



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

September 2005



BUDGET DEVELOPMENT

Patrick Lenz, Assistant Vice Chancellor

Report on the 2005-06 CSU Budget

On July 12, Governor Schwarzenegger signed the 2005-06 budget, fully funding the Compact for Higher Education, and allocating \$235.2 million to the California State University (CSU), which represents an increase of 6.5 percent for fiscal year 2005-06. The budget funds student access by enrolling an additional 10,000 students (8,103 FTES) at the 23-campus. The 2005-06 budget increases the CSU General Fund support by 5.4 percent, and provides \$134 million in new revenue, which is the first increase after three consecutive years of budget reductions. According to the agreement, the CSU's general fund budget for the 2005-06 academic year is \$2.6 billion.

The Governor's budget is consistent with the revenue and expenditure assumptions requested and approved by the Board of Trustees last October. It includes:

- Increasing enrollment growth by 2.5 percent to serve an additional 8,103 Full-Time Equivalent Students,
- A set-aside of \$23.3 million for Student Financial Aid for CSU's neediest students,
- \$40.7 million to cover CSU mandatory costs for the first time in the past three years,
- A compensation pool of \$88.1 million (which must be bargained), and
- \$7.9 million for long-term needs including technology, libraries, and instructional equipment.

In addition, the Governor restored \$7 million in funding for Outreach and Academic Preparation programs that was deleted in his January budget, augmented funding of \$560,000 to expand graduate level nursing programs, and provided an additional \$250,000 to expand CSU's blended programs to increase the number of K-12 math and science teachers.

The budget also provides the CSU with the flexibility to use \$26 million in current General Obligation bonds for a Capital Renewal program that will extend the useful life of facilities thereby providing additional classroom space for students. Finally, the budget includes Supplemental Report Language for a review of CSU's state General Fund dollars per student, known as our "marginal cost" methodology, which could allow the CSU greater funding per student beginning in the 2006-07 fiscal year.

CAPITAL PLANNING, DESIGN AND CONSTRUCTION

Elyvra F. San Juan, Assistant Vice Chancellor

EXECUTIVE

CSU Facilities Management Conference: Capital Planning, Design and Construction is hosting the 2005

CSU Facilities Management Conference, October 23-26, at the Paradise Pier® Hotel, overlooking Disney's California Adventure™ Park in Anaheim. This conference is exclusively for California State University and University of California faculty, staff and students.

Under the overarching theme, to **Inspire, Innovate, and Achieve**, the conference will be a springboard for increasing awareness and knowledge of sustainability and its integration throughout the design, development, and operation of the university campus. With the students' keen interest in sustainability, this is the first CSU facilities conference that has extended a warm welcome to their participation, both as presenters and attendees.

The conference keynote speakers will inspire new consideration for sustainability in the university. Many CSU and UC staff are participating in the sessions, sharing their campus stories of both success and challenge, in order to inspire greater innovations and achievements throughout the higher education systems. The six concurrent session tracks aim to lead different interest groups through the conference program:

- Fantasyland:* Planning
- Adventureland:* Design and Construction
- Main Street:* Plant Management
- Tomorrowland:* Energy Management
- Frontierland:* Property Acquisition and Management
- Storyland:* Roundtable Discussions

Visit http://www.calstate.edu/CPDC/fpm_conference/index.shtml for detailed conference information and to register.

Nancy Freeland-Paice, Executive Program and Fiscal Manager

LAND USE PLANNING & ENVIRONMENTAL REVIEW

Faculty and Staff Housing Issues Gain Prominence in CSU: The unit recently surveyed faculty and staff housing projects across the system in response to increasing project initiatives from campuses that have decided to explore this concept. Many campuses have long recognized the declining affordability of housing in their local and regional areas as recruitment and retention of qualified faculty and staff becomes more difficult due to the sky

rocketing price of even modest housing. The intent of the survey was to gain insight in to what makes a successful project, and to identify the range of product types and pricing for affordability that these varying projects provide.

As expected, each campus brings a different set of objectives and methods to the table, but all with the same ultimate goal of providing a needed tool in the search for qualified faculty and staff, particularly as retirements continue to increase and create vacancies. The surprising results found that over half of the CSU campuses are planning for faculty and staff housing, and at least seven campuses have projects either completed and occupied or currently under construction. Six campuses are in various stages of planning or have recently acquired land specifically for faculty and staff housing. In many scenarios, the university foundation or a purpose-specific auxiliary housing corporation is the vehicle for the actual funding and development, including the purchase of land and ownership of the construction project. The projects vary from strictly high-rise, urban-oriented developments; to more traditional single-family homes; and a mixed-range of product types, including rental apartments, attached town homes, and condominium units all in one planned community.

The significant survey finding is that approximately 4,500 to 5,000 combined units of faculty and staff housing, in all product and price ranges, are either existing, under construction, or planned for development within the next 5-7 years within the CSU system. This is a reflection of the housing market in California and its direct impact on the mission of the CSU. Although this finding is not substantial compared to the number of CSU employees in all categories, it is a strong indicator that faculty and staff housing is gaining priority in campuses' plans to meet the needs of the state for higher education.

David Rosso, Chief of Land Use Planning & Environmental Review

FACILITIES PLANNING

The 2006/07 State and Non-state Funded Capital Outlay Program and the 2006/07 through 2010/11 Five-Year Capital Improvement Program is proposed for approval by the trustees at the September 2005 board meeting. The 2006/07 program request over \$427 million for state funded projects, including \$25 million for Minor Capital Outlay and \$50 million for Capital Renewal.

The Governor's Higher Education Compact with the CSU supports future capital outlay funding from general obligation or lease revenue bonds. Funding for the 2006/07 program is proposed through a combination of previously approved general obligation bond measures and additional bond measures in 2006 in accordance with the Governor's compact.

The 2006/07 Capital Outlay Program budget reflects a significant escalation in the cost of energy, construction labor, and building materials that continues a nationwide trend recognized by the Department of Finance (DOF). Under new DOF capital outlay program guidelines, all CSU project budgets will be escalated to the midpoint of construction. This measure acknowledges the inflationary effect of prolonged building cost escalation. As a result, the CSU construction cost guideline for the 2007/08 Capital Outlay Program reflects an additional increase of 5% based on the latest DOF budget memo.

Larry Piper, Chief of Facilities Planning

ARCHITECTURE & ENGINEERING

FEMA Pre-mitigation Grant Funding Likely on Three CSU Projects: As an extension to our successful Seismic Review program, CPDC has been able to participate in a federal grant program that may add funds to some of our current capital projects. Earlier this year, CPDC submitted six capital projects with a seismic retrofit component to a FEMA Pre-Disaster Mitigation (PDM) Grant Program for supplemental funding. This federal program was designed to help fund projects that could help reduce the severity of loss in potential disaster scenarios such as flooding or seismic events.

Three projects, Cal Poly Pomona, Science Renovation; CSU San Bernardino, Biological Sciences Renovation; and CSU San Bernardino, Physical Science Renovation, have passed the initial FEMA appraisal and are now in the final phase of environmental and historic preservation review. It is expected that these projects will receive some grant funding. Although not yet finalized, award amounts are anticipated to range from \$900 thousand to \$2.4 million per project. FEMA is obligated to commit to grant funding by the end of the federal fiscal year (October 2005).

FEMA recently announced that the PDM Grant Program would be renewed for 2006. CPDC will coordinate and manage applications for 2006 capital projects.

Tom Kennedy, Chief of Architecture & Engineering

PLANT, ENERGY, & UTILITIES

Sustainability: The Energy and Sustainability Report is complete and an overview will be presented at the September Board of Trustees' meeting. The report provides an in-depth look into the CSU's past accomplishments and its current performance against energy reduction goals. It also identifies feasible renewable energy alternatives for campuses to consider when planning for future load growth and energy independence. As reported, although the CSU did not achieve the 15% reduction goal, the 10% avoided energy use is notable when considering the increased use and installation of technology equipment that has changed many standard classroom buildings into complex facilities that must accommodate student and faculty demand. To illustrate the CSU's accomplishment, the equivalent avoided energy consumed calculates to 150,000 tons of CO₂ emissions from 1999/00-2004/05. This is comparable to planting 120,000 acres of trees or preserving 1,100 acres of forest.

Electricity Purchase: Energy prices continue their stratospheric climb. Natural gas is hovering around \$1.10 per Therm. The Energy Contract Oversight Board (ECOB) has taken steps to create a taskforce to study and recommend new strategies for electricity purchases to address the unprecedented run up in energy prices. Critical path items have been identified and several specific options are being studied. Phase 1 of the Integrated Resource Plan should be completed in October 2005 with specific recommendations due in January 2006.

Energy Efficiency Partnership Training & Education: The Energy Efficiency (EE) Partnership provides training classes for project managers, building operators, energy managers and other campus staff. The classes are designed to support the campuses in achieving the systemwide sustainability goals. Please visit the partnership website at www.uccsuioeee.org to review available classes and to register. The classes are funded by the partnership and travel is reimbursed via a stipend.

Len Pettis, Chief of Plant, Energy & Utilities

CONSTRUCTION MANAGEMENT

Compliance with Disabled Veteran Business Enterprise Bid Requirements: Systemwide reporting of disabled veteran business enterprise

(DVBE) participation in capital project contracts remains low, despite the commendable efforts by a few campuses to meet or exceed the minimum three percent participation goals. The CSU can do a better job.

The Chancellor's Office strongly urges campuses to include DVBEs when beginning projects by providing notice to DVBEs for feasibility studies, survey work, or constructability reviews, and notifying them regarding design team selection and advertisement for construction. Campuses should also provide the Notice to Contractors to known DVBEs in the local area and invite them to attend the pre bid job walks and introduce them to the contractors in attendance.

The Chancellor's Office has formed a taskforce to address improved utilization of DVBEs in its contracts. Campuses will be informed as details regarding potential solutions emerge.

Jim Corsar, Chief of Construction Management

FINANCIAL SERVICES

Dennis Hordyk, Assistant Vice Chancellor

SYSTEMWIDE FINANCIAL OPERATIONS

Financial Services Accounting will sponsor a Non-Resident Alien Tax (NRAT) Compliance workshop for CSU campuses and Auxiliaries on November 16-17, 2005, at the LAX Crowne Plaza. The NRAT workshop is designed to focus on intensive review and updates of critical issues such as immigration, residency, income earned by NRAs and applicable taxes, FICA exemption, SSN/ITIN, Certified Acceptance Agents, and tax issues from GLACIER "cross-over". Arctic International LLC will address several key aspects of nonresident alien tax issues. Additional information is available at <http://www.calstate.edu/FinancialServices/>.

An interactive, telephone call-in workshop for Auxiliary Organizations is scheduled for October. This session will spotlight the GLACIER Online Tax Compliance System. This software is designed to allow institutions to efficiently and effectively collect information, make tax residency and income tax treaty determinations, manage paperwork, maintain data, and file reporting statements with the IRS. Registration information for this workshop will be announced soon.

SYSTEMWIDE FINANCIAL STANDARDS AND REPORTING

The year-end legal closing went very well with improvements in both timeliness and accuracy of data. All of the campuses submitted the SAM 99 electronic filing for governmental funds to the State Controller's Office by the August 1st. due date. The voluntary July 15th timeline of several of the campuses' FIRMS submittals allowed the Chancellor's Office as an entity to close its books earlier than in the past.

We thank you all for your efforts. Congratulations to all those at the campuses and the Chancellor's Office for making it a success this year.

*George Ashkar, Senior Director, Controller
Financial Services*

RISK MANAGEMENT

Risk Management Appoints new Risk Management Analyst: Rebecca Skidmore is the newly appointed Risk Management Administrative Analyst. She replaces Marti Lopez and comes to the Chancellor's Office from the City of Long Beach. Rebecca's background includes work with the City of Long Beach, the Port of Long Beach and a non-profit property management company. Please join Risk Management in welcoming Rebecca to the CSU.

Charlene Minnick, Director

INFORMATION TECH. SERVICES (ITS)

David Ernst, Assistant Vice Chancellor

ACADEMIC TECHNOLOGY SERVICES (ATS)

Learning Management Systems (LMS): Over the next six months, a central focus for ATS will be the first phase of the Learning Management System Strategic Planning Process. The goal of this process is to develop a CSU system-wide vision and strategy for learning management systems (LMSs). It is motivated by the need to provide the learning management system infrastructure which will result in the best possible support for the mission of the CSU in teaching, learning, research and service. The outcomes of the first stages of the strategic planning process will be:

- A shared vision for the use of LMSs in the CSU
- A plan for greater collaboration within the CSU in providing and supporting LMSs, including Open Source systems.

COMMON MANAGEMENT SYSTEMS (CMS)

Three systemwide LMS planning meetings have been scheduled. They will provide the forums for the first stage of collaborative planning. The dates and venues of the meetings are as follow:

1. September 29-30, LMS Summit North, San Francisco (for schools in the northern part of the state)
2. October 11-12, LMS summit South, Los Angeles (for schools in the southern part of the state)
3. October 31-November 1, Open Source LMS Summit, LAX

Campuses will be sending to these meetings teams of participants representing a wide range of LMS users as well as those engaged in supporting the technology.

Glenda Morgan is currently conducting campus visits to collect the information that will provide the background for the Summits and inform the agendas. Visits have been conducted at the Northridge, Los Angeles and San Francisco campuses. Visits are currently scheduled at Humboldt, Chico, San Jose State, Fresno and San Diego. All campuses will be visited prior to the end of November. The final report on the first stage of the strategic planning process will be distributed in early spring 2006.

Information Literacy and Technology Skills Assessment: Scores for the recently administered assessment of ICT literacy have been received from ETS and distributed to CSU campuses. More than 3,000 total students, representing each CSU campus, took the assessment during the Spring term. The data summarizing the performance of participants, while preliminary and not statistically representative of all CSU students, do suggest that much needs to be done to strengthen abilities in this foundational skill area increasingly critical for success in the university and the workplace.

The ICT (Information and Communication Technology) Assessment, developed by ETS in partnership with the CSU and other universities, contains interactive and realistic simulations of information resources and applications such as the Web, article databases, and spreadsheet and word processing to track and evaluate how students actually go about solving problems with information technology. The ICT Literacy Assessment in its final production version will be available for campus use in early 2006. More information about the assessment is at <http://www.calstate.edu/ls/infocomm.shtml>.

Data Warehouse: The Data Warehouse (DW) project remains on schedule with development activities currently in progress. Planning meetings between the Finance pilot campuses (Chico and Chancellor's Office), the HR pilot campus (SLO), and the Student pilot campuses (Sonoma and Pomona) and the DW Team were held to discuss their respective implementation dates. During September, the DW Team and the Oracle Consultants will provide functional overviews of the three application areas via Webcasts. Bulletins will be sent to the Project Directors and respective user groups prior to the broadcasts.

Finance: All campuses met the deadline to close fiscal year end with the Corporate Data Integrity Package (CDIP), including the 20 campuses that are on Finance 8.4. The Chancellor's Office met the earlier deadline of July 15 as designated by the State Controller's Office. Beginning with the current fiscal year (2005-06), all campuses will be expected to close by July 15.

The Executive Committee approved the proposed Finance 8.9 Upgrade Scope document. San Luis Obispo and San Jose are the designated pilot campuses for the Finance 8.9 upgrade. Representatives from fourteen campuses and the Chancellor's Office will be participating on the fit/gap teams. The fit/gap sessions will begin the week of October 3rd and conclude the week of November 14th.

Student Administration (SA): The SA go-live activity remains on schedule for the campuses. Chico is currently performing spring cycle registration; has rolled out Advising Self Service to their students; is working on the portal; and will be closing out their legacy portal by December.

At the quarterly in-person SAFT (Student Administration Functional Team) campus personnel gave presentations on how they currently use the self-service functionality in Oracle/PeopleSoft. The session was a benefit to campuses that have already implemented as well as the ones currently on legacy systems.

SA upgrade activities for the Human Capital Management (HCM) 8.9 project remain on schedule with development scheduled for completion by October 2005. While CMS Central continues to refer to the project and the team implementing the software as "Student Administration", the new name of the

Oracle/PeopleSoft delivered software formerly referred to as Human Resources Student Administration or HRSA, is Human Capital Management (HCM).

Human Resource (HR): The HR team officially kicked off the project to implement Oracle/PeopleSoft's Absence Management module within the HCM 8.9 application. This will replace the use of the SCO (State Controller's) CLAS application and the CSU (PeopleSoft) custom Leave Accounting solution (currently used by four campuses). The project scope was reviewed by the Project Director team, then submitted to the Human Resources User Group (HUG) for review and will be provided to the Executive Committee in October. During July, the HR team hosted a one-day event for campus representatives to review the HCM 8.9 application and modification design. Highlighted during the session were many new features and their impact on current business process.

TECHNOLOGY INFRASTRUCTURE SERVICES

Infrastructure Build-Out Project - Stage 1 and Stage 2: **Stage 1:** Construction for the Phase 1 and Phase 2 campuses continues, with almost 90 percent of the projects now fully complete, and all but one still expected to be finished by fall 2005. All eight of the Phase 3 sites have now initiated Stage 1 construction, with two already approaching project close-out. This means that a key TII milestone has been passed: all 22 campuses in the build-out program have successfully begun Stage 1 construction -- with more than half of the projects fully completed. Current projections indicate that the entire Stage 1 component of the TII program will be finalized early in 2007.

Stage 2: Ten campuses have completed their Stage 2 activities while the rest are actively engaged in the design or implementation process.

TIS and campus representatives are designing the methodology that will be used to refresh network equipment. Planning for the refresh cycle will continue throughout 2005 and a pilot implementation will begin in early 2006.

(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 identify quickly 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 currently conducting a "System Health Check" to determine if there are ways to better use network management software tools in the CSU environment. The first six campus health checks have been performed and the preliminary data will be analyzed in the coming weeks by both TIS staff and campus engineers. Data will be gathered from the remaining campuses over the next six months.

Network Infrastructure Asset Management System (NIAMS): The TIS staff and Network & Technology Alliance's (NTA) NIAMS working group have moved ahead with implementation of the action plan accepted by the Information Technology Advisory Committee (ITAC) at the February meeting. TIS has initiated the centralized NIAMS application and database support center defined as a key component action plan. The support center is seen as an important element in minimizing campus resource requirements for NIAMS deployment. Server equipment has been procured and configured, the software has been loaded, and Dominguez Hills has agreed to serve as a pilot implementation campus. Test data has been entered remotely for the campus and plans are underway to demo the implementation at the next NTA meeting in October.

Campus Access Infrastructure Initiative (CAI): The Campus Access Infrastructure Initiative (CAI) is a system-wide program that will install and thereafter maintain the infrastructure required to connect each campus local area network (LAN) to the new CENIC wide-area network backbone (WAN). The Technology Steering Committee (TSC) has approved the project to address the CSU's growing requirement for improved network reliability by providing services that will enhance network capacity and increased stability.

The contract with CENIC for the managed services and installations has been finalized and implementations at the first 11 campuses are under way. Northridge and Chico were the first CSU sites provided with dual connections to the CENIC backbone while Fresno, Humboldt, Sonoma and Stanislaus are scheduled to receive redundant connections within the next sixty days. Negotiations

for services at the remaining campuses are nearing completion.

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.

INFORMATION SECURITY

Security Plan: The Request for Proposal (RFP) for consulting assistance to develop the CSU Security Plan will be released in mid-September, and responses will be due in mid-October.

Security Policies: The Information Security Officers (ISO) group is working on five policies that will serve as guidelines for CSU campuses. These are:

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

TECHNOLOGY ADVICE AND POLICY

Executive Council Retreat: As a follow up to the Organization of IT Resources discussion at the XC Retreat, Executive Vice Chancellor West, on behalf of the Technology Steering Committee has sent a letter to the campus presidents requesting the status of each campus relative to the recommendation discussed at the retreat.

Measures of Success: All campuses have submitted the Annual Campus Survey. The data has been scrubbed and anomalies addressed by ITS and campus staff. Campuses have been advised of the release of the annual Campus Computing Survey. This survey collects data on IT uses and practices from universities throughout the nation. CSU campuses are required to participate so that comparisons can be made between the CSU and comparable institutions.

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: <http://www.calstate.edu/BF/Newsletters/NewsLet.s.html>