

**Delegate Teleconference Meeting  
 Wednesday, August 19, 2015, 9:00 a.m. – 11:00 a.m.**

FOA Members					
x	Bakersfield	Doug Wade	x	San Luis Obispo	Brett Holman
x	Channel Islands	Missy Jarnagin	-	San Marcos	Mary Hinchman
x	Chico	Stacie Corona	x	Sonoma	David Crozier
-	Dominguez Hills	Steve Mastro	x	Stanislaus	Julie Benevedes
x	East Bay	Darrell Haydon	x	Chancellor's Office	Kelly Cox
x	Fresno	Clinton Moffitt	x	Chancellor's Office	Jean Gill
x	Fullerton	Steve Yim	x	Chancellor's Office	Kara Perkins
x	Humboldt	Carol Lorentzen	x	Chancellor's Office	Lily Wang
x	Long Beach	Sharon Taylor	x	Chancellor's Office	Melody Kojima
x	Los Angeles	Mae Santos	x	Chancellor's Office	Michelle Norton
x	California Maritime Academy	Ken Toet	x	Chancellor's Office	Michelle Schlack
x	Monterey Bay	John Fitzgibbon	-	Chancellor's Office	Mike Redmond
x	Northridge	Deborah Wallace	-	Chancellor's Office	Nancy Freelander-Paice
x	Northridge/CABO Liaison	Colin Donohue	-	Chancellor's Office	Ryan Storm
-	Pomona	Darwin Labordo			
x	Sacramento	Gina Curry			
x	San Bernardino	Monir Ahmed			
x	San Diego	Agnes Wong Nickerson			
x	San Francisco	Maureen Pasag			
x	San Jose Chair	Josee Larochelle			

*Additional Attendees:* Al Viteri for AVP Labordo; and Cheryl Kwiatkowski

**1. Welcome and Agenda Approval – Deb Wallace**

Chair Wallace called meeting to order at 9:05 am. She welcomed members and asked for changes or additions to agenda - there were none. Secretary Santos called the roll.

**2. Election Results – One year Member At Large**

AVP Ahmed, San Bernardino was elected One-Year Member At Large for fiscal year 2015-16.

**3. Treasurer's Financial Report – David Crozier**

Treasurer Crozier reported that no account activity other than transfer of treasury from San Marcos to Sonoma.

#### 4. DW Enhancement Phase 2 – Cheryl Kwiatkowski

Ms. Kwiatkowski reported about the current release of Datawarehouse (DW). She indicated that there will be new contents added to the DW. It is still running in test mode, data refresh is taking over 10 hours to run – particularly in the actuals and encumbrance tables. The new technology does not seem to be as quick as the legacy. Ms. Kwiatkowski stated she has a team that is working on resolving this issue through incremental load (refreshing only data that has changed). By the first week of September they will have incremental load live in production. Campuses will get new data at 1:00 in the afternoon from 2 am the morning before. Ms. Kwiatkowski further indicated that what the campuses have now in “test” are financial reporting dashboard, transaction inquiry and sponsored programs. They are putting finishing touches on FIRMS/GAAP dashboard which will be out within the next few weeks.

Ms. Kwiatkowski also announced that Linda Horan completed nine training sessions. All but one campus completed the training. Ms. Horan will send out email to see if additional trainings are necessary. Ms. Kwiatkowski informed the FOA members that the campuses are pleased with new trees and attributes. In next several weeks more contents will be added.

There are three teams leading this effort. First group is asset management, Sherry Pickering and Lisa Booker will lead this group – design session at the CO in September. SLO will demo the new model they developed. In addition, Lisa will be working with asset and property affinity group to look at report development. Second group is ProCard; Elaine Kist is taking the lead. Third group is Labor Cost Distribution (LCD) data and reporting which Debbie Brothwell, Norman Kwong and Sue De Rosa will lead. Currently on hold right is billings and receivables. Ms. Kwiatkowski commented that this is FOA’s number two priority. She explained to the delegates that her team wants to have a better understanding of the changes being applied to billings and receivables the before they dive-in.

#### Action Items:

- a. AVP Taylor asked if the DW team is looking into the auxiliary reporting. Ms. Kwiatkowski advised the delegates should start looking on how they would want the Datawarehouse to evolve.
- b. AVP Taylor will re-group or start a group to define auxiliary reporting.
- c. AVP Haydon will add this project (DW for auxiliary) the CFS Advisory Committee List.

#### 5. Budget – Kara Perkins for Ryan Storm

Executive Budget Director Perkins reported that they are getting ready for the September BOT meeting to present the preliminary 2016-17 budget requests. They are still working under the assumption that the governor’s multi-year funding plan is in-place for 2016-17. That plan includes \$124 M new funds for the CSU and an additional \$15 M totaling to \$139 M. ED Perkins further noted that the \$15 M is savings from the Middle Class Scholarship. The BOT request will reflect an equivalent to 1.0 percent enrollment growth and very minimal amount to go towards cost other than mandatory costs. A significant issue in FY 2016-17 is health benefits costs which have tripled; from \$11 M to \$34 M. ED Perkins further reported that the support budget request will be about \$150 M more above this year which will be about 3 percent enrollment growth. At this time there is no intel from Sacramento about the funding sentiments for CSU and we will not know until much later in this year.

EBD Perkins also discussed about the reporting requirements on the \$20 M funding for student success initiatives. The presidents will have extra information on how the metrics should be presented. She indicated that Academic Affairs is essentially the gatekeepers of this funding and their needing to tell the story. For financial reporting purposes, the campuses should show more money spent on the six initiatives for this year – no need for detailed reporting on spending. Further, total spending will likely to increase to more than \$38 M identified in the budget for those six initiatives. The campuses are already doing these initiatives but can do more with the additional funding.

AVP Laroche cited that reporting requirements sparked some concerns at her campus particularly on how the memo was written; the short deadline; and the tying back to the new money. Although she understood the intent of the memo, the campus was concern about how the memo was written. ED Perkins reiterated that the campuses do not have to tie back to the specific allocation of the \$38 M. She

further noted that the spending on student success initiatives is more than the \$38 M budgeted systemwide. The campuses should be able to tell the story beyond the \$38 M budgeted; and they want to tell story that they can do more with more (doing it faster and better) and that this is a good investment for the State. Lastly, ED Perkins reported that AVC Brad Wells and EVC/CFO Steve Relyea are working with the Budget Model Sustainability taskforce to present its recommendations to the BOT. This should be considered a draft report to start the conversation at all levels.

6. CMS Updates and Project Status – Mark Crase, George Mansoor (time certain 10:15 am)

Ms. Michelle Norton presented for Mr. Mansoor. She spoke about the AP 2.0 teleconference from the previous week wherein they provided information regarding People Tools 8.4 upgrade and high level timeline of MP 2.0. She reported that MP 2.0 will be rolled out which covers Oracle 12C upgrade amongst other things. Pertinent documents regarding Image 12 from Oracle on CFS have been posted on the website. With regards the development part, campuses will start testing in February (5-week schedule) with a Go Live date of April 23<sup>rd</sup>. System will be back up on Monday, April 25. In addition, meeting minutes, MP 2.0 high level timeline, project plan, etc. have been posted on CFS website. For next few weeks, CMS will host a series of workshops to guide campuses on BI Publisher Checks development, testing and bank approval. About 90-95% of the work will be done by CMS; campuses will only need to do some positioning of the signature line, test printing and other minor items. The bulletin for the workshops will be out sometime today.

7. CABO Update – Colin Donahue (time certain 10:30 am)

VP Donahue stated that support budget discussion with the President revolved around no real changes in 2016-17. Not a lot of room to move with additional dollars with compensation increases and health benefits cost. There were numerous discussions on capital financing authority at the CO and campuses with regards to maintaining reserves. Some may have seen that capital design programs that CBPC is asking for campuses to fund the planning costs. This is a new world for us and we need to pay attention to. A couple of issues regarding this topic: 1) the prioritization of projects from the CO – merging of State and Non-State capital projects into one list. As debt capacity is a finite issue there will be comprehensive discussions on this. It is difficult to compare a State generated project versus a non-state funding project. 2) There is an expansion of the operating budgets which will come into play. We all need to be paying attention to these developing issues. Other big item that CABO is looking at is managing funds more strategically to get more return on investment – VP Donahue commends VC Steve Relyea for leading this effort. The CSU has about \$3 billion dollar to investment and VC Relyea is working with the State Finance Department for CSU to have more financing authority and be able to invest strategically like the UC system. This may be some of the things that will help the CSU meet the capital requirements. VP Donahue further reported that there was a recent bond sale that is over a \$1 billion which had an excellent rate of return of 3.95 percent. VP Donahue invited the delegates to contact AVP Wallace if for any questions or topics that CABO needs to discuss/clarify.

VP Donahue provided his perspective with regards to capital accounting (Topic 8a on the agenda). His concern is that trying to differentiate deferred maintenance and capital renewal is almost impossible to do - the two components are very similar and can be difficult to differentiate. He expressed his concern on its impact on providing meaningful data and reporting consistency among campuses. AVP Nickerson-Wong asked why CPDC is trying to differentiate between deferred maintenance and capital renewal. VP Donahue suggested that perhaps the need to understand the investments at the individual campuses. He provided some examples of such investments at his campus. AVP Taylor commented that CPDC was very specific on the definition of what is an improvement versus capital renewal/deferred maintenance. And she cited that the campuses need to be consistent for the purposes of GAAP, bond financing, etc. Comprehensive discussion followed. Ms. Kelly Cox cited that the CSU needs to maintain differentiation to align with the spending authority like on Fund 485. She further commented that the CSU is not allowed to spend beyond 12% of tuition and fee revenue on capital improvement.

8. Sub Committee Reports

a. Capital Accounting Task Initiative – Sharon Taylor, Missy Jarnagin, Clint Moffitt

AVC Taylor reported that there was a big brainstorming meeting on how to move forward on what models to use, which is using project IDs and then developing a couple of departments. However, there was memo from Kelly Cox/CO regarding department attributes will not be in Datawarehouse. AVC Taylor indicated that their campus has sent a memo to the CO about the need to be to step back and be consistent with CFS reporting protocol. She indicated that they are still waiting for response; and hence, at this time they are on hold. AVC Gill shared that the request that came in from VP Mary Stephens was indeed received and the CO is reviewing to make sure that they are sustainable solutions.

b. FOA and PSSOA – Deb Wallace, Missy Jarnagin, and Josee Larochelle

AVP Haydon reported that PSSOA has submitted their 2015-16 budget totaling \$115,000. He asked about the procedure on the budget approval process. He further reported that PSSOA has almost \$300k in carryforward and that his understanding is that this affinity group will retain the amount that will be approved for them as 2015-16 budget and then the remaining balance will be returned to FOA. Following this, the delegates reviewed the line item budgets and went into a comprehensive discussion. The delegates identified primary concerns which are the line item budgets for travel and training costs.

**Action Item(s)**: The delegates recommended that AVP Haydon work with PSSOA to revise/rebalance their budget proposal eliminating travel and the \$60k training cost.

c. FOA By-Laws Update for Affinity Guidelines - Missy Jarnagin

AVP Jarnagin reported that there is no further update. The by-laws are approved and in-placed. The Budget affinity group (BOA) is working on the by-laws.

**Action Item(s)**: AVP Jarnagin will send by-laws for posting on the FOA webpage.

d. CFS Advisory Committee Enhancement Review – Darrell Haydon

AVP Haydon indicated that FOA proposed six enhancements and that three of these upgrades have been implemented. One of the enhancement requests is still to being reviewed and the last item was not doable. AVP Haydon will send out the revised enhancement list soon. He reiterated the need to establish a business process for requesting enhancements so that we are not doing this in isolation. AVP Haydon pointed out the proposed strategic business process as advanced by AVP Taylor.

e. CFS Modifications/Governance – Strategic Plan Update – Sharon Taylor

AVP Taylor addressed the delegates that we should not sit dormant and wait for CFS and CHRS to rollout updates and changes that are not productive. She further discussed that we need a more coordinate effort as a group to develop a more centralized data system – creating a cohesive approach (from start to finish) will make things more efficient. When we get an upgrade coming up, it is an opportunity for us to look at the software and to look at modification campuses have done, that makes more sense.

AVP Larochelle indicated that CABO is aware of the alignment issues between CFS and FOA; however, the conversation about this topic has not been lengthy, thus far. It has been brought as a concern, especially, as a support model if CFS will roll out major/critical changes to the system. Currently, the support model currently doesn't exist on CFS. The conversations are happening but with no outcomes/resolutions in sight. AVP Larochelle recommends that we need to have a summary of the support concern and provide that to Larry in advance and then invite him to attend an FOA meeting. Further discussion followed. Chair Wallace invited delegates to join a small group who will be in-charge of summarizing the action items for Larry so he can prepare in advance for the in-person FOA meeting. AVP Moffitt and AVP Ahmed volunteered to work on this effort; other interested delegates can send an email to AVP Haydon.

f. Strategic Sourcing – Darwin Labordo

No updates. Discussion about UCOP E-Procurement conference attended by some of the FOA delegates and CO members. There were various concerns about this program ranging from the cost to implement, support and whether this is a cohesive and strategic program for CSU. AVC Gill will report on the issues back to the CO.

9. CSU Student Fee Litigation/MBA Professional Fees – Agnes Wong Nickerson

AVP Wong-Nickerson would like to get more information and direction on how to handle settlement on the MBA Professional Fee litigation; specifically, who will be paying for the share of the settlement. For San Diego campus, their share may be about \$1 Million. Per Executive Budget Director Perkins, this was a class action suit and per the CO Counsel the settlement should be paid by the campuses that had students who participated on the class action – system Budget will provide the list to the campuses as soon as they become available. AVP Wong-Nickerson further asked how to handle this situation on the GAAP accounting side. Ms. Cox will discuss this with Director Perkins and she will report on the response on the GAAP call tomorrow.

10. Cal State Online – Financial Reporting – Memo from Loren J. Blanchard – Kelly Cox (attachment)

Ms. Cox reported on the email and the memo from EVC for Academic and Student Affairs Loren Blanchard rescinding the Cal State Online financial reporting requirements.

11. Proposed Budget Officers Association – Missy Jarnagin

AVP Jarnagin continues her discussion and work on the By-laws.

12. CO Financial Services Updates – Jean Gill

Interim AVC Gill reported on several items. First, policy pipeline - the reserve policy has gone through much iteration. As heads-up she indicated that AVC Brad Wells is spear heading another revision on it and he is consulting with Sedong John and Executive Budget Director Perkins. The reserve policy will be framed as a new policy on the ICSUAM section. Second, travel policy – under AVC Wells, he will be looking into updating/relaxing current requirements/restrictions. One example is the \$195 dollar limit on hotel rate. The new wording on the limit is as a percentage of the federal rate of the geographic area/travel destination - a 150% of thereof. AVC Gill also reported that the \$25 receipt requirement will also be raised. Finally, trust fund policy – this policy will outline what we can and cannot do in fund 948. This policy has been outstanding for a while and it is still on the list.

Interim AVC Gill echoed that over \$1 billion in bond sale occurred which is the biggest bond sale for the system thus far. There is a lot of new money in the bond portfolio resulting in over \$4 billion of outstanding par. This year's financial will grow since the GASB 68 pension liability number. The CSU in total will be adding a \$6 billion liability in the balance sheet for this year 2016. The CSU's net position as of last year was about \$5.7 billion net position; this year it will wipe out the surplus if not in deficit. Currently, Mr. Sedong John's staff and KPMG are testing the numbers for reasonability. A strategy will need to develop on how to fund this liability. Finally, Interim AVC Gill provided some update on the AVC recruitment.

13. CO Updates

a. Procurement – Melody Kojima

i. Staples

Director Kojima will be sending out summary on award process and the terms of the contract along with a summary of the rebate schedule. She reported that she meets with Staples weekly. Most of the campuses have a Go Live date by the end of September.

Further, eighteen (18) campuses will use P-Card and the remaining are invoice campuses. The Staples catalog will be loaded into the ESM marketplace – fourteen campuses are currently on ESM.

b. Budget – Kara Perkins

Campuses are submitting the campus FIRMS final budget. They are working on the supplemental allocation to the campuses.

c. US Bank Payment Plus/Other – Mike Redmond (no report)

AVP Curry commented that Sacramento is the pilot campus. As an FYI to the delegates, she further reported that they continue to have problems with Payment Plus and are planning to not move forward with this program.

d. Audit – Michelle Schlack

As far as completed audits, Director Schlack reported they are done with Clery audit, College review, and have also completed all six admission reviews. As far as audit in process, they have few information security audits, IT procurement and PCI audits. She indicated that they have just started this week the scholarships round and they have yet to do cloud computing and student activities. Also, they just handed out to CABO last week the audit start dates – these dates are subject to change. Finally, Director Schlack reminded the delegates of the advisory services offered by her department. Campuses may call Mike Caldera if they are interested on the advisory services.

14. CSU 101 - Darrell Haydon

AVP Haydon sent out the CSU 101 flyer and registration form. CSU 101 is a once a year training which is geared for new employees. Each campus is allotted four spots. The cost is \$1,300/participant and that cost includes hotel cost and all but one meal. AVP Haydon is currently working with the faculty for the training session which is coming along well.

15. CSU Business Conference 2016 – Deb Wallace

Chair Wallace reminded members that the 2016 Business Conference will be in Marriott Oakland, March 28-30, 2016. She reported that there is a conference working group/planning committee that is meeting twice per month on Wednesday to put together the tracks that were identified. There will be fifteen tracks that will include Budget, Accounting, AR, AP, and Ask the Experts. She further indicated that emails have been sent to the CO to get information and ideas on what they like to have on the sessions. Also, they will get in touch with Chancellor White to invite him to speak at the conference. Chair Wallace also reported that Debbie Brothwell has developed a template for a call for presentation. She also indicated that Planning Committee would like to have the tracks in placed before prior to registration. AVC Gill requested that Lily Wang be added to the CO group.

16. Liaison Reports

a. Accounts Payable (AP) – David Crozier

Treasurer Crozier reported that there are some email discussion on ACH vendor payments, like pitfalls and issues.

b. Student Accounts Receivable (SAR) *including CashNet* – Brett Holman

No update.

c. Purchasing (PSSOA) – Darrell Haydon

AVP Haydon reported that PSSOA is running an internal study through Procurement Office on multi-year contract treatment in PS and how campuses are handling them.

d. Budget – Missy Jarnagin

No update.

e. Sponsored Programs – Sharon Taylor

Ms. Elaine Kist reported for AVP Taylor. She indicated that CMS still reviewing the phase 2 on which has to do with Billing – allowing billing categories to be created, as well as creating multiple invoice format. CMS has not determined an approach and is working on project plan on release of MP2 in April.

17.

a. CFS Advisory Committee – Josee Larochelle

No update.

AVP Wallace reminded that the next meeting will be in person. Meeting adjourned at 11:29 pm.

18. Future FOA Delegate Meetings

September 23, 2015 – In-Person Crowne Plaza, LAX - 9:00am-2:30pm

October 21, 2015 – Teleconference - 9:00am-11:30am

November 18, 2015 – Teleconference - 9:00am-11:30am

December 9, 2015 – Teleconference - 9:00am-11:30am

Tentative 2016 Meetings

January 13, 2016 – AOA Conference, 11:00am – 5:00pm, Hyatt, Sacramento

February 10, 2016 – Teleconference - 9:00am – 11:30am

March 27 – March 30, 2016 - Business Conference, Oakland, CA (FOA meeting March 28)

April 13, 2016 – Teleconference - 9:00am – 11:30am

May 11, 2016 – Teleconference - 9:00am – 11:30am

June 8, 2016 - In-Person - Crowne Plaza, LAX 9:00am-2:30pm (may need to reschedule depending on hotel availability/conflict w/CABO Meeting)