



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

November 2005



BUDGET DEVELOPMENT

Patrick Lenz, Assistant Vice Chancellor

On October 27, the Board of Trustees was presented with an information overview of California's Economic Outlook and approved an action item to adopt the 2006/07 CSU Budget. The budget presentation identified the state General Fund and student fee revenue assumptions, CSU funding recommendations under the second year of the Compact Agreement funding, and a brief discussion of the Budget Challenges for the CSU. The Board reviewed the student fee recommendation that included recent fee increases, State University Grant – financial aid assumptions, and overall student fees in relationship to CSU's comparison institutions.

The 2006/07 CSU Budget recommendations were based on the revenue and expenditure assumptions consistent with the second year funding in the Compact for Higher Education. The Compact

revenue projections are based on the state increase by 3 percent of CSU's General Operations budget (\$75.8 million) and an increase of 2.5 percent for systemwide enrollment growth (\$52.7 million) to serve an additional 10,000 students in the 2006/07 academic year. The budget also proposes to increase fees for undergraduate and certificate students at 8 percent, and 10 percent for all other post-baccalaureate and graduate students. The student fee increase will generate \$79.5 million from the existing student base. The fee revenue resulting from the 2.5 percent enrollment growth will provide an additional \$27.5 million. Therefore, CSU funding from the state General Fund (\$128.5 million) and student fee revenue (\$107.0 million) is estimated to be \$235.5 million in overall increased revenue to support the 2006/07 budget.

The proposed 2006/07 CSU expenditure plan looks very similar to the 2005/06 budget approved by the Trustees in the fall of 2004. Mandatory costs are estimated at \$33.6 million to fund increases in health benefits, new space, a full-year Service-based Salary Increase (SSI), and rising energy costs. Funding at \$65.1 million is budgeted to support 2.5 percent enrollment growth (8,306 FTES) approximately 10,000 new students. While student fee increases are proposed, the CSU will set-aside 33 percent of the student fee revenue to provide \$32.7 million in revenue for the State University Grant (SUG) - financial aid. This will not only cover the fee increase for needy students who have previously been designated to receive financial aid grants, but allow the CSU to increase by 5,000 the number of SUG's available to needy students.

CAPITAL PLANNING, DESIGN AND CONSTRUCTION

Elvyra F. San Juan, Assistant Vice Chancellor

The budget anticipates 3 percent for the CSU compensation pool at a cost of \$77.4 million. In addition, the 2006/07 budget includes \$16.5 million for the first of a multi-year strategic plan to close the CSU employee salary lag that has been identified as being from 3 to 49 percent behind comparison institutions. The 2006/07 budget recommendations also include \$10 million for Long Term Need to support funding for Technology (\$5 million), Libraries (\$2.5 million) and Deferred Maintenance (\$2.5 million).

The Compact for Higher Education has provided significant funding stability that is critical in the planning process and the delivery of quality education to CSU students. The Compact funding guarantees:

- Student access to higher education
- Moderate-predictable-affordable increases in student fees
- Significant investment in financial aid through State University Grants
- Base compensation increases for CSU employees, and
- Addressing mandatory costs and long-term needs.

However, there are additional budget challenges that are a result of over \$500 million in budget reductions from previous years; demands to enhance the quality of education and time to degree for CSU students; and, meeting state public policy priorities for additional K-12 math and science teachers, K-12 special education teachers, and graduating additional nurses in baccalaureate and masters level programs. Nearly \$200 million in additional revenue above the Compact Agreement would be needed to begin funding these additional challenges. Given California's current fiscal deficit projected at \$4.3 billion, it's unlikely that state General Funds will be able to meet all the funding required for the first year costs of these additional budget issues.

Executive

CSU Facilities Management Conference 2005:

The CSU Facilities Management Conference 2005, held in late October at the Disneyland Resort, was a great success with over 450 attendees. The theme of "inspire, innovate, and achieve" was evident throughout the educational sessions and keynote addresses, all of which increased awareness of sustainability and launched discussions on the future of design, development, and operation of the university campus. Unique to this conference was the attendance of CSU and UC students, who also presented in sessions. Several CSU and UC Green Campus student interns spotlighted successful achievements in sustainability at their individual campuses at the closing general session. Their enthusiastic commitment was inspiring and a clear reminder of the mission and future of the CSU. Conference photographs can be viewed at: http://www.calstate.edu/CPDC/FPM_Conference/photos.

Capital Training Program 2006: Planning is underway for next year's capital training program. It will run from January through October 2006, and consist of 14 sessions covering planning, design, construction, California Environmental Quality Act (CEQA), and plant operations. As a result of the positive response received this year to the three sessions offered on plant issues, the expanded program includes seven trainings directed to plant operations' staff.

The first two trainings will be: Comprehensive Energy Services – Master Enabling Agreement (MEA), January 18 (south) and January 25 (north), and Power Purchasing for Renewable Energy, January 19 (south) and January 26 (north); both targeted toward plant operations' staff. Registration and additional program information will be soon be available on the CPDC Executive Website, <http://www.calstate.edu/CPDC/>, Capital Training Program.

Proposed 2006 Legislation: CPDC will propose legislation this year to allow the CSU to certify its own projects for access compliance, as it now does for adherence with the balance of the California Building Code. Current law requires that the Department of General Services, Division of the State Architect, provide this certification. CPDC proposed this legislation in 2005 as part of the Higher Education Omnibus Bill, but it was strategically removed with the intention that it be added to AB 462 (Tran), which never occurred. This legislation, if approved, would decrease the time currently needed to complete access compliance certification of capital projects, thus providing an immediate time and cost savings for the projects.

Nancy Freeland-Paice, Executive Program and Fiscal Manager

LAND USE PLANNING & ENVIRONMENTAL REVIEW (LUPER)

When AB 961, the Higher Education Omnibus Bill, became law on September 22, 2005, it provided the authority for the state to sell agricultural land in Ventura County, currently under CSU Channel Island's jurisdiction, in order to use the proceeds to acquire land next to the campus and complete improvements required by CSUCI's Environmental Impact Report. This legislation was necessary because of the obstacles encountered in trying to negotiate with the landowners based on the prior legislation, which only provided for a land exchange. CPDC is appreciative of the team effort provided by the Office of General Counsel, the Office of Advocacy and Institutional Relations (AIR), and CSUCI in providing the required arguments in favor of the legislation. Specifically, appropriate justification demonstrated why this transaction should not fall under Proposition 60A, which would require proceeds to be used to pay off the state's bond debt.

LUPER has completed an update to its State University Administrative Manual (SUAM) section changes focus on the new procedures for project site clearance, bond certification, and procedures for property acquisition. The revised

procedures improve the campuses' ability to understand and carry out trustee policy, as well as ensure adequate protection to the trustees when new property acquisitions are put before the board. Over the last several years, and intensifying this current year, a number of major property acquisitions have taken place or under consideration, using a variety of fund sources. The ultimate goal, regardless of purpose and funding, is to ensure that the acquisition is in support of the CSU mission, and that the trustees can rely on staff to make property recommendations that do not have unanticipated consequences that pose obstacles for using the property as intended. The SUAM changes will be reviewed by the Office of General Counsel and presented to the executive deans' executive committee.

David Rosso, Chief of Land Use Planning & Environmental Review

FACILITIES PLANNING

San Francisco State University has been selected to host a site visit for representatives of the Legislative Analyst's Office, the Department of Finance, CPEC, and the education subcommittees of the state legislature. The visit on November 28, 2005 will address both support budget and capital outlay.

The Board of Trustees approved the final budget for the State and Nonstate Funded Five-Year Capital Improvement Program 2006/07 through 2010/11, at the September 2005 meeting. The state funded segment of the five-year capital improvement program totals \$5.9 billion and the nonstate segment, \$3.1 billion. The 2006/07 action-year request totals \$427 million for state projects and \$86.7 million for nonstate projects. Funding for the 2006/07 state funded program will depend on passage of a general obligation bond measure in November 2006 or legislative approval for the use of lease revenue bonds. CSU anticipates that approximately \$300 million will be available for the 2006/07 program after covering the cost of issuance and program reserves.

Larry Piper, Chief of Facilities Planning

ARCHITECTURE & ENGINEERING

State Fire Marshal Increases Fees by 24%:

The State Fire Marshal (SFM) has advised CPDC that their rate for service will increase from \$113 to \$140 per hour for all CSU services, effective July 1, 2005. These charges apply equally to all CSU projects, both state and nonstate funded. Under current law, the CSU is obligated to the SFM for review and approval of plans, field inspections for capital projects under construction, and periodic safety inspections for existing buildings (a support budget cost). Since 2000, most SFM services have been funded as a part of the state General Fund. In July 2004, via Health and Safety Code 13138, the SFM was authorized, to implement a new pay-for-service model and given authority to recover its costs.

For the 2004/05 fiscal year, the SFM billed the CSU approximately \$1.2 million. The capital portion of this billing was paid from a 0.25% fee (against the construction budget) collected from all major capital projects and from the minor capital outlay appropriation. Due to the aforementioned increase, effective December 1, 2005, the fee for SFM services will increase to 0.3%. CSU is still in the process of reviewing the resubmitted SFM 2004/05 invoices to check for accuracy and cost allocation. CPDC will provide a detailed analysis of the split between capital and support costs once that review is completed.

Thomas Kennedy, Chief of Architecture and Engineering

PLANT, ENERGY, & UTILITIES

Energy Efficiency Awards: Each year Flex Your Power recognizes organizations within California for their outstanding efforts in promoting, implementing, and sustaining energy efficiency in five separate categories: Best Overall; Energy Efficiency; Demand Response Education and Leadership; and, Innovative Products and Services. This year the CSU system was selected from over 250 applicants to receive the Energy Efficiency Award in recognition of ongoing energy policy for achieving over 10% reduction in consumption. CSU San Bernardino was selected for Education and Leadership for

their sponsorship and support of the Green Campus Program. More information can be found at

<http://www.fypower.org/feature/congrats/index.html>.

Visit

<http://www.ase.org/section/program/greencampus>

for specific information on the Green Campus Program.

Electricity and Natural Gas Purchase:

Hurricanes' Katrina and Rita have created unprecedented energy prices as reflected in the recent volatile energy markets. The Electricity Contract Oversight Board (ECOB) has been tracking and planning a response to these conditions. The CSU's electricity contract expires on December 31, 2005, and the ECOB has provided direction to evaluate future direct access electricity purchases. Energy prices have moved moderately recently and the CSU is working to capture this buying opportunity. Two transmission-level service campuses, Long Beach and Fullerton, have elected to return to bundled service due to the likely short-term budget deficit that direct access would create at those campuses. Both electricity and natural gas commodities will see rate increases in the 10% - 18% range this year. Plant, Energy & Utilities is actively monitoring energy markets and will keep campuses apprised of the latest developments.

Energy Efficiency Partnership: The California Public Utilities Commission has approved the preliminary Program Implementation Plan (PIP) for 2006 – 2008 for \$45 million. CPDC issued a Call Letter for Energy Projects in October. With the new program campuses have an equal opportunity to capture up to \$36 million in direct implantation funds for Monitoring Based Commissioning (MBCx) and Retrofit projects. It is extremely important that campuses submit ALL their energy projects to CPDC on or before February 1, 2006. For additional information contact Aaron Klemm at (562) 951-4121, aklemm@calstate.edu.

Len Pettis, Chief of Plant, Energy & Utilities

CONSTRUCTION MANAGEMENT

Trustees' Omnibus Bill, AB 961: As noted above, the trustees' sponsored legislation, AB 961, was chaptered (no. 318) on September 22, 2005. One portion of the bill amends Public Contract Code Section 10708, which allows the trustees to procure a project through the use of design-build. Specifically, the amended language provides that when the design process permits the selection of subcontractors, the design-build contractor may competitively bid those portions of work. Further it specifies that the design-build contractor shall list all subcontractors whose work is in excess of one-half of one percent of the total project cost, and that once listed, these subcontractors shall have the rights provided in the Subletting and Subcontracting Fair Practices Act contained in Chapter 4.

2005-06 Construction Audits: The preliminary list of 2005-06 construction audits is as follows:

| | |
|--------------|---|
| Fresno | Science II Replacement Building |
| Fullerton | Auditorium/Fine Arts, Phase II |
| Pomona | University Village, Phase III |
| Monterey Bay | North Quad Student Housing |
| San Jose | Campus Village Student/Faculty Apartments |
| San Marcos | Academic Hall Building 13 |

Jim Corsar, Chief of Construction Management

FINANCIAL SERVICES

Dennis Hordyk, Assistant Vice Chancellor

CONTRACT SERVICES AND PROCUREMENT

(CS&P)

CS&P has added two new staff: Irene Patriotis has joined CS&P as a Contract Specialist to conduct systemwide request for proposals and to work on energy-related contracts. Irene comes to the CSU from the Metropolitan Transit Authority in Los Angeles where she was engaged in public works and service contracting. Irene's contact information is: (562) 951-4587 or ipatriotis@calstate.edu.

Melody Kojima, formerly of CSPU, Pomona, has also joined the CS&P team as a Contract Specialist. Melody will conduct public works and professional services contracting activities for the Chancellor's Office as well as systemwide contacting projects. Melody's contact information is: (562) 951-4591 or mkojima@calstate.edu.

Procurement Credit Cards: The CSU system issues approximately 3,500 procurement cards under the current systemwide contract with expenditures of approximately \$40 million annually. The CSU's contract with JPMorgan Chase Bank for procurement credit cards expires March 31, 2006. CS&P, in conjunction with the CSU's consortium partner, Educational & Institutional Cooperative Services (E&I) is currently soliciting proposals for a procurement card provider. This project is a joint effort among the CSU, the University of Oklahoma, Bucknell University and other E&I member institutions. Proposals are due December 2, and a new contract that provides cutting edge, technologically advanced administrative processes and the potential for significant revenue incentives should be in place by April 1, 2006. Additional information will be provided in the next Business and Finance Newsletter. For more information contact Linda Masterton, 562-951-4584.

CMS Implementation: Upon completion of successful negotiations in late September, a contract was signed with Unisys Corporation for Data Center Services to support the systemwide CMS project. This award is the culmination of many months of hard work by CSU staff. It resulted in a win-win contract between the CSU and Unisys that is one of the critical components of the overall CSU PeopleSoft project. The term of the contract is four years with two 2-year options for extension.

Sponsored Projects Administration: The new Sponsored Projects Administration website is scheduled to be launched in early December. Its eventual goal is to serve as a "one stop" shop for on-line information and assistance in administering sponsored programs and research. The first postings to the new site will be chapters of the CSU Sponsored Projects Policy and Procedure Manual for Chancellor's Office and

campus principal investigators and their staffs. The manual is intended to be a governing policy for the administration of sponsored programs managed by the Chancellor's Office and guidance for campuses to follow in developing their own policies and practices. Formal roll out of the manual and an announcement of training opportunities in research will be announced at the December Business Forum.

Systemwide Contracts: OfficeMax has been chosen as the system's provider for office supplies. The contract runs from August 1, 2005 through July 31, 2008 and has two, 2-year renewal options. Don Green at CSU Fullerton headed the 9-campus team that selected OfficeMax as the CSU's office products supplier. Don will also maintain the systemwide responsibility to manage the relationship with OfficeMax.

CSU has contracted with EX P.O.W. Office Products to sell a large line of Original Equipment Manufacturer (OEM) compatible laser and inkjet toner cartridges. All cartridges qualify for buy recycled content, DVBE, and small business credit and are guaranteed to perform as good or better than OEM products.

The AT&T Long Distance Services contract has been renewed through February 19, 2006; see CS&P Bulletin 05-11 for further details.

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

CSU Buy Recycled Report FY04-05: The trend continues. Thanks to the hard work by the campuses, the Buy Recycled Product efforts have again met and exceeded the legislative mandate of 50%. See <http://www.calstate.edu/CSP/Bulletins/05-10.doc> for full campus reporting figures.

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.

Tom Roberts, Director

FINANCING AND TREASURY

Trustees Sell \$541 million in Systemwide Revenue Bonds: On October 13, 2005, the Trustees of the CSU sold \$540,900,000 of Systemwide Revenue Bonds, for an all-in, true interest cost of 4.592%. These long-term bonds were used to finance 6 new campus projects for \$398 million; to refinance 7 existing CSU debt issuances for \$89 million; to refinance the Chancellor's Office Headquarters Building for \$25 million; and, to refinance 3 projects originally financed through CSU auxiliaries' bonds for \$28 million. This SRB issuance follows one done earlier in 2005 for \$802 million, and brings the total debt outstanding under the SRB program to over \$1.98 billion. The Trustees have a rating of "A" on SRB debt from Standard & Poors and a rating of "A1" from Moody's Investors Service. The Series 2005C bonds were insured with MBIA Insurance Corporation and carry an "AAA" rating.

Colleen Nickles, Senior Director

RISK MANAGEMENT

Avian Flu: Due to worldwide concerns, Risk Management will be providing the Chancellor with a briefing on Influenza A - H5N1 (Avian Flu). In addition to the briefing, CSU leadership has taken steps to prepare for a possible outbreak. These include meetings with representatives of the Student Health Centers to review current preparations and response plans, meeting with the Systemwide Emergency Planning Task Group to refresh their annexes to the campus emergency report plans, and continuing dialogue with local public health departments to ensure the CSU community is aware of any potential outbreak situations that may affect a campus. At the Chancellor's request, the Systemwide Risk Manager will also discuss the Avian Flu at the upcoming Executive Council meeting.

iVOS 3.1 Database Upgrade: The CSU will upgrade the iVOS Claims Management System

for Worker's Compensation on January 13, 2006. With assistance from Risk Management and the CSU's third party administrator, the campuses will perform detailed user testing throughout December.

CSURMA appoints a new Worker's Compensation Consultant: Jacki Graf has joined the CSURMA Program Administration team as Workers' Compensation Claims Consultant. She replaces Alice Gorman and comes to the program from Octagon Risk Services. Jacki's background includes hands-on experience with workers' compensation claims ranging from claims adjusting, claims supervision, regional claims management, claims auditing, and staff training & development. Please join Risk Management in welcoming Jacki to the CSURMA program.

Charlene Minnick, Director

INFORMATION TECHNOLOGY SERVICES (ITS)

David Ernst, Assistant Vice Chancellor

ACADEMIC TECHNOLOGY SERVICES

Learning Management Systems (LMS): Major progress with the LMS Strategic Planning program has occurred:

1. Three Academic Technology Research Reports have been issued and distributed to CSU campuses. These have dealt with various aspects of Learning Management Systems and their use in the CSU.
2. Three Learning Management System Summits have been held. A total of more than 200 people attended at least one of the meetings, including Provosts, CIOs, Directors of Academic Technology, Faculty and Staff.

Over the next few weeks Academic Technology Services will be releasing a report from the Summits and setting in place Phase II of the Strategic Planning process where the campuses will work to develop their own plans and structures. Glenda Morgan will continue visiting campuses and learning about the campus issues around LMS's. An LMS Strategic Planning

Steering Committee will also be established, as will work groups which will be tasked with further exploring topics raised during the course of the Summits.

MERLOT (Multimedia Educational Resource for Learning and Online Teaching www.merlot.org): With a collection of over 12,750 online teaching and learning materials and over 30,000 registered members, MERLOT continues to provide a valued service to faculty building their blended and online courses within the CSU. Two new higher education partners have joined the MERLOT consortium: Indiana State University and Queens College of the City University of New York. Faculty, staff, and students from around the world have been registering as members of MERLOT at over 1,100 people per month, up from 700 per month just 6 months ago. In addition to membership fees from higher education institutions and corporations, MERLOT is supported by 5 National Science Digital Library grants from the National Science Foundation (NSF).

Library Strategic Plan: The final draft of the 2005 systemwide library strategic plan has been approved by the Technology Steering Committee and is available at <http://www.calstate.edu/LS/>. The Council of Library Directors (COLD) and Chancellor's Office staff are commencing work on key initiatives of the plan, including identification of best practices for integrating library resources into learning management systems, for design of library buildings, and for creation of institutional repositories. Advancement of information literacy assessment and instruction, and continued enhancement of the CSU Electronic Core Collection and information access technologies are also called for in the plan. An overall theme of the strategic plan is the continuous identification and evaluation of developments and opportunities in information and library technology that can improve CSU library services and facilities.

COMMON MANAGEMENT SYSTEMS (CMS)

Data Warehouse: The Data Warehouse project development activities completed on schedule for

the Human Resource Student Administration 8.0 and Finance 8.4 baselines. Pilot campus activities have been scheduled, beginning with SLO's HR implementation in November and ending with Sonoma's SA implementation in February. Campus scheduling for post-pilot installations will begin in December. All data maps have been updated and posted to the CMS website. A functional overview Webcast that explains how to read the data maps was recorded and is also posted to the CMS website.

Finance Update: The Finance 8.9 Fit/Gap sessions were successfully completed on November 16, 2005. Twelve campuses and the Chancellor's Office participated in the sessions, which were held at the San Luis Obispo and Chico campuses. Fit/Gap notes from each of the sessions were compiled and are posted to the Finance 8.9 website as they are completed.

An in-person meeting of the Finance User Group (FUG) is planned for December 12th to review all the modification retrofits for Finance 8.9. In addition a Generally Accepted Accounting Practices (GAAP) meeting is planned for December 13th with the CO and KPMG to discuss findings from the fit/gap sessions and to secure ways to improve the entire GAAP audit process.

Human Resources Update: The HR team continues to focus on the 8.9 upgrade activities and is presently working on application documentation and system testing.

The Self-Service Sub-committee of the Human Resources User Group (HUG) initiated a one-day in-person session for campus representatives to review Oracle/PeopleSoft's 8.9 Self-Service capabilities on November 3rd. The session was well attended by campuses as well as CMS Central staff and provided information about ESS (Employee Self Service) across all HR modules.

The Absence Management Team is scheduled to complete initial system design by the end of November and will be presenting a design review for the HUG (tentatively scheduled for the week of December 12th).

The HR Team, in collaboration with HR System-wide has been working to develop and finalize the

Scope Document for the State Controller's Office (SCO) 21st Century project (replacing the current SCO payroll application with the new vendor application (SAP) selected this year). The CSU related project is scheduled to officially kick-off in the early part of 2006.

Student Administration Update: The SA (Student Administration) go-live activity remains on schedule for the campuses. San Luis Obispo is currently rolling out their Admissions Self Service functionality and preparing for their Financial Aid go live starting in February 2006 and continuing a phased rollout through the year.

The SAIC (Student Administration Implementing Campuses) have met in person to discuss the Facilitating Graduation Initiatives approved by the Board of Trustees. The team is focusing on how CMS can facilitate the implementation of those initiatives. The team is evaluating the use of the Oracle/PeopleSoft software to assist in achieving the goals of the initiatives and identifying the status of resources for each initiative. Resources fall in a variety of categories including existing functionality in CMS, necessary or desired enhancements to existing functionality, development of new baseline functionality, and functionality development that may require the involvement of Oracle.

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 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. (As a new campus, Channel Islands was not part of the first round build-out) Current projections indicate that the entire Stage 1 component of the TII program will be finalized early in 2007.

Stage 2: All campuses have either completed or are actively engaged in Stage 2 activities. Humboldt was the most recent campus to complete Stage 2 and Sacramento and Pomona will soon follow.

TIS and campus representatives are designing the methodology that will be used to refresh network equipment installed in Stage 2. Planning for the refresh cycle will continue through the remaining months of 2005 and a pilot implementation is planned for spring 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):

Implementation of the latest NMS version is now complete on all 23 campuses. This new version updated the network management tools that allow campuses to monitor and measure their network performance and identify points of failure. It also coincides with current vendor software releases.

TIS is now 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 data will continue to be gathered from the remaining campuses over the next four months.

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. The Network Technology Alliance (NTA) has proposed a model that utilizes a centralized application and database support facility capable of supporting all CSU campuses.

TIS initiated the application and database support center, and Dominguez Hills agreed to serve as a pilot implementation campus. A demonstration of the pilot implementation was presented at the

October NTA meeting. Project milestones continue to be realized, as plans are being developed for additional installations for the San Luis Obispo, San Francisco and Pomona campuses.

Campus Access Infrastructure Initiative (CAI):

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

The San Francisco and Sonoma campuses recently completed the first phase of their CAI implementation which provided new high speed connections. The other campuses that have completed this first phase of CAI are Northridge, Chico, Stanislaus, Humboldt, and Fresno.

Progress continues on the planning and construction work related to providing high speed connections to Pomona, San Bernardino, Monterey Bay and the Maritime Academy.

Negotiations for services at the remaining campuses are nearing completion.

INFORMATION SECURITY

CSU Security Plan: The Information Security department of ITS in cooperation with the campus Information Security Officers (ISO) released a Request for Proposal (RFP) to develop a CSU Security Plan. This RFP includes provisions for campuses to develop individual campus security plans or to conduct campus security assessments. The response to the RFP was excellent with 19 bids received for evaluation.

Security Policies: The Information Security Officers are also collaborating in the development of various security policies and practices for the CSU systemwide. The ISOs are currently drafting and reviewing policies for Data Classification;

Access Control; Roles and Responsibilities; Acceptable Use; and, Data Retention.

TECHNOLOGY ADVICE AND POLICY

Measures of Success: The November 2005 edition of the Measures of Success (MOS) will be mailed in early December. MOS is provided to the legislature yearly. It charts progress that the CSU has made on the Information Technology Strategy initiatives as a result of the building of a comprehensive, minimum baseline technology infrastructure.

SYSTEMWIDE QUALITY IMPROVEMENT

Best-Selling Author and Expert on Workplace and Social Trends to Speak at CSU Quality Improvement Symposium: Lynne Lancaster, one of today's foremost cultural translators and an expert on interpreting different generations in the workplace will be the keynote speaker at the California State University Quality Improvement Symposium on February 23, 2006 in Los Angeles. The symposium provides members of the CSU community and other universities a wonderful opportunity for learning and networking through various concurrent breakout sessions and case studies on quality improvement, streamlining processes, and getting results.

A sought-after expert on workplace and social trends, Lancaster has been a guest commentator on CNN, CNBC and National Public Radio. Her by-line has appeared in numerous publications such as *The Futurist* and *Nation's Business*, and she has been interviewed in a wide range of national publications including *The Wall Street Journal*, *TIME* magazine, *The Los Angeles Times*, *Success* magazine, and *The Washington Post*.

Lancaster is co-author of the best-selling business book *When Generations Collide*—a consistent favorite among CEOs—and an engaging, informed and entertaining speaker. She advises leaders, managers, and employees alike on how to conduct business more successfully. She is a summa cum laude graduate of the University of Minnesota.

Breakout tracks at the conference will provide a forum for campuses to share information and experiences in improving administrative efficiency, effectiveness, and service in areas such as student administration, finance, and human resources; and how campuses are maximizing and extending the capabilities of CSU administrative systems and campus portals. Other tracks will focus on campus experiences with accreditation and assessment, and implementation of quality frameworks and initiatives.

A few of the breakout session topics include:

- Strategic Planning
- Experiences with the New WASC Accreditation Process
- Current Trends in E-Learning
- Balancing Innovation and IT Security
- Six Sigma and Process Improvement
- Data Warehousing

The Symposium will be held at the Crowne Plaza Hotel Los Angeles International Airport. For more information or registration go to http://www.calstate.edu/qi/symposium/qi_symposium.shtml or contact Robyn Pennington at (562) 951-4552.

Call for QI Award Nominations: Since 2000, the CSU has presented awards to campuses annually in recognition of outstanding quality improvement program achievements across the system. For 2005/06, a new award category recognizes innovative practices at CSU campuses.

This year, a representative systemwide committee will review nominations from across the system and determine awards. Awards will be presented at the 2006 CSU QI Symposium luncheon on February 23, 2006, at the Crowne Plaza Los Angeles International Airport (LAX) Hotel.

We invite your nominations for the following:

- Distinguished Service in QI Award
- QI Facilitator of the Year Award
- QI Function Chair of the Year Award
- QI Champion of the Year Award
- QI Team of the Year Award
- Innovative Practice Award

Award criteria, nomination forms, and submission instructions can be found at www.calstate.edu/qi. Nominations will be accepted until Friday, January 6, 2006. For additional information, contact Robyn Pennington at (562) 951-4552 or rpennington@calstate.edu.

Matthew Ceppi, Director

ADVOCACY & INSTITUTIONAL RELATIONS

Karen Y. Zamarripa, Assistant Vice Chancellor

AIR Welcomes New Staff Member: As a result of the changing role and expanded mission of the Advocacy & Institutional Relations office, AIR recently added a staff member, Michele Perrault who joined the AIR team in October to assist with external legislative advocacy efforts including alumni advocacy mobilization, ballot initiatives, public information campaigns and other internal and external activities. In addition, she provides staff support and assistance to the California State University Alumni Council and the 23 campus alumni offices.

Before coming to the CSU system, Michele was the Director of Communications for the California Rehabilitation Association (CRA), where she implemented and ran the statewide association's grassroots outreach initiative. Prior to working for the CRA, Michele was with the California Chamber of Commerce's Communications Department and was in charge of media outreach.

Michele and her husband Marc reside in Plumas Lake with their 10-month old son, Andrew. Please welcome Michele to the CSUCO "family."

Campus Based Advocacy Team Conferences: This year's Fall Campus Based Advocacy Team Conference was held on October 21 in Sacramento. The conference focused on educating campus teams, including advancement vice-presidents, campus legislative liaisons, public affairs officers, and representatives to the CSU Alumni Council (Director and volunteer), on the complexity of the issues and choices facing policy makers, and how to be effective advocates. In addition, participants were provided a full briefing on the Communications and Advocacy plan in the

hopes of getting their feedback and recommendations on next steps. Finally, attendees were given a first overview of the CSU's newest tools, the e-advocacy system targeted for full implementation by June 2007.

More than 70 participants from 20 campuses heard from former Assembly Member Phil Isenberg, Chris Turner with Simpson Communications, Greg Nelson with Kintera, Inc. and Assistant Vice-Chancellor Karen Y. Zamarripa.

Regional Advocacy Meetings: The Regional Advocacy Meetings are a follow-up to the fall system-wide session. They are divided between Northern and Southern California to ensure each campus is able to bring members of their campus-based team as well as other campus supporters involved in advocacy efforts for the CSU. In addition, each campus is asked to identify and invite leaders from their community and campus networks that are going to play an active role in CSU efforts to influence the state budget, legislation, and participate in the advocacy and communications campaign. The sessions are being held as follows:

- January 27, 2006 – Southern Regional Training Session at CSU, San Marcos
- February 3, 2006 – Northern Regional Training Session at San Jose State University

Alumni Legislative Day March 2006: In keeping with the new emphasis on community advocacy, there are some changes to the CSU's traditional Legislative Day event. In 2006, the CSU Legislative Day will be refocused on CSU alumni as advocates and champions. The event will now become optional for the campus presidents, but they are still strongly encouraged to participate. Alumni Directors and Campus Alumni Association leaders will work in partnership with the campus legislative liaisons to recruit alumni and champions to participate in the day's events including afternoon legislative visits. This shift is being made in the spirit of getting non-CSU employees to begin actively carrying the message to their local legislators, as is proposed in

the new Strategic Plan for the CSU Alumni Council (CSUAC) and of course, the Communications and Advocacy plan. We also believe that legislators will, over time, become more responsive to the needs of the CSU if local constituents are carrying the message for us.

The morning session will be dedicated to preparing the alumni and champions on the key issues and messages for their afternoon legislative visits. The lunch would continue to focus on the achievements of alumni, including Legislator of the Year awards (and the current process for selection).

In a change designed to unify CSU's alumni community, with the unanimous endorsement of campus Alumni Directors, the evening reception will be hosted entirely by the 23-campus alumni associations with invitations extended to Sacramento-based alumni as well as legislators and staff. Each campus will have a table with its association and campus items. We are hopeful that the new emphasis will bring positive changes to our advocacy efforts.

New Legislative Proposals Under Review: Now that the Legislature is in interim break, and the special election has come and gone, AIR will begin to focus on the next legislative year. More than twenty individual proposals are under review by AIR staff, with assistance from Business and Finance, and other areas of the Chancellor's Office. More than half of these proposals originated in the Business and Finance division, with ideas ranging from technical adjustments to financing for dormitories to a remedy for the newly revealed liability problems for clinical internships. The proposals will be analyzed and presented to the Budget Team, the Chancellor's Cabinet, and to the Executive Council. At each stage, the proposals will be refined, so that when they are ultimately presented to the Board of Trustees in January, they will be fully developed and ready to introduce in the Legislature. Getting them "ready for prime time" is a true team effort.

Summary of 2005 Business and Finance Legislation: This summary is by no means a complete list of bills sent to the Governor's desk that affected the University, and more particularly,

the Business and Finance Division. However, the bills below can give you a flavor of how the Governor looked at legislation and policy issues impacting the operations of the academic world. His actions on issues that affect state government are consistent with his previously stated views that government should become simpler and easier to operate.

Assembly Measures

AB 54 (Negrete McLeod) Surplus Property Sales and Transfer: This bill would have authorized the Departments of General Services and Transportation to sell, exchange, or lease specified parcels of state property for fair market value and would also authorize DGS to transfer some of these specified parcels.

Status: AB 54 was vetoed by the Governor. In his message, he said the reason for veto is that the bill did not include the usual exemption from CEQA for these sales or transfers.

AB 76 (Frommer) Office of Pharmaceutical Purchasing: The bill would have created a new Office of Pharmaceutical Purchasing to serve as the purchasing agent for prescription drugs for state agencies, including the CSU.

Status: AB 76 was vetoed by the Governor. In his message, he said he is supportive of reducing costs for pharmaceutical purchases, but does not want to create a new bureaucracy. He is asking DGS and others to work together on new means of reducing costs.

AB 200 (Leslie) California Renewable Portfolio Standard Program: This bill allows PacifiCorp and Sierra Pacific Power to count out-of-state renewable resources toward its energy portfolio.

Status: AB 195 was signed into law, Chapter 50, Statutes of 2005.

AB 380 (Nuñez) Electricity: This bill requires the PUC, in consultation with the Independent System Operator, to establish and enforce resource adequacy requirements.

Status: AB 380 was signed into law, Chapter 367, Statutes of 2005.

AB 414 (Klehs) Labor Compliance: This bill specifies that a third party may not review its own payroll records, or those of its subcontractors, but

instead shall contract with a third party for those services.

Status: AB 414 was signed into law, Chapter 606, Statutes of 2005.

AB 575 (Wolk) Electronic Waste Recycling:

This bill makes technical changes to the existing Electronic Waste Recycling Act of 2003 to provide additional flexibility for electronic leasing companies or vendors in the collection or payment of the electronic waste recycling fee.

Status: AB 575 was signed into law, Chapter 59, Statutes of 2005.

AB 593 (Frommer) State Property: California Hope Endowment and California Hope Public Trust:

This bill would have established the California Hope Public Trust to build an endowment for higher education using state real property investments and management. CSU was deleted from the measure.

Status: AB 593 was vetoed by the Governor. In his message, he indicated concerns that the bill was inconsistent with Proposition 60A, approved by voters last year, which requires revenues from sale of surplus property be used to retire debt.

AB 701 (Nava) State Buildings: Energy and Design Criteria:

This bill would require that all state buildings, on which construction or renovation is begun on or after January 1, 2006, attain a LEED Platinum rating, as defined, no later than January 1, 2015.

Status: AB 701 was heard in Assembly Business and Professions Committee, was held without recommendation, but is NOT likely to move in 2006.

AB 1690 (Laird) University of California: Municipal Services:

This bill would have required the Legislative Analyst to conduct a review of the processes used by the University of California in creating its Long Range Development Plans, that includes the impacts on local government and a review of how those impacts can be best mitigated.

Status: AB 1690 was vetoed by the Governor. The following is most of his message: "Requesting the Legislative Analysts Office (LAO) to conduct a review and issue a report does not require legislation. Any member of the

Legislature may request the LAO to conduct a study. This bill was amended five times, was heard in five different committees, and debated and voted on by members in both the Assembly and Senate. After thousands of state taxpayer dollars were spent during that process, the ultimate end product resulted in a bill that is not even necessary, since its objective can be accomplished simply by sending a one-page letter to the LAO requesting the information. For this reason, I am unable to sign this bill."

ACR 34 (Liu) Space and Utilization Standards:

This resolution recommends that the state's three public higher education segments: 1) utilize, for higher education facilities development, the space and utilization standards recommended by the CPEC in a 1990 report; 2) use the standards as guidelines to be applied on a campus-specific basis rather than a project-by-project basis; and 3) report biennially to the DOF, the LAO, and CPEC on their utilization of classrooms and teaching laboratories.

Status: ACR 34 was not heard in Assembly Appropriations Committee, but was re-referred back to Assembly Higher Education Committee, and NO action is likely to be taken in 2006.

ACR 56 (Chu) CSU Budget Accountability:

This measure would urge each campus of the CSU to provide a detailed accounting of budget allocations and expenditures of state General Fund moneys in specified budget categories in accordance with prescribed annual deadlines.

Status: ACR 56 was not heard in Assembly Appropriations Committee, and was dropped by the author.

Senate Measures

SB 115 (Florez) California Disabled Veteran Business Enterprise Program:

This bill makes various changes to the DVBE program, including requiring the DGS to establish a DVBE participation incentive to bidders that would be mandatory for all state agencies, and requiring the Department of Veterans Affairs to establish a method of monitoring adherence to the DVBE participation goals.

Status: SB 115 has been signed into law, Chapter 451, Statutes of 2005.

SB 245 (Battin) Department of General Services: Use of State Property: This bill requires the DGS to make the final determination on the use of state-owned and state-leased property under its jurisdiction, requires the department to use cost efficiency as the primary criterion in its decisions, and requires that existing state property be used prior to new property.

Status: SB 245 has been signed into law, Chapter 107, Statutes of 2005.

SB 271 (Scott) Charitable Gift Annuities: This bill allows a grants and annuities society that offers a charitable gift annuity to invest up to 50% of the reserve assets in exchange-traded funds and mutual funds.

Status: SB 271 has been signed into law, Chapter 253, Statutes of 2005.

SB 381 (Denham) Charitable Annuities: Exemptions: This bill authorizes a grants and annuities society that is also licensed as a life and disability insurer to offer a variable annuity, including the elimination of certain regulatory and reporting requirements.

Status: SB 381 has been signed into law, Chapter 173, Statutes of 2005.

SB 439 (Simitian) Public Records Act: Disclosure: Public Investment Funds: This bill adds exemptions to the PRA in order to prevent venture capital firms and hedge funds from denying access to their investments.

Status: SB 439 was signed into law, Chapter 2587, Statutes of 2005.

SB 648 (Margett) CEQA: Lead Agencies: Determinations: This bill establishes time periods for public review and comment by state agencies with respect to Environmental Impact Reports, including clarification of the meaning of “dispute” when the OPR is required to designate a lead agency.

Status: SB 648 was signed into law, Chapter 267, Statutes of 2005.

SB 759 (Maldonado) Public Works: Payroll Records: This bill authorizes computer printouts of payroll records to be used to meet the record retention requirements to verify payment of prevailing wage rates.

Status: SB 759 was signed into law, Chapter 500, Statutes of 2005.

SB 860 (Bowen) Credit Card Processing Fees: State Agencies: This bill would have prohibited the CSU from imposing any processing, transaction fee or charge for a payment made by credit card.

Status: SB 860 passed from the Senate, was not heard in Assembly Banking and Finance, and was dropped by Author.

SB 940 (Torlakson) Public Works: This bill would have required the Department of Industrial Relations to publish on its website the prevailing wage rates for residential construction.

Status: SB 759 was vetoed by the Governor. In his message, he said that there is insufficient data to correctly determine residential wage rates, which has caused some low income housing projects to pay the higher commercial rates. He asks that a bill be sent that solves that problem, which this bill does not address.

SB 1106 (Lowenthal) Public Contracts: Recycled Goods: This bill consolidates, updates, and clarifies existing recycling laws, eliminates duplicative provisions, and establishes or restates recycling goals and reporting requirements of state agencies in accordance with specified timeframes, as provided.

Status: SB 1106 was signed into law, Chapter 590, Statutes of 2005.

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
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.