



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 2006



BUDGET DEVELOPMENT

Patrick Lenz, Assistant Vice Chancellor

On January 10, 2006, Governor Arnold Schwarzenegger submitted his 2006-07 state budget to the legislature. The total budget represents a \$125.6 billion spending plan of which \$97.9 billion is from the state General Fund, an increase of \$7.6 billion or 8.4 percent over the current year budget. The CSU will receive \$215 million additional revenue in the Governor's proposed budget - an increase of 5.7 percent over the 2005-06 budget.

The 2006-07 support budget for the CSU is just over \$4 billion with nearly \$2.8 billion from the state General Fund and \$1.2 billion anticipated in student fee revenue. The CSU will receive an additional \$189 million in state general Fund support and \$26 million in new fee revenue associated with an enrollment increase of 2.5 percent. The state General Fund increase is 7.3 percent above the current year budget and

includes \$54.4 million to "buy-out" the proposed increase in undergraduate and graduate student fees in the 2006-07 academic year. If approved by the legislature, this would allow undergraduate fees to remain at \$2,520, teaching credential students at \$2,922 and graduate students at \$3,102, or the same fee levels as in the current academic year.

The Governor's budget also supports, with some modifications, the Trustees approved budget under the Higher Education Compact for mandatory costs (\$33.6 million), enrollment growth (\$70.6 million), financial aid (\$5.6 million), compensation (\$93.9 million) and long-term need (\$10 million). Enrollment growth generates \$5 million more than the Board approved last fall as a result of successfully securing changes in the marginal cost funding formula. Although the methodology is different than proposals reviewed as part of initial discussions with the Department of Finance, Legislative Analyst Office, and the University of California; the marginal cost rate in the Governor's budget proposal is consistent with changes proposed by CSU for faculty hiring salaries, the calculation of graduate FTES, and new space funding.

The budget includes trailer bill language that would place student fee revenue in the CSU local trust fund rather than the state General Fund. The state has requested an annual offset to recognize that CSU will now earn interest income on the fee revenue. CSU views this as a major benefit for accounting practices and is consistent with how fee revenue is treated at the University of California and universities throughout the country.

The Administration deleted \$7 million associated with campus outreach programs and systemwide academic preparation from the university budget. . This action is consistent with the action in the UC budget that deleted \$17.3 million associated with student outreach programs. However, the Senate Pro-Tem and the Speaker of the Assembly have already declared this issue a high priority for budget restoration.

The budget includes an augmentation of \$1.1 million to increase efforts to produce more K-12 math and science teachers. It also continues the \$2.3 million CSU received in the current year to expand masters-level nursing programs. The university will also receive flexibility to redirect \$50 million in General Obligation bonds for capital renewal and renovation. The CSU was first given flexibility to fund this effort with \$26 million in the current year budget.

CAPITAL PLANNING, DESIGN AND CONSTRUCTION

Elyra F. San Juan, Assistant Vice Chancellor

EXECUTIVE

Capital Training Program 2006: The 2006 capital training program is scheduled through October, with sessions covering planning, design, construction, California Environmental Quality Act (CEQA), and plant operations. The training calendar, session details, and registration are available at <http://www.calstate.edu/CPDC/Trg2006.shtml>.

The first two trainings, Comprehensive Energy Services—Master Enabling Agreement and Power Purchasing for Renewable Energy were well attended in January. The trainings provided valuable information to support the campuses in developing successful energy retrofit, utility infrastructure, and renewable energy projects.

Nancy Frelander-Paice, Executive Program and Fiscal Manager

FACILITIES PLANNING

The governor's 2006/07 state budget, published on January 10, 2006, includes \$289.3 million for 19 CSU projects based on several adjustments to the proposed 2006/07 Capital Outlay Program approved at the September 13-14, 2005 Board of Trustees' meeting. The trustees' initial budget request totaled \$427 million for 31 projects. The Department of Finance considered the first 19 projects on the trustees' priority list totaling \$303.3 million and the CSU's anticipated share of future bond sales consistent with the CSU Compact with the governor. Additional adjustments in the governor's budget included reductions for projects for CSU Channel Islands, East Bay, Los Angeles and Humboldt State University.

The 2005 Active Projects Report, a report on the status of design and construction performance for all current state and non-state capital projects, was presented at the December meeting of the Chief Administrators and Business Officers (CABO). Several notable trends stood out in the report. There has been a steady increase in project budgets, size, and complexity, highlighted by the growth in non-state funded projects, which now exceeds state funded projects by \$351 million. The average project size exceeded \$27 million in 2005, up from \$21 million in 2004.

This report provides a useful tool for recommending improvements in design and construction performance, including the development of more accurate budget estimates and comprehensive feasibility studies to better assess fluctuations in the volatile construction industry. CPDC continues to monitor the construction bid climate, provide unit cost comparisons, and consider cost guide adjustments, as well as work with state and local code review agencies to help streamline the project approval process. Input from the CSU Mechanical Review Board and the Seismic Review Board will provide early assessments of project feasibility and code conformity. In the coming year, training workshops are scheduled to assist campuses with the development of improved project planning and management techniques and the use of alternate delivery methods, such as Design/Build and

Construction Management @ Risk, to facilitate timely project completion. In addition, a report will be available via the web for campuses to review the status of their own projects.

Larry Piper, Chief of Facilities Planning

ARCHITECTURE & ENGINEERING

CSU Gets FEMA Funding on Three CSU Projects: CPDC has been successful in obtaining FEMA Pre-Disaster Mitigation Grant Program supplemental funding for three planned projects that included a seismic retrofit as a part of their scope. This FEMA grant program was designed to help fund projects that may reduce the severity of loss in potential disaster scenarios such as flooding or seismic events. The following awards were made to the CSU: Cal Poly Pomona Science III—\$2.2 million, San Bernardino Biological Sciences—\$850,000, and San Bernardino Physical Science Renovation—\$862,000.

This FEMA grant program renews annually. The 2006 program requirements target police and health care facilities and thus do not allow for effective CSU participation. CPDC will monitor FEMA and other programs for potential new applications in 2007.

Tom Kennedy, Chief of Architecture & Engineering

PLANT, ENERGY, & UTILITIES

Sustainability: Chico has begun implementing the first ENERGY STAR® Dorm Demonstration project in the CSU by retrofitting their show model dorm room with energy star and sustainability products. The funding for this project is part of a grant from the Federal Department of Energy. The Green Campus student interns are working with campus staff from housing and facilities to further sustainability education and demonstrate to the campus community the opportunities for energy savings in the dorms.

The goals of the demonstration project are to model residential campus options for energy efficient lighting, appliances, and equipment; increase awareness within the college community about energy efficient and ENERGY STAR® labeled products; and showcase energy efficient technology as a learning and teaching tool for future retrofit and new construction projects.

Electricity Purchase: In spite of high utility prices the Electricity Contract Oversight Board (ECOB) was successful in locking in a short-term commodity contract at \$0.089 per kWh for January through May. The ECOB is drafting a new RFP for electric commodity services that aims to provide cost savings for future energy purchases.

Energy Efficiency Partnership and Summer Demand Reduction Incentives: Project submittals for the 2006-2008 UC/CSU/Investor Owned Utilities Energy Efficiency Partnership should be in process and completed by February 1st, 2006. To date, the Chancellor's Office has received project submissions from 8 of the 23 campuses. Campuses are encouraged to continue to develop projects for participation in the program, as the funding for the incentive program has increased significantly from the prior cycle. The CSU review committee will be approving submitted projects in early February in anticipation of partnership funding in March. Any questions regarding the program should be directed to Aaron Klemm, Energy Program Manager, at 562-951-4121.

PG&E has funded the Summer Demand Reduction incentive through the UC/CSU/Investor Owned Utilities Energy Efficiency Partnership. The CSU has been awarded the full \$2 million in lighting efficiency incentives in PG&E territory. These projects must be substantially complete by June 30, 2006. The four eligible PG&E campuses (East Bay, San Francisco, San Jose, and Sonoma) will be forming a committee to review the RFP responses and award the work.

Len Pettis, Chief of Plant, Energy & Utilities

FINANCIAL SERVICES

Dennis Hordyk, Assistant Vice Chancellor

CONTRACT SERVICES AND PROCUREMENT

The CSU has been invited to participate in the UC Strategic Sourcing Program in order to leverage the buying power of both systems. At this time two contract opportunities are being developed, one for maintenance, repair and operating supplies (MRO) and one for carpet. Once contract awards are made, CSU campuses, under separate agreements, can purchase these commodities at significantly reduced prices. The MRO Request for Proposal (RFP) is tentatively scheduled for release on 1/31/06. The carpet RFP will be released within the next two months.

Sponsored Projects Administration: The Sponsored Projects Administration (SPA) website is now live and can be reached at: <http://spa.calstate.edu>. It contains information for faculty and staff on research administration issues and chapters of the Chancellor's Office Policies and Procedures for Sponsored Project Administration published to date. Additional information will be added as it is developed.

The Chancellor's Office is sponsoring a workshop for staff on the "*Fundamentals of Sponsored Projects Administration*". It is a 2 1/2 day course that provides training in the essentials of contracts and grants management. It will be conducted here in Long Beach. Participation is limited to the first 70 who register and spaces will fill up quickly. It will provide useful and in depth information regarding the reasoning behind the myriad of federal rules and procedures required to administer extra-mural funds. You can access the registration process through the SPA website.

Workshop on Writing Statements of Work: How to develop a clear and concise statement of work--a primary reference for what is expected during the term of a contract between CSU and a vendor--will be the topic of the next Business Forum, February 2 from 9 a.m. to noon in the Dumke Auditorium. Open to all employees.

Contracts for the procurement of services typically require a Statement of Work that describes the actual work to be performed. The Statement of Work is the linchpin of the relationship between the CSU and the contractor, and the primary reference for what is expected to occur on a day-to-day basis during the term of the contract. A good Statement of Work can help ensure that bidders have a clear, concise understanding of what is required and that a contractor performs the required services correctly, on time and within budget. A bad Statement of Work is a recipe for disaster.

This interactive presentation will help you build a clear and concise Statement of Work from the ground up. Using real-life examples, the presenters will explain the critical terms that every Statement of Work should include, and the traps you need to avoid when writing one.

For more info please contact Eddie Choy - echoy@calstate.edu or Linda Masterton - lmasterton@calstate.edu

Systemwide Contracts Announcements

Macromedia Software: A system wide agreement for a comprehensive suite of multimedia authoring tools that allow the CSU to integrate web technology across campuses for both administrative and academic use has been negotiated. Faculty and staff on all 23 campuses currently use Macromedia products for application development, ADA compliant website design, web content management, as well as, creation of interactive learning assets and training material. Macromedia has provided the ability to contract for site licenses for a suite of products called Studio 8. There are five campuses taking advantage of the site license capability. Detail product offerings can be found on the System wide Contract Store web page <http://www.calstate.edu/csp/>. Contract period is 10-15-2005 through 3-28-2008.

Microsoft Campus Agreement Program Renewal: The Microsoft Campus Agreement renewal provides faculty and staff with the use of certain Microsoft desktop products, server licenses and Server Client Access Licenses (CAL's) for a three-year period. This renewal

agreement replaces the current agreement which ended on December 31, 2005. As in the previous agreement, faculty and staff can use the software on a home computer through a work-at-home program. Students are not licensed under this agreement; Auxiliary Organizations. Microsoft software products licensed for use under this Agreement are:

- Front Page
- Office Professional (Includes Publisher)
- Visual Studio.NET Professional
- Windows Operating System upgrades

This agreement is fulfilled through a reseller, ASAP. The ASAP agreement is a one-year contract, January 1, 2006 through December 31, 2006. The agreement with Microsoft is a new three-year agreement beginning January 1, 2006 through December 31, 2008. Agreements with the reseller can be renewed on a yearly basis. Detail product information can be found on the System wide Contract Store web page.

See additional information about these and other contracts at the CSU Contract Store at www.calstate.edu/csp.

Information on Chancellor's Office and system wide bids can be found at the web site: <http://www.planetbids.com/csuco/bidframe.cfm>

Further information can be obtained at: <http://www.calstate.edu/csp/> or by contacting Tom Roberts at troberts@calstate.edu or (562) 951-4583.

Tom Roberts, Director

INFORMATION TECH. SERVICES (ITS)

David Ernst, Assistant Vice Chancellor

ACADEMIC TECHNOLOGY SERVICES

Information and Communication Technology Literacy Assessment (ICT): AVAILABLE NOW! All CSU campuses can now use this innovative web-based test to assess students' skills in information and communication

technology. The scenario-based assessment, developed by ETS in partnership with the CSU, contains interactive, realistic simulations of information resources and communications technology applications (spreadsheets, word processing, web browsing, article databases, etc). The ICT assessment evaluates both technical skills as well the proficiency of the learner in accessing, evaluating and using information from a wide variety of web-based resources. The ICT assessment provides group and individual level diagnostic information for the key ICT proficiencies needed for success in both higher education and work environments. To support campus use of this assessment, systemwide funds will be provided this spring and in the 2006-2007 academic year. A CALL FOR PROPOSALS will be issued in the coming weeks. For more information go to <http://www.calstate.edu/LS>

Foundational Skills:

CSU Math and English Success Websites

www.csumathsuccess.org

www.csuenglishsuccess.org. Usage of both sites

has more than doubled in the past 6 months as a result of sustained outreach efforts and single sign on integration with CSUMentor!

English Success: Two online English Placement Test (EPT) preparation tools are currently under development to provide more support for users to succeed on the EPT exam. To support CSU 12th grade expository reading and writing courses teachers and trainers, an online community of practice tool is also under development.

Math Success: The Aleks e-learning course for conditionally exempt students has begun enabling students who successfully complete the course to become exempt from remedial math coursework at the CSU.

E-learning Framework:

Learning Management System (LMS) Strategic

Planning: Preparation is close to completion on

Phase II of the Strategic Planning process. The two major outcomes of the second phase of the project will be to support campuses in their own LMS strategic planning efforts and to establish collaboration and communication structures through which campuses can share best practices.

A governance structure, comprised of members of campus constituent groups as well as recognized CSU leaders in academic technology, will also be established to help guide the ongoing strategic planning activities.

Digital Marketplace: Final contract negotiations and refinement of the detailed scope of work and schedule are underway with Desire to Learn, the vendor selected in the recent Digital Marketplace request for proposals. A solicitation for faculty members to participate in the alpha testing of digital marketplace was distributed last month and the digital marketplace team is currently reviewing the nominations

TECHNOLOGY INFRASTRUCTURE SERVICES

Infrastructure Build-Out Project - Stage 1 and Stage 2: Stage 1: Only one of the fourteen Phase 1 and Phase 2 campus projects has yet to be completed, and that campus is now reporting significant success in renewing construction after a major hiatus resulting from contractor and capital funding problems. Two Phase 3 sites have already closed out their Stage 1 retrofits, and the remaining six campuses in that final program phase are all pursuing active construction schedules. In summary, fifteen of the twenty-two campus projects in the build-out program have been completed, and the final seven are all making substantial progress. Schedule projections still indicate that Stage 1 should be completely finished in the early months of 2007.

Stage 2: All campuses have either completed or are actively engaged in Stage 2 activities. Pomona and Sacramento are the most recent campuses to complete their network electronics design and installation activities. This brings the total number of campuses that have completed their Stage 2 projects to fourteen.

(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 latest NMS version is now complete. This new version updated the network management tools to coincide with current vendor software releases.

TIS is in the final stages of conducting a "System Health Check" to determine if there are ways to better use network management software tools in the CSU environment. At their recent meeting, ITAC suggested that the campuses engage in evaluating the possibility of creating expertise in collaboratively supporting applications. Since NMS is scheduled for hardware and software upgrades in the coming year, it might be a candidate for such evaluation.

Network Infrastructure Asset Management System (NIAMS): The centralized application and database support center for the asset management software tool that allows campuses to maintain records of their network infrastructure has been established.

Five campuses are in the planning phase for implementation and their needs assessments have been, or will soon be, conducted. The San Luis Obispo and Los Angeles campuses are scheduled for implementation from January through March; Monterey Bay and Pomona campuses are also scheduled to occur late March to May, and Northridge—the largest campus to implement the tool so far—is scheduled for May through July.

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

The Northridge, Chico, Stanislaus, Humboldt, Fresno, San Francisco, and Sonoma campuses have completed their implementations and now have dual, redundant/diverse connections to the CENIC network backbone. The Chico,

Dominquez Hills, Fullerton, and San Jose campuses are the next four sites scheduled for cutover to their new network connections in February 2006. Planning and construction work for the connections to East Bay, Pomona, San Bernardino, Monterey Bay, Maritime Academy, Stanislaus, Fresno, Bakersfield, San Francisco, and San Jose campuses continues to progress well.

COMMON MANAGEMENT SYSTEMS

Data Center Transition: The data center transition pilot campuses (San Luis Obispo, Fresno, and the Chancellor's office) will begin validation of the new environment on 1/30/06. The pilot campuses will go-live in the new data center over the President's Day weekend, 2/18/06. The remaining campuses will migrate to the new environment in the March through May timeframe using a "wave" strategy in which there are two to five campuses per "wave". The new data center will include simplified architecture to reduce support costs, increased flexibility to meet the various different campus needs, a scalable environment, the same architecture design and hardware for production and non-production and improved security controls.

Data Warehouse: The Data Warehouse pilot campus activities are underway. Pilots include HR at San Luis Obispo, Finance at the CO and at Chico, and Student at Pomona and Sonoma. Pilots will be complete by the end of February. Post-pilot scheduling is underway. Draft documents are posted to the CMS Web site and will be updated by the end of February with changes made during the pilots. The Data Warehouse HR 8.9 upgrade activity will begin during the 3rd quarter.

Finance: The Finance Team successfully completed the first pass of the SOSS Finance Upgrade to 8.9. All modification retrofits, enhancements and new requirements were presented to the Finance Users Group (FUG) with some remaining in the final stages of the approval process. The Team continues to work on development of the approved modifications, Configuration Guides, and other required documentation, while staying on schedule.

Finance is in the process of preparing Release 8.40.050, which will be available to campuses on March 16, 2006. In addition the Oracle/PeopleSoft 1099 IRS Updates for 2005, along with the setup documentation, has been posted to the web in anticipation of campuses mailing their 1099's by January 31, 2006.

A FUG sponsored training session on Effective Dating and Trees was held at the CO the weeks of January 9th and 17th with approximately 75 people from the campuses in attendance.

Human Resources (HR): The HR team continues to focus on the 8.9 upgrade activities, including the wrap-up of remaining application issues surfaced through pilot campus testing activity for the final pre-release bundle to be distributed to the pilot and close follower campuses on January 18th. The team is also working on development of 8.9 application workshops to be delivered to the campuses in the late Spring.

The Absence Management Team is conducting a web cast to review the 8.9 PeopleSoft/Oracle Absence application functionality and confirm the CSU design.

The State Controller's Office (SCO) 21st Century project (replacement of the state HR & Payroll application) CSU scope document has been finalized.

Student Administration Update: The SA (Student Administration) go-live activity remains on schedule for the campuses. San Luis Obispo is currently on track for Financial Aid starting in February 2006 and continuing a phased rollout through the year of additional functionality. CMS Central completed Proof of Concept testing for the new data center transition and is on track for the data center transition.

San Jose is currently completing system testing in preparation for their HCM 8.9 upgrade "go-live" on February 24th. San Bernardino and Sacramento have begun their Student Administration implementation activities.

The SAIC (Student Administration Implementing Campuses) met in person to discuss the Facilitating Graduation Initiatives as directed by the CO (Chancellor's Office) on December 7th. The team is focusing on how CMS can help facilitate the use of the software to achieve the CO guidelines. A meeting on this topic was held on January 18th.

INFORMATION SECURITY

System Security Plan: The review team has completed selection of the vendors for the RFP and the optional campus assessments (MEA). In December 2005, they conducted in person interviews with the "short-listed" 3 vendors. (Originally, 19 bidders submitted responses to the RFP.)

Policy Development: The Information Security Officers (ISOs) are finalizing the draft of the first set of security policies. These are Data Classification, Access Control, Roles and Responsibilities, Acceptable Use, and Data Retention. The next steps for these draft policies was discussed at the ISO meeting on January 26, 2006.

TECHNOLOGY POLICY, PLANNING AND ADVICE

Measures of Success: The November 2005 Measures of Success (MOS) was completed and mailed to the Legislature and key CSU constituents in December 2005.

ITS 10th Anniversary: Plans are underway to present an update on the Integrated Technology Strategy to the Board of Trustees at the March, 2006 meeting. The ITS was first approved by the Board in March, 1996; an update was provided in March, 2001.

Director, Accessible Technology Initiative

ITS is pleased to announce the addition of Mary Cheng to the ITS staff. Mary, the former Director of Disability Services at CSU East Bay and Project Director for the CSU Center for Alternate Media (CAM), has accepted the position of Director, Accessible Technology Initiative in the

department of Technology Policy, Planning and Advice, effective January 1, 2006.

Mary's primary responsibility will be the development and oversight of implementation strategies associated with Executive Order 926 The California State University Board of Trustees Policy on Disability Support and Accommodations which can be viewed at <http://www.calstate.edu/EO/EO-926.html>

SYSTEMWIDE QUALITY IMPROVEMENT

Spring 2006 Customer Satisfaction Surveys! This year the survey tool is completely Web-based, which will reduce the campus effort and cost of administration. This tool will be hosted and administered by the Systemwide QI department at the Chancellor's Office. Campuses can decide whether to use any or all of the surveys available.

Campuses can peruse the survey design at www.calstate.edu/QI/surveydesign/designsurvey.shtml and select from the systemwide list of base questions, or they can customize surveys for campus-specific needs.

Campuses need to indicate their intent to participate in the 2006 Customer Satisfaction Surveys to Agnes Chan, Project Manager, by Monday, February 6, 2006. A complete suggested timeline is listed on the Systemwide Communication Plan at www.calstate.edu/QI/surveydesign/communication.shtml.

If you have any questions, please contact Agnes Chan at (562) 951-4556 or achan@calstate.edu.

Robyn Pennington, Interim Director

ADVOCACY & INSTITUTIONAL RELATIONS

Karen Y. Zamarripa, Assistant Vice Chancellor

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/>

The Business and Finance Newsletter is accessible
at:

www.calstate.edu/BF/Newsletters/NewsLet.shtml

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