

## Academic Senate Minutes

September 14, 2006  
3:00 – 5:00, Commons

### Abstract

Chair Report. Approval and amendment of agenda. Approval of minutes of 8/31/06. Approval of John Kunat to Student Union Board. End of Year reports for Academic Advising and FSAC. Update on WASC. President Report. Animal Care policy first reading. Resolved that as the Senate expresses great concern regarding the adverse fiscal impact on this campus, we recommend the revenue bond project be rejected. Approved. Good of the Order.

**Present:** Elaine McDonald, Tim Wandling, Elizabeth Stanny, Edie Mendez, Sam Brannen, Noel Byrne, Birch Moonwomon, Michael Pinkston, Steve Wilson, Kristen Daley, Robert Coleman-Senghor, Robert Train, Thaine Stearns, Liz Thach, Steve Cuellar, Virginia Lea, John Kornfeld, Raye Lynn Thomas, Tia Watts, Murali Pillai, Rick Luttmann, Wanda Boda, Sandra Feldman, Steve Orlick, Melinda Milligan, John Wingard, Scott Miller, Sandra Shand, Marguerite St. Germain, Ruben Armiñana, Eduardo Ochoa, Larry Furukawa-Schlereth, Jarrod Russell, Lane Olson, Art Warmoth, Mary Halavais, Carlos Ayala, Doug Jordan

**Absent:** Robert McNamara, Catherine Nelson, Carolyn Epple, Elizabeth Martínez, Glenn Brassington

**Guests:** Cynthia Tasker, Dan Crocker, Marie Daghlion, William Babula, Mary Gendernalik-Cooper, Katie Pierce, Elaine Sundberg, Carol Blackshire-Belay, Rose Bruce, Barbara Butler, Christopher Dinno, Susan Kashack, Floyd Ross, Les Brooks, David Abbott

### Chair Report

The Chair said that she originally was going to report on the Strategic Planning committee which she then outlined. She noted that the President had said he supported directing future growth monies to the areas identified during the University Strategic Planning process. She found that very encouraging. That was last week. This week there had been a number of developments. One she found out through a “forensic investigation” ~~that~~ the agenda for the Board of Trustees ~~had~~ an item about SSU and the Green Music Center and a request for an additional \$12.9 million. She was disappointed to find out this will be partially paid for by Extended Education. The Consultation Policy passed last year and signed by the President calls for timely and meaningful input by faculty in budgetary decisions. At the President’s Budget Advisory Committee (PBAC), it was on the agenda, but was the last item and was only a report. There was no time for questioning. Additionally, at the PBAC they were given information about this coming year’s budget. She said she learned of other university priorities. The university thinks the Green Music Center is a main priority and none of the Core Academic Priorities the Senate passed last year were addressed by the budget. One particularly disappointing change in

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this budget concerned the Development Office personnel costs. Last week at the Academic Affairs Budgetary Advisory Committee, she was shown a \$57,000 shift of money from the AA budget to Development and today it was shown as \$200,000. Again, she noted the Consultation policy and asked if this had been meaningful consultation with faculty. She noted that the PBAC did not vote in any way for the current budget and she said she made sure that was noted in the PBAC minutes. She then returned to the GMC debt servicing. She said the debt servicing and operating expenses of the GMC represented a huge opportunity cost to funding other priorities on campus such as educating the whole student, providing active learning in the classroom, reducing SFR, engaging our students in research, etc. For example, she has learned that it takes one million dollars to reduce SSU SFR by one. She has calculated that Academic Affairs will be spending one million dollars on the GMC each year. She also learned that the President has secured 3 million dollars for equipment for the GMC and she applauded the President's effort. She begged him to ask for 3 million dollars for other educational activities, such as lowering our SFR. Three million would bring us down to 19:1, which is the rate at which the CSU funds us. She was extremely disappointed at the end of this week. She begged to know that the University Strategic Planning committee is not a waste of time. She didn't think there were any other resources for other priorities for the next 30 years. She wanted to be convinced otherwise. She is putting all her hopes on planning. She insisted that the Consultation Policy be followed and thought the events of this week showed that the spirit of the policy was not being followed.

There was applause after her report.

**No correspondences.**

**Approval of Agenda – Motion to remove item one to be brought back at another time. Second.** The reason for postponement was discussed. *Approved.*

**Minutes of 8/31/06** – It was requested that Dan Crocker's name, shown as absent, be stricken from the record as he is not a proxy to the Senate.

It was requested of the Chair that even if people reporting do not give reports, the body have the opportunity to ask questions. The requested was granted by the Chair.

**Recommendation of John Kunat to the Student Union Board** *Approved.*

**End of Year reports included in the packet for Academic Advising and FSAC.**

**Update on WASC – E. Sundberg**

E. Sundberg reported that the first meeting of the Accreditation Review Steering committee has happened. The Faculty Associates were introduced to the committee, they looked at the work plan for the year working toward the Capacity and Preparatory Review, and they also looked at the Educational Effectiveness Review which has two main outcomes – the Distinctiveness of the Sonoma State University Education and the Quality of the GE program and the Major. We will now be

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| approaching various committees of the universities with the concepts and bringing the feedback back to the ARSC.

### President Report – R. Armiñana

| R. Armiñana wanted to respond to the Chair's passionate disappointment and on the comment about the opportunity costs by providing some background. Discussions with the Chancellor's office regarding a financial package to fund the GMC did not start until two weeks ago. He noted that unfortunately it is not uncommon in recent history that projects funded by the State have cost overruns. The Environmental Technology Center required a million dollars more. The Schulz Information Center required eleven million dollars more. Salazar Hall required six million dollars more. For the Darwin Hall remodel, it cost three million more. The final bid from the Contractor for the GMC came in over \$40 million dollars. The President stated that when he heard this he was very upset. The cost of construction material has skyrocketed, the availability of labor has decreased significantly and the complexity of the project all contributed to the cost increase. At that time there was concern on his part and he felt they needed to get \$4-5 million in reductions from the Contractor. He then went to the Chancellor's office and asked if there was any bond measure money available; the answer was no. Then he asked if the Chancellor would consider closing the project. Given all the indications at the time, this was not something the system wanted to do. Thirdly, he asked what can we do. The Chancellor suggested borrowing about \$10-12 million dollars and then he would use lottery funds to fund a couple of million dollars for other things, like equipment, for SSU. Then they discussed how and who would be borrowing. In all his 19 years in the CSU, he had not seen a project get on the Board of the Trustee agenda so quickly. He said not a penny of the payback will come from the general fund. He stated that the money will come from increased popular concerts and increased opportunities in Extended Education. That comes to about \$800,000 a year and none of it will come from classrooms or instruction. Why don't we use the opportunities somewhere else? Because it is not there to be used for somewhere else. Extended Education has a challenge in the years to come as they are losing summer school. They were planning, but have to move faster. On budget, he said we have a year of transition on the consultation policy and budgetary policy. He stressed the PBAC is an advisory body. He discussed his decision-making process and what "in his estimation" were the budget priorities. He said budgets are not static, changes do happen. He said in the scheme of things, the budget is small. Perhaps for faculty it is huge. It's a difference of perspective. He wants the budget process in the policy to go forward as it can. It is his responsibility to make budget decisions and he stands by those decisions. He underscored the changeability of the budget process. He thought perhaps in the future, we will do better.

### Questions for the President

A Senator thanked the President for his response. She noted that the cost of the GMC has risen approximately \$100 million and questioned where the \$22 million will come from for the lawn. The President said from fundraising. She asked for some assurance that reimbursement agreements departments have with Extended Education will not be at risk due to the debt service. The President responded that

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he could not assure there would be no risk. It is not their intention, but there is always risk in life.

A Senator asked about the contracts regarding the GMC and if the money will be borrowed on or off campus. The President said that the GMC has two contracts. The first contract is for the foundation, and it is signed. There is going to be another contract that has not been signed yet, but it will have a firm price. The money is borrowed from outside, the systemwide revenue bonds.

A Senator asked about Darwin Hall and remarked that most faculty in the building are happy with the remodel and noted that they are having an open house on Sept. 29<sup>th</sup>. He was concerned that on the second floor there were no ceilings and that there was a dirt garden in the front. He was concerned that they were not putting their best foot forward. The President responded that the design of the building included the kind of ceiling that is on the second floor. He also stated that landscaping takes time. He reviewed the history of the Darwin Hall remodel project.

A Senator asked for clarification about the lottery funds. The President said that lottery funds were restricted funds. The Chancellor's office offered \$3 million of lottery money for equipment for the GMC. It cannot be used any other way. The President stated he wanted to create University Budget 101 for the campus as there are so many misconceptions about the budget. He recommended the Senator read the Board of Trustee's Committee on Finance report on alternative sources of revenue for the CSU. Unfortunately, there are not very many sources and some we may not want to do.

A Senator asked if in order to get the bond, Extended Ed money backed it and since summer school is going away, where would they get the money? She also asked if faculty who teach summer school would not get additional money. The President responded as of next summer all CSUs will be on YRO. The faculty pay scale will remain as it is under the MOU. Extended Education must get into other areas to supplant summer school and expand. For example, summer seminars. Such things will be the source of their monies. To do that they need more spaces.

A Senator requested to add an agenda item at 4:15 to discuss sending a recommendation to the Board of Trustees regarding the revenue bond. Second. Approved.

#### Animal Care Policy – First Reading – C. Ayala, C. Tasker and D. Crocker

C. Ayala introduced the item. He introduced Cynthia Tasker and Dan Crocker who created the policy and gave a brief outline of the history and purpose of the policy. C. Tasker said that basically the policy sets up an Animal Care committee. She described the committee's responsibilities. She noted that almost everything detailed in the policy was required by law. D. Crocker said the committee is already functioning. This policy is formalizing the committee and its functions. A few questions were posed regarding the policy and a first reading was completed.

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## Recommendation to the Trustees regarding the Revenue Bonds for the GMC – R. Luttmann

R. Luttmann gave a history of how the Green Music Center has been presented to the Senate. He noted that now we are borrowing money and will have to pay it back. He thought that the current **revenue** bond, going before the Board of Trustees was irresponsible, as it diverted revenue streams that could be used for other purposes more aligned with the central mission of SSU. **He moved that the Senate express great concern regarding the adverse fiscal impact on this campus and recommend to the Board of Trustees that the revenue bond project be rejected. Second.**

### Discussion

It was noted that on March 23, 2006 the Senate passed a resolution regarding the GMC and the following clause was read: "RESOLVED that no re-ordering of expenditures related to the Green Music Center from the Academic Affairs budget shall be countenanced by the Academic Senate until and unless actual student enrollments require shifts in resources and these shifts are approved by the faculty acting through the Academic Senate." It was argued that this resolution required the Senate to approve Senator Luttmann's resolution.

It was asked how much gross the concerts and Extended Education would need to **raise to** net the amount of the payback on the loan. L. Furukawa-Schlereth stated that the debit service is approximately \$800,000 a year for 30 years. It would be paid in equal amounts from the two revenue streams. He further stated that Extended Education, if you look at their financial statements, **is** already generating \$400,000 over what they give back to the Schools. So they don't need to grow. However, he observed that this may change due to the loss of summer school. The concerts would require a new cost center. The Eagles concert generated \$60,000 net, so approximately 6-10 concerts would need to happen to get to the \$400,000.

A Senator noted that initially the GMC was supposed to be supported by donations. He argued that now it looks as though the majority of the money is coming from taxpayers and the campus. He asked at what point will the GMC cost too much. The President said initially he did think all the money would come from donors. It has been ten years and things have changed substantially. There will be a firm contract sometime next week. There are other GMC items that need to be funded and those monies will come from outside campus.

The Senator asked how much debt the campus had accumulated since 1997, both principle and interest. The President did not know the approximate number, but thought they were debts **that we** could support and **that** are appropriate for the campus to do well. The President stated he was proud of what that debt had done and how it has transformed the university.

It was suggested that language be added to the resolution about how the revenue streams could have been used for other academic purposes, particularly for underprivileged students and campus climate issues.

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A Senator said that a year ago L. Furukawa-Schlereth said that the issue of the contract, design and construction would be contained within all the funds. Where has that changed? L. Furukawa-Schlereth said that first we had to get a number from the builder and decide to redesign or get more money. The Senator followed up by asking about the expert that was brought in to advise on the presenting season and what his thoughts on this were. The Provost answered that the concerts that would service the debt were completely popular concerts that would gather large audiences.

It was clarified that there would not be a presenting season, and that the University might contract with an outside promoter for the concerts, although it has not been looked at yet thoroughly from a business perspective.

A Senator asked if the distribution from Extended Ed to the departments was the money that would service the debt. The answer was no.

L. Furukawa-Schlereth said that he thought his office had done extensive financial analysis before it went forward **with a plan for** a revenue bond to the Board. He explained that for a revenue bond, there has to be a revenue source behind it. That's why it has to come from concerts and Extended Education. He said without this money the GMC will not be built. He argued that the GMC would provide additional instructional capacity just as the campus runs out of space. In his opinion, he said the only way we will work out some of our financial issues is through growth. He hoped that through the Strategic Planning process that will become more clear. If we do not have that new building, we will be in position of not being able to grow. Related to Extended Education with summer school leaving, they need to address their issue of space. With campus growth, they will be squeezed out even in the summer. He said it was difficult for him to give back \$25 million dollars to the people of California for an academic facility. He argued that the GMC would provide a state-of-the-art facility for the Performing Arts departments as they have just done with Darwin Hall. There is a non-instructional function of the GMC that he felt was very important to the student body and residential life, and that was a place for a vital campus life. Movies could be shown there, the popular concerts would be there and there could be a place for the students just to hang out, which we don't have at SSU. After his extensive financial analysis over the last two weeks, he didn't think the resolution should be approved.

A Senator remarked that he did feel risk adverse to the project even though he has always supported the concept of the GMC. He was very vexed that the Senate was at this position in the discussion when we really should all be together talking about how to support the GMC. He thought this was due to the Senate never being asked to embrace the project in the first place. He could not support the **revenue** bond because he did not understand the financial implications clearly. He asked if the money generated by an Eagles-type concert could go to Athletics and Development instead of being assessed from all the Schools. L. Furukawa-Schlereth responded that it was difficult to answer as it depended on how it was budgeted. He said that particular revenue stream is going through Housing and thus the monies would end up in Housing, so it would be hard to use that money for other purposes. The reason

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it is budgeted there is that money can be used to construct the University Center after the debt service.

A Senator remarked that he was also scared by the bond, but was persuaded by Vice President Schlereth and did not want this to be a referendum on the GMC.

Another Senator argued that he also supported the GMC and would vote against the resolution.

A Senator asked why the Senate was not informed of the possibility of cost overruns on the project before and felt there had been effective deception on this point.

**A Point of Personal Privilege was invoked by the President. A point of order was made that this was an inappropriate use of that particular Point in Robert's Rules.**

**The Chair ruled that the President could respond to the Senator's remarks.**

The President vigorously denied deceiving **anyone** in any form. He stated that he was shocked when he heard that the project would take \$14 million more. He did not know that was going to happen. He assured the Senator that he had acted with a great degree of honesty in his discussions about the GMC. If he had known this project would have had these kinds of overruns, he probably would **not** have gone into it in the first place. He resented the comment that anyone had been deceived.

The Senator asked why Extended Education had to shoulder the debt payment and why no one from Extended Ed was present. She envisioned that the opportunities for Extended Ed might cause the following things: transfer of small courses or programs to Extended Ed so that they fall away from the regular curriculum; loss of revenue from Extended Ed to the regular programs; money making its way from instructional funds somehow to Extended Ed and money making its way from Administration and Finance to Extended Ed instead of the instructional program. She wanted assurance that none of those things will ever happen.

The Provost responded that the real question here is what do we do now and what are the cost and benefits of going one way or another. The alternative of canceling the project, looking at the big picture, would have consequences that would be much worse for the institution. Even though no one likes to incur additional debt, it is the better of two unpalatable options. He emphasized that Extended Ed needed more space to grow their program and be able to service the debt and generate even more revenue. It does required Extended Ed to re-create itself, which was coming anyway due to summer school going away.

**Motion to extend by 5 minutes. Second. Approved.**

The Provost argued that the GMC does advance the mission of the university. If the Board approves the bond, then it will send a strong signal to donors that the CSU supports it and the building will be built. He noted that the contractors were also surprised by what the sub-contractors came in with for costs, but once the contract is signed, the price is fixed.

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A Senator asked L. Furukawa-Schlereth if the project could still be redesigned. L. Furukawa-Schlereth said they have brought the design down about \$4 million.

A Senator remarked that Extended Education funds are not restricted and could be used for other things. L. Furukawa-Schlereth responded that Extended Education needs the Green Music Center space to grow its programs and generate more revenue.

**Vote on motion: Resolved that as the Senate expresses great concern regarding the adverse fiscal impact on this campus, we recommend the revenue bond project be rejected. *Approved.***

#### **Good of the Order**

The Chair congratulated Senator John Kornfeld for being given a Distinguished Alumnus award.

Applause.

Adjourned.

*Respectfully submitted by Laurel Holmström*