

Academic Senate Minutes

November 8, 2007

3:00 – 5:00, Commons

Abstract

Agenda amended and approved. Revision to the Linguistics Minor – Approved. Two new Statistics Majors from Math – Approved. MA in Spanish – Approved. Minutes of 9/13/07 – Approved. Update on WASC. President Report. Provost Report. Associated Students Report. Vice President of Administration and Finance Report. Student Grievance Procedures – Approved. APC recommendation: Schools to Colleges – First Reading. S&T delegate to the CRC from S&F, Dr. Beez Schell - Approved. Ad-Hoc Committee – CIHS – Dean Emeritus Karlrud presentation.

Present: Tim Wandling, Scott Miller, Elaine McDonald, Edith Mendez, Sam Brannen, Susan Moulton, Noel Byrne, Birch Moonwomon, Michael Pinkston, Steve Wilson, Robert Coleman-Senghor, Ada Jaarsma, Terry Lease, Steve Cuellar, Charles Elster, Raye Lynn Thomas, Tia Watts, Murali Pillai, Richard Whitkus, Rick Luttmann, Wanda Boda, William Poe, Margaret Purser, John Wingard, James Dean, Lillian Lee, Sandra Shand, Bruce Peterson, Ruben Armiñana, Eduardo Ochoa, Larry Furukawa-Schlereth, Whitney McClure, Jonathan White, Adele Merritt, Lane Olson, Art Warmoth, Thaine Stearns, Marie Hess, Karen Thompson

Absent: Robert McNamara, Catherine Nelson, John Kunat, Janet Hess, John Kornfeld, John Kramer

Guests: Tristan Kelley, Timothy Dondero, Rose Bruce, Saeid Rahimi, Ian Hannah, Janice Peterson, John Hayes, Leticia Coate, Elaine Leeder, Mary Gendernalik-Cooper, William Babula, Steve Orlick, Susan Kashack, Bill Ingles, Elaine Sundberg, TK Clarke, Barbara Lesch-McCaffry, Philip Beard and many others who did not sign in.

Approval of Agenda – Recommendation from Structure and Functions for CRC
added. Second. Approved.

Consent items:

Revision to the Linguistics Minor – Approved.

Two new Statistics Majors from Math – Approved.

MA in Spanish – Approved.

Approval of Minutes of 9/13/07 – Approved.

Update on WASC – E. Sundberg

E. Sundberg reported that the WASC document draft posted to the web is being edited, taking into consideration all the feedback received so far. The second time

comment period will be a very short. She said they would be holding open meetings about the WASC process at the end of the Fall semester and the early Spring semester.

President Report – R. Armiñana

R. Armiñana reported that at the next Board of Trustees meeting they will consider a budget for the CSU. He discussed the details and what they will probably be asking for from the state. The estimates are, as we enter '08-'09, that the State has 11 billion dollars in deficit. He discussed the reasons for the deficit. He noted the Department of Finance has asked state agencies to submit budgets showing a 10% reduction. The University of California and the CSU have not been asked to submit such a reduced budget.

Provost Report – E. Ochoa

E. Ochoa reported that the Dean search for Extended Education has brought three finalists to campus. They expect to have a recommendation to the President soon. The search for the Dean of Business and Economics is just starting. In the area of contracts and grants, he and the CFO had a conversation with the Chancellor's office Lead administrator for Contract and Grants to discuss benchmarks through the whole contracts and grants process. He reported on the activities of the University Strategic Planning Committee and what financial priorities were being pursued currently.

Time certain reached.

Associated Students Report – W. McClure

W. McClure said they are very busy in Associated Students and discussed a couple of items. She also noted a resolution passed by the Associated Students about the Basketball Tournament asking that no student fees be used to fund the Tournament. She asked the Senate where they thought the money would come from. She also expressed their disappointment in the lack of consultation with them on the matter.

A Senator noted that this may be a perfect opportunity to reflect on the matter of consultation and that student voices are important and need to be heard. The Chair answered W. McClure's question by saying he spoke to the Provost about whether funds coming to Academic Affairs could be used. He thought that it was being discussed on campus and that the Senate supports the Athletics department. Student Senator White asked where did the Senate anticipate the money would come from during their discussions at the Senate. The Chair asked the President to speak to the issue as he, the President, had made the final decision. The President noted that he has received a large number of negative comments about the decision from outside of campus. The President questioned what the word "fees" meant in the resolution. He said we hope to find funding from other areas of the University, there might be other vendors, etc. The CFO said they were very willing to work with business associates and the Associated Students to find other funding. A Senator noted concern that faculty have to find alternative sources of funding.

Vice President of Administration and Finance Report – L. Furukawa-Schlereth

L. Furukawa-Schlereth reported on actions of the PBAC that have been recommended to the President. The first is that they are recommending all the student fees collected from the over enrollment be allocated to Academic Affairs for direct instruction. He noted the risk, as the money has not yet been earned. If the enrollment does not materialize, they will use reserve funds. He deferred to the Provost to discuss how the money will be allocated to the Schools. L. Furukawa-Schlereth also reported on the status of the sustainability initiative and that the PBAC unanimously approved the initiative and the President has also approved it. The debt service on this initiative will be paid by the utilities savings. He also discussed the classroom renovation program and passed out a handout about it. He spoke about the committee, the funding sources and how the classrooms will be renovated. He acknowledged Christopher Dinno for his work on the project as well as Katie Pierce and Vanessa Franklin.

Revision to the Student Grievance Procedures – Second Reading – K. Thompson

K. Thompson introduced the item, noting it was being brought into line with the new format for adjudicating grievances.

Edith Mendez 2/6/08 6:23 PM
Deleted:

Vote on revision to the Student Grievance Procedures – Approved.

Questions for Associated Students and Vice President of A&F

Senators asked questions about the classroom renovation program and the lack of custodial support on campus, suggested that more faculty be on the committee working on classroom renovation and asked for less paper to be used in presentations to the Senate.

Edith Mendez 2/6/08 6:24 PM
Deleted: to

Time certain reached.

APC recommendation: Schools to Colleges – First Reading - A. Warmoth

A. Warmoth introduced the item. He summarized the resolution and gave an overview of the supplementary materials attached. He noted that APC thought any more debate on this topic was best done in the Senate. There was discussion about the role of Senators to report back on the process in the Schools, whether the first resolved clause was enforceable, request for a rationale, whether APC thinks the decisions are already made and whether SSU has suffered by not making this change since the 1980's. The APC Chair responded with his understanding of these issues. He was also interested in the Senate's opinion. There was continued discussion. It was recommended that the Senate wait for the development of the process for holding referenda, re-do the voting in all the Schools so they are uniform and have that reported back to the Senate.

Edith Mendez 2/6/08 6:26 PM
Deleted: of
Edith Mendez 2/6/08 6:26 PM
Deleted: um

First reading completed.

Structure and Functions recommendation for S&T delegate to the Campus Reengineering Committee – S. Miller

S. Miller said S&F recommends as the S&T delegate to the CRC - Dr. Beez Schell.
Approved.

Continued Provost Report – E. Ochoa

E. Ochoa reported that the compact for the CSU has money in it for academic technology. A statewide task force is now looking at determining a baseline level for academic technological support, and then will assess each campus according to that baseline to see if there is a gap and use that information to allocate money to the campuses. He reported that they have been working with the Santa Rosa Junior College on collaborating to serve first generation students in our service area.

A Senator asked what restoring the base meant and wanted a further discussion about that process and noted programs that were lost due to lack of funding, but are still officially part of the curriculum. It was noted that the Provost and CFO had said they would consult with the Standing Committees of the Senate on the matter of restoring the base. Another Senator asked about the professional development money and how it was being allocated.

Edith Mendez 2/6/08 6:27 PM

Deleted: if

Ad-Hoc Committee – CIHS (California Institute on Human Services) – N. Byrne

The Chair noted that there was an extra half hour of use of the room today if needed.

N. Byrne introduced the presentation by reminding the Senate of the charge of the Ad-Hoc committee. They had decided to bring a separate issue to each meeting. The first of those is CIHS. The committee invited Dean Emeritus Karlsrud to make information available relevant to this issue. They had also invited Police Chief Johnson, who said that he thought it was not appropriate to comment on an ongoing investigation. N. Byrne noted that L. Furukawa-Schlereth had comments today as well.

Dean Emeritus Karlsrud presentation

Dean Karlsrud gave a short introduction and noted what his handouts were. (*The following is a document sent to the Senate Analyst as the material Dean Emeritus Karlsrud used in his presentation. The digital minutes will differ from this somewhat. LH*)

Introduction

Provost Ochoa gave a presentation on "Ethical Leadership" to the inaugural class of SSU's Manager's Development Academy last month. In it, he asked, "what might ethical leadership look like at a University such as SSU?" It would be based on the values of the academy: "consensus building, respect for professional expertise, active reliance on collective intelligence, transparent rationale for decisions, [and]

demonstrated ethical behavior as a basis for trust building." While we heartily endorse the Provost's list, we must point out that it reads as a scathing indictment of the very highest leadership at SSU where respect for these "enduring values" is notably lacking.

President Armiñana and his CFO Larry Furukawa-Schlereth have lost the confidence of the faculty and are in the process of losing it in the community. In their quest to build monuments, pursue phantoms, and dodge responsibility, they have embarrassed the Institution that we all value. Walk over to the Green Music Center construction site. Some say that its monstrosity of scale has sucked the air out of this campus; there is no room for other dreams. Imagine the ridiculous raid by four campus cops and one A&F management trainee (trainee, armed with bullets and all?), as armed and in a wedge formation, they storm the Napa County Office of Education and surround the educators and student interns within, in effect to seize a county office computer and an ink jet fax machine, and all in an effort to gather evidence to support allegations made public by SSU administration eight months prior.

The recent unpleasantness surrounding CIHS is another very serious problem where the lack of scale, respect, transparency, and ethical behavior come into question. The President and CFO have widely proclaimed that Tony Apolloni is the author of these *Chronicles* and that for this reason they are "all lies." We state unequivocally that he is not. This can be verified by two members of this Senate, who have met with the authors. It is our position that the CFO has manipulated the investigation to increase the amount of supposedly "misspent funds" and to deflect responsibility from his office. We have knowledge of the interface between A&F and CIHS and our grasp of this information is firm. Although we have no special knowledge of the conflict of interest allegations beyond what is supplied in the reports, we do know when an "audit" is not an audit and when an investigation is not impartial.

Why is Bob Karlsrud Involved with this Mess?

Some have asked me why I am doing this. The President thinks I am being toolled by Dr. Apolloni. Others just attribute it to my troublesome nature. Let me tell you why. When I heard of the suspension of Dr. Apolloni and George Triest and that CIHS was under attack by the administration, frankly, I couldn't believe it. CIHS had been a model grants and contracts auxiliary for three decades. For a decade and a half, it academically reported to me. Over the course of some 30 years, it has generated nearly one-third of a billion dollars worth of grants and contracts for the campus bringing with it IDC or administrative support dollars of around 30 million. And it brought the kind of projects that the campus was proud of and that served the community locally and beyond. These included programs like Hilton Head Start which among other things helped to include handicapped infants and toddlers in head start programs, a cluster of programs labeled Family Violence Prevention that assisted social work and enforcement agencies stop child abusers, and Americorp which gave support to school districts across the state in their efforts to help children with disabilities, succeed in school and in life, a program whose associated coursework produced in excess of 50 FTES annually for the campus. Programs like these were lauded across the state and nation and the recipients of countless awards. And interestingly enough, in spite of all that has happened at SSU, all have found

happy homes elsewhere with full and continuous support from their funding agencies.

The CFO has said these projects were noble but didn't fit with the University's mission. Nothing could be further from the truth. These projects and others like them were approved by academic administrators and dovetailed with content or subjects taught by SSU's academic departments. To fully comprehend the deception behind the CFO's claim you need to look at the high IDC generating programs that the campus has kept. Two of these are located elsewhere (Sacramento and Ventura) utilizing in their activities neither our students nor our faculty.

Also, back in the Winter and early Spring of 2007, the CFO began answering my questions regarding what was happening to CIHS with what I found out to be half-truths or inaccurate information. In a May 2, 2007 e-mail response to me he stated that "funds due to CIHS . . .were distributed by my office to CIHS in every year including 2005-2006 and 2006-2007." He also stated that the funds were "associated with delegated authority for post award procurement, financial, and human resource management . . ." However, unbeknownst to the CFO, I was in contact with active- SSU personnel very knowledgeable about grants and contracts who told me that both of these claims were untrue. And, when I conveyed this to the CFO, he abruptly ceased to respond to any further questions from me. While I do not pretend to be an expert on G&C, I promise you that those contacts who became the major authors of the Chronicles are just that.

Some History and the Takeover by A&F

From 1979 to 2000, CIHS operated under the umbrella of the SSU Academic Foundation. By 2000-01, all SSU Grants and Contracts, including CIHS, had been moved to A &F. Not because this was better for employees, as stated by the CFO, but because it was mandated by the President to protect the endowments that he had made a prime directive. *Chronicles I: The Good Ole Days in the Foundation* documents this period. Prior to the move, CIHS had an agreement with the President that the Institute would get 50% of its Indirect Costs or IDC shared back to administer the projects they generated. This work, later misdefined as "delegated authority" by the CFO, involved day-to-day activities such as processing payroll, accounts receivables, and invoice paperwork, and the programmatic management of projects and personnel, including providing the funds for paying its managers.

Thus began the IDC Wars, as covered in *Chronicles III*. With the Grant and Contract Program under his control, the CFO redefined the uses of IDC. Undocumented administrative and infrastructure costs within A&F took precedent over the very real costs connected with the functioning of the sponsored projects themselves within the schools and centers. After the transition, SSU brought in over \$200 million in grants and contracts, generating nearly \$20 million in IDC, of which A&F retained more than half or in the neighborhood of \$11 million plus, and for which through the completion of this report, there has been no specific accounting. CIHS generated approximately 2/3rds of SSU's volume and, while growing their program, found it increasingly difficult to negotiate an equitable cost-share schedule with A&F. In the Foundation, distributions generally occurred monthly. A&F distributed shares erratically and then moved to the "delegated" funding model

where 20% was distributed mid-year or so and the other 30% came well after fiscal year close as "discretionary" funding from the Provost. (See Table 1 - handout)

The Post-Retirement Health Benefits Issue and CFO Elimination of CIHS Shareback

The CFO's flawed Grants and Contract Expenditure Plan for 05-06 ran \$500,000 in the red from the start. The shortfall came at the expense of the schools and centers and left A&F the lion's share of the \$3 million plus in projected IDC. Despite the claim to me and others by the CFO, CIHS received no IDC for its administrative expenses after the fall of 2005. Moving into the next fiscal year 06-07, CIHS still received no IDC shareback whatsoever from A&F for its administration prior to the suspension of its two managers. In September 2006, SSU received a bill from the Chancellor's Office for nearly \$1 million for Post-Retirement Health Benefits. In spite of complaints by G&C managers that this was not required by the state and that the CSU was wrong in demanding it, on November 16, the CFO sent out an email directing that CIHS's share of the bill, over \$1/2 million be taken from their fund balance, leaving them with a negative balance of nearly \$400,000. While the CSU did eventually retreat from their insistence that these funds be sent to the CO, we are not sure of their status today and whether they have been returned to SSU.

The CFO further stated that there would be no IDC shareback to CIHS for 05-06 or 06-07, effectively bankrupting the Institute. Schlereth has since said numerous times that he did not know that CIHS was in financial trouble. How could this be? His own memo describes the problem to the penny. He also had somehow missed the many distributed reports and minutes from meetings from Fall 05 to Fall 06 where the Directors stated that for lack of IDC distribution, the Institute was in peril.

Shortly thereafter, Apolloni announced that he would be retiring within a year and that the long discussed option of moving CIHS projects to other homes would be initiated. Everyone agreed or seemed to. Yet, when Apolloni and Triest communicated this plan in final form on February 8th, they were both, as we know, placed on administrative leave the next workday.

The Internal Audit of CIHS by A&F

Meanwhile, at some point in the fall, probably around November, A&F began an internal audit of CIHS. This internal audit (not one conducted by the state or any outside entity) formed the basis for all that followed. It made two findings among others: (1) a contract that may have been awarded contrary to CSU policies, and (2) what they alleged to be hours that should have been posted to CIHS's administrative account, the account that should have held the IDC dollars that had been withheld from the Institute by A&F. Why didn't A&F recognize at this point the danger of withholding CIHS's administrative funding (the IDC shareback)? How did A&F expect CIHS to pay the bills and their own managers? As A&F approved and signed the contract in question, which campus policy dictates, why make it appear that CIHS was the responsible party? These are important questions that we cannot answer. Was it simply a money grab? Was it a way to avoid future PRHB bills? Was it to discredit those who were embarrassing SSU by moving visible, high IDC projects to other institutions of higher learning to get the support that they

deserved? Perhaps it was all of the above done in a moment of anger, quickly regretted, but nevertheless already put into play.

The news media immediately got wind of the story and shortly thereafter, SSU announced that CIHS would be closed and its employees laid-off. By the April PBAC meeting, CIHS's tab of supposedly misspent funds totaled over \$2.1 million; by September, it had risen to \$3.6 million. *Chronicles V* explores these costs in detail and concludes that the estimate is purposefully deceptive, dramatically increasing the "potential" non-billable tab. (See Table 2 for a deconstruction of these so-called misspent funds.) For what possible reason would A&F run up the tab.

The Review and (not an audit) of Findings by A&F's Internal Audit by KPMG

Meanwhile, the accounting firm KPMG, the Federal Department of Health and Human Services, and the Chancellor's Office reviewed and reported on the matter using the same information provided by SSU administration. All studies began unquestioningly with the internal SSU audit.

The KPMG Costing Compliance Review states that it is "not intended to be an audit" and is for "the internal use of SSU management and not to be used for any other purpose." It concludes that "while some or all of the items identified in the report may have been reasonable and allowable charges" the lack of sufficient documentation made them questionable. Why didn't A&F request CIHS to provide the documentation? Why did A&F themselves disallow the expenses? Why did A&F consistently put forward KPMG's internal review, a rehash of what SSU administration had provided them, as an external audit?

Health and Human Service Site Visit and Report

The Feds accepted KPMG's findings, and why not as they stood to save a considerable sum of money. They also, however, faulted SSU, not CIHS, for inadequate internal controls, violations of its own contracting policies and unsatisfactory oversight of its grants and contracts activities. Most recently, the Chancellor's Office issued a Special Investigation Report on CIHS. *Chronicles IV* deconstructed this report in detail. It asked that you focus on SSU's role in the documents creation and their responses to its recommendations. These ranged from the disingenuous to the dishonest and raise doubts about the conduct of the investigation and the reasons behind it. A&F takes no responsibility whatsoever and absurdly positions the Provost and Academic Affairs next in line for blame.

CO's Special Investigation Report on CIHS

Two issues stick out: Delegated authority for post-award activities and the \$3.6 million tab.

The Chancellor's Office issues Executive Orders in which it authorizes campus Presidents to undertake certain activities. These activities may be sub-delegated. These delegations are always done officially, signed in writing to indicate clear chains of authority. According to the CFO himself in a memorandum to the Chancellor's Office, no such document exists that delegates post-award authority to CIHS. (*See Exhibit A*) Without it, nearly all of the allegations crumble. But, a written delegation actually does exist, but not to CIHS. The "Campus Policy on Grants and

Contracts" explicitly states that "The Associate Vice President for Administration and Finance has the delegated responsibility for post-award activities by the Vice President for Administration and Finance and the Chief Financial Officer," and, according to the SSU policy a letter to this effect is on file. This puts Leticia Coate squarely in line for responsibility along with CFO Larry Furukawa-Schlereth to whom she reports. Most of the Chancellor's report and recommendations all rest on CIHS having post-award delegated authority while reporting through the Provost. A&F consistently deflects blame in those directions as seen in the Special Investigation Report, in reports to the campus and in correspondence with representatives of the media. Let there be no doubt A&F clearly had delegated authority along with the responsibility for most of what transpired after 2000 to cause this mess.

The CFO's \$3.6 million tab, which was initially 2.1 million, is a transparent ploy to discredit CIHS and to create a deficit in order to move funds to A&F. It is A&F's responsibility to identify costs that are non-billable before—not after—they are posted. A&F could have worked with CIHS to remedy any mistakes; instead they went on a spree to shift as many expenses to the non-billable tally as possible. We contend that after you eliminate the add-on charges from A&F, figure in the 1.5 million owed to CIHS in IDC, the $\frac{1}{2}$ million owed back for unnecessary post-retirement health benefits, and factor in the $\frac{3}{4}$ million dollar building built by CIHS projects left behind on this campus, and all of the equipment, furniture and materials seized by SSU, it is the University that owes the CIHS projects substantial dollars, not the other way around.

The Golden Goose

CIHS operated for years under a system of calculated neglect. SSU craved the unfettered cash CIHS provided as shared IDC. Rather than investing it in the development of a rational, functional post-award program, the campus' share for the most part evaporated into the general needs of other campus projects that outpaced campus income.

The President, CFO, and AVP have feasted on the "golden goose"—setting CIHS adrift with no administrative funding, closing the Institute, firing its employees, and criminalizing its Directors. And the pettiness and vindictiveness hasn't stopped with these actions. On the pretext of having lost project invoices, the administration refuses to release project-bought furniture, equipment, instructional aid kits, and other materials. They have even refused to allow the Napa County Office of Education to take over the payments for the lease of the CIHS-leased building in Rohnert Park. Before this contract expires in December, SSU will have paid more for rent for an empty building than the total dollars in OE for our largest academic schools. They have much to answer for here.

What is Needed?

We call for an outside review of campus policies and priorities and support the resolution before you today. We have many questions that need answers besides those directly related to CIHS. If SSU administrators have been less than honest in reporting what actually happened to bring about the CIHS debacle, can they be trusted in their reports and analyses regarding other fiscal matters? Are campus

budgets and priorities in line with the academic mission as required by WASC? What has the GMC cost in staff time and campus funds? Should lottery funds to be used in its development? How are SSU endowment funds managed? Why are their returns so low? Why can't the administration make the bookstore contract public? How serious and widespread across campus is the mismanagement reflected in the CIHS debacle? How did A&F spend the \$11 million in IDC shareback? How did the President's Office spend its share? What has the CIHS investigation cost in staff time and campus funds?

We know that there is no written post-award delegated authority to CIHS and we know that the CFO, and his AVP knew this, because she had that authority. We also know that the CSU Manager charged with the Special Investigation knew there was no written delegation because the CFO told her so. In spite of that, the Report refers to such a delegation to CIHS fifteen times as it assigns blame for that happened. Is it possible that the President didn't know it even though he approved the policy that delegates it? And without it, their case falls apart—why did they pursue this destructive vendetta? Our belief is that these senior administrators rule in a bubble where dissonance is not tolerated. Consequently, no one dared to alert them to their folly, and in their arrogance, believed they would succeed in covering up their own complicity for all that happened and in deflecting the blame on others. Ignoring the Provost's "enduring values" may turn out to be this administration's fatal mistake. Please support a resolution supporting a comprehensive external audit.

Motion to extend meeting by 10 minutes. Second. There was discussion concerning extending the meeting. Failed.

The CFO asked for equal time at the next meeting.

The Chair thanked Dean Emeritus Karlsrud for attending.

Adjourned.

Respectfully submitted by Laurel Holmström