


August 16, 2008

TO: Scott Miller
Chair, Academic Senate

FROM: Ruben Armiñana 
President

Re: Response to March 6, 2008 Senate Resolution

The above-referenced Senate resolution—which contains a set of recommendations intended to address issues raised by the Spring 2007 No Confidence vote—is both substantive and comprehensive. It calls for the affirmation of certain commitments, advances a number of concerns, and makes numerous recommendations. There are many points on which we agree; there are several areas and issues on which we have made significant progress toward shared objectives; and there a number of areas on which we disagree and/or we will not be able to act as the Senate would wish. In this memorandum, we will attempt to address all of these items in a systematic way, so we may resolve them and move forward in our common work in support of the mission of the university.

Second Resolved Clause

You have urged us to join you in our commitment to the academic mission of Sonoma State University, and to transparency and civility in faculty-administration relations. The entire Cabinet and I are certainly committed to these goals, and committed to working constructively with the Senate and the entire campus community to move our university forward. As both the CSU and SSU mission statements indicate, the fundamental purpose of our institution is to educate our students and prepare them for rewarding and productive lives as citizens and in their careers. Likewise, the very nature of a university community presumes an environment where the pursuit of knowledge and wisdom is valued and respected, and this can only occur through civil and honest discourse.

Alignment of Resources with Mission

There is complete agreement that in order for our university—or any organization—to be most effective in achieving its mission, its resources should be allocated in a manner designed to best accomplish the strategies and objectives that flow out of that mission. There is also considerable agreement over the menu of such strategies and objectives that support the mission. Where disagreements emerge is over the relative priority and/or level of resource commitment that would be optimal under very tight budget conditions. We review the bulleted specific recommendations under this heading of the Senate resolution below:

- *University Planning Steering Committee (UPSC) will adopt the proposal of the faculty representatives to prioritize investment in curriculum over investment in physical and administrative infrastructure.*

The University Strategic Plan is by its nature a guide to action that identifies strategies, goals, and objectives. It is not itself a set of funded projects, with resources, outcomes,

timelines, and identified responsible parties; however, it does frame the development of the latter. A review of randomly selected strategic plans of universities both within and outside the CSU would reveal that the major high-level strategies and objectives identified in such plans are not given a rank order. Rather, the resource-allocation priorities are revealed in one of two ways in such plans: (a) the plan is not a comprehensive overview of the key ways in which the institution advances its mission but rather a small set of strategies (say, three) singled out for special emphasis during a three-to-five-year period, or (b) while comprehensive in its coverage of major functions, the plan drills down to a finer-grained level of detail where specific initiatives, projects, and funding are specified as a way to advance the strategies for the period of the plan.

SSU's plan (which has not yet been officially adopted, pending campus review and comment) is of the latter type, and has already influenced the development of several major initiatives, which do give high priority to instruction and academic quality. Specifically, it has led to the following initiatives as institutional commitments:

- a. Full instructional funding of enrollment growth at 19:1 SFR and 75% full-time faculty;
- b. \$1,000,000 permanent funding for faculty development, to be achieved incrementally over five years (with the first permanent \$200,000 increment achieved in 2007-08);
- c. A commitment to address the deficiencies identified in the Repairing the Base review. The specific funding level and timing for this initiative will be established once the CSU budget picture becomes clearer. Once committed, the specific allocation of these funds will be determined in a collegial fashion within the Division of Academic Affairs.

- *UPSC will prioritize investment in curricular, student services and co-curricular infrastructure using the "Core Academic Priorities" report as guidelines.*

The current draft of the University Strategic Plan (which has been released by the UPSC for campus comment) includes a number of objectives under the strategic goal of Academic Programs that are based on the "Core Academic Priorities" document and which were introduced by the Senators and other faculty who are part of the UPSC. Objectives in support of student services and co-curricular infrastructure are embedded in several other strategic goals, and emerged in the normal course of the deliberative process within the UPSC. However, as pointed out above, there is no prioritization in the sense of rank order or specific resource allocation at the level of strategic goal and objectives. Such resource allocation takes place either at the level of initiatives like the three outlined above, or within the budget prioritization at the individual Division level.

- *The Administration will restore the base in the Academic Affairs Division.*
See initiative (c) above.

- *The President shall ask the University Planning Steering Committee to recommend strategic priorities for the campus.*

See the discussion of the first bullet on why this is not practicable, given the character of our strategic plan. However, the UPSC has reviewed the specific initiatives (a)-(c) outlined above and endorsed them.

- *The Academic Planning Committee will be given a level of review of all strategic priorities, which it will report to the Senate, before they become campus policy.*

This recommendation is somewhat problematic as stated; however, we have taken substantive steps to involve APC in collaborative decision-making in setting strategic objectives in the academic area. One issue is the notion of strategic priorities. In a sense, all the strategic goals in a plan are priorities, so that the phrase is a synonym for “strategic plan.” And in this sense, the Senate is certainly entitled to ask APC to review the University Strategic Plan and report to the Senate prior to consideration for endorsement by the full Senate. However, if by priorities is meant ranking, or weighting, of strategies, then the points made in the first bullet above apply.

As far as setting academic strategic objectives is concerned, the Provost has invited the members of APC to join the Deans Council in forming a Joint Committee for Academic Planning (JCAP), and designated JCAP as the successor to the Academic Affairs Strategic Planning Committee. JCAP will thus be involved in updating the Academic Affairs Strategic Plan in light of changing conditions and the eventual adoption of a University Strategic Plan. Moreover, JCAP will work to bring together the work of APC in the “Long Range Academic Plan” document with the Division’s strategic plan, and start addressing other planning issues in the Division.

- *The University Strategic Plan will be forwarded to the Academic Senate, and other appropriate campus constituencies, for endorsement, before it becomes official university policy.*

Strictly speaking, a strategic plan would not be considered a policy, since it is a specific response to a given set of internal and external factors, and is revised regularly to reflect changing conditions. However, endorsement by the Academic Senate and other campus entities such as Associated Students Senate is appropriate and desirable, and we accept this recommendation.

- *The Administration will enhance faculty development (also one of the Core Academic Priorities) by following its announced plan to increase allocations to the Faculty Development Fund to \$1 million by 2012.*

We are pleased to receive the endorsement of the Academic Senate for this important initiative.

- *The Senate Budget Committee, with the assistance of the Academic Affairs Division, will develop a public accounting of funds actually spent on academic and other purposes.*

We disagree with this recommendation. The University’s financial statements—which are audited by an external accounting firm each year—constitute a public accounting of funds spent on academic and other purposes. These financial statements are on reserve in the University Library; a copy of the most recent financial statements can be found at http://sonoma.edu/afd/audit/sonoma_f_s_0607.pdf. In addition, The Academic Affairs Division has the Academic Affairs Budget Advisory Committee as the body which both provides advice and acts as a forum for dissemination of information about resource allocation in the academic area. For other areas of the university, the CRC and PBAC act, or should act, in a similar fashion. If there are specific ways in which these committees are perceived to be falling short on this function, we would welcome specific recommendations on how to improve them.

Green Music Center

The Senate resolution's recommendations on the GMC are discussed below.

- *The university will create a business plan for the Green Music Center that is sustainable, does not redirect funds from the academic mission, and that provides transparency in GMC financing and operations.*

This recommendation is consistent with the ongoing development of just such a business plan, a process which is very near completion. The emerging plan will be a powerful statement of the GMC's rich and varied programming by a number of groups on and off campus, as well as a rigorous accounting of anticipated revenues and expenses using state-of-the-art business process practices in the arts industry. The plan will quantify some challenges on the revenue side, solutions to which are still being explored.

- *Discussion and evaluation of the cost and impact of the operation and debt service of the GMC will occur on a real time basis in all campus budget committees.*

We interpret this to mean that approaches to solving the challenges referred to above will be subjected to meaningful consultation prior to adoption and that alternative suggestions will be seriously considered. We are committed to that approach in this and other areas.

- *All new campus construction projects, except the University Center, will be deferred until GMC fiscal policies and funding strategies are resolved.*

All new capital projects will continue to be carefully evaluated to insure that they are fiscally prudent and do not adversely impact the soundness of the university's financial position. However, we do not accept this categorical recommendation, because it may adversely impact other pressing needs of the university, such as the needed expansion of the student residential plant, and future expansion of instructional and faculty office capacity space.

Commitment to Diversity

We agree with the Senate that the university will benefit from an enhanced commitment to comprehensive action to promote diversity. To that end, I am calling for the replacement of the Campus Climate Committee with a broadly representative President's Diversity Council with an expanded charge and high-level administrative and Senate leadership participation, as well as faculty, staff, and student representation. We intend to form this Council in the Fall 2008 semester in consultation with the Senate and other constituencies. The charge will include review and oversight of outreach, recruitment, and retention of diverse students, faculty, and staff; diversity in the curriculum; and promoting civility and multicultural competence in the campus community.

This section of the Senate resolution makes a number of additional miscellaneous and detailed recommendations addressing diversity. They will be best assessed and considered in a number of different forums in addition to the Diversity Council, and we pledge to do so in the coming year.

Shared Governance

We do not agree that the Senate and other mechanisms of shared governance have not been able "to provide advice and policy recommendations on curricular and budgetary matters that affect the direct delivery of the educational mission in the classroom." What is true is that serious

budget cuts (as much as 10% of the base budget in a recent two-year period) have not allowed us to act on such recommendations in some instances. However, as the three strategic initiatives outlined above show, the feedback and advice on the pressing need to improve the resource base needed to maintain academic quality was heard, and is having a profound impact on the emerging priorities of the university.

The specific recommendations in this section are addressed below.

- *The Administration will adhere to the university policy on consultation contained in the Faculty Consultation in Budgetary Matters Policy*

We are committed to abide by all university policies, in particular those which I have personally approved as President.

- *The President will meet each semester with campus budget committees, department chairs councils, and department faculty/staff to stay up to date on the concerns of faculty and staff throughout the campus*

The intent of this recommendation is accepted. Starting in Fall 2008, I intend to meet once a semester with PBAC, AABAC, and CRC, and once a year with the Chairs Councils of each school.

- *The President will respect and provide a meaningful response to the policy resolutions of the Academic Senate*

Not all Senate resolutions are of the form where a response from my office is meaningful and necessary, but I pledge to do so when it is.

- *All university committees charged with fiscal decisions will include a decisive faculty voice*

This recommendation is ambiguous, so our response would depend on the precise meaning of the term “decisive.” If it means that the views of the faculty will be decisively aired out in the committees’ deliberations, this is not controversial and in fact occurs regularly, since there is a substantial faculty presence in those committees and they have certainly been decisive in expressing their views. If, however, it means that faculty in all fiscal committees are to have majority deciding vote, then this recommendation is highly problematic on several counts.

The nature of governance in the CSU is that campus presidents have delegated authority from the Board of Trustees as follows:

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

- a. Development of curricular and instructional plans
- b. Academic, administrative and staff appointments
- c. Supervision, discipline and termination of employees
- d. Oversight of business and financial affairs
- e. Oversight of student affairs
- f. Oversight and adjustment of campus fees in accord with applicable policy
- g. Oversight of the campus advancement function, including alumni affairs and community relations
- h. Oversight of and responsibility for campus auxiliary organizations
- i. Use of campus buildings and grounds

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

The Presidents report to the Chancellor and shall keep him or her regularly informed as to the activities on their campuses.¹

Given this delegated responsibility, it is not advisable or appropriate for me to abrogate final authority on fiscal decisions, so all budget committee recommendations will remain advisory in nature.

Another possible interpretation of the Senate recommendation above could be that, while recognizing the advisory nature of budget committees, faculty should have majority voting representation, so that a unified faculty vote would be decisive as to the recommendation being voted on. This is also a problematic recommendation. The PBAC is designed to provide me with advice and counsel from all sectors of the university on budgetary matters, not just from the faculty. Moreover, the role of the faculty in budgetary matters is clearly recognized as consultative by the Board of Trustees and the CSU Academic Senate, both system-wide and on the campuses, in contrast to the curriculum and academic policy areas, where the faculty has primary responsibility.² Both of these considerations indicate that the faculty perspective in budget advisory committees should be well represented, but not necessarily dominant or “decisive” in that sense.

California Institute on Human Services (CIHS).

The Senate resolution makes two recommendations under this heading:

- *an independent performance (comprehensive financial and management) audit of grants and contracts administration at SSU including CIHS that originates outside the purview of the Board of Trustees and the CSU.*

It is not possible or appropriate for the Sonoma State University administration to call for financial or performance audits outside the purview of the Board of Trustees or the California State University. However, several audits of SSU’s grants and contracts administration, including CIHS, have been completed. These include:

1. A special investigation of CIHS operations conducted by the CSU Board of Trustees Internal Audit staff. A copy of that investigative report can be found at:
http://www.calstate.edu/audit/Audit_Reports/special_investigations/index.shtml.
2. A review of CIHS operations by the US Department of Health and Human Services. A copy of that review can be found at:
http://www.sonoma.edu/uaffairs/images/HHS_report.pdf.

¹ *Standing orders of the Board of Trustees of the California State University*, March 15, 2006.

² “Report of the Board of Trustees’ Ad Hoc Committee on Governance, Collegiality, and Responsibility in the California State University” and “Campus Responsibilities in Collegial Governance,” *CSU Academic Senate Principles and Policies*, 1999, <http://www.calstate.edu/AcadSen/Records/Reports/pp.pdf> .

3. An audit of SSU's grants and contracts was completed by the CSU Board of Trustees Internal Audit staff in Fall, 2007. This audit examined the effectiveness of existing policies and procedures, and determined the adequacy of controls. In addition, the audit examined sponsored program proposals, training issues, conflict of interest proposals, project related reports, human and animal research, effort reporting systems, budget program and plans, procurement activities, and Executive Order 1000. A copy of this audit report can be found at http://www.sonoma.edu/uaffairs/images/HHS_report.pdf.

4. An audit completed by the external accounting firm of KPMG related to federal grants and contracts activity known as the A-133 audit. The purpose of this audit was to assess the compliance of the California State University and Sonoma State University with the requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs. A copy of this audit report can be found at http://www.calstate.edu/SFSR/GAAP/A133_Single_Audit_Report/07SingleAuditReport.pdf.

5. Because grants and contracts are administered within the University at SSU, the Financial Integrity and State Manager's Accountability Act audit or FISMA is also applicable. FISMA is designed to review the integrity of the campus's accounting and fiscal compliance practices, and to assess the adequacy of controls to ensure that a variety of items are managed in accordance with laws, regulations, management policies, and established procedures. A FISMA audit report for SSU was received in April of 2008 and can be found at http://www.calstate.edu/audit/Audit_Reports/fisma/2007/0704FISMASonoma.pdf.

- *A blue paper policy specifying a formula for the distribution of IDC revenues to campus divisions.*

The spirit of this recommendation—which we support—is the recognition that grant-supported faculty research and scholarship is an integral part of what faculty do to advance the educational mission of the university. Granting agencies—especially Federal agencies like NIH and NSF—recognize that universities provide indirect support for grant-funded activities that can be substantial, and therefore negotiate indirect cost (IDC) formulas as a percentage of direct costs. These negotiations involve detailed accounting of overhead costs such as building space, utilities, computer network services, etc., as well indirect administrative and clerical support services. The negotiated rate (typically in the 40's or 50's %) is thus the “gold standard” in terms of an exhaustive account of an institution's support costs for grant activities.

In theory, if an institution wanted to cover these grant-related costs with grant funds, it would have to route all IDC funds to the cost centers that were itemized in the Federally-negotiated rate. However, in practice, this is not done for two reasons: (1) some of the itemized costs are imputed shares of fixed costs that the institution would have incurred anyway, and for which there is alternate funding (typically from the State General Fund); (2) the institution has made a policy decision provided for pre- and/or post-award grant support out of its own funds to some extent. Moreover, many grant funding agencies do not provide for IDC at the Federally-negotiated rate, so that the typical situation in higher education is that the average IDC rate achieved for the overall grant programs is considerably lower than the Federally-negotiated rate (the latter being the upper bound). For SSU, the current Federally-negotiated rate is 48% of Salaries, Wages and Benefits, whereas our average actual IDC rate for 2007-

08 was 25.30% of Salaries, Wages and Benefits. As a percentage of Direct Expenses, IDC for that period was 12.41%.

To the extent that the Federal rate represents an estimate of the true cost of indirect support, it is clear all universities, including SSU, provide a subsidy to the sponsored-research program, even if the (partial) IDC recovered were fully distributed to cover indirect costs. But many universities go further: not only do they implicitly subsidize sponsored research by the gap between full indirect cost and recovered IDC, but they go beyond that and distribute a portion of recovered IDC in ways unrelated to the indirect costs incurred. Typically they are used to support activities that will lead directly or indirectly to further growth in awarded grants.

The extent to which SSU or any other university can use IDC in this fashion will depend on the extent to which actual indirect costs can be covered by other funding sources. For SSU at this time, it has been difficult to cover such costs out of the General Fund. Over time and as we grow our enrollment and budget, we will try to build in a grant support capacity in the General Fund, and that will allow us to free up recovered IDC funds for some of the strategic purposes outlined above. In the interim, we have engaged in a constructive dialogue between Administration and Finance, the Provost's Office, school deans, and principal investigators from which we are developing a distribution formula for a mix of recovered IDC and General Fund monies that will at least fully cover the actual explicit costs of pre- and post-award support for our grant program in A&F and Academic Affairs.

This extended discussion is by way of illustrating why the complex and changing landscape of sponsored research finances would be ill-served by a rigid distribution formula inscribed in a formal University Policy. However, I believe we are in agreement with the objectives underlying the Senate recommendation, and I look forward to establishing a solid administrative support foundation for our sponsored research program, and to growing it over time in support of our academic mission.

I trust this extended response to the Senate recommendations will clarify our position on a number of issues and allow us to move forward on the challenges and opportunities that we face in the coming year and beyond. I believe we are developing a new, more collaborative, and fruitful approach by focusing on our shared objectives and vision for Sonoma State University. I look forward to working with the Senate in continuing our progress toward that vision.