

S199557

SUPREME COURT
FILED

SEP 18 2012

Court of Appeal, Fourth Appellate District, Division One – No. D057446

Frank A. McGuire Clerk

Deputy

**IN THE SUPREME COURT
OF THE STATE OF CALIFORNIA**

CITY OF SAN DIEGO AND REDEVELOPMENT AGENCY
OF THE CITY OF SAN DIEGO.

Plaintiffs and Appellants,

v.

BOARD OF TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

Defendant and Respondent.

**MOTION BY APPELLANTS CITY OF SAN DIEGO AND
REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
FOR REQUEST FOR JUDICIAL NOTICE OF THEIR MOTION TO
AUGMENT THE RECORD ON APPEAL THAT WAS FILED IN
THE FOURTH DISTRICT COURT OF APPEAL**

**(DOCUMENTS ATTACHED – VOLUME 6 OF 6)
(EXHIBIT J – EXHIBIT W)**

Jan I. Goldsmith, City Attorney
Andrew Jones, Executive Assistant City
Attorney
Christine M. Leone, Chief Deputy City
Attorney

Office of the City Attorney
1200 Third Avenue, Suite 1620
San Diego, California 92101-4178
Telephone: (619) 236-6220
Facsimile: (619) 236-7215

Attorneys for Plaintiffs and Appellants
the City of San Diego and Redevelopment
Agency of the City of San Diego

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COURT OF APPEAL, STATE OF CALIFORNIA
FOURTH APPELLATE DISTRICT, DIVISION ONE

CITY OF SAN DIEGO AND
REDEVELOPMENT AGENCY
OF THE CITY OF SAN DIEGO

Plaintiffs and Appellants,

v.

BOARD OF TRUSTEES OF THE
CALIFORNIA STATE
UNIVERSITY

Defendant and Respondent.

) Court of Appeal
Case No. D057446

) San Diego Superior Court
Case Nos. GIC855643 (Lead Case)
[consolidated with Case Nos. GIC
855701; 37-2007-00083692-CU-
WM-CTL; 37-2007-00083768-CU-
TT-CTL; 37-2007-00083773-CU-
MC-CTL]

Appeal from a Judgment of the
Superior Court of the State of California
County of San Diego

The Honorable Thomas Nugent

Court of Appeal Fourth District
FILED
OCT 07 2010
Stephen M. Kelly, Clerk
DEPUTY

MOTION TO AUGMENT RECORD ON APPEAL
(DOCUMENTS ATTACHED – VOLUME 6 OF 6)
(EXHIBIT J – EXHIBIT W)

Jan I. Goldsmith, City Attorney
Donald R. Worley, Assistant City Attorney
Christine M. Leone, Chief Deputy City Attorney

Office of the City Attorney
1200 Third Avenue, Suite 1620
San Diego, California 92101-4178
Telephone: (619) 236-6220
Facsimile: (619) 236-7215

Attorneys for Petitioners/Respondents and
Appellants the City of San Diego and
Redevelopment Agency of the City of San Diego

INDEX OF EXHIBITS TO MOTION TO AUGMENT
THE RECORD ON APPEAL

- EXHIBIT A:** State of California Governor's Office May Revision 2008-09.
- EXHIBIT B:** Relevant portions of the State of California Assembly Bill 1781.
- EXHIBIT C:** State of California 2008-09 Final Budget Summary Pgs 22; 595-606 (Released 10/23/08).
- EXHIBIT D:** State of California Governor's Budget Special Session 2008-09 (Released 11/06/2008).
- EXHIBIT E:** Governor's Budget Process overview 2008-09.
- EXHIBIT F:** Governor's proposed Budget for Higher Education (Released January 2008).
- EXHIBIT G:** California Budget Committee, Agenda: Assembly Budget Subcommittee No. 2 on Education Finance, Dated May 7, 2008.
- EXHIBIT H:** State of California Governor's Budget: August 2008-09 Update, Proposed Compromise.
- EXHIBIT I:** Legislative Analyst Office, 2008-09 Budget Analysis: Education.
- EXHIBIT J:** Declaration of William Eugene Figge, Deputy District Director for Planning of the California Department of Transportation (Caltrans), dated 7/20/2009.

- EXHIBIT K:** Letter from the State of California Department of Finance to the Honorable Denise Moreno Ducheny, Chair of the State Senate Budget and Fiscal Review Committee re: Addition of and Amendment to Various Budget Bill Items, Support, California State University, dated 04/01/2008.
- EXHIBIT L:** Higher Education Compact: Agreement between Governor Arnold Schwarzenegger, the University of California, and the California State University, 2005-2011.
- EXHIBIT M:** CSU Committee on Campus Planning, Buildings and Grounds Action Item 4, July 18-19, 2006: Categories and Criteria for the State Funded Five Year Capital Improvement Program 2008/2009 – 2012/13.
- EXHIBIT N:** CSU Board of Trustees Resolution (RCPBG 07-06-13): Categories and Criteria for the State Funded Five Year-Capital Improvement Program, 2008-9 – 2012-13. July 18-19, 2006 Meeting.
- EXHIBIT O:** The California State University Office of the Chancellor Executive Order No. 876, dated July 18, 2003.
- EXHIBIT P:** The California State University Office of the Chancellor Executive Order No. 1000, dated July 1, 2007.

- EXHIBIT Q:** CSU Board of Trustees Resolution (RFIN 11-07-19): Approval of the student fees for 2008-2009 Support Budget 11/13/2007 Trustee Meeting.
- EXHIBIT R:** CSU Committee on Campus Planning, Buildings and Grounds, Action Item 5, 11/13/2007 Trustee meeting pgs 1-17, including Attachment A and Attachment B.
- EXHIBIT S:** CSU Committee on Campus Planning, Buildings and Grounds: Status Report on the Capital Outlay Program 2008-09, Item 2 1/22/2008 Trustee Meeting.
- EXHIBIT T:** Memorandum from Patrick Lenz, Assistant Vice Chancellor for Budget Development and Rodney Rideau, Budget Director to Chief Fiscal Officers of the California State University System, re: 2006/07 State of California Governor's Budget Allocations, Dated March 9, 2006.
- EXHIBIT U:** CSU Memorandum from Rodney Rideau, Director of the Budget to CSU Financial Officers, Budget Officers, Enrollment Managers, Financial Aid Directors re: 2008\09 Governor's Budget Allocations memo with Attachments A through C, dated February 13, 2008.

EXHIBIT V: CSU Committee on Campus Planning,
Buildings and Grounds Status Report on the
2008-2009 State Funded Capital Outlay
Program, Information item, Agenda Item 2.
3/11/2008 Trustee Meeting.

EXHIBIT W: CSU Committee on Campus Planning,
Buildings and Grounds Agenda and Minutes,
01/22/2008.



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Be energy efficient!*

DEPARTMENT OF TRANSPORTATION
DISTRICT 11
PLANNING DIVISION
4050 TAYLOR STREET, M.S. 240
SAN DIEGO, CA 92110
PHONE (619) 688-6681
FAX (619) 688-2511
TTY 711

I, William Eugene Figge, am the Deputy District Director for Planning in District 11 of the California Department of Transportation (Caltrans). The District 11 office is in San Diego. I have worked for Caltrans for over 30 years, and I have been in my current position for over 5 years. In my position as Deputy District Director, I supervise the Local Development-Intergovernmental Review Program (IGR Program).

The IGR Program is a statewide Caltrans program, and each Caltrans district has staff dedicated to its implementation. The program tracks local land development proposals through the CEQA process in an effort to ensure that development project traffic impacts to the State's transportation infrastructure are identified. The IGR Program reviews all development proposals in a neutral manner, without regard to the identity of the project proponent. If a proposed development has the potential to negatively impact the State Highway System, Caltrans requests through the CEQA process that the impacts be fully evaluated and, when necessary, mitigated.

Through this IGR Program, my staff and I have been continuously involved from the inception of the CEQA process for the San Diego State University campus expansion (2007 Master Plan). My office has generated numerous comment letters relating to the 2007 Master Plan's potential impacts to Caltrans infrastructure, and we have had many meetings with representatives of the California State University (CSU), especially those from the San Diego campus.

In particular, my office and CSU engaged in a series of meetings and discussions from May through September, 2007, in an effort to resolve mitigation requirements arising from the 2007 Master Plan. I was personally present at most, if not all, of these meetings. As these meetings commenced, CSU initially advocated the position that Caltrans should provide the mitigation for CSU's impacts to the State Highway System. In rejecting this surprising contention, we explained at length that Caltrans has neither the funding nor procedural means to provide mitigation for impacts arising from a project sponsored by another entity.

We further explained our view that, consistent with CEQA practice, it is the lead agency's responsibility to mitigate the impacts arising from its project. After these explanations were acknowledged by CSU, we were left with the understanding that CSU recognized its obligation to mitigate the impacts from its expansion program.

The remainder of these negotiations progressed without incident. We reached agreement on the fair share funding amount that would constitute adequate mitigation for the State Highway System. One remarkable aspect of these negotiations is that CSU made no attempt to reduce or minimize the mitigation funding amount. In my experience, I cannot recall another lead agency that made no effort to minimize the amount of funding required for mitigation.

It was not until early November, 2007, with the release of CSU's Final EIR, that we learned of CSU's formal position asserting that Caltrans is responsible for CSU's mitigation. As we had done earlier, we rejected that contention in a comment letter to CSU. Caltrans has *never* accepted responsibility for specific mitigation identified in a CEQA document required for a project permitted or approved by another entity. This CSU project is no exception.

In retrospect, this entire negotiation process appears to have been an exercise without substance. If Caltrans had understood that CSU was *not* willing to accept its mitigation responsibility, the negotiations might never have progressed beyond that point of contention. My lasting impression is that CSU never intended to accept the funding responsibility for mitigating impacts to the State Highway System. In final analysis, I do not believe that CSU acted in good faith throughout its negotiations with Caltrans.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.



Date: 7/20/2009

Executed at San Diego County, California.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of SAN DIEGO

On 7/20/2009 before me, GREG GUTIERREZ, NOTARY PUBLIC
Date Here Insert Name and Title of the Officer

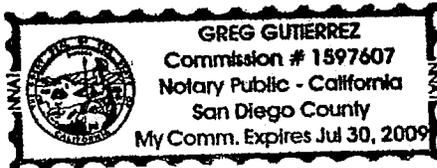
personally appeared WILLIAM EUGENE FIGGE
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Handwritten Signature]
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: DECLARATION REGARDING SDSU MASTER PLAN

Document Date: 7/20/2009 Number of Pages: 2

Signer(s) Other Than Named Above: N/A

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEBGER, GOVERNOR
STATE CAPITOL # ROOM 1145 # SACRAMENTO CA # 95814-4998 # WWW.DOF.CA.GOV

APR 01 2008

Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Addition of and Amendment to Various Budget Bill Items, Support, California State University

Amendment of Budget Bill Item 6610-002-6074 (Issue 353)

It is requested that Item 6610-002-6074 be decreased by \$5,000,000 to shift funding for two critical capital renewal projects from the proposed higher education bond, the 2008 University Capital Outlay Bond Fund, to existing bond funds.

Addition of Budget Bill Item 6610-002-6041 (Issue 354)

It is requested that Item 6610-002-6041 be added in the amount of \$5,000,000 to conform with shifting capital renewal funding for two projects from the 2008 University Capital Outlay Bond Fund to existing bond funds, the 2004 Higher Education Capital Outlay Bond Fund.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Sara Swan, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL C. GENEST
Director
By:

/s/ Vincent P. Brown

VINCENT P. BROWN
Chief Deputy Director

Attachment

cc: On following page

APR 01 2008

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzola, Staff Director
Honorable Bob Dutton, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
Honorable Julia Brownley, Chair, Assembly Budget Subcommittee No. 2
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Richard West, Executive Vice Chancellor and Chief Financial Officer, California State
University
Mr. Rodney Rideau, Budget Director, California State University

HIGHER EDUCATION COMPACT
Agreement Between Governor Schwarzenegger, the University of California, and the California
State University
2005-06 through 2010-11

The Master Plan, which has been California's blueprint for higher education for four decades, has produced the two best public systems of higher education in the world. In order to assure access, quality and affordability, the Master Plan specifies the University of California's missions as teaching, research and public service, and defines the pool of high school graduates from which the University is to admit its students. The Master Plan designates the primary function of the California State University as provision of undergraduate instruction, and defines the pool of high school graduates from which it, too, is to admit its students. In addition, the CSU mission incorporates the responsibility for applied research and community service to support business and agriculture in providing instruction opportunities for their students. By delineating the mission of each institution, the State is able to concentrate its resources within each segment to best meet priorities.

Adequate financial support for the University of California and the California State University is essential if UC and CSU are to fulfill their missions under the California Master Plan for Higher Education, contributing to a higher standard of living and better quality of life for the citizens of the state.

This Compact is based on the value of the UC and CSU to the State of California and its citizens. To ensure these institutions are well positioned to serve the State's students and industry, Governor Arnold Schwarzenegger commits to a long-term resource plan for UC and CSU that addresses base budget allocations, enrollment, student fees and other key program elements for 2005-06 through 2010-11. In exchange for this long-term stability, UC and CSU commit to focusing their resources to address long-term accountability goals for enrollment, student fees, financial aid, and program quality. To allow appropriate monitoring of progress toward these goals, UC and CSU commit to providing student and institutional outcome data in numerous program areas including program efficiency, utilization of system wide resources, and student-level information. The details of this Compact are contained in the body of this document.

State's Commitments to Provide Adequate Financial Support for UC and CSU

The following represents a phased, multi-year plan for providing sufficient basic operating and capital funding needed through the remainder of this decade to support UC's core missions of teaching, research and public service and CSU's core missions of teaching, applied research, and public service. This multi-year plan is contingent upon UC and CSU agreeing to report progress, and to sustain or improve performance on the accountability measures delineated in this agreement. This Compact is developed within the context of the fiscal crisis currently confronting the State of California. UC and CSU have faced several consecutive years of base budget cuts and unfunded cost increases. Salaries at the segments have fallen significantly behind the market, cost increases related to employee benefits, energy, libraries, instructional

technology, maintenance, and inflation have not been funded, and base budget cuts have seriously reduced the basic infrastructure of UC and CSU.

Both segments have significant unmet funding needs, both related to budget cuts over the last several decades and insufficient funding of programs critical to the academic enterprise. This Compact does not meet all of the segments' budget needs, but does provide the minimum level of funding needed to prevent further erosion to their budgets, while accommodating enrollment growth, and maintaining quality.

The Administration, UC and CSU share a deep concern for both preserving the quality of the higher education system in California, and for maintaining the ability of the segments to meet their basic missions under the Master Plan. By providing fiscal stability in the initial two years of this Compact, the State is able to prevent further erosion of support for higher education in California. Funding commitments in the third year and beyond reflect the belief that the State will return to a position of fiscal health based on moderate economic growth that will allow some recovery of vital needs for UC and CSU, such as the ability to provide competitive salaries, and to address several years of underfunding of core programs.

Basic Budget Support: The State will provide a General Fund increase of 3% to the prior year's base in both 2005-06 and 2006-07. This will help prevent further erosion in the segments' ability to fund competitive faculty and staff salaries, health benefits, maintenance, inflation, and other cost increases. Beginning in 2007-08 and through 2010-11, the State will provide a General Fund increase of 4% to the prior year's base for basic budget needs including salary increases, health benefits, maintenance, inflation, and other cost increases.

In order to help maintain quality and enhance academic and research programs, UC will continue to seek additional private resources and maximize other fund sources available to the University to support basic programs. CSU will do the same in order to enhance the quality of its academic programs.

Core Academic Support Needs: In 2008-09, 2009-10 and 2010-11, the last three years of this Compact, the State will also provide an additional 1% increase to the prior year's base to address the annual budgetary shortfalls in State funding for other instruction and research support for core areas of the budget critical to maintaining the quality of the academic program—including instructional equipment, instructional technology and libraries—and for ongoing building maintenance.

Enrollment: UC and CSU enrollment plans project enrollment increases of approximately 2.5% per year through the end of the decade. This growth rate represents an increase of 5,000 students annually at UC and 8,000 students annually at CSU. The State will provide funding for this enrollment growth at the agreed-upon marginal cost of instruction as adjusted annually. This rate of growth will allow the segments to achieve enrollment levels consistent with earlier projections for this decade. A portion of the funding in the initial years will be used to implement State support for existing summer enrollment on campuses not currently receiving State support for summer instruction.

State funding will not be provided to support an undergraduate student whose credit units within the system exceed a specified threshold above the minimum necessary to complete the degree program, consistent with the policies established by the segments in 2004-05. Both UC and CSU will phase in fee policies to charge these students full cost for excess credit units.

The policy of providing no State funding for UC to support remedial courses will be continued.

Student Fees: Following significant student fee increases during the State's budget crisis of the early 1990s, student fees did not increase at UC or CSU for seven consecutive years during the 1990's and 2001-02, and fees were actually reduced by 10% for undergraduate students and by 5% for graduate students during that time period. As a result, student fees at both segments were significantly lower than those of comparable public institutions across the nation. The State's current fiscal crisis has led once again to significant increases in student fees over the 2002-03 and 2003-04 fiscal years.

The student fee policy contained in this Compact assumes that UC and CSU will retain student fee revenue without a corresponding reduction in State funds which, together with State funds provided each year, will be used to help meet their budgetary needs as well as help the segments recover from the current fiscal crisis.

- ***Undergraduate Students.*** The Administration and segments agree that it is important to implement a more stable fee policy that recognizes the desire to keep student fee increases reasonable, while also providing adequate funding for cost increases for student fee-funded programs and preserving the quality of the universities. The Administration has proposed a long-term student fee policy that calls for increases in student fees based on the rise in California per capita personal income. However, in years in which the UC and CSU governing boards determine, based on fee policies developed by their governing boards and in consultation with the Administration, that fiscal circumstances require increases that exceed the rate of growth in per capita personal income, consistent with the Governor's proposed student fee policy, UC and CSU may decide that fee increases of up to 10 percent are necessary to provide sufficient funding for programs and to preserve quality. However, in years that the UC and CSU governing boards believe fiscal circumstances may require increases that exceed the Administration's per-capita personal income policy, the segments shall consult with the Administration about those compelling circumstances. After consultation, UC and CSU may decide that fee increases of up to 10% are necessary to provide sufficient funding for programs and to preserve quality. UC and CSU will develop their annual budget plans based on the assumption that student fees will increase by 14 percent for 2004-05, and by 8 percent for 2005-06 and for 2006-07. Thus, undergraduate fees will have increased by 10 percent per year on average over the three-year period, consistent with the intent of the Governor's proposed student fee policy. This fee policy is contingent on the provision of resources for the basic budget at the level called for in this Compact. It also is contingent on no further erosion of the segments' base budget, and it assumes that revenue from student fees will remain with UC and CSU, and will not be used to offset reductions in State support.

It continues to be the priority of the State and of UC and CSU to provide financial aid to ensure students are not denied the opportunity for a higher education because of financial barriers. An amount equivalent to no less than 20 percent and no more than 33 percent of the revenue generated from student fee increases is to be used to provide aid to needy students who qualify for financial aid, based on the federal methodology for determining need.

- **Graduate Academic Students.** It is critical that UC and CSU maintain their ability to offer competitive support packages to recruit and retain the best graduate students. UC will increase graduate student fees by 20 percent for 2004-05, while CSU will increase graduate student fees for non-teacher credential candidates by 25 percent, and will increase graduate student fees for credential candidates by 20 percent. In view of these proposed increases, fee increases for graduate students will be no less than 10 percent in both 2005-06 and 2006-07. For future years, the segments will develop plans to achieve student fee levels in graduate academic programs that consider the following factors: average cost of instruction, average fees at other public comparison institutions, total cost of attendance, market factors, the need to preserve and enhance the quality of graduate academic programs, the State's need for more graduates in a particular discipline, and financial aid requirements of graduate academic students. Revenue from student fees will remain with the segments, and will not be used to offset reductions in State support. UC and CSU will commit to make progress toward the Administration's policy expectation that graduate fees be 50 percent higher than systemwide undergraduate fees to better reflect the higher cost of instruction and relative value of graduate education to the student.
- **Professional School Students.** UC will develop plans to achieve student fee levels in professional schools that consider the following factors: average fees at other public comparison institutions, average cost of instruction, total cost of attendance, market factors, the need to preserve and enhance the quality of the professional programs, the State's need for more graduates in a particular discipline, and financial aid requirements of professional school students. Revenue from student fees will remain with the University and will not be used to offset reductions in State support.

UC Merced: The State will continue to provide one-time funds needed for initial development of the UC Merced campus. Such one-time funding will be phased out by 2010-11, when the campus is expected to reach a level of enrollment (5,000 FTES) sufficient to generate an adequate level of workload funding.

Other Budget Adjustments: The State will provide funding for other basic budget costs, such as annuitant health benefits, employer retirement contributions, and changes in debt service, in addition to the base budget support provided each year.

Capital Outlay: In addition to annual increases in State support cited above, the State will provide funding for debt service to support general obligation bonds of \$345 million per segment per year from Proposition 55 to be used to finance high priority capital outlay projects that address seismic and other life-safety needs, enrollment growth, modernization of out-of-date facilities that no longer serve the academic programs they support, and renewal or expansion of infrastructure and other facility systems that cannot accommodate ongoing needs. The

Administration will support additional General Obligation bond measures to provide funding of similar magnitude in future years of this agreement. If appropriate, the State may consider the use of lease-revenue bonds for approved projects to maintain a viable building program within prudent State debt levels. It is recognized that the annual level of funding proposed in this Compact does not meet all of the segments' capital needs. Therefore, UC and CSU will continue to use institutional resources to help meet other critical needs unmet by State funds:

One-Time Funds: As the State's fiscal situation permits, and one-time funds become available, the State may provide one-time funds to address high priority infrastructure needs, such as capital renewal of facilities and deferred maintenance needed to maintain the segments' capital assets. For UC, at least \$200 million per year is needed for systematic capital renewal of existing facilities and utilities, and the deferred maintenance backlog for high-priority projects exceeds \$500 million. For CSU, at least \$141 million per year is needed for systematic capital renewal of existing facilities and utilities, and the deferred maintenance backlog for high-priority projects exceeds \$365 million.

Initiatives: Depending on the State's fiscal situation, there may be initiatives mutually agreed upon by the segments, the Governor and the Legislature, either through legislation or through the budget process, that may be funded in addition to the basic budget funds provided to the segments as outlined above in order to meet high priority needs of the University and the State. In addition, if agreed upon by the Governor and the Legislature through the annual budget process, the State will fund the fixed cost needs of developing campuses and off-campus centers, that are not addressed in the basic funding provisions to the segments outlined above.

UC's and CSU's Commitments to Achieve Outcomes that are High Priorities for the State

It is recognized that, as a result of the significant budget reductions that have already occurred, the segments, of necessity, have introduced budgetary efficiencies and productivity measures. The outcome goals delineated in this Compact are focused on academic productivity measures needed to meet the State's highest priorities within higher education.

Because this Compact is developed in the context of several consecutive years of significant budget cuts, the segments will need some latitude in the initial years of this Compact in terms of accountability expectations. The following states the long-term goals for accountability that UC and CSU agree to achieve to the best of their ability.

Enrollment

The Master Plan specifies the mission of each public higher education segment, and defines the pool of high school graduates from which each segment is to admit its students. The Master Plan also calls for the State to provide adequate resources to accommodate enrollment.

Consistent with the Master Plan, enrollment levels at UC and CSU should match the resources provided. To the extent resources are provided consistent with this Compact, UC will maintain its commitment to the Master Plan to provide a space for the top 12.5 percent of graduating high

school seniors wishing to attend and will maintain its commitment to provide access to transfer students.

To the extent resources are provided consistent with this Compact, CSU will maintain its commitment to the Master Plan to provide a space for the top one-third of graduating high school seniors wishing to attend, and will maintain its commitment to provide access to transfer students.

The segments' highest priority for enrolled students will be to ensure they receive appropriate courses and services necessary for them to succeed in meeting their degree objective in a timely manner.

As funds are provided for normal enrollment growth, the UC and CSU will continue their efforts to achieve on all general campuses a goal of State-supported summer instruction and off-campus enrollment at least equal to 40% of the average of fall/winter/spring enrollment by 2010-11.

Course articulation for community college transfers for general education requirements has been achieved by each UC campus with all 108 community colleges. In addition, six campuses have major preparation articulation with all 108 community colleges and the remaining campuses have major preparation agreements with approximately 80 colleges and will achieve complete agreements with all 108 colleges by 2005.

Course articulation for community college transfers for general education requirements has been achieved by each CSU campus with all 108 community colleges. CSU campuses will articulate a lower division major preparation pattern of a minimum of 6 units (two courses) for each high-demand major with all 108 community colleges, and achieve complete agreement by June 2006.

The funding provided in the 2004-05 budget results in a general campus reduction from planned levels for UC of 5,000 FTES related to Chapter 228, Statutes of 2003, and an additional 3,200 FTES reduction associated with the proposal to redirect 10 percent of new freshmen to the Community Colleges. The funding provided for CSU in 2004-05 results in a general campus reduction from planned levels of 13,000 FTES related to Chapter 228, Statutes of 2003, and an additional 3,800 FTES reduction associated with the proposal to redirect 10 percent of new freshmen to the Community Colleges. It is the Administration's expectation that otherwise eligible students who are redirected to the Community Colleges will, upon successful completion of their lower-division work, transfer to a UC or CSU, where they will complete their degree. The segments will target resources to assist participating students to enhance their chances for transfer, and the segments will carefully coordinate their efforts with the Community Colleges.

The UC and CSU will continue efforts to maintain progress and improve where possible both persistence and graduation rates, and time-to-degree

The State is experiencing a critical shortfall in the number and quality of K-12 teachers in science and math. This trend must be reversed if the State is to maintain its economic viability over the next several decades. As the State's premiere science and technology research institution, with highly regarded graduate and undergraduate science and math programs, UC is

uniquely positioned to work in partnership with the State, K-12, and the business community to help reverse this trend. The California State University prepares 60 percent of the state's elementary and secondary teachers with the support of all the state agencies involved in teacher development and preparation. Therefore, the University of California shall develop in collaboration with the California State University a major initiative to improve the supply and quality of science and math teachers in the State of California and thus help better position the State for economic recovery.

The state is challenged to improve the overall quality of K-12 instruction and to produce sufficient teachers in the public school system that meet the definition of Highly Qualified Teachers capable of improving student outcomes consistent with the state's content standards. The CSU is uniquely positioned to ensure that the majority of new teachers will have the skills necessary, particularly in the areas of special education and English and language arts, to meet the demands of rigorous state standards and will continue to improve the quality and efficiency of teacher training sufficient to meet demand.

The UC and CSU have been engaged in outreach programs to improve the academic preparation of K-12 and community college transfer students for three decades and remain committed to working with K-12 schools and all higher education segments to continue their efforts. UC agrees to provide no less than \$12 million and CSU agrees to provide no less than \$45 million to support the continuation of the most effective programs. Any additional funding provided by the State would be subject to the annual budget act. The resources will be supplemented by matching private sector funds to the extent possible.

The State continues to place considerable value on high school coursework that is intended to prepare California youth for careers that will bolster the state's economy. To the extent that such courses contain appropriate academic content, such courses should be recognized by both the UC and the CSU as meeting 'a-g' subject requirements. CSU and UC have in the past and will continue to review and approve college preparatory courses that adequately integrate academic and career-technical course content.

Increasing public service to help meet community needs and fostering a citizenry that is oriented toward performing community service are high priorities for the State. The CSU and UC will strengthen programs to encourage students to participate in community service programs while they are enrolled at their campuses.

Student Fees/Financial Aid

Student fee increases will be approved by the respective governing boards as they carry out their responsibility to serve the State's students and maintain educational quality.

Any student fee policy adopted by UC and CSU governing boards should include the following considerations:

- Both the State and students must share in funding the cost of providing an education and related support services.

- To the extent the State provides the resources called for under this Compact for basic budget needs, increases in student fees should be gradual, moderate, and predictable, and should be considered in the context of total cost of attendance.
- Financial aid should be provided to ensure that needy students, as defined by federal program requirements, can afford to attend UC and CSU.

Maintaining Quality

The ability of the CSU and UC to return to a fiscally healthy position while maintaining quality will greatly enhance the State's ability to produce jobs and help the economy recover. A high priority will be given to restoring funding for competitive salaries for faculty, staff and for graduate students, and for other core areas of the budget that are critical to the instructional program and that have been significantly underfunded, such as libraries, instructional technology, instructional equipment, and building maintenance.

The UC and CSU will continue to maintain faculty workload policies that are comparable to those at other institutions. The highest priority for the UC and CSU should be to ensure that students have access to the classes they need to graduate in a timely manner.

In the interest of ensuring priority for instruction, the segments will not increase the proportion of the budget designated for administration above their current levels, assuming no significant additional administrative mandates are imposed on them.

In order to help maintain quality and enhance academic and research programs, UC will continue efforts to seek additional private resources and maximize Federal and other fund sources available to the University to support basic programs. Similarly, the CSU will continue to seek additional funds from other sources to support basic programs.

Student and Institutional Outcomes

UC will continue its efforts to achieve improved student and institutional outcomes and will place a high priority on providing needed classes so that students are able to graduate in four years or less. Similarly, the CSU will continue efforts to improve outcomes and will place a high priority on providing needed classes to reduce the time to degree.

The Administration places a high priority on student success as well as other mission related measures and seeks to foster greater student and institutional accountability through the inclusion of performance-based outcomes. In order to accomplish this, the Administration, in consultation with UC and CSU, will seek to remove barriers to these goals and, in later years of the compact, will work with the UC and CSU to establish measurable goals in areas needing improvement.

As with the K-12 system, accountability for these outcomes should be highly visible and public. This will require that timely and reliable data be collected to provide a strong foundation for sound decision-making in these matters. Therefore, the UC and CSU each agree to provide a

comprehensive single report to the Governor, Secretary of Education, the fiscal committees of the Legislature, the Legislative Analyst's Office and the Department of Finance by October of each year on the following measures that compare performance for each item for three prior years and the most recently completed academic year:

Efficiency in graduating students

- Number of undergraduate degrees awarded;
- Number of graduate and professional degrees awarded, including detail on degrees awarded in fields that are high priorities for meeting state workforce needs (mathematics, engineering, computer science and other science fields);
- Average time-to-degree for undergraduates;
- Total number and percent of graduating undergraduates who have accumulated excess units required for their degree, as determined by the segments, and the average number of excess units accumulated by these students;
- Persistence and graduation rates for freshmen and California Community College (CCC) transfer students;
- Number of undergraduates admitted as freshmen who leave in academic difficulty;
- Number of undergraduates admitted as (CCC) transfer students who leave in academic difficulty.

Utilization of systemwide resources

- Student-to-faculty ratio;
- Instructional activities per faculty member;
- Percent of total State-funded salary and benefit expenditures dedicated to direct teaching staff;
- Rate of change in total State-funded staff salary and benefit expenditures for instructional staff, administrative staff, and other student and public service staff;
- Faculty honors and awards;
- Information on technology transfer, including progress in achieving industry-university partnerships, number of patents, total annual income generated by UC-held patents, the proportionate split of those revenues between the University and third parties, and UC's annual patent-related legal costs (UC only);
- Federal, private, and other support for research (UC only);
- Total State-funded expenditures and staff levels for the President's and Chancellor's Office, together with rates of change from the previous year.

Student-level information

- Total enrollment (both headcount and FTE), by class level;
- Number of new CCC transfer students enrolled (headcount and FTE);
- Number of new freshmen enrolled (headcount and FTE);
- Number and percent of new freshmen and CCC transfer students who were admitted by exception;
- Progress on achieving course articulation agreements with CCCs;
- Number and percent of undergraduates who did not meet the UC entry level writing requirement for reading comprehension before entering UC.

- Number and percent of undergraduates who did not meet the math and English placement exam requirements before entering CSU.

Capital Outlay

The UC and CSU will continue to provide five-year capital outlay plans outlining the capital priorities for each campus. The plans should include projects that provide safe and accessible learning environments for students and the faculty and staff that serve them.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

**Categories and Criteria for the State Funded Five-Year Capital Improvement Program,
2008/2009–2012/2013**

Presentation By

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

Summary

The Board of Trustees annually adopts categories and criteria that are used in setting priorities for the state funded capital outlay program. Attachment A contains the proposed CSU 2008/09–2012/13 categories and criteria, which is fairly consistent with those approved by the board last year. Campus administrative staff has reviewed the proposed categories and criteria.

The following resolution is presented for approval:

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

The Categories and Criteria for the State Funded Five-Year Capital Improvement Program, 2008/09–2012/13 in Attachment A of Agenda Item 4 of the July 18-19, 2006 meeting of the trustees' Committee on Campus Planning, Buildings and Grounds be approved; and

The chancellor is directed to use these categories and criteria to prepare the CSU State Funded Five-Year Capital Improvement Program.

**Categories and Criteria to Set Priorities
2008/09–2012/13 State Funded Five-Year Capital Improvement Program**

General Criteria

A campus may submit a maximum of one project for the 2008/09 budget year, and one project for the 2009/10 planning year, including health and safety projects. A campus may submit a maximum of three projects per year, including health and safety projects, for the 2010/11 through 2012/13 planning years. Exceptions to this limit will be considered on an individual project basis. Equipment and seismic strengthening projects are excluded from this limit. Seismic strengthening projects will be prioritized according to recommendations from the CSU Seismic Review Board.

Campuses are to typically prepare their project requests for the five-year program using preliminary plan (P) phase funding separate from the working drawing and construction (WC) phases for new project starts. Campus requests for PWC lump sum funding will be considered on an individual project basis. Approval of a phased project may require the project to be funded (PWC) over one or more bond cycles.

Current trustee-approved campus physical master plan enrollment ceilings apply to on-campus station count enrollment only. These numbers are to be used as the basis of comparison for justifying capital projects that address enrollment demand to be accommodated on campus. Enrollment estimates that exceed these figures should be accommodated through distributed learning and other off-campus instructional means. Proposed renovation projects are expected to include additional instructional capacity (a minimum of 10% increase in the building's existing capacity) as a means to address enrollment demand in these types of projects. Projects that increase capacity will receive higher priority consideration than renovation projects without enrollment capacity increases. Priorities will be determined based upon the relative deficiency in campus space.

If there are two or more auditoriums or large lecture hall projects, priority shall be given to the project for which 50 percent or more of its funding will be from nonstate sources. At least \$5 million must be raised from nonstate sources for an auditorium project.

Individual Categories and Criteria

I. Existing Facilities/Infrastructure

A. Critical Infrastructure Deficiencies

These funds correct structural, health and safety code deficiencies by addressing life safety problems and promoting code compliance in existing facilities. Projects include seismic strengthening, correcting building code deficiencies, and addressing regulatory changes which impact campus facilities or equipment. These funds also include minor capital outlay and capital renewal projects.

B. Modernization/Renovation

These funds make new and remodeled facilities operable by providing group II equipment, and replacing utility services and building systems to make facilities and the campus infrastructure operable. These funds also meet campus needs by modernizing existing facilities or constructing new replacement buildings in response to academic, support program needs and enrollment demand as appropriate.

II. New Facilities/Infrastructure

These funds eliminate instructional and support deficiencies, including new buildings and their group II equipment, additions, land acquisitions, and site development.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Amend the 2006/2007 Capital Outlay Program, Nonstate Funded (RCPBG 07-06-12)

RESOLVED, By the Board of Trustees of the California State University, that the 2006/2007 Nonstate Funded Capital Outlay Program is amended to include: 1) \$10,450,000 for preliminary plans, working drawings, and construction for the California State University, Fresno, Solar Photovoltaic project; 2) \$30,409,000 for preliminary plans, working drawings, and construction for the California State University, Northridge, Parking Structure G3 project; 3) \$30,286,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Northridge, Student Housing, Phase I project; and 4) \$680,000 for preliminary plans, working drawings, and construction for the Sonoma State University, Solar Photovoltaic project.

Categories and Criteria for the State Funded Five-Year Capital Improvement Program, 2008/2009–2012/2013 (RCPBG 07-06-13)

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

The Categories and Criteria for the State Funded Five-Year Capital Improvement Program, 2008/09–2012/13 in Attachment A of Agenda Item 4 of the July 18-19, 2006 meeting of the trustees' Committee on Campus Planning, Buildings and Grounds be approved; and

The chancellor is directed to use these categories and criteria to prepare the CSU State Funded Five-Year Capital Improvement Program.

Approval of Schematic Plans (RCPBG 07-06-14)

California State University, Chico—Wildcat Activity Center

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

1. The board finds that the Mitigated Negative Declaration for the California State University, Chico, Wildcat Activity Center has been prepared in accordance with the requirements of the California Environmental Quality Act.

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR

July 18, 2003

BAKERSFIELD
CHANNEL ISLANDS
CHICO
DOMINGUEZ HILLS
FRESNO
FULLERTON
HAYWARD
HUMBOLDT
LONG BEACH
LOS ANGELES
MARITIME ACADEMY
MONTEREY BAY
NORTHRIDGE
POMONA
SACRAMENTO
SAN BERNARDINO
SAN DIEGO
SAN FRANCISCO
SAN JOSE
SAN LUIS OBISPO
SAN MARCOS
SONOMA
STANISLAUS

MEMORANDUM

TO: CSU Presidents
FROM: Charles B. Reed *Charles B. Reed*
Chancellor
SUBJECT: Executive Order No. 876
Financing and Debt Management Policy—Project
Development and the Systemwide Revenue Bond Program

Enclosed is a copy of Executive Order No. 876, which contains financing policies and procedures for the development of capital projects that are to be supported by non-state revenues. It provides management policy direction specifically on projects financed through the Trustees Systemwide Revenue Bond Program (SRB), which is the Trustees' primary program for issuance of debt.

In accordance with the 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.

Should you have any questions, please contact Mr. Richard Leffingwell, Senior Director, Financing and Treasury at (562) 951-4570.

CBR:ss

Attachment

cc: Executive Staff, Office of the Chancellor
Vice Presidents for Administration
Vice Presidents for Student Affairs
Vice Presidents for University Development
Business Managers
Deans of Students
Chancellor's Office Divisional Heads

THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
401 Golden Shore
Long Beach, California 90802-4210
(562) 951-4000

Executive Order No.: 876

Title: Financing and Debt Management Policy—Project Development
and the Systemwide Revenue Bond Program

Effective Date: July 18, 2003

Supersedes: Executive Order No.703

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, Chapter III, Sections 1 and 2, and the authority delegated to the Chancellor in the Trustees *CSU Policy for Financing Activities*, (RFIN 03-02-02, Section 2.7; see Attachment B).

1.2 General Rule: Use of the capital markets to finance revenue-based non-state funded capital outlay projects of CSU campuses and auxiliary organizations shall be limited to the use of the Chancellor's Office tax-exempt 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. The aspects of the SRB 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 Alternative Financing Activities: An alternative financing structure to Section 1.2 above may be utilized if the campus is able to demonstrate significant benefits and if the Trustees approve the alternative structure. The campus must not only demonstrate benefits for the use of an alternative structure, but must also identify the detailed structure of the proposed financing. In reviewing the proposed structure, the Office of the Chancellor 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).

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).

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 or auxiliary 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 project may receive acquisition or construction funding through the issuance of tax-exempt commercial paper.

3.4 Auxiliary Organization Projects: Except as indicated in Section 1.3, PROJECTS of auxiliary organizations shall be financed through the SRB program.

3.4.1 Each auxiliary 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 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 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 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 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 organization debt.

3.4.1.4 The financing lease payment from the auxiliary 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 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 FEES plus any pledged revenue supporting SRB capital lease payments from auxiliary 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 Campuswide DSCR: At the campus level, the DSCR is similar to the systemwide DSCR test except that the amounts of pledged revenue, operating expense and debt service are related to the specific campus pledged revenues of the campus' ESTABLISHED CSU FEES. The minimum requirement of the DSCR for a campus is 1.35.

4.3 Campus PROJECT and DEBT PROGRAM DSCR: The DSCR for a campus PROJECT that is part of a campus DEBT PROGRAM must be equal to a minimum of 1.0 and the related DEBT PROGRAM DSCR 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 PROJECT, DEBT PROGRAM or the STAND-ALONE PROJECT.

4.4 Auxiliary Organization PROJECT and DEBT PROGRAM DSCR: The DSCR for a campus auxiliary organization SRB PROJECT that is part of an auxiliary organization DEBT PROGRAM must be equal to a minimum of 1.1, and the related auxiliary DEBT PROGRAM 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 PROJECT or DEBT PROGRAM.

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 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 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 \$5 million at campuses of more than 10,000 FTE and \$3 million for campuses of less than 10,000 FTE, and with a useful life of greater than ten 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 financed is less.

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. In the preliminary feasibility analyses, depending upon market conditions and timing of projects, a 100 basis point cushion may be incorporated. As PROJECTS progress, updated financial plans shall be adjusted to incorporate changes in market conditions. Plan for 50 basis point cushion for market uncertainty between market interest rates at the time of Trustees approval and issuance of bonds as permanent financing for the PROJECT. There may be specific conditions that further adjust this contingency.

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.

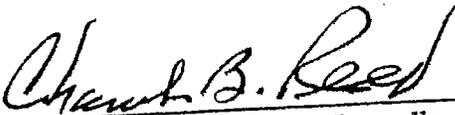
6.6 Calculation by Chancellor's Office: The Chancellor's Office shall calculate the DSCRs and debt capacity from audited data or other data provided through the CSU corporate management information system (FIRMS), and from new project and program data provided by the campus.

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:

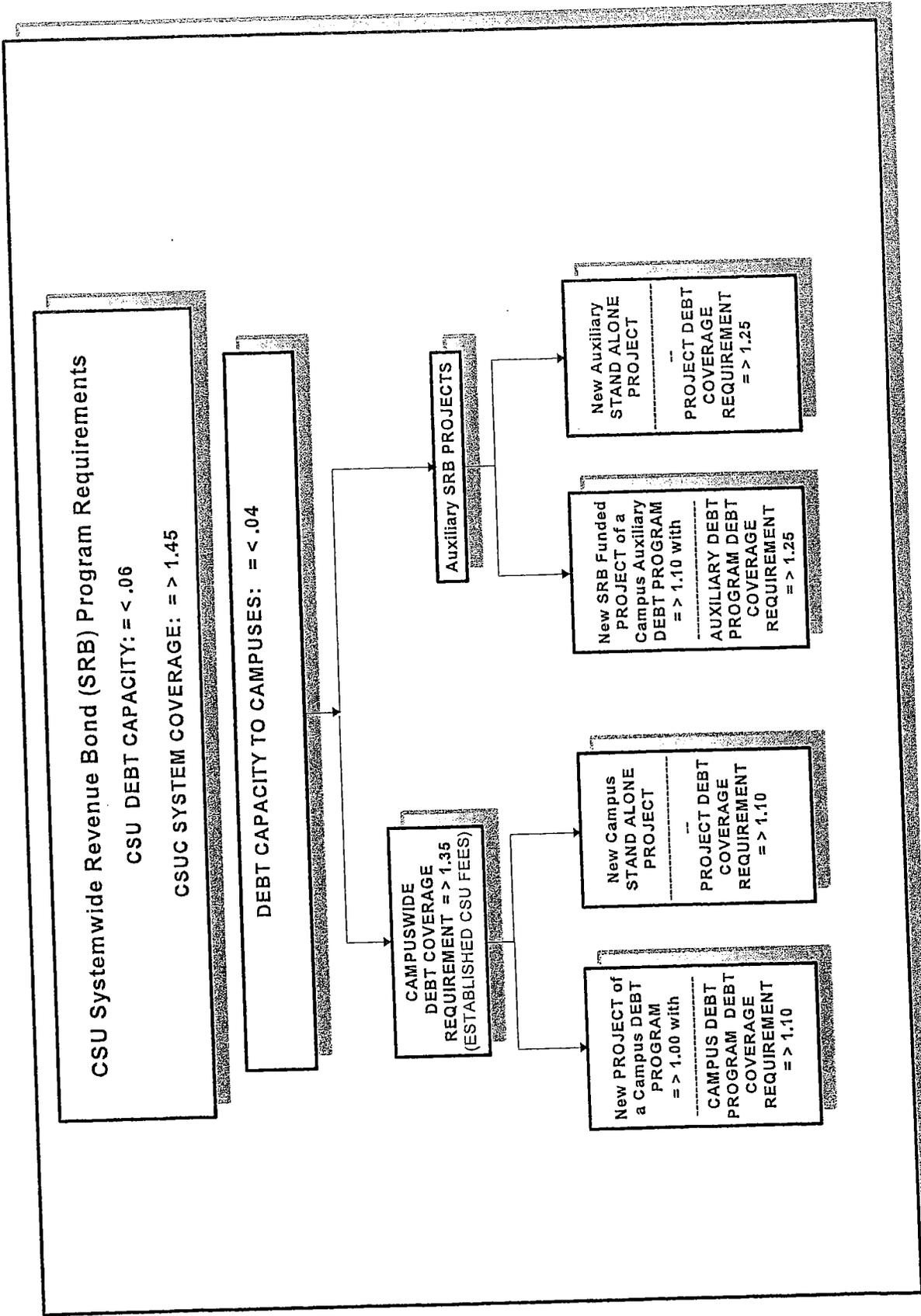
- Major Maintenance and Repair/Capital Renovation and Upgrade
- Working Capital
- Capital Development for New Projects
- Catastrophic Events

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

Dated: July 18, 2003



**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" 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.
- 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 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 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.

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR



BAKERSFIELD

July 1, 2007

CHANNEL ISLANDS

CHICO

MEMORANDUM

DOMÍNGUEZ HILLS

TO: CSU Presidents

EAST BAY

FROM: Charles B. Reed
Chancellor

FRESNO

FULLERTON

SUBJECT: Delegation of Fiscal Authority and Responsibility

HUMBOLDT

Attached is a copy of Executive Order Number 1000, which delegates authority to campus presidents to manage funds and approve certain fiscal transactions. This delegation reflects a modification recently made to the Education Code allowing the California State University to deposit certain fees in local trust accounts.

LONG BEACH

LOS ANGELES

MARITIME ACADEMY

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

MONTEREY BAY

NORTHRIDGE

If you have questions regarding this executive order, please call Financial Services at (562) 951-4540.

POMONA

SACRAMENTO

CBR/lje

SAN BERNARDINO

Attachment

SAN DIEGO

SAN FRANCISCO

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

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS

1354

The California State University
Office of the Chancellor
401 Golden Shore
Long Beach, California 90802-4210
(562) 951-4540

Executive Order: 1000
Effective Date: July 1, 2007
Supersedes: Executive Orders No. 648, 753, and 919 in their entirety
Title: Delegation of Fiscal Authority and Responsibility

This Executive Order is issued pursuant to parts d. and h. of Section VI of the Standing Orders of the Board of Trustees of the California State University, and the Education Code, Division 8, Part 55, Chapter 6, and Article 2 §89720 et seq. and Article 4 §89756.

I. Definitions

The "California State University," "CSU," "Board of Trustees," and "Trustees" refer to the entity established by the California Education Code, Title 3, Division 5, General Provisions, Part 40, §66010 et seq., §66011 et seq., §66600 et seq.

"Campuses" and "campus" are the institutions established in the California Education Code, Division 8, Part 55, §89001 et seq.

"Auxiliary Organizations" are legal and business entities that have been established and organized by the CSU pursuant to the California Education Code, Division 8, Part 55, Chapter 7, §89900 et seq. and pursuant to the California Code of Regulations, Title 5, Division 5, Subchapter 6.

The "Chief Financial Officer" refers to the person designated by the campus President pursuant to Executive Order No. 731.

A "Fund" is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, all related liabilities, and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

"CSU policies, standards, and definitions" refers to a unified system of CSU policies, standards, and definitions pertaining to the administration and safekeeping of university assets, budgetary accounting and classification, financial accounting and classification, and financial reporting, and is inclusive of financial transactions between the campus and recognized Auxiliary Organizations.

II. Authority and Responsibility

The campus President is delegated authority and responsibility for effective oversight of all state funds held by the campus and all funds held in a fiduciary capacity.

The campus Chief Financial Officer shall be the primary campus financial officer in respect to administration of these delegations of authority and responsibility.

The campus President shall:

- Ensure that the responsibility delegated by this Executive Order is exercised in compliance with all applicable statutes, regulations, and policies of the Board of Trustees, and CSU policies, standards, and definitions.
- Ensure that expenditure commitments do not exceed available resources and that budget plans are fiscally sound and sustainable.
- Ensure that appropriate internal controls are in place for the safeguarding of assets and the reliability of financial reporting.
- Ensure that accounting processes are established to maintain appropriate records of financial transactions and balances, in accordance with CSU policies, standards, and definitions.
- Ensure that sufficient reserves are established for contingencies for Funds operated outside the state treasury system, in accordance with CSU policies, standards, and definitions.
- Ensure timely end-of-period closing entries and submittal of financial reports.
- Ensure timely post-closing adjustments and annual submittal of financial statements prepared in accordance with Generally Accepted Accounting Principles.
- Ensure the propriety of all expenditures and the integrity of the financial reporting made by Auxiliary Organizations and provide timely financial reports prepared in accordance with Generally Accepted Accounting Principles from those auxiliaries.
- Ensure that costs incurred by the CSU Operating Fund (see Section III: CSU Fund Categories and Types) for services, products, and facilities provided to other CSU funds and to Auxiliary Organizations are properly and consistently recovered with cash and/or a documented exchange of value. Allowable direct costs incurred by the CSU Operating Fund shall be allocated and recovered based on actual costs incurred. Allowable and allocable indirect costs shall be allocated and recovered according to a cost allocation plan that utilizes a documented and consistent methodology including identification of indirect costs and a basis for allocation. The campus Chief Financial Officer, or designee, shall annually approve and implement the cost allocation plan.

All CSU fiscal policies, standards, and definitions shall be promulgated, published, and maintained by the Executive Vice Chancellor and Chief Financial Officer, or designees. This Executive Order shall serve as the fundamental principle justifying the authority of these subsequent fiscal policies, standards, and definitions.

The Chancellor, or designees, shall establish and maintain a basic complement of common systemwide financial accounting information systems to enable this delegation of fiscal authority.

Authority delegated by this Executive Order may be revoked in whole or in part if in the judgment of the Chancellor the campus President has not complied substantially with provisions of this Executive Order.

III. CSU Fund Categories and Types

The following CSU Fund categories (i.e., Proprietary and Fiduciary) and types within categories shall be utilized by the campuses for financial transactions and accounting entries recorded in the California State University Trust Fund (State Controller's Fund No. 0948). See *Table A* for a summary of these fund categories and types. The State University Trust Fund exists both in the records of the State Controller and in the official records of the CSU.

Financial resources not required for transactions within the State Controller Funds (see section IV, State Controller Funds) shall be recorded in the CSU Fund categories and types. Any Funds established within the CSU fund categories and types shall be regulated solely by this Executive Order and by CSU policies, standards, and definitions issued by the Executive Vice Chancellor and Chief Financial Officer, or designees. Only the minimum number of CSU funds consistent with this policy and campus operating requirements are to be established and maintained.

Assets classified as cash, cash equivalents, or investments in accordance with Generally Accepted Accounting Principles and which are recordable in CSU funds shall be deposited solely in commercial banks or other depositories approved by the CSU Executive Vice Chancellor and Chief Financial Officer, or designees. The CSU Executive Vice Chancellor and Chief Financial Officer, or designees, shall invest all such deposits and investment earnings shall be periodically allocated to campuses (Education Code §89722).

- A. The Proprietary Funds category is used to account for activities supported, at least in part, by fees or charges and includes two Fund types: Enterprise Funds and Internal Service Funds.
 1. Enterprise Funds are used to report any activity for which a fee is charged to external users for goods or services. CSU policies, standards, and definitions may also require utilization of Enterprise Funds to meet accounting or reporting requirements.

The campus Chief Financial Officer, or designees, shall establish an Enterprise Fund if any one of the following criteria is met. Campuses shall apply each of these criteria in the context of the activity's principal revenue sources.

 - a) The activity is financed with debt that is secured solely by a pledge, by the Trustees, of the net revenues from fees and charges of the activity.
 - b) Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.

- c) CSU policies, standards, and definitions require that the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). These fees are directly related to, although not necessarily equal to, the costs of the goods or services.
- d) CSU policies, standards, and definitions require separate accounting or reporting of revenues, expenses, and/or net assets.

Each campus shall establish a CSU Operating Fund (CSU Fund 485). Campuses shall report revenues, expenses, and net assets related to state-supported instruction and related programs and operations exclusively in the CSU Operating Fund. All Proprietary Fund activities that are not reportable in other Enterprise or Internal Service Funds shall be reported in the CSU Operating Fund.

- 2. Internal Service Funds account for the financing of goods or services provided by a designated campus department or unit to other campus departments or units, on a cost-reimbursement basis. Internal Service Funds are established primarily to improve financial management of scarce campus resources. The campus Chief Financial Officer, or designees, may establish Internal Service Funds after documenting the purpose, financial objectives, and scope of operations. Auxiliary organizations may purchase goods or services from Internal Service Funds in accordance with campus policies. Use of an Internal Service Fund is only appropriate if the campus is the predominant participant in the activity; otherwise, an Enterprise Fund should be used.
- B. Fiduciary Funds are used to account for assets held by a campus in a trustee capacity or as an agent for individuals, private organizations, or other governmental units, and therefore cannot be used to support CSU programs and activities. The campus Chief Financial Officer, or designees, may establish and close Fiduciary Funds in accordance with the terms of wills, trusts, instruments of endowment, or other fiduciary agreements. The Fiduciary Funds category includes three Fund types: Investment Trust Funds, Private-Purpose Trust Funds, and Agency Funds. Financial resources that are not recordable in Fiduciary Funds or in other Proprietary Funds shall be recorded in the CSU Operating Fund.
- 1. Investment Trust Funds are used to report the external portion of investment pools held for individuals, private organizations, or other governments.
 - 2. Private-Purpose Trust Funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.
 - 3. Agency Funds are used to report resources held by the campus in a purely custodial capacity (assets equal liabilities). Agency Funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Unless an Agency Fund is expressly required by the agency relationship, transactions may be accounted for within Proprietary Funds.

IV. State Controller Funds

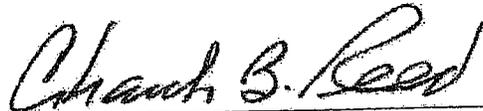
The Office of the State Controller establishes statewide Funds to account for resources appropriated by acts of the state legislature. This section applies only to Funds maintained by the Office of the State Controller. See *Table B* for a summary of these Funds. Campus administration of these Funds shall conform to accounting rules issued by the State Controller, depository rules issued by the State Treasurer, other relevant state regulations, and relevant provisions of state law. The CSU Executive Vice Chancellor and Chief Financial Officer, or designees, may issue additional regulations and guidelines pertaining to campus administration and reporting for State Controller Funds.

All financial resources that are required to be recorded in these Funds are invested and administered by the Office of the State Treasurer. Campuses may submit claims to the State Controller to draw warrants payable from these Funds, unless the following paragraphs provide otherwise. These Funds shall exist both in the records of the State Controller and in the official records of the campus authorized to expend the appropriation, unless the following paragraphs provide otherwise:

- A. The "State General Fund" is an accounting entity with a chart of accounts and account values maintained by the Office of the State Controller to record Budget Act Support appropriations for the CSU. The State General Fund exists both in the records of the State Controller and in the official accounting records of the CSU. The CSU Chancellor's Office shall establish corresponding Funds and accounts solely to record Budget Act Support appropriations and to reconcile transactions between the State General Fund and the CSU Operating Fund. The State General Fund shall not be utilized by campuses to record operating transactions.
- B. "Special Revenue Funds" are used by the State of California to account for the proceeds of specific revenue sources that are legally restricted by the state legislature to expenditures for specified purposes (Budget Act and Government Code §16346 et seq). Campuses shall not utilize the State Controller's Special Revenue Funds or accounts.
- C. "State Capital Outlay Funds" are Funds maintained by the State Controller to record legislative Budget Act appropriations for CSU Capital Outlay projects. Corresponding Funds and accounts for these Budget Act appropriations shall also be established in the official accounting records of campuses to record CSU budget allocation orders, encumbrances, and expenditures, and for reconciliation with the State Controller.
- D. The State Controller maintains the following Funds: "State University Parking Revenue Fund" (EC §89701(b)), "State University [Health] Facilities Revenue Fund" (Education Code §89702(c)), "State University Continuing Education Revenue Fund" (Education Code §89704(a)), "CSU Dormitory Revenue Fund" (Education Code §90036). Campuses shall not utilize these State Controller's Funds or accounts (see Section III. A. 1. regarding campus Enterprise Funds).
- E. The "California State University Dormitory Construction Fund" is maintained by the State Controller to record proceeds from the sale of revenue bonds and related

project expenditures pursuant to the State University Revenue Bond Act of 1947. Corresponding Funds and accounts for construction projects funded from revenue bonds shall also be established in the official accounting records of campuses to record CSU budget allocation orders, encumbrances, and expenditures, and for reconciliation with the State Controller.

- F. The "California State University Interest and Redemption Fund" is maintained by the State Controller pursuant to the State University Revenue Bond Act of 1947. This Fund records transfers-in of revenues from CSU Enterprise Funds (see Section III A. 1. and Table A) and records transactions initiated by the State Treasurer, acting as bond trustee, for interest payments and redemptions of bonds and notes.
- G. The State Controller maintains the California State University Trust Fund (Education Code §89722), which shall be utilized by the CSU to record payroll transactions originating from the Uniform State Payroll System administered by the State Controller and recharges of expenditures from state agencies to the CSU.
- H. The State Controller maintains the California State University Lottery Education Fund (Education Code §89722.5) to record periodic cash distributions from the California Lottery Education Fund to the CSU Chancellor's Office, pursuant to the California State Lottery Act of 1984 (Government Code §8880.1 and §8880.5). Campuses shall not utilize the California State University Lottery Education Fund.
- I. The State Controller maintains the California State University Special Projects Fund (Education Code §89725). Campuses shall not utilize the California State University Special Projects Fund.



Charles B. Reed, Chancellor

Date: July 1, 2007

Table A

Summary of CSU Fund Categories and Types

(These Funds are established and regulated by the CSU. See Section III of this Executive Order for complete definitions.)

	Proprietary Fund	Fiduciary Fund
<p>Enterprise Funds</p> <p>Enterprise funds are used to report any activity for which a fee is charged to external users (i.e., individual persons as opposed to other campus departments) for campus goods or services. CSU policies, standards, and definitions may also require utilization of Enterprise Funds to meet accounting or reporting requirements.</p> <p>Each campus shall establish a CSU Operating Fund (CSU Fund 485). Campuses shall record revenues, expenses, and net assets related to state-supported instruction and related programs and operations exclusively in the CSU Operating Fund. All Proprietary Fund activities that are not recorded in other Enterprise or Internal Service Funds shall be recorded in the CSU Operating Fund.</p> <p>The campus Chief Financial Officer, or designees, shall establish an Enterprise Fund if any one of the following criteria is met. Campuses shall apply each of these criteria in the context of the activity's principal revenue sources: a) the activity is financed with debt that is secured solely by a pledge, by the Trustees, of the net revenues from fees and charges of the activity; b) laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; c) CSU policies, standards, and definitions require that the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service); d) CSU policies, standards, and definitions require separate reporting of revenues, expenses, and/or net assets.</p>	X	
<p>Internal Service Funds</p> <p>To account for the financing of goods or services provided by one department to other departments of the campus on a cost-reimbursement basis. The campus Chief Financial Officer, or designees, may establish and close campus Internal Service Funds.</p>	X	
<p>Investment Trust Funds</p> <p>To account for the external portion of investment pools held for individuals, private organizations, or other governmental units, and therefore cannot be used to support CSU programs. The campus Chief Financial Officer, or designees, may establish and close campus Investment Trust Funds.</p>		X
<p>Private-Purpose Trust Funds</p> <p>To report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments, and therefore cannot be used to support CSU programs. The campus Chief Financial Officer, or designees, may establish and close campus Private-Purpose Trust Funds.</p>		X
<p>Agency Funds</p> <p>To report resources held by the campus in a purely custodial capacity (assets equal liabilities). Agency Funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, other governmental units, and therefore cannot be used to support CSU programs. The campus Chief Financial Officer, or designees, may establish and close campus Agency Funds.</p>		X

Table B

Office of the State Controller - Funds Summary

(These Funds are established and regulated by the State Controller. See Section IV of this Executive Order.)

	Governmental Fund	Proprietary Fund	Fiduciary Fund
<p>State General Fund</p> <p>Budget Act Support Appropriations for the CSU Board of Trustees (Government Code §16300) are recorded in the State General Fund. The CSU Chancellor's Office shall utilize the State General Fund solely to record Budget Act Support appropriations and to reconcile transactions between the State General Fund and the CSU Operating Fund (see Section III and Table A). The State General Fund shall not be utilized by campuses to record operating transactions.</p>	X		
<p>Special Revenue Funds</p> <p>To account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted by acts of the state legislature or voter initiative to expenditures for specified purposes (Budget Act and Government Code §16346 et seq). The CSU will not utilize the State Controller's Special Revenue Funds or accounts.</p>	X		
<p>State Capital Outlay Funds</p> <p>Budget Act Appropriations for Minor and Major Capital Outlay projects are recorded in (a) General Obligation Bond Funds or Lease Revenue Bond Funds if financed with public debt; or (b) in other funds established by the State Controller.</p>	X		
<p>Enterprise Funds</p> <p>State University Parking Revenue Fund (EC §89701(b)), State University [Health] Facilities Revenue Fund (Education Code §89702(c)), State University Continuing Education Revenue Fund (Education Code §89704(a)), CSU Dormitory Revenue Fund (Education Code §90036). CSU campuses shall not utilize the State Controller's enterprise funds or accounts.</p> <p>The California State University Dormitory Construction Fund records proceeds from the sale of revenue bonds and project expenditures pursuant to the Revenue Bond Act of 1947, Education Code §90073.</p> <p>The CSU Interest and Redemption Fund (Revenue Bond Act of 1947, Education Code §90074) records transfers-in of revenues from CSU Enterprise Funds (see Section III. D. and Table A) and records transactions initiated by the State Treasurer, acting as bond trustee, for interest payments and redemption of bonds and notes.</p>		X	
<p>Trust and Agency Funds</p> <p>The California State University Trust Fund (Education Code §89722) accounts established by the State Controller will be utilized by the CSU solely to record payroll transactions originating from the Uniform State Payroll System and recharges of expenditures from state agencies to the CSU.</p>			X

COMMITTEE ON FINANCE

Approval of the 2008-2009 Support Budget Request (RFIN 11-07-19)

RESOLVED, By the Board of Trustees of the California State University that the 2008-09 Support Budget is approved as submitted by the chancellor; and be it further

RESOLVED, That the chancellor is authorized to adjust and amend this budget to reflect changes in the assumptions upon which this budget is based, and that such changes made by the chancellor be communicated promptly to the trustees; and be it further

RESOLVED, That the chancellor is authorized to comply with requests of the Department of Finance and the legislature regarding establishment of priorities within this budget; and be it further

RESOLVED, That student fees for 2008-09 be adopted not later than the March 2008 Board of Trustees meeting and be it further

RESOLVED, That copies of this resolution be transmitted to the California Postsecondary Education Commission, to the governor, to the director of finance and to the legislature.

2008-2009 Lottery Revenue Budget (RFIN 11-07-20)

RESOLVED, By the Board of Trustees of the California State University, that the 2008-09 Lottery Revenue budget totaling \$44.0 million be approved for implementation by the chancellor, with the authorization to make transfers between components of the Lottery Revenue budget and to phase expenditures in accordance with receipt of lottery funds; and be it further

RESOLVED, that the chancellor is hereby granted authority to adjust the 2008-09 Lottery Revenue budget approved by the Board of Trustees to the extent that receipts are greater or lesser than budgeted revenue to respond to opportunities or exigencies; and be it further

RESOLVED, That a report of the 2008-09 Lottery Revenue budget receipts and expenditures be made to the Board of Trustees.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Certify the Final Environmental Impact Report and Approve Campus Master Plan Revision with Enrollment Ceiling Increase at San Diego State University

Presentation by

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

Summary

This agenda item requests the following actions by the Board of Trustees for San Diego State University:

- Certify a Final Environmental Impact Report (FEIR)
- Approve an increase in the master plan enrollment ceiling from 25,000 Full Time Equivalent Students (FTE) to 35,000 FTE
- Approve the proposed campus master plan revision dated November 2007
- Approve off-site mitigation funding in the amount of \$6,484,000

Attachment "A" is the proposed campus master plan. Attachment "B" is the existing campus master plan approved by the Board of Trustees in March 2001.

The Board must certify that the FEIR is adequate and complete under the California Environmental Quality Act (CEQA) in order to approve the campus master plan revision. The FEIR with Findings of Fact and Statement of Overriding Considerations, and the Environmental Mitigation Measures Monitoring and Reporting Program are available for review by the board and the public at www.sdsu.edu/masterplan.

The FEIR concluded that the project would result in remaining significant and unavoidable impacts to aesthetics and visual quality, air quality and transportation/circulation (traffic). All other impacts can be mitigated to below a significant level with mitigation measures identified in the FEIR.

The campus has completed negotiating with local agencies on the off-site impacts related to campus growth and is seeking trustee approval to request \$6,484,000 in capital funding from the Governor and the Legislature for off-site mitigation measures.

Potential Contested Issues

Pursuant to the trustees' request that contested issues be noted early in the agenda item, the following five (5) items are discussed:

1. Lawsuits previously filed and currently in litigation:

- a. Del Cerro Homeowners Group
- b. The City of San Diego

Alvarado Hospital previously filed lawsuit has been settled.

2. Adobe Falls Faculty/Staff Housing, Phase I and II: This project proposes to construct up to 348 units of faculty/staff housing on existing campus land not directly adjacent to the main campus; Phase I includes 48 townhomes and is described as a near term project in the EIR. The faculty/staff project of the proposed Campus Master Plan Revision was a focal point of adverse public comment letters received in response to the Draft EIR. Central to the comments was opposition focused on local neighborhood traffic concerns including:

- a. The need to provide alternative access to the project site rather than access through an established single-family neighborhood, and
- b. Fire and life safety concerns due to the increase in vehicular traffic resulting from the Adobe Falls development.

CSU Response: The University acknowledges the community's concerns with respect to the potential traffic impacts to the Del Cerro community that would result with the development of the Adobe Falls Faculty/Staff Housing. However, as presented in the Draft EIR Section 3.14, based on applicable City of San Diego roadway standards, the existing Del Cerro roadways have sufficient vehicle capacity to accommodate the projected increase in traffic. Therefore, while the Adobe Falls project will add some additional traffic to the Del Cerro community roadways, the additional traffic can be accommodated by the existing roadway system without creating unsafe or overloaded traffic conditions resulting in "significant impacts" under CEQA.

3. Student Housing: The proposed master plan revision includes housing for an additional 2,796 students, nearly doubling the amount of existing on-campus student housing. Public comments including comment letters from College Area residents, the College Area Community Council (CACC), local planning group, the City of San Diego District 7 Councilmember, and the City Attorney for the City of San Diego, cited the proposed housing as insufficient to satisfy the proposed increase of 10,000 FTE in addition to the current unmet demand. The issue is further compounded by the prevalence of nuisance rentals (mini-dorms) within the local community.

CSU Response: Student housing surveys illustrate that not all students will choose to live in the immediate vicinity of the university in the College Area community. Therefore, it is not feasible for the university to provide an equivalent number of student housing beds as student enrollment

increases. However, the university is proposing a substantial amount of increased student housing in its proposed master plan revision to accommodate a substantial portion of current and future unmet demand. Further, private multi-family housing unit developers have and will continue to construct projects within the surrounding areas in response to student housing demand and ongoing planning efforts by the City.

In addition to on-campus student housing, the university manages 1,720 beds of student housing within walking distance to campus, and this number is expected to double by 2025. This would bring the total number of university-controlled student beds to nearly 10,000 by 2025. This will enable the campus to house 100 percent of its freshman and 94 percent of its sophomores in university-managed housing.

4. Enrollment Ceiling Increase. The proposed master plan revision includes an increase in student enrollment capacity to 35,000 FTE by 2025. Several agency and public comment letters focused on issues related to the impacts of enrollment growth:

- a. Why does the university need to grow?
- b. Why can't enrollment be directed to other campuses with existing capacity?
- c. Why can't the CSU develop a new campus in another area rather than grow San Diego State University?

CSU Response: Over the course of the next decade, based on demographic projections provided by the California Department of Finance, student enrollment throughout California is expected to increase substantially. For the fall 2007 term, the university received more than 58,000 applications for only 9,280 openings. This was a nine percent increase over the previous year. In order to better serve the region and state, the university proposes a number of measures to help accommodate its fast-growing demand:

- Increase summer enrollment,
- Develop off-campus centers, and
- Expand the use of academic technologies, such as web-based instruction.

Even with the implementation of these measures, however, the university will still experience enrollment demand well in excess of its current capacity.

The CSU San Marcos campus was initially developed as an off-campus center operated by San Diego State, and has transitioned to an independent four-year university to serve growth in the region. Aside from the present infeasibility of establishing another four-year university campus in the greater San Diego region, relocation of the proposed academic facilities to another area could have the effect of shifting the traffic and air quality impacts to another location.

5. City of Marina Negotiations: Consistent with the California Supreme Court's decision in *City of Marina*, university representatives met with representatives of the City of La Mesa, the California Department of Transportation (Caltrans) and the City of San Diego on numerous

occasions in an effort to reach a negotiated agreement with each entity as to the amount of the university's fair-share contribution for mitigation improvements within each of those agencies' respective jurisdictions. The meetings also included representatives of San Diego Association of Governments (SANDAG), a regional planning agency charged with recommending priorities for expenditures of regional planning and infrastructure funds. SANDAG does not itself implement or construct infrastructure improvements.

CSU Response: In each case, analysis in the EIR determined that only traffic-related improvements identified as mitigation measures in the Draft EIR, Section 3.14, under Transportation/Circulation and Parking would require the university to contribute its fair-share of costs for the mitigation of identified impacts.

The university has determined that the mitigations proposed for traffic-related impacts are reasonable and has calculated its fair share responsibility. The following summarizes the result of the university's negotiations with local agencies:

- City of La Mesa. The university has determined that its mitigation responsibility to the City of La Mesa is \$45,686 for potential significant traffic impacts. The City of La Mesa has accepted the university's mitigation proposal.
- Caltrans is seeking both near term and long term mitigation funding totaling \$10,140,000 for project development impacts from the university. Caltrans has submitted cost proposals to establish a basis for identifying an appropriate fair-share contribution. The university will support Caltrans in its efforts to seek non-university funding from the Governor and the Legislature.
- City of San Diego. The university has determined that its mitigation responsibility within city jurisdiction is a total sum of \$6,437,860. The City has requested that SDSU recalculate its mitigation proposal based on the campus paying for 100% of the proposed roadway improvements as its recommended revised factors. Under the City's generated assumptions, the total amount of the university's mitigation obligation would be \$21,800,000. The city proposed a counteroffer that included two alternatives, one of which was that the campus' contribution be \$11.1 million subject to future adjustment based on future traffic counts and that the campus guarantee funding for any upward adjustments whether or not the state funds those upward adjustments. However, the campus could not agree to the city's inclusion of items for which their EIR found no significant impact (parks and libraries), the inclusion of costs for two street segments which are not feasible to improve, and their requirement that upward funding be guaranteed (most importantly). The second alternative was that the full amount of \$21,800,000 be contributed upfront, with downward adjustments possible based on future traffic counts.

- San Diego Association of Governments (SANDAG). The university and SANDAG representatives met on numerous occasions to discuss the proposed master plan revision project. SANDAG contends that the university is responsible for regional transit improvements within local jurisdictions. However, the Draft EIR did not find that the proposed project would result in significant impacts to transit (i.e., bus or trolley systems). It is, therefore, the university's position that no mitigation is required. SANDAG has provided no evidence that the proposed master plan revision would result in significant impacts to transit systems, within the meaning of CEQA, nor has it provided the university with a substantive basis for the mitigation payment it proposes of \$193,000,000.

Background and Community Outreach

In May 2003, the board adopted a resolution directing each campus to take the steps necessary to accommodate projected systemwide enrollment increases of 107,000 students by 2011. The board also directed individual campuses to review their respective current campus master plans, and where appropriate, to consider increasing enrollment ceilings. The board authorized campuses that were at or near the historical system maximum of 25,000 FTE, to prepare and present for approval, campus master plan revisions to exceed that previous enrollment ceiling.

In September 2005, the board approved the San Diego State University 2005 Campus Master Plan Revision proposal to raise the enrollment ceiling, and certified the EIR prepared for the project as adequate under the California Environmental Quality Act (CEQA). The following month, lawsuits were filed in San Diego Superior Court challenging the adequacy of the EIR. One of the primary issues raised in the lawsuits was whether CSU was responsible for the mitigation of significant impacts to off-campus roadways that would be caused by the project. In July 2006, the California Supreme Court ruled against CSU on this point in *City of Marina*. As a result of the California Supreme Court's decision, CSU set aside its approval of the 2005 Campus Master Plan Revision project, and its related certification of SDSU's 2005 EIR.

The proposed master plan revision and FEIR provide a framework for implementing the university's goals and programs by identifying needed facilities and improvements to support campus growth to the proposed campus master plan enrollment of 35,000 FTE by the 2024/25 academic year. The 2007 Campus Master Plan Revision was developed in collaboration with a Master Plan Advisory Committee. Input was sought and received from the campus community through the Campus Development Committee, the Academic Senate, Associated Students, and from the wider public community through a variety of community forums, and meetings with community and regional officials. Beyond these meetings, a formal public hearing was held during the Notice of Preparation (NOP) and Draft EIR public comment period to ensure receipt of adequate community input and comment.

In response to the public comments, the university revised the proposed master plan revision and re-issued the NOP to include substantial additional on-campus student housing projects.

Enrollment Ceiling Increase

In fall 2004, the CSU system enrolled 399,324 students. By 2005, enrollment had reached 405,282. As of December 2006, the California Department of Finance was projecting CSU enrollment would grow by approximately 19 percent to 482,367 students by 2015. This projection anticipates an increase of approximately 77,000 students to the CSU system over the decade 2005-2015. The California Postsecondary Education Commission (CPEC) completed two comprehensive, long-range higher education planning reports.¹ Among other conclusions, the reports confirm California's continued growth in higher education enrollment demand and the state's need to respond.

The CSU Office of Analytic Studies, Office of the Chancellor, has estimated an increased demand of over 8,000 students for SDSU over the decade 2005-2015. Enrollment for fiscal year 2006/07 was 25,163 FTE for fall semester on-campus instructional FTE; the campus has reached its current enrollment ceiling. Based on the university's proposed enrollment growth of approximately two and one-half to three percent per year, enrollment is projected to reach 35,000 FTE in 2024/25. These estimates are consistent with the recent surge in undergraduate applications for enrollment.

Proposed Revisions

San Diego State University now proposes the 2007 Campus Master Plan Revision, which incorporates certain components from the 2005 Campus Master Plan Revision project and modifies and adds other components. Since the 2005 Campus Master Plan Revision project, campus officials have met with community members, elected officials, city government and regional organizations to discuss their concerns regarding the effects of the planned growth and the implementation of the proposed master plan revision.

The proposed master plan revision will enable the university to meet projected increases in student demand for higher education, as well as further enhance SDSU as an undergraduate, graduate and research institution. The increase in FTE will equate to a gradual increase in total student enrollment of an estimated 11,385 students by 2024-25.

This FEIR is intended as both a "program EIR" and a "project EIR" under CEQA. The master plan revision was evaluated at the program level and the following five near term projects were

¹ The reports (FEIR Appendix O), entitled *Providing for Progress; California Higher Education Enrollment Demand and Resources into the 21st Century*, and *Policy for Progress Reaffirming California Higher Education Accessibility, Affordability, and Accountability into the 21st Century*.

analyzed at the project level to facilitate later project development. Each of these near term projects is described in the Draft EIR including site plan, building massing, and visual simulation.

- Adobe Falls Housing Phase I (Upper Village, #181)
- Alvarado Campus (three academic buildings, #104-106)
- Alvarado Hotel (#160)
- Residential Life Administration Building (#65) and 3 residential buildings (#62,63,64)
- Aztec Center Renovation (#52) and Aztec Center Expansion (#52A)

The 2007 Campus Master Plan Revision is comprised of the following significant components, as noted in Attachment A.

Hexagon 1: Adobe Falls Faculty/Staff Housing (#180-181). This project component, proposed to be developed in two phases, is on a site approximately 33 acres in size located across Interstate 8 from the campus. The development would consist of an Upper Village (near term, #181) which will provide up to 48 townhomes; and a Lower Village (long term, #180) which may include up to 300 townhomes and/or condominiums, to provide a total of up to 348 housing units for university faculty and staff upon full build-out, contingent on a number of factors such as available access routes and future market conditions.

Hexagon 2: Alvarado Campus (#161-164, 170-173). This component extends the current campus master plan's northeastern boundary, adding a total of approximately 612,000 GSF. The first phase of this development implements a part of the previously approved master plan and consists of the build out of three academic buildings (#104-106) on existing Lot D, and is a near term project. The subsequent phase of this project (long term) includes construction of academic, research, and medical buildings (#161-164) and an approximately 1800 space parking structure (#170).

Hexagon 3: Alvarado Hotel (#160). This component provides for a six-story building with 120 hotel rooms and suites, located on existing Lot C (two acres), immediately north of the Villa Alvarado Residence Hall. The hotel is proposed to be owned by Aztec Shops and operated in cooperation with the SDSU School of Hospitality and Tourism Management. This component is a near term project.

Hexagons 4: Student Housing - Villa Alvarado Hall Expansion (#166). This expansion project would provide an additional 200 beds. This component is one of three separate student housing projects, which together will result in a net increase of 2,976 new student housing beds on campus (further identified in Hexagons 5 and 8).

Hexagons 5: Student Housing – Phase I, II, and III (#62-64) and Residential Life Administration Building (#65). This near term project will provide an administrative residence building, as well as 2,000 new beds in three residence halls.

Hexagon 6: Aztec Center Renovation (#52) and Aztec Center Expansion (#52A). This component is a 70,000 GSF expansion and renovation, a near term project.

Hexagon 7: Campus Conference Center (#66). This component proposes a three-story building east of Cox Arena.

Hexagons 8: Student Housing (#167). This component would propose U-lot Residence Hall (800 beds) and Parking Structure 7 (750 spaces).

Fiscal Impact

The proposed master plan revision will require approximately \$320 million of state funding and approximately \$1.125 billion of non-state funding to implement over the next twenty years. Proposed public-private partnerships, principally with the development of the Alvarado Park component, may significantly reduce the state funding requirement to implement the plan.

In addition, \$6,484,000 is the university's estimated fair-share of off-site mitigation costs based on their calculations and recent negotiations with local public agencies. It is anticipated funds would be paid to the local entity once other local co-funding is secured and based on design and construction milestone completion.

California Environmental Quality Act (CEQA) Action

A Final Environmental Impact Report (FEIR) has been prepared to analyze the potential significant environmental effects of the proposed master plan revision and the project construction in accordance with CEQA requirements and State CEQA Guidelines. The FEIR is presented for Board review and certification.

To determine the scope of environmental review necessary, a Notice of Preparation and Initial Study (NOP/IS) was distributed on February 2, 2007 for the proposed project. The NOP was circulated to interested public agencies, organizations, community groups and individuals in order to receive input on the proposed project. A public meeting was held on February 21, 2007 to obtain public input on the scope and content of the proposed project. Public comments regarding the proposed master plan revision scope noted the need for additional on-campus student housing to reduce the effects of students housed in the surrounding community. Based on the public comments, a Revised Notice of Preparation was released on April 17, 2007. The Revised Notice of Preparation identified an increase in the scope of proposed student housing

projects to include a total of 2,976 beds of new on-campus student housing, an increase of 100 percent in the number of new student housing beds previously proposed. Presentations made during the NOP/IS and the Draft EIR circulation period included the College Area Community Council, the Navajo Community Planners, the SDSU Ambassadors for Higher Education, the SDSU Alumni Association, the Associated Students Executive Council, the Del Cerro Action Council, the SDSU Academic Senate, and the SDSU Campus Development Committee. Based on the NOP/IS process, this FEIR addresses the following topics: (a) Aesthetics and Visual Quality, (b) Air Quality, (c) Biological Resources, (d) Cultural Resources, (e) Geotechnical/Soils, (f) Hazards and Hazardous Materials, (g) Hydrology and Water Quality, (h) Land Use and Planning, (i) Mineral Resources, (j) Noise, (k) Paleontological Resources, (l) Population and Housing, (m) Public Utilities and Service Systems, and (n) Transportation/Circulation and Parking.

CEQA requires the decision-making agency to balance, as applicable, the economic, legal, social, technological or other benefits of the project against its unavoidable environmental risks when determining whether to approve a project. If the specific benefits of the project outweigh the unavoidable adverse environmental effects, those effects may be considered "acceptable." CEQA requires that the agency adopt a Statement of Overriding Considerations in order to certify this project.

The Statement of Overriding Considerations will be required to address these significant unavoidable impacts of: (a) direct and cumulative impacts to aesthetics and visual quality attributable to the conversion of open space; (b) direct and cumulative impacts to air quality attributable to increased emissions during project construction; and (c) direct and cumulative impacts to the transportation and circulation system.

The Board of Trustees must find that because CSU cannot guarantee that the request to the Governor and the Legislature for the necessary mitigation funding will be approved, or that the funding will be granted in the amount requested, or that the public agencies will fund the mitigation improvements that are within their responsibility and jurisdiction, it cannot guarantee implementation of the approved mitigation measures and the identified impacts are thereby acceptable because of specific overriding considerations.

Issues Identified Through Public Participation

Comments were received in response to the NOP/IS and the public information meeting for the proposed project, addressing the following issues:

- Traffic and safety within the Adobe Falls and College Area communities.
- Impacts to housing within the College Area community.
- The historical nature of the Adobe Falls and related Native American features.

- Biological resources on the Adobe Falls site.
- Aesthetic, noise, air and visual quality impacts to the surrounding communities.

These potential issues have been analyzed and addressed in the FEIR. With the exception of the previously discussed CEQA areas of aesthetics and visual quality, air quality, and transportation/circulation (traffic) impacts, mitigation measures have been proposed in the FEIR that, if implemented, would reduce all impacts to a level below significance.

Subsequent to the NOP/IS process, the university prepared a Draft EIR to analyze the potential environmental effects of the proposed master plan revision. The Draft EIR was made available for public review on June 13, 2007 for a 45-day period ending on July 27, 2007. During the public comment period additional presentations and workshops were held with the College Area Community Council, the Navajo Community Planning Group, Del Cerro Action Council, the SDSU campus community and other regional groups and organizations. During the 45-day comment period, 49 comment letters were received from residents of the Del Cerro Community, generally in opposition to the development of the Adobe Falls Faculty/Staff Housing. Twelve comment letters were received from College Area residents concerned primarily with traffic, noise, housing, and enrollment growth. Additionally, comment letters from 15 other local organizations and agencies were received, including the City of San Diego, Caltrans, Councilmember Jim Madafar, and the California Department of Fish and Game.

The FEIR includes written responses to all comments received. For complete copies of the comments and written responses, please refer to the Response to Comments, Section 9.3, of the FEIR. A summary of major issues and the CSU response to each is provided.

Detailed Status of Off-Site Mitigation Negotiations

The university believes that the mitigation proposals for traffic-related impacts represent an accurate and reasonable calculation of its "fair-share" of the costs to mitigate the project's off-site traffic impacts including legal requirements under CEQA for proportionality and nexus. A summary of the completed negotiations with the local entities follows below.

City of La Mesa

University representatives met with the Mayor of La Mesa to discuss SDSU's proposed fair-share contribution to the City for roadway mitigation improvements determined necessary in the EIR analysis. The Draft EIR determined that the proposed project would result in potential significant impacts at two roadway intersections within the City.

Based on calculated fair-share percentages of the cost estimates for the roadway improvements, the university determined a total mitigation responsibility of \$45,686. The City and the campus have agreed upon the mitigation plan.

Caltrans

The university initiated meetings with Caltrans, beginning in May 2007 and continuing through August 2007, during which representatives of both parties met on several occasions. Caltrans seeks both near term and long term mitigation funding from the university totaling \$10,140,000. Caltrans seeks near term fair-share contribution of \$420,000 towards preparation of two roadway improvement studies for the (1) College Avenue/Interstate-8 Interchange, and for the (2) I-8 Corridor Study.

The study funds will be credited towards the near term (2012) construction of \$890,000 in traffic mitigation measures:

- TCP-2 Provide an additional northbound lane on College Avenue at the intersection of Interstate 8 eastbound ramps, \$320,000
- TCP-10 Provide an additional vehicle storage lane on the I-8 eastbound on-ramp from College Avenue, \$450,000
- TCP-6 Install a traffic signal at I-8 westbound ramps and Parkway Drive, \$120,000

The horizon year (2030) fair share amounts for \$9,250,000 in traffic mitigation include:

- TCP-2 Provide an additional northbound through lane at the intersection of the I-8 eastbound ramp and College Avenue, \$960,000
- TCP-10 Provide an additional vehicle storage land on the I-8 eastbound ramp from College Avenue, \$1,350,000.
- TCP-6 Install a traffic signal at I-8 westbound at Parkway Drive, \$540,000
- TCP-14 Provide three northbound lanes and two southbound lanes on the College Avenue bridge, \$4,560,000
- TCP-11 Widen Fairmount Avenue between Mission Gorge and I-8 to six lanes, \$1,700,000
- TCP-13 Provide an additional through lane on the westbound approach to Alvarado Road/I-8 eastbound ramps, \$140,000

The CSU does not believe that a transfer of legislatively allocated budget funds from one state agency to another is warranted or consistent with state budget and fiscal policy; voter approved bonds for highway roadway improvements should be used for highway mitigation measures instead of voter approved bonds for higher education facilities. Accordingly, CSU believes that Caltrans should request funds for the recommended roadway improvements in its annual budget request. Nonetheless, while CSU does not agree that the *City of Marina* case requires CSU to make a mitigation funding request for another state agency, CSU will support Caltrans efforts to make such request and will look to the City of San Diego and SANDAG to join in that support.

However, because CSU cannot guarantee that funds will be authorized or made available for the recommended Corridor studies, or for roadway improvements, the recommendation to the board regarding this specific mitigation request will be to find that the impact to these facilities are

significant and unavoidable, and to adopt a Statement of Overriding Considerations pursuant to CEQA.

City of San Diego

Consistent with the *City of Marina* decision, the university met with the City of San Diego on 14 separate occasions to discuss the university's fair share mitigation obligations to the City. It was determined that only traffic related improvements identified as mitigation measures in the Draft EIR, Section 3.14, Transportation/Circulation and Parking would require SDSU to contribute its fair-share to the City. There are no other potential significant impacts to City services identified in the Draft EIR that would require fair share mitigation funding to the City:

- The amount for mitigation determined by the university is \$6,437,860. The City contends that the proposed master plan revision, in combination with the future Paseo project, is responsible for 100 percent of certain roadway improvement costs, not the percentage fair share calculated in the EIR. Based on alternative assumptions presented by the City, the total amount of the university's mitigation obligation would be \$21,800,000. The city proposed a counteroffer that included two alternatives, one of which was the campus' contribution be \$11.1 million subject to future adjustment based on future traffic counts and that the campus guarantee funding for any upward adjustments whether or not the state funds those upward adjustments. However, the campus could not agree to the city's inclusion of items for which their EIR found no significant impact (parks and libraries), the inclusion of costs for two street segments which are not feasible to improve, and their requirement that upward funding be guaranteed (most importantly). The second alternative was that the full amount of \$21,800,000 be contributed upfront, with downward adjustments possible based on future traffic counts. These alternatives were not acceptable and, therefore, the City and the university were unable to reach agreement on the amount or the methodology to determine a fair share amount.

San Diego Association of Governments (SANDAG)

Between March 2007 and August 2007, representatives of the university and SANDAG met on numerous occasions to discuss the proposed master plan revision project. SANDAG contends that the university is responsible for regional transit improvements, estimated at \$193,000,000. However, the Draft EIR did not find that the proposed project would result in significant impacts to regional transit systems; therefore, it is the university's position based on the EIR that no mitigation is required.

Alternatives

Because the FEIR must identify ways to mitigate or avoid the significant environmental effects of the proposed project, this FEIR identified various alternatives to the proposed project.

The following is a summary of each of the alternatives studied:

- *No Project Alternative:* This alternative is infeasible because it would not meet any of the project objectives, and it would not provide any of the project benefits.
- *5,000 FTE Increase Alternative:* This alternative is infeasible because it would not fully meet the project objectives, and it would not provide many of the proposed project benefits.
- *The No Adobe Falls Faculty/Staff Housing Alternative:* This alternative is infeasible because it would not fully meet the project objectives. It would conflict with the CSU statewide objective of maximizing the use of existing campus facilities to meet the needs of the university and it would adversely affect the ability of the university to recruit and retain needed faculty and staff.
- *50% Adobe Falls Alternative:* This alternative is infeasible because it would not fully meet the project objectives. It would conflict with the CSU statewide objective of maximizing the use of existing campus facilities and similar to the No Adobe Falls Faculty/Staff Housing Alternative, would adversely affect the ability of the university to recruit and retain needed faculty and staff.

The following is a summary of the institutional alternatives studied and the findings of the analysis:

- *Expansion of Summer Term Enrollment:* The university proposes to grow summer term enrollment to 25 percent of the annualized FTE. Continued growth to the legislative target of 40 percent will factor in student unit load increases to manage the headcount population.
- *Expanded Use of Academic Technologies:* The university proposes to continue to expand web-enhanced instruction.
- *Development of Off-Campus Centers:* As enrollment demand demonstrates the need to provide off-site instruction, the university will make every effort to address this specific need.

An assessment of institutional alternatives determined that these methods alone would not enable the university to meet the projected student enrollment demands. Each of the institutional alternatives has exhibited varying degrees of success in accommodating discrete segments of the SDSU student enrollment demands. However, because the institutional alternatives serve as a complement to, rather than a substitute for the project, implementation of the institutional alternatives will continue in conjunction with the proposed master plan revision.

The following resolution is presented for approval:

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

1. The Final EIR for the San Diego State University, 2007 Campus Master Plan Revision has been prepared to address the potential significant environmental impacts, mitigation measures, project alternatives, and comments and responses to comments associated with the proposed master plan revision, pursuant to the requirements of the California Environmental Quality Act, the CEQA Guidelines, and CSU CEQA procedures.
2. The Final EIR addresses the proposed increased enrollment, master plan revision, and all discretionary actions relating to the project, including near term construction projects as identified in Project Description, Section 1.0 of the Final EIR.
3. This resolution is adopted pursuant to the requirements of Section 21081 of the Public Resources Code and Section 15091 of Title 14 of the California Code of Regulations (CEQA Guidelines), which require that the Board of Trustees make findings prior to the approval of a project along with a statement of facts supporting each finding.
4. This board hereby adopts the Findings of Fact and related mitigation measures identified in the Mitigation Monitoring and Reporting Program for Agenda Item 5 of the November 13-14, 2007 meeting of the Board of Trustees' Committee on Campus Planning, Buildings and Grounds, which identifies specific impacts of the proposed project and related mitigation measures, which are hereby incorporated by reference.
5. The board has adopted the Findings of Fact that include specific overriding considerations that outweigh certain remaining unavoidable significant impacts to aesthetics and visual quality, air quality impacts, and transportation and circulation impacts.
6. The Final EIR has identified potentially significant effects that may result from project implementation. However, the Board of Trustees, by adopting the Findings of Fact, finds that the inclusion of certain mitigation measures as part of the project approval will reduce most, but not all, of those effects to

less than significant levels. Those impacts, which are not reduced to less than significant levels, are identified and overridden due to specific project benefits.

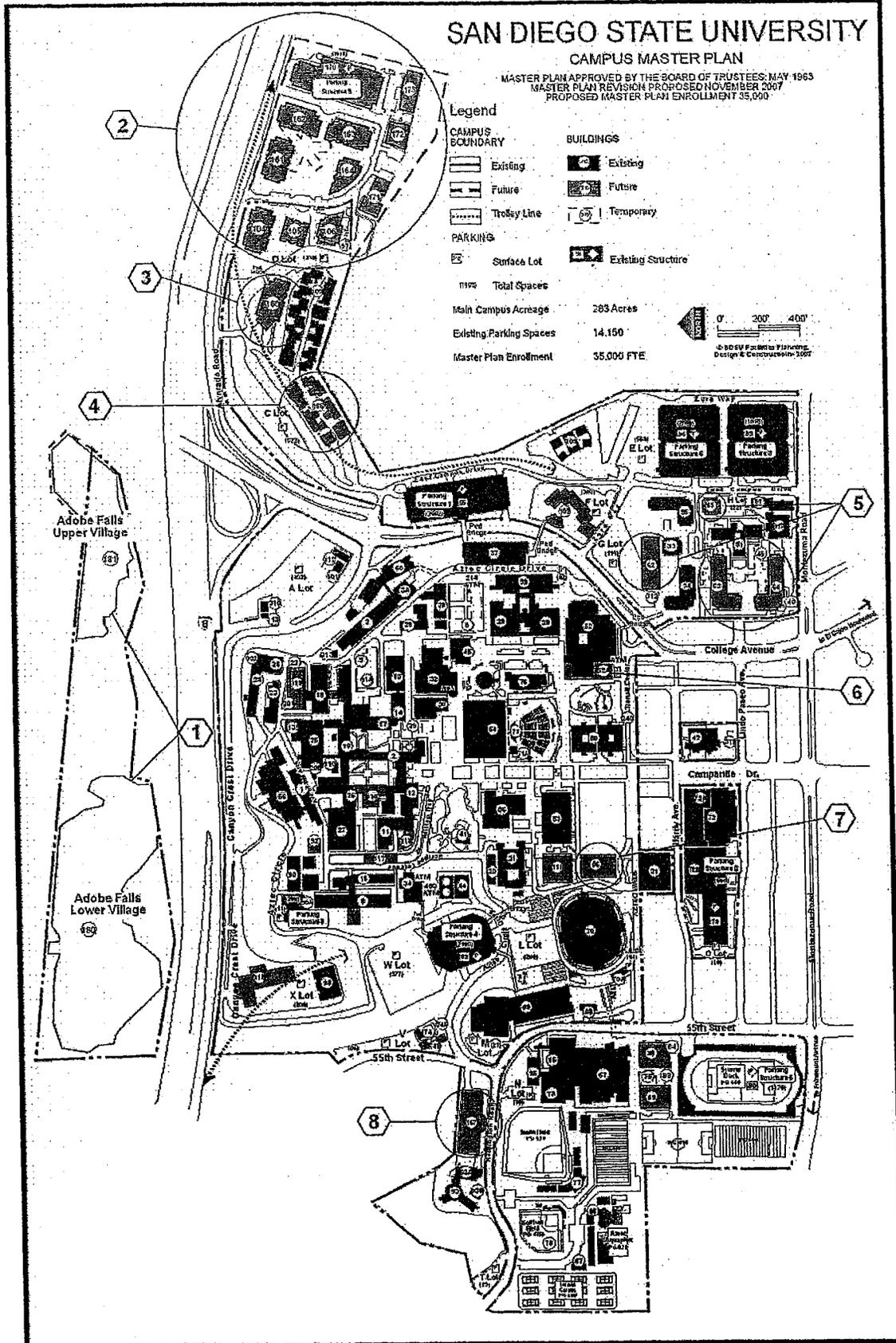
7. A portion of the mitigation measures necessary to reduce traffic impacts to less than significant are the responsibility of and under the authority of the City and County of San Diego (City). The City and the university have not come to agreement. The board therefore cannot guarantee that certain mitigation measures that are the sole responsibility of the City will be timely implemented. The board therefore finds that certain impacts upon traffic may remain significant and unavoidable if mitigation measures are not implemented, and adopts Findings of Fact that include specific Overriding Considerations that outweigh the remaining, potential, unavoidable significant impacts with respect to traffic and transit that are not under the authority and responsibility of the board.
8. Prior to the certification of the FEIR, the Board of Trustees has reviewed and considered the above-mentioned FEIR, and finds that the FEIR reflects the independent judgment of the Board of Trustees. The board hereby certifies the FEIR for the proposed project as complete and adequate in that the FEIR addresses all significant environmental impacts of the proposed project and fully complies with the requirements of CEQA and the CEQA Guidelines. For the purpose of CEQA and the CEQA Guidelines, the administrative record of proceedings for the project is comprised of the following:
 - a. The Draft EIR for the San Diego State University 2007 Campus Master Plan Revision;
 - b. The Final EIR, including comments received on the Draft EIR, and responses to comments;
 - c. The proceedings before the Board of Trustees relating to the subject project, including testimony and documentary evidence introduced at such proceedings; and
 - d. All attachments, documents incorporated, and references made in the documents as specified in items (a) through (c) above.
9. It is necessary, consistent with the California Supreme Court decision in *City of Marina*, for CSU to pursue mitigation funding from the legislature to meet its CEQA fair-share mitigation obligations. The chancellor is therefore directed to request from the governor and the legislature, through the annual state budget process, the future funds (\$6,484,000) necessary to support costs

as determined by the trustees necessary to fulfill the mitigation requirements of CEQA.

10. In the event the request for mitigation funds is approved in full, the chancellor is directed to proceed with implementation of the 2007 Campus Master Plan Revision and Enrollment Ceiling Increase for San Diego State University. Should the request for funds only be partially approved, the chancellor is directed to proceed with implementation of the project, funding identified mitigation measures to the extent of the available funds. In the event the request for funds is not approved, the chancellor is directed to proceed with implementation of the project consistent with resolution number 11 below.
11. Because this board cannot guarantee that the request to the legislature for the necessary mitigation funding will be approved, or that the local agencies will fund the measures that are their responsibility, this board finds that the impacts whose funding is uncertain remain significant and unavoidable, and that they are necessarily outweighed by the Statement of Overriding Considerations adopted by this board.
12. The board hereby certifies the Final EIR for the San Diego State University 2007 Campus Master Plan Revision dated November 2007 as complete and in compliance with CEQA.
13. The mitigation measures identified in the Mitigation Monitoring and Reporting Program are hereby adopted and shall be monitored and reported in accordance with the Mitigation Monitoring and Reporting Program for Agenda Item 5 of the November 13-14, 2007 meeting of the Board of Trustees' Committee on Campus Planning, Buildings and Grounds, which meets the requirements of CEQA (Public Resources Code, Section 21081.6).
14. The project will benefit the California State University.
15. The above information is on file with The California State University, Office of the Chancellor, Capital Planning, Design and Construction, 401 Golden Shore, Long Beach, California 90802-4210 and at San Diego State University, Facilities Planning, Design and Construction, 5500 Campanile Drive, San Diego, California 92182-1624.
16. The San Diego State University, Campus Master Plan Revision dated November 2007 is approved at a master plan enrollment ceiling of 35,000 FTE.

17. The chancellor or his designee is requested under the Delegation of Authority by the Board of Trustees to file the Notice of Determination for the project.

18. The five designated near term projects identified and described in the FEIR are: (1) Adobe Falls Housing Phase I (Upper Village); (2) Alvarado Campus (#104-106) buildings; (3) Alvarado Hotel; (4) Residential Life Administration and Residence Buildings; and (5) the Aztec Center Expansion and Renovation projects are determined to be fully analyzed at the project level in the FEIR for the purposes of compliance with CEQA for future implementation and construction.



SAN DIEGO STATE UNIVERSITY

Proposed Master Plan

Master Plan Enrollment: 35,000 FTE

Master Plan Revision approved by the Board of Trustees: May 1963, June 1967, July 1971, November 1973, July 1975, May 1977, November 1977, September 1978, September 1981, May 1982, July 1983, May 1984, July 1985, January 1987, July 1988, July 1989, May 1990, July 1990, September 1998, May 1999, March 2001, November 2007

- | | | |
|---|--|---|
| 1. Art - South | 40. Housing Administration & Residential Education (temporary) | 75. Football Coaches Offices/Weight-Training Facility |
| 2. Hepner Hall | 41. Scripps Cottage | 76. Love Library Add / Manchester Hall |
| 3. Geology -Math-Computer Science | 42. Student Health Services | 77. Tony Gwynn Stadium |
| 3a. Geology -Math-Comp. Science Add. | 44. Physical Plant/Chill Plant | 78. Aztec Softball |
| 5. Engineering Laboratory | 45. Aztec Shops Bookstore | 79. Parking Structure 2 |
| 6. Education | 46. Maya Hall (temporary) | 80. Parking Structure 5/Sports Deck |
| 8. Storm Hall | 47. Olmecca Hall (temporary) | 82. Parking Structure 4 |
| 9. Industrial Technology | 51. Zura Hall (Coed Residence) | 83. Athletics Offices |
| 10. Life Science - South | 52. Aztec Center | 84. Athletics Training Facility |
| 11. Little Theatre | 52a. Aztec Center Expansion | 86. Aztec Aquaplex |
| 12. Communication | 53. Music | 87. Tennis Center |
| 13. Physics | 54. Love Library | 88. Alumni Center |
| 14. Physics - Astronomy | 55. Parking Structure 1 | 89. Basketball Center |
| 15. Public Safety | 56. Art - North | 90. Arts and Letters |
| 16. Peterson Gymnasium | 58. Adams Humanities | 90a. Parking Structure 8 |
| 17. Physical Sciences | 59. Student Services - East | 91. Tenochca Hall (Coed Residence) |
| 18. Nasatir Hall | 60. Chemical Sciences Laboratory | 91a. Tula Hall |
| 19. Engineering | 62. Student Housing Ph I (600 beds) | 92. Art Gallery |
| 20. Exercise & Nutritional Sciences Annex | 63. Student Housing Ph II (700 beds) | 93. Chapultepec Hall (Coed Residence) |
| 21. Exercise & Nutritional Sciences | 64. Student Housing Ph II (700 beds) | 93a. Cholula Hall |
| 22. CAM Lab (Computer Aided Mechanics) | 65. Residential Life Administration | 93b. Aztec Market |
| 23. Physical Plant/Boiler Shop | 66. Conference Center | 94. Tepeyac (Coed Residence) |
| 24. Physical Plant | 67. Aztec Athletics Center/Hall of Fame | 95. Tacuba (Coeducational Residence) |
| 25. Cogeneration Plant | 68. Arena Meeting Center | 96. Parking Structure 6 |
| 26. Hardy Memorial Tower | 69. Aztec Recreation Center | 97. Rehabilitation Center |
| 27. Professional Studies & Fine Arts | 70. Cox Arena at Aztec Bowl | 98. Business Services |
| 28. Speech, Language and Hearing Sciences | 70a. Arena Ticket Office | 99. Parking Structure 3 |
| 29. Student Services - West | 71. Open Air Theater | 100. Villa Alvarado Hall (Coed Residence) |
| 30. Administration | 71a. Open Air Theater Hospitality House | 101. Maintenance Garage |
| 31. Calpulli (Counseling, Disabled & Student Health Services) | 72. KPBS Radio/TV | 102. Cogeneration/Chill Plant |
| 32. East Commons | 72a. Gateway Center | 104. Academic Bldg A |
| 33. Cuicacalli (Dining) | 72b. Extended Studies Center | 105. Academic Bldg B |
| 34. West Commons | 73. Racquetball Courts | 106. Academic Bldg C - Education |
| 35. Life Science - North | 74. International Student Center | 107. College of Business |
| 36. Dramatic Arts | 74a. International Student Center Expansion Phase I | 109. University Children's Center |
| 37. Business Administration | 74b. International Student Center Expansion Phase II | 110. Growth Chamber |
| 38. North Education | 74t. International Student Center Addition (temporary) | 111. Performing Arts Complex |
| 38a. North Education 60 | | 112. Resource Conservation |
| 39. Faculty/Staff Club | | 113. Waste Facility |
| | | 114. Science Research Building |
| | | 115. Physical Plant/Corporation Yard |

LEGEND

EXISTING FACILITY/ Proposed Facility

Note: Building numbers correspond with building numbers in the Space and Facilities Date Base (SFDB)

- 116. *School of Communication Add. A*
- 117. *School of Communication Add. B*
- 118. *School of Communication Add. C*
- 119. *Engineering Building Addition*
- 135. *Bio Science Center*
- 160. *Alvarado Hotel*
- 161. *Alvarado Park – Academic Bldg 1*
- 162. *Alvarado Park – Academic Bldg 2*
- 163. *Alvarado Park – Academic Bldg 3*
- 164. *Alvarado Park – Academic Bldg 4*
- 166. *Villa Alvarado Hall Expansion*
- 167. *U-lot Residence Hall (800 beds)/ PS7(750 cars)*
- 170. *Parking Structure 9 (Alvarado Park)*
- 171. *Alvarado Park – Research Bldg1 (existing, acquired)*
- 172. *Alvarado Park – Research Bldg2 (existing, acquired)*
- 173. *Alvarado Park – Research Bldg3 (existing, acquired)*
- 180. *Adobe Falls Lower Village – Residential*

- 181. *Adobe Falls Upper Village – Residential*
- 201. *Physical Plant Shops*
- 208. *Betty's Hotdogger*
- 240. *Transit Center*
- 302. *Field Equipment Storage*
- 303. *Grounds Storage*
- 310. *EHS Storage Shed*
- 311. *Substation D*
- 312. *Substation B*
- 313. *Substation A*
- 745. *University House (President's Residence)*

IMPERIAL VALLEY Off-Campus Center, Imperial Valley Campus - Calexico
 Master Plan Enrollment: 850 FTE
 Master Plan approved by the Board of Trustees: February 1980.
 Master Plan Revision approved by the Board of Trustees September 2003.

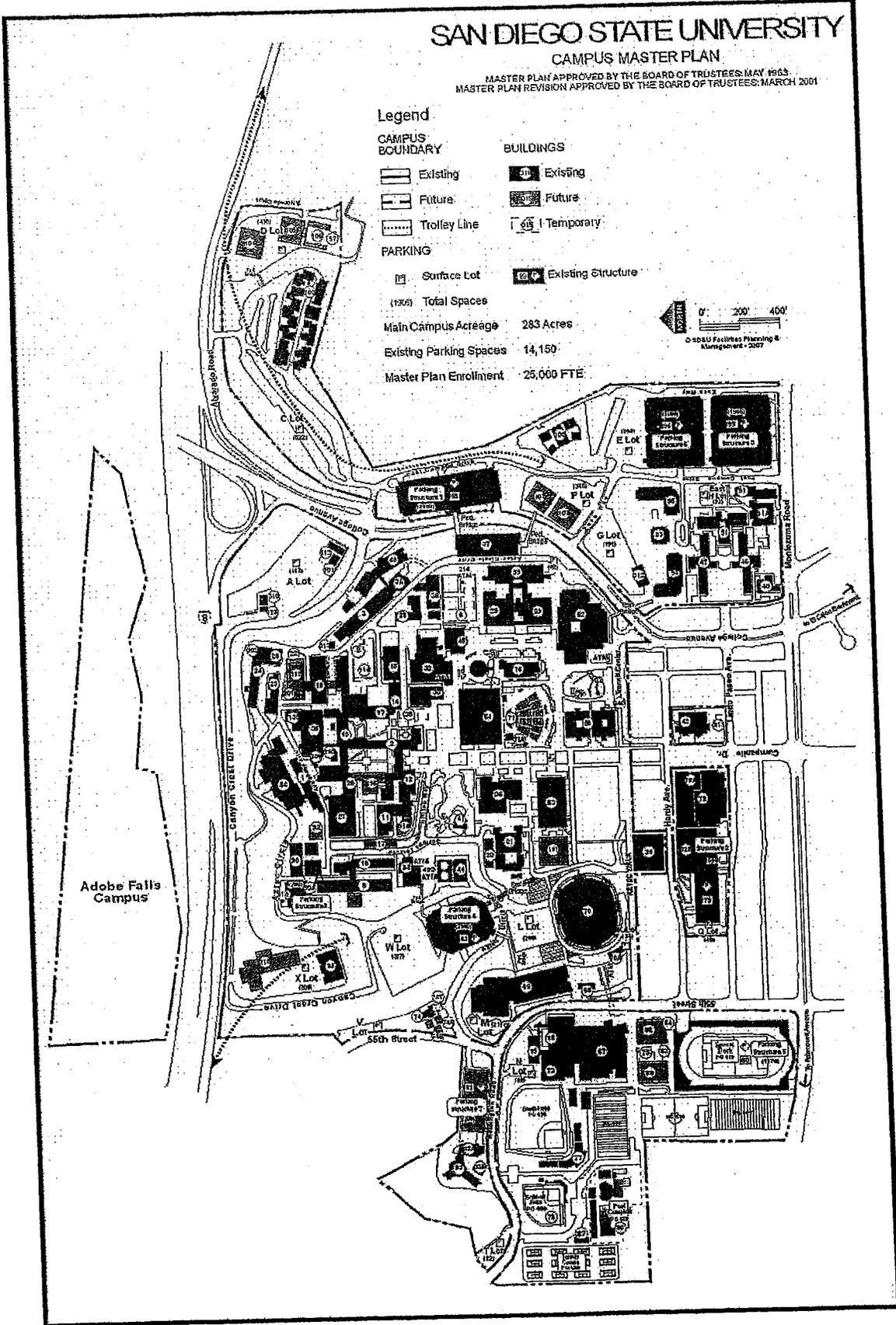
- 1. *North Classroom Building*
- 2. *Administration Building*
- 2a. *Art Gallery*
- 3. *Auditorium / Classrooms*
- 4. *Classrooms Building*
- 5. *Library*
- 5a. *Library Addition*

- 6. *Physical Plant*
- 7. *Computer Building*
- 9. *Faculty Offices Building East*
- 10. *Faculty Offices Building West*
- 20. *Student Center*
- 21. *Classroom Bldg / Classroom Bldg East*
- 22. *Classroom Bldg South*

IMPERIAL VALLEY OFF-CAMPUS, Imperial Valley Campus - Brawley
 Master Plan Enrollment: 850 FTE
 Master Plan approved by the Board of Trustees: September 2003.

- 101. *Initial Building (Brandt Bldg)*
- 102. *Academic Building II*
- 103. *Academic Building III*
- 104. *Library*
- 105. *Computer Building*
- 106. *Auditorium*
- 107. *Administration*
- 108. *Academic Building IV*
- 109. *Student Center*
- 110. *Energy Museum*
- 111. *Faculty Office*
- 112. *Agricultural Research*

LEGEND
 EXISTING FACILITY/ *Proposed Facility*
 Note: Building numbers correspond with building numbers in the Space and Facilities Date Base (SFDB)



SAN DIEGO STATE UNIVERSITY

Master Plan Enrollment: 25,000 FTE

Master Plan approved by the Board of Trustees: May 1963

Master Plan Revision approved by the Board of Trustees: May 1963, June 1967, July 1971, November 1973, July 1975, map 1977, November 1977, September 1978, September 1981, May 1982, July 1983, May 1984, July 1985, January 1987, July 1988, July 1989, May 1990, July 1990, September 1998, May 1999, March 2001

- | | | |
|---|---|--|
| 1. Art - South | 68. Arena Meeting Center | 117. School of Communication Addition B |
| 2. Hepner Hall | 69. Aztec Recreation Center | 118. School of Communication Addition C |
| 3. Geology - Mathematics - Computer Science | 70. Cox Arena at Aztec Bowl | 119. Engineering Building Addition |
| 3a. Geology - Mathematics - Computer Science Addition | 70a. Arena Ticket Office | 135. Bio Science Center |
| 5. Engineering Laboratory | 71. Open Air Theater | 201. Physical Plant Shops |
| 6. Education | 71a. Open Air Theater Hospitality House | 208. Betty's Hotdogger |
| 8. Storm Hall | 72. KPBS Radio/TV | 240. Transit Center |
| 9. Industrial Technology | 72a. Gateway Center | 302. Field Equipment Storage |
| 10. Life Science - South | 72b. Extended Studies Center | 303. Grounds Storage |
| 11. Little Theatre | 73. Racquetball Courts | 310. EHS Storage Shed |
| 12. Communication | 74. International Student Center | 311. Substation D |
| 13. Physics | 74a. International Student Center (temporary) | 312. Substation B |
| 14. Physics - Astronomy | 74b. International Student Center Expansion | 313. Substation A |
| 15. Public Safety | 75. Football Coaches Offices/Weight-Training Facility | 745. University House (President's Residence) |
| 16. Peterson Gymnasium | 76. Love Library Addition / Manchester Hall | |
| 17. Physical Sciences | 77. Tony Gwynn Stadium | IMPERIAL VALLEY Off-Campus Center, Imperial Valley Campus - Calexico |
| 18. Nasatir Hall | 78. Aztec Softball | Master Plan Enrollment: 850 FTE |
| 19. Engineering | 79. Parking Structure 2 | Master Plan approved by the Board of Trustees: February 1980. |
| 20. Exercise & Nutritional Sciences Annex | 80. Parking Structure 5/Sports Deck | Master Plan Revision approved by the Board of Trustees September 2003. |
| 21. Exercise & Nutritional Sciences | 81. Parking Structure 7 | |
| 22. CAM Lab (Computer Aided Mechanics) (temp) | 82. Parking Structure 4 | 1. North Classroom Building |
| 23. Physical Plant/Boiler Shop | 83. Athletics Offices | 2. Administration Building |
| 24. Physical Plant | 84. Athletics Training Facility | 2a. Art Gallery |
| 25. Cogeneration Plant | 86. Aztec Aquaplex | 3. Auditorium / Classrooms |
| 26. Hardy Memorial Tower | 87. Tennis Center | 4. Classrooms Building |
| 27. Professional Studies & Fine Arts | 88. Alumni Center | 5. Library |
| 28. Speech, Language and Hearing Sciences | 89. Basketball Center | 5a. Library Addition |
| 29. Student Services - West | 90. Arts and Letters | 6. Physical Plant |
| 30. Administration | 90a. Parking Structure 8 | 7. Computer Building |
| 31. Calpulli (Counseling, Disabled & Student Health Services) | 91. Tenochca Hall (Coeducational Residence) | 9. Faculty Offices Building East |
| 32. East Commons | 91a. Tula Hall | 10. Faculty Offices Building West |
| 33. Cuicacalli (Dining) | 92. Art Gallery | 20. Student Center |
| 34. West Commons | 93. Chapultepec Hall (Coeducational Residence) | 21. Classroom Building / Classroom Building East |
| 35. Life Science - North | 93a. Cholula Hall | 22. Classroom Building South |
| 36. Dramatic Arts | 93b. Aztec Market | |
| 37. Business Administration | 94. Tepeyac (Coeducational Residence) | IMPERIAL VALLEY OFF-CAMPUS, Imperial Valley Campus - Brawley |
| 38. North Education | 95. Tacuba (Coeducational Residence) | Master Plan Enrollment: 850 FTE |
| 38a. North Education 60 | 96. Parking Structure 6 | Master Plan approved by the Board of Trustees: September 2003. |
| 39. Faculty/Staff Club | 97. Rehabilitation Center | |
| 40. Housing Administration & Residential Education | 98. Business Services | 101. Initial Building |
| 41. Scripps Cottage | 99. Parking Structure 3 | 102. Academic Building II |
| 42. Student Health Services | 100. Villa Alvarado Hall (Coeducational Residence) | 103. Academic Building III |
| 44. Physical Plant/Chill Plant | 101. Maintenance Garage | 104. Library |
| 45. Aztec Shops Bookstore | 102. Cogeneration/Chill Plant | 105. Computer Building |
| 46. Maya Hall | 104. Academic Bldg A | 106. Auditorium |
| 47. Olmeca Hall (Coeducational Residence) | 105. Academic Bldg B | 107. Administration |
| 51. Zura Hall (Coeducational Residence) | 106. Academic Bldg C - Education | 108. Academic Building IV |
| 52. Aztec Center | 107. Business | 109. Student Center |
| 53. Music | 108. (Reserved) | 110. Energy Museum |
| 54. Love Library | 109. University Children's Center | 111. Faculty Office |
| 55. Parking Structure 1 | 110. Growth Chamber | 112. Agricultural Research |
| 56. Art - North | 111. Performing Arts Complex | |
| 58. Adams Humanities | 112. Resource Conservation | |
| 59. Student Services - East | 113. Waste Facility | |
| 60. Chemical Sciences Laboratory | 114. Science Research Building | |
| 67. Aztec Athletics Center/Hall of Fame | 115. Physical Plant/Corporation Yard | |
| | 116. School of Communication Addition A | |

LEGEND

EXISTING FACILITY/ Proposed Facility

Note: Building numbers correspond with building numbers in the Space and Facilities Data Base (SFDB).

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Status Report on the 2008-2009 State Funded Capital Outlay Program—Governor's Budget

Presentation By

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

Summary

This item will present a comparison between the CSU 2008-2009 state funded capital outlay program request and the funding level included in the governor's budget. A handout will be provided upon release of the governor's budget.

Background

The California State University's proposed 2008-2009 Capital Outlay Program and the Five-Year Capital Improvement Program 2008-2009 through 2012-2013 were presented at the September 2007 Board of Trustees' meeting. The trustees approved a 2008-2009 priority list totaling \$452.6 million to complete previously approved projects, perform seismic upgrades, renovate older facilities, and provide new academic space for existing and projected campus enrollments.

Of the \$452.6 million in campus requests, \$419.9 million were forwarded to the Department of Finance for approval. A lesser amount was forwarded at the direction of Finance to budget for projects at the lower amount. A 2008 general obligation capital outlay bond will require voter approval and is anticipated to fund the 2008-09 and 2009-10 capital outlay programs.

**Status Report on the 2008-2009
State Funded Capital Outlay Program
January 2008**



Office of the Chancellor • Capital Planning, Design and Construction • 401 Golden Shore • Long Beach, California 90802

Status Report on the 2008-2009 State Funded Capital Outlay Program

The California State University's proposed 2008-2009 Capital Outlay Program and the Five-Year Capital Improvement Program 2008-2009 through 2012-2013 were presented at the September 2007 Board of Trustees' meeting. The trustees approved a 2008-2009 priority list totaling \$452.6 million to complete previously approved projects, perform seismic upgrades, renovate older facilities, and provide new academic space for existing and projected campus enrollments. Based on existing bond funds and in support of a new general obligation bond fund of \$400 million per year, 25 projects totaling \$419.97 million were submitted to the Department of Finance for consideration in the governor's budget.

The governor's budget was published on January 10, 2008, and includes \$358 million for 24 CSU projects. The main adjustment made to a number of projects was to recognize the schedule impact of a November 2008 ballot initiative versus a June 2008 initiative. The specific adjustments include:

- Statewide Mitigation of Off-Campus Impacts – The request for \$15,000,000 to fund anticipated systemwide mitigations related to campus master plan growth was not supported.
- Monterey Bay, Academic Building II – The project construction phase of \$35,947,000, was deferred due to bond timing and not approved as a streamlined project.
- San José, Spartan Complex Renovation (Seismic) – The project working drawing phase of \$1,607,000, was deferred due to bond timing.
- Maritime Academy, Physical Education Replacement – The project working drawing phase of \$1,011,000, was deferred due to bond timing.
- Chico, Taylor II Replacement Building – The initial construction phase for sitework of \$2,345,000, was deferred due to bond timing and pending Public Works Board approval of preliminary plans.
- Sacramento, Science II, Phase 2 – The initial construction phase for lecture space of \$6,139,000 was deferred due to bond timing and pending Public Works Board approval of preliminary plans.

Trustees' priorities 26 through 38 totaling \$32.6 million were not included in the governor's budget. They may be resubmitted for the Board of Trustees' consideration for the 2009-2010 state funded capital outlay program pending the individual campus priority submittal for that budget year.

State Funded Capital Outlay Program 2008/09 Priority List

Cost Estimates are at Engineering News Record California Building Construction Cost Index 5179 and Equipment Price Index 2799

Rank Order	Category	Campus	Project Title	FTE	Trustee's Request		Governor's Budget	
					Phase	Dollars	Phase	Dollars
1	IA	Statewide	Minor Capital Outlay		PWC	25,000,000	PWC	25,000,000
2	IA	Statewide	Capital Renewal		PWC	50,000,000 (a)	PWC	50,000,000 (b)
3	IA	Statewide	Mitigation of Off-Campus Impacts		PWC	15,000,000		0 (c)
4	II	Los Angeles	Forensic Science Building	N/A	E	575,000	E	575,000
5	IB	Chico	Student Services Center	N/A	E	2,432,000	E	2,432,000
6	II	Northridge	Science I Replacement	N/A	E	4,499,000	E	4,499,000
7	IA	East Bay	Student Services Replacement Building	N/A	E	1,963,000	E	1,963,000
8	II	Dominguez Hills	Educational Resource Center Addition	N/A	E	3,664,000	E	3,664,000
9	II	Northridge	Performing Arts Center ◊	N/A	E	6,032,000	E	6,032,000
10	IA	Channel Islands	Entrance Road	N/A	C	23,822,000	C	23,822,000 (d)
11	IA	San Bernardino	Access Compliance Barrier Removal	N/A	PWC	10,510,000	PWC	10,510,000 (d)
12	IA	East Bay	Warren Hall (Seismic) ◊	-526	PW	3,468,000	PW	3,468,000 (d)
13	IA	East Bay	Warren Hall Telecommunications Relocation	N/A	PWC	2,003,000	PWC	2,003,000 (e)
14	IA	Humboldt	Library Seismic Safety Upgrade	N/A	PW	454,000	PW	454,000
15	II	Channel Islands	Classroom/Faculty Office Reno/Add	1,050	C	30,128,000	C	30,128,000
16	IB	San Diego	Storm/Nasatir Halls Renovation ◊	-2,196	C	47,169,000	C	47,169,000
17	IB	Bakersfield	Art Center and Satellite Plant	177	WC	17,292,000	WC	17,292,000
18	IB	Stanislaus	Science I Renovation (Seismic)	422	C	16,731,000	C	16,731,000
19	IB	San Luis Obispo	Center for Science ◊	66	C	99,620,000	C	99,620,000
20	II	Monterey Bay	Academic Building II	1,243	PWC	38,092,000	PW	2,145,000 (f)
21	IB	San José	Spartan Complex Renovation (Seismic)	62	PW	2,769,000	P	1,162,000 (g)
22	IB	Maritime	Physical Education Replacement	0	PW	1,928,000	P	917,000 (g)
23	II	Channel Islands	West Hall	438	P	868,000	P	868,000
24	II	Chico	Taylor II Replacement Building	751	PWc	4,982,000	PW	2,637,000 (h)
25	IB	Sacramento	Science II, Phase 2	924	PWc	10,965,000	PW	4,828,000 (i)
Totals				2,411		\$419,966,000		\$357,917,000

- Notes:**
- (a) \$2,000,000 funded by Higher Education Capital Outlay Bond Fund (HECOBF) of 2004
 - (b) Funded by University Capital Outlay Bond Fund (UCOBF) of 2008
 - (c) Not included in Governor's Budget
 - (d) Funded by HECOBF of 2004
 - (e) \$241,000 (PW) funded by HECOBF of 2004
 - (f) Funded as a non-streamlined project; C phase deferred (\$35,947,000)
 - (g) W phase deferred (San Jose: \$1,607,000; Maritime Academy: \$1,011,000)
 - (h) c phase deferred (\$2,345,000)
 - (i) Funded by HECOBF of 1988; c phase deferred (\$6,139,000)

◊ This project is dependent upon state and non-state funding.

- Categories:**
- I. Existing Facilities/Infrastructure
 - A. Critical Infrastructure Deficiencies
 - B. Modernization/Renovation
 - II. New Facilities/Infrastructure

Phases: A = Acquisition P = Preliminary plans W = Working drawings c = Initial phase construction C = Construction E = Equipment

Office of the Chancellor, Budget Office
401 Golden Shore, 5th Floor, Long Beach, CA 90802-4210
(562) 951-4560 / FAX (562) 951-4971



Memorandum

B 06-01

To: Chief Fiscal Officers

From: Patrick Lenz, Assistant Vice Chancellor for Budget Development
Patrick J. Lenz
Rodney Rideau, Budget Director *Rodney A. Rideau*

cc: Financial Officers, Budget Officers, Enrollment Managers,
Financial Aid Directors

Date: March 9, 2006

Subject: 2006/07 Governor's Budget Allocations

Attachments: Visit <http://www.calstate.edu/budget/> Fiscal Year 2006/07 to view allocation spreadsheets related to this document

The following allocations are made for planning purposes for the 2006/07 fiscal year. The allocations in this memorandum are based on funding proposed in the Governor's January 2006 budget to the Legislature and the budget plan adopted by the CSU Board of Trustees at their October 2005 meeting. Any questions concerning this allocation memorandum should be directed to Rodney Rideau, Budget Director, at (562) 951-4560.

The budget allocation process for 2006/07 will be influenced by three significant changes in CSU budgeting:

- A new marginal cost methodology has been proposed by the Governor to fund enrollment growth at CSU and UC. The new methodology is generally based on an average cost approach for instruction-related programs and the expectation that all revenue from student fees will be used to fund enrollment growth. The methodology proposed by the Governor recognizes that nonresident students fully fund their instructional cost and funds growth-related maintenance of plant.
- The graduate unit load is recognized in the Governor's Budget as 12 units for a full-time equivalent student.



- The Governor's Budget supports the deposit of CSU student fee revenue into local trust accounts

These changes have required adjustments in the allocation process that deviate from past practice. As such, allocations made for 2006/07 will be transitional as the university works through the implementation of these budgetary changes. The process established for 2007/08 and future budget allocations will be influenced by the analysis of budget data received in 2006/07. Because the budget allocation process for 2006/07 requires several significant adjustments, this Governor's Budget allocation memorandum has been designed to explain each adjustment in detail.

Summary of 2006/07 Governor's Budget Revenue Allocations: 2005/06 Final Budget versus 2006/07 Governor's Budget

	General Fund			State University Fee			Other Fees and Reimbursements
	2005/06	Budget Plan	2006/07	Campus	Campus FIRMS	Campus FIRMS	unchanged Campus
	Allocation	Budget Plan Adjustments	Allocation	2005/06 FIRMS Budget Submission	Budget Plan Increase	w/ 2006/07 Budget Plan Increase	2005/06 FIRMS Submission
Bakersfield	\$54,567,280	\$2,443,200	\$57,010,480	\$19,346,954	\$462,000	\$19,808,954	\$1,456,789
Channel Islands	29,884,210	5,378,600	35,262,810	4,753,683	1,743,000	6,496,683	285,050
Chico	107,406,300	5,899,310	113,305,610	40,343,000	754,000	41,097,000	8,686,357
Dominguez Hills	66,973,470	2,015,420	68,988,890	33,269,000	0	33,269,000	4,753,012
East Bay	81,509,700	3,788,530	85,298,230	35,909,408	0	35,909,408	9,919,821
Fresno	133,028,700	6,129,540	139,158,240	49,827,000	634,000	50,461,000	8,124,700
Fullerton	149,312,220	7,135,910	156,448,130	80,661,400	2,080,000	82,741,400	18,182,197
Humboldt	68,755,676	2,072,970	70,828,646	19,062,076	0	19,062,076	5,220,276
Long Beach	177,735,040	12,073,000	189,808,040	85,000,000	2,207,000	87,207,000	23,414,960
Los Angeles	116,825,340	6,380,080	123,205,420	56,826,564	967,000	57,793,564	7,492,981
Maritime Academy	14,351,400	1,177,640	15,529,040	1,522,080	152,000	1,674,080	1,421,405
Monterey Bay	46,617,600	2,767,590	49,385,190	8,922,838	573,000	9,495,838	1,144,080
Northridge	165,297,980	11,847,870	177,145,850	76,679,000	3,283,000	79,962,000	15,388,723
Pomona	129,173,000	8,016,180	137,189,180	49,785,667	999,000	50,784,667	10,569,296
Sacramento	148,849,500	4,692,730	153,542,230	66,444,000	1,916,000	68,360,000	5,842,739
San Bernardino	91,942,110	4,305,810	96,247,920	42,000,000	1,268,000	43,268,000	6,364,929
San Diego	192,540,150	13,281,680	205,821,830	82,483,000	1,927,000	84,410,000	23,417,671
San Francisco	143,302,700	12,336,200	155,638,900	73,979,600	432,000	74,411,600	17,935,480
San Jose	150,558,500	9,414,790	159,973,290	72,180,000	926,000	73,106,000	14,157,052
San Luis Obispo	129,995,900	9,442,030	139,437,930	44,756,145	1,079,000	45,835,145	11,896,944
San Marcos	54,364,480	3,267,730	57,632,210	17,766,914	1,216,000	18,982,914	2,306,591
Sonoma	54,301,344	4,823,010	59,124,354	18,870,000	823,000	19,693,000	2,630,000
Stanislaus	53,683,980	1,982,850	55,666,830	19,590,688	250,000	19,840,688	3,189,391
Campus Total	\$2,360,976,580	\$140,672,670	\$2,501,649,250	\$999,979,017	\$23,691,000	\$1,023,670,017	\$203,800,444
Chancellor's Office	67,802,501	4,274,704	72,077,205	0	273,000	273,000	0
International Programs	3,077,699	(439,000)	2,638,699	1,512,870	(168,000)	1,344,870	0
Summer Arts	148,800	(43,000)	105,800	0	43,000	43,000	0
Systemwide Provisions	183,114,420	19,531,626	202,646,046	0	0	0	0
CSU System Total	\$2,615,120,000	\$163,997,000	\$2,779,117,000	\$1,001,491,887	\$23,839,000	\$1,025,330,887	\$203,800,444



Base Budget Adjustments

Base budget adjustments are changes required to address modifications to the Final Budget allocation campuses received for the 2005/06 fiscal year. Please reference B 05-04 to view the 2005/06 Final Budget General Fund allocation.

Retirement Adjustment. The Final Budget allocation to CSU totaled \$2,615,120,000 in the 2005/06 Final Budget. That allocation was adjusted in February 2006 to reduce the General Fund allocation by \$22,490,000 to reflect the reduced cost of employer-paid contributions to CALPERS for employee retirement. The adjustment by campus is based on budgeted General Fund salaries in the 2005/06 campus FIRMS Final Budget submissions received in August 2005. The table below shows the reduction by campus.

Bakersfield	(\$456,000)
Channel Islands	(254,000)
Chico	(933,000)
Dominguez Hills	(607,000)
East Bay	(729,000)
Fresno	(1,162,000)
Fullerton	(1,548,000)
Humboldt	(553,000)
Long Beach	(1,787,000)
Los Angeles	(1,100,000)
Maritime Academy	(121,000)
Monterey Bay	(315,000)
Northridge	(1,652,000)
Pomona	(1,212,000)
Sacramento	(1,383,000)
San Bernardino	(815,000)
San Diego	(1,825,000)
San Francisco	(1,520,000)
San Jose	(1,478,000)
San Luis Obispo	(1,166,000)
San Marcos	(448,000)
Sonoma	(501,000)
Stanislaus	(469,000)
Campus Total	(\$22,034,000)
Chancellor's Office	(456,000)



Auxiliary Auditor and Whistleblower Investigator Services. Campus General Fund budgets will also be reduced to fund permanent charge-backs for Auxiliary Auditor and Whistleblower Investigator services provided by the Chancellor's Office. The charge-backs were prorated for each campus based on its percentage share of total the \$2,615,120,000 General Fund allocation made in the 2005/06 Final Budget. The Trustee Auditor and the Vice Chancellor for Human Resources calculated the total cost requirement for these services. The charge-backs by campus are present in the following table.

	<i>Auxiliary Auditors</i>	<i>Whistleblower Investigators</i>
Bakersfield	(\$4,800)	(\$6,200)
Channel Islands	(2,600)	(3,400)
Chico	(9,400)	(12,200)
Dominguez Hills	(5,800)	(7,500)
East Bay	(7,100)	(9,200)
Fresno	(11,600)	(15,000)
Fullerton	(13,100)	(17,000)
Humboldt	(6,000)	(7,800)
Long Beach	(15,500)	(20,000)
Los Angeles	(10,200)	(13,200)
Maritime Academy	(1,300)	(1,600)
Monterey Bay	(4,100)	(5,300)
Northridge	(14,400)	(18,700)
Pomona	(11,300)	(14,600)
Sacramento	(12,900)	(16,700)
San Bernardino	(7,900)	(10,300)
San Diego	(16,900)	(21,900)
San Francisco	(12,500)	(16,200)
San Jose	(13,100)	(16,900)
San Luis Obispo	(11,400)	(14,700)
San Marcos	(4,700)	(6,100)
Sonoma	(4,700)	(6,100)
Stanislaus	(4,700)	(6,100)
Campus Total	(\$206,000)	(\$266,700)

Managing Student Fee Income in Local Trusts. The Governor's Budget also includes an accounting adjustment that will authorize CSU to deposit and manage student fee revenue in local trust accounts. This adjustment was approved by the Governor to improve budget and accounting processes at the university. In accepting the fee revenue trust authority, CSU agreed to keep the fund shift revenue neutral to the state – which requires an annual payment to the state for lost interest income. CSU will calculate the interest cost annually, and incremental changes to fund the interest payment to the state will be made as campus base budget adjustments. The interest payment calculated for the 2006/07 fiscal year is \$5 million and it has been prorated by campus based on the percentage share of student fee revenue budgeted in campus-reported FIRMS 2005/06 Final Budget submissions. The following table shows the interest payment charge-back by campus.



Campus Assessments for Student Fee Revenue Interest Earnings

	Campus Projected Revenue	Interest Earnings Chargeback
Bakersfield	\$20,803,700	(\$86,300)
Channel Islands	5,038,700	(20,900)
Chico	49,029,400	(203,390)
Dominguez Hills	38,022,000	(157,730)
East Bay	45,829,200	(190,120)
Fresno	57,951,700	(240,410)
Fullerton	98,843,600	(410,040)
Humboldt	24,282,400	(100,730)
Long Beach	108,415,000	(449,750)
Los Angeles	64,319,500	(266,820)
Maritime Academy	2,943,500	(12,210)
Monterey Bay	10,066,900	(41,760)
Northridge	92,067,700	(381,930)
Pomona	60,355,000	(250,370)
Sacramento	72,286,700	(299,870)
San Bernardino	48,364,900	(200,640)
San Diego	105,900,700	(439,320)
San Francisco	91,915,100	(381,300)
San Jose	86,337,100	(358,160)
San Luis Obispo	56,653,100	(235,020)
San Marcos	20,073,500	(83,270)
Sonoma	21,500,000	(89,190)
Stanislaus	22,780,100	(94,500)
Campus Total	\$1,203,779,500	(\$4,993,730)
Chancellor's Office	1,512,900	(6,270)
International Programs		
Summer Arts		
Systemwide Provisions		
CSU System Total	\$1,205,292,400	(\$5,000,000)

Other Base Budget Adjustments: In addition to these campus adjustments, the 2005/06 Final Budget appropriation to CSU is reduced by \$7 million to remove one-time funds provided for CSU outreach programs. CSU is requesting restoration of these funds on a permanent basis in the legislative budget process. The base budget has also been increased to reflect funding CSU received to expand Master's level nursing instruction, increased General Fund lease bond debt-service costs, and increases in annuitants' dental benefit payments, the lower projected cost of annuitant dental premium payments. Additionally, a base budget adjustment has been made to



transfer administration of the California Articulation Number program from the Sacramento campus to the Chancellor's Office. Funds have also been permanently transferred to the Chancellor's Office to support costs central Academic Affairs support services.

Summary of 2006/07 Base Budget Adjustments

Final Budget General Fund Appropriation	\$2,615,120,000
<i>Reduction in 2005/06 Employer-Paid Retirement Costs</i>	<i>(22,490,000)</i>
<i>Supplemental Appropriation for MSN Nursing Programs</i>	<i>1,720,000</i>
<i>Increased General Fund Cost for Lease revenue Bond Debt Service</i>	<i>2,929,000</i>
<i>Increased Cost of Annuitant Dental Premiums</i>	<i>1,504,000</i>
<i>Removal of One-Time 2005/06 Academic Preparation/Outreach Funding</i>	<i>(7,000,000)</i>
<i>State Student Fee Revenue Interest Earnings Reimbursement</i>	<i>(5,000,000)</i>
<i>Total, General Fund Adjustments</i>	<u><i>(28,337,000)</i></u>
2006/07 General Fund Base	\$2,586,783,000
Additional Campus and Chancellor's Office Adjustments	
<i>Auxiliary Audit and Whistleblower Investigator Chargebacks</i>	<i>\$472,700</i>
<i>California Articulation Number Administration</i>	<i>\$155,000</i>
<i>CSU Financial Aid Billing Systems</i>	<i>\$62,374</i>
<i>Net Impact on CSU General Fund Base = \$0.00</i>	

2006/07 Budget Plan Expenditure Increases

Expenditure increases for the 2006/07 fiscal year are made on the assumption \$216,175,000 in new revenue will be appropriated by the state and collected in State University Fee income. The General Fund expectation, \$192,334,000, includes \$54.4 million to buy down fee rate increases for all students, \$61 million to fund 2.5% enrollment growth at the rate of \$7,187 per FTES (which is what the expected rate should be once a technical correction in the CSU marginal cost calculation the Department of Finance has recognized is made at May Revise), \$75.8 million to support a 3% increase in general operations costs, and \$1.1 million to expand the CSU Math/Science Teacher Recruitment Initiative.

Additionally, State University Fee income is expected to increase by \$23.8 million as a result of 2.5% enrollment growth funded for the fiscal year. The student fee revenue projection is lower than the Governor's Budget estimate of \$26 million due to changes in campus enrollment patterns resulting from suspension of Summer 2004 state-supported programs and missed enrollment targets in 2004/05. Also, the decision was made not to adjust campus headcount numbers in the revenue calculation process as a result of the change in graduate unit load FTES. As previously noted, budget allocation decisions for the 2006/07 campus allocation process are in transition and will be reviewed following an analysis of data reported for 2006/07.

A comparison of 2006/07 Governor's Budget and CSU requested General Fund changes are shown on the following table.



BUDGET FACT SHEET

2006/07 Governor's Budget

	Gov. Bgt.	BOT Budget	Change
CSU General Fund Base (includes retirement and lease bond adjustments)	\$2,597,279,000	\$2,592,630,000	\$4,649,000
Remove \$7 million One-Time 2005/06 Outreach Funding	(7,000,000)		(7,000,000)
Annuitant Dental Benefit	1,504,000		1,504,000
Fee Revenue Fund Transfer Offset	(5,000,000)		(5,000,000)
Adjusted 2005/06 General Fund Base	\$2,586,783,000	\$2,592,630,000	(\$5,847,000)
Provide 3% Compact General Fund Increase	75,815,000	75,803,000	12,000
Increase 2006/07 FTES Enrollment Target by 2.5% (8,490 FTES)	61,018,000	52,660,000	8,358,000
Buy Out Scheduled 2006/07 Fee Rate Increases	54,386,000		54,386,000
Math/Science Teacher Recruitment Initiative	1,115,000		1,115,000
2006/07 New General Fund Appropriations	\$192,334,000	\$128,463,000	\$63,871,000
2006/07 CSU General Fund Appropriation	\$2,779,117,000	\$2,721,093,000	\$58,024,000
General Fund Percentage Change over 2005/06 Revised Base	7.4%	5.0%	

Mandatory Costs

Mandatory costs are expenditure obligations the university must pay whether or not funding is received from the State or student fee income. Mandatory cost obligations identified in the CSU budget plan for 2006/07 include increases in employer-paid health benefits premium costs, service-based salary increases negotiated through collective bargaining, energy cost increases, and funding required to open and maintain new and/or renovated facility space.

Health Benefits. The CSU Support Budget Documentation book (available for viewing on-line at http://www.calstate.edu/budget/2006_07BudIndex/supportbdgt_book2/index.shtml) discusses changes in Government Code health care contribution rates that have increased CSU costs. Campus expenditure increases to cover incremental costs have been prorated on the basis of their percentage share of reported 2004/05 General Fund health benefits expenditures.

Service-based Salary Increases. Of the \$4 million allocated for 2006/07 employee service-based salary increases (SSIs), most (\$3.9 million) results from SSIs included in the CSU Employee Union (CSUEU) 2005/06 bargaining agreement. SSI allocations have been made on the basis of campus employees in the affected bargaining units.

Energy Costs. The current estimate of utilities (electricity, natural gas, water/sewer) cost increases for 2006/07 is \$8.5 million. The CSU budget plan currently provides \$4.3 million to assist campuses with half of the projected increase. The budget plan increase has been allocated to campuses on their proportional share of custodial square footage (SQF4) included in the 2005/06 Capital Planning Design and Construction facility database for main campus and off-campus sites.

New Space. The new marginal cost of instruction methodology proposed in the Governor's Budget to fund enrollment growth includes a component for operations and maintenance of the physical plant. This component was added to address previously unrecognized cost associated with the opening of new facility space designed to maintain existing enrollment levels and accommodate growth. Before this marginal cost change, CSU dedicated a portion of budget year revenue associated with the cost of general operations to this mandatory cost obligation. With the



recognition of this cost in the marginal cost methodology, the budget allocation for new space identifies the distribution of marginal cost revenue and the supplement need for general operating support from Compact resources to fund the budget plan cost increase of \$6,548,000. The marginal cost rate used to fund New Space is \$548 per FTES (\$443 in General Fund support and \$105 in fee revenue support), which has been combined with Compact resources to fund new space at campuses with budget year need at \$8.42 per square foot. Campuses facilities with New Space need are identified on pages 15 and 16 of the CSU 2006/07 Support Budget Documentation book.

Total Governor's Budget mandatory cost allocations are identified on the following table.

	Mandatory Costs			
	Health Benefits	SSI Costs	Energy Costs	New Space
Bakersfield	\$402,000	\$71,800	\$86,300	\$0
Channel Islands	188,000	39,200	35,400	150,000
Chico	910,000	171,200	190,800	1,089,000
Dominguez Hills	514,000	105,900	99,700	0
East Bay	621,000	148,300	144,600	575,000
Fresno	965,000	199,800	214,500	0
Fullerton	1,222,000	251,300	285,300	0
Humboldt	546,000	105,400	131,200	381,000
Long Beach	1,372,000	275,300	332,800	0
Los Angeles	832,000	165,900	233,900	896,000
Maritime Academy	100,000	14,900	43,500	31,000
Monterey Bay	295,000	69,300	63,400	130,000
Northridge	1,363,000	282,600	279,700	218,000
Pomona	954,000	210,800	221,400	282,000
Sacramento	1,197,000	206,100	230,500	0
San Bernardino	743,000	158,100	176,500	0
San Diego	1,508,000	316,500	373,800	0
San Francisco	1,172,000	270,300	265,000	313,000
San Jose	1,185,000	237,200	334,500	635,000
San Luis Obispo	1,064,000	228,200	270,600	917,000
San Marcos	398,000	78,800	96,700	0
Sonoma	476,000	87,500	103,600	931,000
Stanislaus	429,000	76,700	102,300	0
Campus Total	\$18,456,000	\$3,771,100	\$4,316,000	\$6,548,000
Chancellor's Office	253,000	97,900		
International Programs				
Summer Arts				
Systemwide Provisions		187,000	(132,000)	
CSU System Total	\$18,709,000	\$4,056,000	\$4,184,000	\$6,548,000



Enrollment Funding

The Board of Trustees budget request was based on 2.5 percent FTES enrollment growth above the 2005/06 budgeted targeted of 332,223 FTES. This was an 8,306 FTES increase for the budget year that assumed a full-time equivalent graduate student unit load of 15 units per term. The budget request was also based on the current marginal cost methodology approved in 1996/97 (which CSU modified to include the actual new hire salary rate for faculty) that assumes a student fee share of cost based on the percentage share of State University Fee revenue to total General Fund-supported operations.

The Governor's Budget includes several changes in the original Board-approved budget assumptions.

1. The graduate unit load for a full-time equivalent student was changed, as requested by CSU, to 12 units per term. This resulted in a revised enrollment growth expectation of 8,490 FTES once the graduate unit loads for base enrollments and planned growth were re-benched from 15 units.
2. The Governor's Budget proposes a new marginal cost methodology that incorporates the average cost of CSU instruction-related programs, recognizes all student fee income (State University Fee, Nonresident Tuition, Application Fees, etc) used for CSU budgeted expenditures, adjusts out indirect educational programs (museums, public service, research), and excludes fee-supported program costs and nonresident student enrollment in the average cost calculation to determine state General Fund support.
3. A Plant Operations component was specifically included in the enrollment funding methodology to recognize the cost of opening new space to maintain existing enrollment levels and accommodate enrollment growth.
4. No specific reference is made to budgeted student faculty ratio

The Governor's Budget enrollment funding methodology results in a state General Fund cost of \$7,187 per FTES for enrollment growth in 2006/07. This rate assumes a technical correction in the calculation for funding 2006/07 growth will be made at May Revise. The Governor's Budget also assumes \$2,765 in student fee income per FTES, which is based on fee income from all student fee revenue sources.

For the 2006/07 transitional year, the budget allocation process modifies the Governor's proposed enrollment funding model to resemble the CSU enrollment funding methodology that has been used for the past ten years. As shown on the following table, actual funding for enrollment growth will continue to be based on one-rate FTES funding that combines both graduate and undergraduate student classifications, the most recently-reported new hire faculty salary cost, an 18.9 Student Faculty Ratio, and instruction-related program areas that do not include plant maintenance. The methodology also uses only State University Fee income in the gross funding allocation.



The only significant adjustments to the previous methodology are (1) using only resident student FTES in the cost calculation, (2) adjusting the fixed rate discounts to eliminate the 10 percent discount for instructional support, reduce the academic support discount by 5 percent, and reduce the student services discount by 10 percent, and (3) reflect the actual cost of Teaching Assistants.

2005/06 Components	Average Per Student	Discount	Marginal Rate Per Student	Gross Marginal Dollars
Faculty Salary (Per Student FTE @ 18.9:1)	\$64,009 \$3,387		\$3,387	\$28,756,000
Faculty Benefits (Per Student FTE @ 18.9:1)	22,832 1,208		1,208	10,256,000
Teaching Assistants (Per Student FTE @ 44:1)	10,053 228		228	1,936,000
Instructional Support Total FTE Students Per Student	284,487,605 328,831 865	0%	865	7,344,000
Instructional Equipment Total FTE Students Per Student	42,471,747 328,831 129		129	1,095,000
Academic Support Total FTE Students Per Student	477,219,226 328,831 1,451	-10%	1,306	11,088,000
Student Services Total FTE Students Per Student	364,501,152 328,831 1,108	-10%	997	8,465,000
Institutional Support Total FTE Students Per Student	515,964,957 328,831 1,569	-35%	1,020	8,660,000
Total Enrollment Funding	\$9,945		\$9,140	\$77,599,000
Less: Fee Revenue	-2,607		-2,396	-20,342,000
General Fund Support	<u>\$7,338</u>		<u>\$6,744</u>	<u>\$57,257,000</u>



Enrollment funding for 2006/07 FTES growth is allocated for Compact enrollment growth of 2.5 percent over 2005/06 funded targets, State University Grant financial aid for enrollment growth and changes in base student financial need, supplemental appropriations CSU received to expand enrollment in Master's of Nursing Science graduate programs, and the recruitment and training of new Math/Science teacher credential candidates.

Compact Enrollment Growth. Campus 2006/07 enrollment targets were established in consultation with campus presidents in late February. Compact enrollment growth is funded at a General Fund cost of \$6,744 per FTES for all enrollment growth, undergraduate, graduate and postbaccalaureate (\$7,187 - \$443 used for New Space funding). The Governor's Budget proposed marginal cost methodology calls for future increases to the 2006/07 marginal cost rate to be based on the percentage change provided by the Compact agreement for general operating increase at CSU.

The Compact enrollment allocation also assumes \$2,396 per FTES will be collected in student fee revenue, which reflects a 26.21 percent State University Fee revenue share of 2005/06 budgeted general operating costs. CSU fee policy calls for one-third of the marginal cost revenue, \$799 per FTES, to be set-aside for the CSU State University Grant financial aid program. However, although the changes in the marginal funding methodology incorporates significantly different assumptions regarding resident and graduate FTES, the budget plan for 2006/07 continues to assume no change in CSU headcount enrollment assumptions. Consequently, the budget plan uses a set-aside rate of \$735 per FTES to increase the State University Grant pool by \$6.2 million as originally called for in the Board-approved budget plan. The marginal cost fee set-aside is shown for informational purposes only. Expenditure adjustments related to the set-aside and change in need are shown in the allocation plan as the 2006/07 SUG Adjustment.

The remaining \$1,597 of marginal cost fee revenue ($\$2,396 - \$799 = \$1,597$) has been allocated for general instructional-related enrollment growth costs. The program areas of Instruction, Academic Support, Student Services, and Institutional Support as well as programmatic cost related to instructional equipment and teaching assistants are all considered components of CSU enrollment growth funding.

Each campus has been advised of their graduate student enrollment assumed in the 2006/07 CSU enrollment target of 348,262 FTES. For budget and college year enrollment reporting purposes, campuses should only be concerned with meeting their overall 2006/07 enrollment target, regardless of student classification. Although one-rate for FTES enrollment growth is used in the CSU budget allocation process, campuses may utilize internal processes to fund enrollment growth by whatever funding model is appropriate for the classification of student instruction provided.

Campus 2.5 percent enrollment growth increases (which assume a 12 unit graduate FTES), marginal cost enrollment growth funding, fee revenue financial aid set-aside, and changes in State University Grant allocations are shown on the following table.



2006/07 Compact Enrollment Growth Allocations

	FTES Growth	Marginal Cost			SUG Adjustment
		General	Fee	Fee	
		Fund	Revenue	Set-Aside	
Bakersfield	101	\$681,000	\$161,000	(\$74,000)	\$218,600
Channel Islands	686	4,626,000	1,096,000	(504,000)	428,400
Chico	221	1,490,000	353,000	(162,000)	321,800
Dominguez Hills	2	13,000	3,000	(1,000)	(320,700)
East Bay	0	0	0	0	434,300
Fresno	309	2,084,000	493,000	(227,000)	(232,400)
Fullerton	758	5,112,000	1,211,000	(557,000)	(2,503,200)
Humboldt	0	0	0	0	(497,100)
Long Beach	704	4,748,000	1,124,000	(517,000)	2,115,900
Los Angeles	5	34,000	8,000	(4,000)	2,381,500
Maritime Academy	97	654,000	155,000	(71,000)	36,100
Monterey Bay	226	1,524,000	361,000	(166,000)	76,300
Northridge	1,126	7,594,000	1,798,000	(828,000)	(186,400)
Pomona	409	2,758,000	653,000	(301,000)	1,220,000
Sacramento	255	1,720,000	407,000	(187,000)	(696,300)
San Bernardino	409	2,758,000	653,000	(301,000)	(829,200)
San Diego	849	5,726,000	1,356,000	(624,000)	1,756,000
San Francisco	607	4,094,000	969,000	(446,000)	1,866,000
San Jose	373	2,516,000	596,000	(274,000)	1,284,500
San Luis Obispo	568	3,831,000	907,000	(417,000)	204,600
San Marcos	393	2,650,000	628,000	(289,000)	(417,700)
Sonoma	317	2,138,000	506,000	(233,000)	(2,900)
Stanislaus	133	897,000	212,000	(98,000)	(420,100)
Campus Total	8,548	\$57,648,000	\$13,650,000	(\$6,281,000)	\$6,238,000
Chancellor's Office	15	101,000	24,000	(11,000)	
International Programs	(73)	(492,000)	(115,000)	54,000	
Summer Arts	0	0	0	0	
Systemwide Provisions				6,238,000	(6,238,000)
CSU System Total	8,490	\$57,257,000	\$13,559,000	\$0	\$0

State University Grant (SUG) allocations for 2006/07 are based on the actual distribution of the most financially needy students – those with Expected Family Contributions (EFCs) of \$4,000 and lower, and the funds required to cover payment of their State University Fee after allowances for fee waivers and Cal Grant fee awards. While the allocation methodology concentrates on the most needy students and coverage of only the State University Fee, systemwide policy and campus



awarding practices recognize a broader population of SUG-eligible students and the potential for awarding individual students amounts up to \$3,600 per academic year for full-time enrollment. The distributions have been adjusted to reflect the student fee levels proposed in the Governor's Budget for 2006/07 and adjustments have been made for 2006/07 enrollment targets.

The adjustments shown in the Compact enrollment table for SUGs are a preliminary projection of changes that will occur in campus fiscal year 2005/06 budgeted SUG allocations. Final decisions on campus SUG allocations will be made after 2005/06 financial aid reports have been analyzed. Consequently, campuses are only authorized to commit 90 percent of their projected SUG allocation when making initial financial aid awarding decisions. The table on page 14 shows changes in budgeted SUG allocations and the 90 percent award pool campuses should use in initial allocations. Questions concerning SUG allocations should be directed to Mary Robinson at (562) 951-4737.

MSN Graduate Nursing Program. The 2005/06 Final Budget included \$2.3 million to grow CSU entry-level Master's nursing programs by 410 FTES. Of this total increase, 280 FTES were to be included in the 2.5 percent Compact enrollment growth target for 2006/07. CSU received a marginal cost funding supplement of \$2,000 over the 2005/06 State share of marginal cost funding for each of these 280 FTES to recognize the higher cost differential of the graduate nursing program. To expand enrollments in these programs above planned growth targets by 130 FTES (which was re-benched in the 2006/07 budget process to 163 FTES), the state provided \$13,231 per FTES in accordance with the provisions of SB 73, that advanced graduate nursing program support at CSU to levels of support provided at the University of California. Master's level program instruction and training are identical in the two systems.

	MSN Nursing			
	<i>Within Target</i>	<i>Above Target</i>	General Fund	SUF Revenue
Bakersfield	16	8	\$137,800	\$34,000
Dominguez Hills	16	8	137,800	34,000
Fresno	41	19	333,400	78,000
Fullerton	41	19	333,400	85,000
Long Beach	35	15	268,500	65,000
Los Angeles	33	15	264,500	64,000
Sacramento	41	19	333,400	76,000
San Francisco	41	19	333,400	82,000
Sonoma	16	8	137,800	35,000
Campus Total	280	130	\$2,280,000	\$553,000

Nine campuses that presented proposals to expand graduate nursing instruction received funding for one-time program costs in 2005/06. This funding has been permanently allocated in the 2006/07 budget process as General Fund increases based on the FTES funding rates identified above. Additionally, \$553,000 in fee revenue associated with the 130 FTES (re-benched to 163 FTES) enrollment growth above the 2.5 percent targets has been allocated for MSN program expenditures at those nine campuses.



Math/Science Teacher Initiative. CSU received \$1,115,000 to augment \$250,000 received in 2005/06 for program development and administration of CSU mathematics and science credential programs to recruit and train between 150 and 200 added credential candidates in 2006/07. Of the amount allocated for 2006/07 Compact enrollment growth, \$1.28 million will be used to support the mathematics and science program expansion effort. The new funds allocated will be held in the central office until campus participants have been identified.

Other Expenditures

The 2006/07 budget plan includes expenditure increases for employee compensation, deferred maintenance, libraries and technology.

	Compensation	Deferred Maintenance	Libraries & Technology
Bakersfield	\$1,616,000	\$50,000	
Channel Islands	819,000	20,500	
Chico	3,175,000	110,500	
Dominguez Hills	2,149,000	57,750	
East Bay	2,717,000	83,750	
Fresno	3,933,000	124,250	
Fullerton	5,042,000	165,250	
Humboldt	1,998,000	76,000	
Long Beach	6,058,000	192,750	
Los Angeles	3,722,000	135,500	
Maritime Academy	406,000	25,250	
Monterey Bay	1,151,000	36,750	
Northridge	5,687,000	162,000	
Pomona	4,076,000	128,250	
Sacramento	4,869,000	133,500	
San Bernardino	2,846,000	102,250	
San Diego	6,259,000	216,500	
San Francisco	5,180,000	153,500	
San Jose	5,225,000	193,750	
San Luis Obispo	4,369,000	156,750	
San Marcos	1,536,000	56,000	
Sonoma	1,775,000	60,000	
Stanislaus	1,451,000	59,250	
Campus Total	\$76,059,000	\$2,500,000	\$0
Chancellor's Office	1,344,000		2,500,000
International Programs			
Summer Arts			
Systemwide Provisions	16,551,000		5,000,000
CSU System Total	\$93,954,000	\$2,500,000	\$7,500,000



Compensation. The budget plan provides \$77,403,000 to fund a 3 percent compensation pool to increase employee salaries and salary-related benefits. Represented employees negotiate compensation increases through collective bargaining, and a compensation pool for each of CSU's eleven represented employee groups has been established from the available pool of budget plan funds. Compensation increase dollars are allocated to campuses on the basis of their percentage share of the most recent past year total General Fund salary costs. Campuses fund all salary-related increases that are negotiated in the collective bargaining process. For non-represented employees, a general compensation pool of 3 percent is provided for budget year salary and salary-related increases. The total allocation of compensation increase for non-represented staff employees will not exceed the 3 percent compensation pool funded in the budget plan.

In addition to a 3 percent general compensation increase, the 2006/07 budget plan also provides funding to begin a five-year plan to reduce employee salary lags. The initial allocation of \$16.6 million will be allocated after the final budget is enacted and it is confirmed the final appropriation from the state is sufficient to cover the supplemental salary costs and satisfy mandatory costs and enrollment growth obligations. The allocation of the salary lag supplement will be determined after the cost requirement for each employee group has been identified.

Deferred Maintenance. The backlog of deferred maintenance within CSU far exceeds funds available in the budget plan to address campuses' need. The allocation of funds that are available in the budget plan has been made on the basis of campuses' percentage share of total custodial square footage (SQF4), the same allocation methodology used for energy cost funding.

Libraries and Technology. In 2005/06 CSU began the process of acquiring system electronic resources that faculty and students need to stay current with research in scientific and technology fields. The allocation of \$2.5 million in 2006/07 will expand this process to acquire additional system electronic information resources.

Fee Revenue

The 2006/07 Governor's Budget allocation utilizes \$23.8 million in revenue associated with enrollment growth to address expenditure need. This amount is \$3.7 million less than the \$27.5 million included in the budget plan approved by the Board of Trustees at their October 2005 meeting. \$1.5 million of this reduction in revenue is associated with the buy-out of the student fee increases included in the Board-approved budget plan. The remaining \$2.2 million revenue loss is associated with adjustments that had to be made to offset enrollment decisions implemented in Summer 2004 to eliminate state-supported programs, address the revenue loss associated with missing the 2004/05 college year enrollment target, and prorating aggregate CSU FTES growth by campus using most recent enrollment FTES and Headcount distribution patterns.

The Governor's Budget allocation does not cover the revenue loss for campuses that missed their 2004/05 FTES targets or for campuses that suspended state-support Summer 2004 operations. Campuses were advised that revenue loss associated with these actions could not be recovered from system resources. It is expected campuses made decisions in the 2004/05 fiscal year to address these losses, and the revenue base for each campus was adjusted prior to making revenue growth projections based on 2006/07 enrollment growth. Because several campuses suspended

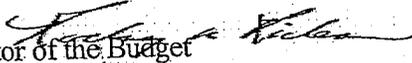


Summer 2004 state-supported instructional programs, the enrollment patterns for the recently completed Summer 2005 term were used to project 2006/07 summer enrollment levels. The academic year distribution of students is based on the most recent past year distribution pattern for 2004/05. However, even with these modifications, the general principle of using the most recently available enrollment distribution patterns to project headcount and revenue has been preserved and revenue growth for 2006/07 is consistent with revenue expectations for similar levels of growth in previous years. Questions concerning campus revenue projections should be directed to Rodney Rideau and Alexander Porter at (562) 951-4560.



B 08-02

To: CSU Chief Fiscal Officers

From: Rodney Rideau, Director of the Budget 

Copy: CSU Financial Officers, Budget Officers, Enrollment Managers, Financial Aid Directors

Date: February 13, 2008

Subject: 2008/09 Governor's Budget Allocations Memo

Attachments: B 08-02 Governor's Budget Allocation Attachments A through C

The preliminary 2008/09 CSU budget allocations are provided in this memorandum and attachments for planning purposes. These allocations are based on funding proposed in the Governor's January 2008 budget to the Legislature. The allocations address changes in campuses General Fund appropriations only. The Board of Trustees has not taken action on fee rates for the 2008/09 academic year. Pending Board decisions, no action relative to CSU fee revenue is included in this allocation memorandum. Any questions concerning this allocation memorandum should be directed to the system Budget Office at (562) 951-4560.

The following table compares the Board of Trustees' budget plan approved at their November 2008 meeting with the 2008/09 Governor's Budget action to reduce CSU General Fund support:

	BOT Budget Plan	Governor's Budget
2007-08 General Fund Appropriation	\$2,985,874,000	\$2,985,874,000
Budget Year Base Adjustments	(8,578,000)	(13,467,000)
Budget Year Workload Requirements	288,212,000	213,581,000
10% Budget Year General Fund Reduction		(312,900,000)
2008-09 General Fund Appropriation	\$3,265,508,000	\$2,873,088,000

Budget Year Base Adjustments include changes in employer-paid retirement contributions, lease bond payments, and State administrative service charges. The BOT augmentation request is based on Compact higher education funding commitments and State funds in lieu of revenue from a student fee increase. The Governor's Budget augmentation identifies workload changes in enrollment and services projected by the Department of Finance for the budget year. The Budget Year Reductions reflect the CSU share of a 10 percent across-the-board reduction in General Fund appropriations for all State spending. The CSU 10 percent reduction is calculated on a 2008/09 General Fund budget assumption that adds the 2007/08 appropriation, the base adjustments, and the budget year augmentation (after excluding roughly \$57 million budgeted for CSU bond payments).

For campus planning purposes based on the Governor's Budget proposal, none of the expenditure increases requested in the CSU budget plan have been funded.

2008-09 Governor's Budget

	BOT Request	Governor's Budget
2008-09 CSU Budget		
Mandatory Costs	\$36.0 million	
Enrollment Growth (2.5% Student Increase)	\$82.5 million	
Compensation	\$154.3 million	
Long-term Need	\$43.0 million	
Financial Aid	\$6.8 million	
Fee Revenue	(\$34.4 million)	
Adjusted State 10% General Fund Reduction	\$0	(\$312.9 million)
Total 2008-09 General Fund Change	\$288.2 million	(\$312.9 million)

2008-09 Above Compact Funding Request

Additional 1% Enrollment Growth	\$27.5 million	
Clinical Nursing Support	\$7.8 million	
Teacher Performance Assessment	\$10.0 million	
Student Services for Success and Authentic Access	\$24.6 million	
One Percent Compensation	\$30.4 million	
Applied Research	\$12.0 million	
First-Year Implementation to Increase the Ratio of Tenured Faculty	\$42.9 million	
Total 2008-09 Above Compact Funding Request	\$155.2 million	\$0 million

In addition to the challenge of 2008/09 mandatory cost obligations, campuses must also develop budget strategies to address continuing compensation cost obligations associated with implementation of collective bargaining agreements for the 2006/07 and 2007/08 fiscal years. Compensation provisions for 2008/09 are subject to CSU budget appropriations from the State. Although there are no systemwide budget directives in place at this time, each campus should be developing budget plans to address any actions that may be required as a result of the Governor's Budget proposal or that may be approved during the legislative budget process.

Attachment A gives a summary overview of the changes in CSU General Fund appropriations and lease bond reimbursements based on the Governor's Budget. No changes in CSU student fee revenue will be made until after the Board of Trustees has considered 2008/09 State University Fee rates.

Attachment B details the General Fund adjustments to the 2008/09 budget. The retirement adjustment reflects changes in employer-paid contribution rates that went into effect for the 2007/08 fiscal year. Changes in funding support for the CSUPERB biotechnology applied research program, annuitants' dental care premium costs, and debt service on CSU capital bonds have also been made to reflect current and budget year adjustments. CSU is obligated by budget statute to keep the State whole for

interest earned on student fee revenue held in trust. Interest payments to the State based on 2008/09 revenue projections will increase by \$3.1 million dollars. CSU General Fund appropriations are reduced by this change to reflect the increased interest earnings the university will achieve. In addition to the General Fund adjustment for interest earnings, the Governor's Budget increased base funding recognition for workload changes that would generally be supported in the 2008/09 fiscal year. The workload changes reflect the General Fund share of expenditure support CSU would have received for changes in enrollment and other cost obligations.

These four financial adjustments to the 2007/08 Final Budget appropriation to CSU (retirement, bond and annuitants' dental adjustments, interest earnings, and workload) resulted in a \$3.186 billion General Fund base for the 2008/09 fiscal year. Excluding roughly \$57 million in bond payments that are required by law, the applicable CSU base used in the Governor's Budget to implement a 10 percent across-the-board reduction in General Fund support to state agencies is \$3.129 billion.

	Governor's Budget
2007-08 General Fund Appropriation	\$2,985,874,000
Budget Year Base Adjustments	(13,467,000)
Budget Year Workload Requirements	213,581,000
CSU 2008-09 General Fund Workload Budget	<u>\$3,185,988,000</u>
	<u>(56,999,000)</u>
Adjusted General Fund Reduction Base	\$3,128,989,000
10% Budget Year General Fund Reduction	(\$312,900,000)

The 2008/09 Governor's Budget reduction totals \$312.9 million based on the budget calculations described above. Of this amount, \$213.6 million equals dollar-for-dollar the workload adjustments that were allocated to campuses and system programs in columns 5 and 6 of Attachment B. The remaining \$99.3 million was allocated at the same percentage rate against campuses' adjusted General Fund appropriations in column 4 of Attachment B. Campuses' Chief Fiscal Officers, Budget Officers, and Financial Officers Association representatives will be provided detailed information regarding the adjustments reflected in columns 6 and 7 under separate cover.

Consistent with budget procedures established in 2003/04 and 2004/05, budget adjustments have been made to address new space cost obligations that must be funded in 2008/09. As identified in the 2008/09 budget plan approved by the Board of Trustees at their November 2007 meeting, new space cost obligations are to be funded by General Fund and fee revenue support received in the 2008/09 fiscal year. In lieu of fee action for 2008/09, campus General Fund budgets have been proportionally reduced as part of the Governor's Budget allocation process to redirect \$6.1 million to the twelve campuses that have new space coming on-line during the fiscal year.

Attachment C provides campus enrollment targets associated with the Governor's Budget proposal. Campuses are expected to achieve resident student full-time equivalent (FTES) enrollments at State-funded levels for the 2008/09 college year. The resident student target is equal to the 2007/08 enrollment target campuses were funded to achieve in the 2007/08 fiscal year. Nonresident student enrollment is not funded by the State, and the enrollment shown in column 6 of Attachment C reflects nonresident FTES reported for the 2006/07 college year. It is expected that campuses will maintain or surpass these enrollment levels to sustain revenues achieved in the current fiscal year from the Nonresident Tuition fee.

Any questions concerning the Governor's Budget General Fund and enrollment allocations identified in this memorandum should be directed to me or Chris Canfield, Associate Budget Director, by e-mail or at (562) 951-4560.

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Status Report on the 2008-2009 State Funded Capital Outlay Program

Presentation By

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

Summary

This item presents a comparison between the trustees' capital outlay request, the governor's budget proposal, and the legislative analyst's office (LAO) recommendations, shown in Attachment A.

Background

The California State University's proposed 2008-09 Capital Outlay Program and the Five-Year Capital Improvement Program 2008-09 through 2012-13 were presented at the September 2007 Board of Trustees' meeting. The trustees approved a 2008-09 state funded priority list totaling \$452.6 million. The governor's budget was published on January 10, 2008, and included \$357.9 million for 24 CSU projects funded from old bond funds (\$42.9 million) and a proposed future 2008 general obligation bond fund (\$315.0 million). The governor's budget recommended an increase in CSU's annual capital funding from \$345 million to \$395 million for a total of \$790 million from the proposed two-year general obligation bond fund.

Update

On February 20, 2008, the Legislative Analyst's Office (LAO) released its *Analysis of the 2008-09 Budget Bill*. The analyst supports \$354.9 million of the \$357.9 million included in the governor's budget. The analyst recommended that:

- (1) Existing bond funds, instead of the 2008 bond funds, be used to complete 6 equipment projects in the 2008-09 governor's budget.
- (2) The 2008 bond measure be of sufficient size to complete all projects approved by the legislature—plus any amount that the legislature wishes to reserve for new projects in subsequent years. If the legislature approves all of the projects in the governor's 2008-09 budget proposal, the 2008 bond's allocation to CSU should be at least \$692 million.

- (3) The legislature reduce \$490,000 from the preparation of preliminary plans and working drawings for the CSU Sacramento, Science II, Phase 2 project, and reduce future costs by \$6.1 million, to reduce laboratory space and delete the proposed museum and planetarium. The increase in laboratory capacity is not considered to be justified due to underutilization of facilities during the summer term and the museum and planetarium are not justified in comparison to state priorities.
- (4) The legislature not approve the proposed CSU Chico, Taylor II Replacement Building and delete \$2.6 million for preparation of preliminary plans and working drawings for this facility because the increase in instructional capacity is not justified due to the underutilization of facilities during the summer term.

Also, in the *Analysis* is discussion on a higher education issue *Intersegmental: Addressing the Local Impacts of Campus Growth*. This section provides an overview of the segments' environmental review process, discusses the *Marina* case, and offers recommendations to the legislature on how to address the local environmental impacts of campus expansion. The discussion raises concern on the CSU's policy to allow a project to proceed should the legislature not approve requested mitigation funding as inconsistent with the California Environmental Quality Act (CEQA). The analyst identified options to fund requests for mitigation funding as:

- Provide state funding for the fair-share amount
- Share funding with segment's non-state sources
- Reject the request

Along with any funding action, the analyst recommends the legislature state its intent by adopting budget language for each request for off-site mitigation funds, or that CEQA statutes could be amended to clarify that the lack of a specific state appropriation shall not allow a lead agency to declare an impact as "significant and unavoidable" and move forward with the project (CSU's current approach).

The analyst liked that CSU attempts to negotiate early with local agencies on significant impacts so that the board was aware of off-site costs to implement a master plan revision at the time of approving a master plan and that the legislature could also consider such costs when approving a proposed project. As to the best approach to when payments are made to the local agency, the analyst concluded that this is best determined on a case-by-case basis. The differences in campus situations and the differing local agencies drove this conclusion.

The analyst's near term recommendations to the legislature include:

- Support language that allows payments for off-campus mitigation in future bond proposals

- Address the CSU's off-campus mitigation policy
- Direct the California Community Colleges and the State Allocation Board to allow the use of state funds for off-site mitigation costs versus rely on paying costs from local funds.

State Funded Capital Outlay Program 2008/09 Priority List
 Cost Estimates are at Engineering News-Record California Building Construction Cost Index 5179 and Equipment Price Index 2791

Rank Order	Category	Campus	Project Title	Trustees' Request		Governor's Budget		Legislative Analyst's Office	
				FTE	Dollars	Phase	Dollars	Phase	Dollars
1	IA	Statewide	Minor Capital Outlay		25,000,000	PWC	25,000,000	PWC	25,000,000
2	IA	Statewide	Capital Renewal		50,000,000 (a)	PWC	50,000,000 (a)	PWC	50,000,000
3	IA	Statewide	Mitigation of Off-Campus Impacts		15,000,000	PWC	0 (d)	PWC	0
4	II	Los Angeles	Foxen Science Building	N/A	575,000	E	575,000	E	575,000 (b)
5	IB	Chico	Student Services Center	N/A	2,432,000	E	2,432,000	E	2,432,000 (b)
6	II	Northridge	Science I Replacement	N/A	4,499,000	E	4,499,000	E	4,499,000 (b)
7	IA	East Bay	Student Services Replacement Building	N/A	1,963,000	E	1,963,000	E	1,963,000 (b)
8	II	Dominguez Hills	Educational Resource Center Addition	N/A	3,664,000	E	3,664,000	E	3,664,000 (b)
9	II	Northridge	Performing Arts Center	N/A	6,032,000	E	6,032,000	E	6,032,000 (b)
10	IA	Channel Islands	Entrance Road	N/A	23,822,000 (b)	C	23,822,000 (b)	C	23,822,000
11	IA	San Bernardino	Access Compliance Barrier Removal	N/A	10,510,000 (b)	PWC	10,510,000 (b)	PWC	10,510,000 (b)
12	IA	East Bay	Warren Hall (Seismic) ◊	-326	3,468,000 (b)	PW	3,468,000 (b)	PW	3,468,000
13	IA	East Bay	Warren Hall Telecommunications Relocation	N/A	2,003,000 (b)	PWC	2,003,000 (b)	PWC	2,003,000
14	IA	Humboldt	Library Seismic Safety Upgrade	1,050	454,000	PW	454,000	PW	454,000
15	II	Channel Islands	Classroom/Facility Office Reno./Add.	-1,196	30,128,000	C	30,128,000	C	30,128,000
16	IB	San Diego	Storm/Nasair Halls Renovation ◊	-177	47,169,000	C	47,169,000	C	47,169,000
17	IB	Bakersfield	Art Center and Satellite Plant	422	17,292,000	WC	17,292,000	WC	17,292,000
18	IB	San Luis Obispo	Science I Renovation (Seismic)	66	16,731,000	C	16,731,000	C	16,731,000
19	II	Monterey Bay	Center for Science ◊	1,243	99,620,000	C	99,620,000	C	99,620,000
20	IB	San Jose	Academic Building II	62	38,092,000	PW	2,145,000 (f)	PW	2,145,000
21	IB	Maritime	Spartan Complex Renovation (Seismic)	0	2,769,000	P	1,162,000 (g)	P	1,162,000
22	IB	Channel Islands	Physical Education Replacement	438	1,928,000	P	917,000 (h)	P	917,000
23	II	Chico	West Hall	751	868,000	P	868,000	P	868,000
24	II	Chico	Taylor II Replacement Building	924	4,982,000	PW	2,637,000 (b)	PW	2,637,000
25	IB	Sacramento	Science II, Phase 2	2,411	10,965,000 (b)	PW	4,825,000 (b)	PW	4,825,000 (b)
				Totals	\$419,966,000		\$357,917,000		\$354,790,000

Notes:
 (a) \$2,000,000 funded by old bond funds.
 (b) Proposed from old bond funds.
 Governor's Budget
 (c) Funded by University Capital Outlay Bond Fund (UCOBF) of 2008
 (d) Not included in Governor's Budget.
 (e) \$241,000 (PW) funded by HECOB 2004, the remainder funded from UCOBF 2008.
 (f) Funded as a non-streamlined project; C phase deferred (\$35,947,000).
 (g) W phase deferred (San Jose: \$1,607,000; Maritime: \$1,011,000).
 (h) o phase deferred (\$2,345,000).
 (i) Funded by HECOB 1988; c phase deferred (\$6,139,000).

Categories:
 I. Existing Facilities/Infrastructure
 A. Critical Infrastructure Deficiencies
 B. Modernization/Renovation
 II. New Facilities/Infrastructure
 LAO Recommendation
 (j) Recommend deletion (\$2,637,000).
 (k) Recommend partial program reduction (\$490,000).
 ◊ This project is dependent upon state and non-state funding.

Legend:
 A = Acquisition P = Preliminary plans W = Working drawings C = Construction E = Equipment

State Funded Capital Outlay Program 2008/09 Priority List
 Cost Estimates are at Engineering News-Record California Building Construction Cost Index 5179 and Equipment Price Index 2795

Rank Order	Category	Campus	Project Title	Trustees' Request		Governor's Budget		Legislative Analyst's Office		
				FTE	Phase	Dollars	Phase	Dollars	Phase	Dollars
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2	IA	Statewide	Capital Renewal		PWC	50,000,000 (a)	PWC	50,000,000 (g)	PWC	50,000,000
3	IA	Statewide	Mitigation of Off-Campus Impacts		PWC	15,000,000	PWC	0 (h)	PWC	0
4	II	Los Angeles	Forensic Science Building	N/A	E	575,000	E	575,000	E	575,000 (b)
5	II	Chicago	Student Services Center	N/A	E	2,432,000	E	2,432,000	E	2,432,000 (b)
6	II	Northridge	Science I Replacement	N/A	E	4,499,000	E	4,499,000	E	4,499,000 (b)
7	IA	East Bay	Student Services Replacement Building	N/A	E	1,963,000	E	1,963,000	E	1,963,000 (b)
8	II	Dominguez Hills	Educational Resource Center Addition	N/A	E	3,664,000	E	3,664,000	E	3,664,000 (b)
9	II	Northridge	Performing Arts Center-0	N/A	E	6,032,000	E	6,032,000	E	6,032,000 (b)
10	IA	Channel Islands	Entrance Road	N/A	C	23,822,000 (b)	C	23,822,000 (b)	C	23,822,000
11	IA	San Bernardino	Access Compliance Barrier Removal	N/A	PWC	10,510,000 (b)	PWC	10,510,000 (b)	PWC	10,510,000 (b)
12	IA	East Bay	Warren Hall (Seismic) 0	-526	PW	3,468,000 (b)	PW	3,468,000 (b)	PW	3,468,000
13	IA	East Bay	Warren Hall Telecommunications Relocation	N/A	PW	2,003,000 (e)	PW	2,003,000 (e)	PW	2,003,000
14	IA	East Bay	Library Seismic Safety Upgrade	N/A	PW	454,000	PW	454,000	PW	454,000
15	II	Channel Islands	Classroom/Facility Office Reno/Add.	1,050	C	30,128,000	C	30,128,000	C	30,128,000
16	II	San Diego	Storm/Nearair Halls Renovation 0	-2,196	WC	47,169,000	WC	47,169,000	WC	47,169,000
17	II	Stanislaus	Art Center and Satellite Plant	177	WC	17,292,000	WC	17,292,000	WC	17,292,000
18	II	Stanislaus	Science I Renovation (Seismic)	422	C	16,731,000	C	16,731,000	C	16,731,000
19	II	San Luis Obispo	Center for Science 0	66	C	99,620,000	C	99,620,000	C	99,620,000
20	II	Monterey Bay	Academic Building II	1,243	PWC	38,092,000	PW	2,145,000 (f)	PW	2,145,000
21	II	San Jose	Spartan Complex Renovation	62	PW	2,768,000	P	1,162,000 (g)	P	1,162,000
22	II	Maritime	Physical Education Replacement	0	PW	1,928,000	P	917,000 (g)	P	917,000
23	II	Channel Islands	West Hall	438	P	868,000	P	868,000	P	868,000
24	II	Chicago	Taylor II Replacement Building	751	PW6	4,982,000	PW	2,637,000 (h)	PW	2,637,000
25	II	Sacramento	Science II, Phase 2	924	PW6	10,965,000 (b)	PW	4,826,000 (i)	PW	4,826,000 (k)
				2,411		\$419,966,000		\$357,917,000		\$354,790,000
Totals										

Notes:
 Trustees' Request
 (a) \$2,000,000 funded by old bond funds.
 (b) Proposed from old bond funds.
 Governor's Budget
 (c) Funded by University Capital Outlay Bond Fund (UCOBBF) of 2008
 (d) Not included in Governor's Budget
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 LAO Recommendation
 (j) Recommend deletion (\$2,637,000).
 (k) Recommend partial program reduction (\$490,000).
 0 This project is dependent upon state and non-state funding.

Categories:
 I Existing Facilities/Infrastructure
 A Critical Infrastructure Deficiencies
 B Modernization/Renovation
 II New Facilities/Infrastructure
 A = Acquisition P = Preliminary plans W = Working drawings C = Construction E = Equipment

AGENDA

COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

Meeting: 2:00 p.m. Tuesday, January 22, 2008
Glenn S. Dumke Auditorium

A. Robert Linscheid, Chair
George G. Gowgani, Vice Chair
Herbert L. Carter
Carol R. Chandler
Kenneth Fong
William Hauck
Peter G. Mehas
Jennifer Reimer
Kyriakos Tsakopoulos

Consent Items

Approval of Minutes of Meeting of November 14, 2007

1. Amend the 2007-2008 Capital Outlay Program, State Funded, *Action*

Discussion Items

2. Status Report on the 2008-2009 State Funded Capital Outlay Program—Governor's Budget, *Information*

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

Trustees of the California State University
Office of the Chancellor
401 Golden Shore
Long Beach, California

January 22, 2008

Members Present

A. Robert Linscheid, Chair
George G. Gowgani, Vice Chair
Roberta Achtenberg, Chair of the Board
Herbert L. Carter
Kenneth Fong
William Hauck
Peter G. Mehas
Charles B. Reed, Chancellor
Jennifer Reimer
Kyriakos Tsakopoulos

Approval of Minutes

The minutes for the November 2007 meeting were approved as submitted.

Amend the 2007-2008 Capital Outlay Program, State Funded

With the concurrence of the committee, Chair Linscheid presented agenda item 1 as a consent action item. The committee recommended approval by the board of the proposed resolution (RCPBG 1-08-01).

Status Report on the 2008-2009 State Funded Capital Outlay Program—Governor's Budget

Assistant Vice Chancellor Elvyra F. San Juan presented the status report with the use of a PowerPoint presentation and a handout, stating that the governor's budget approved a \$357.9 million 2008-2009 State Funded Capital Outlay Program. The Department of Finance did not approve of moving forward with all the phases of certain projects due to the scheduling of the bond election in November, which would delay the availability of the project funds.

Trustee Linscheid asked what caused a negative FTE as noted on the priority list. Ms. San Juan explained that in the case of the San Diego Storm/Nasatir Halls Renovation, an amount of lecture space is being converted to needed faculty offices, thus the deficit. However, a prior project had built the new replacement space for lecture, allowing this renovation project to proceed.

Trustee Linscheid also inquired whether there was any explanation for the exclusion of the requested \$15 million for off-site mitigation from the 2008-2009 governor's budget. Ms. San Juan responded that staff believe the governor's budget is pushing the decision regarding off-site mitigation funding to the legislature.

Trustee Tsakopoulos asked how the \$15 million would be used for off-site campus impacts. Ms. San Juan stated that the majority of the funds, approximately 95%, would be for traffic-related impacts.

Trustee Linscheid remarked that the 2008-2012 five-year capital outlay budget identified a \$5 billion need and the current budget reflects \$357 million, therefore there is a great need for the state to continue to pass general obligation bonds in that regard.

Trustee Linscheid adjourned the meeting.