



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

July 2004



BUDGET DEVELOPMENT

Patrick Lenz, Assistant Vice Chancellor

The Senate and Assembly budget subcommittees have thoroughly reviewed the Governor's proposed budget recommendations and allowed considerable testimony from DOF, the LAO, CSU, and the public. Prior to the budget subcommittee taking final action on the Governor's January budget, the Governor announced a Compact for Higher Education with the California State University and the University of California. This Compact represented an understanding that the CSU and UC would manage the Governor's proposed 2004-05 budget reductions, and in return the two higher education systems would receive a long-term funding agreement from the Governor beginning in the 2005-06 fiscal year. This agreement caused great concern within the legislature, which wanted to use the higher education budget reductions as leverage to initiate a tax increase.

In their final actions, the Senate approved an augmentation of \$247.4 million and the Assembly \$218.6 million to address CSU funding priorities that include enrollment growth, outreach programs, cost-of-living adjustment, and funding to offset increases in student fees. Both subcommittees took action to deny

The Governor's proposed redirection of first-time freshman to the community colleges and reject the implementation of an "excess units" recommendation.

The Assembly took further action to add Budget Bill Language (BBL) to redirect up to \$1 million for another study on the CSU Common Management System, BBL to redirect \$800,000 from the Chancellor's Office budget to the Academic Senate for a pilot program on technology assisted course redesign, and Supplemental Report Language (SRL) regarding campus implementation of funding appropriated in the 2004-05 budget. At this point, the two-house budget conference committee has acted upon few issues and the legislature has not concluded their budget negotiations with the Governor.

BUSINESS PLANNING & INFORMATION MANAGEMENT

Lenore Rozner, Assistant Vice Chancellor

CSU Impact Report: ICF Consulting has been engaged to conduct a study and document the positive economic and other impacts resulting from the CSU's existence. The two phases of the study will cover the local, regional and statewide impacts of the campuses and the CSU on the economy, workforce development and social benefits. The report is planned for completion in early fall 2004.

QUALITY IMPROVEMENT (QI) PROGRAMS

Customer Satisfaction Survey Update: Results for the 2004 Customer Satisfaction Surveys were distributed to campus coordinators on June 30th. Campus summary reports will be sent to vice presidents for the functional areas within their respective divisions. Web conferences were held to review results, lessons learned, and enhancements to be added for next year's initiative, including online real-time results for campuses to view/download results at any point throughout the survey period and/or immediately upon close, as well as adding campus

logos to the survey instrument. An archive of the web conference will be available on the QI website. For more information, contact Matthew Ceppi at mceppi@calstate.edu

Web Seminar Series Archives: Archives of the May Web Seminar Series are available at www.calstate.edu/qi to be accessed directly from the desktop via the web anytime. Seminar speakers included Chancellor Reed; Chancellor Bob Hemenway of the University of Kansas; Ralph Wolff, Executive Director, Western Association for Schools and Colleges; and Phil Hart, Executive Vice President and COO for Lockheed Federal Credit Union on their implementation of the Balanced Scorecard. Employees are encouraged to view these 1-1 ½ hour sessions at their convenience to learn more about operations measurement and process improvement.

QI Annual Report: The Quality Improvement Annual Report will be published in September to be ready for distribution at the September Board of Trustees meeting. The Quality Improvement Planning Committee is providing all campuses an opportunity to highlight their quality improvement activities. Specific utilization of the systemwide QI Program tools is not a requirement for inclusion in the report.

Campuses have been asked to submit via their campus Quality Improvement Facilitator a one-page summary of activities taking place. The deadline for submissions is July 15, 2004. (The list of campus facilitators can be found at: www.calstate.edu/Qi/Committees/qifac.shtml)

For more information, contact Vicki Stover, Chair, QI Planning Committee at (805) 756-2171 or vstover@calpoly.edu, or Matthew Ceppi, Acting Manager, Quality Improvement at (562) 951-4547 or mceppi@calstate.edu

QI Showcase: The QI Showcase, launched in June, is intended to foster the collaboration and transfer of information and case studies on quality initiatives occurring on CSU campuses. This may be a Balanced Scorecard effort, an employee suggestion initiative, focus groups, or a process mapping or process improvement example, to name a few. Campuses are encouraged to submit the results of their efforts so that colleagues from other campuses may benefit from their experiences. Available on the CSU QI website, users have the ability to select by "Campus" or by "Title". To view the QI Showcase, or find out how to make a submission, go to www.calstate.edu/qi and click on "QI Showcase" in the left-hand navigation bar.

*Matthew Ceppi
Acting Manager, Quality Improvement Program*

CAPITAL PLANNING, DESIGN AND CONSTRUCTION

Elyra F. San Juan, Assistant Vice Chancellor

Committee on Campus Planning, Buildings and Grounds

2004/2005 – Due Date for Agenda Items: The schedule for the 2004 Board of Trustees meeting dates has been posted on the trustees' website: <http://www.calstate.edu/PA/info/BOTdates.shtml>. Below are the due dates (to CPDC) for Campus Planning, Building and Grounds Committee agenda items.

<u>BOT Mtg</u>	<u>Master Plan Items</u>	<u>All Other Items</u>
<u>2004</u>		
Sept. 14-15, 2004	Jul. 13, 2004	Jul. 27, 2004
Oct. 28, 2004	N/A	N/A
Nov. 16-17, 2004	Sept. 14, 2004	Sept. 28, 2004
<u>2005</u>		
Jan. 25-26, 2005	Nov. 23, 2004	Dec. 7, 2005
Mar. 15-16, 2005	Jan. 11, 2005	Jan. 25, 2005
May 10-11, 2005	Mar. 8, 2005	Mar. 22, 2005
Jul. 19-20, 2005	May 17, 2005	Jun. 1, 2005
Sept. 20-21, 2005	Jul 12, 2005	Jul. 26, 2005
Oct. 27, 2005	N/A	N/A
Nov. 8-9, 2005	Sept. 13, 2005	Sept. 27, 2005

Guidelines and related submission material required for CPBG agenda items are at

<http://www.calstate.edu/CPDC/Executive/index.shtml>

Nancy Freeland-Paice, Executive Program & Fiscal Manager

FACILITIES PLANNING

The Space and Facilities Database (SFDB) Phase II will be launched this August. In October 2003, CPDC successfully introduced the Phase I SFDB to CSU campuses. The SFDB is the official data warehouse for all facilities and space in the California State University system. Some of the new features introduced with the Phase I software update included a web-enabled database site with automatic reporting capabilities, and a campus-controlled editing process for space updates and changes.

Now that the Phase I software has been successfully tested and installed, CPDC will be hosting campus training on the Phase II SFDB. The Phase II SFDB will provide campuses with direct data entry, auto data

validation and space update analysis and reporting tools. Campus management of their space inventory will now be completely web-based and user-friendly. Annual updates will be entered directly at the campus and approved by CPDC. This provides greater flexibility and reliability of data for both campus and Chancellor's Office staff. The success of the SFDB model will be emulated in the design of future web-based facilities management programs to assist campuses in all phases of capital planning and management.

Larry Piper, Chief of Facilities Planning

LAND USE PLANNING AND ENVIRONMENTAL REVIEW

CPDC will be presenting a systemwide seminar on faculty/staff housing development for interested campus personnel at CSU Channel Islands on July 21 from 10:00 a.m. to 4:00 p.m. Conveners include CPDC staff and Dennis Hordyk, Assistant Vice Chancellor for Financial Services, who will share his experience with bond financing for these types of projects. Tours of the completed for-sale housing and for-rent apartments will be given in the morning, and a roundtable discussion by participants will be held in the afternoon. CPDC is currently working with the Sonoma, Monterey Bay, and Channel Islands campuses on significant faculty/staff housing development proposals. The issue of affordable housing for CSU faculty and staff has become significant for a number of campuses in their job recruiting efforts. For more information contact Deborah Wylie at dwylic@calstate.edu.

David Rosso, Chief of Land Use Planning & Environmental Review

ARCHITECTURE & ENGINEERING

Mechanical Review Board Campus Visits: The CSU Mechanical Review Board (MRB) is an advisory group of private-sector mechanical systems experts assembled to help improve the quality and performance of the mechanical and energy systems that CSU builds, renovates, and operates as a part of the systemwide major capital program.

To gain a better understanding of the problems faced from a campus perspective, the MRB members will be visiting campuses in teams this summer seeking candid campus staff discussions on what has been working well for the campus and what needs to be improved. Based on this input, the MRB will be tasked to align

priorities to these expressed/observed needs. This information gathering and relevant response model was based on the Balanced Scorecard system that CPDC is implementing internally.

Sustainable Design: UC Santa Barbara hosted a UC/CSU Sustainable Design Conference in late June. University staff and students from both systems, and sustainable vendors and consultants attended the conference. Tyler Middlestadt, Cal Poly San Luis Obispo student, and Tom Jones, Dean of College of Architecture and Environmental Design at Cal Poly San Luis Obispo, both delivered keynote addresses.

Although many sessions referenced the LEED certification process, the emphasis was on comprehensive design to truly achieve sustainable solutions. There was general agreement that energy conservation, renewable energy production, and geographically sensitive solutions have proven most effective in attaining sustainable solutions. The electric bicycles (as alternate to campus vehicles) that were available for loan proved to be the hit of the show!

Thomas Kennedy, Chief of Architecture & Engineering

Construction Management

SUAM Updates: CPDC has proposed modifications to SUAM, Section XII, and circulated them with the Executive Committee of the Executive Deans for review. Once the committee has approved these changes, the newly revised Section XII of SUAM will be posted to the CPDC web site. In the area of project closeout, we have proposed the following changes:

- Section 9826, Failure to Prosecute Work (Failure to Perform): when a contractor is not diligently pursuing project closeout, we refer to Section 9830.01
- Section 9830.01, Pre-final Inspection of Construction: on average, the punch list should be addressed/completed within two months of the issuance of the complete and final punch list. If not, the CSU should review the necessity of a 10843-a letter to the Contractor.
- Section 9830.02, Occupancy Prior to Completion: when the campus wants to occupy a building prior to completion, the construction administrator shall notify the contractor by issuing a field instruction stating that occupancy will occur on a specific date or specific time.

The remaining change occurs in Section 9701.08, Construction Manager at Risk with Guaranteed Maximum Price Projects. The requirement that CM at Risk be used for state funded major capital outlay projects only has been removed, and a process for obtaining approval to utilize the CM at Risk procurement method has been added. The campus executive dean must submit a request in writing to the assistant vice chancellor of CPDC to use the CM at Risk procurement process, with copies to the CPDC chief of construction management and the facility planner. This request must provide certification that the project's program is 100% complete. Once approved, CPDC's assistant vice chancellor will issue an authorization memo to the campus executive dean.

Jim Corsar, Chief of Construction Management

PLANT, ENERGY AND UTILITIES

Summer Energy Outlook Update: Representatives from California Energy Commission (CEC) and California Public Utilities Commission (CPUC) presented an updated energy outlook for summer 2004 (June through October), calling for close monitoring and prudent use of electricity resources as well as public awareness and demand reduction programs. On very hot days, statewide projected operating reserves may drop as low as 4.8%, triggering demand response programs. Compared with the preliminary outlook presented in January, CEC currently projects higher demand (up 3.5% over 2003 versus 2.6% previously, reflecting stronger economic growth) and lower spot market imports (due to northwest transmission line repairs). For the near term, CEC and CPUC recommended that the state promote energy conservation and peak demand reduction through the Flex Your Power public awareness campaign, rebates, appliance recycling and demand response programs. For the longer term, CEC and CPUC called for continued emphasis on efficiency, such as retrofitting state buildings; installing LED traffic signals; and increasing funding for demand reduction programs." [Flex Your Power e-Newswire](#)

CSU campuses are poised to participate in this summer's demand response programs.

Facility Renewal Resource Model Update: Training for the Facility Renewal Resource Model (FRRM) program was held recently at California Maritime Academy and San Diego State University. Topics covered at the training included system enhancements and the 2004 update process. The FRRM system is a

statistical tool used for projecting deferred maintenance and estimating the annual funding required for capital renewal.

Energy Efficiency Partnership Program Update: The first group of energy efficiency retrofit projects have been approved at three campuses: Hayward, San Bernardino, and San Francisco. A call letter soliciting Monitoring-Based Commissioning projects, the second element of the Partnership program, is planned for July. Monitoring-Based Commissioning is a program that obtains energy savings through the installation of energy monitoring and metering equipment at the building submeter and system level. Campuses will engage a commissioning agent to identify building system operational deficiencies and train staff in the process. The permanently installed monitoring equipment will be used to sustain and improve operational efficiencies on an ongoing basis.

Len Pettis, Chief of Plant, Energy, & Utilities

FINANCIAL SERVICES

Dennis Hordyk, Assistant Vice Chancellor

CONTRACT SERVICES AND PROCUREMENT

Recent Contract Resources Library (CRL) postings:

- **Solicitation Provisions and Bidder Certifications CRL 061 and CSU Bidder Certifications – CRL 062** – (CS&P Bulletin 04-04) assists campuses in the development of solicitations.
- **Policy Manual for Contracting & Procurement, Revision 4/20/04** – (CS&P Bulletin 04-06) incorporates routine changes to better fit the CSU's procurement authority as well as requirements resulting from audits and new legislation.
 - **General Provisions – Revision 4/20/04** – (CS&P Bulletin 04-07) replaces CRL 020 and 050 and establishes 060 for CSU general provisions for information technology acquisitions.
 - **Job Order Contract (JOC)** – Master Enabling Agreement (CS&P Bulletin 04-08) between the CSU and The Gordian Group for governing and implementation of a fully functional JOC system.

Software Addition to ASAP Agreement: The CSU systemwide pricing agreements for Adobe, FileMaker and Symantec software have been managed through

Compucom (the California State Computer Store). ASAP Software Express currently manages the CSU Microsoft Campus and Select Agreements. Beginning with the Adobe pricing agreement, products currently ordered through Compucom will transition to ASAP. When complete, Compucom will no longer manage any CSU software agreements and the CSU campuses will have a single reseller coordinating CSU purchases for desktop and server software under systemwide contract.

The current agreement prices will not be affected. For additional information and contact numbers for ASAP, please visit the Systemwide Contract Store at www.calstate.edu/csp/. Questions on these process changes can be directed to: kwandrey@calstate.edu

The Procurement and Support Services Officers Association will be holding its next quarterly meeting September 22 & 23, hosted by San Francisco State University. The specific location will be determined at a later date.

Further information can be obtained at: <http://www.calstate.edu/csp/> or by contacting Pat Dayneko at 562-951-4595.

FINANCING AND TREASURY

Student Union Decentralization Training Workshops: Financing and Treasury is developing a training workshop for campuses affected by the decentralization of the student union program. The workshop will cover: changes to the review and approval of student union budgets and the accounting system, and impacts to campuses and unions related to Executive Order 876, Financing and Debt Management. The workshop will be held in both southern and northern California locations in early fall. Registration information will be sent out as soon as the dates are firmed.

For further information on the agenda, please contact Rosa H. Renaud at rrenaud@calstate.edu or her staff, Angelique Sutanto at asutanto@calstate.edu or (562) 951-4570. For registration information, please contact Semone Simmons at ssimmons@calstate.edu or (562) 951-4570.

Colleen Nickles, Senior Director

RISK MANAGEMENT

At the Executive Council meeting in June 2004, James Lee Witt and Charlene Minnick presented an overview

of the Executive Course on the Standardized Emergency Management System (SEMS).

Workers' Compensation Insurance: The CSURMA requested that Driver Alliant explore the excess workers' compensation insurance market in a continuing effort to minimize cost increases. By increasing the self-insured retention to \$2.5 million per occurrence and by negotiating with the underwriter, Driver Alliant was able to secure a rate that was considerably less than what was offered through our current excess JPA.

One of the many changes in the workers' compensation law was last year's Senate Bill 228 and which was further defined in this year's Senate Bill 899, which made Utilization Review (UR) mandatory under the labor code instead of a regulation. Utilization Review determines the appropriateness and medical necessity of treatment requests for injured workers in the workers' compensation process. GENEX, a workers' compensation UR and Bill Review company has been selected to handle the CSU's Utilization Review of treatment plans.

State Vehicle Self Insurance Premiums Skyrocket:

The State Motor Vehicle Insurance Account (SMVIA) is funded through assessment charges to state agencies that own vehicles. While this is the basis for distributing premiums, the program provides third party liability coverage for all employees traveling on university business. Specific rates are largely determined by each state agency's experience and amounts projected to be expended to pay claim settlements and administrative expenses such as adjusting and defense costs. CSU's premium for the fiscal year 04/05 is \$3.8 million. For comparative purposes, last year the systemwide total for this coverage was \$632,000. The CSU has experienced several catastrophic claims and the SMVIA needs to replenish its reserves. The Office of Risk Management is continuing to explore alternatives to offset this increase.

Charlene Minnick, Director

SYSTEMWIDE FINANCIAL SERVICES

Year-end Financial Analysis: As covered at the year-end financial workshops, queries are available on the web to facilitate campuses' annual year-end expenditure variance analysis. Certifications and variance explanations are due by August 13 to Financial Services.

Unrelated Business Income (UBI) Tax Workshop:

On September 8, 2004, the Chancellor's Office will host a one-day workshop dedicated exclusively to "Unrelated Business Income Tax" issues facing colleges and universities. In general, exempt organizations such as colleges and universities do not pay income tax. However, there are sometimes trade or business activities unrelated to the exempt purposes, and the income derived from these transactions is taxable.

The workshop will be conducted by KPMG and other tax experts, and is designed to help campuses and auxiliaries gain a better understanding of what to report as UBI and related deductions, especially in the controversial categories such as website advertising, technology transfers, scoreboard and athletic facility rental, off campus network, corporate sponsorships, etc.

The workshop format will include lecture, case studies, presentations from campuses and an open forum for questions and answers. It is highly dynamic, and should allow for maximum interaction among attendants.

The workshop will be held at the Chancellor's Office. Registration information is being sent to campus tax coordinators. For more information, contact Lam Le at lhle@calstate.edu.

George Ashkar, Director

INFORMATION TECH. SERVICES (ITS)

David Ernst, Assistant Vice Chancellor

ACADEMIC TECHNOLOGY SERVICES

Academic Technology Initiatives: The first four Academic Technology Initiatives are underway. Below is a status of each. ITS will report on the accomplishments of these initiatives in the September B&F Newsletter.

1. Foundational Skills: Part 1 –The Math Success Website

Outcomes: By July 2004, prospective and admitted CSU students will have an online service to:

- Get clear and authoritative advice on why and how to prepare for CSU math requirements
- Develop a personal math preparation plan of action
- Provide access to instructional options to satisfy CSU math requirements

Strategy: Develop a **CSU Math Success Website** and support an outreach process to **raise awareness** of individual student's math proficiency needs, CSU requirements for math proficiencies, and strategies for developing math proficiencies to satisfy math requirements. The CSU Math Success Website will also **enable access to instructional strategies** for developing math proficiencies to satisfy math requirements.

2. E-Learning Framework Initiative

Outcome: Enable faculty, staff, and students to effectively use academic technology content and tools in their courses to produce desired teaching and learning outcomes.

Strategy: Improve the usability and integration of academic technologies of course management systems (WebCT/Bb/Other), CSU library services, digital libraries (e.g. MERLOT), and CMS-PeopleSoft.

3. Digital Marketplace Initiative

Outcome: Reduce cost and increase convenience/usability of academic technology content and tools

Strategies:

1. Organize the purchasing power of the CSU by voluntarily and collectively identify, negotiating, and purchasing academic technology products and services (SWAT –SystemWide Acquisition of Technology).
2. Enable the CSU to effectively, efficiently, and securely distribute academic technology products and services (Digital Marketplace Service).

4. Student Success Initiative

Outcome: Provide students and CSU staff access to accurate and timely degree audits to improve academic advising and student decisions.

Strategy: Design and deliver degree audit capabilities to campuses with CMS-PeopleSoft.

Director of Academic Technology: Glenda Morgan is the new Director of Academic Technology Initiatives in the division of Academic Affairs at the CO. She comes to us from the University of Wisconsin System, having worked with libraries there and worked on many issues related to faculty development, intellectual property, and LMS's. She is a welcome addition to the CSU.

TECH. INFRASTRUCTURE INITIATIVE

Infrastructure Build-Out Project: Stage 1 and Stage 2: (As a reminder, Stage 1 refers to the physical construction of pathways, spaces and media on campuses; Stage 2 represents the installation of the necessary electronic infrastructure components. The

three phases group campuses in the order that they undertake the TII project.)

Construction at the fourteen TII Phase 1 and Phase 2 campuses continues. All construction projects, but for one campus, are expected to be fully complete by mid-summer 2005.

Most Phase 3 sites are in the bidding process, with two campuses, Bakersfield and San Jose, to initiate construction soon. Project staff anticipate that all Phase 3 campuses will begin Stage 1 construction by late fall 2004.

Seven campuses (Dominguez Hills, Long Beach, Maritime, Northridge, Sonoma, San Bernardino and Stanislaus) have completed Stage 2 of the infrastructure build-out. These campuses now have an upgraded network infrastructure, including new Cisco network electronics, that meets the CSU baseline standards for supporting the needs of campus students, faculty and staff. An additional campus, Los Angeles, is expected to complete Stage 2 by July of this year.

Network Management System (NMS): NMS, a set of software tools that allows campuses to monitor and measure their network performance, has been installed on all 23 campuses. The tools allow campus staff to quickly identify points of failure when problems arise and to maintain network stability. TII and campus staff are currently working on the next version of NMS which will update the tools to coincide with current vendor software releases. It is anticipated that rollout of the updated tools to all campuses will be completed by December 2004.

Security Incident Response Team: CSU will begin collaborating with Carnegie Mellon University's Software Engineering Institute to offer improved handling of network system security incidents at each of the 23 CSU campuses. The first phase of this effort calls for creation of a baseline framework for incident handling. In an optional second phase, advanced security incident response capabilities would be addressed through staff training and development.

OTHER

Information Technology on Executive Council Retreat Agenda: The Executive Council discussed the status and future on information technology in the CSU. Prior to the agenda, presidents were polled about their perceptions of the most critical IT issues facing CSU. In addition to addressing these issues, the Executive Council discussed leveraging the investments that CSU has made in IT Infrastructure and administrative information systems and working

together to use technology to improve learning and teaching. Another focus was on the increasingly urgent issue of information security.

Information Security Management: A recruitment is underway for a Senior Director of Information Security Management within the office of Information Technology Services. The position will report to Assistant Vice Chancellor and Chief Technology Officer, David J. Ernst. For more information, please visit the Human Resources website at <http://www.calstate.edu/hrs/jobs.shtml>

Measures of Success: The annual Campus Information Technology Survey is being completed by each of the 23 campuses. Results are due August 2, 2004. The biennial surveys of faculty and staff are also underway; the next student survey is scheduled for 2005.

GOVERNMENTAL AFFAIRS

Karen Y. Zamarippa, Assistant Vice Chancellor

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

The Business and Finance Newsletter is accessible at: 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.