



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

March 2006



The CSU assumes the 2006-07 budget will contain approximately \$2.8 billion from the state General Fund, \$1.2 billion from fee revenue, and \$49 million from Lottery revenue for general operating support of just under \$4.5 billion. The 2006-07 CSU support budget augmentation of \$218.3 million consists of \$192.3 million from the General Fund and \$26 million from student fee revenue resulting from targeted enrollment growth. CSU believes a technical correction will be made in the calculation of enrollment growth funding at May Revise and that, generally, the Governor's budget will remain consistent with the revenue and expenditure assumptions requested and approved by this Board last October. The budget includes:

BUDGET DEVELOPMENT

Patrick Lenz, Assistant Vice Chancellor

The Governor's 2006-07 budget proposes expenditures from General Fund totaling \$97.9 billion, even though the state is only projected to take in \$91.5 billion during the fiscal year. The Governor's January 2006-07 Budget provides an augmentation of \$218.3 million to the California State University that continues the fiscal recovery after three years of budget reductions totaling over \$524 million.

A centerpiece of the Governor's long-range budget plan is the expenditure of \$222 billion, including \$68 billion in bonds, to improve the state's infrastructure over the next 10 years. He proposed building more highway lanes, schools and prisons and rehabilitating the state's levees. The Governor's proposal assumes a 5-year bond for higher education that would provide CSU with the \$345 million per year that was negotiated under the Compact for Higher Education.

- \$29.0 million to cover CSU mandatory cost increases,
- \$70.8 million to increase enrollment growth by 2.5 percent to serve an additional 8,306 Full-Time Equivalent Students,
- \$6.2 million to set-aside one-third of fee revenue increases for Student Financial Aid,
- \$77.4 million for a general 3 percent compensation pool
- \$16.5 million to begin the five-year plan to address critical CSU salary gaps
- \$10 million for long-term needs including technology, libraries, and instructional equipment.
- \$1.1 million to recruit and enroll K-12 Math and Science Teachers
- \$7.2 million for new space

The Governor's budget supports CSU recommended changes in marginal cost funding to recognize the actual cost of new hire faculty salary rates, recognize a 12-unit graduate course

load equivalency for a full-time student, and funding support for increased enrollment-related plant maintenance. The Governor's Budget also supports increased financial management efficiency by allowing the deposit of student fee revenue into university trust accounts. Additionally, the Governor's Budget buys out undergraduate and graduate fee increases for the 2006-07 fiscal year.

The LAO Analysis recognizes that California has benefited greatly from an over \$11 billion three-year revenue increase since the 2005-06 budget was enacted. However, the Analyst suggests the Governor's budget plan would still leave the state with major structural budget shortfalls and a large amount of other financial obligations outstanding. The Analyst believes addressing what is still a formidable fiscal problem is particularly important at this time given the inherent uncertainties about how long the strong revenue performance the state has been experiencing will last. The Analyst recommends that the Legislature reduce the amount of proposed ongoing spending increases and either hold the revenues that this frees up in reserves or use them to pay down more of the still formidable state budgetary debt.

The Analyst recommends the Legislature disregard the Compact agreement and use Master Plan principles in determining appropriate funding levels for higher education. The Analyst feels there should be an identifiable link to a cost of living adjustment (COLA) that addresses inflationary increase on the spending power of dollars received. The Analyst does not believe the 2.5% enrollment growth level proposed in the Compact registers with State demographic projections or recent CSU enrollment trends.

The Analyst will propose an alternative budget for CSU that provides for only 2% enrollment growth above current year targets; a 3.3% increase to the CSU base General Fund; elimination of the student fee increase buyout; and, a 3% increase in student fee rates. The Analyst calculates that these changes will save the State \$84.9 million in revenue proposed in the Governor's 2006-07 budget for CSU, \$60.9 million by reducing proposed General Fund appropriations and \$24 million by scoring proposed budget plan expenditures to revenue generated by increasing student fee rates by 3 percent. The Analyst also recommends withholding action on the \$7 million reduction in one-time funds provided in 2005-06

for CSU's outreach programs, pending review of an evaluation of the programs to be submitted by CSU in April.

The Analyst recommends the State fund enrollment growth at \$6,407 per FTES rather than the \$6,792 based on the 2006/07 marginal cost methodology recommended by the Governor (which should increase to \$7,187 per FTES after a correction in the Governor's methodology is made at May revise). The reasons for the reduction are to correct problems in the Governor's proposed methodology that the Analyst believes do not recognize the contribution of student fees, create over-budgeting for certain costs (principally faculty salaries), and limit legislative discretion over enrollment funding.

CAPITAL PLANNING, DESIGN AND CONSTRUCTION

Elvyra F. San Juan, Assistant Vice Chancellor

EXECUTIVE

Proposed Legislation: SB 1724 (Runner), the Higher Education Omnibus Bill, has one provision proposed by CPDC, which would allow the CSU to certify its own projects for access compliance rather than have Department of General Services, Division of the State Architect (DSA) do so. This is the second year that CPDC has brought this proposed legislation forward. Last year the language was stricken from the omnibus bill in anticipation that the CSU would be amended into AB 462 (Tran). That never occurred.

The CSU currently reviews and approves its own building construction contract documents for seismic safety, constructability and adherence to the California Building Code. However, prior to undertaking any construction over \$25,000, the CSU must secure confirmation that its plans conform with the access compliance chapter of the California Building Code from DSA. The CSU has incurred significant delays in securing these access compliance approvals in the past. Conservative cost savings on the order of \$1.8 million annually to the CSU are probable if the low-end delay of four weeks can be eliminated from the current CSU plan approval cycle.

Capital Training Program 2006: On March 22, the CSU Mechanical Review Board (MRB) will present Commissioning; a course intended to provide planners, project managers, plant

managers and other responsible campus parties with an overview of the CSU Commissioning guidelines. On the following day, March 23, Steve Taylor and Richard Henrikson (MRB members) will present Central Plant Optimization and Demand Side Management Strategies; a session designed to bring together capital planning, design, and construction project managers with facility operation personnel to promote integrated facility and system design.

In April there will be two trainings for plant operations staff: April 19, a closed session for managers on Labor Management Issues, presented by Sam Strafaci and Bill Candella from Human Resources; and April 20, Hiring Practices, presented by Laurie Walton, CSU Northridge. Laurie conducted a breakout session at the CSU Facilities Management Conference in October 2005 on this topic. The session received rave reviews with the only negative being that it was too short. Therefore, this training will allow for in-depth discussions with Laurie on a very important topic.

The complete training calendar, session details, and online registration are available at <http://www.calstate.edu/CPDC/Trg2006.shtml>.

Nancy Frelander-Paice, Executive Program and Fiscal Manager

FACILITIES PLANNING

Legislative Analyst's Office on the 2006/07 Capital Outlay Program: The Legislative Analyst's Office (LAO) released its analysis of CSU projects proposed for the 2006/07 Capital Outlay Program on February 23, 2006. Questions were raised on seven of the 19 projects included in the Governor's proposed budget with respect to project cost, space entitlements, and programmatic appropriateness.

The LAO recommended that the Legislature reduce the budgets for the East Bay Student Service Replacement Building, Long Beach Peterson Hall 3 Replacement, and the Northridge Performing Arts Center because of the substantial increase in estimated project costs since the last time the program was presented to the Legislature. The CSU proposed the cost increases based on recent bid results systemwide and updates to cost estimates on projects. In addition, project budgets also include escalation

from project start to the midpoint of construction, a new budget procedure directive from the Department of Finance in 2006/07.

The LAO did not approve of the proposed Channel Islands Infrastructure Improvement project on the grounds that portions of the requested improvements were not justified by the campus enrollment. The LAO suggested that the project could be funded from the CSU Capital Renewal program. CSU notes that the Channel Islands campus has one of the fastest growing enrollments systemwide, yet academic facility development is severely hindered by the advanced age and frequent failure of the existing utility infrastructure. The CSU Capital Renewal program is designed to fund replacement of building systems that have exceeded their useful life, such as roofs and HVAC and is currently limited to \$2 million per project. The program was not intended to fund comprehensive major capital renovation projects.

The LAO also opposed the construction of a new Social and Behavioral Sciences building at San Marcos, again citing the enrollment growth relative to present and projected capacity needs. Conversely, the LAO argued for the deletion of the San Luis Obispo Center for Science stating that the proposed replacement building provided only a small amount of additional instructional capacity over the existing antiquated facility. Finally, the LAO withheld approval of the equipment list request for the Monterey Bay Infrastructure Improvement project.

Draft Five-Year Capital Improvement: The CSU Draft Five-Year Capital Improvement program for 2007/08 through 2011/2012 will be presented at the March 2006 Board of Trustees' meeting. In keeping with Budget Letters issued by the Department of Finance, the project cost estimates include a five percent year-to-year cost increase, plus escalation in costs from project start to the midpoint of construction. This increase is expected to help bring projects budgeted for the 2007/08 Capital Outlay Program in line with current market conditions at the time of bid.

Larry Piper, Chief of Facilities Planning

LAND USE PLANNING & ENVIRONMENTAL REVIEW

Land Acquisition Responsibilities: Land Use Planning & Environmental Review (LUPER) has seen an upswing in its land acquisition responsibilities in the last two years. In 2004 and 2005, 3,776 acres were given to the CSU, for a total value of \$10 million. This included acreage for wild lands preserves and parcels from the federal government, primarily at the Monterey Bay campus. In the same timeframe, several campuses used housing and parking revenues to acquire a total of 40 acres of land and improvements worth \$176 million. Currently, LUPER is working on ten significant acquisitions for CSU campuses including land exchanges, transfers of jurisdiction from other state agencies, gift property from the federal government, as well as purchases using parking and housing revenues. These acquisitions can be complicated and, the most complex are probably those funded by the capital outlay program. LUPER works with the Departments of Finance, General Services and the Public Works Board on these acquisitions, since CSU does not have independent authority to purchase real property using state appropriated capital outlay dollars. The LUPER staff is exploring possible ways to streamline and facilitate future acquisitions with additional actions that could be done in-house.

David Rosso, Chief of Land Use Planning & Environmental Review

CONSTRUCTION MANAGEMENT

Western Council of Construction Consumers Annual Conference: Jim Corsar, Chief of Construction Management, CPDC, and Tom Kennedy, Chief of Architecture and Engineering, CPDC, and Darryl Dearborn, SB/DVBE Advocate, Contract Services & Procurement, participated in the Western Council of Construction Conference on March 2 at the Airport Hilton in Los Angeles. They manned the CSU booth and attended some of the most interesting sessions, in particular, those addressing alternative construction delivery methods. After reviewing the methods that are used in Arizona and Nevada, they concluded that the CSU's methods of construction procurement are at least as effective and flexible as those neighboring states.

The conference was well attended and had a broad selection of session topics dealing not only with design and construction, but also economic forecasting, recent changes in construction law, and the latest electronic project management systems.

Jim Corsar, Chief of Construction Management

ARCHITECTURE & ENGINEERING

Proposed Common Building Lease and Acquisition Policy: In response to the growth in CSU activities in off-campus locations a *Common Lease and Building Acquisition Policy* is being proposed to establish a uniform, seismic safety standard for leased and acquired buildings. This new lease policy would be common to the California State University, the University of California, the State Department of General Services, and other state agencies. Under this proposed policy, relative to the CSU, its foundations and auxiliary organizations, an *off-campus* building or space would need to meet these standards for occupancy under the trustees' Seismic Policy. The current CSU Seismic Policy would continue to govern for all *on-campus* CSU locations.

This common policy is crafted to make the leasing of space to the State, and its allied organizations, more attractive to private owners in that all of these agencies would use the same set of requirements to qualify a proposed building as meeting minimal seismic life safety standards. The policy is a practical document and includes appropriate waivers and exceptions for small spaces and short term uses. The standards would apply to future leased spaces and building acquisitions. Property and leases currently in place would not be affected until leases were up for renewal.

The CSU Seismic Review Board has recently completed trial assessments at several campuses to confirm that associated reviews and impact on currently leased properties is workable, not unduly restrictive, and consistent with the intent of the trustees' Seismic Policy.

Campus vice presidents are making comments to the proposed policy; trustee review is currently planned for the July 2006 Board of Trustees' meeting.

Thomas Kennedy, Chief of Architecture & Engineering

PLANT, ENERGY, & UTILITIES

Comprehensive Energy Services Master Enabling Agreement (CESMEA): CSU launched a new project delivery tool, the Comprehensive Energy Services Master Enabling Agreement (CESMEA), which provides campuses with an alternative method of contracting for energy-saving infrastructure projects. The seven participating Energy Service Companies (ESCO): AMERESCO, DMJM Harris, APSES, Chevron Energy Solutions, EMCOR, NORESKO and Sempra Energy Solutions, executed agreements in January 2006. The alternative streamlined delivery method will help campuses reduce the growing deferred maintenance backlog of energy and infrastructure projects. This three-step delivery process is already underway with the first major construction project expected to begin at CSU San Bernardino in May 2006 with DMJM Harris.

A special thanks to Tom Brown, Teri Carr, Jim Corsar, Russ Decker, Marlene Jones, Tom Kennedy, Aaron Klemm, Barbara Nicholson, Irene Patriotis, Matt Roberts, Tom Roberts, Elvyra F. San Juan, LeRoy Wilke, and George Wright for their significant contribution in developing this important systemwide program.

Electricity Purchase: The Electricity Contract Oversight Board (ECOB) continues to draft the new Request for Proposals (RFP) for electric commodity services that will provide more flexibility and cost savings for future energy purchases for execution in September 2006. In the interim, the ECOB is monitoring energy markets to strike an agreement for purchasing electricity supply for June 1st through September 30th or longer should forward prices prove favorable.

Energy Efficiency Partnership: Energy project submittals to be considered for \$25 million in energy incentive funding have been received from 16 of the 23 campuses. A CSU team comprised of campus and CPDC staff is currently reviewing the submittals and will provide recommendations to the energy partnership management team by March 27th, 2006, with project funding approval from the utility partners anticipated in April. It is

important for the campuses to continue to submit energy related projects to the Energy Program Manager on a continuous basis, so that CPDC may build a backlog of need in anticipation of receiving additional funding from the Investor Owned Utilities (IOU).

Len Pettis, Chief of Plant, Energy & Utilities

FINANCIAL SERVICES

Dennis Hordyk, Assistant Vice Chancellor

CONTRACT SERVICES AND PROCUREMENT

Systemwide Contract Announcement

Procurement Credit Card Contract: The CSU, in collaboration with its consortium partner, Educational and Institutional Cooperative Purchasing (E&I), has issued an "Intent to Award" a contract to GE Capital Financial, Inc., for a systemwide procurement credit card program. The CSU system issues approximately 3,500 procurement cards under the current systemwide contract. Expenditures are approximately \$40 million, annually. The new contract is effective April 1st and provides for cutting-edge technology in an easy-to-use online reconciliation product; a more robust reporting system; advanced administrative processes; and the potential for significantly increased revenue incentives. The current card program with JPMorgan Chase ends on June 30, 2006 with no contract renewal options remaining. Implementation planning will begin shortly. For more information contact Linda Masterton, 562-951-4584.

Information on Chancellor's Office and systemwide 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.

OFFICE OF RISK MANAGEMENT

Avian Flu: The Systemwide Risk Manager has provided training to campus emergency managers on dealing with possible outbreaks of Influenza A - H5N1 (Avian Flu). At the Chancellor's request, each campus shall develop respective Avian Flu business continuity plans by May 31, 2006. A copy of the CSU's Avian (Bird) Pandemic Influenza Business Continuity Guide

can be obtained by contacting the Office of Risk Management (ORM) at (562) 951-4580.

Nursing Placement Agreements: A current initiative is underway to pursue systemwide placement agreements with hospitals and other entities that participate in campus nursing and allied health programs. With assistance from the campus representatives, including risk managers and purchasing managers, and Advocacy and Institutional Relations, the Systemwide Risk Manager has addressed contracting and other issues with hospital management during recent Higher Education Legislative Committee meetings. Future meetings are planned and resolution will include, but not be limited to, the CSU's pursuit of a systemwide professional liability policy for students participating in nursing, allied health, and education credentialing programs.

FY2006 Homeland Security Grant Program: The Chancellor's Office completed the initial step in the application process for Homeland Security grant funds. The CSU Threat Assessment Strategy Initiative details future plans for addressing the priority needs and strengths that are identified through the Office of Homeland Security Program and Capability Enhancement Plan. Additional details and information will be required by OHS later this year.

Governor's Employee Safety Awards (GESA): Applications for the 2005 GESA program are due to ORM by March 31, 2006. The campuses are encouraged to promote safe practices and via this program, recognize the outstanding performance of individual employees and groups for improving job health and safety, responding to life threatening situations, and preventing and reducing the number of occupational injuries and vehicular accidents. This year an Occupational Safety award has been added to recognize a single occupational safety employee who has made an outstanding contribution to health and safety. Via e-mail notification to the campus presidents, the ORM will solicit nominations for this important safety program.

iVOS 3.1 Database Update: The CSU successfully upgraded the iVOS Claims Management System for Worker's Compensation. This month, the ORM is sponsoring training for campus risk managers on the new iVOS Claims Management System for General Liability. The

training will be provided via the web and will include basic functionalities such as system access, viewing claims data, and using the reporter function.

"Fitting the Pieces Together": The 2006 Conference will be held in Sacramento on November 6-8, and will include exciting keynote speakers and breakout sessions. Additional details on the conference will be forthcoming.

New Website: The ORM website will be launched this month and will have information on the CSU's risk management programs and campus contacts, upcoming training opportunities, and links to relevant policies and procedures.

Charlene Minnick, Senior Director

FINANCING AND TREASURY

Financing and Treasury is offering campuses and auxiliaries a financing mechanism for equipment that takes advantage of the CSU's tax-exempt commercial paper program. This equipment-financing program will offer a rate that is based on commercial paper rates and be reset annually. Equipment from \$100,000 to \$5 million will be eligible to be financed from 1 to 8 years, based on the useful life. Existing contracts with external equipment financing companies will remain available to campuses. For a complete description of the program, the applicable rate, and the equipment documentation package, please visit the Financing and Treasury website at: http://www.calstate.edu/FT/StateFin/stfinpgminde_x.shtml or call Colleen Nickles or Robert Eaton at 562-951-4570.

Colleen Nickles, Senior Director

INFORMATION TECH. SERVICES (ITS)

David Ernst, Assistant Vice Chancellor

ACADEMIC TECHNOLOGY SERVICES

Upcoming Events:

- **8th Annual CATS conference, March 20-22, at CSU Monterey Bay:** For more information go to: <http://cats.cdl.edu/index.pl/catsconf2006>
- **Summit on Mathematics and Science Teaching Pipeline, March 2, 2006, Pacific Palms Conference Center,** Industry Hills, CA hosted by the CO in collaboration with Edison International, The Boeing Company, State Farm Insurance, and Majestic Realty. Leaders from across the system and the private sector engaged in thoughtful dialogue about how to double in 5 years the number of effective math and science teachers credentialed by the CSU. A showcase of academic technology solutions from leading corporations was part of the day as were demonstrations of Merlot and Math Success services for k-12 students and teachers.
- **ePortfolio Project System-wide Meeting, March 14-15, CSU-MB**
The goal for this meeting was to begin building a Community of Practice of ePortfolio use across the system and to discuss and compare the pedagogical approaches and implementation issues.

Information and Communication Technology

Literacy Assessment (ICT): All CSU campuses can now use this innovative web-based test to assess students' skills in information and communication technology through April 7 and again for the 06/07 academic year; costs of the testing will be supported by funds from the CO. To support campus-based projects exploring the effective use of assessment, an RFP is scheduled for release in March. For more information contact Gordon Smith, gwsmith@calstate.edu and see:

<http://www.calstate.edu/ls/infocomm.shtml>.

Foundational Skills:

CSU Math Success: www.csumathsuccess.org

Several pilot programs are underway with high schools throughout the State. The intent is to study outcomes of the Aleks Entry Level Mathematics Exam Preparation Online tutorial on reducing the need for remedial math coursework in the CSU. The pilots are occurring at various sites supported by AVID, Upward Bound, after-school tutoring programs and lab-based high school math classes. Results of these pilots will be made available in early summer.

CSU English Success:

www.csuenglishsuccess.org

Two online English Placement Test (EPT) preparation tools are currently in final testing. To support teachers and trainers of CSU 12th grade expository reading and writing courses, an online community of practice tool has been set up to promote collaboration among English teachers throughout the State.

E-learning Framework:

Learning Management Strategic Planning:

<http://www.cdl.edu/ats/lms>

The LMS Strategic Planning project is making progress on three related fronts. First, teams led by CO staff are completing campus visits interviewing faculty, staff and students to learn about LMS use and campus issues related to the technology. Second, Academic Technology Services is working with campuses to start campus-based strategic planning efforts. As part of this process we are developing a set of planning templates and tools that campuses can use to advance their own LMS planning initiatives. Finally, ATS staff is establishing workgroups comprised of CO staff and campus personnel focused on specific LMS related projects. The first 4 workgroups established will focus on the following issues:

1. LMS-CMS Integration
2. Vendor Management
3. Faculty Support and Best Practices
4. Open Source LMSs

COMMON MANAGEMENT SYSTEMS (CMS)

Data Center Transition: The two pilot campuses (Fresno and Cal Poly San Luis Obispo) and the Chancellor's Office successfully went live on the new Unisys data center environment over President's Day Weekend, February 18, 2006. All campuses had full access to their production environments at least 4 hours ahead of schedule. The pilot transition was on time according to the revised transition schedule and will allow Unisys and CMS to maintain the transition calendar for the succeeding groups of campuses. The success of the pilot transition was due to many weeks of hard work by the Unisys team in Salt Lake City and the CMS team in Long Beach. The Unisys and CMS teams will be continuing to monitor the pilot campuses implementation while preparing for the next wave of campus transitions in the March through May timeframe.

Data Warehouse Update: Data warehouse pilot activities completed March 2, 2006, with the installation of Student Administration 8.0 warehouse code at Sonoma. The team and consultants will begin the HR 8.9 upgrade March 20th, with a 16-week completion cycle. A Data Warehouse Advisory Group has been formed. This group will advise on policy and direction for the warehouse, beginning with identifying and prioritizing CSU-specific functionality that will be added to the warehouse content.

The CMS Web Site will be updated in March 2006 with information about the group's membership and activities.

Finance Update: The Finance 8.9 Upgrade Plan was presented and approved by the Executive Committee at its February meeting. The Team continues to work on development of the approved modifications, Configuration Guides and other required documentation, while staying on schedule. The second pass of the SOSS Upgrade will commence mid-April with the Pilot Upgrades scheduled to start in the mid-May timeframe.

All twenty-one of the Oracle/PeopleSoft campuses successfully completed the mailing of their 1099's by January 31, 2006. The Finance Team is in the process of preparing Finance Release 8.40.050, which will be available to campuses on March 16, 2006. This Release will

incorporate all identified changes and issues relating to year-end.

A sell out crowd signed up for the FUG sponsored training session on Chart of Accounts/SAM99/FIRMS Edits held at the LAX Crowne Plaza on February 27-28, 2006.

Student Administration Update: The Student Administration (SA) go-live activity remains on schedule for the campuses with San Jose the first Student Administration campus to go live in HCM 8.9 at the end February. CSU Sacramento, CSU San Bernardino and CSU East Bay began their 8.9 Student Administration implementations in January. San Luis Obispo is currently on schedule for their Financial Aid goes live starting in February and continuing a phased rollout through the year of additional functionality.

CMS Central will be presenting the Upgrade Planning workshops on the 8.9 upgrade the week of May 22nd. The SA sessions will include all core modules, Campus Community, Admissions, Student Records, Academic Advising, Transfer Credit & EDI, Student Financials & Financial Aid. There will also be sessions on Systemwide Reporting for ERS & APDB as well as Conversions and SA Application Security. The HR/SA teams will present combined sessions on the Integration Broker and a Person Model Overview.

TECHNOLOGY INFRASTRUCTURE SERVICES

Infrastructure Build-Out Project - Stage 1 and Stage 2:

Stage 1: Only one of the fourteen Phase 1 and Phase 2 campuses 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.

Stage 2: All campuses have now either completed or are actively engaged in their Stage 2 activities. Five campuses are in the design

phase, three campuses are currently implementing their new networks and fifteen are completed or in the final close-out phase.

(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 on all campuses to coincide with current vendor software releases.

In December 2005, the Information Technology Advisory Committee (ITAC) suggested that campuses evaluate the possibility of creating expertise in collaboratively supporting applications. As NMS is scheduled for hardware and software upgrades in 2006, it is a logical option and TIS will assist the Network Technology Alliance (NTA) and Information Technology Advisory Committee (ITAC) in evaluating the possibility.

Network Infrastructure Asset Management System (NIAMS): 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. Implementation is underway on the first wave of campuses and TIS has established a centralized NIAMS application and database support center to minimize campus resource requirements for NIAMS deployment.

Los Angeles and San Luis Obispo implementations are expected to be completed by March 2006. Monterey Bay and Pomona are scheduled to begin installation in late March, and Northridge (the largest campus to implement the tool to date) is scheduled to begin in May.

A software start-up kit is in its planning and design stages and the NIAMS Support Center staff anticipates using the guide extensively

throughout the next series of campus implementations.

Campus Access Infrastructure Initiative (CAI): The Campus Access Infrastructure Initiative is a system-wide program to install and thereafter maintain the infrastructure required to connect each CSU campus local area network to the new state-wide network backbone run by the Corporation for Education Network Initiatives in California (CENIC). The CSU Technology Steering Committee approved the project to address the CSU's growing requirement for improved network reliability by providing enhanced network capacity and increased stability.

The circuits for Fullerton, Dominguez Hills and Chico campuses will have been turned over to CENIC for acceptance testing by early February. The exact migration date is set by each campus, but it is expected that all three campuses will put these circuits into production during the month of February. The Chancellors Office, Long Beach, and Channel Islands installations are planned for early spring.

Identity and Access Management Initiative (IAM): The Information Technology Advisory Council (ITAC), in cooperation with the Chancellor's Office, has defined the objectives of the Identity and Access Management Initiative (IAM). Recognizing the data accessibility and security imperative, this system-wide program is chartered with developing and defining the architecture for secure access and data management at the campus level. The mission of IAM is to enable users to access and exchange information from campus-to-campus, campus to other institutions (e.g., K-14), campus to business (e.g., on-line Library materials), while maintaining security standards and user accessibility permissions.

The Identity and Access Management Initiative Technical Architecture Group is being assembled and the interim director, Beverly Thornton, is recruiting campus representatives to serve on the group's panel. The group's purpose is to develop a high-level plan, with an emphasis on finding the most beneficial ways of addressing campuses' common identity management needs. A charter of the initiative's governance structure is in development and will be presented to stakeholders in April.

Candidate screening for the Identity and Access Management Technical Architect position is underway.

INFORMATION SECURITY

Security Plan: An intent to award was issued to Unisys for consulting assistance with development of the CSU Information Security Plan. Contract negotiations will commence shortly.

Security Policies: The Information Security Officers (ISO) group is continuing policy development efforts. The ISO Group has approved the Data Retention Policy. This draft policy has been forwarded to HR for review and comment.

The following draft policies are under review and revision by the ISO group:

- Acceptable Use
- Data Classification
- Access Control
- Roles and Responsibilities of Users in Security

ISOs have also begun the need assessment/requirement definition for the systemwide Security Awareness Program.

TECHNOLOGY ADVICE AND POLICY

Measures of Success: The biennial faculty survey associated with the Measures of Success Reports will begin in March. The annual campus technology survey will be released in early April.

Accessible Technology Initiative: A work plan draft to guide campus implementation of Executive Order 926 has been drafted and is being introduced to systemwide committees and key stakeholder groups. Presentations have been made to the following groups:

ATAC

- Council of Library Directors
- Provost Technology Steering Committee
- ITAC
- Statewide Academic Senate, Academic Affairs subcommittee (CAM presentation)

Upcoming presentations include, but are not limited, to the Disability Services Directors, CATS,

VP of Student Affairs, Provost Council, and CABO.

Feedback from stakeholder groups will inform the work plan's development. A list of projects with associated costs will be drafted as part of the work plan. Timeline for the finalization of the work plan is May with adoption by June.

ADVOCACY & INSTITUTIONAL RELATIONS

Karen Y. Zamarripa, Assistant Vice Chancellor

CSU Sponsored Bill Package Introduced

Throughout the past few months, the CSU Advocacy & Institutional Relations team has been seeking authors to carry the Board of Trustees's 2006 Legislative Program.

The deadline to introduce new legislation has passed and the CSU bills were introduced as follows:

Assembly Bill 2597: Fran Pavley (D-41, Agoura Hills): Revenue Bonds: This is a largely technical proposal that enhances our ability to use our system-wide bonds for future projects, and to potentially lower our interest costs.

Assembly Bill 2813: Hector De La Torre (D-50, South Gate): Financial Aid: Cal Grant Program Revisions: This bill is a jointly sponsored bill with the California State Students Association to ensure that all eligible students have access to Cal Grant dollars.

Senate Bill 1724: George Runner (R-17, Antelope Valley): Efficiency and Productivity Omnibus: This omnibus bill will improve efficiency and reduce costs to the CSU. It provides: relief from the new Board of Control that collects fees for tort claims, authority for CSU to purchase its own vehicles, exemption from the requirement to collect California retailer's seller's permit from vendors, and, authority to self-certify access compliance review of construction documents.

CSU anticipates that two more issues may be added to SB 1724 prior to its first policy committee hearing. The first should allow CSU to recoup overpayments from employees. The second will require some work with employee organizations. It would allow CSU to present

complete evidence regarding disciplinary actions before the State Personnel Board.

These bills cannot be heard for 30 days and therefore are not expected to be heard in their first policy committees until mid-April and after Spring Recess. All three measures need to pass out of the Legislature by August 31, 2006.

Alumni Legislative Day Fast Approaching

The annual CSU Alumni Legislative Day is scheduled for Monday, March 20 and will be held at the Sacramento Convention Center. Registration for the event begins at 9:30 a.m. and the day ends with a reception hosted by 21 of our 23 campuses and alumni associations from 5:30 – 7:30 p.m.

Legislative Day is a key opportunity for the CSU's alum and supporters to come to deliver collectively at the State Capitol, the message that CSU provides the quality education, research and innovative programs that are indispensable to the future of California.

The day will feature a morning briefing session for all participants including the Chancellor's "State of the CSU" address. Governor Arnold Schwarzenegger has been invited as the keynote luncheon speaker. In addition, actor and former NFL football player, Fred Dryer, an alumnus of San Diego State University will address the attendees. As in years past, the CSU will present two Legislator of the Year awards. The 2006 awardees are Senators Jack Scott and Tom Torlakson for their work last year on doctorate education and affinity programs.

Legislative Day is a critical event that allows CSU to show the state's decision-makers how it is working for California. This year, the focus of the day is on our alumni. AIR anticipates participation by over 200 individuals.

For more details and registration information, please visit our website at www.calstate.edu/LegDay or contact Michele Perrault at (916) 445-5983 or mperrault@calstate.edu.

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:

<http://www.calstate.edu/BF/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.