



# Business and Finance News

## The California State University

· Business and Finance Division ·

Richard P. West, Executive Vice Chancellor and Chief Financial Officer

### NEWS FROM THE DEPARTMENTS

January 2005



#### **BUDGET DEVELOPMENT**

*Patrick Lenz, Assistant Vice Chancellor*

California faces an overwhelming fiscal crisis of \$8 to \$10 billion in the 2005-06 fiscal year. Recent estimates indicate that state General Fund revenue has grown by \$2.4 billion as a result of an improving economy. However, anticipated revenue from tribal gaming and sale of surplus property is down by \$364 million, and higher state costs for corrections, Medi-Cal, and trial court funding is up by \$860 million. In addition, the state has relied on nearly \$4 billion in “one-time solutions” that will not be available to balance state budgets in subsequent fiscal years.

The current fiscal crisis is compounded by voter-approved initiatives, statutory, court-ordered or federally mandated restraints that specifically dictate approximately 92 percent of state funding. Proposition 98, an initiative that provides a constitutional funding guarantee to K-12 and the community colleges, consumes nearly half of every new dollar generated into the state General Fund. Corrections funding, court-ordered and subject to population growth, incurred annual budget deficiencies over \$200 million within months of the enactment of the state budget. Medi-Cal costs have been increasing and are subject to changes in the economy, but also to the availability of

affordable health insurance. Finally, newly enacted efforts will attempt to recover nearly \$5 billion in federal funds, claimed by California to be owed as a result of federally mandated programs where the state has already incurred tremendous costs.

The number of “state protected programs”, and funding guarantees for those programs, has left everyone else extremely vulnerable to state budget reductions. This has certainly been the case for the CSU that has suffered a negative fiscal impact of \$522 million over the past three years. These budget reductions have denied students’ access, attributed to significant increases in student fees, limited financial aid, and allowed for literally no compensation increases for faculty and staff. The CSU, in conjunction with the University of California, proposed a funding agreement with the Governor to provide the best funding guarantee possible to stem these overwhelming budget reductions.

Last May, the California State University and Governor Schwarzenegger entered into a “Compact Agreement” to restore student access, financial aid, faculty and staff compensation, fund mandatory costs and technology, libraries, and deferred maintenance. In the 2005-06 budget, the Compact assures the CSU an increase of 3 percent (\$71.7 million) for general operations, 2.5 percent enrollment increase (\$50.8 million) to serve an additional 10,000 students or 8,103 Full Time Equivalent Students (FTES), and fee revenue (\$101.2 million) generated from increasing undergraduate fees by 8 percent and graduate fees by 10 percent.

As a result of the state’s investment, CSU will be able to meet the following funding commitments:

- \$40.7 million – Mandatory Costs for health and dental benefits, insurance costs, energy costs, and new space coming on line in 2005-06.
- \$63.8 million – Enrollment Growth to serve 10,000 students (8,103 FTES) beginning in the fall of 2005.

- \$23.3 million – Increased financial aid to ensure funding for the neediest students and provide an additional 2,700 new grants in 2005-06.
- \$88.0 million – To establish a 3.5 percent compensation funding resource to address faculty and staff salaries and benefits.
- \$8.0 million – Long-term need to fund technology, libraries and deferred maintenance.

The Governor's proposed 2005-06 budget honors the Compact Agreement by fully funding 3 percent in base funding, 2.5 percent enrollment growth, and an undergraduate student fee increase of 8 percent. The budget includes a \$211.7 million net increase in CSU operating support to fund student access, faculty and staff compensation, mandatory costs, financial aid, and long-term needs (technology, libraries, and deferred maintenance).

The next stage of the budget process includes the Board of Trustees meeting on January 25-26, and the Legislative Analyst's Report to be published on February 16, 2005.

## **BUSINESS PLANNING & INFORMATION MANAGEMENT**

*Lenore Rozner, Assistant Vice Chancellor*

## **QUALITY IMPROVEMENT (QI) PROGRAMS**

**Online Customer Satisfaction Surveys Provide Easy Way to Receive Vital Feedback:** The Quality Improvement Program will be offering the online Customer Satisfaction Surveys again this spring. Creating and administering a customer satisfaction survey is easier than ever – the process is entirely web-based. Existing template surveys are fully ready to be distributed via email to your campus, or campuses have the option of customizing surveys for individual campus or department needs. The new process allows for instant results – no waiting for reports. Communications and requests for participation confirmation will be sent out to campus QI Facilitators and function representatives in late January. For more information, contact Briana Anderson at [banderson@calstate.edu](mailto:banderson@calstate.edu) or (562) 951-4552.

**CMS Process Impacts & Measures Data Collection Process Begins for 2005:** In late-January and early-February, the Quality Improvement Programs will be convening conference calls with the Finance, HR, IT, and Student Administration function representatives to

review the CMS Process Impacts & Measures instruments for the new cycle. The purpose of these calls will be to review the measures used in last year's data collection and confirm those that will continue to provide value to the analysis process. Also, with the goal of integrating this ongoing process with other performance measurement activities, the groups will be asked to consider additional metrics available that will provide additional analysis and potential model practice sharing for the Finance, HR, IT, and Student Administration areas. It is anticipated that the data definitions will be finalized by mid-February and campuses will be required to submit data by mid-March. Campus CMS Project Directors have been queried to reconfirm participants for the respective areas. For more information, contact Matthew Ceppi at [mceppi@calstate.edu](mailto:mceppi@calstate.edu) or (562) 951-4547.

**Whatever your quality needs.... the QI Programs can help you get there:** The QI Programs offers a phased performance management implementation model tailored to your needs and desired timeline. This phased approach also can help your campus align various QI efforts such as process mapping, customer satisfaction surveys, and employee climate surveys within your customized performance management system. Finally, if you choose to utilize the pbviews software, the QI programs can assist you in the automation of initiatives to track performance through training and support on the tool. For more information, call (562) 951-4524, or visit the website at [www.calstate.edu/qi](http://www.calstate.edu/qi).

*Matthew Ceppi  
Director, Quality Improvement Programs*

## **CAPITAL PLANNING, DESIGN AND CONSTRUCTION**

*Elvyra F. San Juan, Assistant Vice Chancellor*

**Executive:** The first training program for 2005, Space and Facilities Database Training, will occur Thursday, January 27 at the Chancellor's Office. Unlike other trainings, this day will include both lecture and hands-on computer instruction.

In February, two consecutive days of training on topics for campus facility managers are scheduled.

- February 24: Best Practices in the following areas will be presented: Facility Condition Assessments—Why do them; Maintenance Management Systems—New technology and trends; Code Requirements for Special Repair and Minor Capital Outlay projects—State Fire Marshal and Division of the State Architect code review; and, Challenges Facing Plant

Operations—including fleet management and fleet insurance.

- February 25: Labor Management Issues— Including how to handle grievance cases, risk management, and web resources.

For additional information and registration, visit <http://www.calstate.edu/CPDC/Trg2005.shtml>

Planning for the October 2005 CSU Facilities Management Conference is underway. The website is: <http://www.calstate.edu/cpdc/2005FPMconference.shtml>. for continuing updates on the conference.

*Nancy Freeland-Paice, Executive Program and Fiscal Manager*

## **PLANT, ENERGY & UTILITIES**

**Governor's EO S-20-04 on Green Building and Energy Efficiency:** In December 2004, the Governor issued an executive order directing that energy efficiency and sustainable design measures be implemented in a cost effective manner in all state buildings. This executive order encourages the CSU to actively participate in this effort.

Sustainable and energy efficient design seeks, through a variety of means, to minimize the impact of buildings on the environment, both in their construction and in their ongoing operations. In a building's design this could include its orientation and placement of windows to limit solar heat gain loads. In construction, this could include the use of recycled materials, ranging from crushed concrete in the building's foundation to the use of recycled fibers in its finish carpets. Many sustainable measures are already incorporated within current CSU practices or as code requirements, such as: light sensors, low-flow faucets, energy efficient lighting, etc.

At a basic level, if a building is designed to be efficient in energy usage, it will both reduce its demand impact on the environment and cost far less to operate over its anticipated service life. These operational costs are substantial, and when considered statewide across the entire building inventory, the potential savings are enormous. The trick, of course, is that the initial cost to imbed sustainable features can be higher, which must be balanced against significant present-day budget limitations and projected sustainable feature payback periods. Further, even 'common sense' measures such as limiting west-facing glazing expanses, may not always be readily achievable due to academic program requirements or geographic constraints.

The CSU is participating on the statewide Sustainable Building Task Force to understand the impact of the executive order on project budget development.

*Len Pettis, Chief of Plant, Energy & Utilities*

## **FINANCIAL SERVICES**

*Dennis Hordyk, Assistant Vice Chancellor*

## **CONTRACT SERVICES AND PROCUREMENT**

The following CSP Bulletins have been released since the last newsletter. Bulletins can be found at [http://www.calstate.edu/csp/csu\\_bulletin.shtml](http://www.calstate.edu/csp/csu_bulletin.shtml)

**04-20; Qwest Long Distance Services – MEA Renewal** – extends contract M000161 for one additional year. This bulletin supersedes bulletins 00-09 and 04-02.

**04-21; AT&T Long Distance Services – MEA Renewal** – extends contract M000160 for one additional year. This bulletin supersedes bulletins 01-06 and 04-01.

**05-01; Collection Services Pricing Agreements** - Seven firms will provide financial collection services for Federal Perkins/NDSL and Nursing Student Loan programs to the CSU.

**Vehicle Purchases:** New legislation requires that the CSU (and Community Colleges) purchase vehicles through the Department of General Services (DGS). DGS recognizes that they must develop new vehicle purchasing procedures to include the CSU. CS&P has been in contact with DGS to develop procedures and rules that would minimize the impact to the CSU. In the meantime, vehicle purchases should be conducted within the existing CSU policies and procedures.

The Procurement and Support Services Officers Association will be holding its annual conference March 22-24, at CSU San Marcos. For information and registration please visit <http://www.pssoa.calstate.edu/>

After over 24 years of CSU service, Patricia Dayneko retired in December as Director of Contract Services and Procurement. Tom Roberts is Acting Director and can be reached by phone at 562.951.4583 or via e-mail [troberts@calstate.edu](mailto:troberts@calstate.edu) .

**Chancellor's Office Grants Manager:** Contract Services and Procurement is pleased to announce the addition of Iris Ingram as Grants Manager to provide expertise and guidance in the area of sponsored programs, policy and grant administration. Iris will not only manage the grant and sponsored programs activities of the Chancellor's Office but will also serve

as liaison with campuses and auxiliaries on related CSU systemwide policy and practice matters.

Iris comes to the CSU with an extensive background in sponsored research administration, finance, budgeting and administration. She spent over 12 years in the UC system, most recently with the UC Irvine College of Medicine.

Please feel free to contact Iris with questions (or to just welcome her to the CSU) at (562) 951-4213 or [iingram@calstate.edu](mailto:iingram@calstate.edu).

**Auxiliaries Can Access Microsoft Campus Agreement:** The CSU Auxiliary organizations are now covered under the CSU Microsoft Campus Agreement (from 1/1/05). Auxiliaries are now eligible to use all software listed in the Campus Agreement (generally, FrontPage, Office Professional, Publisher, Visual Studio.NET Professional and Windows Upgrades). For details on what products are covered in the Campus Agreement, go to [www.calstate.edu/csp/](http://www.calstate.edu/csp/), Systemwide Contract Store, select Software, then, select Microsoft. This link contains information related to the Campus Agreement.

Auxiliaries may now directly install the licensed applicable software at no cost. Media is not provided under the Campus Agreement. Auxiliaries may use media acquired under the Select Agreement to install software covered under the Campus Agreement.

Questions regarding this contract should be directed to Keith Wandrey at 562-951-4582 or [kwandrey@calstate.edu](mailto:kwandrey@calstate.edu).

A teleconference session on the use of the Microsoft Campus Agreement will be announced in the near future for interested auxiliary organization staff members.

## **FINANCING AND TREASURY**

**Training:** A training opportunity for all campus and auxiliary staff is being offered on "Finances of Capital Projects". The one-day workshop will be conducted on March 24, 2005 at the Chancellor's Office. Capital Planning, Design and Construction will coordinate registration via their website: <http://www.calstate.edu/CPDC/Trg2005.shtml>

Financing and Treasury and CPDC will walk through key milestones and requirements for a campus from the inception of a project idea to the funding and accounting of a project. The discussion will highlight how processes between the departments are

coordinated and work towards a mutual goal. A summary of recent changes affecting auxiliary organization sponsored projects and how these changes affect campus staff will also be discussed. Breakout sessions will focus on key accounting, budget, procurement, financing and audit processes and issues.

*Colleen Nickles, Senior Director*

## **RISK MANAGEMENT**

CSU Risk Management/Human Resources "Fitting the Pieces Together" Conference will be held on May 17, 18, & 19, 2005 at the LAX Radisson Hotel. For more information, contact Marti Lopez at (562) 951-4580 or [mlopez@calstate.edu](mailto:mlopez@calstate.edu).

**CSURMA launches new web site:** CSURMA has re-launched its web site. The address remains the same, [www.csurma.org](http://www.csurma.org). Since a new host is being used, your bookmark for the site may need to be refreshed. Your comments and suggestions on the content provided are appreciated.

**Welcome:** The Office of Risk Management is pleased to announce the appointment of Michelle Schlack as Associate Director of the Office of Risk Management, effective January 18, 2005. Michelle comes to Risk Management from the Office of University Auditor in the Chancellor's Office.

Michelle's background consists of five years in University Audit, four years as Audit Manager. Her experience includes performing audits in areas of Student Health Centers, Contracts and Grants, Disability Support and Accommodations, and Human Resources. She has used risk control analysis to provide effective recommendations to the system office and campuses in managing operations, compliance and financial risk. She has also worked with committees and task forces to develop systemwide policies and procedures, and provided value added risk management solutions and operational best practices.

Michelle also has 14 years of experience as a Vice President and Senior Audit Manager with Union Bank of California, the Bank of California and Mitsubishi Bank of California. Her experience in this area was to provide audit, risk and management consulting services.

Michelle graduated with a Bachelor of Science in Business Administration at the University of LaVerne and has several professional certificates and associations. She is a certified internal auditor and

belongs to the Institute of Internal Auditors, the Association of College and University Auditors (ACUA), the Association of Certified Fraud Examiners and the Society of Human Resources Management.

*Charlene Minnick, Director*

## **SYSTEMWIDE FINANCIAL SERVICES**

**GAAP Audit:** The CSU systemwide financial statements and the Single Audit Report (A-133) for the fiscal year ended June 30, 2004 have been issued and are available on the web at <http://www.calstate.edu/SFR/GAAP/>.

**Training:** A *Sales and Use Tax Workshop* is scheduled for January 31 at the Chancellor's Office in the Dumke Auditorium. The goal of the training is to help attendees develop an awareness of sales and use tax issues, and recognize opportunities to minimize exposure and overpayments. It will also discuss the recently announced SBE Amnesty Program.

**New Staffing Appointments:** Jean Gill has been appointed to the newly created position of Associate Director of Accounting. Jean has served as the Manager of Enterprise Operations at the C.O. since July 2003. Myeshia Armstrong, previously C.O. General Accounting Manager, has been selected to replace Jean as Manager of Enterprise Operations. Recruitment to fill the General Accounting Manager position is underway.

*George Ashkar, Senior Director/Controller*

## **INFORMATION TECHNOLOGY SERVICES (ITS)**

*David Ernst, Assistant Vice Chancellor*

ITS is pleased to welcome Janice Lim as the CSU's new Senior Director for Information Security Management, as of January 24. With the Chancellor's Office as her home base, Janice will serve as the CSU's senior officer responsible for information security in both electronic and hard copy formats. The Senior Director will oversee the development of a CSU Information Security Plan, as well as provide policy leadership for the campuses and the Chancellor's Office to ensure that data and information in the CSU is handled according to best practices and our legal obligations. The position is part of the ITS senior management team and is also responsible to Keith Boyum in Academic Affairs and Jackie McClain in Human Resources to reflect the unique information security issues in both of those areas.

Janice comes to the CSU most recently from Gemstar TV Guide as their Director of Corporate Security and before that as the Director of Information Security for Warner Bros. She also brings a background in auditing and information technology risk assurance.

## **ACADEMIC TECHNOLOGY SERVICES**

**Advancing the Planning:** The Academic Technology Advisory Committee (ATAC) had its second meeting for the 2004-2005 academic year on November 8, 2004. Discussion focused on two existing initiatives: Professional Development and Development of Shared Resources. Workgroups were established to identify policy issues needing resolution. The Provosts' Technology Steering Committee (PTSC) met December 1, 2004 and also focused on the Professional Development and Development of Shared Resources Initiatives and outlined implementation strategies. The Council of Library Directors (COLD) has been presenting its strategic planning outline to a variety of campus and system communities to acquire feedback.

### **Academic Technology Initiatives**

**1. Foundational Skills** – Enabling students to be ready for a successful CSU education with foundational academic skills.

#### Accomplishments:

*The CSU Math Success Website* is open and being used [www.csumathsuccess.org](http://www.csumathsuccess.org) with approximately 150 users per day. Version 1.5 is under development that will include a Spanish version for parents and email reminders about ELM related deadlines for registered users. Expected release date is 3/1/05.

*CSU Systemwide contract for ALEKS:* \$35 for 18-week access (student paid) and investigation of online live tutor (NetTutor). ELM tutorial and many areas of Math and Statistics are available for students in any CSU course.

*The CSU English Success Website* is under development. Version 1.0 expected 3/1/05.

The EAP Coordinators Website is under development. Version 1.0 expected 2/1/05.

**2. E-Learning Framework Initiative** – Making usable and effective teaching and learning environments with technology.

#### Accomplishments:

*MERLOT partnership with the professional societies* (e.g. Physics, Theatre, Chemistry, Health Science), digital libraries, publishers (McGraw-Hill) and technology companies (e.g. Sun Microsystems, Bb, WebCT, Desire2Learn) continues to develop and provide CSU faculty

easier access to high quality online learning resources.

*RFP posted for “Integrating eLearning Services and Resources”.* Faculty and students will be able to search, find, and organize easily online and physical CSU library resources and other digital library resources within the context of their WebCT or Blackboard technology environment.

**3. Digital Marketplace Initiative** - Reduces cost and increases convenience/usability of academic technology content and tools.

Accomplishments:

*SWAT –Systemwide Acquisition of Technology – Coordinating Committee* is being appointed. Desktop management systems is one of the top priorities.

*Renewal/revision of systemwide Bb and WebCT contracts* have been completed. Approximately 10% savings were achieved through consolidation of contracts.

*Digital Marketplace Service:* Vendor presentations covering 4 proposals occurred on December 12 & 13, 2004. Analysis from presentations will inform the development of detailed requirements for the next phase of evaluation and down-select of vendors.

**Library Strategic Plan:** Consultation with systemwide groups and local campus constituencies has been completed in preparation for updating and reissuing the 2005 systemwide library strategic plan. The draft of the plan will be circulated across the system for review and comment in late February, with the target of producing the final draft in June 2005.

**Library Information Technology:** New releases of the Metalib federated searching and the SFX citation/full-text linking applications have been issued and are being implemented in CSU libraries. These applications, both components of the CSU Unified Information Access System initiative, offer significant new features designed to enhance student and faculty access to scholarly information.

**Information Literacy and Technology Skills Assessment:** Beta testing of the newly developed and innovative scenario- and web-based test to assess students’ skills in information and communication technology (ICT literacy) has been completed in preparation for the first large-scale administration in February and March. The test will be administered to randomly drawn samples of students on each CSU campus to obtain a preliminary look at students’ abilities in this important area. The assessment, developed by ETS in partnership with the CSU and

other universities, contains interactive and realistic simulations of information resources and applications such as the Web, article databases, and spreadsheet and word processing to track and evaluate how students actually go about solving problems with information technology. It will provide detailed diagnostic information for the key ICT proficiencies needed for success in higher education and beyond in the work environment. It encompasses both the technical skills and cognitive information competence abilities needed to effectively access, evaluate and use information from a wide range of resources.

## **TECHNOLOGY INFRASTRUCTURE SERVICES**

Infrastructure Build-Out Project - Stage 1 and Stage 2: Construction for the Phase 1 and Phase 2 campuses continues, with several projects now fully complete, and all but one still expected to be finished by mid-summer 2005.

Six of the eight Phase 3 sites, San Marcos, Bakersfield, San Jose, Fresno, Fullerton and San Francisco, have begun Stage 1 construction. San Diego has recently completed the project bidding process, with Monterey Bay soon to follow.

All campuses have now either completed or are actively engaged in Stage 2 activities. Long Beach, Los Angeles and San Luis Obispo are slated to complete their final project closing activities in early 2005. CSU is also in the initial stages of designing a methodology to refresh network equipment. Work on refresh parameters will continue in 2005.

(As a reminder, the phases group campuses in the order that they undertake the TII project. Stage 1 refers to the physical construction of pathways, spaces and media on campuses; Stage 2 represents the installation of the necessary electronic components.)

**Network Management System (NMS):** NMS, a set of software tools that allows campuses to monitor and measure their network performance and quickly identify points of failure when problems arise, has been installed on all 23 campuses. Implementation of the next NMS version is underway and will update the network management tools to coincide with current vendor software releases. To date, eleven campuses have reported successful completion of this upgrade.

San Jose State University hosted training sessions in early November 2004 to coincide with the latest NMS software upgrades. All campuses have now received training on the NMS applications, informed campus network staff of the upgrade changes, thereby better

preparing them to utilize the new features included in the current vendor software releases.

**Network Infrastructure Asset Management System:**

The Asset Management tool is a software application that allows campuses to maintain records of their network infrastructure by tracking cables and equipment locations on campus. The Network Technology Alliance (NTA) Committee's Asset Management Working Group has proposed a model that calls for a centralized datacenter facility capable of supporting all CSU campuses. The recent study of options for asset management applications has provided additional insight into the pros and cons of facilitating modern infrastructure management through application of sophisticated software tools, as well as data regarding the relative readiness of CSU campuses to employ such tools. The Executive Committee is now considering a "next steps" recommendation synthesized from this information.

**Security Incident Response Team (SIRT):**

CSU has entered into an agreement with Carnegie Mellon University's Software Engineering Institute to develop a framework for campus security incident handling. With this agreement in place, CSU is on the path to becoming a national leader in the development of a security incident response team model customized for the university environment. A planning meeting took place in Los Angeles on December 7-9, 2004. Fifty campus participants attended the meeting, with every campus represented. In the next phase of the project, a small group of campus representatives will be formed to define the campus SIRT deployment strategy.

**Campus Access Infrastructure Initiative (CAI):**

The Campus Access Infrastructure Initiative (CAI) is a system-wide program that will install and thereafter maintain the infrastructure required to connect each campus local area network (LAN) to the new CENIC wide-area network backbone (WAN).

CAI will address the CSU's growing requirement for improved network reliability and capacity by providing circuit redundancy and path diversity. The CAI project kick-off meeting took place on December 2, 2004. Preliminary approval for purposes of project planning was granted and TIS staff members are working to finalize contracts for managed services and installation with CENIC in anticipation of final approval by the Technology Steering Committee (TSC). Implementation is targeted to begin in spring 2005.

**COMMON MANAGEMENT SYSTEMS (CMS)**

**CMS Data Warehousing Project:** An RFP was issued in November for software tools and consulting services to create operational reporting data warehouses from PeopleSoft Student Administration, Human Resources and Finance applications. RFP responses are due by January 5, 2005. Data warehousing has been included as CMS core functionality that all campuses will implement by October 2008.

**Finance Update:** Three more campuses (Northridge, Sonoma and Maritime) have successfully completed their upgrade to FIS 8.4. By the end of November, four additional campuses (Sacramento, Hayward, Chico and Fresno) are scheduled to complete their upgrade to FIS 8.4, bringing the total number of campuses (including the C.O.) live on FIS 8.4 to 14.

**Student Administration Update:** All of the Student Administration campuses have successfully submitted their Fall Term 2004 System-wide reports for ERS.

In October, Chico went live with Admissions for the Fall Term 2005. To date, 6800 applications were processed through the Mentor website and updated into PeopleSoft. Chico's next major activity is to convert record and enrollment history from their legacy system. Chico is the 9th campus now using the CMS Student Administration baseline functionality. The other eight campuses include: Channel Islands, Fresno, Long Beach, Maritime Academy, Northridge, Pomona, San Jose, and Sonoma.

San Jose went live on Self Service Academic Advising for students during the first week in November.

**CSU Fullerton's CMS Project Full Steam Ahead:**

CMS was featured at CSU Fullerton's Technology Day on September 21st, which included an opening message about CMS from President Gordon. The campus is in the readiness assessment phase of the CMS project, anticipating starting pre-production work in November. The campus has developed a website dedicated to the CMS project that includes recent project news: <http://www.fullerton.edu/cms/index.htm>.

**Measures of Success:** The sixth in the series of reports to the Legislature on the progress of the Integrated Technology Strategy was mailed the week of November 29, 2004. The agreement to undertake the reporting was a key element in obtaining legislative approval to use capital funding for the telecommunications infrastructure. The first report, in November 1999, outline the approach agreed upon by CSU and the legislature. In 2000, baseline data was reported. This report provides the fourth year of

change data from the baseline. The report is at: [http://its.calstate.edu/documents/Data\\_Collection/I\\_Reports\\_MOS/Measure\\_of\\_Success.shtml](http://its.calstate.edu/documents/Data_Collection/I_Reports_MOS/Measure_of_Success.shtml)

## ADVOCACY AND INSTITUTIONAL RELATIONS

*Karen Y. Zamarripa, Assistant Vice Chancellor*

**Legislature Reconvenes:** The Legislature reconvened briefly on December 6 to swear-in all 120 members (including 30 new ones) and then adjourned for several weeks. Upon their return to Sacramento this month, lawmakers began settling into their offices, hiring staff and accepting committee assignments. In addition, Governor Schwarzenegger and the new Department of Finance Director, Tom Campbell, released the 2005-06 budget for the state within the context of an estimated \$8 to \$10 billion deficit. *See Budget Office section for the support budget detail.* On the Capital Outlay side, the Governor's budget includes \$261.5 million from the 2004 higher education bond for 19 projects. Budget details can be accessed at the following website: <http://govbud.dof.ca.gov/home.htm>.

The 2005 session will no doubt be a challenging one, even with a good start for the CSU in the Governor's budget. Republicans will likely seek a balanced budget that includes some spending cuts and leads to structural changes in how the state's annual financial plan is created, while Democrats are likely to focus attention on improving access to health care and housing in California, among other issues. Perhaps more importantly, much of this legislative session will be devoted to considering the Governor's comprehensive reform agenda (discussed below).

While roughly 150 bills have been introduced so far, legislators are generally still in the process of submitting bill requests to Legislative Counsel. The following, which were introduced during the first week of session, may be of interest to the CSU:

AB 57 (Nunez) would enact the K-University Public Education Facilities Bond Act of 2006, to become operative only if approved by voters at the November 7, 2006 statewide general election.

ACA 1 (Calderon) proposes a constitutional amendment requiring the Legislature to pass a two-year budget (rather than the current one-year budget).

ACA 5 (Richman) would require public employees hired after July 1, 2007 to enroll only in a defined contribution retirement plan.

SB 5 (Morrow) would direct the Trustees of the CSU and the other segments of public higher education to develop guidelines and implement specified principles of a Student Bill of Rights.

SB 28 (Battin) would provide that final determination of the use of existing state-owned or state-leased office space that is currently under the jurisdiction of the Department of General Services by state agencies shall be made by the Department of General Services with the concurrence of the Department of Finance, among other provisions.

All proposed legislation must be submitted to Legislative Counsel by January 21 and bills must be introduced by February 18. As usual, a deluge of bills is expected that the CSU will need or want to weigh in on with the Legislature and the Governor.

**State of the State:** Governor Schwarzenegger delivered his second State of the State address to a packed Assembly chamber on January 5, outlining an ambitious reform agenda that includes imposing limits on state spending, changing the way in which legislative and congressional districts are drawn, basing teacher pay on merit rather than tenure, and reforming the existing public pension system. Many of these proposals originated in the California Performance Review report, a 2,500-page collection of reform recommendations that was crafted last year at the Governor's request.

Specifically, the Governor is proposing to:

Establish a strict budget spending limit that allows for automatic program cuts;

Phase out the current guaranteed fixed-rate payout pension system for state employees and replace it with a defined contribution system similar to 401(k)-type programs used in the private sector;

Base K-12 teacher salaries on merit, not on tenure and override Proposition 98 obligations;

Transfer the authority to redraw legislative and congressional district lines to an independent panel of retired judges;

Eliminate or absorb into other entities nearly 100 California regulatory boards and commissions;

Speed up housing construction; and, offer a prescription drug discount card for low-income residents.

In calling a special session of the Legislature to address these and other issues, the Governor challenged lawmakers to pass these reforms in an expeditious manner. However, the Governor is expected to face stiff opposition to his proposed reforms from groups such as the California Teachers Association, the California Correctional Peace Officers Association and other public employee unions. His redistricting proposal is also likely to face opposition from Democrats as well as some Republicans. The Senate Committee on Government Modernization, Efficiency and Accountability has been created specifically to deal with the Governor's California Performance Review recommendations. If the Legislature rejects them, the Governor has made it clear that he will go to the people to seek these reforms to put California back on track. In fact, the signature-gathering campaign for these initiatives has already begun.

**Regional Training Sessions:** The CSU's Office of Advocacy & Institutional Relations will be holding two regional advocacy training seminars for campus-based teams and community advocates next month. The Northern California meeting will be held at CSU Sacramento on February 3, while the Southern California session will be held at CSU Long Beach on February 11. Campus-based teams and advocates will hear about the CSU's budget priorities, trustee-sponsored legislation, and significant issues facing the system.

**Economic Impact Report:** The CSU recently released *Working for California: The Impact of the California State University*. ([www.calstate.edu/BudgetCentral/](http://www.calstate.edu/BudgetCentral/)) This first-of-its-kind report provides data to support what CSU has inherently understood to be true for years - the California State University and its 23 campuses directly or indirectly affect the economic, social, intellectual and cultural life for all Californians. The return on investment for graduates personally is confirmed as well. More importantly, the research shows that the well-being of the state and all California residents is directly linked to the success of the CSU.

The report itself serves as a springboard for the launch of a long-term communications and advocacy campaign to provide opportunities for the CSU to demonstrate its cultural, social, and economic value in ways it has not demonstrated before. The campaign includes a series of Impact Tour events designed to showcase the CSU's leading role in a number of California's important industries, op-editorial and magazine articles by industry leaders, as well as developing a circle of influencers from a variety of arenas including business leaders, community leaders

and organizations, elected officials, and alumni representatives to serve as advocates for the CSU.

The first event is scheduled at CSU Fresno on Friday, February 4th. State Farm Bureau President Bill Pauli will be the keynote speaker, relating not only the role of the agricultural industry to California's economy but also the critical role that CSU plays in providing a well-prepared workforce. Over 200 representatives from the industry and agricultural communities in the state, as well as local and state elected officials, have been invited to learn more about the contributions of CSU and become a part of a broad effort to advocate for the system.

Other events will follow based on the key workforce needs of the state and CSU's contribution to them. Efforts are also underway to brief legislative and executive leaders who may not be aware of the contributions made by and value of CSU's faculty, students, staff and alumni.

Copies of CSU Legislative Reports and other legislative information pertaining to the CSU are available on the AIR website at: <http://www.calstate.edu/GA>

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*The Business and Finance Newsletter* is accessible at: [www.calstate.edu/BPIM/Newsletters/NewsLet.shtml](http://www.calstate.edu/BPIM/Newsletters/NewsLet.shtml)

Questions related to receiving the B&F Newsletter or changes in e-mail addresses should be directed to Majjie Smith at (562) 951-4554 or [msmith@calstate.edu](mailto:msmith@calstate.edu).