

# Business & Finance NEWS

Business and Finance Division

Richard P. West, Executive Vice Chancellor and Chief Financial Officer

September 2006

## **CAPITAL PLANNING, DESIGN AND CONSTRUCTION**

Elvyra F. San Juan, Assistant Vice Chancellor

### **EXECUTIVE**

**Capital Training Program:** As noted in the July Business and Finance newsletter, there are three outstanding trainings remaining in this calendar year. Please check the website (<http://www.calstate.edu/CPDC/Trq2006.shtml>) for further information on these trainings.

The scheduling for the 2007 training program is complete. This comprehensive program reflects welcomed campus input from the Physical Plant Directors and the Executive Deans. Registration will open later this fall, but please visit the website (<http://www.calstate.edu/CPDC/Trq2007.shtml>) so that the training dates can be reserved on your 2007 calendars. The training program will no longer be referred to as the 'Capital Training Program,' but rather the Training Program under the CSU Facilities Management Institute. This distinction highlights the inclusion of topics in physical plant management and energy conservation as well as capital program development and management.

CSU Facilities Management Conference 2007

Save the dates, *November 4 – 7, 2007*, for the next CSU Facilities Management Conference. The location will be announced in November.

*Nancy Frelander-Paice, Executive Program and Fiscal Manager*

## **FACILITIES PLANNING**

The 2007/08 Capital Outlay Program and Five Year Capital Improvement Program 2007/08 through 2011/12 are proposed for approval by the trustees at the September 2006 board meeting. The 2007/08 program totals \$513.5 million of which \$391 million is being considered by the trustees for state funding based on the November 2006 1D

ballot measure. The program includes Nursing Renovation projects at ten campuses, equipment for 11 projects nearing completion of construction, \$20 million for Minor Capital Outlay projects, and \$50 million for Capital Renewal projects as well as seven continuing projects and six new starts. The budget included in the 2007/08 Capital Outlay Program 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. The 2007/08 program also includes \$248 million for non-state projects. The state funded needs of the five-year capital improvement program totals \$5.9 billion and the non-state funded segment, \$3.6 billion.

The Governor's Higher Education Compact with the CSU and the UC supports future capital outlay funding from general obligation or lease revenue bonds to finance high priority facility projects. Funding for the 2006/07 and 2007/08 capital programs is proposed through a combination of previously approved general obligation bond measures (\$20 million) and additional funding from the November 2006 general obligation bond initiative (Proposition 1D) (\$371 million) in accordance with the Governor's Compact.

The Facility Cost Guide for the 2008/09 Capital Outlay Program anticipates that projects bidding in 2008 will experience an increase of at least 5 percent beyond the currently recognized California Construction Cost Index (CCCI) of 5 percent per year. The CSU construction cost guideline for 2008/09 has thus been revised to incorporate an overall 10 percent cost increase over the prior budget year for all types of state facilities. This is due to the forecasted escalation in energy, construction labor, and building material costs as well as building code changes related to accessibility and fire safety standards and by added costs required to support trustee policy goals of durability and sustainability.

Representatives from the Department of Finance and the Chancellor's Office conducted site visits at

CSU Los Angeles, Cal Poly Pomona, and CSU Channel Islands on August 1 and 2, 2006. The campus tours provided an overview of current and proposed capital projects that support the campuses' academic, housing and master plan development. Of special interest this year were presentations of recently funded capital renewal projects. A site visit at the CSU Sacramento campus is scheduled for this fall.

*Larry Piper, Chief of Facilities Planning*

## **LAND USE PLANNING & ENVIRONMENTAL REVIEW (LUPER)**

### **The City of Marina Court Decision and California Environmental Quality Act (CEQA):**

The recent decision in The City of Marina court case found that the attempt by local public agencies to assign to a campus a portion of the cost of environmental mitigation arising from campus operations is not a tax or an assessment and that the CSU, therefore, does not enjoy a constitutional immunity from its share of these costs. The court characterized the campus obligation as a "voluntary" payment, and further stated that the CSU has an obligation to negotiate with the local public agency to establish its fair share and to seek cost recovery from the legislature through the budget process. Because the court characterized the environmental mitigation payments as "voluntary," the CSU has the ultimate discretion to determine its fair share subject only to a challenge of abuse of its discretion.

A working group of campus representatives from Bakersfield, Dominguez Hills, Fresno, Monterey Bay, San Marcos, Sonoma and Chancellor's Office staff will meet in September and October to develop negotiating guidelines and budget strategies to address the impact of this court decision. CSU CEQA Guidelines will likely be revised.

**Lease Revenue Bond Refinancing:** The State Department of Finance (DOF) and Treasurer's Office are going forward with the refinancing of lease revenue bonds with a \$300 million bond sale in October. This sale will include 17 CSU projects from the 1996 A bond series. Campuses were instrumental in meeting DOF deadlines for response by timely providing the necessary information that related to the 17 projects. CPDC is currently working with the state and campuses on

the clearance necessary for refinancing the 1993 A and 1997C bond series.

**Campus Master Plan Map Database:** Every spring CPDC requests and compiles the systemwide five-year capital improvement program. This year, in an effort to enhance both communications with campuses and overall organization, LUPER developed and launched an interactive Master Plan Database website. The website is a repository for all CSU campus master plan maps. Campuses are encouraged to submit their maps via the site, and CPDC in turn is able to comment on the maps and pose questions or request revisions. The campus may then respond to the queries and/or upload an improved master plan map file. The site proved to be a successful mechanism for CSU staff to collaborate and ultimately produce accurate master plan maps. To increase the usefulness of this resource, LUPER plans to incorporate links to SFDB (Space and Facilities Database) and Land Record information within the maps to further the department's analytical capabilities in future program cycles.

*David Rosso, Chief of Land Use Planning & Environmental Review*

## **ARCHITECTURE & ENGINEERING**

**Sustainability:** In support of the CSU Board of Trustees' policy, the Sustainability Advisory Committee (SAC) convened for two days of meetings at the Office of the Chancellor early in August and began the process of developing the CSU Sustainability Measurement and Verification System. On August 10, training occurred on the LEED (Leadership in Energy and Environmental Design) rating system, an established methodology of sustainability currently in use in the United States. On August 11, the SAC met to discuss the previous day's training as well as the meaning of sustainability for the CSU. Directives were given to the five SAC subcommittees (planning, design, construction, energy, and plant) to assess the LEED system with respect to the capital outlay program as well as to the development of the CSU sustainability metric system. These subcommittee assessments will be presented at the end of September when the SAC reconvenes.

**The Changing Face of CSU Libraries:** Can you visualize a library without books? That might be a bit extreme, but even a casual observer will have already noted that a shift in emphasis in how libraries are used is well underway. Just how these

repositories of information will likely be used in the future is under active consideration. Since libraries play a central role in the academic mission and by extension, the capital program, an understanding of what could make them more effective is vital.

In August, CPDC design and planning staff met with senior representatives of the CSU's Council of Library Directors (COLD) to discuss strategic planning for future CSU libraries. The purpose of this meeting was to exchange information so that COLD members better understand the capital design and development process and the critical role that space and entitlement standards play in project funding decisions. CPDC shared predictions on future capital budgets and provided an update on current construction cost trends. CPDC in turn became better informed about library usage trends and core values of the librarian community.

Libraries have been so closely associated with books that one might think that warehousing books is a library's prime function. In fact, a library's primary purpose is to facilitate the *transfer* of knowledge. While books, periodicals and other reference works figure prominently in current library design, 'how this information is accessed' is changing rapidly. The university library customer wants ready access to digital media and Internet searches. Parallel to this rise in virtual interconnectivity is a huge and growing demand for group study rooms and a marked preference for larger open reading rooms; the classic individual reading carol is diminishing in perceived value.

There is general agreement that the heart of the library is a robust reference desk and companion reference section. The physical size of a collection, t once seen as the measure of a good library, is likely to figure less prominently in the future. As reported in the July 31, 2006 edition of Newsweek, the printing of books on demand is now occurring on a limited trial basis and scheduled to be more widely tested at the New York Public Library this fall. The trend bears close watching. The ramifications of this technology on future library configurations will be dramatic.

The CSU's capital budget is constrained by available funds and escalating construction costs. Future construction must maximize its added value by focusing on the key needs that emerged as priorities: the library user, first-class reference access, and increased group study and open reading areas. Reconsidering physical collection sizes and revisiting the potential for remote or joint

warehousing of low circulating portions of physical collections were identified as potential high-value options that would work to align future needs with projected funding.

*Thomas Kennedy, Chief of Architecture and Engineering*

## **PLANT, ENERGY, & UTILITIES**

**Physical Plant:** Campuses are encouraged to sign up for Flex Your Power Now "Flex Alert" email notifications. The Flex Alert notifies CSU campuses when they should follow specific conservation and load-shifting measures to reduce electricity use, immediately. The Flex Alert is used to prevent Stage One Electrical Emergencies – times when electricity reserves are low. The California Independent System Operator (CAISO) triggers the Flex Alert based on system conditions or forecasted demand. Flex Alerts are regionally targeted to where the system is stressed. In order to receive Flex Alerts sign up at [www.fypower.com/now](http://www.fypower.com/now).

**Plant Director's Meeting:** The next quarterly meeting of the CSU Plant Directors will take place September 29 at San Jose State University, to coincide with PCAPPA's (Pacific Coast Association of Physical Plant Administration) 2006 Annual Meeting being hosted by the campus (<http://www.sjsu.edu/fdo/wwwroot/default.asp>).

Topics scheduled to be on the plant directors' agenda include Facility Condition Assessments, CSU/SETC labor negotiations, and Capital Renewal project planning. The Arc Flash subcommittee will also provide information concerning the content of the scheduled 2007 CPDC Arc Flash training class.

**CSU Captures a \$2 Million PG&E Grant:** CSU recently completed a quick turnaround lighting retrofit project at four northern California campuses. PG&E, through the UC/CSU/IOU (Investor Owned Utilities) Energy Efficiency Partnership (<http://www.uccsuioeee.org>), offered CSU this grant in exchange for energy savings if the project could be complete in four months and achieve the required energy savings. Using the systemwide Energy Services Agreement (ESA), the project was approved on February 14, 2006 and successfully completed before June 30, 2006. At the completion of the project, PG&E officially confirmed that the project met the savings goal of 4 million kWh and exceeded the kW savings goal by 15%. This single project will avoid over \$700,000 a year in electricity

costs for the CSU. The team effort between CSU campus staff, Chancellor's office staff and the ESA vendor was integral to the success of the project.

*Len Pettis, Chief of Plant, Energy & Utilities*

## **FINANCIAL SERVICES**

*Dennis Hordyk, Assistant Vice Chancellor*

## **CONTRACT SERVICES AND PROCUREMENT**

**Online Bidding Service User Conference:** Ten locations of the CSU subscribe to an on-line bidding and bidder management service called BidsOnline

(<http://www.planetbids.com/Bidsonline.cfm>). In response to requests by the CSU and other customers the suppliers of the service will hold their first annual users conference on October 10, 2006 to bring users together and create a forum for information and practice exchange. The first users conference will be held at the Chancellor's Office and will include presentations of new and upcoming features such as receipt of online formal bids and vendor insurance management. Additionally, user agencies will make presentations on their unique practices using the BidsOnline product including one by the City of Long Beach on how it uses the system in Public Works contracting.

To register for the conference, go to <http://www.planetbids.com/PBConference06.cfm>.

For further information or questions contact Tom Roberts ([troberts@calstate.edu](mailto:troberts@calstate.edu)) or call (562) 951-4583.

## **OFFICE OF RISK MANAGEMENT**

### **Governor's Employee Safety Awards (GESA):**

On August 18, 2006, eleven California State University campuses were recognized for the outstanding achievements of various employees in creating a safer workplace. The awards ceremony and subsequent luncheon were held at CSU, Sacramento. The campuses included Channel Islands, Chico, Fresno, Fullerton, Long Beach, Northridge, San Francisco State, San Luis Obispo, San Marcos, Sonoma State, and Stanislaus. The individual employee and group achievements and pictures will be featured shortly on the Systemwide Office of Risk Management's website. Congratulations to the employees who went the extra mile!

**Student Professional Liability and New Executive Order 986:** On August 1, 2006, a new insurance policy became available to cover "professional liability" of enrolled students in a CSU

Health Profession practicum or a CSU Education credential program. Executive Order 986 authorizes the campus presidents to establish a Student Professional Liability Insurance fee.

### **Fitting the Pieces Together Conference:**

Registration for the 2006 Fitting the Pieces Together Conference is now available on-line at [http://www.calstate.edu/risk\\_management/training/](http://www.calstate.edu/risk_management/training/).

This year the conference will be held November 6-8, 2006, at the Hilton Arden West, in Sacramento. It features exciting and relevant sessions for all Risk Management disciplines including, but not limited to, Environmental Health and Safety, Emergency Planning, Human Resources, Student Affairs, and Workers' Compensation. This is an opportunity to meet with peers and share ideas. Find out how your piece fits into the puzzle by registering today!

*Charlene Minnick, Senior Director*

## **SYSTEMWIDE FINANCIAL OPERATIONS**

Systemwide training on The Fee Revenue Management Program will be conducted on October 23rd and 24th at the Westin Hotel at LAX. For hotel reservation and registration information, contact Lorena Martinez at 562-951-4598 or Tracy Daniels at 562-951-4599. Additional information on the program can be found on the Business and Finance website at: [http://www.calstate.edu/BF/rmp/Meeting/CSU\\_Cas hMgmtPlan\\_print.pdf](http://www.calstate.edu/BF/rmp/Meeting/CSU_Cas hMgmtPlan_print.pdf)

## **SYSTEMWIDE FINANCIAL STANDARDS AND REPORTING**

The campus Financial Reporting Packages are due in the Chancellor's Office on October 18th via the Web using the recently implemented "YES" (YEAR END SYSTEM) obtained from APLEX that replaces the Excel spreadsheets of prior years. The CO has downloaded data from prior years' for comparison and has conducted training with the GAAP (Generally Accepted Accounting Principles) coordinators on this system. Please forward all financial reporting questions to George Ashkar at 562-951-4671 or via email to [gashkar@calstate.edu](mailto:gashkar@calstate.edu).

The KPMG audit teams have begun their fieldwork at four campuses to date and anticipate eight additional teams beginning on September 11th and the remaining twelve on September 18th. The CO team will be conducting weekly progress

conference calls with KPMG and will be contacting campus management on key issues with particular attention to the published submission dates. For more information/questions, please contact George Ashkar at [gashkar@calstate.edu](mailto:gashkar@calstate.edu) or Dennis Hordyk at [dhordyk@calstate.edu](mailto:dhordyk@calstate.edu).

*Senior Director, Controller, Financial Services,  
Accounting*

**INFORMATION TECHNOLOGY. SERVICES (ITS)**  
*David Ernst, Assistant Vice Chancellor*

## **TECHNOLOGY INFRASTRUCTURE SERVICES**

**Infrastructure Build-Out Project - Stage 1 and Stage 2:** Stage 1: Seventeen of the twenty-two campus projects in the build-out program can now be reported as complete, and three of the final five are making satisfactory progress. Assuming timely resolution of the contractor issues delaying the remaining two, reasonable schedule projections still indicate that the entire Stage 1 component of the TII program should be finished in the early months of 2007.

Stage 2: While the two campuses that have encountered Stage 1 delays have put their Stage 2 designs on hold, the remaining campuses continue to make significant progress. Chico and Fresno are nearing the completion of their physical designs, while Fullerton, Monterey Bay and San Diego are at various points in their implementation phase. The fifteen other campuses have all completed their Stage 2 implementations.

*(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.)*

**Infrastructure Terminal Resources Project II (ITRP 2):** ITRP 2 is the first refresh cycle for the network infrastructure installed as a part of Stage 2 of the Technology Infrastructure Build-Out Project. The program is intended to enable campus networks to stay current with network technology and address evolving requirements. ITRP 2 will include four technology areas of focus:

1. Routing and switching (providing network connectivity and data transfer)
2. Wireless networking (providing users with connectivity without having to 'plug in' to a jack)

3. Network security (preventing unauthorized network access)
4. Network management systems (allowing monitoring of network performance)

The Network Technology Alliance (NTA) network security working group has four subgroups to define the following components of the network security implementation: operational practices, design and implementation, deployment and configuration, and project management. The alpha implementation will be conducted at Humboldt and will begin in October.

NTA's wireless working group has concluded its four-week "bakeoff" process at the Chancellor's Office West Ed facility. Four manufacturers' solutions were tested and the group will begin evaluating the scores and reviewing the financial analysis in the coming weeks.

**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.

ITRP2's steering group is in the process of forming an NTA NMS working group that will develop the next iteration of NMS. The group will identify the campus operational needs and the NMS functional requirements. Product recommendation based on the testing of solutions against those requirements will follow.

The NTA ITRP 2 Development Steering Group is also moving forward on the development of a multi-campus collaboration center. The intent is to leverage the strengths of each campus by sharing resources to provide an effective NMS solution. The services that could be offered include, but are not limited to, hosting of the servers, administration of the server operating systems, and administration of the network management applications. The idea is to leverage the varied expertise of each campus in supporting the servers and applications, thereby freeing staff time to allow for better management of campus network with those applications. A working group of four campuses will be formed this month to develop and implement a Campus Collaboration Center (C3) as a pilot and proof of concept. If successful, the concept could be expanded beyond network management to other disciplines.

**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. Implementation is underway on the first wave of campuses and TIS has established a centralized application and database support center to minimize campus resource requirements for NIAMS deployment.

Campuses that have elected to implement this asset management systems program continue to achieve their milestones. The San Luis Obispo, Los Angeles and Dominguez Hills campuses are now in production; San Jose, Monterey Bay, Pomona and San Marcos campuses will implement within the next five months. Beginning January 2007, San Francisco, Chico, East Bay and Northridge campuses will start staging for implementation.

The NIAMS Implementation Team made an annual report presentation to the Network and Technology Alliance (NTA) in July, where project achievements and goals for 2007 were outlined. Progress on two deliverables, the NIAMS application desk reference and the best practices guide, was discussed. The implementation team continues its work on the creation and publication of this reference material.

**Campus Access Infrastructure Initiative (CAI):** The Campus Access Infrastructure Initiative (CAI), the system-wide program that will install and maintain the infrastructure required to connect each campus local area network (LAN) to the CENIC wide-area network backbone (CalREN), is well underway. This project consists of two phases: installing enhanced network cabling and providing managed fiber circuit connections. Installing these cables and fiber circuit connections will provide improved network reliability, while enhancing network capacity and increasing its stability.

The following campuses now have dual, diverse network connections: Bakersfield, Chico, Dominguez Hills, Fresno, Fullerton, Humboldt, Northridge, San Francisco, San Jose, Sonoma, and Stanislaus. Cutovers for Channel Islands, the Chancellor's Office (CO), and the WestEd facility in Los Alamitos will occur soon. Special cabling construction is taking place at the Los Angeles campus, for anticipated completion on October 24. By the end of October 15 of 23 campuses and both the CO and West Ed, locations will have installed dual connections.

With regard to the CENIC managed fiber circuit installations, Maritime Academy's first connection is operational, while Monterey Bay waits for an updated schedule from CENIC. East Bay's final permit was approved by the City of Hayward, allowing construction to begin on that campus. Stanislaus, Fresno, Bakersfield, Pomona, and San Bernardino campuses are awaiting survey information to determine cost details. Contracts and other written agreements have been signed at the San Francisco and Sacramento campuses. To date, two campuses—San Diego and San Jose—have successfully installed managed fiber circuit connections.

**Identity and Access Management Initiative (IAM):** The Identity and Access Management Initiative is 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 3<sup>rd</sup> Annual Identity and Access Management (IAM) Conference was held on July 19 and 20. There were approximately 70 attendees with roughly 25 percent coming from functional areas. The presentations made by Cal Poly San Luis Obispo and the University of Florida were well received, and information sessions by technology consultant, the Burton Group, provided a good overview for newcomers to the topic.

On August 29, the Technology Steering Committee (TSC) reviewed and approved the proposed governance structure for the CSU-IAM Initiative.

**Emergency Website Project:** TIS has been assigned the design and implementation of the technology for a web-based solution that will allow public information officers/public affairs directors at all CSU campuses to publish communications information for students, CSU employees/staff/faculty, media, and the general public, in case of an emergency in which the primary campus website presence is unavailable. This solution must be easy to use, require little or no specialized client software and be accessible over any Internet connection. It also must be active and available any time—24 hours a day, 7 days a week. If an emergency occurs, the resource will be activated. Users attempting to access a webpage of an impacted campus will be automatically

redirected to the emergency website. The CSU Emergency Communications Website will be limited to providing only basic communications information. It is not a disaster recovery site, nor a complete failover site for the World Wide Web presence of an existing campus.

Campus implementations of the emergency website are proceeding, with Long Beach designing and publishing its emergency content and templates. Fullerton and San Luis Obispo have begun implementation and have requested access to the CSU Emergency Communications Website Content Manager application.

The CMS Help Desk is the designated primary point of contact for issues relating to the CSU emergency communications website, and is in the process of developing procedures to handle emergency website related calls. In addition, the project team is developing a failover option to provide higher availability for the CSU Emergency Communications Website.

**Enterprise Architecture (EA):** The Enterprise Architecture (EA) program will provide a more comprehensive technology planning and guidance mechanism, which will help ensure that the CSU is aligned to meet the challenges of expanding needs for data and services, increased requirements for maintenance and support, and emerging technology changes.

The EA Steering Committee will begin focusing on conducting an environmental scan and review of business drivers affecting IT. The goal would be to produce a document of commonly shared assumptions about business goals/strategies and environmental factors expected to affect our collective IT operations and services. This document, with a target completion of January 2007, will be forwarded to the Information Technology Advisory Committee (ITAC) for review and endorsement; a draft will be ready for their input and revision in time for the scheduled meeting in October.

The overall EA effort is now linked with the strategic planning project. EA and strategic planning are natural partners, as each activity seeks to align IT resources and services with institutional objectives. In this case, the EA project will be putting some of the strategic planning recommendations into practice as it continues. TIS and Gartner Group, an IT research and consulting firm, are planning for an EA workshop to be held in early fall. The workshop

will be open to anyone in ITAC or involved in architecture projects at a campus or in the Chancellor's Office.

**Unisys Data Center Transition:** The CSU's new data center includes simplified architecture to reduce support costs; increased flexibility to meet the various different campus needs; a scalable environment; the same architecture design and hardware for production and non-production; and, improved security controls.

The data center transition project is currently in the post-transition stage, with resources focused on resolving performance issues in the development environment.

The consulting vendor for the installation of the development and testing environments' additional memory and hardware will provide a plan and timeline to the CSU.

## **COMMON MANAGEMENT SYSTEMS (CMS)**

**Data Warehouse Update:** The Data Warehouse Scope committee met on August 9<sup>th</sup>. The group was expanded to include Institutional Research and systemwide participants who were not directly included in the original scope committee. It identified its highest priorities for general content areas. Two subcommittees were formed: one to address warehouse content and one to address warehouse technology. The scope committee will be completing its recommendation in the fourth quarter. CMS staff also attended the Corporate Performance Management / Business Intelligence (CPM/BI) Strategy Council, a cross-industry council that provides input to Oracle strategists, on August 15-16.

**Finance Update:** The Finance Team successfully supported all campuses in meeting the shortened year-end close process on time. The Team is retrofitting the new and updated modifications, which were created for the Finance 8.9 Upgrade. These modifications will be included in a future Release due for delivery in the last quarter of 2006. In addition, requirements for the Fee Revenue Management Program are being reviewed as information is received, and all coding and documentation will be delivered to the campuses in time to meet the phased in implementation of the Program scheduled to begin February 2007.

**Human Resources Update:** The CSU project team for the 21<sup>st</sup> Century project (implementation of

the new State Controller's Human Resource/Payroll application) held the official project kick-off meeting on August 17<sup>th</sup>. Don Scheppmann (Chief of Personnel/Payroll Service Division of the State Controller's Office (SCO) was present. The project team includes approximately 35 CSU campus and CO staff members representing a variety of areas. The effort involves four teams: (1) Data Reporting Requirements and Data Warehouse Development, (2) Business Process Design, (3) Interface Design and Development and (4) Organizational Impact/Change Management and Training. The teams will expand as needed during the approximately three-year project. The HR team also supported the implementation effort of the San Diego campus (live with the HR application as of August 14<sup>th</sup>). San Diego is the final campus to implement HR. The team also continues to support the Human Capital Management (HCM) 8.9 upgrade activity as well as development of 'Phase II' enhancements (originally requested during the upgrade fit gap process).

**Student Administration Update:** The Student Administration (SA) team successfully developed and deployed the next release of the Human Capital Management (HCM) 8.9 baseline package (8.90.030) to the campuses. The SA Team conducted multiple web casts in support of the Facilitating Graduation Initiative and supported the successful "go-live" of Self Service Registration for Cal Poly San Luis Obispo in HRSA 8.0. Cal Poly SLO has successfully registered over 16,000 students through self-service. In preparation for the 2007/2008 application-processing year, the SA team has released a "preview" of the Mentor Maintenance project for campus testing. This will directly support the Admissions "go-live" activity for campuses including, Sacramento, San Bernardino and East Bay. The SA Team participated in multiple usability sessions with Oracle to review new HCM 9.0 SA functionality.

### **ACADEMIC TECHNOLOGY SERVICES (ATS)**

**ATS Website Launched!** In order to provide CSU constituents information on the scope and impact of all Academic Technology Services projects, a new web site has been developed. Visit [www.calstate.edu/ats](http://www.calstate.edu/ats). This web resource will be continually updated; it provides a variety of opportunities to learn more about the people, projects and impact of ATS initiatives and services.

### **Foundational Skills**

**CSU Math and English Success:**

Online Access to Early Assessment Program (EAP) Results: The Center for Distributed Learning is developing an application that will allow 12th grade students who participated in the EAP to ascertain their math and English statuses online. Beginning October 1st, students will be able to obtain their test results by filling out an online form on the Math and English Success websites ([www.csumathsuccess.org](http://www.csumathsuccess.org) and [www.csuenglishsuccess.org](http://www.csuenglishsuccess.org)).

The benefits of this solution are many:

- 24x7 access to EAP results throughout the school year to ensure that counselors, ETS personnel, and EAP coordinators no longer have to track down lost/undistributed reports
- Less reliance on the current paper-based distribution model, which is inefficient in some districts
- The availability of personalized services connecting the student report with interactive, step-by-step, customized advice on preparing for the CSU
- Promotion of student responsibility in preparing for college (a central principle of the EAP)

### **INFORMATION SECURITY MANAGEMENT**

The kickoff meeting for the Systemwide Security Plan Project was held on August 15-16, 2006. The objective of the project is to develop a security roadmap for the CSU that identifies gaps and provides a framework through which security issues should be addressed in the short, mid and long terms.

Nine campuses have been selected for the survey sample. These are:

- Large Campuses: Northridge; Long Beach; San Francisco; Sacramento (Backup)
- Medium Campuses: East Bay; Fresno; San Luis Obispo; San Bernardino (Backup)
- Small Campuses: San Marcos; Stanislaus; Sonoma; Channel Islands (Backup)

ITS is currently coordinating dates when the security consultants will be visiting the 9 campuses to conduct the security survey.

### **TECHNOLOGY POLICY, PLANNING AND ADVICE**

**Measures of Success (MOS):** All campuses submitted the annual survey of campus information technology, on time. The data is currently being analyzed for accuracy in preparation for the next

iteration of the MOS. In addition, the Social and Behavioral Research Institute (SBRI) at San Marcos conducted the third biennial survey of staff during the summer.

## **ADVOCACY & INSTITUTIONAL RELATIONS**

*Karen Y. Zamarripa, Assistant Vice Chancellor*

### **Governor to Determine Fate of AB 2951**

The CSU is part of a broad coalition of state and public educational agencies that have fought vigorously to defeat Assembly Bill 2951 (Goldberg) through the legislative process. Unfortunately, both the Senate and Assembly approved it; and now AB 2951 is on the Governor's desk awaiting his veto or signature.

On the last day of session, the Senate took it up in the early evening; the Floor vote was 26-9 with Senators: Ackerman, Denham, Ducheny, Florez, Maldonado, Migden, Romero, Scott and Speier voting "no"; and Senator Alquist, Lowenthal Ortiz, Perata and Soto not voting. The Assembly took it up late in the evening just prior to midnight; the Floor vote was 46-18 with Assembly Members: Baca, Benoit, Bogh, Calderon, Canciamilla, Daucher, Garcia, Haynes, Shirley Horton, Huff, La Suer, Liu, Maze, McCarthy, Mountjoy, Walters, Wolk and Yee voting "no"; and Assembly Members: Bass, Berg, Cohn, Dymally, Frommer, Karnette, Koretz, Leslie, Lieber, Lieu, Oropeza, Pavley, Ridley-Thomas, Ruskin and Umberg not voting.

As it is currently drafted, AB 2951 allows municipal utilities providing electricity and gas the unfettered right to charge the CSU and other higher education segments, school districts and other public agencies more than the cost to serve them. AB 2951 exempts electricity and gas utilities from requirements applicable to water and sewer utilities and creates two separate standards that will lead to discriminatory treatment and confusion for public agency customers. The last-minute amendments of August 28, 2006 removed the ability of public schools to seek a reimbursement for State-mandated costs.

AB 2951 is a complete departure from the fundamental industry standard that governs public utilities and is embodied in California Public Utilities Code Section 451, which requires that all investor-owned utilities charge "just and reasonable" rates. Specifically, the eleventh-hour amendments to Government Code Section 54999.7(a) exempt electricity and gas utilities from charging fees that

do not exceed the reasonable cost of providing service. Furthermore, any protection provided under Government Code Section 54999.35 is destroyed by the limitation of the term "capital facilities fee" to "connection fees" and "capacity charges." The CSU argued that it should not receive any less protection than other customers simply because it receives electricity or gas from a municipal utility.

In addition, AB 2951 requires an unaudited, utility-prepared cost of service study for public educational entities such as the CSU and other public schools. However, it does not require that the utility provide any cost information for ten years after the study is completed, during which time rate increases could be passed. Once utilities have prepared a comprehensive cost of service study, aside from the issue of the infrequency of the study, this amendment is of little value as it does not require the mandated study to be performed by an independent third party, does not require the study's results to be disseminated to all interested parties, and does not require the rates charged by the utilities to be consistent with the costs identified in these studies. In summary, the amendment does nothing to ensure accountability and transparency in the rates charged by the public utilities.

Again, AB 2951 is a significant departure from the industry standard required of investor-owned utilities under the California Public Utilities Code Section 463(b) which requires electrical or gas utilities to maintain sufficient records to ensure the "reasonableness and prudence" of any utility cost. A similar standard should be required of municipal utilities.

AB 2951 will lead to higher utility bills as municipal utilities pass on previously impermissible fees for excess capital costs and costs unrelated to serving schools including, but not limited to, excess utility capital reserves or city transfers. The recent amendments to AB 2951 further hurt public education by restricting the ability of schools to seek reimbursement for the added burden of higher utility costs.

AB 2951 removes any checks and balances for ensuring fair and proportionate electricity and gas rates. The CSU will vigorously seek a Governor's veto!

## End of Session Report on CSU Tracked Legislation

The Office of Advocacy and Institutional Relations has been following numerous measures this year. Below is a list of measures sorted by the following Business and Finance divisions: Budget, Information Technology, Capital Planning, Design and Construction, and Financing and Treasury.

### Budget:

**AB 1072(Liu) Public postsecondary education: student fee policy:** This measure would establish a policy on setting student fees at the CSU and the UC in order to ensure that students are receiving an affordable undergraduate education. It also requests CPEC to report to the legislature annually on the affordability of undergraduate education at the CSU and the UC.

**Status:** Held by the Senate Appropriations Committee. Dead bill.

**Position:** OPPOSE UNLESS AMENDED

**AB 1782(Mullin) Lottery Act: multi-state lottery: distribution of revenues:** This proposal would allow the voters of California to authorize the state of California to participate in the multi-state lottery, MegaMillions. This measure was amended and no longer redirects funds derived from a multi-state lottery away from the CSU and towards certain K-12 programs.

**Status:** This measure failed passage out of Senate Education. Dead bill.

**Position:** NO OFFICIAL POSITION

**AB 1835 (Lieber) Minimum wage:** This bill would set the minimum wage at \$7.50 on January 1, 2007 and subsequently raise it to \$8.00 per hour on January 1, 2008.

**Status:** This measure was passed by both houses and now goes to the Governor who has indicated that he will sign the measure.

**Position:** No Official Position

### **AB 1923(Nation) Military and veterans:**

**educational benefits:** This measure would require the three public segments of California's higher education system to waive all fees for up to 60 units of courses for those members of the California National Guard who recommit for a period of three years, with a maximum of 120 units to be allowed. The CSU estimates that as drafted AB 1923 would cost the CSU \$3,164 for a full time student; for every 1,000 eligible applicants this could cost the CSU \$3,164,000.

**Status:** This measure was held by the Senate Education Committee due to costs. Dead bill.

**Position:** OPPOSE UNLESS AMENDED

**AB 2355(Negrete McLeod) Public employees' retirement: service credit: California State University academic employees:** This measure which is sponsored by CFA, would allow an academic employee to buy back service time at the cost of the employer. For the Academic Year 2005/2006, the CSU estimates that these costs could be \$670,000 annually.

**Status:** This measure was passed by the legislature on a strictly party vote and now goes to the Governor.

**Position:** OPPOSE

**AB 2666(Goldberg) Public postsecondary education: resident classification: members of recognized tribes:** This measure would have provided that a student who is a member of a federally recognized tribe is entitled to resident classification status for fee purposes.

**Status:** Held by the Senate Education Committee due to costs. Dead bill.

**Position:** NO OFFICIAL POSITION

### **SB 160(Cedillo) Student financial aid:**

**eligibility: California Dream Act:** This proposal requests the University of California and requires the California State University, and the California Community Colleges to establish procedures and forms to enable students who are exempt from paying non-resident tuition to participate in all applicable student aid programs administered.

**Status:** This measure was passed by the Senate and will go to the Governor for his final action.

**Position:** FAVOR

### **SB 845(Scott) Postsecondary education:**

**College Opportunity Act of 2006:** This bill would enact the College Opportunity Act of 2006, which seeks to develop a long-term enrollment plan, expand outreach and academic preparation efforts, and encourage the increase in funding for enrollment.

**Status:** This measure was held by Assembly Rules. Dead Bill.

**Position:** FAVOR

**SB 1181(Maldonado) Public postsecondary education: administrative salaries and compensation:** This bill requests the University of

California (UC) and requires the California State University (CSU) and Community College (system-wide level only) to report annually on the total compensation of specified executive and senior level administrative positions.

**Status:** This measure was held by the Assembly Appropriations Committee. Dead Bill.

**Position:** OPPOSE UNLESS AMENDED

**[SB 1709\(Scott\)](#) Postsecondary education:**

**College Opportunity Act of 2006:** This bill would have enacted the College Opportunity Act of 2006, which would have sought to develop a long-term enrollment plan, expand outreach and academic preparation efforts, and encourage the increase in funding for enrollment.

**Status:** Held by the Senate Appropriations Committee. Dead bill.

**Position:** FAVOR

Chancellor's Office Information and Technology

**[AB 546\(Garcia\)](#) State computers: prohibited**

**use: obscene matter:** This bill amends the Government Code to clarify that the use of a state computer to view obscene materials is a misuse of state resources punishable with a \$1,000 civil penalty. Assembly Member Garcia has amended AB 546 to allow for legitimate academic and legislative purposes.

**Status:** Enrolled and with the Governor awaiting his action.

**Position:** FAVOR

**Capital Planning Design and Construction:**

**[SB 682\(Migden\)](#) Postsecondary education**

**facilities:** This measure was amended to provide an additional \$21 million for the completion of the Joint Library Project at San Francisco State, combining its J. Paul Leonard University Library and the State of California's Sutro Library. This adjustment is necessary given the estimated 12% rise in construction costs since work began.

**Status:** This measure was passed out of the Senate and will now go to the Governor.

**Position:** FAVOR

**[AB 1986\(De La Torre\)](#) Public contracts:**

**California State University: auxiliary organizations:** This measure would place the CSU's current policy requiring auxiliaries to use the

CSU Contract Law for projects involving public funds into statute.

**Status:** This measure was enrolled and is awaiting action with the Governor.

**Position:** NO OFFICIAL POSITION

**[AB 2578\(Frommer\)](#) State property: California**

**Hope Endowment and California Hope Public Trust:** This measure would require the Department of General Services (DGS) to transfer certain state lands to the California Hope Public Trust, this bill was created for the purpose of managing state properties for the benefit of public colleges and universities.

**Status:** Senate amendments concurred in and to enrollment for final action with the Governor.

**Position:** NO OFFICIAL POSITION

**[AB 2748\(Jones\)](#) Public postsecondary**

**education: student housing reports:** This measure would request the regents, and require the trustees, to each prepare a report on campus student housing due to the Legislature on or before March 31, 2007.

**Status:** This measure was passed out of the Senate, and concurred in the Assembly. Will now go to the Governor.

**Position:** NEUTRAL

**[AB 2756\(Levine\)](#) Energy: efficiency retrofits:**

**State Energy Conservation Assistance Account for Public Schools:** This measure would provide that the monies derived from the Williams Energy settlement agreement (\$22.3 million) be used to benefit K-12 low performing schools, but could be conducted by UC and CSU students.

**Status:** This measure was concurred by the Senate and is now to enrollment and will then go to the Governor.

**Position:** NEUTRAL

**[AB 2951\(Goldberg\)](#) Capital facilities fees:**

This measure expands the scope of capital facilities fees that may be assessed by publicly owned utilities to public entities. The bill also limits the scope of relief available to those challenging illegal increases to capital facilities fees. The CSU estimates that this measure would increase its costs by \$4 million annually.

**Status:** This measure passed out of the legislature and now goes to enrollment.

**Position:** OPPOSE

**AB 2992(Evans) California State University:**

This measure would single out the CSU by requiring the system to pre-qualify mechanical subcontractors for every public works project at the CSU that exceeds the value of a minor capital outlay project.

**Status:** This measure is now headed to the Governor.

**Position:** OPPOSE

**SB 1604(Margett) Public contracts: bids and**

**disputes:** This measure was amended to remove the most onerous provision of the bill, which would have required the CSU to require bidders on public works contracts to submit proposed substitutions of products or materials called for in the bid prior to the award of a contract, the bill now only makes various technical changes.

**Status:** This measure was placed on the inactive file at the request of Senator Hollingsworth. Dead bill.

**Position:** NEUTRAL

**Financing and Treasury:**

**AB 2597(Pavley) California State University:**

**State University Revenue Bond Act of 1947:**

This Board of Trustee sponsored proposal would enhance the CSU's ability to use its system-wide bonds for future projects, and potentially lower its interest costs.

**Status:** This measure was amended to add back a provision related to the CSU's Dormitory Revenue Fund Act that was removed in Senate Appropriations. It was subsequently sent back to Senate Rules where it is currently being held.

**Position:** Favor

**SB 1724(Runner) California State University:**

This Board of Trustees sponsored proposal would improve efficiency and reduce costs to the CSU by exempting the CSU from the statutory requirement to collect California retailer's seller's permits in order to contract for purchases.

**Status:** This measure was passed out of the Assembly and the Senate and now is awaiting final action from the Governor.

**Position:** FAVOR

**Pilots Get Under Way in eAdvocacy Program**

The Office of Advocacy and Institutional Relations (AIR) has been working closely with Kintera, Inc. to

have all CSU campuses online with an eAdvocacy Program that will greatly enhance the campuses' ability to advocate on behalf of the system.

In the past three months, with the help of an Implementation Team consisting of both campus and system representatives, AIR aided by IT staff at the CO level, has been working to get three pilot campuses (Fullerton, Sacramento and San Marcos) online to test the system. As of the release date of this publication, the three pilot sites are in the process of being launched.

Once the pilot programs have been activated, campuses, in collaboration with the system, will be using them for two or three action messages to recipients (primarily alumni) asking for their participation and assistance. The pilots are expected to run through the end of the year with an assessment taking place in December to determine what worked and what didn't during the entire process, including the set-up, use, and response back from the advocacy program.

Following the assessment, the intent is to make necessary changes to enhance the system for both the users and the campuses. This will be done in time for the planned spring 2007 rollout to the remaining 20 campuses and a system wide component within the Chancellor's Office.

Many other educational institutions throughout the nation as well as many advocacy associations within California have used this type of system. AIR is optimistic that it will become another successful tool for disseminating messages on issues of importance to the CSU.

**BUDGET DEVELOPMENT**

*Patrick Lenz, Assistant Vice Chancellor*

Copies of CSU budget reports and other budget information pertaining to the CSU are available on the Budget Development website at:  
<http://www.calstate.edu/budget/>.

The Business and Finance Newsletter is accessible at:  
[www.calstate.edu/BF/Newsletters/NewsLet.shtml](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](mailto:msmith@calstate.edu).