

Business & Finance NEWS

Business and Finance Division

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

NEWS FROM THE DEPARTMENTS

March 2008

CAPITAL PLANNING, DESIGN AND CONSTRUCTION

Elvyra F. San Juan, Assistant Vice Chancellor

EXECUTIVE

Personnel: CPDC is pleased to announce that James Sowerbrower has accepted the position of Chief of Construction Management. Jim Corsar, who has served as chief for the past seven years, has generously extended his retirement date to enable the recruitment and allow for a transition period. Jim Sowerbrower will start with the CSU on April 7.

Jim joins the department from the County of San Mateo, Redwood City, California, where he was Manager of Capital Projects. He holds a Master of Science in Architecture from Cal Poly San Luis Obispo, and a Bachelor of Science in Civil Engineering from New Jersey Institute of Technology. Jim is a Leadership in Energy and Environmental Design (LEED) Accredited Professional. You will have an opportunity to meet him at the Core Design and Construction Training, April 14-17, in Long Beach (details on this training are noted in the Construction Management report below).

Capital Project Finance Tracking: The Trustees Auditor made the following observation for two CSU projects: Each campus has their own method of tracking project costs. The methods vary widely and are limited in their usefulness to provide project costs in a timely basis that encompasses multiple funding sources and crosses fiscal years. Without a comprehensive and uniform method of tracking construction costs, campuses lose efficiency due to the need to create a system for capturing the data. Simply stated, campuses need the capability to generate a report (at any time) from the CMS financial system that reflects the current project financial status per the planned design and construction (CPDC Form 2-7) budget, the driver for project costs. The report would provide encumbrances, year-to-date (YTD) actual expenditures, prior YTD actuals, and the budget balance available for individual project fund sources,

and also summed across all funds. Additionally, these project cost centers must map to the FIRMS capital object codes for accurate systemwide financial reporting by phase.

A Capital Project Accounting Management survey has been sent to campus executive deans and business managers to ascertain current campus capital project accounting practice and report generation ability. Responses are due Friday, April 4 to npaice@calstate.edu. Upon evaluation of the surveys, the next step will be to develop and present a report template for systemwide use. This will fulfill the audit finding and provide a consistent tool for evaluating project financial management.

Nancy Frelander-Paice, Executive Program and Fiscal Manager

FACILITIES PLANNING

2008-2009 State Funded Capital Outlay Program: *The Legislative Analyst's Office (LAO) Comments and Response:* The LAO released its analysis of CSU projects proposed for the 2008-2009 State Funded Capital Outlay Program on February 20, 2008. Of the \$358 million proposed in the governor's budget, the LAO is supporting \$354.9 million for the CSU. The 2008-2009 State Funded Capital Outlay Program funding is proposed to be funded primarily from a future (November 2008) general obligation bond and existing bond reserves.

The LAO made specific comments on two proposed projects. The LAO recommended that the Legislature reduce \$490,000 from the preliminary plans and working drawings budget for the CSU Sacramento, Science II, Phase 2 project, and also recommended that the Legislature delete \$2.6 million for preliminary plans and working drawings for the proposed CSU Chico, Taylor II Replacement Building project. In both cases the LAO made its recommendation because the increase in instructional capacity is not justified due to the underutilization of existing facilities during the summer term.

The LAO recommended that existing bond funds be used to complete all projects already approved by the Legislature, including six equipment projects in the 2008-2009 governor's budget, and five equipment projects in the 2009-2010 budget, plus one new project responding to access compliance barrier removal. The analyst also recommended that the 2008 bond measure be of sufficient size to complete all CSU projects approved by the Legislature—plus any amount that the Legislature wishes to reserve for new projects in subsequent years. If the Legislature approves all projects in the governor's budget, the 2008 bond's allocation to CSU should be at least \$692 million.

2009-2010 State Funded Capital Outlay Program:

The Department of Finance (DOF) has requested submittal of the 2009-2010 Capital Outlay Budget Change Proposals (COBCPs) on April 1st, rather than the June first submittal date agreed to in the prior budget year. In conjunction with UC and CCC, CPDC will request an extension to June 2 for the submittal. The CSU Draft Five-Year Capital Improvement program for 2009-2010 through 2013-2014 will be presented at the May 2008 Board of Trustees' meeting. New start project budgets will also incorporate additional funding in support of sustainable features such as high performance building envelopes that promote energy conservation in conformance with AB 32 greenhouse gas reduction policy.

Larry Piper, Chief of Facilities Planning

ARCHITECTURE AND ENGINEERING

A/E Bulletins: CPDC Architecture and Engineering (A/E) is now using a bulletin system to issue updates and key notices. A/E Bulletins are designed to provide timely systemwide notice of updates and breaking information on CPDC A/E Policies and Procedures. A/E Bulletins will be issued to the executive dean of each campus for distribution as appropriate.

Bulletin information is only intended to provide notice, not be the repository for information. Bulletins will announce what has changed, how to use it, how it applies, and where the updated information can be found. The bulletins are posted on the A/E website:

http://www.calstate.edu/cpdc/ae/memos_policies.shtml.

Improving Building Envelopes: The CSU should not rely on high performance mechanical systems to overcome a low performing building envelope.

Per existing trustee policy, new construction projects are required to outperform Title 24 Standards (California Energy Code) by at least 15%; renovation projects are required to exceed Title 24 by at least 10%. While the CSU has been very good at 'meeting these numbers,' too many designs proposed and built are attempting to do so under the burden of a low performing envelope. Considering existing mandates (AB 32) and the spirit of trustee policy, it is increasingly appropriate to require that both the building envelope and the mechanical systems individually outperform Title 24. A new level of high performance buildings will be realized when a good mechanical system is added to a building shell designed to perform well.

So what exactly does this mean? Simply stated, in practice the building envelope has to perform reasonably well without air conditioning or heating. Designs will necessitate more care in detailing south and particularly west openings, using more shading and special glazing.

A/E has been reviewing Title 24 envelope performance calculations for projects coming in for schematic review and will issue the policy update announcement (by bulletin) in the near future.

Thomas Kennedy, Chief of Architecture and Engineering

LAND USE PLANNING AND ENVIRONMENTAL REVIEW (LUPER)

The Legislative Analyst's Office (LAO) Comments and Response: The LAO issued a lengthy report on CSU budget issues surrounding "Local Impacts of Campus Growth" and the implications of requiring fair share mitigation contributions to local jurisdictions for off-site impacts. A number of questions were raised by the LAO, suggesting that the Legislature should weigh in on several unsettled issues with regard to the Marina Supreme Court decision in order to clarify state policy. Among the highlighted issues are who must provide funding for mitigation of local impacts, such as traffic and infrastructure that are caused by future campus growth. The court decision clearly said that CSU must ask the Legislature for funding. However, the decision did not address the outcome when the funding request is denied by the Legislature for any number of reasons.

CSU believes if the Legislature specifically denies such a funding request, then no further contribution is required for development of the campus master plan to proceed. Given the current budget perspectives, some local host cities and LAO/DOF staff believe that such payments should be made from CSU capital bond funds, which would normally be restricted to paying for capital construction and infrastructure on the campus proper. Other concerns raised in the report focus on oversight, timing of payments, and how to determine reasonable “fair share” amounts, which the court seemed to say was within the authority and responsibility of the CSU trustees, when they approve California Environmental Quality Act (CEQA) documentation. One suggestion on which the Legislature has not acted is to hold hearings for every Higher Education Campus Master Plan proposal that includes an increase in the enrollment ceiling or capacity of the campus, in order to determine when growth of the campuses is needed, or if such growth should be limited until summer enrollments (year-round operations) are dramatically increased to more fully utilize the present state capital investment in higher education facilities.

CAD/GIS User Group: Ben Morales, CAD Coordinator (LUPER staff member), has instituted a CAD/GIS User Group that met for the second time on February 22, 2008, at the Fullerton campus. CAD is *Computer Aided Design*, and GIS is *Geographic Information Systems*. The meeting was attended by more than 30 members representing nearly all CSU campuses. The group’s purpose is to optimize CAD and GIS use in support of campus planning, design and facilities maintenance objectives. The group will be meeting regularly in an effort to organize and synthesize campus facilities information across the CSU system. Members include campus architects, project managers, planners, Information Technology personnel, CAD technicians, and GIS practitioners.

After two gatherings, several initiatives have been identified as critical for a system as large and unique as the CSU. These include: (1) updating the CSU CAD standards, (2) creating a centralized detail and block library, (3) creating metadata standards, (4) acquiring a systemwide CAD site license, and (5) building a web forum for continued discussion. At this latest meeting, several members volunteered to be responsible for the implementation and progress of each initiative. The next meeting will be in Northern California in May or June. Please contact Ben Morales (bmorales@calstate.edu) for additional information.

David Rosso, Chief of Land Use Planning and Environmental Review

PLANT, ENERGY, AND UTILITIES

Electric Rates and Direct Access: Utilities, both public and private, are facing the same revenue shortfalls as the CSU and the state. Therefore, it should be no surprise that rates are rising sharply. Adding to the near term difficulty is that the high price of crude oil has impacted the natural gas markets resulting in an increased cost for electricity generation for the western states. Utilities have postponed maintenance on nuclear generating plants in hopes that natural gas prices will soften later this spring. Regardless, the higher cost for fuel to electrical generating plants will be passed on to retail customers. This past year the ‘primary transmission’ tariff in Southern California Edison service territory was analyzed. The results showed that rates have increased as much as 12% for some CSU campuses.

In the Direct Access (DA) arena there is some good news for the future with President Mike Peevey of the California Public Utilities Commission issuing a ruling to hold hearings for reopening the DA market. Subsequently, Senator Kehoe, Chair of the Utilities and Communications Subcommittee, held informational hearings March 4 in Sacramento. CSU and other interested parties testified in support of reopening ‘consumer choice’ for electricity generations and surprisingly the investor-owned utilities were not in direct opposition. Rather, they cautioned the subcommittee to proceed cautiously so as not to make the same mistakes that led to the 2001 energy debacle in California. However, the short term DA market is markedly higher than current and forecasted bundled utility rates and our current contract expires June 30th. The draft RFP for a new contract is being reviewed by the Energy Contract Oversight Board so that a new contract price can be reached in May. CSU must decide to remain on DA or return to bundled utility service by June 1st. A good scenario for the CSU would be to see the power markets drop (as the utilities have forecasted) in time for to execute a new agreement for DA.

Energy Service Agreement (ESA) and Renewable Energy Projects Training: The annual ESA and Renewable Energy Projects Training was held at CSU Long Beach in February. This year the ESA Training focused on improvements to the implementation process; simplifying documents and

procedures. Currently, 15 campuses are using the ESA with a total project value of \$125 million.

The Renewable Energy Projects Training featured an update of the Statewide Photovoltaic Initiative by Patrick McCoy, Department of General Services. Patrick told the 60 attendees that the program is still on schedule even though a significant proposal addendum had been issued in early January. Participating campuses should be prepared to host sight visits of up to three qualified firms beginning April 2nd. The afternoon training included presentations from Wes Morgan of the California Lighting and Technology Center at UC Davis, and representatives from Heliodyne, a Solar Thermal manufacturing company in Richmond, California. Wes introduced the class to some very promising LED fixtures for both interior and exterior applications. Currently, the exterior parking structure LED fixture is being demonstrated at CSU Sacramento and CSU Long Beach, while the interior LED personal lighting system is being tested at the Chancellor's Office. Heliodyne introduced solar thermal technology for commercial and residential hot water and space heating applications. Humboldt State University is studying the feasibility of using their product in its new student housing project.

Len Pettis, Chief of Plant, Energy, and Utilities

CONSTRUCTION MANAGEMENT

Labor Compliance Program: With the departure of Chris Mitrovich, Labor Compliance Manager, from the CSU, CPDC has contracted with Gafcon, Inc., expanding their services to include visits to the campuses, interviews with workers on projects, and other labor compliance services in support of the CSU Labor Compliance Program. If you have any questions or issues, please contact Cameron Jones directly at Gafcon (619-231-6100, cjones@gafcon.com) or Jim Corsar (562-951-4111, jcorsar@calstate.edu).

Core Design and Construction Training, April 14-17, 2008: To reduce campus travel costs; A&E and Construction Management (CM) have prepared a four-day training curriculum. Core Design & Construction Curriculum can be found at http://www.calstate.edu/cpdc/Workshops/08_Core_Design_Construction.shtml.

[Registration](#) closes Friday, April 4 or at capacity.

James Corsar, Chief of Construction Management

FINANCIAL SERVICES

Colleen Nickles, Assistant Vice Chancellor

CONTRACT SERVICE & PROCUREMENT (CSP)

Contract Service & Procurement (CSP) recently announced a system wide opportunity to purchase Mac computers, software and service at a very favorable discount of 17% off the already discounted Apple education pricing for all Macs ordered through this bulk purchase being placed on April 29, 2008. Campuses or campus departments interested in being included in the order should contact CSP's Linda Masterton lmasterton@calstate.edu (562) 951-4584 or Tom Roberts troberts@calstate.edu (562) 951-4583 to obtain an ordering document that includes the products available, pricing, instructions and Apple contacts. Those placing orders must be authorized to commit department funds.

FINANCING & TREASURY

On March 20, the CSU sold \$375,160,000 in Systemwide Revenue Bonds at an all-in true interest cost of 4.93%. Proceeds from the sale will be used to build various projects at nine campuses, including student housing, student parking, and student recreation centers, as well as refund existing debt at three auxiliary organizations. Concurrent with the sale of the bonds, Moody's Investors Service affirmed the rating on the CSU's Systemwide Revenue Bonds at Aa3, Stable Outlook, and Standard & Poors affirmed the rating at A+, but raised the outlook to Positive Outlook, a signal that the agency is considering a possible upgrade in rating in the near future.

Robert Eaton, Senior Director

Resource Management Office

New Appointments in the Financial Services Office: The B/F Financial Services Office announces the addition of two new staff members to the Resource Management Office (RMO). RMO provides program leadership for systemwide cash management operations, commercial banking services administration, State appropriations administration, investment earnings allocations, and financial information systems support to the Chancellor's Office.

Maria Singer (msinger@calstate.edu) has been appointed to the position of Asst Cash Management

Operations Officer. Maria comes to the CSU with extensive experience in cash management services and financial accounting in a corporate environment. Maria is a CPA and a graduate of the California State University at Long Beach with a BS in Accounting and MBA in Finance.

Oliver Ravela (oravela@calstate.edu) has been appointed to the position of Banking Services Analyst (BSA). Oliver served in a temporary position in RMO prior to his appointment to the permanent position of BSA. Oliver brings a strong background in the area of banking and loan processing services in the mortgage industry. Oliver holds a BA in English from UCLA.

Please join us in welcoming Maria and Oliver to the Chancellor's Office team.

*Sean P. Boylan
Cash Management Operations Officer
Resource Management Office*

SYSTEMWIDE FINANCIAL OPERATIONS

Systemwide training on 2008 Annual Year-End Reporting and GAAP (Generally Accepted Accounting Principles) will be conducted on May 19-21, 2008, at the Westin Los Angeles Airport located at 5400 West Century Blvd, Los Angeles, CA, 90045. The workshop on May 19th will be devoted to providing information related to the Revenue Management Program (RMP), year-end closing as well as year-end reporting to the State Controller's Office and FIRMS year-end reporting to the Chancellor's Office. The workshop on May 20th and 21st will be devoted to the GAAP training and updates to the manual, focusing on key areas in the GAAP process. Registration is available via the Financial Services website at the Chancellor's Office homepage at:

<http://www.calstate.edu/financialservices/workshops/index.shtml>. The last day to register is May 5, 2008. If you have questions regarding the conference, please contact Lily Wang, at (562) 951-4628 or lwang@calstate.edu. Questions related to the hotel and/or registration process please contact Tracy Daniels at (562) 951-4598 or tdaniels@calstate.edu.

OFFICE OF RISK MANAGEMENT

2008 Fitting the Pieces Together Conference: Mark your calendar to attend this year's conference at the Hilton Oakland Airport, on November 5 - 7, 2008. The conference features general and

education sessions in the areas of Risk Management, Student Activities, Emergency Management, Employee Health and Safety, Worker's Compensation, and Human Resources. Visit our website at http://www.calstate.edu/risk_management/events/fitting_the_pieces_together/ for more information.

Emergency Preparedness - Active Shooter Scenario: Campuses are reminded they must exercise their Active Shooter Scenario by June 1, with an emphasis on communications. After Action reports must be submitted to the Systemwide Office of Risk Management by June 15, 2008. A training DVD was distributed in March to each campus to assist them in their preparations for this exercise.

SB 1613 New State Law Effective July 1, 2008: CSU employees are responsible for operating state-owned vehicles and potentially hazardous equipment in a safe and prudent manner. SB 1613, known as The California Wireless Telephone Automobile Safety Act of 2006 becomes operative on July 1, 2008. It states: "a person shall not drive a motor vehicle while using a wireless telephone unless that telephone is specifically designed and configured to allow hands-free listening and talking, and is used in that manner while driving." This act continues to allow drivers to make emergency phone calls, including, but not limited to, an emergency call to a law enforcement agency, health care provider, fire department, or other emergency services agency, without using a hands-free device.

*Charlene Minnick, Chief Risk Officer
Systemwide Risk Management*

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

ACADEMIC TECHNOLOGY SERVICES (ATS)

Digital Marketplace: The Digital Marketplace (DM) prototype was demonstrated on March 14th at the CSUN Technology & Persons with Disabilities Conference by ATS personnel and representatives from the American Federation of the Blind (AFB). The demonstrations highlighted DM's accessibility compliance as well as the consultative approach taken with AFB to insure that each development phase adheres to accessibility standards.

Learning Management System (LMS) Strategic Planning: The Request for Proposal (RFP) process is set to conclude soon and will provide all campuses the set of LMS vendors available for new

contracts beginning July 1. On Tuesday, March 25 the CSU Directors of Academic Technology (DAT) will host a Learning Management System Information Day at Sonoma State during which a variety of LMS software and service providers will be invited to demonstrate their software's capabilities, talk about their services, and answer questions. The providers will be those selected as finalists in the LMS RFP process. Each demonstration is approximately one hour. The schedule of vendors will be released when it is available. Register at <http://dat.cdl.edu/events/rsvp-form>.

Foundational Skills: Both the CSU math and English success websites (www.csumathsuccess.org and www.csuenglishsuccess.org) developed by the Center for Distributed Learning now serve over 125,000 users annually.

MERLOT: www.merlot.org now serves over 1 million users with over 19,000 online learning modules and over 57,000 members. Registration is now open for the annual International Conference held in Minneapolis, August 7-12. For more information please go to <http://conference.merlot.org/2008/>.

TECHNOLOGY POLICY PLANNING AND ADVICE

Accessible Technology Initiative (ATI): The CIO's@CSUN meeting was held concurrent with the CSUN Technology and Persons with Disabilities Conference, March 13th. Approximately 30 participants went through exhibits at the CSUN conference on technology and disability and heard from the top experts in the field

During the conference, ATI hosted a reception to celebrate the campus and system successes of the initiative. Over 150 guests and CSU participants were present for presentation of ATI awards. Grammy Award winning entertainer, Stevie Wonder, a frequent participant at the CSUN conference, presented the ATI Pioneer Award to California State University Northridge for its work in beginning the conference over 20 years ago. President Jolene Koester accepted the award and acknowledged the hundreds of staff, who over the decades, had worked to make the conference possible and successful.

TECHNOLOGY INFRASTRUCTURE SERVICES

One of the key objectives of the second iteration of the Infrastructure Terminal Resources Project, or ITRP 2, is to improve network security on every campus. To that end, in 2007 the ITRP team, in collaboration with campus representatives, developed a formal network security framework that included firewalls at the border between the campus and the California Research and Education (CalREN) wide-area network, firewalls between the campus network and campus data centers or server farms, and firewalls between selected user communities and the other areas of the campus networks. The framework also called for intrusion detection and prevention appliances to be placed in the infrastructure to ensure that staff can identify and guard against attacks on the networks and the resources connected to them.

Due to the State's budget crisis, the deployment of server farm firewalls, user zone firewalls and intrusion detection and prevention devices has been suspended. The decision to suspend this portion of the ITRP 2 program will be revisited this fall, once the State's budget has been passed. No other projects within the ITRP 2 program will be affected; Router/Switch/Wireless and Network Management Systems projects will continue as scheduled. Campus border firewall deployments will also continue to take place, with anticipated completion in June. In addition, the development work for the server farm firewalls and intrusion detection prevention devices will move forward to serve as a foundation in the future when the deployment of the suspended elements can move forward.

The fundamentals of the program are still in place and will not change: Juniper Networks is the provider of the network security equipment, and campuses that chose to purchase their own firewall infrastructure must buy Juniper equipment. ITRP program staff will work closely with each campus to help minimize the impact of this suspension.

INFORMATION SECURITY MANAGEMENT

Information Security Policies Project: The consulting team will release a revised draft of the policy document in late March and an initial set of standards during the first week of April 2008. The project team will conduct an initial review of the system-wide standards with the system-wide Information Security Officers Advisory Committee in April. The standards are scheduled to be distributed

to Information Technology Advisory Committee and other constituencies sometime in May 2008.

Information Security Awareness Training

Project: The goal of this project is to develop a system-wide security awareness and training tool for all sites in the CSU. The RFP was released to the public on February 4, 2008. Vendor submissions were due on March 6, 2008. The proposal review team is scheduled to make a recommendation on a preferred vendor sometime in mid April 2008.

COMMON MANAGEMENT SYSTEMS (CMS)

Human Resources Update:

- The CSU LA campus completed the final upgrade to Human Capital Management (HCM) version 8.9, eliminating 8.0-version support for the Human Resources and Student Administration Application teams.
- CMS Baseline Release 080 was posted on February 15th and included the Absence Management module as part of the baseline.

21st Century Project Update: The State Controller's Office (SCO) and project integrator, BearingPoint, has completed a project timeline review and agreed to a contract amendment. This update impacts the overall project timeline for the Civil Service agencies as well as the CSU. It allows additional time in the project plan for design and testing as well as addressing issues related to concurrent employment and data conversion. The SCO, BearingPoint and CSU project teams are currently working together on an updated timeline for the CSU activities based on the updated SCO plan. At this time, the impact appears to be an approximate six-month extension of the project timeline with the CSU pilot occurring in the 1st calendar quarter of 2010 and the remaining CSU campuses going live in the 2nd calendar quarter of 2010.

Financial Information System Update: CMS Finance hosted the PeopleSoft Finance 9.0 Baseline Workshops February 26-27 for 240 campus attendees. The success of the Workshops was largely due to the campus participation in the presentations and the focus on changes in the baseline release that will increase productivity and simplify processes. The campus perspective made the sessions more relevant to all involved. The final 9.0 Baseline Upgrade documentation was posted to the CMS web site as planned, on February 29.

Special thanks go out to all the CMS and campus presenters that made this a very successful workshop.

Student Administration (SA) Update:

- SA Team Members attending 2008 PAG Summit and Alliance 2008 in Las Vegas, NV.
 - CSU Fullerton implemented version 8.9 for Campus Community and Admissions the week of March 10th

ADVOCACY & INSTITUTIONAL RELATIONS

Karen Y. Zamarripa, Assistant Vice Chancellor

CSU Alumni Legislative Day to Be Held on April 28:

The CSU will be hosting its annual Alumni Legislative Day this year on Monday, April 28, 2008. CSU alumni leaders, campus representatives, donors and friends will gather in Sacramento to meet with policymakers and their staff.

Legislative Day is a key opportunity for the CSU's 23 campuses to come together in the State Capitol and collectively deliver the message that the CSU provides the quality education, research and innovative programs that are indispensable to the future of California.

The CSU is facing one of its toughest budget years in history, making this event even more critical. Participants will take the opportunity to advocate for adequate funding for the CSU. In an unprecedented manner and as part of a unified voice, the CSU will be joined by the other two California higher education segments, the University of California and the California Community Colleges. All three segments will be working together this year to advocate for the higher education budget and will use the CSU legislative day to meet jointly with legislators on this issue.

This year the event will again take place at the Sacramento Convention Center. The day will feature a morning briefing session for CSU representatives including Chancellor Charles B. Reed's "State of the CSU" address.

Legislative Day is one of the most important venues for the CSU to demonstrate to the state's decision-makers how it is working for California.

For more information on this event, please visit the CSU's Legislative Day website for information at www.calstate.edu/legday.

Investment Management Bill Set for Hearing:

One of this year's CSU sponsored measures, SB 1329 (Harman) is set for its first hearing in the next two weeks. The measure, known as the Uniform Prudent Management of Institutional Funds Act

(UPMIFA) would enhance CSU management and operations of its charitable foundations.

UPMIFA replaces and updates the 1972 Uniform Management of Institutional Funds Act (UMIFA). Its rules govern the management, investment, and expenditure of charitable funds. UPMIFA incorporates the experience gained in the last 35 years by providing even stronger guidance for investment management and a more exact set of rules for institutions to invest in a prudent manner. To date, thirteen states have enacted UPMIFA and seven states along with the U.S. Virgin Islands introduced legislation in 2007.

The California State University has an endowment portfolio with a market value in excess of \$800 million that distributes over \$30 million per year in support of the CSU and its students. The major benefits of UPMIFA would include:

- Not limiting portfolio managers to the kinds of assets that may be sought for the portfolio (a more flexible rule than UMIFA).
- Requiring that investment expenses are managed prudently in relationship to the assets, the purposes of the institution and the skills available to the institution (not addressed in UMIFA).
- Authorizing the total return expenditure be under comprehensive prudence standards relating to the whole economic situation of the charitable institution (not addressed in UMIFA).

The CSU is joined by a coalition of supporters including the University of California and the Association of California Independent Colleges and Universities in sponsoring this legislation.

The bill is set to be heard in the Senate Judiciary Committee on April 8 and it is expected to pass the committee without any issues. The passage in this first committee will help to set the tone for the bill to continue on its path to eventual signing by the Governor later this year.

SYSTEMWIDE BUDGET OFFICE

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

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.