

# The CSU, Chico Research Foundation

## California State University, Chico

### Minutes for the Meeting of the Board of Directors

March 2, 2009: 2 p.m. – 4 p.m.  
25 Main Street Conference Room

#### MEMBERS PRESENT:

Drew Calandrella, Jud Carter, Rick Coletti, Jane Dolan, Richard Ellison, Sandra Flake, Lori Hoffman, Richard Jackson, Rebecca Lytle, Katie Milo, Paul Zingg

#### MEMBERS ABSENT:

Jessica French

#### ALSO PRESENT:

Sam Allen, Carol Sager, Fred Woodmansee

#### **A. CALL TO ORDER AND INTRODUCTIONS**

Provost Flake called the meeting to order at 2 p.m. She introduced Sam Allen, a Junior majoring in Chemistry, who is a candidate for the student member position on the Board and attending as a guest.

There were no additions to the agenda.

#### **B. PUBLIC COMMENTS**

The Chair asked if there were any public comments and there were none.

#### **C. APPROVAL OF MINUTES**

***Action Taken:*** *The minutes of the Board meeting held on December 17, 2009 were approved (with one abstention) after clarifying, in Item J on page 6, that a more descriptive name of the loan fund would be "Foundation Short-Term Student Housing Loan Fund" (motion by Carter, second by Dolan).*

#### **D. FOUNDATION PRESIDENT'S REPORT**

Provost Flake talked about the imminent second visit of the WASC accreditation team which will be evaluating the University's educational effectiveness. The campus received an excellent report at the end of the first phase, which assessed our capacity to deliver a quality education. The second phase assesses how well we deliver on the promise.

The Foundation had site visits from two organizations – EduVentures and the National Council of University Research Administrators (NCURA) – which we engaged to help assess the comparative effectiveness of the

RESP operation relative to comparable institutions, and to make suggestions for ways to improve what we do (i.e., how best to organize and manage resources). The EduVentures report told us that many of the recommended best practices are ones that we engage in already – such as a having “Integrated Pre- and Post- Award Support” and a “Centralized Location.”

The RESP awards luncheon celebrating and honoring faculty achievement in sponsored research was well received.

#### **E. UNIVERSITY PRESIDENT’S REPORT**

President Zingg spoke about the oppressing State budget situation: the University was prepared for the past cut in funding because of the forward planning it had done, but it needs to prepare to cut another 5%. The goal is to protect student learning, student progress and student success, and to protect the jobs for our core workforce. The CSU system needs to reduce enrollments and our campus is over enrolled. We are a victim of our success at increasing the number of students who select Chico as their first choice and at increasing the retention rate – which means we could be financially penalized and not get our full funding.

#### **F. QUARTERLY FINANCIAL UPDATE**

##### **Update on Income and Expenses, and on Board Allocations**

Referring to the “Budget to Actual” financial reports through 1/31/09, Richard Jackson noted that there are two drivers of General Fund income which the Foundation uses to support its staff and operations: administrative fees (indirect and other fees) and investment income. One is doing well this year, and the other is in the tank. Nevertheless, overall General Fund revenues are on target, being at 59% of projection 58% of the way through the fiscal year. Expenses at 53% are looking better than projected.

What is dragging down Administration revenues a bit is the poor investment performance on our pooled funds – which could be off by \$70K - 80K by the end of the year. We budgeted at a short-term investment rate of 4.5%, and as of December the LAIF rate was 2.54%. Carol Sager noted that Indirect recovery is ahead of where it was at this time last year and is already at 60% of target. In addition, with the help of some salary savings in RESP, expenses are down (49% of the budgeted amount at this point in time).

Jackson referred to the handout which updated the “Budget Allocations for 2008-09.” Our projected net income will come close to funding the \$582K spending program for the year, which includes the \$400K for the Incentive and Capacity Building Awards, without having to dip into our reserves.

Provost Flake commented that it was good to see the increase in indirect, in spite of the more competitive environment we are in. The training programs for new faculty that Katie Milo and her staff are doing are paying off, and Milo reports that the proposal development side of the house is hopping.

#### **Dividends from Insurance JPA**

Jackson reported that due to the success of the statewide self-insurance and pooled insurance program for CSU auxiliaries, the Foundation will receive on 7/1/09 \$19,903 in dividends from the Liability insurance program, and \$62,547 in dividends from the Workers' Compensation insurance program.

### **G. INCENTIVE PLAN UPDATE**

Provost Flake reported that the \$100K in Capacity Building funds is being distributed this week, and the awards will be based on how well the units utilized the funds awarded in the prior year and invested in building their capacity to generate research proposals.

By contrast, the Incentive Awards reward performance – with 80% going to the College and 20% to the P.I. The Council of Academic Deans (CAD) was involved in the decision as to how to structure the award. This year, the decision was to factor in three measures of performance. The first measure, which was the one employed last year, awards incentive funds in proportion to the indirect dollars brought in. The second looks at the rate of indirect recovered on the funded proposal measured against the cost of administration. It is important to incentivize faculty to bring in not just additional research dollars, but a higher percentage of indirect cost recovery.

A third factor in this year's formula is the amount of salary saving the College received when they used grant money to replace a faculty position at a lower rate. The incentive formula balanced indirect recovery against salary savings in determining the final award received by the College. The Deans are becoming more cognizant of the cost of doing business and are paying more attention to indirect rates. They don't like the idea of their indirect recovery subsidizing the overhead cost of administering grants in another College.

### **H. PROGRAM REPORTS**

#### **Environmental Reserve Update**

Jackson reported that Jeff Mott, Director of the Reserves Program, has submitted a grant to acquire three parcels of land totaling 320 acres to be incorporated into the Big Chico Creek Ecological Reserve. The \$250K

grant is to the Sierra Nevada Conservancy, and will protect the integrity of the BCCER by providing an alternative location to meet our commitment to manage a hunting program, and will prevent residential development contiguous to the BCCER. The parcels will be managed to protect existing cultural resources and provide outdoor education opportunities for local schools. The property is appraised at \$350K. Other partners, such as the California Deer Association, are expected to provide the remaining 100K needed to purchase the land from the Bureau of Land Management.

Jackson noted that \$61,017 remains in the Reserves Infrastructure Fund.

### **College Park Property Update**

Jackson reported on meetings with Lori Hoffman and Drew Calandrella and a revised timeline for University Housing's purchase of the twelve College Park houses from the Foundation. Due to Housing's financial commitments with other capital projects, we may be looking at an additional three to four year timeframe before any of the \$4 million invested in the houses comes back to the Foundation. Lori Hoffman proposed that the Parking Fund may purchase three of the houses and use the lots to replace the loss of a temporary parking lot at Chico High.

Business and Finance, Housing and the Foundation are finalizing a MOU that will document the terms of the property sale from the Foundation to Housing.

## **I. REPORT BY VICE PROVOST FOR RESEARCH**

### **Update on Suspended State Contracts**

Katie Milo provided a two-page handout listing suspended contracts as of 3/2/09 and providing annotations on their disposition. Some are likely to go on for another one and one-half years. It is still unknown whether contract dates will be extended with they are reactivated, or if there will be an adjustment in the deliverables. We cannot let the work go on, betting that the money will eventually be forthcoming: not only is it risky, but it presents a cash flow problem for the Foundation. Three full-time people have been laid-off from projects, and two part-timers. Some centers, which tend to have a number of projects, are able to reassign staff to other work.

Lori Hoffman reported that work on the Natural History Museum will not be suspended, and that the University has agreed to be on the hook for the last \$300K of the NHM grant from the Department of Parks and Recreation in the event that it is not forthcoming down the road.

### **New Grant and Contract Activity**

Milo provided three "short stories" illustrating the broad research scope of the University, the engagement of our faculty in research, and the training

provided to new faculty. Deans are using their "Capacity Building" funds to generate grants activity and co-sponsor research proposal writing workshops. This training helps faculty compete for the new stimulus money that will be coming our way. Good use is being made of the Grant Resource Center – a database of available money from funding agencies and foundations.

#### **Proposed Change to Summer Scholars Award**

Milo distributed a handout on the internal research grant programs for faculty administered by RESP. Currently the Research Foundation allocates \$24,000 for six Summer Scholar awards. These awards are for scholarship, such as research for a paper, but are not tied to the writing of a grant proposal for funded research. By contrast, the three Explorer Awards, to which RESP directs \$12,000 of the office's discretionary money (i.e., their Incentive funds), do have the requirement that they result in the creation of a research proposal for submission.

Milo proposed that the Research Foundation funds currently used for the Summer Scholar awards be redirected to Explorer awards – so that in next year's Foundation General Fund budget we would allocate a total of \$24,000 for six Explorer awards of \$4,000 each.

Concern was expressed that we were reducing the total number of awards from nine, when there were both Explorer and Summer Scholar awards, to the six Explorer awards. Milo responded that the funding from the Research Foundation is the same as before (i.e., \$24,000) – that the additional three awards were dependent on RESP's discretionary funds which are subject to availability. The Provost noted that the Deans are using their Capacity Building funds to buy out faculty time in order to prompt proposal writing.

The consensus was that the item will be considered when RESP submits its budget proposal in June and the Board can take a "total picture" look at the programs available for support of research and proposal submission.

#### **Quarterly Report on Special Set-ups of Grants and Contracts**

The Foundation is fronting the funding for projects to the tune of \$21,818. This is to allow work to start on projects when the funds have not arrived from the sponsoring agency. Special set-ups are generally very low risk, because we are confident that funding is forthcoming from the sponsoring agencies.

### **J. REPORT BY EXECUTIVE DIRECTOR**

#### **Transfer of the Foundation's Short-Term Student Housing Loan Fund**

The Foundation's Short-Term Housing Loan Fund for students, which is administered by the campus Student Financial Services office, was

established in 1978 to help students with off-campus housing deposits, first and last month rent, etc., pending receipt of their first financial aid disbursements. At the last meeting, it was proposed that the funds be transferred to the University Short-Term Loan Fund, where the criteria will not be as restrictive and the money will benefit more students.

Before approving the transfer, the Board wanted more information on the University STL Fund, and Jan Burnham provided the multi-year summary distributed to the Board. The chart shows that the revolving fund has historically had a low default rate – which was the Board's main question at the last meeting. The total loan fund – loans currently disbursed and owing plus cash on hand – is \$255,000.

***Action Taken:*** *The Board unanimously approved transfer of \$10,000 in the current Foundation Short-Term Student Housing Loan Fund to the University Short Term Loan Fund (motion by Dolan, second by Carter).*

### **Revised Guidelines for New Faculty Loan Program**

At the last meeting Jackson introduced revised guidelines for the Foundation's New Faculty Loan Program. The major changes are:

- Increasing the maximum loan amount from \$2,000 to \$3,000.
- Adding language that gives the Provost flexibility to make exceptions to the program guidelines in unusual circumstances (e.g., loan amount, pay-off period).
- Updating the procedural mechanics with the Student Financial Services office.
- Imposing a \$25 late fee if repayment is not made on the due date (and removing the former interest calculations).

The Provost reported that three loans had been made since she was here. One of them had unusual problems associated with it, and the kind of flexibility proposed here enables the Provost latitude in meeting special needs. The \$25 fee is a late fee when the loan has not been repaid in full by the due date, and is a charge retained by the University's Financial Services office to offset their additional costs of collection.

The suggestion was made to expand the policy so that staff, as well as faculty, could take advantage of the loan in their first 12 months of employment. It was pointed out that this change in benefits would be subject to the "meet and confer" provisions of the Union contract and subject to the necessary approvals through the University's Staff HR office.

***Action Taken:*** *The Board unanimously approved the changes to the New Faculty Loan Program, which will be expanded to become the New Faculty and New Staff Loan Program, subject to the necessary vetting*

*and approvals, and include full-time staff in their first year of employment (motion by Carter, second by Coletti).*

**Resolutions for California Department of Aging (CDA)**

Attached to the agenda were two resolutions required by CDA to be approved by the Board. It was discussed that the Board's approval had already been given to the Vice Provost for Research and the Director of Sponsored Programs to execute all Contracts and Grants documents on behalf of the Foundation that pertained to sponsored research. This would include any and all CDA contracts, and any modifications to those contracts. The Board felt it was redundant and unnecessary for management to return to the Board with requests for multiple resolutions, the provisions of which have already been duly executed by Board resolution and documented in the official records of the organization.

**Action Taken:** *The Board unanimously approved the Resolutions requested by CDA, but did so as a duplication and restatement of the prior authority given by Board Resolution, and noted that all subsequent CDA contracts or modifications that come up are also hereby approved (motion by Carter, second by Lytle).*

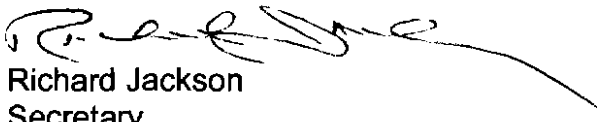
**CSURMA Report of Foundation's Insurance Program**

Due to time constraints, this item will be postponed to another meeting.

**K. ADJOURNMENT**

The Provost adjourned the meeting at 4:00 p.m. with the consent of the Board (motion by Hoffman, second by Calandrella).

Respectfully submitted,



Richard Jackson  
Secretary