, use of case studies following ATI concepts, and non-proctored practice tests being formally included in the course. Following implementation of these improvement strategies, the pass rate increased significantly, where in 2012, only one student did not reach the program standard.

California State University, Stanislaus

Criminal Justice, BA

Students will: (1) competently challenge theories, philosophies, values and methods associated with traditional criminal justice perspectives in oral and written discourse; (2) separate things into their constituent elements in order to study or examine them, see relationships, draw conclusions, or solve problems; (3) effectively articulate ideas orally and in writing, using appropriate language and writing styles as commonly practiced in legal and social environments; (4) identify and describe the nature and operation of the various components of the criminal justice system; (5) transform the pedagogical information from lectures, course materials, assignments and research into an integrated body of knowledge relevant to the criminal justice field; and (6) recognize and understand the roles that race, ethnicity, class, gender, disability, sexual orientation and other facets of diversity have in criminal justice in a global context.

The department developed a 64-item multiple choice instrument to assess student achievement in four areas: (1) criminal justice theory and philosophy, (2) methods, (3) general knowledge, and (4) application of criminal justice related knowledge. The assessment also included items to collect demographic information. The instrument was administered to 35 graduating students in spring 2014.

Although outcome data measuring student learning was not included in this report, results from the multiple choice instrument indicated a need to focus on methods and general criminal justice knowledge. Program faculty discussed the results and will review how PLOs one through six are addressed in several identified courses. The department plans to continue to use the instrument for future assessment and comparative review.

Criminal Justice, MA

Students will demonstrate: (1) advanced knowledge, skills, values, and adherence to standards of professional ethics associated with the discipline of criminal justice and characteristics of a learned individual possessing a master's degree; (2) ability to be analytical and integrative, capable of critical thought, and creative in the exploration of the discipline of criminal justice; (3) ability to work as individual researchers and scholars, but also in collaboration with others in contributing to the research of the field of criminal justice; (4) an advanced knowledge of the global world and intercultural competence as applied to the criminal justice professions; (5) an enhanced understanding of pedagogy for teaching and learning at a community college or university; (6) enhanced oral and written communication skills, complemented by the ability to access and analyze information for a myriad of print and mediated technology sources; and (7) a greater self-direction in regards to advancing their academic and professional skill set.

The department utilizes the comprehensive exam or thesis to assess student achievement of program learning outcomes. Although the program has a relatively high pass rate on comprehensive exams, the program director will continue to hold workshops with students in the months preceding the exam, as well as holding one-on-one meetings for students requiring individual attention. Moving forward, the program plans to further integrate written reports from field supervisors in the internship program into the department's assessment strategy. The graduate program committee will review the assessment procedures and develop additional indirect and direct assessment methods. The committee will also conduct a review and revision of the current learning outcomes and develop a curriculum map.

Social Sciences, BA

Students will: (1) effectively engage in critical thinking about methods, knowledge, and theories associated with specified social sciences concentration of study; (2) demonstrate technological skills for conducting studies in the social sciences; (3) demonstrate effective oral and communication skills of social sciences concepts, terminology, research analysis, and conclusive association with social sciences field of study; and (4) effectively use library resources and internet databases to formulate research questions and investigate topics in the social sciences.

In this interdisciplinary program, the four learning outcomes are assessed in the senior capstone course. Outcome data were not included in this report. A new program coordinator was recently appointed and will be working with the steering committee to improve the coherence of program delivery and to review and revise the current assessment plan.

California State University Accredited Program, by Campus

California State University, Bakersfield

Program	First Granted	Renewal Date
Business Administration BS	not specified	2017-2018
Business Administration MBA	not specified	2017-2018
Biochemistry	not specified	2018-2019
Chemistry BS	not specified	2018-2019
Counseling MS	not specified	2021-2022
Education MA	not specified	2021-2022
Nursing BS	not specified	2021-2022
Public Administration MPA	not specified	2015-2016

California State University Channel Islands

Program	First Granted	Renewal Date
Education–Administrative Services Preliminary Credential	2009	2017
Education–Bilingual Authorization Spanish	2011	2017
Education–Mild/Moderate Disabilities Credential	2009	2017
Education–Mild/Moderate Disabilities Intern Credential	2009	2017
Education–Multiple Subject Credential	2009	2017
Education–Multiple Subject Intern Credential	2009	2017
Education–Single Subject Credential	2009	2017
Education–Single Subject Intern Credential	2009	2017
Nursing BS	2006	2017

California State University, Chico

Program	First Granted	Renewal Date
Art BA	not specified	2015
Art BFA	not specified	2015
Art MA	not specified	2015
Art MFA	not specified	2015
Business Administration BS	1997	2018
Business Administration MBA	1997	2018
Business Information Systems BS	1997	2018
Chemistry BS	not specified	2018
Civil Engineering BS	1968	2016
Communication Design BA–Graphic Design Option	not specified	2015
Communication Sciences and Disorders BA	2003	2018
Communication Sciences and Disorders MA	2003	2018
Computer Engineering BS	1989	2016
Computer Information Systems BS	2007	2016
Computer Science BS	1987	2016
Construction Management BS	1987	2016
Education MA	not specified	2022
Electrical and Electronic Engineering BS	1971	2016
Health Science BS	2004	2018
Journalism BA	1997	2016
Mechanical Engineering BS	1971	2016
Mechatronic Engineering BS	1998	2016
Music BA	1995	2019
Musical Theatre BA	2009	2015
Nursing BS	1995	2018
Nursing MS	1995	2018
Nutrition and Food Sciences BS	1999	2021
Nutritional Science MS	2001	2021
Psychology MA	1998	2014
Public Administration MPA	1996	2017
Recreation Administration BS	1986	2019

Attachment D

Ed. Pol. Item 1

March 7-9, 2016

Page 4 of 36

Chico (continued)

Program	First Granted	Renewal Date
Recreation Administration MA	1986	2019
Social Work BA	not specified	2016
Social Work MSW	not specified	2016
Sustainable Manufacturing BS	1980	2014
Theatre Arts BA	2009	2015

California State University, Dominguez Hills

Program	First Granted	Renewal Date
Clinical Science BS	1995	2016
Clinical Science BS–Cytotechnology	1993	2017
Computer Science BS	1996	2016-17
Computer Science MS	1996	2016-17
Education MA	not specified	2019
Education MA–Special Education	not specified	2019
Health Science MS–Orthotics and Prosthetics	2015	2020
Music BA	not specified	2017
Nursing BSN	2004	2018
Nursing MSN	2004	2018
Occupational Therapy MS	2007	2022
Public Administration BS	2005	2015-16
Public Administration MPA	2005	2015-16
Social Work MSW	2007	2014
Theatre Arts BA	1987	2014

California State University, East Bay

Program	First Granted	Renewal Date
Business Administration BS	1973-1974	2018-19
Business Administration MS	1982-1983	2018-19
Business Administration MBA	1982-1983	2018-19
Chemistry BS	1970-1971	2015-16
Counseling MS	1982-1983	2016-17
Education MS	1974-1975	2016-17
Economics BA	1973-74	2018-19
Economics MA	1973-74	2018-19
Educational Leadership MS	1994-1995	2016-17
Industrial Engineering BS	2006-2007	2015-16
Music BA	1973-1974	2019-20
Music MA	1973-1974	2019-20
Nursing BS	1974-1975	2015-16
Social Work MSW	2006-2007	2017-18
Special Education MS	1987-1988	2016-17
Speech Pathology and Audiology MS	1992-1993	2019-20

California State University, Fresno

Program	First Granted	Renewal Date
Accountancy MS	1967	Suspended 2011
Agricultural Education BS	1967	2015
Business Administration BS: Accountancy, Computer Information Systems, Entrepreneurship, Finance, Human Resource Management, International Business, Logistics and Supply Chain Strategies, Management, Marketing, Real Estate and Urban Land Economics, Special, and Sports Marketing	1957, 1963	2018-19
Business Administration MBA	1974	2018-19
Civil Engineering BS	1986	2019
Civil Engineering MS	1986	2019
Communicative Disorders BA	1979, 1994, 2004	2016, 2018-19
Communicative Disorders MA	1979, 1994, 2004	2016, 2018-19
Computer Engineering BS	not specified	2019
Construction Management BS	1992/2008	2019-20
Counseling MS–MFT	1995	2019
Dietetics–Didactic Program in Dietetics and Dietetic Internship	2005/1979	2013-14
Education MA	1967, 1988	2021
Educational Leadership EdD	UC Davis JDPEL, 1991; independent DPELFS program, 2007; Bakersfield Joint Program, 2011	2021
Education–Preliminary Multiple Subject	Not specified	2021
Education–Multiple Subject Internship	Not specified	2021
Education–Preliminary Single Subject	Not specified	2021
Education–Single Subject Internship	Not specified	2021
Education Specialist, Mild/Moderate and Moderate/Severe	Not specified	2021
Education–Preliminary Administrative Services	Not specified	2021

Attachment D

Ed. Pol. Item 1

March 7-9, 2016

Page 8 of 36

Fresno (continued)

Program	First Granted	Renewal Date
Education–Preliminary Administrative Services Internship	Not specified	2021
Education–Professional Clear Administrative Services	Not specified	2021
Education–Early Childhood Education Specialist (NAEYC Accredited, currently under review)	Not specified	
Education–Reading/language Arts Specialist	Not specified	2021
Education–Multiple Subject Bilingual Authorization, Spanish and Hmong	Not specified	2021
Education–Pupil Personnel Services, School Counseling	Not specified	2021
Education Specialist, Deaf and Hard of Hearing	Not specified	2021
Electrical Engineering BS	not specified	2019
Food and Nutritional Sciences BS–Dietetics and Food Administration Option	2005, 1979	2021
Food and Nutritional Sciences BS–Internship Program	2005, 1979	2021
Geomatics Engineering BS	not specified	2019
Interior Design BA	1988	2013
Kinesiology BS	2008	2017-18
Liberal Studies BA	not specified	2021
Mechanical Engineering BS	not specified	2019
Music BA	1979	2019-20
Music MA	1979	2019-20
Nursing BS	2005	2016, 2020
Nursing MS	2005	2016, 2018
Nursing DNP	2012	2019
Physical Therapy DPT	2012	2015
Public Administration MPA	1991	2019
Public Health MPH	1998	2020
Pupil Personnel Services, School Psychology		2021
Recreation Administration BS	1986	2014, 2020
Rehabilitation Counseling MS	1976	2017-18
School Nursing Advanced Credential	Not specified	2021
School Psychology EdS	1994	2015
Social Work MSW	1967	2016

CSU Fresno (continued)

Program	First Granted	Renewal Date
Social Work Options - Pupil Personnel Services - School Social Work and Child Welfare and Attendance		2021
Special Education MA	Not specified	2021
Speech Language Pathology Services	Not specified	2021
Teaching MAT	Not specified	2021
Theatre Arts BA	1989	2014

California State University, Fullerton

Program	First Granted	Renewal Date
Accounting MS	1966	2018
Art BA	1974	2024
Art MA	1974	2024
Art BFA	1994	2024
Art MFA	1994	2024
Business Administration BA	1965	2018
Business Administration MBA	1972	2018
Chemistry BS	1970	2017
Civil Engineering BS	1985	2022
Communications BA	1971	2015
Communications MA	1971	2015
Communicative Disorders BA	1969	2018
Communicative Disorders MA	1969	2018
Computer Engineering BS	2007	2022
Computer Science BS	1988	2018
Credentials	1960	2016
Counseling MS	2007	2023
Dance BA	1993	2024
Education MS	1970	2015
Electrical Engineering BS	1985	2018
Human Services BS	1982	2016
International Business BA	1984	2018
Kinesiology BS (Athletic Training Program)	2001	2016
Mechanical Engineering BS	1985	2022
Music BA	1966	2024
Music MA	1966	2024
Music BM	1975	2024
Music MM	1975	2024

Fullerton (continued)

Program	First Offered	Renewal Date
Nursing BS	NLN accreditation (1981-2007); Commission on Collegiate Nursing Education (CCNE) accreditation since 2007	2017
Nursing MS	2002	2017
Nursing DNP	2013	2019
Public Administration MPA	1989	2015
Public Health MPH	2008	2020
Social Work MSW	2011	2023
Taxation MS	1996	2018
Theatre Arts BA	1974	2015
Theatre Arts BFA	2005	2015
Theatre Arts MFA	1985	2015

Humboldt State University

Program	First Granted	Renewal Date
Art	1978	2014-15 pending
Chemistry	prior to 1976	2014 pending (next review: 2019)
Child Development Laboratory, Child Development	1989	2017
Environmental Resources Engineering (ERE) BS	1981	2017
Forestry and Wildland Resources Curricula– Federal Office Personnel Management (OPM)	pending	N/A
Forestry Curriculum–Society of American Foresters (SAF)	1979	2015
Music	1979	2021
Practicing Sociology—MA Remove	2004	2017
Psychology	2002	2015 pending
Public Sociology, Ecological Justice and Action MA remove	2004	2017
Registered Professional Foresters (RPF) License–State Board of Forestry (BOF)	not specified	periodic
School of Education–Administrative Services	2002	2022
School of Education–Multiple Subjects Credential	2002	2022
School of Education–Reading Certificate	2002	Certificate suspended
School of Education–Single Subjects Credential	2002	2022
School of Education–Special Education Credential	2002	2022
School of Education and Department of Kinesiology/ Recreation Administration–Adapted Physical Education	2002	2022
Social Work BA	2004	2019 reaffirmation
Social Work MSW	2004	2019 reaffirmation

California State University, Long Beach

Program	First Granted	Renewal Date
Aerospace Engineering BS	2001	2018
American Language Institute	2007	2017
Art BA	1974	2016
Art BFA	1974	2016
Art MA	1974	2016
Art MFA	1974	2016
Athletic Training BS	2006	2016
Biochemistry BS	2015	2018
Business Administration BS	1972	2019
Business Administration MBA	1972	2019
Chemical Engineering BS	1980	2018
Chemistry BS	1958	2013
Civil Engineering BS	1963	2018
Communicative Disorders BA	1970	2019
Computer Engineering BS	1974	2018
Computer Science BS	1995	2018
Construction Engineering Management BS	2012	2017
Dance BA	1982	2013
Dance BFA	1982	2013
Dance MA	1982	2013
Dance MFA	1982	2013
Design BA	2007	2016
Didactic Program in Dietetics	1975	2021
Dietetic Internship	1975	2021
College of Education: Teaching Credentials and School Professionals	2001	2015 NCATE and CTC Review (Spring)
Electrical Engineering BS	1963	2018
Family and Consumer Sciences BA	1977	2017
Family and Consumer Sciences MA	1977	2017
Health Care Administration BS	1992	2021

Attachment D

Ed. Pol. Item 1

March 7-9, 2016

Page 14 of 36

Long Beach (continued)

Program	First Granted	Renewal Date
Health Care Administration MS	2001	2016
Hospitality Foodservice and Hotel Management BS	2010	2017
Human Factors MS	2012	2018
Industrial Design BS	1974	2016
Interior Design BFA	1974	2016
Journalism and Mass Communication	1978, 2014	2020
Mechanical Engineering BS	1963	2018
Music BA	1968	2015
Music BM	1968	2015
Music MA	1968	2015
Physical Therapy DPT	2012	2022
Public Health MPH	1990	2015
Recreation Administration MS	1976	2021
Social Work BS	1975	2016
Social Work MSW	1985	2016
Theatre Arts BA	1973	2015
Theatre Arts MFA	1973	2015

California State University, Los Angeles

Program	First Granted	Renewal Date
Art BA	1974	2019-20
Art MA	1974	2019-20
Art MFA	1974	2019-20
Accountancy MS	1964	2015-16
Business Administration BS	1960	2015-16
Business Administration MBA	1964	2015-16
Business Administration MS	1964	2015-16
Communicative Disorders BA	1987	2016-17
Communicative Disorders MA	1987	2016-17
Computer Information Systems BS	1964	2015-16
Computer Information Systems MS	1964	2015-16
Computer Science BS	2005	2018-19
Counseling, Applied Behavioral Analysis Option, MS	1994	2018-19
Criminalistics MS	2011	2015-16
Education Credentials	1959	2018-19
Education MA	1959	2018-19
Educational Administration MA	1959	2018-19
Educational Leadership EdD	2011	2018-19
Engineering BS	1965	2018-19
Engineering, Civil BS	1965	2018-19
Engineering, Electrical BS	1965	2018-19
Engineering, Mechanical BS	1965	2018-19
Healthcare Management, MS		2015-16
Music BA	1970	2018-19
Music BM	1970	2018-19
Music MA	1970	2018-19
Music MM	1995	2018-19
Nursing BS	2007	2019-20
Nursing MS	2007	2019-20
Nursing DNP	2011	2019-20

Los Angeles (continued)

Program	First Granted	Renewal Dates
Nutritional Science MS–Coordinated Dietetics Program	1974	2015-16
Nutritional Science BS - Didactic Program in Dietetics	1976	2015-16
Nutritional Science MS - Didactic Program in Dietetics	1976	2015-16
Public Administration MS	1984	2015-16
Rehabilitation Counseling MS	1956	2016-17
School Counseling and Student Personnel Services MS	1978	2015-16
Social Work BA	1979	2018-19
Social Work MSW	1979	2018-19
Special Education MA	1959	2018-19
Special Education PhD	1971	2018-19
Teaching English to Speakers of Other Languages MA	1989	2018-19
Technology BS	2013	2017-18

California Maritime Academy

Program	First Granted	Renewal Date
Business Administration BS–International Business and Logistics	2003	2019-20
Facilities Engineering Technology BS	1999	2019-20
Marine Engineering Technology BS	1978	2019-20
Mechanical Engineering BS	2002	2019-20

Attachment D
Ed. Pol. Item 1
March 7-9, 2016
Page 18 of 36

California State University, Monterey Bay

Program	First Granted	Renewal Dates
Nursing	Accepted 2014	Site visit in 2016
Social Work, MSW	2014	2018
Teacher Education	2009	Site visit in 2013

California State University, Northridge

Program	First Granted	Renewal Date
Accountancy BS	1976	2019
Accountancy MS	1976	2019
Art BA	1993	2020
Art MA	1993	2020
Art MFA	2006	2020
Athletic Training BS	1995	2016-17
Biochemistry BS	1978	2018
Business Administration BS	1976	2019
Business Administration MBA	1976	2019
Chemistry BS	1966	2018
Civil Engineering BS	1994	2019
Communicative Disorders MS	1976	2021
Computer Engineering BS	2006	2019
Computer Science BS	1985	2019
Construction Management Technology BS	2010	2016
Counseling MS	1997	2017
Counseling MS, Career Counseling Option	1996	2017
Education MA	1997	2017
Educational Administration MA	1997	2017
Electrical Engineering BS	1994	2019
Environmental and Occupational Health BS	1972 1973	2016 2019
Environmental and Occupational Health MS	1972 1978	2016 2019
Family and Consumer Sciences BS	1973	2014
Family and Consumer Sciences BS–Didactic Program in Dietetics	1985	2019
Family and Consumer Sciences BS–Interior Design option	1998	2017
Family and Consumer Sciences MS–Dietetic Internship	1985	2019

Northridge (continued)

Program	First Granted	Renewal Date
Finance BS	1976	2019
Health Administration BS	1971	2017
Information Systems BS	1976	2019
Journalism BA	1967	2016
Management BS	1976	2019
Manufacturing Systems Engineering BS	2001	2019
Marketing BS	1976	2019
Mechanical Engineering BS	1994	2019
Music BA	1968	2018
Music BM	1968	2018
Music MM	1968	2018
Nursing BS	1999	2024
Physical Therapy DPT	1969	2015
Public Health Education MPH	1980	2018
Radiologic Sciences BS	1977	2018
Social Work MSW	2008	2020
Special Education MA	1997	2017
Taxation MS	1976	2019
Theatre BA	1991	2015
Theatre MA	1991	2015
Tourism, Hospitality, and Recreation Management BS	2014	2021

Credential Program

Counseling–Pupil Personnel Services Credential	1997	2017
Educational Administration–Preliminary Administrative Services Credential	1997	2017
Educational Administrative Services Credential–Tier 1 and Tier 2	1997	2017
Elementary Education–Multiple Subject Preliminary Teaching Credential	1974	2017
Elementary Education–Multiple Subject Preliminary Teaching Credential–Blended or Intern	2002	2017

Northridge (continued)

Program	First Granted	Renewal Date
Elementary Education–Multiple Subject Preliminary Teaching Credential–CLAD	1997	2017
Elementary Education–Multiple Subject Bilingual Authorization	2011	2017
Elementary Education–Reading and Language Arts Specialist Credential	2002	2017
Secondary Education–Single Subject Teaching Credential	1974	2017
Secondary Education–Single Subject Teaching Credential - Preliminary–Blended or Intern	2002	2017
Elementary Education–Multiple Subject Bilingual Authorization	2011	2017
Elementary Education–Reading and Language Arts Specialist Credential	2002	2017
Secondary Education–Single Subject Teaching Credential- Preliminary–CLAD	1997	2017
Secondary Education–Single Subject Teaching Credential– Bilingual Authorization	2011	2017
Special Education–Education Specialist Authorization Advanced Teaching Credential	2010	2017
Special Education–Education Specialist Teaching Credential–Deaf/Hard of Hearing– Lev I and Lev II	1997	2017
Special Education–Education Specialist Preliminary Teaching Credential–Deaf/Hard of Hearing	2013	2017
Special Education–Education Specialist Clear Teaching Credential–Deaf and Hard of Hearing	2013	2017
Special Education–Education Specialist Teaching Credential–Early Childhood–Lev I and Lev II	1997	2017
Special Education–Education Specialist Preliminary Teaching Credential Early Childhood Special Education Credential	2013	2017
Special Education–Education Specialist Clear Teaching Credential	2013	2017

Attachment D
 Ed. Pol. Item 1
 March 7-9, 2016
 Page 22 of 36

Northridge (continued)

Program	First Granted	Renewal Date
Special Education–Education Specialist Teaching Credential–Mild/Moderate–Lev I and Lev II	1997	2017
Special Education–Education Specialist Preliminary Teaching Credential–Mild/Moderate	2013	2017
Special Education–Education Specialist Clear Teaching Credential–Mild/Moderate	2013	2017
Special Education–Education Specialist Teaching Credential–Moderate/Severe–Lev I and Lev II	1997	2017
Special Education–Education Specialist Preliminary Teaching Credential–Moderate/Severe	2013	2017
Special Education–Education Specialist Clear Teaching Credential–Moderate/Severe	2013	2017

California State Polytechnic University, Pomona

Program	First Granted	Renewal Dates
Adapted Physical Education Authorization	1997	2021-22
Administrative Services Preliminary (Tier 1) and Preliminary (Tier 1) Intern Credentials	2002	2021-22
Aerospace Engineering BS	1970	2018-19
Agricultural Specialist Authorization	1976	2021-22
Animal Health Science BS	1997	2017-18
Architecture BArch	1981	2022-23
Architecture March	1978	2022-23
Art (Art History, Fine Art) BA	1997	2018-19
Bilingual Authorization (Chinese and Mandarin Chinese)	2011	2021-22
Business Administration BS	1995	2018-19
Business Administration MBA	1995	2018-19
Business Administration MS	1995	2018-19
Chemical Engineering BS	1972	2018-19
Civil Engineering BS	1970	2018-19
Computer Engineering BS	2004	2018-19
Computer Science BS	1994	2018-19
Construction Engineering Technology BS	1976	2018-19
Didactic Program in Dietetics	1993	2019-20
Dietetic Internship Program	1993	2019-20
Education Specialist Mild/Moderate Level I and Level II Teaching and Intern Credentials	1997	2021-22
Education Specialist Mild/Moderate Preliminary and Preliminary Intern Credential	2011	2021-22
Education Specialist Moderate/Severe Level 1 and Level II Teaching and Intern Credentials	1997	2021-22
Education Specialist Moderate/Severe Preliminary and Preliminary Intern Credential	2011	2021-22
Electrical Engineering BS	1970	2018-19

Attachment D
 Ed. Pol. Item 1
 March 7-9, 2016
 Page 24 of 36

Pomona (continued)

Program	First Granted	Renewal Date
Electronics and Computer Engineering Technology BS	1976	2018-19
Engineering Technology BS	1976	2018-19
Graphic Design BFA	1997	2018-19
Hospitality Management BS	1994	2018-19
Industrial Engineering BS	1976	2018-19
Interior Architecture MIA	2010	2019-20
Landscape Architecture BS	1963	2017-18
Landscape Architecture MLA	1975	2017-18
Manufacturing Engineering BS	1988	2018-19
Mechanical Engineering BS	1970	2018-19
Multiple Subject Intern Teaching Credentials	1998, 2003–2042	2021-22
Multiple Subject Preliminary Teaching Credentials	1973, 2003–2042	2021-22
Music	2013	2018-19
Public Administration MPA	2006	2019-20
Reading Certificate Authorization	2012	2021-22
Single Subject Intern Teaching Credentials	1998, 2003–2042	2021-22
Single Subject Preliminary Teaching Credentials	1973/, 2003–2042	2021-22
Urban and Regional Planning BS	1967	2021-22
Urban and Regional Planning MURP	1971	2021-22

California State University, Sacramento

Program	First Granted	Renewal Date
Administrative Services Credential, Level I, Preliminary, EDLP	1984	2016
Administrative Services Credential, Intern, EDLP	1974	2016
Administrative Services Credential, Level II, Professional, EDLP	1985	2016
Art, Art Studio, Art History	1974	2015
Art Education	~1984	2018
Athletic Training	1976	2023
Business Administration	1963	2017
Civil Engineering	1965	2016
Computer Engineering	1987	2016
Computer Science	1986	2016
Construction Management	1989	2019
Didactic Program in Dietetics	1996	2017
Dietetic Internship	2003	2017
Education Specialist, Mild/Moderate, EDS	not specified	2018
Education Specialist, Mild/Moderate w/Multiple Subjects, EDS	not specified	2018
Education Specialist, Moderate/Severe and Moderate/Severe with Multiple Subjects, EDS	not specified	2018
Education Specialist, Early Childhood Special Education, EDS	1974	2018
Education Specialist, Level II, EDS	not specified	2018
Electrical and Electronic Engineering	1969	2016
English Education	<1980	2016
Graphic Design	2005	2015
Interior Design	2001	2018
Liberal Studies	2004	2018
Mechanical Engineering	1965	2016
Multiple Subjects, BMED	not specified	2018
Multiple Subjects BCLAD Emphasis (Bilingual Authorization), BMED	1975	2018

Sacramento (continued)

Program	First Granted	Renewal Date
Multiple Subjects, EDTE	not specified	2018
Music	1964	2021
Music Education	not specified	2019
Nursing-Pre Licensure	1962	2019(CCNE) BRN (2022)
Nursing-Post Licensure	1962	2019(CCNE) BRN (2022)
Nursing Graduate	1986	2019(CCNE) BRN (2022)
Photography	2005	2015
Physical Education	1952	2019
Physical Therapy	1997	2025
Pupil Personnel Services, School Counseling, EDC	1975	2018
Pupil Personnel Services, School Social Work	1996	2019
Pupil Personnel Services Credential, School Psychologist, EDS	1977	2018
Reading Specialist Certificate and Credential, EDTE	1974	2018
Recreation, Parks and Tourism Administration	1978	2021
Rehabilitation Counselor Education Program	not specified	2018
School Counseling; Career Counseling; Marital, Couple and Family Counseling, Therapy, EDC	2006	In progress
School Psychology, EDS	2001	2018
Single Subject, BMED	not specified	2018
Single Subject BCLAD Emphasis (Bilingual Authorization, BMED	1975	2018
Single Subject, EDTE	not specified	2018
Social Science	not specified ~1992	2018
Social Work BA, MS	1966	2017
Speech Pathology	1985	2019

California State University, San Bernardino

Program	First Granted	Renewal Date
Administration BA	1994	2018-19
Administration BS	1994	2018-19
Administration MBA	1994	2018-19
Art BA	1983	2021-22
Chemistry BS	1970	2016-17
Computer Engineering BS	2014	2020-21
Computer Science BS	1988	2020-21
Counseling Services	2010	2022-23
Education Credential MA, MS	2002	2015-16
Art Museum	2008	2022-23
Health Science BS	2009	2014-15*
Health Science, Environmental Health BS	2004	2018-19
Music BA	2003	2021-22
Nursing BS	1984	2017-18
Nursing MS	1984	2017-18
Nutrition and Food Sciences BS	1989	2017-18
Public Administration MPA	1989	2017-18
RAFMA (Art Museum)	2008	2022-23
Rehabilitation Counseling MA	1988	2015-16
Social Work BA	2006	2017-18
Social Work MSW	1993	2021-22
Theatre Arts BA	2004	2016-17

*Currently under review.

San Diego State University

Program	First Granted	Renewal Date
School of Accountancy	1979	2017-2018
Administration, Rehabilitation and Postsecondary Education	1978	2017-2018
Aerospace Engineering	1964	2016
Art	1975	2022
Art-Interior Design	1984	2018
College of Business Administration	1955	2018
Chemistry	1950	2017
Civil Engineering	1964	2016
Computer Engineering	2004	2016
Computer Science	1994	2015-2016
Construction Engineering	2009	2016
School Counseling, School Psychology Education	1998, 1989	2016-2017, 2015
Educational Leadership	1998	2016-2017
Educational Technology	2003	2017-2018
Electrical Engineering	1964	2016
Engineering	2004	2016
Environmental Engineering	2004	2016
Exercise and Nutritional Sciences	before 1961, 2000	2019, 2021-2022
Health Management and Policy division in the Graduates School of Public Health	1983	2019
Journalism and Media Studies	1971-1978 and 1985-1997	2021
Marriage and Family Therapy	2009	2015
Mechanical Engineering	1964	2016
Nursing	not specified, 1998, 1953, 2001	2016, 2012, 2016, 2016
Nursing-School Nursing (admission currently suspended)	not specified	2016

San Diego (continued)

Program	First Granted	Renewal Date
Nutrition	~1980	2019
Policy Studies in Language and Cross-Cultural Education	1998	2016-2017
Preventive Medicine Residency Certificate Program - SDSU/UCSD; Graduate School of Public Health	1983	2017
Public Health, Graduate School	1983, 1985	2021
Recreation and Tourism Management	1981	2012, Not seeking reaccreditation
School Counseling	1998	2016-2017
Social Work BS	1974	2018
Social Work MSW	1966	2018
Special Education	1998	2016-2017
Speech, Language, and Hearing Sciences– Speech-Language Pathology Credential	1979	2017
Speech, Language, and Hearing Sciences– Audiology Program	2006	2019
Speech, Language, and Hearing Sciences– Speech-Language Pathology Program	1987	2019
Teacher Education	1998	2016-2017

San Francisco State University

Program	First Granted	Renewal Date
Accountancy MS	1979	March 2016
Apparel Design and Merchandising BS	2003	2023
Art BA	1983	In Progress
Art MA	1983	In Progress
Art MFA	1983	In Progress
Business Administration BS	1963	March 2016
Business Administration MBA	1963	March 2016
Cinema BA	1983	In Progress
Cinema Studies MA	1983	In Progress
Cinema MFA	1983	In Progress
Civil Engineering BS	1988	2018
Clinical Laboratory Science Graduate Internship Program	1977	2019
Communicative Disorders MS	1971	2017
Counseling MS	1978	2018
Didactic Program in Dietetics BS	1987	2019
Dietetics BS and Graduate Internship Program	1991	2019
Drama BA	1982	2021
Drama MA	1982	2021
Education MA	1954	2017
Electrical Engineering BS	1988	2018
Family and Consumer Sciences BA	2003	2023
Health Education BS	2009	2017
Hospitality and Tourism Management BS	1990	March 2016
Interior Design BS	2003	2023
Journalism BA	1985	2020
Mechanical Engineering BS	1988	2021

San Francisco (continued)

Program	First Granted	Renewal Date
Music BA	1963	2017-18
Music MA	1963	2017-18
Music BM	1963	2017-18
Music MM	1963	2017-18
Nursing BS	2003	2023
Nursing MS	2003	2023
Physical Therapy DPT	2001	2021
Public Administration MPA	2000	2021
Public Health MPH	2003	2017
Recreation, Parks and Tourism Administration BS	1990	2017
Rehabilitation Counseling MS	1976	2020
Social Work BA	1975	2018
Social Work MSW	1971	2018
Special Education MA and Concentration in PhD in Education	1954	2017
Teacher Education Credential Program	1900	2017
Theatre Arts MFA: Concentration in Design and Technical Production	1982	2021

San José State University

Program	First Granted	Renewal Date
Accountancy MSA	1964	2015-2016
Advertising BS	1971	2015-2016
Aerospace Engineering BS	1991	2018
Art BA	1974	2020
Art BFA	1974	2020
Art MA	1974	2020
Athletic Training BS	not specified	2019
Athletic Training MS	1989	2019
Biomedical Engineering	2011	2018
Business Administration BS	1964	2015-2016
Business Administration MBA	1973	2015-2016
Business Administration MSA	1964	2015-2016
Business Administration MST	1964	2015-2016
Business Administration MSTM	1964	2015-2016
Materials Engineering BS	not specified	2018
Chemical Engineering BS	1958	2018
Child and Adolescent Development Counselor Education Credential	1958	2018
Civil Engineering BS	1958	2018
Communicative Disorders EDAU BA	1974, 1989	2018
Communicative Disorders EDAU MA	1989	2018
Computer Engineering BS	1958	2018
Computer Science BS	1996, 2001	2018
Dance BA	1987	2019
Dance BFA	1987	2019
Educational Leadership Credential	1958	2018
Elementary Education Credential	1958	2018
General Engineering BS	1958	2018
Industrial and Systems Engineering BS	1958	2018
Industrial Design BS	1974	2020
Industrial Technology BS	1980, 2010	2017
Journalism BS	1971	2015-2016
Kinesiology MS	1989	2019

San José (continued)

Program	First Granted	Renewal Date
Mechanical Engineering BS	1958	2018
Music BA	1958	2015-2016
Music BM	1958	2015-2016
Music MA	1958	2015-2016
Nursing BS	not specified	not specified
Nursing MS	1959, 1998	2017
Nutritional Science BS –Dietetics	1986	2017
Occupational Therapy MS	1991	2016
Organization and Management BS	not specified	not specified
Political Science MPA	1988	2017
Public Health MPH	1974, 1976	2020
Public Relations BS	1971	2015-2016
Pupil Personnel Services Credential	1958	2018
Recreation BS	1987	2020
Secondary Education Credential	1958	2018
Social Work BS	1977	2023
Social Work MS	1977	2023
Speech Pathology Credential	1958	2018
Taxation MS	1964	2018
Teacher/Librarian Services Credential	1958	2018
Theatre Arts BA	1982	2018
Transportation Management MS	1964	2018
Urban Planning MUP	1972, 1988	2016

California Polytechnic State University, San Luis Obispo

Program	First Granted	Renewal Date
Aerospace Engineering BS	1969	2021
Art and Design BFA	1995	2016-17
Architectural Engineering BS	1975	2021
Architecture BArch	1980	2017
Biomedical Engineering BS	2015 retroactive to 2012	2021
Bioresource and Agricultural Engineering BS	1973	2021
Business Administration BS	1981	2018
Business Administration MBA	1981	2018
City and Regional Planning BS	1973	2019
City and Regional Planning MCRP	1993	2019
Civil Engineering BS	1973	2021
Computer Engineering BS	1997	2017
Computer Science BS	1986	2021
Construction Management BS	1978	2020
Economics BS	1981	2018
Electrical Engineering BS	1969	2021
Environmental Engineering BS	1971	2021
Forestry and Natural Resources BS	1994	2024
Graphic Communication BS	2003	2016
Industrial Engineering BS	1969	2021
Industrial Technology BS	1974	2020
Landscape Architecture BLA	1975	2020
Manufacturing Engineering BS	1997	2021
Materials Engineering BS	1971	2021
Mechanical Engineering BS	1969	2021
Music BA	2003	2018-19
Nutrition BS–Applied Nutrition Concentration	2005	2016
Recreation, Parks, and Tourism Administration BS	1986	2018
Software Engineering BS	2007	2021

California State University San Marcos

Program	First Granted	Renewal Date
Education MA	1995	2022
Nursing BS	2008	2023
Nursing MS	2012	2017
Speech Language Pathology MS	2015	2019

Sonoma State University

Program	First Granted	Renewal Date
Art/Art History	1982	2019-20
Business Administration	2007	2016-17
Counseling	1984	2016-17
Education	2005	2019-20
Music	1972	2016-17
Nursing	1974	2020-21

California State University, Stanislaus

Program	First Granted	Renewal Date
Art BA	1983	2019-20
Art BFA	1983	2019-20
Business BS	2003	2017-18
Business MBA	2003	2017-18
Education BA	1991	2017-18
Education MA	1991	2017-18
Genetic Counseling MS	2008	2016-17
Music BA	1981	2012-13*
Music BM	1981	2012-13*
Nursing BS	1986	2013-14 2016-17
Nursing MS	2010	2016-17
Public Administration MPA	1982	2016-17
Social Work MSW	1998, retroactive to class of 1996	2017-18
Theatre Arts BA	1983	2012-13*

*Renewal date pending final commission action letters from specialized accreditation agencies.

COMMITTEE ON EDUCATIONAL POLICY

Academic Preparation

Presentation By

Loren J. Blanchard
Executive Vice Chancellor
Academic and Student Affairs

Ed Sullivan
Assistant Vice Chancellor
Academic Resources and Research

Carolina Cardenas
Director
Academic Outreach and Early Assessment

Background

The CSU has historically worked to improve academic preparation and readiness in mathematics and English of new students. Through the Early Assessment Program (EAP), Early Start Program (ESP) and other academic preparation efforts, the CSU continues to provide students an opportunity to begin their first term of enrollment better prepared for the academic challenge and rigor they will encounter.

This information item provides an annual progress update on academic preparation including an update on EAP efforts, data from the summer 2015 ESP, demonstrated proficiency of fall 2015 first-time freshmen, proficiency of the fall 2014 freshmen ESP cohort one year later, and overall academic preparation trends.

Early Assessment Program (EAP)

In 2001, the Early Assessment Program (EAP) was developed in collaboration with the State Board of Education (SBE), the California Department of Education (CDE) and the CSU in an effort to reduce the need for remediation of entering first year classes. The program established a mechanism for students to receive a measure of their readiness for college-level English and mathematics in their junior year of high school, and facilitate opportunities for them to improve their skills during their senior year.

The program utilized the 11th grade California Standards Tests for English and mathematics, with additional supplemental questions, and an English essay to provide students with an early indicator

of college preparedness, and the approach was three pronged: testing in the 11th grade; communication about the results and their meaning to students, families, and school personnel; and supplemental preparation programs/professional learning for math and English teachers.

Over a decade after the establishment of the EAP, the CSU can demonstrate that the program has resulted an improvement of preparation for college level coursework in English and math, has provided outreach and direction to students about how to use the senior year more proactively, and has trained over 14,000 high school educators to teach the Expository Reading and Writing Course (ERWC) and Strengthening Math Instruction through the professional development component.

Era of Transition

Over the last six years, the CDE has embarked on a historic transformation of its assessment system. In 2010, the SBE adopted the Common Core State Standards, joining forty-one other states, the District of Columbia, four territories, and the Department of Defense Education Activity. Following the adoption of the new California State Standards, the state joined the Smarter Balanced Assessment Consortia who was one of two federally funded organizations tasked with developing assessments for the new Common Core State Standards. The Smarter Balanced Assessment Consortia used the CSU's EAP as the model to measure college readiness in English and mathematics for grade eleven assessments. The CSU's EAP program is now a national model in providing students an early signal of their college readiness.

As the CDE began its transition to the new standards and assessments, the CSU has been a continuing partner in these efforts. Working collaboratively, the CSU and CDE worked tirelessly to ensure the transition was a smooth one for students, parents and school educators. Full implementation of the standards went into effect during the 2014-15 school year, making the spring of 2015 the first administration of the Smarter Balanced Assessments. Leading up to the 2015 test administration, the state participated in a field test of the assessment system during the spring of 2014. Because participation in the 2014 field test would have left a testing gap for that class of high school juniors, the CDE also agreed to administer the CSTs to grade eleven students in order to continue to provide students an early college readiness signal, while simultaneously preparing to launch the new assessment system. This made 2014, the last administration of the EAP as it was originally designed.

2015 EAP Results

During the spring of 2015, over 418,000 students participated in the Smarter Balanced assessments in English and math. Because the assessments are no longer voluntary as they were with the California Standards Test, the CSU has an unprecedented opportunity to provide even more students with appropriate messages about their preparation for college level English and math courses and the next steps. In preparation for this transition, the CSU has developed clearer messaging about the multiple pathways students have to prepare for college level course work in English and math, with the EAP being the first step.

Results of the first administration of the EAP using the new assessments are promising. In spring 2015 over 96,000 students demonstrated readiness, and an additional 138,000 students demonstrated conditional readiness in English Language Arts. Both of these figures are increases in the number of students being prepared compared to the previous two years. Significant in this data is that the number of students receiving a conditionally ready status more than doubled from the previous year, providing the CSU a greater opportunity to give students key messages about their continued preparation in the 12th grade.

The results for mathematics also demonstrate an increase in college readiness at the highest level of preparedness. About 46,000 students were deemed college ready in math, also double from the previous year, and an additional 75,400 students were conditionally ready. While there is a slight decrease in the number of conditionally ready students, the combined ready numbers are higher than the previous year.

While the results are encouraging, the CSU will use the 2015 results as the new baseline from which to develop continuous improvement efforts in collaboration with our CDE, K-12, and higher education partners.

Communication

To facilitate students understanding of their results, the CSU has worked with CDE by providing information regarding the EAP on the score report that students receive after participating on the Smarter Balanced Assessments. In addition, the CSU has created multiple communication pieces targeted at all students and families. These materials are sent to every public and charter school in the state of California. The CSU will continue to support schools in providing key important messages to students by providing additional information to school personnel in the coming year.

Supplemental Preparation/Professional Learning

The Expository Reading and Writing Course (ERWC) is available to seniors at the majority of high schools in California. The course is approved by the University of California (UC) and the CSU as fulfilling the Senior-level English course requirement and focuses on the use of nonfiction and fiction text, both short journalistic pieces as well as full-length works and novels. The course emphasizes close reading, argument, critical thinking, rhetoric, and analytical writing using materials and themes that interest and engage adolescents. Over 800 high schools have adopted the ERWC curriculum with over 14,000 educators trained and certified to teach the ERWC.

Similarly, the Strengthening Mathematics Instruction (SMI) initiative provides professional learning for teachers to identify instructional strategies that will help students prepare for the necessary quantitative reasoning and mathematics knowledge required for college-level work. The SMI components are aligned to the new California state standards. The CSU continues to support efforts to design a 12th grade math course similar to the ERWC in collaboration with high school teachers, community college faculty and CSU faculty.

Summer 2015 Early Start Program (ESP)

At its March 2010 meeting, the Board of Trustees adopted the Early Start Program (ESP) that officially began in summer 2012. Freshmen who do not demonstrate college-readiness in mathematics, English or both subjects are required to begin to address these deficiencies in the summer before their first term. ESP courses provide the targeted foundation necessary for increasing student preparation in mathematics and English. Students choose from a 1-unit introductory course at minimum or a 3- or 4-unit course that will provide more in-depth preparation.

In fall 2015, more than 65,000 freshmen enrolled in the CSU and more than 26,000 of these students were required to participate in Early Start English (ESE) and/or Early Start mathematics (ESM), with just over 12,700 participating in both. Eighty-six percent of ESP students enrolled at the campus that they matriculated at in the fall. The majority of students elected to take the 1-unit course (85 percent in English and 66 percent in math).

Ninety-four percent of ESE and ninety-two percent of ESM students satisfactorily met the Early Start Program participation requirement. In addition to meeting the participation standard, approximately 2,100 finished their developmental college-preparation in English, and nearly 4,500 their developmental college-preparation in mathematics as a result of summer 2015 ESP course completion.

Fall 2015 First-time Freshman Preparation at Entry

Entering CSU freshmen have the opportunity to demonstrate readiness for college level mathematics and English prior to freshman matriculation as early as the junior year of high school via EAP, through standardized tests while in high school, through senior experiences augmenting testing in the junior year, through Entry Level Mathematics (ELM) or English Placement Test (EPT) test at the end of the senior year, college level coursework, or ESP coursework.

Fifty-five percent of the fall 2015 regularly admitted freshmen class of just over 64,000 students graduated from high school college-ready in both English and mathematics. The entering class of 2015 was the best prepared CSU class as it exited high school. Following summer 2015 Early Start, sixty-one percent of the class were prepared for both college-level mathematics and English when they began their fall term. At fall entry the class was the largest and best prepared entering fall freshman CSU class in CSU history. Differences in preparation were noted by ethnicity-race and are shown on the next page in Table 1.

		Table 1: Preparation at Fall Entry				
Fall 2015 regularly admitted first-time Freshmen	Ethnicity - Race	Prepared Both	Needs additional English preparation only	Needs additional Math preparation only	Needs additional preparation in both English and Math	Grand Total
Head Count	American Indian or Alaska Native	92	16	23	25	156
	Asian or Pacific Islander	7,444	1,391	635	995	10,465
	Black or African American	1,119	248	514	769	2,650
	Hispanic / Latino	14,151	3,848	4,190	6,389	28,578
	White	11,560	667	1,198	660	14,085
	Two or More Races	2,472	201	369	266	3,308
	Unknown Race / Ethnicity	1,429	169	218	213	2,029
	Non-Resident Alien (Intl)	993	789	256	1,090	3,128
Total		39,260	7,329	7,403	10,407	64,399
Row Percent	American Indian or Alaska Native	59%	10%	15%	16%	100%
	Asian or Pacific Islander	71%	13%	6%	10%	100%
	Black or African American	42%	9%	19%	29%	100%
	Hispanic / Latino	50%	13%	15%	22%	100%
	White	82%	5%	9%	5%	100%
	Two or More Races	75%	6%	11%	8%	100%
	Unknown Race / Ethnicity	70%	8%	11%	10%	100%
	Non-Resident Alien (Intl)	32%	25%	8%	35%	100%
Total		61%	11%	11%	16%	100%

Fall 2014 First Time Freshmen Cohort - Proficiency One Year Later

Of the regularly admitted freshmen entering in fall 2014 needing additional preparation in English and/or mathematics, after completing their ESP requirement, 82 percent (21,098 students) reached proficiency within one year, five percent (1,331 students) failed to achieve proficiency in one or both subjects after their first year but were permitted by the campus to enroll in fall 2015. Twelve percent (3,087 students) did not achieve proficiency in one or both subjects at the completion of their first year and were not allowed to re-enroll in fall 2015.

Academic Preparation Trends

The regularly admitted freshmen class has grown from just under 55,000 students in 2011 to just over 64,000 students in fall 2015. The percentage of the entering freshmen class determined to be college-ready in both English and mathematics at the point of graduation from high school has increased from 52 percent (fall 2011) to 55 percent (fall 2015).

The Early Start Program provides our campuses with a final opportunity prior to the fall term to increase the number of freshmen prepared for college-level mathematics and English. In summer 2011, existing CSU programs improved proficiency in both English and mathematics by one percentage point resulting in 53 percent of the 2011 freshmen class starting their first term at the CSU college-ready in English and mathematics. Comparatively, summer 2015 Early Start courses increased proficiency in both English and mathematics by six percentage points resulting in 61 percent of the entering freshmen class being prepared for college-level English and mathematics. Table 2 below depicts these trends.

Table 2: Preparation at Fall Entry						
Regularly admitted first-time freshmen	Cohort Entering	Prepared Both	Needs additional English preparation only	Needs additional Math preparation only	Needs additional preparation in both English and Math	Grand Total
Students	fall 2011	28,968	7,094	6,891	11,525	54,478
	fall 2012	30,871	7,638	6,088	11,095	55,692
	fall 2013	34,589	8,201	6,488	11,314	60,592
	fall 2014	37,193	8,336	6,746	10,665	62,940
	fall 2015	39,260	7,329	7,403	10,407	64,399
Preparation at Fall Entry						
Regularly admitted first-time freshmen	Cohort Entering	Prepared Both	Needs additional English preparation only	Needs additional Math preparation only	Needs additional preparation in both English and Math	Grand Total
Row Percent	fall 2011	53%	13%	13%	21%	100%
	fall 2012	55%	14%	11%	20%	100%
	fall 2013	57%	14%	11%	19%	100%
	fall 2014	59%	13%	11%	17%	100%
	fall 2015	61%	11%	11%	16%	100%

Percentages subject to rounding.

Summary

The data indicates that the Early Assessment Program and Early Start Program, in combination with other academic preparation efforts, continue to provide students with the opportunity to begin their first term better prepared for the academic rigor they will face in the CSU. While student readiness differ by campus, all CSU campuses and their faculty focus ongoing and collaborative efforts on improving student success from admission through graduation. As previously noted, continued improvement efforts related to student preparation remain an area of focus as the CSU focuses on achieving the goals of the 2025 Graduation Initiative.

COMMITTEE ON EDUCATIONAL POLICY

Commission on the Extended University

Presentation By

Loren J. Blanchard
Executive Vice Chancellor
Academic and Student Affairs

Karen S. Haynes
President, California State University, San Marcos
Chair, Commission on the Extended University

Summary

The Commission on the Extended University is reporting on the major contributions of extended education through innovative, self-support programs that address state workforce needs. Extended education operates without General Fund support. Funding sources for these programs include tuition and fees, workforce development boards, civic and industry partnerships as well as the commission's innovation grant program.

Extended education brings the resources of the California State University (CSU) to the local community, region, nation and international audiences. Self-support degree and certificate programs, courses, professional development and personal enrichment opportunities are offered in face-to-face and online formats, through convenient scheduling in times and places not supported by General Fund appropriations. Student populations include working professionals, military and students in remote locations, students re-entering the workforce or university, international students, traditional and high school students and those who just love to learn. Extended education helps prepare students along the lifelong learning continuum, from Early Start and English as a Second Language programs to professional and advanced training to leisure learning.

Extended Education Historical Timeline and Commission Background

Extended education has an established history within the CSU system. A timeline representing milestones and achievements dating back to 1857 is included in the packet (Attachment A).

The commission serves as an advisory group to the chancellor about issues and opportunities facing extended education. In 1977, the commission was established through Executive Order 811 and carries forward the CSU's proud tradition of excellence in extended education. The

commission is chaired by a campus president and membership includes provosts, academic senate, extended education deans and online and international experts (Attachment B). The commission is particularly proud of the self-funded innovation grant program. Since 1993, the commission's grant program has funded over 157 proposals for new program development, distributing 7.1 million dollars to the campuses.

Meeting Workforce Needs Through Access and Innovation

Extended education serves a critical role supporting the CSU by increasing pathways and access to higher education. With over 200 degree programs and hundreds of certificates, extended education brings education where students need it, and helps to facilitate faster entry into new areas, with programs and courses offered at remote and urban off-site locations. Extended education has long been a leader in online education, currently offering 86 online programs, enrolling over 4,800 students and producing over 3,000 graduates in 2013-14. Additional access is provided to 35,700 state support students primarily in summer session, 16,300 self-support students, and 12,500 professional development certificate students annually.

Extended education units maintain strong workforce partnerships with public and private sector employers. Employers appreciate the quick response to training needs for new job trends, the ability to upskill existing workers to create entry-level vacancies, and targeting education for in-demand jobs, often beyond the regular university term. Systemwide, extended education works with over 130 employers delivering local and statewide training solutions. Employers increasingly need workers with industry-valued skills and knowledge. Between 2010 and 2014, extended education issued approximately 50,000 professional development certificates in areas such as business, IT, healthcare, trade and transportation, hospitality, leadership and management, criminal justice and communications. A summary of extended education program innovations is included in the packet (Attachment C).

Conclusion

Today's presentation is designed to help frame the story of extended education and highlight the important contributions in serving students and meeting workforce needs. Extended education helps the CSU increase service to the region and state, and adds value to the system's portfolio. Strong workforce partnerships help strengthen the ties between education and employers. Increasingly, there is a need for California workers with bachelor's degrees and advanced education, as well as industry-valued certification. CSU extended education will lead the way in expanding workforce education. This role will require new partnerships and working relationships, and new approaches to planning and delivering programs that provide career pathways to meet local, regional and statewide workforce needs.

CSU Extended Education Timeline

1857

Minns Normal School established in San Francisco, offering teacher-training courses. Later became one of the first state colleges in California.

1920s

Humboldt, San Jose and San Francisco offered courses through extension.

At San Francisco, extension classes were open to regularly enrolled students who enjoyed the diversity of training and faculty interactions.

1933

Fiscal guidelines developed to clearly establish extension as self-supporting.

Summer session established as a self-supporting, tuition/fee based program.

1960

Three new campuses opened (Stanislaus, Hayward, Sonoma), each developed from off-campus extension and summer session centers operated by San Francisco State College.

1971

Continuing Education Reserve Fund (CERF) Act required each CSU campus to create extended education units to meet emerging needs of a changing populace, featuring flexible delivery methods.

1970s

Introduction of instructional television and video-taped courses.

1972

Commission on External Degrees established as a basis for extending the programs of the CSU to a wider group of students, specifically adult professionals.

1977

CSU Commission on Extended Education created.

1980s

CSU allowed regular sessions, special sessions and extension to operate simultaneously throughout the academic year.

1991

Priorities outlined by the Commission on Extended Education.

2003

Framework for Action

2006

Access to Excellence

2010



Innovations for Tomorrow

**2014-
2015**



*Survey of Innovations
Report*



The California State University
COMMISSION ON THE EXTENDED UNIVERSITY
 2015-16

Attachment B
 Ed. Pol. Item 3
 March 7-9, 2016
 Page 1 of 1



Dr. Karen S. Haynes, Chair, Commissioner
 President, CSU San Marcos



Dr. William Covino, Vice Chair, Commissioner
 President, CSU Los Angeles



Dr. Ellen Junn, Commissioner
 Provost/VP Academic Affairs
 CSU Dominguez Hills



Dr. Lynnette Zelezny, Commissioner Chair, RFP
 Provost/VP Academic Affairs Fresno State



Dr. Glen Brodowsky, Commissioner
 Academic Senate,
 CSU San Marcos



Dr. Praveen Soni, Commissioner
 Academic Senate,
 CSU Long Beach



Dr. Diana Wright Guerin, Commissioner/Chair, Policies & Procedures
 Academic Senate,
 CSU Fullerton



Dr. Thomas Norman, Commissioner/Chair McAleer
 Academic Senate,
 CSU Dominguez Hills



Dr. Eric Bullard, Chair, Budget & Resources
 Dean, CSU Los Angeles



Dr. Tatiana Karmanova, Commissioner/Chair, Innovation Purpose, Scope and Values
 Dean, CSU San Bernardino



Mr. Mike Schroder, Commissioner Chair, Strategic Communications
 Dean, CSU San Marcos



Mr. Marc Oehlman, Commissioner Co-Chair, Budget & Resources
 Associate Director, Academic Tech
 CSU Monterey Bay



Dr. Yenbo Wu, Commissioner/Co-Chair, RFP
 Associate VP, International Ed.
 San Francisco State



Dr. Christine Mallon, Commissioner
 Assistant Vice Chancellor
 Academic Programs & Faculty
 Development
 CSU Office of the Chancellor



Dr. Sheila A. Thomas, Commissioner
 Assistant Vice Chancellor,
 Extended & Continuing Ed.
 Self-Support Strategy & Partnership
 CSU Office of the Chancellor



Mr. Leo Van Cleve, Commissioner
 Dean, International Programs
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 CSU Office of the Chancellor



Ms. Shannon C. Jackson,
 Administrative Staff to the Commission on the Extended University
 Extended & Continuing Ed.
 Self-Support Strategy & Partnership Operations
 CSU Office of the Chancellor

The California State University Commission on the Extended University
Summary of Recurrent Themes: 2014/2015 Survey of Innovation in the CSU
Extended University

This survey of innovation covered all 23 California State University (CSU) campuses. The survey was based on two questions: 1. The most significant innovations in the campus extended learning unit in the last two years. 2. The challenges and opportunities ahead for CSU extended learning from the perspective of each campus. This document is a summary of some of the recurrent themes that emerged from the survey.

A significant number of campuses talked about innovations that were linked to external partnerships. These partnerships were often rather distinctive leading not only to innovations but also to additions to the resources and facilities in the CSU. Examples of these partnerships include the Maritime Academy's work with regional law enforcement, fire departments in the region, the Coast Guard, and Chevron to create a simulation facility (including a full size ship) with advanced technologies that simulate various emergencies providing the context for emergency response and safety training. These facilities are now leading to expanded collaboration with the broader petroleum industry. These facilities also provide a much enriched educational experience for the matriculated students at the Maritime Academy. There are similar accounts of collaborations that have expanded specialized facilities for the health sciences and other professional preparation programs.

External collaborations have also led to innovations in programs. At Chico, collaboration with the Ag Idea Consortium has led to a very distinctive agricultural education program that shares courses with other institutions in the consortium. Channel Islands has worked in partnership with Santa Barbara City College to create a BS-MBA program. CSULA is working with thirteen regional community colleges to create an innovative and carefully crafted accelerated program that leads from the Associate's Degree in nursing to the BSN. A number of campuses reported expanded work with community colleges. Long Beach has had a long and productive partnership with the ports which has led to a number of innovative credit and noncredit programs.

A number of these partnerships also included successfully seeking grants to support innovative initiatives. The partnerships were often seen as adding to the competitive advantage in the competition for grant funding. Overall grants (with or without external partners) were more a part of reports of innovation this time than when the Commission last did such a survey of innovations.

Many campuses also reported the creation of new degree programs. Some of these were among the first a given campus had developed for online or hybrid delivery. Some were in emerging fields such as those at San Jose in software engineering and battery technology and the cybersecurity master's degree at San Marcos.

Educational technologies also played a significant role in innovations over the last couple of years on many campuses as one might expect. There are innovations and challenges in ensuring excellence and distinction in program design and instructional strategies as well as in technology and student support. The survey shows that of the campuses beginning to develop online and hybrid programs there are some more inclined to work with external resources. In part, the appeal is that these professional external providers are seen as a pathway to ensuring that they will always be working with professionals focused on remaining current in the field and, in turn, keeping that campus's online and hybrid programs current from the perspective of the use of educational technologies. Some who see this value of remaining current also, in some cases, see the issues that can arise when an external provider, while current, is committed to the use of a particular LMS and/or selected educational technologies. For other campuses, the path forward is to create an internal campus-specific capacity. Those developing campus capacities seem to be more focused on the issues of instructional design expertise and having that expertise available to work with faculty to develop online instructional strategies and to make choices of technology strategies that are focused on achieving particular educational outcomes. These choices and the programs and capabilities that emerge should give the CSU a wide range of models that may afford different advantages for different campuses and those that they serve.

International programs, partnerships, and campus strategies are also a recurrent theme among the innovations reported for the past two years. Many campuses talked about expanding international recruitment with responsibility both for recruiting for self-support programs and for state-funded degree programs often with the campus extended university unit. In some cases active international recruitment was relatively new for the campus in question so strategy and capacity development were at issue. A couple of campuses also reported renovating or adding space to create a hub for international students – and an international house/hall model.

A number of campuses also reported innovations in administration. In some cases a change or role on the campus and/or organizational structure, but in most cases it was the implementation of new technologies such as moving self-support operations into PeopleSoft, acquiring and developing strategies for using Customer Relationship Management (CRM) software and the like, and developing ways to gather and use data to analyze program/marketing performance and/or to inform managerial decisions.

For the future: Among the themes that recurred when campus extended university leaders were asked what the challenges and opportunities were for the future:

Challenges – Quarter campuses converting to semesters over the next three years noted that there were significant challenges in some cases impacting the ability to start new credit programs. A number of campuses from the recent audits were left feeling that there was very limited flexibility with the use of self-support funds which some felt could impact the incentives for some departments/colleges to work with the extended university unit to develop new programs, and there were many mentions of campus concerns about the definition of “supplanting” and that having a potentially chilling impact on starting new programs in self-support and/or fully using the capacities of self-support to serve the region. Limited resources were noted by some campuses as the challenges of increased competition. Online education and international opportunities were noted as both challenges and opportunities.

Opportunities – Many noted that if the CSU extended university units could develop a more robust and sustainable approach to innovative collaboration across institutional lines that the CSU extended university could more easily position the CSU for leadership in online teaching and learning, and international programs and partnerships. This kind of collaboration was also seen as an opportunity to work on new administrative technologies across institutional lines (rather than re-inventing on each campus) with the development and dissemination of the new application system (AAWS) being an example of that approach.

Changing and expanding the CSU’s role in economic development (and workforce preparation) is another very important opportunity for the next few years. Again this might require a regional collaborative strategy and repositioning the CSU as an essential participant in broad regional economic and community development (one emerging model for this is the **CSU5** partnership among the five CSUs that service Greater LA).

Looking ahead for higher education overall, refined and sophisticated simulations are likely to play an increasingly important role in advanced professional education in many fields. Virtual labs will also grow in importance. CSU CE/EE units can take a lead role in developing such educational tools – collaboration, seeking major grant funding, developing partnerships with key industries, and the like are strategies that can allow CSU CE/EE to create forefront simulation and virtual lab models

Conversations in higher education are putting more emphasis on the importance of creating a link between an effective liberal education and professional preparation so that graduates have both the advanced conceptual skills and depth and breadth of understanding needed for success in the contemporary global economy/community along with the necessary knowledge and professional skills needed in the particular discipline/field in question. CSU CE/EE offers an increasing number of programs at the graduate level for midcareer professionals. Going forward, as new programs are developed, CSU CE/EE is well positioned to create influential models of the effective integration of advanced professional education and the cultivation of advanced conceptual skills.

A number of campuses also noted that the CSU extended university has grown and matured over the past ten years and is now better positioned to support the evolution of the CSU overall and be a hub for innovation and agility in the CSU as state dollars continue to decline but the need for the educational and research strengths of CSU in California continues to expand, particularly in arenas such as economic and community development, support for the development of regional industry clusters, strengthening California's position in the global marketplace with increased international partnerships, and a global focus in the preparation of the university-prepared workforce, playing a growing role in applied research in collaboration with regional public and private sector employers, and more.

COMMITTEE ON EDUCATIONAL POLICY

Middle College High School

Presentation By

Loren J. Blanchard
Executive Vice Chancellor
Academic and Student Affairs

Margaret Fortune
Trustee

Jeffrey Armstrong
President
California Polytechnic State University, San Luis Obispo

Summary

Since the first Middle College High School opened in New York in 1974, these collaborative ventures between secondary and postsecondary schools have provided a seamless educational continuum for students. With an objective of decreasing high school dropout rates while increasing college-going and persistence rates, such schools have expanded to sixteen states, including California.

California Education Code provides for the creation of “Middle College” or “Early College” high schools which allow students to graduate with a high school diploma and an associate’s degree or transferable college credit through concurrent enrollment. These schools are specifically intended to focus on “at-risk” students by providing early immersion in college classes and campus culture. Middle College High Schools in California have been established in partnership with ten community colleges statewide. Since 2014, the California Community College Chancellor’s Office has advocated for the expansion of Middle and Early College High Schools to additional regions of the state.

While programs have been available in other parts of California, there has never been a Middle College High School in the Sacramento region. On December 15, 2015, the Sacramento County Board of Education approved a charter petition submitted by Fortune School, a network of high performing charter schools based in Sacramento, for the first Middle College High School in Sacramento. The new Middle College High School will be the sixth public charter school opened by Fortune School in Sacramento County as a part of a larger regional initiative to close the African American achievement gap in the county. The Sacramento County Board of Education

Ed. Pol.
Agenda Item 4
March 7-9, 2016
Page 2 of 2

has authorized Fortune School to open a total of nine public charter schools, five of which are already operating, including elementary and middle schools that will feed into the Middle College High School for a complete K-12 school system that prepares students for college starting in kindergarten. This High School is slated to open in fall 2017, in partnership with Cosumnes River College, with a focus on Science, Technology, Engineering, Arts, and Mathematics (STEAM). In addition, California Poly San Luis Obispo will offer science-themed summer camps, field trips, and college advising to this new partner high school.

California Poly San Luis Obispo's partnership with the new Middle College High School builds on its existing relationship with Fortune's elementary schools, cultivated over the past four years as a part of Cal Poly's focus on diversity. Currently, 5th grade students at Fortune School take an annual overnight trip to Cal Poly for a hands-on science class taught by Cal Poly faculty and students in the Learn by Doing Science Lab. The theory of action is that Cal Poly will diversify its applicant pool of competitively eligible African American students by building relationships early with families from a public school system designed to prepare students from diverse backgrounds for college.

This item will highlight the development of this new school in the Sacramento region, presenting it as a model for collaboration between post-secondary and secondary school systems in other regions throughout California.

AGENDA

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Meeting: **8:30 a.m., Wednesday, March 9, 2016**
 Glenn S. Dumke Auditorium

Hugo N. Morales, Chair
Silas H. Abrego, Vice Chair
Debra Farar
Lillian Kimbell
Peter J. Taylor

Consent Item

Approval of Minutes of the Meeting of January 27, 2016

Discussion Items

1. Executive Compensation: President – California State University Channel Islands, *Action*
2. Executive Compensation: President – California State University, Chico, *Action*

**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**

January 27, 2016

Members Present

Silas H. Abrego, Vice Chair
Debra S. Farar
Lillian Kimbell
Peter J. Taylor
Timothy P. White, Chancellor
Lou Monville, Chair of the Board

Trustee Abrego called the meeting to order.

Approval of Minutes

The minutes from the November 18, 2015 meeting were approved as submitted.

Executive Compensation: President – San José State University

Chancellor White presented the action item. The item approved the compensation for Dr. Mary A. Papazian as president of San José State University.

Dr. Papazian shall receive a salary at the annual rate of \$371,000, effective the date of her appointment, and shall also receive additional benefits as cited in Agenda Item 1.

The Committee on University and Faculty Personnel passed the motion to recommend approval of the compensation as stated in Agenda Item 1. **(RUFP 01-16-01)**

Executive Compensation: President – Sonoma State University

Chancellor White presented the action item. The item approved the compensation for Dr. Judy K. Sakaki as president of Sonoma State University.

Dr. Sakaki shall receive a salary at the annual rate of \$298,000 and an annual housing allowance of \$60,000, effective the date of her appointment, and shall also receive additional benefits as cited in Agenda Item 2.

The Committee on University and Faculty Personnel passed the motion to recommend approval of the compensation as stated in Agenda Item 2. **(RUFP 01-16-02)**

Exemption from Post-Retirement Employment Waiting Period

Vice Chancellor Lamb and Executive Vice Chancellor Blanchard presented this item. The item requested approval by the Board of Trustees to waive the requirement that Dr. Andrew "Zed" Mason, former assistant vice chancellor for research initiatives and partnerships, wait 180 days before returning to work as a rehired annuitant. The *California Government Code, Section 7522.56(f)*, provides for an exception to the 180-day waiting period.

The Committee on University and Faculty Personnel passed the motion to recommend approval of the item as stated in Agenda Item 3. **(RUFP 01-16-03)**

Trustee Abrego adjourned the meeting.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Executive Compensation: President – California State University Channel Islands

Presentation By

Timothy P. White
Chancellor

Summary

This action item approves the compensation for Dr. Erika D. Beck as president of California State University Channel Islands.

Executive Compensation

The Board of Trustees is pleased to present Dr. Erika Beck as the next president of California State University Channel Islands. Since 2010, Dr. Beck has served as the provost and executive vice president of Nevada State College (NSC) in Henderson, Nevada.

Before her tenure as provost and executive vice president, Dr. Beck served as the dean of Liberal Arts and Sciences, the director of Liberal Arts and Sciences, a tenure-track associate professor and assistant professor of psychology, and chair of the Faculty Senate at NSC.

Prior to her service at NSC, she was a faculty fellow at the University of California, San Diego and taught at Grossmont College in San Diego. In addition, Dr. Beck also has educational research experience, having served as a research associate for the Salk Institute of Biological Studies.

Dr. Beck holds a bachelor's degree in psychology from the University of California, San Diego, a master's in psychology from San Diego State University and a doctorate in experimental psychology from the University of California, San Diego.

Chancellor White recommends that Dr. Beck receive an annual salary of \$283,000 and an annual housing allowance of \$60,000. Dr. Beck's salary complies with the Trustees' policy on presidential compensation, established in November 2015.

In addition and consistent with Board policies, Dr. Beck will receive the following standard benefits:

- An auto allowance of \$1,000 per month;

AMENDED

U&FP

Agenda Item 1

March 7-9, 2016

Page 2 of 2

- Standard benefit provisions afforded CSU Executive classification employees;
- A transition program for university presidents provided she meets the eligibility requirements passed by the Board of Trustees on November 15, 2006 (RUFP 11-06-06);
- Reimbursement for actual, necessary and reasonable moving and relocation expenses; and
- Dr. Beck will hold the academic rank of full professor with tenure, subject to faculty consultation, in the School of Arts and Sciences.

Chancellor White recommends that the Board of Trustees approve the salary for the next president of California State University Channel Islands, Dr. Erika Beck.

Recommended Action

The following resolution is recommended for adoption:

RESOLVED, by the Board of Trustees of the California State University, that Dr. Erika D. Beck shall receive a salary set at the annual rate of \$283,000 and an annual housing allowance of \$60,000 effective the date of her appointment as president of California State University Channel Islands; and be it further

RESOLVED, that Dr. Beck shall receive additional benefits as cited in Item 1 of the Committee on University and Faculty Personnel at the March 7-9, 2016 meeting of the Board of Trustees.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Executive Compensation: President – California State University, Chico

Presentation By

Timothy P. White
Chancellor

Summary

This action item approves the compensation for Dr. Gayle E. Hutchinson as president of California State University, Chico.

Executive Compensation

The Board of Trustees is pleased to present Dr. Gayle Hutchinson as the next president of California State University, Chico. Dr. Hutchinson is currently the provost and vice president for Academic Affairs at California State University Channel Islands.

Prior to her current role, for nearly 20 years she served in various instructional and leadership roles at California State University, Chico, including dean of the College of Behavioral and Social Sciences, chairperson of the Department of Kinesiology, Academic Senate Chair, Statewide Senator and was a member of the President's Diversity Council. Before that time, she was a member of the California State University, Chico faculty teaching Kinesiology with a specialty in teacher preparation.

Prior to her service in the California State University (CSU), she served as the principal investigator and co-director of the Northern California Physical Education – Health Subject Matter Project, the project director for the Pacific Wellness Center, and developed curriculum and taught physical education in elementary schools.

Dr. Hutchinson holds a bachelor's degree in physical education teacher education from the University of Massachusetts, Amherst, a master's from Teachers College, Columbia University in Teaching Analysis & Curriculum Development, and doctorate of education from University of Massachusetts, Amherst in Teacher Education/Staff Development.

Chancellor White recommends that Dr. Hutchinson receive an annual salary of \$293,643 and an annual housing allowance of \$50,000. Dr. Hutchinson's salary complies with the Trustees' policy on presidential compensation, established in November 2015.

AMENDED

U&FP

Agenda Item 2

March 7-9, 2016

Page 2 of 2

In addition and consistent with Board policies, Dr. Hutchinson will receive the following standard benefits:

- An auto allowance of \$1,000 per month;
- Standard benefit provisions afforded CSU Executive classification employees;
- A transition program for university presidents provided she meets the eligibility requirements passed by the Board of Trustees on November 15, 2006 (RUF 11-06-06);
- Reimbursement for actual, necessary and reasonable moving and relocation expenses; and
- Dr. Hutchinson will hold the academic rank of full professor with tenure, subject to faculty consultation, in the College of Communication and Education.

Chancellor White recommends that the Board of Trustees approve the salary for the next president of California State University, Chico, Dr. Gayle Hutchinson.

Recommended Action

The following resolution is recommended for adoption:

RESOLVED, by the Board of Trustees of the California State University, that Dr. Gayle E. Hutchinson shall receive a salary set at the annual rate of \$293,643 and an annual housing allowance of \$50,000 effective the date of her appointment as president of California State University, Chico; and be it further

RESOLVED, that Dr. Hutchinson shall receive additional benefits as cited in Item 2 of the Committee on University and Faculty Personnel at the March 7-9, 2016 meeting of the Board of Trustees.

AGENDA

COMMITTEE ON GOVERNMENTAL RELATIONS

Meeting: 9:10 a.m., Wednesday, March 9, 2016
Glenn S. Dumke Auditorium

Douglas Faigin, Chair
Kelsey M. Brewer, Vice Chair
Silas H. Abrego
Adam Day
Debra S. Farar
Lupe C. Garcia
J. Lawrence Norton
Steven G. Stepanek

Consent Item

Approval of Minutes of the Meeting of January 27, 2016

Discussion Items

1. Legislative Update, *Information*

**MINUTES OF THE MEETING OF
COMMITTEE ON GOVERNMENTAL RELATIONS**

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

January 27, 2016

Members Present

Douglas Faigin, Chair
Kelsey Brewer, Vice Chair
Silas H. Abrego
Adam Day
Debra S. Farar
Lou Monville, Chair of the Board
J. Lawrence Norton
Steven G. Stepanek
Timothy P. White, Chancellor

Trustee Faigin called the meeting to order.

Approval of Minutes

The minutes of November 17, 2015, were approved on consent.

Federal Agenda for 2016

Mr. Garrett P. Ashley, vice chancellor for university relations and advancement, and Mr. Jim Gelb, assistant vice chancellor for federal relations, presented this item.

Mr. Ashley reported that lawmakers may begin serious consideration of the Higher Education Act following successful action on several education policies in 2015. Also, an election year brings many opportunities and challenges for CSU priorities.

Mr. Gelb provided an update on the current political climate and presented the recommendations for the 2016 Federal Agenda:

Improve College Access through Aid to Students

- Support cost of living increases in the maximum Pell grant, and retain any program surplus for future years; retain eligibility for part-time students and restore year-round program
- Invest in Supplemental Education Opportunity Grant (SEOG) and Work-Study with a focus on students with need
- Prioritize federal resources for institutions serving the greatest number of students with need

Prepare Students for College

- Provide robust funding for effective pipeline programs like GEAR UP and TRIO and expand pre-K investments
- Maintain strong federal partnership with colleges and universities to transform the preparation of America's teachers and school leaders

Foster Degree Completion for California's Diverse Population

- Maintain strong support for Hispanic, Asian American and Native American Pacific Islander-serving institutions
- Support the needs of America's veterans on campus and smooth their transition to the civilian workforce

Educate Students for Tomorrow's Workforce

- Support science, technology, engineering and mathematics (STEM) fields, including funding for NSF's Louis Stokes Alliances for Minority Participation and Robert Noyce Teacher Scholarship programs
- Invest in the US Department of Agriculture Hispanic-serving Institutions National Program

Solve Societal Problems through Applied Research

- Maximize opportunities for comprehensive universities to compete for federal resources, including STEM programs included in the America COMPETES Act
- Maintain strong NSF, NIH, Department of Energy and NIST funding
- Invest in Hispanic-serving agricultural colleges and universities (HSACU) and non-land-grant colleges of agriculture (NLGCA) programs

Enhance Campus Infrastructure, Health and Safety

- Fund US Justice Department programs that provide grants to assist campuses with addressing sexual violence
- Support investments in US Economic Development Administration infrastructure programs that provide campuses opportunities to partner with their communities, improve facilities and promote strategic economic growth

Promote State and Private Support for Public Universities

- Encourage state investment in public higher education through funding incentives
- Advocate policies that promote philanthropy and a positive climate for university advancement

The committee unanimously recommended approval by the board of the proposed resolution adopting the Federal Agenda for 2016. **(RGR 01-16-01)**

Sponsored State Legislative Program for 2016

Mr. Ashley and Ms. Nichole Muñoz-Murillo, interim director for advocacy and state relations, presented this item.

Mr. Ashley reported that 20 campuses, including eight presidents, joined the Sacramento team for CSU Impact Day focusing on the Graduation Initiative. Campus delegations met with members of the Senate and Assembly to convey the recent gains in student completion rates and how they will continue to advance student success and graduation on their campuses.

Ms. Muñoz-Murillo gave an update on the 2015 sponsored legislative proposals and presented the two proposals for consideration for 2016:

- ***One-Stop Financial Aid:*** This proposal would advance the concept of a one-stop or integrated delivery model that would allow a campus to determine Cal Grant Entitlement award eligibility in conjunction with all other financial aid programs. This proposal would be advanced by working collaboratively with the California Community Colleges, University of California, Association of Independent California Colleges and Universities, and the California Student Aid Commission (CSAC) with the goal of providing clear and timely financial aid award information to students. Given the complexity of executing this concept, it should be seen as a multi-year effort that may be resolved with CSAC and/or legislation.
- ***Lottery Fund Payments:*** This proposal is intended to simplify the accounting processes associated with receiving funds by the CSU from the State Lottery Fund. It would remove burdensome and unnecessary administrative processes.

The committee unanimously recommended approval by the board of the proposed resolution adopting the Sponsored State Legislative Program for 2016. **(RGR 01-16-02)**

Trustee Faigin adjourned the meeting.

COMMITTEE ON GOVERNMENTAL RELATIONS

Legislative Update

Presentation By

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Nichole Muñoz-Murillo
Interim Director
Advocacy and State Relations

Summary

The Legislature reconvened on January 4 to continue its work on legislation carried over from 2015 and to introduce new proposals for 2016. The deadline to introduce new bills was February 19. In total, 2,086 measures were introduced since the beginning of the year, and Advocacy and State Relations (ASR) has identified 300 for further review. ASR is working with various departments in the Chancellor's Office to assess the potential impact of these bills on the CSU and its students, faculty and staff.

The two Board of Trustees sponsored proposals were introduced as bills. These measures are:

- Senate Bill 1412 by Senator Marty Block. This bill would provide the CSU the potential to increase investment earnings on its funds by creating a balanced investment portfolio. Under current law, the CSU is limited to investing in fixed-income securities. Over a four-year phase-in period, the bill would allow the CSU to invest in mutual funds and real estate investment trusts with no more than 30 percent of funds in the new investment options. The intent is to boost funding for CSU deferred maintenance and infrastructure needs through the increased earnings.
- Assembly Bill 2215 by Assembly Members Jose Medina and Catharine Baker. This bill would make a technical change to government code regarding how the State Controller's Office distributes state lottery funds to the CSU.

ASR will provide additional updates and analysis regarding impactful legislative proposals as they arise.

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

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

March 9, 2016

Presiding: Lou Monville, Chair

9:30 a.m. Board of Trustees Dumke Auditorium

Call to Order

Roll Call

Public Speakers

Chair's Report

Chancellor's Report

Report of the Academic Senate CSU: *Chair—Steven Filling*

Report of the California State University Alumni Council: *President—Dia S. Poole*

Report of the California State Student Association: *President—Taylor Herren*

Board of Trustees

Consent Agenda

1. Approval of the Minutes of the Board of Trustees Meeting of January 27, 2016
2. Election of Five Members to the Committee on Committees for 2016-2017, *Action*
3. General Counsel's Annual Litigation Report, *Information*
4. Approval of Committee Resolutions as follows:

*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. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

Committee on Campus Planning, Buildings and Grounds

1. Amend the 2015-2016 Capital Outlay Program for Parking Lot C Reconfiguration for California State Polytechnic University, Pomona, *Action*
2. Amend the 2015-2016 Capital Outlay Program for Parking Lot N for California State University, San Bernardino, *Action*
3. Amend the 2015-2016 Capital Outlay Program for South Parking Facility Improvements for San José State University, *Action*

Committee on Institutional Advancement

1. Naming of the Ramiro Compean and Lupe Diaz Compean Student Union – San José State University, *Action*
2. Naming of Bob Bennett Stadium – California State University, Fresno, *Action*
3. Naming of the John D. Welty Center for Educational Policy and Leadership California State University, Fresno, *Action*

Committee on Finance

2. Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments for a Project at California State University, San Bernardino, *Action*
3. Conceptual Approval of a Public/Private Partnership Mixed-Use Development Project at California State University, Fullerton, *Action*
4. Conceptual Approval of a Public/Private Partnership Faculty Staff Housing Development Project at California Polytechnic State University, San Luis Obispo, *Action*
5. Conceptual Approval of a Public/Private Partnership Junior Giants Urban Youth Academy at San Francisco State University, *Action*
6. Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments to Refinance and Restructure State Public Works Board Debt, *Action*

Committee on Educational Policy

1. Academic Planning, *Action*

Committee on University and Faculty Personnel

1. Executive Compensation: President – California State University Channel Islands, *Action*
2. Executive Compensation: President – California State University, Chico, *Action*

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Discussion

5. Conferral of the Title of Trustee Emerita—Margaret Fortune, *Action*

11:00 a.m. Board of Trustees—Closed Session Munitz Conference Room
Executive Personnel Matters
Government Code §11126(a)(1)

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**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**

January 27, 2016

Trustees Present

Lou Monville, Chair
Rebecca D. Eisen, Vice Chair
Silas Abrego
Kelsey Brewer
Adam Day
Douglas Faigin
Debra S. Farar
Margaret Fortune
Lillian Kimbell
J. Lawrence Norton
Peter Taylor
Steven Stepanek
Maggie K. White
Timothy P. White, Chancellor

Chair Monville called the meeting of the board of trustees to order.

Public Comment

The board of heard from several individuals during the public comment period: Richard Shave, CSULA community, spoke regarding ongoing noise issues; Elena Macias, faculty, CSULB, spoke about AB 2000; Gabriela Amel Peralta, student, CSULA, spoke about AB 2000; Pat Gantt, president, CSUEU spoke about inclusivity and opportunity; Loretta Seva'aetasi, vice president, CSUEU, addressed the board regarding impact and workload on staff; Rocky Sanchez, bargaining unit 7 representative CSUEU spoke about IRP (in range progression); Neil Jaklin, President of organizing, CSUEU, also spoke about IRP and the process; John Lee, student, CSULB, COUGH member spoke about tobacco free policies; Shanna Dayan, student, CSU, San Diego, COUGH member spoke about smoke and tobacco-free policies; Jennifer Eagan, East Bay CFA president, spoke about policies that effect staff.

Report from the California State Student Association

CSSA President Taylor Herren complete report can be viewed online at the following URL:
<http://www.csustudents.org/public-resources/public-documents/reports/>

Chair's Report

Chair Monville's complete report can be viewed online at the following URL:

<http://calstate.edu/BOT/chair-reports/jan2016.shtml>

Chancellor's Report

Chancellor Timothy P. White's complete report can be viewed online at the following URL:

<http://calstate.edu/bot/chancellor-reports/160127.shtml>

Report of the Academic Senate CSU

CSU Academic Senate Chair, Steven Filling's complete report can be viewed online at the following

URL: http://www.calstate.edu/AcadSen/Records/Chairs_Reports/documents/ChairsBoardofTrusteesReportJan2016.pdf

Report of the California State University Alumni Council

Alumni Council President, Dia S. Poole's complete report can be viewed online at the following

URL: <http://www.calstate.edu/alumni/council/bot/20160127.shtml>

Board of Trustees

The minutes of the meeting of November 18, 2015 were approved as submitted.

Chair Monville moved all the consent items for approval. There was a second. The Board of Trustees approved all of the resolutions on the Consent Agenda as set forth below. It is noted that Trustee Peter Taylor was a no vote on Item 1, Committee on Organization and Rules, Amendment to the California State University Board of Trustees' 2016 Meeting dates.

The Board of Trustees approved the following resolutions:

Committee on Campus Planning, Building and Grounds

Amend the 2015-2016 Capital Outlay Program for California State University, Fullerton, California State University, Long Beach, California State University, Northridge, California State University, Sacramento, and San Diego State University (RCPBG 01-16-01)

RESOLVED, by the Board of Trustees of the California State University, that the 2015-2016 Capital Outlay Program be amended to include:

1. \$14,745,000 for preliminary plans, working drawings, and construction for the California State University, Fullerton Solar Photovoltaic Array with a solar bid response less than or equal to projected investor owned utility rates;

2. \$5,250,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Fullerton One Banting Tenant Improvements;
3. \$18,000,000 for preliminary plans, working drawings, and construction for the California State University, Long Beach Parking Lots 7 and 14 Solar Photovoltaic with a solar bid response less than or equal to projected investor owned utility rates;
4. \$5,000,000 for preliminary plans, working drawings, and construction for the California State University, Long Beach Parking Lot 7 Expansion;
5. \$5,000,000 for preliminary plans, working drawings, and construction for the California State University, Northridge Bookstore Renovation;
6. \$48,911,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Sacramento Parking Structure V;
7. \$4,500,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Sacramento Folsom Hall Renovation;
8. \$981,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Sacramento Lassen Hall Elevator;
9. \$1,000,000 for preliminary plans, working drawings, and construction for the California State University, Sacramento Eureka Hall Network Cabling; and
10. \$2,585,000 for preliminary plans, working drawings, and construction for the San Diego State University Entrance Elements.

Approval to Set Aside and Vacate the 2007 Campus Master Plan Revision and Partially Decertify the Environmental Impact Report for San Diego State University (RCPBG 01-16-02)

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

1. The Board of Trustees hereby sets aside and vacates its November 14, 2007, approval of the San Diego State University Campus Master Plan Revision (“Project”) and its findings.
2. The Board of Trustees hereby decertifies the EIR for the Project but only with respect to the specific issues described in paragraph 3 (a) through (c) below.

3. Prior to taking any action to reapprove the Project, the Board of Trustees, in any EIR, will proceed in accordance with the standards and procedures required by CEQA, including its provisions for public comment, and will make all required findings in good faith and on the basis of substantial evidence as to those issues described in paragraph 3 (a) through (c) below:
 - (a) Traffic: In response to the decision rendered by the California Supreme Court on August 3, 2015 (Case No. S199557), the Board of Trustees, based on a re-evaluation of the off-site mitigation measures and further good faith negotiations with the City of San Diego, the San Diego Association of Governments, and the San Diego Metropolitan Transit System, will reassess San Diego State University's fair share of such mitigation costs (and, based on the record here, forego financial infeasibility arguments as to such costs in this case), consistent with the views expressed in the Supreme Court's decision;
 - (b) Transit: The Board of Trustees will evaluate the potential transit impacts of the Project consistent with CEQA and the directives contained in the decision rendered by the Court of Appeal on December 13, 2011 (D057446); and
 - (c) Transportation Demand Management: The Board of Trustees will re-evaluate the transportation demand management mitigation measure in the Final EIR consistent with the directives contained in the decision rendered by the Court of Appeal on December 13, 2011 (D057446).

Committee on Audit

Assignment of Functions to Be Reviewed by the Office of Audit and Advisory Services for Calendar Year 2016 (RAUD 01-16-01)

RESOLVED, By the Committee on Audit of the California State University Board of Trustees that the 2016 internal audit plan, as detailed in Agenda Item 1 of the Committee on Audit at the January 25-27, 2016 meeting, be approved.

Committee on Educational Policy

Recommended Amendment to Title 5 Regarding AB 2000 (REP 01-16-01)

RESOLVED by the Board of Trustees of the California State University that the following section be amended to Title 5 of the California Code of Regulations:

Title 5. California Code of Regulations
Division 5. Board of Trustees of the California State Universities
Chapter 1. California State University
Subchapter 5. Administration
Article 4. Nonresident Tuition
§ 41906.5. Nonresident Tuition Exemption for California High School Students

(a) Any student, other than a student who is nonimmigrant alien under Title 8, United States Code, Section 1101(a)(15), shall be exempt from paying nonresident tuition at any California State University campus if he or she:

~~(1) Attended high school in California for three or more years.~~

(1) Satisfied either of the following:

(A) High school attendance in California for three or more years (grades 9-12); or

(B) Attainment of credits earned in California from a California high school, with those credits being equivalent to three or more years of full-time high school coursework, and a total of three or more years of attendance in California elementary schools, California secondary schools, or a combination of those schools.

(2) Graduated from a California high school or attained the equivalent of such graduation; and

(3) Registered for or enrolled in a course offered by a California State University campus for any term commencing on or after January 1, 2002.

(b) Any student seeking an exemption under subdivision (a) shall complete a questionnaire furnished by the California State University campus of enrollment verifying eligibility for this nonresident tuition exemption and may be required to provide verification documentation in addition to the information required by the questionnaire. Nonpublic student information so provided shall not be disclosed except pursuant to law.

(c) In addition to the requirements of subdivision (a), any student without lawful immigration status shall file with the California State University campus an affidavit of enrollment on a form furnished by the campus stating that he or she has filed an application to legalize his or her immigration status or will file such an application as soon as he or she is eligible to do so.

(d) A student seeking this tuition exemption has the burden of providing evidence of compliance with the requirements of this section.

(e) Nothing herein modifies eligibility standards or requirements for any form of student financial aid.

Title 5. California Code of Regulations
Division 5. Board of Trustees of the California State Universities
Chapter 1. California State University
Subchapter 5. Administration
Article 4. Nonresident Tuition
§ 41906.6. Nonresident Tuition Exemption for Crime Victims.

Students who are victims of trafficking, domestic violence, and other serious crimes who have been granted T or U visa status, under Title 8, United States Code, Sections 1101(a)(15)(T) or (U), are exempt from paying nonresident tuition if they: (1) ~~attended high school in California for three or more years, satisfied either of the following: (A) high school attendance in California for three or more years (grades 9-12), or (B) attainment of credits earned in California from a California high school, with those credits being equivalent to three or more years of full-time high school coursework, and a total of three or more years of attendance in California elementary schools, California secondary schools, or a combination of those schools;~~ (2) graduated from a California high school or attained the equivalent; and (3) registered as an entering student or are currently enrolled at a CSU campus.

Committee on University and Faculty Personnel

Executive Compensation: President – San José State University (RUF 01-16-01)

RESOLVED, by the Board of Trustees of the California State University, that Dr. Mary Papazian shall receive a salary set at the annual rate of \$371,000 effective the date of her appointment as president of San José State University; and be it further

RESOLVED, that Dr. Mary Papazian shall receive additional benefits as cited in Item 1 of the Committee on University and Faculty Personnel at the January 25-27, 2016 meeting of the Board of Trustees.

Executive Compensation: President – Sonoma State University (RUF 01-16-02)

RESOLVED, by the Board of Trustees of the California State University, that Dr. Judy K. Sakaki shall receive a salary set at the annual rate of \$298,000 and an annual housing allowance of \$60,000 effective the date of her appointment as president of Sonoma State University; and be it further

RESOLVED, that Dr. Judy K. Sakaki shall receive additional benefits as cited in Item 2 of the Committee on University and Faculty Personnel at the January 25-27, 2016 meeting of the Board of Trustees.

Committee on Organization and Rules

Amendment to the California State University Board of Trustees' 2016 Meeting Dates (ROR 01-16-01)

RESOLVED, By the Board of Trustees of The California State University, that the following amended schedule of meetings for 2016 is adopted:

2016 Meeting Dates

January 26-27, 2016	Tuesday – Wednesday	Headquarters
March 8-9, 2016	Tuesday – Wednesday	Headquarters
May 24-25, 2016	Tuesday – Wednesday	Headquarters
July 19-20, 2016	Tuesday – Wednesday	Headquarters
September 20-21, 2016	Tuesday – Wednesday	Headquarters
November 15-16, 2016	Tuesday – Wednesday	Headquarters

Committee on Institutional Advancement

Annual Report on Philanthropic Support for 2014-2015 (RIA 01-16-01)

RESOLVED, by the Board of Trustees of the California State University, that the Annual Report on Philanthropic Support for 2014-2015 be adopted for submission to the California Joint Legislative Budget Committee and the California Department of Finance.

Committee on Governmental Relations

Federal Agenda for 2016 (RGR 01-16-01)

RESOLVED, by the Board of Trustees of the California State University, that the Federal Agenda for 2016 be adopted.

Sponsored State Legislative Program for 2016 (RGR 01-16-02)

RESOLVED, by the Board of Trustees of the California State University, that the legislative proposals described in this item are adopted as the 2016 Board of Trustees' Legislative Program.

Following approval of the consent agenda, Chair Monville presented an action item to confer the title of Trustee Secretariat Emerita to Leticia Hernandez in recognition of her many years of dedicated service to the CSU and Board of Trustees. The following resolution was approved.

Board of Trustees

Conferral of the Title of Trustee Secretariat Emerita—Leticia Hernandez (RBOT 01-16-01)

WHEREAS, Leticia Hernandez joined the California State University Chancellor's Office in April 1992 as the assistant to Mr. William Dermody, Chief of Staff to Chancellor Barry Munitz, and was later appointed as the Trustee Secretariat in January 2001, and served ably for 23 years; and

WHEREAS, Ms. Hernandez, as assistant to the Chancellor's Chief of Staff from 1992 to 2001, provided exemplary service and organization to the Executive Office assisting with numerous presidential searches during her tenure; and

WHEREAS, Ms. Hernandez, as Trustee Secretariat to the Board of Trustees from 2001 through 2015, demonstrated strong leadership and collegiality with trustees, presidents, elected officials, CSU staff, students, faculty and the community; and

WHEREAS, Ms. Hernandez brought a keen attention to detail and successfully streamlined many Board of Trustees' processes enhancing efficiency and productivity of board meetings; and

WHEREAS, Ms. Hernandez served as an excellent leader and ambassador of the CSU among her professional peers in her involvement with the National Association of Governing Boards of Universities and Colleges; and

WHEREAS, Board members, CSU students, faculty, staff and members of the public over the past 15 years are profoundly grateful for Ms. Hernandez's astute, professional and thoughtful leadership during her tenure as Trustee Secretariat ensuring the CSU Board of Trustees continued to serve as an example of highly efficient and effective board governance; now, therefore, be it

RESOLVED, by the Board of Trustees of the California State University, that the title of Trustee Secretariat Emerita be conferred on Leticia Hernandez, with all the rights and privileges thereto.

Chair Monville called on Trustee Abrego to present Item 3, Exemption from Post-Retirement Employment Waiting Period, from the Committee on University and Faculty Personnel. Trustee Abrego stated the committee recommended approval of the resolution. The following resolution was approved.

Exemption from Post-Retirement Employment Waiting Period (RUFP 01-16-03)

RESOLVED, by the Board of Trustees of the California State University, that Dr. Andrew Zed Mason is exempt from the 180-day waiting period and is eligible to be employed as a rehired annuitant following the date of his retirement as cited in Agenda Item 3 of the Committee on University and Faculty Personnel at the January 25-27, 2016, meeting of the CSU Board of Trustees.

BOARD OF TRUSTEES

Election of Five Members to the Committee on Committees for 2016-2017

Presentation By

Lou Monville
Chair of the Board

Summary

At the January 25-27, 2016 meeting of the CSU Board of Trustees, five trustees were nominated to serve as members of the Committee on Committees for the 2016-2017 term.

The following resolution is recommended for approval:

RESOLVED, By the Board of Trustees of The California State University, that the following trustees are elected to constitute the board's Committee on Committees for the 2016-2017 term:

Debra S. Farar, Chair
Adam Day, Vice Chair
Kelsey Brewer
Lou Monville
J. Lawrence Norton

BOARD OF TRUSTEES

General Counsel's Annual Litigation Report

Presentation By

Fram Virjee
Executive Vice Chancellor and General Counsel

Summary

Attached with this item is the Office of General Counsel's (OGC) annual report on the status of significant litigation confronting the California State University (CSU), and is presented for information. "Significant" for purposes of this report is defined as litigation: (1) with the potential for a systemwide impact on the CSU; (2) that raises significant public policy issues; (3) brought by or against another public agency; or (4) which, for other reasons, has a high profile or is likely to generate widespread publicity.

The cases contained in this report have been selected from 107 currently active litigation files.

Board of Trustees Annual Litigation Report 2016

Channel Islands

Matter Name and Number	Borgstrom v. CSU, et al. (15-1208)		
Date Filed	08/31/2015	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, Ventura	Case/Docket #	56-2015-00471716-CU-PT-VTA
Litigation Report Text	<p>Petitioner Daniel Borgstrom is a former police officer at CSUCI who was terminated for falsifying time cards. In addition to appealing his termination to the State Personnel Board ("SPB"), Borgstrom filed a petition for writ of mandate or injunctive relief, asking the Court to find that CSU and Channel Islands police chief John Reid violated the police officer's "bill of rights." The petition alleged the chief improperly interrogated Borgstrom and improperly denied him a promotion, and requested the CSU retroactively promote Borgstrom to sergeant as of 2013. The petition further requested that the Court hold that Borgstrom's termination was based on evidence that was used in violation of the statute of limitations for discipline, and order that evidence suppressed in the SPB matter. Plaintiff dismissed the writ without prejudice midway through discovery.</p>		

Matter Name and Number	Khosh v. CSU, et al. (14-0084)		
Date Filed	01/09/2014	Matter Type	Personal Injury (Lit)
Court/Forum	Superior Court of State of California, Ventura	Case/Docket #	56-2014-00447304-CU-
Litigation Report Text	<p>On March 16, 2013, Al Khosh, an employee of an outside electrical contractor, sustained catastrophic arc flash burn injuries while working on a construction project on the CSUCI campus. Following the accident, Khosh sued CSU, the general contractor, and the electrical subcontractor, alleging three causes of action: general negligence, product liability, and premises liability. Thus far, Khosh has already incurred nearly \$5,000,000 in medical bills. The general contractor filed a motion for summary judgment, arguing that it was not liable because it acted only in a general supervisory role, and the Court granted it. Plaintiff has indicated that he will appeal that ruling, which will likely stay the case pending appeal. The case remains in the discovery phase.</p>		

Chico

Matter Name and Number	CSU v. Pacific Gas & Electric Company (14-0156)		
Date Filed	02/04/2014	Matter Type	Environmental (Lit)

Court/Forum	Superior Court of State of California, Butte	Case/Docket #	161356
Litigation Report Text	The campus and its Research Foundation have sued PG&E to recover money spent on costly remedial activities and disposal of waste discovered during the construction of an activity center on the Chico campus. The waste was created by an old manufactured gas plant. PG&E is responsible for the manufactured gas plant. The Court vacated all dates so the parties can pursue ongoing settlement discussions. The case is in the discovery phase.		

Matter Name and Number	Fayek v. CSU, et al. (13-0798)		
Date Filed	06/19/2013	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, Butte	Case/Docket #	159799
Litigation Report Text	Plaintiff, Abdel-Moaty Fayek, was a faculty member in the Department of Computer Science. He contends he entered into a self-funded buy out agreement with the campus where he would gain industry experience while on an approved leave. From approximately 1997 to 2006, plaintiff received his campus salary and reimbursed it to the Research Foundation as part of the alleged agreement. The campus discovered this arrangement and immediately contacted CalPERS and the State Controller's Office to correct the employee's payroll records. Plaintiff has sued the campus, the Research Foundation, three individual defendants and CalPERS to restore his service credit. The Court granted CSU Defendants' motion challenging all claims except one, and dismissing CalPERS. Plaintiff accepted CSU's offer of \$27,000 to resolve the remaining claim, and the Court entered judgment. Plaintiff is appealing the CSU motions dismissing the claims against CSU and CalPERS.		

Matter Name and Number	Feaster, et al. v. CSU Chico, et al. (14-0358)		
Date Filed	03/27/2014	Matter Type	Other (Lit)
Court/Forum	Superior Court of State of California, Butte	Case/Docket #	161637
Litigation Report Text	Over the past several years, community member Jeff Sloan has issued a number of California Public Records Act requests to CSU Chico regarding emails sent and received by several CSU employees who also hold positions or roles with the Chico Unified School District. CSU agreed to provide some responsive documents, and the School District objected. The School District then filed a petition for writ of mandate, seeking a court ruling that CSU Chico is not legally required to produce emails that pertain to School District business. The case was referred to a special master, who issued a recommendation finding that the records were indeed public records and overruling most of the School District's claimed exemptions. The parties then stipulated to release most of the records to Mr. Sloan. The court then dismissed the petition, reserving jurisdiction over the issue of entitlement to attorney's fees and costs. The District agreed to pay CSU's court costs, and CSU is now out of the case.		

Matter Name and Number	Lor, et al. v. CSU, et al. (14-0826)		
Date Filed	06/26/2014	Matter Type	Personal Injury (Lit)
Court/Forum	Superior Court of State of California, Butte	Case/Docket #	162480

Litigation Report Text	On August 27, 2013, Pa Houa Lor, a student at CSU Chico, was struck by two falling tree limbs while sitting in a courtyard on the CSU Chico campus. Ms. Lor died as a result of the injuries she sustained. The complaint, filed by Ms. Lor's parents, is asserted against the University, as well as Richard's Tree Service, Inc., the CSU vendor responsible for tree maintenance at CSU Chico. The single cause of action is for wrongful death. Co-defendant Richard's Tree Service cross-claimed against CSU for equitable indemnity. Richard's Tree Service filed a motion for summary judgment, arguing that it did not owe a duty to plaintiff, and that the limb that caused plaintiff's death fell from a natural, undetectable cause unrelated to any work done by Richard's. That motion will be heard in March 2016. The case is in the discovery stage.
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Matter Name and Number	Schmidt v. CSU, et al. (10-0569)		
Date Filed	04/27/2010	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, Butte	Case/Docket #	150151
Litigation Report Text	Diane Schmidt, a tenured faculty member in the Department of Political Science and Public Administration, sued the CSU, four of her faculty colleagues and the former Vice Provost for Faculty Affairs for discrimination, harassment, retaliation and intentional infliction of emotional distress based on failure to accommodate her disability. CSU's motion for summary judgment was granted on August 26, 2011. Plaintiff appealed. The appellate court remanded the case to the trial court after finding a factual dispute as to whether a settlement agreement operated to waive plaintiff's claims. The trial court granted CSU's motion to bifurcate the trial, to first address whether plaintiff was fraudulently induced to sign the settlement agreement at issue. CSU received a complete defense verdict in the jury trial of the fraudulent inducement issue, and pursuant to a settlement of subsequent grievances, CSU waived costs from suit.		

Dominguez Hills

Matter Name and Number	Butts v. CSU, et al. (09-0260)		
Date Filed	12/31/2008	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, Los Angeles	Case/Docket #	TC 022325

Litigation Report Text	<p>Sheila Butts was the Director of Alumni Relations at CSUDH. She alleges age, gender, and race discrimination, harassment, and retaliation arising out of her non-retention from this MPP position. She had been employed on campus in various positions for the previous 27 years. She also alleges violation of the Equal Pay Act. On June 13, 2012, after a month-long trial, the jury returned a unanimous verdict in favor of CSU. In September 2012, Butts appealed the judgment against her.</p> <p>The appellate court reversed the trial court judgment with respect to its holdings on the plaintiff's right to claim retreat rights under California Code of Regulations, Title V section 42723 as an MPP employee who had permanent status prior to January 1, 1984. The appellate court remanded the case to the trial court for proceedings to determine the plaintiff's right to claim retreat rights. Once the case was remanded back to the trial court, plaintiff filed an amended complaint which includes discrimination allegations and an independent claim for damages for denying her retreat rights under Title V, Section 42723. CSU filed an opposition attempting to dismiss the amended complaint, but the court granted plaintiff's right to proceed with her complaint. CSU has answered the complaint. The case is in the discovery stage with no trial date set.</p>
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East Bay

Matter Name and Number	City of Hayward v. CSU* LEAD CASE (09-1195)		
Date Filed	10/29/2009	Matter Type	Environmental (Lit)
Court/Forum	California Court of Appeal	Case/Docket #	RG09-480852

Litigation Report Text	<p>The City of Hayward filed a CEQA challenge to the 2009 CSUEB Master Plan Environmental Impact Report, claiming the University failed to adequately analyze impacts on public services, including police, fire, and emergency services. The City demanded that the University provide funding for additional fire facilities.</p> <p>The Hayward Area Planning Association and Old Highlands Homeowners Association, two local residential homeowners' associations, filed a second CEQA challenge to the 2009 CSUEB Master Plan EIR, alleging shortcomings in nearly every aspect of the environmental findings, with an emphasis on the University's alleged failure to consider bus and other improvements to public transit access to the campus. On September 9, 2010, the trial court ruled in favor of the petitioners on nearly every issue and enjoined the University from proceeding with construction. The University appealed.</p> <p>In June 2012, the Court of Appeal ruled the CSU East Bay Master Plan EIR is adequate, except for failing to analyze impacts on local recreational facilities. The Court's ruling includes a finding that CSU's determination that new fire protection facilities will not result in significant environmental impacts was supported by substantial evidence. Importantly, the Court also held that the obligation to provide adequate fire and emergency services is the responsibility of the City of Hayward, and the need for additional fire protection services is not an environmental impact that CSU must mitigate. The City and HAPA/OHHA filed a petition for review with the California Supreme Court.</p> <p>Following the California Supreme Court's decision in the City of San Diego matter, on October 14, 2015, the Court transferred the case back to the Court of Appeal.</p> <p>After further briefing, the Court of Appeal largely reissued its original decision, reiterating that the obligation to provide adequate fire and emergency services is the responsibility of the City of Hayward, and the need for additional fire protection services is not an environmental impact that CSU must mitigate.</p> <p>In January 2016, the City filed a new Petition for Review with the Supreme Court. A ruling on this Petition is expected in March 2016.</p>
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Matter Name and Number	Hayward Area Planning Assoc. v. CSU (09-1196)		
Date Filed	11/02/2009	Matter Type	Environmental (Lit)
Court/Forum	Superior Court of State of California, Alameda	Case/Docket #	RG09-481095
Litigation Report Text	See Matter no. 09-1195		

Matter Name and Number	Liu v. CSU (12-1140)		
Date Filed	08/10/2012	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, Alameda	Case/Docket #	HG12643064

Litigation Report Text	<p>Jerry Liu, a former East Bay Assistant Professor of Finance, was denied tenure and promotion. He filed this national origin discrimination, hostile work environment, and retaliation claim arguing his failure to advance resulted from having blown the whistle on alleged favoritism and various financial irregularities in the College of Business and Economics, and for filing various grievances, discrimination complaints, and participating anonymously in the Dean's five-year review. Liu was also disciplined (suspended and then terminated during his terminal year) for a wide variety of escalating and disruptive, harassing, disturbing and threatening behaviors toward colleagues, administrators and staff.</p> <p>After a month long jury trial ending in April 2014, the CSU prevailed with a complete defense verdict and an award of its costs in the amount of \$42,615.00 against Liu. Liu appealed the verdict.</p> <p>On July 1, 2015, the Court of Appeal affirmed the judgment against Liu. On September 9, 2015, the California Supreme Court denied Liu's petition for review, ending this litigation.</p>
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Fresno

Matter Name and Number	O'Brien v. Welty, et al. (12-1446)		
Date Filed	11/14/2012	Matter Type	Student (Lit)
Court/Forum	United States District Court, Fresno	Case/Docket #	12-cv-02017-AWI-DLB
Litigation Report Text	<p>Student Neil O'Brien filed a civil rights complaint against university administrators and faculty members, alleging they violated his First Amendment rights when they reported him to campus police after he videotaped them without consent. He also claims campus administrators violated his due process rights during a student disciplinary process which resulted in his probation. The CSU filed a motion to dismiss the complaint which was granted by the court without leave to amend. The court entered judgment on behalf of the defendants and dismissed the case. O'Brien appealed to the Ninth Circuit. The Ninth Circuit heard oral arguments in September 2015 and is expected to reach a decision within several months.</p>		

Fullerton

Matter Name and Number	Case v. CSU, et. al. (15-0176)		
Date Filed	01/13/2015	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, Orange	Case/Docket #	30-2015-00765845-CU-

Litigation Report Text	Eve Himmelheber and Debra Lockwood, female tenured faculty members in the Department of Theatre and Dance, and Evelyn Case, a lecturer in the Department of Theatre and Dance, complain of gender discrimination, Labor Code violations, and discrimination in violation of public policy on the grounds that each of them are paid less than male employees performing the same work. CSU successfully moved to have the three lawsuits consolidated into one, and the case is in the discovery phase. Trial is set for October 3, 2016.
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Matter Name and Number	Dell'Osso v. CSU, et al. (14-1025)		
Date Filed	07/29/2014	Matter Type	Student (Lit)
Court/Forum	Superior Court of State of California, Orange	Case/Docket #	30-2014-00736841
Litigation Report Text	Gary Dell'Osso, a former student, alleged liability based on Government Code section 815.2 and U.S.C. section 1983 and violation of the due process clause under the U.S. and California constitutions based on his administrative graduation from Fullerton, in January 2014. He sought to be re-enrolled to complete a B.S. in Mathematics and monetary damages. Trial started on October 19, 2015. After Petitioner/Plaintiff rested his case-in-chief, CSU moved for judgment, wherein Petitioner/Plaintiff agreed to settle the matter. The matter has been dismissed and the parties are finalizing settlement.		

Matter Name and Number	Himmelheber v. CSU, et al. (15-0175)		
Date Filed	01/13/2015	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, Orange	Case/Docket #	30-2015-00765743-CU-
Litigation Report Text	Eve Himmelheber and Debra Lockwood, female tenured faculty members in the Department of Theatre and Dance, and Evelyn Case, a lecturer in the Department of Theatre and Dance, complain of gender discrimination, Labor Code violations, and discrimination in violation of public policy on the grounds that each of them are paid less than male employees performing the same work. CSU successfully moved to have the three lawsuits consolidated into one, and the case is in the discovery phase. Trial is set for October 3, 2016.		

Matter Name and Number	Lockwood v. Board of Trustees of the CSU, et al. (15-1137)		
Date Filed	08/07/2015	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, Orange	Case/Docket #	30-2015-00803333-CU-
Litigation Report Text	Eve Himmelheber and Debra Lockwood, female tenured faculty members in the Department of Theatre and Dance, and Evelyn Case, a lecturer in the Department of Theatre and Dance, complain of gender discrimination, Labor Code violations, and discrimination in violation of public policy on the grounds that each of them are paid less than male employees performing the same work. CSU successfully moved to have the three lawsuits consolidated into one, and the case is in the discovery phase. Trial is set for October 3, 2016.		

Humboldt

Humboldt

Matter Name and Number	Bolman v. CSU, et al. (15-0704)		
Date Filed	05/07/2015	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, Humboldt	Case/Docket #	DR150245
Litigation Report Text	<p>Plaintiff Jacquelyn Bolman, former director for the Center for Academic Excellence in STEM at Humboldt State, claims her First Amendment and procedural due process rights were violated, and she was retaliated and discriminated against based on her race and/or national origin (Native American) in violation of FEHA when she was nonretained in October 2014. She further claims Humboldt State failed to prevent the retaliation and discrimination. CSU removed the case to federal court and is in the discovery phase. Trial is set for January 30, 2017.</p>		

Long Beach

Matter Name and Number	Lane, et al. v. CSU (15-0600)		
Date Filed	04/07/2015	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, Los Angeles	Case/Docket #	LC102821
Litigation Report Text	<p>Plaintiffs and former CSULB faculty Brian Lane, Micheal Pounds, Maria Beatty, and Hamid Hefazi claim CSU incorrectly calculated and reported to CalPERS their salary, resulting in CalPERS under-calculating their respective retirement benefits. Plaintiffs claim CSU should have recorded monthly pay as what they earned each academic year (annual salary ÷ 9 months), which would have resulted in a larger monthly figure for purposes of determining Plaintiffs' retirement benefits with CalPERS.</p> <p>Plaintiffs Lane, Pounds, and Hefazi also claim CSU classified a portion of wages paid in their last paycheck as "final settlement pay," causing these wages to be excluded for purposes of determining Plaintiffs' "final compensation" and pension benefit. Because Lane, Pounds, and Hefazi retired during the middle of an academic year, CSU paid these them a reduced "settlement" amount for the time remaining on their appointments, through their last academic years. Plaintiffs claim this final payment was "deferred payment of regular compensation that [Plaintiffs] had previously earned," and not settlement pay, and therefore should have been added to their regular earnings to increase their pension benefits.</p> <p>Beatty does not assert a claim regarding final settlement pay because she retired effective 8/22/10, the last day of her last academic year. Therefore, Beatty did not begin the appointment or receive a settlement for the succeeding year.</p> <p>CSU has filed a motion for summary judgment. This matter is in the discovery phase pending resolution of that motion.</p>		

Los Angeles

Matter Name and Number	Park v. Board of Trustees (14-0855)		
Date Filed	05/27/2014	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, Los Angeles	Case/Docket #	BC546792
Litigation Report Text	Sungho Park, an assistant professor of education, was denied tenure due to unsatisfactory professional achievement. He sued the University for national origin discrimination and failure to prevent discrimination. The University's special motion to strike the complaint was denied by the trial court, but then granted by the Court of Appeal. The plaintiff has filed for review by the California Supreme Court.		

Monterey Bay

Matter Name and Number	Keep Fort Ord Wild v. County of Monterey, et al. (11-1411)		
Date Filed	11/10/2011	Matter Type	Environmental (Lit)
Court/Forum	Superior Court of State of California, Monterey	Case/Docket #	M114961
Litigation Report Text	Keep Fort Ord Wild filed a petition against the Fort Ord Reuse Authority and the County of Monterey alleging they failed to comply with the California Environmental Quality Act in connection with a proposed roadway project. Keep Fort Ord Wild also named CSUMB as a party because a portion of the roadway is on property that will be deeded to the campus in the future. The case has been inactive and the administrative record has yet to be prepared.		

Matter Name and Number	Nguyen v. CSU, et al. (15-0220)		
Date Filed	01/30/2015	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, Monterey	Case/Docket #	130876
Litigation Report Text	Thanh Nguyen is employed in the Police Department at CSU Monterey Bay. In 2014, the campus served Nguyen with a notice of proposed discipline. It inadvertently contained documents that had never been provided to him before. In February 2015, the campus rescinded the original notice, and reissued a second notice of discipline. Nguyen filed an appeal with the SPB and also filed a writ petition in Superior Court, alleging violations of the Public Safety Officers Procedural Bill of Rights Act. The trial court issued a ruling in favor of Nguyen. The parties then reached a settlement that resolved both the SPB appeal and the writ matter. The SPB appeal was withdrawn. The writ matter was dismissed. In exchange, CSU agreed to pay \$30,000 to Nguyen and his counsel, and to modify the discipline to a temporary demotion from Corporal to Police Officer.		

Northridge

Matter Name and Number	Serrato, et al. v. Pi Kappa Phi Fraternity, et al. (LEAD) (15-1228)		
Date Filed	07/01/2015	Matter Type	Other (Lit)
Court/Forum	Los Angeles Superior Court	Case/Docket #	BC586769
Litigation Report Text	<p>The mother and stepfather of former CSUN student Armando Villa assert claims for negligence and violation of "Matt's Law" (hazing) against CSUN, CSUN's President and CSUN's Vice President, Student Affairs, arising out of Armando's death while on a fraternity-led pledge hike. Also named are the fraternity (PKP) and various national PKP officials, and multiple PKP fraternity members. Armando's father has filed a similar companion case.</p> <p>After the cases were first transferred to Burbank, then Glendale, resulting in much delay, the court set CSU's the demurrers and motions to strike to be heard on March 11, 2016. The two cases have also now been consolidated. Discovery continues.</p>		

Office of the Chancellor

Matter Name and Number	Gibson v. CSU, et al. (13-0874)		
Date Filed	07/15/2013	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, Los Angeles	Case/Docket #	BC515192
Litigation Report Text	<p>Plaintiff Bruce Gibson was the Senior Director of Human Resource Services and Systemwide EEO & Whistleblower Compliance. CSU terminated Gibson's employment in September 2012 based on performance. This lawsuit claimed the termination was in retaliation for his having made various disclosures he claimed were protected. The matter proceeded to trial in February 2015 and the jury found in favor of CSU on all counts. Judgment was entered in CSU's favor in May 2015, and then plaintiff agreed to dismiss any right to appeal in exchange for CSU waiving its right to recover court costs after trial.</p>		

Sacramento

Matter Name and Number	Mattiuzzi v. CSUS (15-0452)		
Date Filed	05/19/2015	Matter Type	Other (Lit)
Court/Forum	Sacramento County Superior Court	Case/Docket #	34-2015-80002047
Litigation Report Text	<p>Petitioner Paul Mattiuzzi sent a Public Records Act request to CSU Sacramento, seeking records showing why a college Dean was non-retained. The campus declined to provide the records, asserting the personnel record exemption. Mattiuzzi filed suit to challenge that decision. At hearing, the judge denied the request, ruling that the campus properly withheld the personnel records, and entering judgment in favor of CSU.</p>		

Matter Name and Number	Naghash v. CSU, et al. (11-1408)		
Date Filed	11/14/2011	Matter Type	Personal Injury (Lit)
Court/Forum	Superior Court of State of California, Sacramento	Case/Docket #	34-2011-00113923
Litigation Report Text	Ashley Naghash, a freshman at CSU Sacramento, alleges she was sexually assaulted in a campus dormitory by a fellow student after she had consumed numerous alcoholic beverages. She claims that CSU failed to prevent the incident from occurring and failed to provide adequate protection in the dorm. The court granted CSU's challenge to the sufficiency of the original, first and second amended complaints, but gave plaintiff an opportunity to amend. Plaintiff did not amend her complaint and the court subsequently granted CSU's motion to dismiss and for entry of judgment. Plaintiff filed a notice of appeal. The appeal is fully briefed and under consideration by the court of appeal.		

San Bernardino

Matter Name and Number	Choi v. Aurora Wolfgang, et al. (14-1048)		
Date Filed	08/09/2014	Matter Type	Employment (Lit)
Court/Forum	United States District Court, Riverside	Case/Docket #	5:14-CV-01707
Litigation Report Text	This is the second of three concurrent cases filed by Plaintiff Myung Choi, a former tenure-track professor, stemming from a denial of promotion and tender. This federal action was filed against the individuals involved in the promotion and tenure review process and asserts claims of civil rights violations for alleged race discrimination, retaliation, violation of freedom of speech, equal protection violations, and conspiracy. In light of Plaintiff's appeal of the state court's ruling in a parallel action granting CSU's special motion to strike the complaint as an impermissible attack on protected activity, Plaintiff stipulated to stay this action pending the ruling on the appeal.		

Matter Name and Number	Choi v. CSU (14-1293)		
Date Filed	10/28/2014	Matter Type	Employment (Lit)
Court/Forum	United States District Court, Los Angeles	Case/Docket #	2:14-CV-08337-MRP
Litigation Report Text	This is the third of three concurrent lawsuits filed by Plaintiff Myung Choi, a former tenure-track professor, after a denial of tenure and promotion. In this federal action, Plaintiff alleges employment discrimination based on race and retaliation. In light of Plaintiff's appeal from the court's granting of CSU's special motion to strike the complaint as protected activity under the anti-SLAPP statutes, the court stayed this action pending the ruling on the appeal in the state court action.		

Matter Name and Number	Choi v. CSU (LEAD CASE Superior Court) (14-1035)		
Date Filed	08/13/2014	Matter Type	Employment (Lit)

Court/Forum	Superior Court of State of California, Los Angeles	Case/Docket #	BC554054
Litigation Report Text	This is first of three concurrent actions filed by Plaintiff Myung Choi, a former tenure-track professor as a result of a denial of promotion and tenure. Plaintiff alleges four claims against CSU for employment discrimination based on race, retaliation and failure to prevent discrimination and retaliation. The trial court granted CSU's special motion to strike the complaint as an impermissible attack on protected activity. Plaintiff has appealed the trial court's ruling. Briefing is complete, and the parties are awaiting scheduling of oral argument.		

Matter Name and Number	Lewis v. SPB, CSUSB, et al. (14-0750)		
Date Filed	05/08/2014	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, Los Angeles	Case/Docket #	CIVDS 1406439
Litigation Report Text	<p>This petition for administrative mandate arose from the dismissal of Police Sergeant Shannon Lewis by CSUSB, for unprofessional conduct, dishonesty and failure and refusal to perform the normal and reasonable duties of his position. Misconduct included receiving at least 26 off-campus haircuts while supposedly on duty. Lewis appealed his dismissal by CSUSB to the State Personnel Board. The Administrative Law Judge appointed by the SPB held an evidentiary hearing and sustained Lewis's dismissal. The SPB then agreed and adopted the decision of the ALJ. Lewis next petitioned the Superior Court to overturn the decision of the SPB.</p> <p>In a court trial in February 2015, the judge denied the petition and affirmed the SPB decision. Judgment in CSU's favor was entered on April 2, 2015.</p>		

San Diego

Matter Name and Number	Burns v. SDSU, et al. (14-0194)		
Date Filed	02/19/2014	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, San Diego	Case/Docket #	37201400003408CU COCT
Litigation Report Text	Former women's basketball coach Beth Burns has sued the University for breach of contract, breach of the covenant of good faith and fair dealing, and retaliation. She contends that she was forced to resign for having demanded that women's basketball be given all of the same facilities, equipment, marketing, and staffing as the men's basketball program. She further contends that the reasons given by the University were a pretext. Discovery is nearly complete. Trial is scheduled for May 27, 2016.		

Matter Name and Number	City of San Diego, et al. v. CSU -- LEAD CASE FOR DOCUMENT PURPOSES (07-1441)		
Date Filed	12/14/2007	Matter Type	Environmental (Lit)
Court/Forum	Superior Court of State of California, San Diego	Case/Docket #	37-2007-00083773- CU-MC-CTL

Litigation Report Text	Case is consolidated with 05-1170 for reporting purposes.
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Matter Name and Number	City of San Diego v. Trustees, et al. (05-1166)		
Date Filed	12/14/2007	Matter Type	Environmental (Lit)
Court/Forum	Superior Court of State of California, San Diego	Case/Docket #	GIC 855701
Litigation Report Text	SEE 05-1170. Cases have been consolidated for reporting purposes.		

Matter Name and Number	Del Cerro Action Council v. Trustees, et al. - LEAD CASE FOR (05-1170)		
Date Filed	12/14/2007	Matter Type	Environmental (Lit)
Court/Forum	Superior Court of State of California, San Diego	Case/Docket #	GIC 855643

Litigation Report Text	<p>The Environmental Impact Report ("EIR") for the 2005 SDSU Master Plan was challenged in three lawsuits filed by the City of San Diego, Alvarado Hospital and Del Cerro Neighborhood Association, each alleging the EIR did not adequately address necessary mitigation measures. The Alvarado lawsuit was dismissed.</p> <p>After the Supreme Court's City of Marina decision, SDSU prepared a revised 2007 Master Plan EIR which was challenged again by the City of San Diego, the San Diego Metropolitan Transit System and the San Diego Association of Governments. Each alleged that the EIR did not adequately address necessary mitigation measures and that the University must fund all mitigation costs, irrespective of Legislative funding. The Del Cerro lawsuit and these three lawsuits have been consolidated.</p> <p>In February 2010, the court denied the challenges to SDSU's 2007 Master Plan EIR, finding the University met all of the requirements of the City of Marina decision and CEQA by requesting legislative funding to cover the cost of local infrastructure improvements. The University is not required to fund those projects on its own, or to consider other sources of funding for them. The decision also held that the EIR properly considered potential impacts and was supported by substantial evidence, that the University properly consulted with SANDAG, and that petitioners were barred from proceeding on other sources of funding because it was not raised in the underlying administrative proceedings. Del Cerro agreed to dismiss its lawsuit for the University's waiver of costs; the City of San Diego, SANDAG and MTS appealed. On December 13, 2011, the Court of Appeal reversed the trial court's decision and ordered the Master Plan be vacated.</p> <p>The California Supreme Court granted CSU's petition to review whether CSU's determination that mitigation was infeasible satisfied its obligations under CEQA. On August 3, 2015, the Court ruled that CSU did not meet its CEQA obligations. The Court held that CSU cannot rely on the absence of separate funding from the legislature to justify a finding of infeasibility; CSU must examine other sources of funding. In reaching this decision, the Court recognized that education is a core function of the University, but that CSU must still mitigate environmental effects of its projects. The Court noted that, if we determine it is truly infeasible to mitigate off-campus effects of a project, a decision by CSU that the benefits of the project outweigh its environmental effects will be subject to review based on abuse of discretion.</p> <p>In November 2015, the trial court entered judgment for the City, SANDAG, and MTS, and issued a peremptory writ of mandate. CSU has filed its response ("return") to the writ and is awaiting the trial court's discharge of the writ.</p>
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Matter Name and Number	Doe v. Superior Court of San Diego County; CSU, et al. (15-1237)		
Date Filed	08/27/2015	Matter Type	Other (Lit)
Court/Forum	San Diego Superior Court	Case/Docket #	30-2015-00029558-CU-WM-CTL

Litigation Report Text	In August 2015, SDSU initiated student conduct proceedings against John Doe, alleging that he had violated the terms of a prior disciplinary probation and suspension held in abeyance when he used and offered drugs to a female student. In addition, John Doe was alleged to have sexually assaulted the female student. Doe was placed on an interim suspension during the pendency of the disciplinary process. Doe filed this petition, alleging that neither the investigatory findings nor the interim suspension are supported by the evidence and that he was denied due process. Doe filed an ex parte application seeking a temporary restraining order to end the interim suspension. On September 3, 2015, the trial court denied his request, finding that Doe would not likely prevail on the merits. The trial court cited Doe's extensive disciplinary record and the thoroughness of CSU's investigation. Doe appealed the trial court's decision. On September 10, 2015, the Court of Appeal denied his appeal. Subsequent to the Court of Appeal decision, and following a hearing on the merits, the campus expelled Doe. Doe has since amended his petition to challenge his expulsion, but has not yet served the amended petition. The case is still in the pleading stage.		
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Matter Name and Number	SANDAG v. CSU, et al. (07-1432)		
Date Filed	12/14/2007	Matter Type	Environmental (Lit)
Court/Forum	Superior Court of State of California, San Diego	Case/Docket #	37-2007-00083768-CU-TT-CTL
Litigation Report Text	SEE 05-1170. Cases have been consolidated for reporting purposes.		

Matter Name and Number	SDMTS v. CSU, et al. (07-1431)		
Date Filed	12/14/2007	Matter Type	Environmental (Lit)
Court/Forum	Superior Court of State of California, San Diego	Case/Docket #	37-2007-00083692-CU-WM-CTL
Litigation Report Text	SEE 05-1170. Cases have been consolidated for reporting purposes.		

San Francisco

Matter Name and Number	City and County of San Francisco v. Regents of the University of (14-0065)		
Date Filed	01/14/2014	Matter Type	Other (Lit)
Court/Forum	Superior Court of State of California, San Francisco	Case/Docket #	CPF-14-513434
Litigation Report Text	The City and County of San Francisco filed a lawsuit against the CSU, the University of California, and U.C. Hastings College of Law attempting to compel the Defendants to collect and remit to the City a 25% parking tax on all university parking spaces. Defendants asserted a sovereign immunity defense. The court ruled in favor of the Defendants and denied Plaintiff's petition. The City appealed the ruling. The appellate case is in the briefing stage.		

San Jose

Matter Name and Number	CSU v. Clark, et al. (12-0404)		
Date Filed	11/30/2011	Matter Type	Construction (Lit)
Court/Forum	Superior Court of State of California, Santa Clara	Case/Docket #	1-11-CV-214032
Litigation Report Text	<p>CSU filed this complaint for breach of contract and negligence against the architect and general contractor for plumbing repair and replacement costs for SJSU's Campus Village dormitory complex. Construction was completed in 2005. CSU has repaired or replaced major portions of the plumbing system with final repair work completed in summer 2012. CSU's complaint seeks approximately \$29 million in damages.</p> <p>CSU settled with all defendants, for a total of \$12.4 million. The case has been dismissed.</p>		

Matter Name and Number	J.A.L. v. Santos, et al. (15-0219)		
Date Filed	01/26/2015	Matter Type	Personal Injury (Lit)
Court/Forum	United States District Court, San Jose	Case/Docket #	CV 15-00355 LHK
Litigation Report Text	<p>SJSU police officers Mike Santos and Frits Van Der Hoek confronted Antonio Guzman Lopez, a homeless man holding a sharp object, on the edge of campus. After Lopez ignored their instructions and moved quickly toward Van Der Hoek, Officer Santos fired, killing Lopez. Plaintiff J.A.L. is Lopez' minor son; through his guardian ad litem, J.A.L. brings claims against Santos and Van Der Hoek, for unreasonable search and seizure, violation of due process, wrongful death and negligence.</p> <p>Depositions of expert witnesses are scheduled. CSU has filed a motion for summary judgment, asking the judge to dismiss the case in its entirety on the basis that the officers' use of force was objectively reasonable and that they have qualified immunity. The hearing on the motion has been canceled and a ruling is expected shortly. Trial is set for July 18, 2016.</p>		

Matter Name and Number	Johnson v. CSU, et al. (SJSU) (15-0641)		
Date Filed	03/17/2015	Matter Type	Personal Injury (Lit)
Court/Forum	United States District Court, San Jose	Case/Docket #	15-CV-00750 NC
Litigation Report Text	<p>Plaintiffs are parents of Gregory Johnson, Jr., an African-American who had been a student at SJSU. In November 2008, Johnson was found hanging in the basement of the fraternity house where he lived. The authorities concluded that Johnson had committed suicide. His parents have contended the death was the result of murder rather than suicide, and in February 2015, they filed a lawsuit against SJSU and the fraternity, more than six years after their son's death.</p> <p>SJSU filed a motion to dismiss the lawsuit on the basis it is time-barred, and on July 15, 2015, the court granted the motion and dismissed the lawsuit. The ruling has not been appealed, and the case is therefore closed.</p>		

Matter Name and Number	Tiggs v. CSU, et al. (15-0929)		
Date Filed	05/07/2015	Matter Type	Personal Injury (Lit)
Court/Forum	Superior Court of State of California, Santa Clara	Case/Docket #	115CV280317
Litigation Report Text	<p>Brenden Tiggs was an SJSU freshman who, in February 2014, committed suicide in his SJSU dorm room. Plaintiffs, his parents, contend SJSU was negligent in failing to monitor their son's mental and emotional health and breached its obligation to provide him a safe and secure environment.</p> <p>CSU's motion to dismiss the lawsuit on timeliness grounds was granted. The case has been dismissed. Tiggs has not yet filed any appeal.</p>		

Matter Name and Number	Williams v. CSU, et al. (SJSU) (15-1338)		
Date Filed	08/14/2015	Matter Type	Personal Injury (Lit)
Court/Forum	Superior Court of State of California, Santa Clara, Civil	Case/Docket #	115CV284396
Litigation Report Text	<p>Plaintiff Donald Williams, Jr., an African-American student at SJSU, was subjected to harassment and abuse by four of his White suitemates in Fall 2013, when he was a freshman. The incidents included putting a bike lock around his neck and referring to him as "Fraction" and "Three-Fifth." He alleges SJSU was negligent and violated his civil rights in failing to properly supervise and control the suitemates' conduct, and in failing to prevent him from being subjected to racial discrimination.</p> <p>The judge denied CSU's motion to dismiss the lawsuit. The case is in the discovery phase. On February 22, the jury verdict was announced in a related criminal prosecution of the individual defendants. The defendants were all found guilty of misdemeanor battery, but none of them was convicted of a hate crime.</p>		

San Luis Obispo

Matter Name and Number	Alliance of SLO Neighborhoods v. CSU (14-0774)		
Date Filed	06/20/2014	Matter Type	Environmental (Lit)
Court/Forum	Superior Court of State of California, San Luis Obispo	Case/Docket #	14CV0334

Litigation Report Text	Alliance of SLO Neighborhoods (ASLON), an affiliation of San Luis Obispo residents, filed suit challenging the Trustees' May 2014 approval and certification of a project Environmental Impact Report for a 1,475 bed freshman student housing complex on the southeastern edge of the Cal Poly campus. The proposed project will be located on campus land in close proximity to homes owned by ASLON members. ASLON's primary contention is that CSU failed to adequately analyze alternative project sites that would have placed the dorms further away from their homes and the surrounding community, but which would also place them further away from other student freshman housing and amenities like dining facilities, which are located near the project site. The matter was tried in April 2015. CSU prevailed and the matter was dismissed.		
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Matter Name and Number	In re: Albert Stephen Moriarty, Jr. (USBK - CA) - LEAD CASE (15-0307)		
Date Filed	09/10/2014	Matter Type	Other (Lit)
Court/Forum	United States Bankruptcy Court	Case/Docket #	9:14-ap-01131-PC
Litigation Report Text	Bankruptcy Trustee, Michael P. Klein, filed this 2014 action to recover a 2009 \$625,000 gift made by alumnus Albert Moriarty whose 2012 Chapter 7 Bankruptcy is pending in the State of Washington. Pursuant to the gift agreement, the funds were used to build a scoreboard in Spanos Stadium, bearing the name "Moriarty Enterprises" for the life of the scoreboard. The Trustee alleges that Moriarty was insolvent at the time of the gift and that it was a product of Moriarty's fraudulent conduct in connection with a Ponzi scheme. The Trustee claims that Cal Poly should have known it was benefitting from Moriarty's fraudulent activity, and alleges causes of action for avoidance of fraudulent transfer and recovery of avoided transfer. The case settled for a payment of \$480,000 by the Cal Poly Foundation on behalf of it and the University in order to purchase back the naming rights. The matter has been dismissed.		

San Marcos

Matter Name and Number	Jennum v. CSU, et al. (15-0199)		
Date Filed	01/23/2015	Matter Type	Other (Lit)
Court/Forum	Superior Court of State of California, San Diego	Case/Docket #	37-2015-00002485
Litigation Report Text	<p>Ms. Jennum is the former women's basketball coach at CSU San Marcos. She contends that the defendants wrongfully concluded after an investigation that she had discriminated against, harassed, and retaliated against players on her team on the bases of race and disability. Based on the results of this investigation, she alleges, the campus notified her that her employment was being terminated. In this lawsuit, she alleges causes of action for defamation based on the campus having disclosed her termination prior to it being final and intentional infliction of emotional distress.</p> <p>CSU challenged the complaint on the ground that her lawsuit was a strategic lawsuit against public participation ("SLAPP"). CSU filed an anti-SLAPP motion, seeking to have the case dismissed. On or about July 18, 2015, the Court granted CSU's SLAPP motion and dismissed Jennum's claims. The only remaining issue is the award of attorney's fees that CSU is to receive from the plaintiff for having to bring its motion. The parties expect a resolution of this issue by the end of March 2016.</p>		

Matter Name and Number	Mackey, et al. v. CSU, et al. (15-0596)		
Date Filed	04/06/2015	Matter Type	Student (Lit)
Court/Forum	Superior Court of State of California, San Diego	Case/Docket #	37-2015-00011529-CU-
Litigation Report Text	<p>Plaintiffs Lynette Mackey, Kianna Williams, Danielle Cooper, Sierra Smith, and Crystal Hicks, all current or former African American basketball players on the CSU San Marcos women's basketball team, filed a lawsuit alleging claims against the University and Coach Sheri Jennum for race discrimination, harassment, retaliation, and negligence.</p> <p>Mediation took place on November 4, 2015, but it was not successful. Trial is currently set for May 20, 2016.</p>		

Sonoma

Matter Name and Number	Riley v. CSU (13-0871)		
Date Filed	06/28/2013	Matter Type	Employment (Lit)
Court/Forum	United States District Court, San Francisco	Case/Docket #	C13-2983
Litigation Report Text	<p>Susan Riley, employed as Executive Assistant to the Vice President of Development, sued CSU for discrimination based on gender and age, as well as for violation of the Equal Pay Act. The case settled for \$100,000, and Riley agreed to resign in 2016.</p>		

Matter Name and Number	Sargent v. CSU (14-0715)		
Date Filed	06/06/2014	Matter Type	Employment (Lit)
Court/Forum	Superior Court of State of California, Sonoma	Case/Docket #	SCV-255399
Litigation Report Text	<p>Plaintiff Thomas Sargent, a current facilities department employee, claims he was retaliated against when he complained about alleged health and safety issues resulting from asbestos-related remediation efforts. He also claims he has been discriminated against, harassed, and retaliated against as a result of an alleged disability. The case is in the discovery phase. Trial is set for July 29, 2016.</p>		

Systemwide

Matter Name and Number	CSU v. SELF (14-1263)		
Date Filed	10/15/2014	Matter Type	Other (Lit)

Court/Forum	Superior Court of State of California, Los Angeles	Case/Docket #	BC560824
Litigation Report Text	<p>This lawsuit involves an insurance coverage dispute between CSU and School Excess Liability Fund ("SELF"). SELF is a Joint Powers Authority which provides insurance to its membership. CSU was a member of and insured by SELF. CSU alleges that SELF wrongfully and improperly refused to fully indemnify CSU in connection with five discrimination lawsuits filed against CSU while it was insured by SELF.</p> <p>The parties were required to first address the coverage dispute through non-binding arbitration. The required, but non-binding, arbitration resulted in an award of \$5.24 Million to CSU. SELF did not pay the award, and CSU filed this lawsuit seeking approximately \$7.14 Million in damages. SELF has filed a motion asking the Court to dismiss all or some of CSU's claims. SELF's motion is currently scheduled for hearing on March 28, 2016.</p>		

Matter Name and Number	Donselman, et al. v. CSU (09-0874)		
Date Filed	07/31/2009	Matter Type	Student (Lit)
Court/Forum	Superior Court of State of California, San Francisco	Case/Docket #	CGC-09-490977
Litigation Report Text	<p>Five students brought this class action to challenge the state university fee and non-resident tuition increases, and newly implemented Graduate Business Professional fee, from Fall 2009. The court granted plaintiffs' motion to certify two subclasses that exclude four campuses where fees were posted late and/or students received financial aid to cover their increased fees. The two subclasses comprise approximately 175,000 students. CSU filed writs in the Court of Appeal and the California Supreme Court to challenge the class certification decision. Both were denied. After plaintiffs changed their legal theories to add alternative contract formation arguments, CSU filed a motion to decertify the class, but that was denied. CSU prevailed on pre-trial motions dismissing the breach of implied contract claims. CSU then successfully sought bifurcation of all claims regarding the Graduate Business Professional Fee, and they were separated from the rest of the case. The remaining claim for breach of the implied covenant of good faith and fair dealing was tried to a jury in April 2015, and CSU won a defense verdict. Plaintiffs have appealed that portion of the case. In the meantime, both sides reached an amicable settlement of \$1.4 million for all claims involving the Graduate Business Professional Fee, so the claims of that subclass are resolved.</p> <p>Plaintiffs' appeal challenges of our partial summary judgment ruling and our defense verdict at trial. We have appealed the granting of class certification and the partial denial of our summary judgment motion.</p>		

Matter Name and Number	Sackos, et al. v. NCAA; NCAA Division I Member Schools; et al. (14-1264)		
Date Filed	10/20/2014	Matter Type	Student (Lit)
Court/Forum	United States District Court	Case/Docket #	1:14-CV-1710-WTL-MJD

Litigation Report
Text

This case is a collective action brought under the federal Fair Labor Standards Act, filed by Samantha Sackos (a student-athlete from the University of Houston) against the NCAA and all Division I member institutions. She alleged that the NCAA and all D-I institutions have conspired to violate the wage-and-hour laws by unlawfully failing to classify student-athletes as temporary employees. The complaint compares student-athletes to work study employment, and suggests that athletes should earn minimum wage for all time spent in athletics programs. Plaintiff contends that athletics is a non-academic function, earning her no academic credit, and is actually work that benefits the member schools and the NCAA. Plaintiff also contends that scholarship funds are not compensation. She seeks monetary damages and injunctive relief. The NCAA retained the Littler law firm (at the NCAA's expense) to represent it and all D-I institutions at the pleading stage. The preliminary strategy was to seek dismissal on various theories, such as: lack of standing; failure to state a claim; 11th Amendment immunity (for public institutions); and lack of personal jurisdiction. After the motions to dismiss were filed, the plaintiff voluntarily agreed to dismiss all public institutions from the case based on their 11th Amendment immunity. CSU is no longer a party to this case, as it and all other public institutions were dismissed in March 2015.

BOARD OF TRUSTEES

Conferral of the Title of Trustee Emerita–Margaret Fortune

Presentation By

Lou Monville
Chair of the Board

Summary

It is recommended that Trustee Margaret Fortune, whose term expires on March 31, 2016, be conferred the title of Trustee Emerita for her service. The granting of emerita status carries the title, but no compensation.

The following resolution is recommended for approval:

WHEREAS, Margaret Fortune was appointed as a member of the Board of Trustees of the California State University in 2008 by Governor Arnold Schwarzenegger, and since that time has actively served in that position; and

WHEREAS, throughout her service as a member of the Board of Trustees, she has provided a valuable voice to the consideration of matters imperative to the purpose of this system of higher education; and

WHEREAS, Ms. Fortune is a strong advocate for education in California, utilizing her capacity within the California State University to develop pathways for all students to have opportunities for a quality education and a lifetime of consequential success; and

WHEREAS, Ms. Fortune is a statewide leader in primary, secondary and higher education, serving as president and chief executive officer of the Fortune School of Education, and has dedicated her career to closing the achievement gap for underserved students, particularly in California's African American communities; and

WHEREAS, Ms. Fortune served as committee chair for Campus Building, Planning, and Grounds, vice chair for Educational Policy, and a member of the committees for Audit, Finance, Governmental Relations, Institutional Advancement, Organization and Rules, and University and Faculty Personnel during her tenure; and

BOT
Agenda Item 5
March 7-9, 2016
Page 2 of 2

WHEREAS, Ms. Fortune's service to the Board and the aforementioned committees has been influential to deliberations and decisions, so that the California State University may continue to serve the present and future good of California and its people; and

WHEREAS, it is fitting that the California State University recognize those members who have made demonstrable contributions to this public system of higher education and the people of California; now, therefore, be it

RESOLVED, by the Board of Trustees of the California State University, that this board confers the title of Trustee Emerita on Margaret Fortune, with all the rights and privileges thereto.