

Business & Finance **NEWS**

Business and Finance Division

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

NEWS FROM THE DEPARTMENTS

MAY 2008

A MESSAGE FROM THE EXECUTIVE VICE CHANCELLOR

I am very pleased to announce the appointment of Robert Turnage as Assistant Vice Chancellor, Budget. He will be responsible for supervising development of the Trustees annual support budget request and advocating the CSU's fiscal needs with the legislature, administration and other state agencies. He also will advise the campus presidents, financial vice presidents and other campus staff on issues related to the support budget, interpretation of policy and other financial matters related to campus operations.

Robert comes to us with extensive knowledge about the California legislature and higher education. For eighteen years, he worked in the Legislative Analyst's Office (LAO), where his assignments included, at one time or another, the California State University (support budget), capital outlay for the California State University and the University of California, the California Community Colleges, and public employee compensation and retirement.

After leaving the LAO, Robert served as the Vice Chancellor for Fiscal Policy at the Chancellor's Office for the California Community Colleges from 2002-2006, replacing Patrick Lenz who had just been hired by the CSU. Most recently, he has been working for MGT of America, as a senior associate in the management and education consulting firm's Sacramento branch. Please join me in welcoming Robert to the California State University.

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

CAPITAL PLANNING, DESIGN AND CONSTRUCTION

Elvyra F. San Juan, Assistant Vice Chancellor

EXECUTIVE

Capital Project Finance Tracking - Status: As noted in the March newsletter, CPDC is responding to a Trustees Audit finding that calls for improved reporting of capital project finance accounting systemwide.

Nineteen campuses responded to the Capital Project Accounting Management survey that was sent to executive deans, business managers, and FOA (Financial Officers Association) delegates asking about campus practice. A session addressing this issue at the recent FOA conference further identified gaps, concerns, and possible solutions in response to the finding. As a next step, a meeting with representatives from selected campuses and Chancellor's Office staff from IT-CMS, Financing and Treasury, and CPDC has been scheduled. The group will define report requirements and identify steps necessary to develop and implement the reports systemwide. Additional meetings will address obstacles that may exist on specific campuses that would prevent implementation of the report, and identify resources to achieve resolution.

Builders Risk Insurance Program Premium (BRIP):

CPDC is billing projects for BRIP premiums. For projects that are funded solely by state or non-state sources, the process is straightforward. However, for those projects which have multiple funding sources, state and non-state, the delineation across the construction contract cannot always be easily quantified. There has been one project to date that falls into that category, and there will be more. In collaboration with the campus, an invoice was sent for the full BRIP premium, allowing the campus to identify source of funds for payment. This is in contrast to calculating a pro rata share of the premium between state appropriated and non-state funds, and issuing a Plan of Financial Adjustment

and an invoice, respectively. Campus comments on this process are welcomed (npaice@calstate.edu/562.951.4087).

Nancy Frelander-Paice, Executive Program and Fiscal Manager

FACILITIES PLANNING

Legislative Analyst's Office (LAO) Site Visit: The LAO visited the CSU Long Beach campus on April 29, 2008. The visit focused on the campus's proposed master plan revision and ceiling increase from 25,000 to 31,000 FTE (approved at the May 2008 Board of Trustees meeting). Of special interest, were campus efforts to increase summer enrollment and cooperative efforts with the City of Long Beach to mitigate off-campus traffic impacts.

Legislative Hearings: On May 7th the Assembly Budget Subcommittee on Education Finance heard testimony on the CSU funding requests for which the Legislative Analyst's Office (LAO) recommended reductions or deletions. The LAO's recommendations for both the CSU Sacramento Science II, Phase 2 project and the CSU Chico Taylor II Replacement Building were based on the assumption that the requested instructional capacity was not justified due to underutilization of facilities during the summer term. The LAO agreed however that the existing buildings are obsolete and in need of replacement.

CSU recommended that these projects proceed as identified in the Governor's Budget. It was noted that the CSU has taken into account the legislative targets for summer enrollment in sizing these facilities and that the projects will provide instructional and instructional support space consistent with the State University Administrative Manual (SUAM). The CSU campuses support expanding summer enrollment, and have developed extensive summer programs but must fund them in a cost effective manner. CSU also provided updates on the status of its Year Round Operations (YRO), systemwide long range FTE growth, master plan revisions, and related policy on fair share payments for off-site mitigations. The Assembly Budget Subcommittee took no action on these items; the Senate Budget and Fiscal Review Committee has scheduled hearings on the 2008/09 capital projects at a later date.

The Draft Five-Year Capital Improvement Program 2009/10 through 2013/14: The Draft CSU Five-Year Capital Improvement program for 2009/10

through 2013/14 was approved by the Board of Trustees at their May 2008 meeting. State funded projects for the five-year program total \$5.9 billion, non-state funded projects total \$4.7 billion.

The 2009/10 Capital Outlay Program budget request of \$360 million for state funded projects follows the adopted trustee criteria. In keeping with the DOF cost guidelines, the project cost estimates include a five percent year-to-year cost increase from project start to the midpoint of construction. This increase is expected to bring projects budgeted for the 2009/10 Capital Outlay Program in line with current market conditions at the time of bid. Funding for the program is dependent on California voter approval of a future general obligation bond. The CSU 2009/10 Capital Outlay Budget Change Proposals will be submitted to DOF beginning in June 2008. The Final Five-Year Capital Improvement Program for 2009/10 through 2013/14 will be presented for approval by the Board of Trustees at the September 2008 board meeting.

Larry Piper, Chief of Facilities Planning

ARCHITECTURE AND ENGINEERING

CSU•PER: The California State University-Program for Environmental Responsibility (CSU•PER) is the sustainability measurement and verification system for capital projects per trustee policy. CSU•PER is in the final stages of development for rollout in the fall 2008 as part of the CSU Facilities Management Training Program. CSU•PER is a comprehensive program that encourages and monitors responsible decisions and actions during integrated planning, design, construction, and operations of state and non-state capital projects on the 23 geographically diverse CSU campuses. The use of sustainability workshops and integrated building design are key elements in implementing CSU•PER. The program promotes responsible stewardship of buildings and grounds in order to provide the best learning, living, and working environment possible on campus while simultaneously minimizing ecological impacts.

CSU MECHANICAL REVIEW BOARD (MRB) UPDATE: The MRB has developed the 'Understanding the Mechanical Systems Review Process' document. This document defines the timeline and associated activities of the mechanical systems reviewer for the traditional design-bid-build, design-build, and energy efficiency construction projects. In addition, the board has written comprehensive guidelines for utility metering (http://www.calstate.edu/cpdc/ae/guidelines/CSU_M

[etering Guide.pdf](#)) and electrical arc flash (<http://www.digitalenergy.com/csumrb/login.cfm>). In the coming year, the MRB will develop campus design criteria for the mechanical systems and guidelines for the basis of design development and campus project requirements.

Thomas Kennedy, Chief of Architecture and Engineering

LAND USE PLANNING AND ENVIRONMENTAL REVIEW (LUPER)

Faculty-Staff Housing: An ad hoc committee of AUREO (Association of University Real Estate Officials) members is hosting a Faculty-Staff Housing Workshop on May 29-30, 2008, at the First American Title Company headquarters in Santa Ana, California. Topics will include the current housing market and its impact on workforce housing; capitalizing on the down market with acquisition strategies; operational issues with homeowner associations; and a tour of the UC Irvine University Hills housing community. For registration and information, contact: Steve Lauzier, formerly Real Estate Director for Cal Poly Pomona and now with Cornell University, at sel95@cornell.edu,

David Rosso, Chief of Land Use Planning and Environmental Review

PLANT, ENERGY, AND UTILITIES

Electric Rates and Direct Access (DA): The thirteen campuses that remain on Direct Access are faced with the difficult decision of choosing between bundled utility service or remaining on DA. The recent run up in energy prices and the unprecedented market volatility present significant budget challenges for the campuses. The Energy Contract Oversight Board (ECOB) is pursuing options for DA campuses that may include purchasing power on the day ahead market for a short time before either returning to bundled service or finding a less expensive fixed price for power. In March, CPDC projected utility cost increases of six percent across the system and that estimate has not improved. Individual campus estimates are being updated at this time. The ECOB is also scheduling meetings with utility executives to explore other opportunities to help campuses manage price risk. These options may include applying for a different tariff that would allow qualified campuses to contract for power directly from the utility.

Greenhouse Gas Emission Report (GHG): Campus GHG information and data from 1990–2006 are available at http://www.calstate.edu/cpdc/peu/CSU_CO2_Emissions_Report.pdf. All 23 campuses, off-campus centers, and the Chancellor's Office are registered with the California Climate Action Registry (CCAR) (<http://www.climateregistry.org/>) and are included in the annual inventory report. This should mitigate a campus' need to contract with an outside consultant to track GHG. Campuses are encouraged to contact Aaron Klemm, Energy Program Manager, for additional information or to report corrections to the posted data (aklemm@clastate.edu/562.951.4121).

2006 - 2008 Energy Efficiency Partnership Success and Failure: The forecast is that the 2006 – 2008 Energy Efficiency Partnership will end with a mixed achievement of success in the southern region and failure in the north. While campuses in SCE and SDG&E service territory exceeded reduction goals and will have an opportunity to exceed the funding allocation, campuses in PG&E service territory will revert \$2 million incentive funds out of \$9 million because projects were either not sufficiently developed or could not be completed by the December 31, 2008 deadline. We are encouraging all campuses to continually update their five-year energy project program plan and coordinate with capital facilities projects so that we can continue to apply for funding in the 2009 – 2011 incentive cycle.

Len Pettis, Chief of Plant, Energy, and Utilities

CONSTRUCTION MANAGEMENT

Subcontractor Prequalification Requirement: At the June 2007 Executive Deans meeting, CPDC introduced the mandatory subcontractor prequalification requirement for all design-build (DB) and construction manager at risk (CM) projects advertised from that point forward. For these projects, the campuses are required to incorporate into the request for proposals (RFP) the requirement for the DB or CM to pre-qualify all of its mechanical-electrical-plumbing subcontractors as well as all subcontractors with a subcontract that is greater than five percent of the project construction cost. CPDC has implemented a standard reporting process for campuses utilizing the CM and DB procurement methods.

The subcontractor prequalification documents are referenced in the RFP documents online and are

also incorporated in the RFP; CM: Exhibit B-3, CMR Trade Prequalification Documents:

http://www.calstate.edu/cpdc/CM/CM_at_Risk.shtml;

DB: Article C-Part 3, Design-Builder Subcontractor Prequalification Documents:

http://www.calstate.edu/cpdc/CM/rfp-design_build.shtml

James Corsar, Senior Chief of Construction Management

Jim Sowerbrower, Chief of Construction Management

FINANCIAL SERVICES

Colleen Nickles, Assistant Vice Chancellor

FINANCING AND TREASURY

Resource Management Office: The Resource Management Office (**RMO**) announced the launch of the Bank of CSU intranet website. Campuses are now able to access their investment pool balances via the web and download transaction detail that affect their accounts. The new website was developed by the CO-ITS web team lead by Gerard Greenidge with project management and design guidance provided by Financial Services' Kelly Cox and Colleen Coyne. The site is security-enabled and access is limited to campus-designated financial services staff. This new service is another milestone in Financial Services' continuing efforts to offer timely and reliable financial information using current and "best of breed" technologies.

In other news, RMO released the 3rd Quarter Earnings Report for the Systemwide Investment Fund-Trust (SWIFT) showing the continued solid performance of the investment pool. Earnings during Q3 were \$26.2 Million for an annualized yield of 5.04%. This return was due in large part to the SWIFT pool's return on holdings acquired prior to the recent downturn in the fixed income investment market. The 4th quarter earnings report will be released in mid-June.

OFFICE OF RISK MANAGEMENT

2007 Governor's Employee Safety Awards (GESA): In 1980, the Governor's Employee Safety Awards (GESA) began recognizing individuals and groups of employees who distinguish themselves through outstanding safety and health service to the State. For 2007 achievements, the GESA

Committee has selected 8 California State University employees from two campuses to be recognized by the Governor, along with other state agency employees. A ceremony honoring the awardees will be held on Thursday, August 28, 2008 at the Sacramento Convention Center. Congratulations to California Maritime Academy and San Francisco State University employees for earning this important award!

California State University Risk Management Authority (CSURMA) Program Costs Down 10% for FY08/09: Due to a lower state vehicle liability rate, down by 47%, from fewer vehicle accidents and lower Workers' Compensation claim costs, the CSURMA Risk Pool has announced a 10% reduction in overall program and insurance costs for the California State University system.

2008 Fitting the Pieces Together Conference: Registration for the November 5 - 6, 2008 conference will open in July 2008. The conference will be held at the Hilton Oakland Airport and will feature general and focused sessions in the areas of Student Activities, Emergency Preparation, Environmental Health & Safety, Risk Management, Human Resources and Workers' Compensation. This year the conference will be held over two days in an effort to trim costs. Visit the conference website

http://www.calstate.edu/risk_management/events/fitting_the_pieces_together/ i for hotel information and additional information to be posted in July 2008.

New Handheld Telephone Vehicle Law Effective July 1, 2008: Two new laws dealing with the use of wireless telephones while driving will go into effect on July 1, 2008. The first prohibits all drivers from using a handheld wireless telephone while operating a motor vehicle (Vehicle Code §23123) link to <http://www.dmv.ca.gov/pubs/vctop/d11/vc23123.htm> but allows motorists 18 and over to use a hands-free device. The second prohibits a driver under the age of 18 to use either a wireless telephone or a hands-free device while operating a motor vehicle (Vehicle Code §23124) link to <http://www.dmv.ca.gov/pubs/vctop/d11/vc23124.htm> Both laws allow a driver to use a wireless telephone to make an emergency call to a law enforcement agency, a medical provider, the fire department, or other emergency services agency.

Welcome to Zachary Gifford: We are pleased to announce the appointment of Zachary Gifford (Zach) as the new Assistant Systemwide Risk Manager, Liability and Property, effective April 23, 2008.

Zach's responsibilities include assisting with the development and management of comprehensive risk and insurance, public safety and emergency preparedness management programs for the CSU system, serving with primary responsibility in the liability and property programs for campuses and participating auxiliary organizations.

Zach comes to us from the City of Santa Ana, where he was the Liability Claims Coordinator for the last 7+ years. He has over 17 years of experience working in claims and risk management. He is a graduate of California State University, Long Beach and holds the Associate in Claims (AIC) and Associate in Risk Management (ARM) certifications. In addition, Zach has been very active the Southern California Public Agency Risk Managers Association (PARMA) Steering Committee, Orange County Chapter of Risk and Insurance Management Society (RIMS), the State Chapter of Public Risk Management Association (PRIMA) and serves as the PRIMA External Affairs Committee.

*Charlene Minnick, Chief Risk Officer
Systemwide Risk Management*

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

ACADEMIC TECHNOLOGY SERVICES

Community of Academic Technology Staff (CATS)

The CSU Community of Academic Technology Staff (CATS) held its 11th annual conference at Sonoma State University March 26 – 28. Some highlights from this year's event:

- Over 220 attendees, including staff, librarians, faculty, Chief Information Officers, Directors of Academic Technology (DAT), Library Directors, and others.
- DAT and the Information Technology Advisory Committee (ITAC) held concurrent meetings to facilitate leadership attendance.
- Fifty (50) sessions were offered, with such topics as:
 - Captioning and other accessibility issues,
 - Presentation and training skills
 - MERLOT and Digital Marketplace updates
 - Streaming media
 - Security

The full program is online at <http://cats.cdl.edu/catsconf2008> (click "Program" button).

- Members of ITAC, DAT, and the Council of Library Directors (COLD) attended the conference in larger numbers this year, and participated in a roundtable discussion with CATS members during a general session.
- A meeting between the CATS Executive Council, DAT members and the Director of the Accessible Technology Initiative (ATI) resulted in proposed collaboration on ATI resource development.
- CATS garnered a record \$47,250 in vendor sponsorship revenue.

Foundational Skills: The Center for Distributed Learning recently developed and launched an online, math professional development for high school teachers to support the CSU Early Assessment Program. The program is available free of charge at www.calstate.edu/eap/mathpd.

Transforming Course Design: The Transforming Course Design teams in General Chemistry and Developmental Mathematics now include 12 campuses working together in Developmental Math to create redesigned course formats, learning activities and resources for re-use and adaptation across the CSU, and 10 campuses working together in General Chemistry. Find information more at: <http://transform.csuprojects.org/>.

SYSTEMWIDE ELECTRONIC INFORMATION RESOURCES

On April 13 - 16, 2008, SEIR Co-Hosted the Spring 2008 meeting of the International Coalition of Library Consortia, held in San Francisco. Planning partners were the California Digital Library (CDL) and the Statewide California Electronic Licensing Consortium (SCELC). Lisa Moske convened the vendor sessions and led a discussion session on accessible technology. The meeting included participants from North America and from Australia, France, Germany, Japan, Norway, South Africa, Sweden, and Turkey.

TECHNOLOGY POLICY PLANNING AND ADVICE

Accessible Technology Initiative: In order to assist the CSU campuses operating as a

collaborative Community of Practice in carrying out the objectives of the ATI, the Chancellor's Office will co-host a series of regional meetings with six campuses during the Fall of 2008. Regional meetings mitigate the need for air travel or hotel stays.

The meetings will offer an opportunity to showcase innovative or highly successful practices from some of the campuses and also to bring together ATI implementers in the 3 ATI priority areas, as well as training, for in-depth, in person Community of Practice sessions. Each meeting will take place on one day from 10 am to 3pm. They will be open to anyone involved in ATI implementation who wants to attend. The following campuses have agreed to co-host the regional meetings:

Sacramento, San Jose, Fresno, Northridge, Fullerton and San Marcos. Specific dates will be determined soon. Each meeting will be organized by the ATI staff from the CO and a local organizing task force. Additional information will be announced as soon as it is available.

Additional information about the ATI can be found at <http://www.calstate.edu/accessibility/>

TECHNOLOGY INFRASTRUCTURE SERVICES

Infrastructure Technology Resource Project 3 Planning (ITRP 3): Since its inception, ITRP has provided campuses with robust, reliable network technology infrastructure to support academic and administrative technology. The first ITRP deployments provided standardized infrastructure for the routing and switching needs of the campuses. The second iteration, called ITRP 2, is underway and includes refreshing the routing and switching equipment, as well as adding network security and wireless technologies.

The initial planning stages for ITRP 3 began on May 7, when representatives from the Network Technology Alliance (NTA), the Information Security Officers (ISOs), the Information Technology Advisory Committee (ITAC) and the Chancellor's Office met to discuss the evolution of the program. At this meeting, ideas about how to build upon the foundation of ITRP 1 and 2 and how to leverage the fact that all campuses now have a standardized infrastructure that enables collaboration and operational efficiency were discussed. The ITAC representatives intend to take the concepts discussed at the meeting and develop a list of

priorities that can be investigated for inclusion in ITRP 3.

Systemwide Identity and Access Management Initiative (IAM): The IAM is building the foundation for collaborative access to system-wide technology resources through Federation. Identity *federation* is based on a trust agreement and the supporting infrastructure between multiple organizations that leverages a common set of practices and policies to securely exchange identity information about users of technology services and resources.

The CSUConnect Federation will enable the Chancellor's Office and CSU campuses to begin the process of securely exchanging user credentials with each other and external service providers. Some examples include electronic library resources, wireless access, and collaboration tools such as Microsoft SharePoint. Secure web transactions will pass locally issued credentials between web-based services. The ability to use campus-provided user IDs and passwords to access services at other campuses and external service providers within the federation, provides a better user experience and saves on the cost of building, maintaining and securing identity information for all the users in the federation.

The IAM CSUConnect Federation Standards and Procedures document was approved at the March ITAC meeting IAM staff and campus representatives can now begin building the technology infrastructure for the CSU Federation. The IAM Technical Architecture Group (TAG), consisting of CO IAM staff and campus representatives, is currently refining the CSUConnect Federation rollout steps and schedule in preparation for final approval by ITAC, and implementation of the infrastructure in FY 08-09.

COMMON MANAGEMENT SYSTEMS

Human Resources:

The CSU/SCO 21st Century Project Team conducted campus stakeholder status meetings to provide an update on key activities and to answer questions from the user community. Another series of stakeholder meetings will be scheduled in early-2009. Information on the project is available on the website at: http://cms.calstate.edu/06_Projects-Initiatives/06A_HRPROJ_21stCentury/CMS_06A_00_HRPROJ_21Cent.asp

Financial Information System Update:

Best practice vision validation sessions for travel and expense were held in May. Representatives from CABO, FOA, CO and campus subject matter experts identified best practice opportunities.

INFORMATION SECURITY MANAGEMENT

The Information Security Management is in the process of selecting a qualified vendor to work with the CSU on the development and deployment of a system-wide information security awareness training tool. This tool will be incorporated into campus information security training programs. Plans are that the CSU will sign a contract with the selected vendor by the end of June 2008 and development will begin as soon as the contract is signed.

ADVOCACY & INSTITUTIONAL RELATIONS

Karen Y. Zamarripa, Assistant Vice Chancellor

Copies of CSU Legislative Reports and other legislative information pertaining to the CSU are available on the AIR website at:
<http://www.calstate.edu/air/>.

SYSTEMWIDE BUDGET OFFICE

Robert Turnage, Assistant Vice Chancellor

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.