



**Delegate Teleconference Meeting  
Wednesday, March 18, 2015, 9:00 a.m. – 11:30 a.m.**

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

**Other Attendees:** Mark Crase (CO), George Mansoor (CO), Miles Nevin (CSSA), and John Tcheng (LA)

**1. Welcome and Agenda Approval – Josee Larochelle**

Meeting started promptly at 9 a.m. Chair Larochelle updated the agenda to add CSU 101 between agenda items 8 and 9.

**2. CABO Update – Shawn Bibb**

Chair Larochelle provided update on behalf of VP Bibb. CABO had conference call last Friday, March 13<sup>th</sup>. AVC Ephraim Smith discussed ethnic reporting requirements which all campuses need to

complete. He also provided report on community colleges baccalaureate programs and Chancellor White's response in regards to CSU concerns on some of the degree programs.

EVC Relyea talked about the upcoming BOT meeting with the two new trustees. He indicated that he will be providing the Trustees update on CSU Administrative Efficiency Initiatives. EVC Relyea has PowerPoint presentation that identifies the administrative savings due to the upgrades in Common Financial System; strategic debt refinancing, cost-match strategy related to insurance claims, energy sustainability, electronic library resources, Online-Cross Enrollment program, campus shared services identifying shared payroll processes, coordinating parking tickets processing, Police dispatch and highlighting CSU consolidated purchasing power.

*Question:* AVP Taylor asked for clarification on the dollar amount of savings. Where did the numbers (savings) come from? Chair Larochelle clarified that the initial identified savings were low and based on the conservative numbers that Chancellor's Office was able to support. The PowerPoint presentation will be available after the BOT meeting. There is a comparative report on CSU vs. other Universities' total operating expenses per FTE student which was a good reference item. In 2012-13 the CSU was compare to other universities and the CSU was significantly lower that others identified.

EVC Relyea reported on the replacement for Tom Roberts and the position recruitment. It was stated that now is a good time to reassess this critical position as the CO moves forward with strategic procurement. The recruitment might take longer than anticipated due to the importance of the position and provided critical changes to be done to the list of responsibilities.

There was brief update on SUPA contract that is finally being negotiated. Part of the SUPA contract identified additional equipment needs. Also, they are looking at consolidated system-wide procurement for those equipment needs in order to get the best value for all the CSU. EVC Relyea mentioned that the CO may have One-Time funds to support campus procurement for additional police equipment needs that we have in the contract.

AVC San Juan gave brief capital Outlay update. They are focus on collecting list of deferred maintenance items based on the anticipation the CSU will obtain additional 25 to 50 Million in the final budget for 2015-16 deferred maintenance use. AVC San Juan also indicated they completed a shell electricity purchase which is a 4-year agreement. There will be more information coming to the campuses in regards this agreement.

AVC Ashkar provided update on reserve policy which will be discussed later on the meeting.

### 3. Treasurer's Financial Report – Mary Hinchman

Chair provided the revised treasurer's report via email. AVP Hinchman reported that as of February 28th, fund balance is projected to be \$105,544. Net income is currently in a deficit of \$4,625 but keeping in mind a lot of the revenue from the CSU Conference is not posted to the account yet. There are still approximately \$133,000 registration fees that have not been posted to the account. Also \$63,000 of vendor/sponsor revenue has not been posted. It is anticipated that there will be approximately \$196,000 revenue from the CSU Conference but also some additional expenses. It is projected about \$216,000 the cost for the bulk of the Conference and \$8,000 for the event planning consultant cost, plus \$4,000 travel for Speaker. The full cost of speaker has been included in financial statement provided. Chair Larochelle made a deposit to the CSU101 coming up in October 2015 and CSU Business

Conference scheduled for 2016. Total deposit is \$31,000. The projected year-end fund balance is about \$35,000.

#### 4. Budget Update – Ryan Storm

Ryan reported that things are moving along in a somewhat slow pace in terms of actual action taken by Senate and the Governor. There are three things that happened recently: 1) March allocation memo 2) the Senate proposal to augment CSU budget and 3) the Legislative Analyst Office's recommendations.

The March allocation memo allows campuses to do some planning for the upcoming budget, AVC Storm indicated that the memo will be different this year. This is mainly due to the Task Force on Sustainable Financial Model/CSU. Within the working group, there are likely to be some recommendations that could have an impact on the 2015-16 fiscal year. The allocation memo will have high level estimates of the campuses revenue and general fund allocation. Most likely there will be hold back items currently being discussed by the Governor's Office. The allocation memo may be issued by April 1<sup>st</sup>.

The Chancellor and Assistant Vice Chancellor testified in a couple of respective budget hearings. Generally these hearings are very high level. None of the Houses have taking any actions, nor anticipate any action until after the mid May revision. There is a proposal (SB15) in the Senate that backed by Pro-Tem. Senate Bill 15 provides \$186M above and beyond what the Governor proposed for the CSU to support: 1) 3% enrollment growth; 2) funding for additional course offerings reducing bottleneck; 3) funding for student support services (very generic and nebulous at this point) such as Student Success Initiative, Advising, and Students Support Services; and 4) Graduation Incentive Grants (GIGS) which is award to students who have completed 30 units of course work (semester) per year. This is to incentivize students who are not on track to graduate in four years by providing them \$1,000 - \$2,000 grants to encourage them to stay on track towards graduating on time. They would receive the offset on financial aid package. If students have loans, or other items like loans, the grant will offset burden. This grant is not without controversy.

Last year Steinberg (termed out) was interested mainly in Health Services issues and it was her main focus. This year, the Speaker and new Pro-Tem are being very supportive of the CSUs. There are draft letters from Senate and Assembly chosen members being circulated for signatures in support of providing additional funding for CSU. The support is very strong and it shows that in the two days the letters have been circulating, they already have already 25 signatures. On Assembly side, Tony Akins has made it clear that she will support CSU additional funding; she was to release plans for additional funding. This year, speaker and Pro-Tem have reported support for the CSU.

About February-March annually, The Legislative Analyst's Office (LAO) prepares a critique of the Governor's January proposal. The LAO proposed to increase CSU budget by factor of current inflation, or \$94 M which is less than governor proposed. They are looking for the 50/50 split from Governor and Students and their family supporting the tuition. LAO is also recommending zero enrollment growth. This is contrary to research that shows that we need more graduates in the State. According to them, the reduction of enrollment growth in the UC/CSU is due to the reduce number of high school graduates over multiple year projections.

The Senate and Assembly were generally agreeable with deferred maintenance Capital Outlay plan. They generally concur that capital outlay list is sound. They normally praise the CSU work and make a couple of minor suggestions.

Lastly, Governor had proposed another round of innovation awards. \$25 M out of those awards is for the CSU. LAO doesn't like program, they feel it is better to spend One-Time funds on things that they know are good investment. The LAO recommends rejecting that idea and reallocating the funds to CSU deferred maintenance specific projects or reallocation that award in the State budget.

*Question:* Chair Larochelle asked, is there any discussion on Prop 30 sunset? According to AVC Storm, most of discussion is tied in on how is Prop 30 structure and will there be a cliff effect. First part is schedule to end in 2016; and the second is scheduled to end in 2018. Department of Finance and LAO agree that in terms of their forecast there isn't much of much cliff effect because it is structure as a phase-out over 2 phases. What they are both projecting is pretty stable moderate growth in the out years – this is assuming a better economic conditions.

*Question:* AVP Taylor asked about the status of the Budget Task Force and if there are changes to the allocation process. AVC Storm explained that the Task Force has been meeting for several months to discuss whole host of issues/topics. The Task Force is currently preparing the recommendation that will affect current and out-years. The allocation memo format is likely to be different from the previous years. There may be some hold-back based on the recommendations. Currently, the Task Force is at the phase that they are trying to firm up the recommendations to be made to the Chancellor and he will decide whether to implement in 2015-16 fiscal year. The task force is still working through process internally with the CO.

*Question:* AVP Taylor asked if there will be different way of calculating the allocation. Is there strategic change in calculation like SUG or is it just a format change? AVC Storm stated that it is too early to say calculation will be different than how it is now. From his experience, it is difficult to make significant budget changes without providing significant additional funds to hold campus harmless. The tone of the Task Force is "Do No Harm" theme.

#### 5. CMS Updates and Project Status – Mark Crase (Time Certain 9:45 a.m.)

Mr. Crase reported on the CHRS Risk assessment. He indicated that the CO contracted an outside consulting firm Moran Technology Solutions for this project. The CO had a kick-off meeting approximately two weeks ago. They are currently working on whole host of meetings with staff involved with the project from line staff to governing staff at CMS Steering and Executive Committees. Also involved in the meetings are representatives at the three pilot campuses. EVC Steve Reylea and VC Lori Lamb are serving as executive sponsors. They will be meeting with the consulting firm bi-weekly. Mr. Crase stated that his role is to facilitate the process and administer contracts. He further reported that he enlisted Scott Apel from CSULB for help. Mr. Crase reported that the process has started and that he is anticipating that the report will be done in approximately 8-10 weeks.

#### 6. Finance Legacy System – George Mansoor

Mr. Mansoor that their team met via conference call early this week on Sponsored Program, GAAP edit process, Journal Detail report, and Pro-Card. All work is ongoing and items are on-track per the schedule discussed. Sponsored Program is on tracked for the April release.

*Question:* Chair Larochelle asked if there is summary/timeline on those release on website. Mr. Mansoor indicated that there is one and that he will find it and will send the info/report to Chair Larochelle. He also indicated that the report will be on CSYOU.

Mr. Mansoor reported that they have been tracking the usage of the pre-CFS legacy environment. He indicated that the usage has dropped significantly. They want to optimize resources that are allocated to support the system. Mr. Crase indicated that this issue was brought up at the TUG and it was suggested that he bring this up to FOA to get a point of contact and coordination within each campus' finance area. He also indicated this with CO and Maritime data and there have been no issues.

*Question:* Chair Larochelle asked for clarification with regards to accessing the new environment. Mr. Mansoor indicated that the changes will be transparent (access format the same) since the changes are being done on the back-end.

**Action Item:** Delegates to provide CSUs' point of contact to George Mansoor by Friday, March 27<sup>th</sup>. CO will work with the individual campuses to schedule the cutover.

#### 7. Student Involvement and Representation Fee (SIRF) – All

Chair Larochelle put this item on the agenda so that it stays on the FOA radar.

AVP Taylor commented that she has been under the impression that CSU campuses will be provided guidance from CO on what the campuses should be communicating in regards to SIRF. Chair Larochelle stated that at the last FOA meeting; Budget Director Rodney Rideau mentioned they would provide some uniform communications to the campuses. AVP Taylor pointed out that there should be consistent and uniform communication and it should come from CO although it is initiated by CSSA; otherwise each campus will have their own version. According to AVC Ashkar, there is an email from Mr. Miles Nevin's area that there will be guidance to the CSU on communicating the fee to campuses. AVC Ashkar concurs that the CSU should have a common language with all the legalized wording.

Mr. Miles Nevin joined the conference. He updated the FOA that last time they spoke, a FAQ electronic and hard copy sheet was discussed to be used by Student Financial Services. He indicated that FAQ sheet is in the final process and it should be completed very soon. They are waiting for policy guide to be completed. AVP Curry shared with Mr. Nevin that some campuses registration starts in early April thus the urgency of the communication guidance. AVC Ashkar reported that the proposed policy guide should be completed soon and that he will contact Mr. Nevin once the guide is out to discuss next steps.

*Question:* Chair Larochelle asked if this is a CSU policy guide or a CSSA policy guide. Mr. Nevin commented that the guide is coming from the CO, so it should be a CSU Policy Guide; AVC Ashkar confirmed. Chair Larochelle further asked if the delegates can get a draft of the policy guide even if it is not finalized as that will be helpful. Mr. Nevin indicated that they will have FAQ to FOA delegates this week. Chair Larochelle indicated that the communications will need still need to be vetted through legal counsel. Mr. Nevin asked for clarification if the message will be on student portal or through email. Chair Larochelle stated campuses may send out advance notice to students. Miles confirmed that the uniform communication is something CSSA can easily provide to FOA. Director Holman recommended providing fee communication that can be easily understood by students. Mr. Nevin will provide FAQ to AVC Ashkar when it is completed.

#### 8. Carryforward Policy – All (attachment)

AVC Ashkar reported that there is a new Carry-Forward Policy revision which will be coming out shortly. Last draft was sent out to CABO conference call on March 13<sup>th</sup>. Also a draft was provided to EVC and there was deadline of today. AVC Ashkar will incorporate all changes received through end of business hours. AVC Ashkar recommended that the delegates should focus their review on the policy on the terms and conditions and to not address the worksheet at this time. Chair Larochelle ask if it is the intent of the policy to be an ICSUAM policy. AVC Ashkar indicated that the concept is still developing and it is going through transition from carry-forward policy which has more of an annual review and calculation concept to more all-encompassing and more on reserves. EVC has mentioned at BOT and CABO's meetings on several occasions, with the new capital financing authority, the system needs to look at how we can create reserves for all these projects we are working on. Many of the campus presidents embrace this idea, some trustees' embraces this idea, and some staff also embraces this idea.

*Question:* AVP expressed concern about the excess balance calculation methodology and asked if the GAAP balance is still part of the new methodology? AVC Ashkar explained that under new GAAP guidelines, the retirement inclusion will make the GAAP balance negative. Under GASB 68, CSU will go from positive reserve to negative reserve. Hence, this will need to be looked at differently.

Delegates had in-depth discussion on 2013-14 expenditure plan worksheet and memorandum sent by system Budget Office.

**Action Item:** AVC Ashkar to follow up with Rodney on what to report on the expenditure plan worksheet since the policy is not done yet. AVC Ashkar will report back to FOA.



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## 9. CSU Business Conference 2015 – Chair Larochelle

The CSU Business Conference 2015 is coming up in few weeks in Anaheim. So far there are 365 registered attendees and 91 vendor representatives. Chair Larochelle reported that we are running low than original anticipated on room reservations for the conference. It could possibly be due to the hotel location is in close proximity to other campuses. FOA will be assessed up to \$17k penalty if we do not meet the minimum room requirement of 370 rooms. The hotel will however waive the penalty if we enter into contract with them for the 2017 conference.

After the 2015 conference is over on Wednesday, the conference planning group will have a wrap-up session to discuss and decide if we move forward with the contract for 2017. Chair Larochelle asks delegates to provide feedback to conference planning member or to her.

Chair Larochelle is currently working with hotel on reduced parking rates since so many attendees are driving in. She also reminded that wireless/Wi-Fi is not available in the within the conference environment - general session and break out session rooms. The hotel's public area does have wireless.

## 10. Nomination Committee – Agnes Wong

- a. Open Positions FY 2015-16 (Vice Chair (Chair Elect), Treasurer, 2-Year Member-at-Large)

Nomination committee is consisting of AVPs Haydon, Wade, and Wong. AVP Wong thanked the delegates for their nominations. There are a total of six nominations. As of today, all but 2 delegates have voted. Election committee will validate the votes and release result through email or at the Conference in April.

## 11. CO Financial Services Updates – George Ashkar

AVC Ashkar reported on a couple of things from the March BOT meeting. First, he indicated that campuses auxiliaries have provided corrective action plans and findings have been cleared. We are all cleared on all Form A-133 issues. All the auxiliary findings and NCAA reported procedures have been cleared. Second, the Committee on Finance is requesting approval for several projects two at Sacramento for Housing Phase-II and refinancing at the University Enterprise Auxiliary Org. (bond financing). There will be refinancing at Cal State LA for the University Auxiliary Services Inc. and a financing Northridge as it relates to acquisition.

Year End Training is scheduled for 22, 23, and 24 of April for Year-End Legal and GAAP Training as well a new employee training.

## 12. CO Updates

### a. Procurement – Melody Kojima

The office products RFP which is systemwide is still in negotiation. They are anticipating an award about the end of April.

*Question:* AVP Taylor asked if the agreement once it is awarded will include the file upload situation? Ms. Kojima is not familiar with this issue and will need to get back to FOA on it.

**Action Item:** Melody will find out and get back to FOA.

### b. Budget – Rodney Rideau/Chris Canfield

No Report.

### c. US Bank Payment Plus – Mike Redmond

Mr. Redmond reported that this is progressing well. Sacramento State has done great work and are laying down good ground work. The next roll-out will be in Fresno.

### d. Auxiliaries Policies, Procedures and Guides – Mike Redmond

Mr. Redmond reported that on the CSYOU page you can find the compliance guidelines as well as best-practice guidelines. The group is looking at all the Executive Orders. The last EO-1059 require some adjustments and that their working on a draft to that.

Two town hall calls on student club funds were very well attended. On July 1<sup>st</sup>, 2015 the policy will be released with the implementation date of July 1<sup>st</sup>, 2016.

### e. Audit – Michelle Schlack

Ms. Schlack reported that they have started on the 2015 audit plan that was approved by BOT in January. They have started on Cleary Act audit and College Review Audit. They are continuing with the Information Security Audit, which started last year. In the IT area, they have started with IT procurement audit.

### 13. Subcommittee Reports

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

Follow up to the last meeting, Ms. Kwiatkowski reported that they have put together a website on CSYOU on all documents and info regarding work of committees on trees and redesign of dashboards. They have sent several bulletins on finance listserv group in regards to various projects. Next Tuesday, they will have one hour session where they will walk and show documentation on project to the listserv group very similar to the session provided in January. There will be some small changes and the environment will be current.

The campuses test environment will take place from April to June. It will be rolled out to production to all CSUs in July and it will run parallel through end of November. The goal is to be live in July. There will be a training session at the April conference to show the work of the committee and the results of the development. They will begin talking about work requirement on Labor Cost Distribution, Student Financials, etc. as early as May.

*Question:* Ms. Wang asked about the schedule for “Train the Trainor”? Ms. Kwiatkowski indicated that they will begin that process in May but it needs feedback from Finance Data Warehouse group. The training documents, which the campuses can tailor to their needs, will be provided.

#### b. Strategic Sourcing – Darwin Labordo

No Updates.

#### c. Capital Accounting task initiative – Sharon Taylor and Missy Jarnagin

AVP provided document to the delegates. AVP Taylor reported that AVC San Juan and Ms. Frelander-Paice drafted the proposal. From campus perspective, there is still uncertainty on what the CO needs to achieve and report on why various funds are being used. At this point, once the group has a better understanding of the purpose and method, they will be able to start working on best practice summary. AVP Jarnagin reported that we are coming much closer on agreement on how this will work. If campuses can run through everything in one-fund and reallocate that to the sub funds at year-end would be more sustainable.

Ms. Frelander-Paice stated that there are two areas to complete are: Use of funds matrix and clear definition of ongoing maintenance, capital renewal and deferred maintenance. She reported that they are continuing to fine-tune these areas.

#### d. FOA and PSSOA –Deb Wallace, Missy Jarnagin, and Chair Larochelle

AVP Wallace reported they had a follow-up meeting with the PSSOA delegation in February. She further reported they have reached an agreement with regards to the unused funds, operating budget, etc. PSSOA will be providing budget proposal by the end of March. FOA will provide directives on the allocation/redistribution of the unused funds. The next meeting will be in May 2015.

e. FOA Affinity Guidelines - Missy Jarnagin (attachment)

AVP Jarnagin indicated that guidelines document is ready to go. There are some minor updates such as updating Student Accounts Receivable to SFS and adding sponsored programs. Chair Laroche asked for the guidelines to be sent out again for final ratification at the April meeting.

f. CFS Advisory Committee Enhancement Review – Darrell Haydon

AVP Haydon reported that CFS worked through three items given to them. As a group, we can prioritize the list of enhancement that we want CFS to work on.

#### 14. Liaison Reports

a. Accounts Payable (AP) – David Crozier

AVP Crozier reported that there is some discussion going on in regards to travel advances. Campuses are all over the map on this – some campuses do and other do not.

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

As it relates to CashNet and PCI, one of the requirements is coming up. As of October 1st, campuses are to have EMV (chip embedded in credit cards) compatible card reader in placed. Timeline is a shift in liability for any fraud from the credit card company to the merchants. Currently, there is a problem out there due to major card brands having their own specification on reader and it is very hard to find a universal reader. With the liability shift, if campus doesn't have a reader, then the campus absorbs the chargeback cost which the campuses currently do.

c. Purchasing (PSSOA) – Missy Jarnagin

No Report.

d. Budget – Missy Jarnagin

No Report.

e. Sponsored Programs – Sharon Taylor

We put together a Monday session for FUG users to be led by Elaine and Sue de Rosa. They will talk about PeopleSoft reporting phase 1 and 2 and next phases they want to see improved. There will also be open discussions on different challenges they have such as the approval processes, miscoding, PI allowability, billings and close-out procedures.

Also, there are new rules on inventory as relates to Sponsored Programs, which can be used as good guidelines for state inventory protocol.

- f. CFS Advisory Committee – Chair Larochelle

No Report.

Meeting adjourned at 11:34a.

15. Future FOA Delegate Meetings

April 6-8, 2015 - Business Conference, Anaheim, CA (FOA meeting April 6 10-2)

May 13, 2015 – Teleconference 9:00am-11:30am

June 17, 2015 – In-Person Crowne Plaza, LAX 9:00am-2:30pm