

**Executive Summary**

**Background**

In July 2013 the President formed the Foundation Task Force (comprised of a variety of campus and community members) and charged it to make a recommendation about how the University’s foundations and auxiliary organizations could be structured with the focus on:

- Cost effectiveness
- Coordination across the organizations, as well as the University
- Transparency
- Accountability
- Providing valuable and high quality services
- Serving the University’s programs

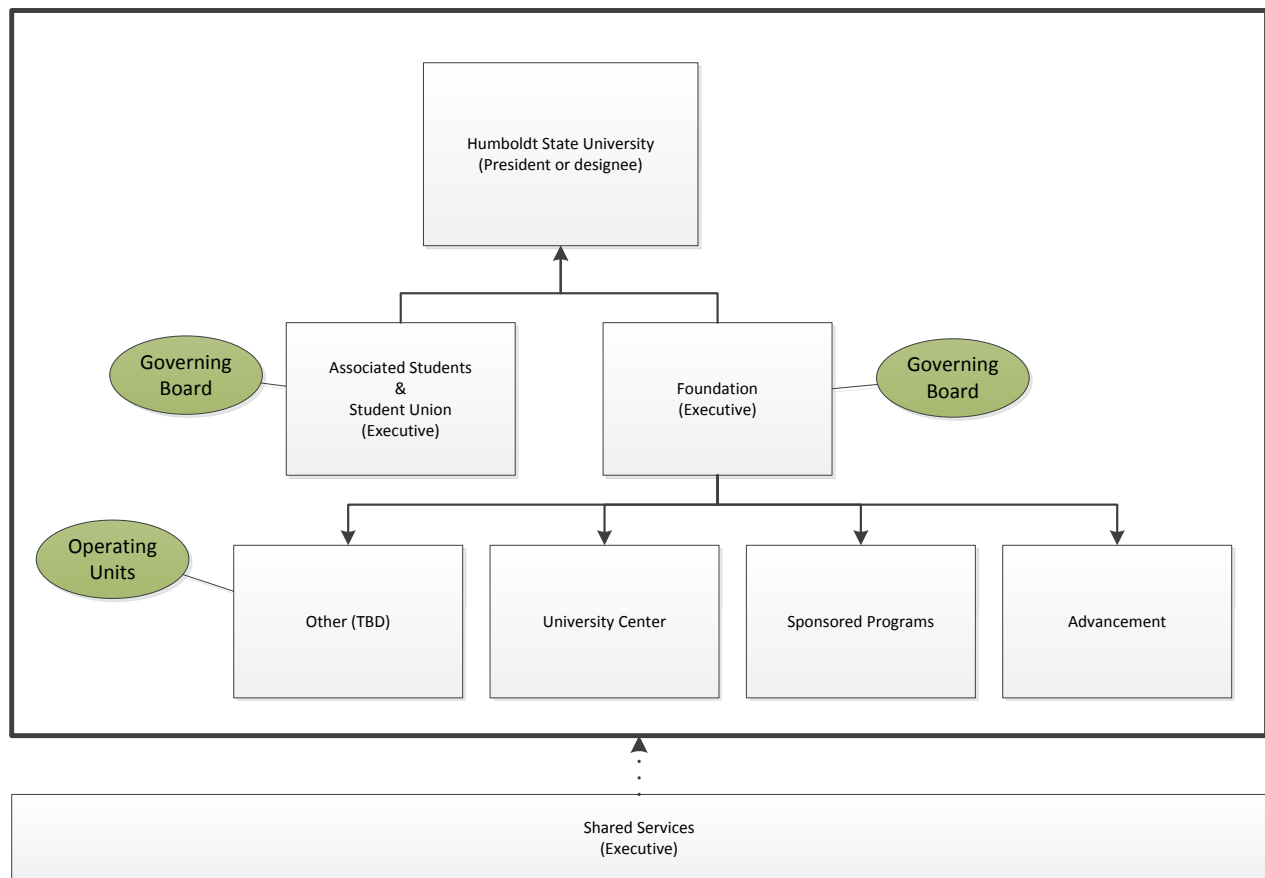
These four organizations were created and modified at various times over the last 85 years with the last changes occurring in 2004. Each has its own mission and must comply with federal and CSU laws and policies to maintain their non-profit statuses:

<b>Organization</b>	<b>IRS Type</b>	<b>Mission</b>
Advancement Foundation	509(a)(2) “public support charity”	Promote, receive and manage charitable funds.
Sponsored Programs Foundation	509(a)(1) categorical “public charity”	Promote, receive and manage sponsored program funds.
University Center	509(a)(3) “support organization”	Provide services, conveniences, and amenities to students.
Associated Students	509(a)(3) “support organization”	Provide students a means to participation in campus governance.

Advancement and Sponsored Programs Foundation contract with the University for many of their business and administrative services while University Center and Associated Students operate their own business and administrative services. The Advancement Foundation has no employees of their own while the Associated Students, University Center, and Sponsored Programs employ hundreds of individuals. The Board of Directors of Associated Students is annually elected by the students; the other Boards are appointed by the President and acknowledged by the board. A majority of the Sponsored Programs and University Center boards are ex-officio voting members. Only the Advancement Foundation Board has a majority of “independent members” (non-University employees).

## Recommendation

We recommend that the foundations and auxiliary organizations reorganize into two primary entities the “Humboldt State University Foundation (HSUF)” and the “Humboldt State Associated Students & Student Union” (HSAS) with the actual names to be determined. HSUF and HSAS would each have its own governing board and share services (business, legal, information technology, etc.). HSAS is a separate entity due to its unique governance structure and State rules and regulations regarding student government associations. The policy governance boards set ends, means, and limitations policy within which several individual “operating units” carry out the work. The number of Boards is reduced from four to two and the governing boards are empowered to operate at a policy level, allowing the individual units to be fully responsible for operations. These changes are consistent with what other CSU campuses and universities are doing to be more nimble and lean. The resulting structure combines good governance with operating accountability and the agility to respond to rapidly changing circumstances and opportunities.



Each governing Board is responsible for establishing policy direction for its operating units including ends to be achieved, means which the operating unit may employ in achieving the ends and any limitations on the authority of the operating unit in pursuit of its ends. Each foundation will have a “Foundation Executive” staff position who responsible for its governing board and reports to the President (who may delegate reporting authority). Each operating unit is responsible for achievement of its ends within the means and limitations established by the governing board, subject to oversight by the President (or delegate). The number and configuration of the operating units is flexible and will evolve to meet the needs of the University. The initial configuration of operating units would reflect the current array of auxiliaries (exact names to be determined): Sponsored Programs, Advancement, and University Center.

Sharing certain services is expected to produce greater efficiencies by creating economies of scale, allowing for more depth and easier backup and proving a consistent level of service to all operating units. We expect

shared services to remain on campus but other alternatives might be explored. The expectation is not to eliminate positions overall but it is recognized that specific jobs and task may change.

We recommend that the implementation be carried out in three steps:

1. Work groups should be assigned to complete technical and legal groundwork and review necessary for the restructure. Examples are: governance structure, financial and accounting, legal issues, and shared service arrangements.
2. The merger of the existing Sponsored Programs Foundation and Advancement Foundation and the operating elements of University Center should proceed as soon as the legal and technical groundwork and review are completed.
3. Identification and separation of the programmatic and service elements of University Center will require additional time and effort. These elements may be moved after the initial creation of the new HSUF.

### **Rationale**

The proposed changes position Humboldt State University to be more:

1. Effective:
  - a. Allow each operating unit to focus on its services without maintaining separate governance and administrative overhead.
  - b. Provide a strong and consistent policy governance structure which is transparent and accountable to the University and broader community.
  - c. Give all organizations, including the University, a common face with consistent branding and marketing.
  - d. Coordinate and align research, internships, and scholarships across all organizations.
2. Efficient:
  - a. Save time and money with fewer Board meetings (that currently have a lot of the same members) and audits.
  - b. Streamline shared services.
3. Flexible and Creative:
  - a. Maintain the separation between auxiliary organizations from the University to allow flexibility and agility in enterprise activities and encourage private support.
  - b. Encourage the creation of incubators or other value strategically related to intellectual property.
4. Aligned with the University's Mission, Priorities, and Programs:
  - a. Provide a unified high level governing board focused on policy matters while increasing participation in operational accountability and decision making.
  - b. Provide students and the larger community with positive experiences with the University thus earning greater confidence and support among generous alumni and other community members.
5. Financially Viable:
  - a. Provide flexibility to pursue opportunities as they arise while ensuring financial stability during uncertain economic times.
  - b. Take full advantage of opportunities to synchronize differing business cycles of the operating units.
  - c. Obtain savings through economies of scale.