

Business & Finance NEWS

Business and Finance Division

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

NEWS FROM THE DEPARTMENTS

JULY 2008

SYSTEMWIDE BUDGET OFFICE

Robert Turnage, Assistant Vice Chancellor

JULY 31, 2008 CSU BUDGET OFFICERS' MEETING: There will be a Budget Officers' Meeting on July 31, 2008 at the LAX Westin Hotel. The meeting will focus primarily on Budget Operations. Topics include: 2008/09 Budget Update, FIRMS Final Budget Submission Instructions, Final Budget Allocation Memo, Fee Report and Fee Survey Instructions, Carry Forward Policy and the System Budget Office Website Redesign. Participants include CSU Budget Officers/Directors and their staff and Associate Vice Presidents – Finance. For more details, contact Wayne Nishioka at wnishioka@calstate.edu or (562) 951-4555.

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/>.

CAPITAL PLANNING, DESIGN AND CONSTRUCTION

Elvyra F. San Juan, Assistant Vice Chancellor

EXECUTIVE

Facilities Management Conference: CPDC is hosting the 2008 CSU Facilities Management Conference October 21 – 24, at the historic Millennium Biltmore Los Angeles, an ideal setting for university executives and facilities managers, faculty, students, and business partners to further their understanding of campus operations, planning, design and construction. The conference theme, *Create Tomorrow Together*, considers opportunities to work in partnership across professional disciplines to anticipate change and collaborate in preparation for the future.

Keynote speakers will address critical issues facing professionals in higher education as they plan for the future. Educational sessions will be presented in five tracks: *Planning for Change; Design and Construction; Energy Efficiency and Plant*

Optimization; Custodial, Grounds, and Trades Management; and Professional Development. Extended workshops will provide focused presentations, engage attendees on topical subjects and enhance professional development.

The conference is open to faculty, staff, and students from UC and CSU. Pre-conference CSU business meetings are scheduled on Tuesday, October 21, for the Executive Deans, Plant Directors, Energy Managers, Custodial Managers, Grounds Managers, and CAD/GIS affinity groups. Registration for these meetings is available online with general [conference information](#).

Nancy Frelander-Paice, Executive Program and Fiscal Manager

FACILITIES PLANNING

State Capital Outlay Budget: As of July, the legislative subcommittees have approved \$72.2 million in prior bond funds for the CSU 2008/2009 capital outlay program. The program includes \$18.7 million for systemwide capital renewal, \$23.8 million for Channel Islands infrastructure, \$10.5 million for San Bernardino access compliance, and \$19.2 million for group II equipment for six projects nearing completion.

In the absence of a General Obligation bond being placed on the November ballot, the legislature could approve Lease Revenue (LR) bonds to fund the higher education capital programs; these do not require voter approval. The state Public Works Board (PWB) is authorized to issue LR bonds to finance design and construction projects when such projects are authorized by the legislature. One option being promoted is legislative approval of LR bond funding as part of the 2008/2009 budget act.

To qualify for LR bond funding, the project must result in a leasable asset that has a 25-year life. If future work is needed in the facility after construction completion, PWB approval on the improvement or change of use in the asset must be secured. These restrictions may make some projects such as

infrastructure, seismic repair, and partial building renovations unsuitable for LR bond financing .

2010/2011 State Capital Outlay Program: Looking forward to the next budget year, the Board of Trustees approved the Categories and Criteria for the 2010/11 Capital Outlay Program and Five Year Capital Improvement Program at their July 15 meeting. This action establishes the basis for prioritization of CSU capital projects submitted by campuses in response to the call letter for the 2010/11 budget year. The call letter for the 2010/11 program will be issued this summer.

Larry Piper, Chief of Facilities Planning

ARCHITECTURE AND ENGINEERING

Forget Gas Mileage, How Efficient are our Buildings? One can get a quick idea of a building's energy efficiency by asking how much it exceeds Title 24. Because an efficient building returns significant dividends month after month through lower operating costs, this is a key design consideration. Over time and with multiple buildings these savings become multi-million dollar line items.

Title 24 is the California law that defines building related energy use and as one might expect, California's Title 24 is considered the nation's most stringent building energy efficiency 'code.' CSU has by policy, long mandated that our capital projects exceed the stringent Title 24 baseline by a set percentage to realize greater efficiency and corresponding cost savings. The requirement has been to outperform Title 24 by at least 15% for new construction and 10% for renovation projects.

The design and development of CSU projects are closely monitored for policy compliance. Benchmarking reveals that our best buildings are 'balanced' in that they equally seek efficiency in the building's shell, lighting, and mechanical system. Less successful buildings tend to focus efficiencies mostly on the mechanical system.

For projects beginning design after July 1, 2008, the CSU will require new construction to outperform Title 24 by a minimum of 20%, up from 15% previously. Progress submittals during the design phase will be monitored, in particular for individual envelope, indoor lighting, and mechanical system performance. The compliance standard for renovation projects remains unchanged at 10% in recognition of the constraints of an existing configuration. The CSU's policy requiring

performance in excess of the Title 24 standard will both pay dividends for decades and deliver better buildings.

Thomas Kennedy, Chief of Architecture and Engineering

LAND USE PLANNING AND ENVIRONMENTAL REVIEW (LUPER)

Professional Development in University Real Estate: LUPER staff will attend an upcoming conference hosted by AUREO (Association of University Real Estate Officials) in Atlanta, Georgia on September 15 – 18, 2008. This year's conference will include sessions on public/private partnerships, Greek housing, community relationships, and resolving acquisition holdouts, as well as a number of related topics that pertain to ensuring the best value from real estate transactions, leases, and land development.

Each year, CSU acquires or enters partnerships involving hundreds of acres of new or existing property devoted to the CSU educational mission. Other departments in the Chancellor's Office, as well as university and foundation staff, who deal with campus real estate issues and private/public partnerships, may want to consider attending this educational program. Many of our CSU campuses, and their respective auxiliaries, are involved in increasingly complex real estate acquisitions, and difficult transactions with gift property, as they seek to advance university master plan growth objectives. In addition, the risk calculations on whether a property transaction or development partnership will "pencil out" have become much more demanding, as administrators and negotiators for the university try to ensure that "the deal" will ultimately benefit the university as either revenue producing or long-term investment asset.

AUREO's goal is to advance the common interests of colleges and universities relating to real estate administration, including management, leasing, investment, development, acquisition and disposition. CO staff have both contributed to and benefitted from the list-serve discussions that enable members across the country to share ideas and solutions. Auxiliary organization representatives are encouraged to find out more about the agenda for the AUREO conference at www.aureo.org.

David Rosso, Chief of Land Use Planning and Environmental Review

PLANT, ENERGY, AND UTILITIES

Unit Support: Heather Colbert with Source Energy Solutions is under contract with CPDC to provide support for the Energy Efficiency (EE) Partnership Program and Direct Access (DA) procurement. Prior to starting her own firm, Heather was the chief procurement officer for the Irvine Company and responsible for energy procurement for their more than 30 million square feet of commercial office space, 37 retail centers, 90 apartment communities, two hotels, five marinas, and three golf courses throughout California. She has already played a vital role assisting University Counsel Marlene Jones in drafting the language for the new DA contract. Heather will be assisting in the day to day management of the EE partnership program including the close out of 2008 projects while continuing to build the campus project portfolio for the 2009 – 2011 program. She will also assist with the oversight of the new DA agreement with Constellation New Energy. Heather can be reached at (562) 951-4299 or hcolbert@calstate.edu.

Direct Access Update: On May 21, CSU entered into a Direct Access Service Agreement with Constellation New Energy (CNE) for the term July 1, 2008 – December 31, 2009. The new contract provides the campuses with two distinct types of power buying options. The first is commonly referred to as ‘full requirement’ or ‘fixed price’ where the contractor provides the campuses with all its electric energy requirements for a specified term (usually 6 or 12 months) at a fixed price. The second option is termed a ‘variable price’ product where a campus can choose to buy a portion of the power needed, while the remaining power is purchased on the ‘day-ahead’ market. The first option is more expensive than the second because the ‘risk’ of market price fluctuations and varying campus load requirement are included in the ‘fixed price.’ The second option, while subject to market price fluctuations and varying campus loads, can be less expensive because it allows the campuses to purchase only the power they need. This variable price option is very similar to the way campuses purchase natural gas and affords them price transparency and the opportunity to manage their own risk.

CPDC facilitated seminars in Northern and Southern California for the campuses to help them understand both purchase options from CNE. The campuses elected to purchase power using the ‘variable price’ option and on June 30, CPDC executed a ‘variable price’ order to purchase between 50% - 80% of the campuses’ energy requirement for 12 months at an

average price of \$105/MW (\$0.105/kWh). Looking ahead, CPDC and CNE will be monitoring energy markets and looking for opportunities to buy the remaining portions of the energy requirements of the campuses at the lowest possible prices.

Len Pettis, Chief of Plant, Energy, and Utilities

CONSTRUCTION MANAGEMENT

Insurance Mysteries Unraveled: Risk is a significant element of every construction project. CSU protects itself against loss from certain risks by employing a variety of insurance products, such as workers compensation, liability, bonds, builder’s risk, and professional liability. The premiums for the various forms of insurance on a typical construction project are expensive, and though insurance coverage is common and required, administering this requirement is often a mystery to many construction administrators.

Common questions involve limits of coverage, industry terms, how much coverage is enough, and how to file a claim. Also, there is common misunderstanding about the role of the insurance company and surety when a claim is filed and the process of resolving a claim.

A six-hour training seminar on construction-related insurance will be offered by the Risk Management Department and CPDC on November 4, 2008 in Oakland. The seminar will provide an overview of the many types of insurance coverage and bonds and allow time for questions and answers. Everyone involved in construction administration in any capacity should make this a “must attend” seminar. Registration information will be forthcoming on the [CSU Facilities Management Institute calendar website](#).

Jim Sowerbrower, Chief of Construction Management

FINANCIAL SERVICES

Colleen Nickles, Assistant Vice Chancellor

OFFICE OF RISK MANAGEMENT

The CSU Lends a Hand at the State Emergency Operations Center: During late June and early July, emergency operations personnel battled dozens of wildfires across the State, none more intense or challenging than the fires ignited in Butte County from the substantial lightning events of June 20, 2008.

On July 9th, Charlene Minnick, Chief Risk Officer of Systemwide Risk Management, was called to duty by the State Office of Emergency Services to assist at the State Emergency Operations Center (EOC) in Sacramento. One got a real sense of the drama of the fire battle when reviewing Charlene's status reports; for every positive note of increased humidity and slackening winds, there was a report of a sudden drop in humidity, increased winds and a change in the fire's direction of travel, which resulted in the potential mass evacuation of Paradise, CA, a town of nearly 30,000 residents. It was in contemplation of this potentiality and the very real need to house firefighters, farm animals, and a potentially large number of evacuees that the Chico campus was called on to lend assistance to the State's emergency endeavor.

This experience provided further evidence of the need to continue the CSU's disaster planning and training.

*Zachary Gifford
Systemwide Risk Management*

2008 Fitting the Pieces Together Conference: Mark your calendar to attend this year's conference at the Oakland Airport Hilton, Oakland, CA on November 5 - 6, 2008. The conference features general sessions and education sessions in the areas of Risk Management, Student Activities, Emergency Management, Employee Health and Safety, Worker's Compensation, and Human Resources.

Sessions this year include but are not limited to: "Test Your Worker's Compensation Knowledge", "Responding to a Shooter on Campus – A Primer for Non-law enforcement personnel" and "Looking to the Future – Preparing the Next Generation (CSUF Center for Insurance & Risk Management)". The terrific array of sessions will be accentuated by top-notch speakers.

On-line registration, the tentative line-up of sessions/speakers and general information is readily available at the conference website;

http://www.calstate.edu/risk_management/event_s/fitting_the_pieces_together/.

Student Professional Liability (SPL) Insurance Update: This past July 1, 2008, the CSU renewed the SPL policy that covers "professional and personal/general liability" of students enrolled in a CSU Health Profession practicum or a CSU Education credential program.

Student Academic Field Experience for Credited Liability Insurance Program (SAFECLIP): On July 1, 2008, a new insurance policy became available to cover "professional and personal/general liability" of enrolled students performing community service or volunteer work for academic credit, and students enrolled in radio, television or film credential programs.

Heat Illness Prevention and Energy Conservation: With summer in full effect and expected extended periods of significant heat in August, September, and even into October, it is important to keep in mind the need for heat illness prevention and saving on power. To get information on mitigating risk of heat illness, check out OSHA's handy "Quick Card" at: <http://www.osha.gov/Publications/osha3154.pdf> Another helpful website is "flex your power" at: <http://www.fypower.org/>

Three Campuses awarded accreditation from the International Association of Campus Law Enforcement Administrators (IACLEA): CSU Northridge, CSU Fullerton and CSU Los Angeles were recently awarded with a prestigious honor in being accredited at the IACLEA Annual Conference which took place on June 28th in Hartford, Connecticut.

Please join in congratulating these campuses! It is a rigorous accreditation process and these campuses met the challenge and deserve kudos.

*Charlene Minnick, Chief Risk Officer
Systemwide Risk Management*

INFORMATION TECH. SERVICES (ITS)

Michael McLean, Interim Assistant Vice Chancellor

ACADEMIC TECHNOLOGY SERVICES

MERLOT: The eighth Annual MERLOT International Conference will be held in Minneapolis, Minnesota from August 7-10, 2008. The conference theme is *MERLOT: Still Blazing the Trail and Meeting New Challenges in the Digital Age*. About 500 faculty, staff, and administrators from around the world are expected to attend including a strong contingent of CSU faculty and administrators this year.

Accessible Technology Initiative (ATI): A web accessibility tutorial is now available online from any campus networked computer. No login is required. San Jose State University provided the instructions and guides for using the courses that are on the web site. The training is captioned. The tutorial is available at:

<http://www.calstate.edu/accessibility/tutorials/lynda/>

ATI has conducted a survey of campus-created training resources on accessibility. The results have been published in a document that can be requested by contacting Keva Williams kwilliams@calstate.edu.

These offerings by campuses will help in training staff and faculty in accessibility. Campuses that have training materials that can be shared should send them to jwells@calstate.edu. Please include a URL and a course description.

There are many confusing and obscure issues and questions regarding copyright law and how to comply with it in regards to implementing ATI requirements, especially with respect to the Instructional Materials priority. Jean Wells has compiled a list of questions from campuses, and the legal department of the CO has provided answers. This document also includes a very helpful list of resources. The resulting FAQ can be requested from Keva Williams, kwilliams@calstate.edu.

San Francisco State University has begun to work on developing a VPAT (Voluntary Product Accessibility Templates) database that will be available for campuses beginning in the fall. Fields have been defined, and templates drafted. Coding will take place in August.

COMMON MANAGEMENT SYSTEMS

Student Administration Update: The annual Systemwide In-Person Module group meetings were held at the Chancellor's Office the week of July 7th. These meetings typically focus on campus discussion of best practices. This year's meetings were dedicated to developing areas for improvement or examples of efficient business processes. It was a valuable opportunity for campuses to present and facilitate discussions to their module groups, with Chancellor's Office staff in attendance.

Staff continues to document and map out the new CMS Bundle and Release Strategy process. This revised process will eliminate the redundant delivery of fixes that occurs in the cumulative baseline delivery and provide campuses with the ability to plan testing and upgrade activities due to the projection of delivery dates. As well as ensure the chronological application of Human Resource and Campus Solution bundles as released by Oracle.

Human Resources: The CMS Human Resources Application Team is testing PeopleSoft Human Resources bundles, and several associated PeopleSoft Tax & Global Payroll bundles, which will be delivered to campuses in an interim release, targeted for late August. The team continues to provide guidance and support to campuses implementing core CMS Modules and provides maintenance and troubleshooting support of the CMS Baseline system.

The HR team has also been working closely with Systemwide Human Resources and the campuses to define the requirements for several proposed CMS system enhancements, including:

- Weighted Teaching Units Accumulation Reports
- Generally Accepted Accounting Practices (GAAP) Reports
- Implementation of new Race & Ethnicity tracking regulations
- New interfaces for transferring benefits enrollment data from PeopleSoft to several benefits vendors

Additionally, an HR Team member participated in the Oracle Human Resources Customer Advisory Board meeting on June 26th. Oracle shared information and sought customer input on their plans for upcoming Human Capital Management (HCM) releases, new product offerings under consideration,

prototypes displaying new functionality or changes to the look and feel of the application, etc. There was a strong focus on Talent Management and Workforce Analytics, the two areas that Oracle has targeted for future development and product enhancements.

FINANCIAL AND ADMINISTRATIVE SERVICES

Systemwide Electronic Information Resources (SEIR): SEIR is managing the systemwide LMS (Learning Management System) contract extension and negotiated contract terms and pricing in collaboration with Academic Technology Services and Systemwide Procurement. Information on pricing and terms for the 2008/09 service extension for BlackBoard and WebCT was released to all Campus Learning Management System (LMS) Coordinators in June 2008 and is available at <http://seir.calstate.edu/>.

SEIR successfully negotiated additions to the Electronic Core Collection (ECC), providing systemwide access to the complete online backfiles for the Wiley and Blackwell journals collections and Journal Storage (JSTOR) Arts & Sciences VI. These library e-resources support research and study in Science, Medicine, Technology, Arts, and Humanities.

BUSINESS SERVICES SOLUTIONS

Travel Best Practices: Campus representatives recently attended sessions to discuss travel and expense related best practices, i.e., which practices the CSU could consider adopting, and process considerations surrounding each practice. A sub-committee has been formed and charged with reviewing the travel policy. Future state best practice process considerations were then developed and shared with key stakeholders on July 21. An update will be provided at the upcoming Finance Officers Association and Chief Administrators and Business Officers (CABO) meetings. Once practice and policy considerations are identified, the Oracle Travel Module will be developed to support these practices. For more information contact Robyn Pennington at rpennington@calstate.edu.

INFORMATION SECURITY MANAGEMENT

Information Security Policy: The second review cycle for the systemwide Information Security Policy ended in early June and the project management team is currently reviewing comments. During the summer, the CSU project manager will be hosting in-depth discussions with various individuals and groups about the draft policy and standards. The vendor will produce a revised set of comments for the CSU to review in the fall.

Information Security Awareness: WorkPlace Answers has been awarded the contract to work with the CSU to develop a web-based system-wide information security awareness training tool. This training will be made available to all faculty, staff and auxiliary employees in the CSU. WorkPlace Answers has worked with the CSU in the past on this type of project; they helped develop the CSU's Sexual Harassment training tool. The CSU system-wide information security officers will be recommending content for the training tool.

For more information about these activities, please contact Cheryl Washington at cwashington@calstate.edu.

ADVOCACY & INSTITUTIONAL RELATIONS *Karen Y. Zamarripa, Assistant Vice Chancellor*

Institutional Funds Management Bill Advances: The CSU sponsored proposal that seeks to update the laws governing management of endowment portfolios is advancing in the legislature. The CSU 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 CSU has joined with the Association of Independent California Colleges and Universities (AICCU), as well as the University of California (UC) in seeking passage of SB 1329, a bill which will update these laws.

In 1972, the Uniform Management of Institutional Funds Act (UMIFA) was adopted by the National Conference of Commissioners of Uniform State Laws (NCCUSL). UMIFA was a pioneering statute, providing uniform and fundamental rules for the investment of funds held by charitable institutions and the expenditure of funds donated as "endowments" to those institutions, with prudent management being the defining standard. That model law became part of California's statutory code.

In 2006, the NCCUSL updated this model statute, which is now referred to as the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA reflects and incorporates the 35 years of experience accumulated under the original UMIFA, as well as advances in asset management theory. Rather than changing institutional investment or expenditure practices, it brings them up to date and unifies them across a broad range of charitable funds. Better management of funds results in more funding available for charitable purposes.

SB 1329 contains that new model statute, and has advanced through both houses of the Legislature without a single "No" vote. It will now go to the Senate for concurrence in some technical amendments made in the Assembly, and will then head to the Governor's desk for signature.

Once enacted, California will join the other states that have adopted these changes, bringing it in line with the federal standards. To date, 24 states plus the District of Columbia have adopted this updated law, and nine others, including California, have introduced legislation in 2008.

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/>.

[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.