ADMINISTRATIVE INITIATIVES

Enhancement of productivity and quality is the goal of the Information Technology Strategy (ITS) administrative initiatives. Three first-wave initiatives use information technology to achieve new efficiencies through standardization and economies of scale. The first of these, Procurement Process Improvement, decentralized purchasing authority and reduced redundancy. It was fully implemented prior to inception of the MOS and is therefore not included in this report.

The goals of the second initiative, Common Management Systems (CMS) are to eliminate duplicative administrative systems and processes, replace outdated legacy systems with an integrated suite of software applications, and improve work processes and services to students, faculty, and staff. The third initiative, Streamlining Information Technology Delivery (SITD) seeks to achieve cost efficiencies and increase service quality through consolidation of campus administrative data centers. The CMS and SITD initiatives are reported below.

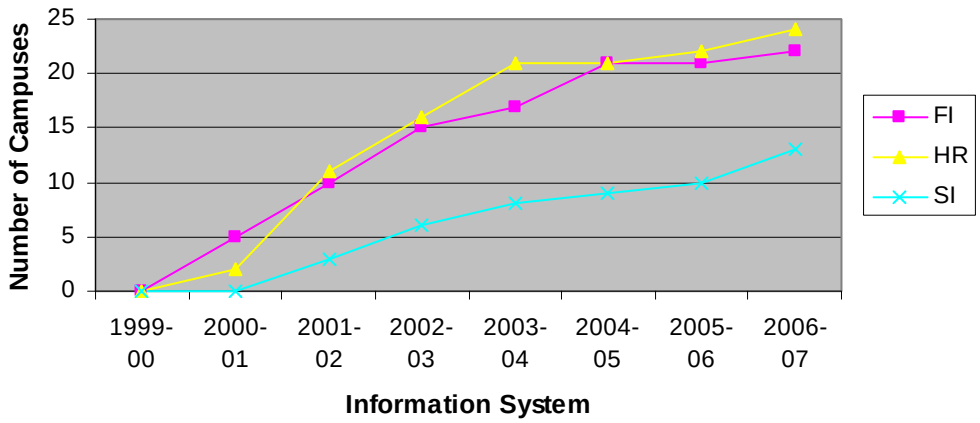
Common Management Systems

CSU campuses have employed a variety of administrative information system software applications that have, over time, become increasingly difficult and costly to maintain. To address this problem, the CSU chose to leverage its size by moving to a single software platform. Three administrative modules make up the CMS platform: the Human Resources Information System now called Human Capital Management System (HCM) that manages human resources; the Financial Information System (Finance), that manages financial operations; and the Student Administration System, now known as Campus Solutions System (CS), that manages student administration. These systems are integrated to provide maximum utility and flexibility.

CMS improves access to online information for students, faculty and staff for a wide variety of academic and business processes. For example, students can verify admission status, check grades, monitor progress towards graduation, and obtain financial aid information and status. Faculty can retrieve up-to-date academic records for advising students; departments can better manage faculty retention, tenure and promotion, and can recruit and hire new faculty more expediently. Staff can more efficiently process purchasing and payroll tasks, and have improved access to monitor expenditures and budgets.

Campus implementation of CMS began in 2000-01. By the end of that year, 5 campuses were using Finance and 2 had implemented HCM. By the end of FY 2006-07, 22 campuses had implemented the finance software; 24 had implemented the human resources application; and 13 had implemented the student administration system (Figure 5A).

Figure 5A - System Profile: CMS Implementation



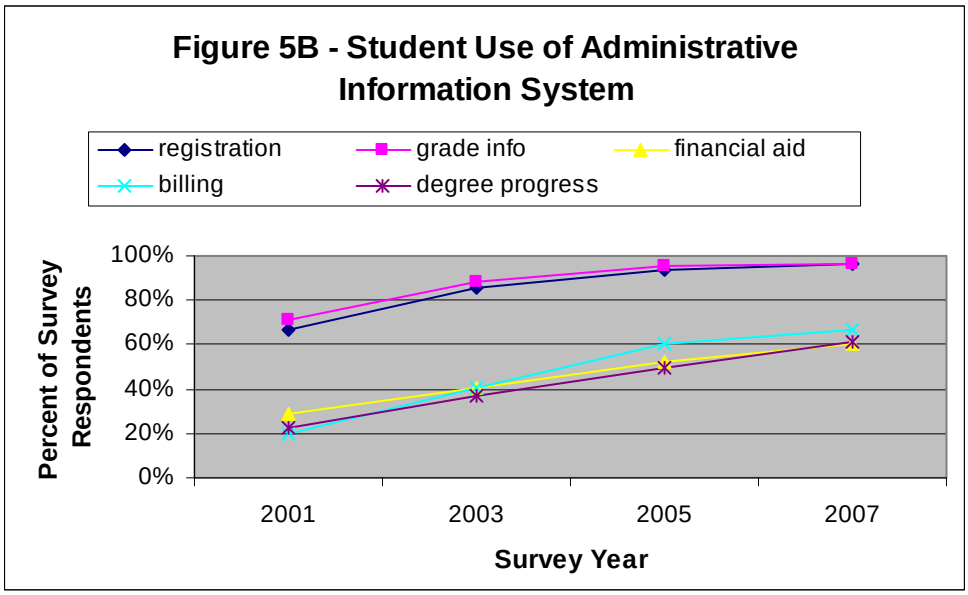
CMS Reporting for Measures of Success

In 2002-03, MOS reporting on CMS was modified to include implementation and ongoing operational costs in the expenditure data. In addition, CMS core functions, those common to all campuses, were distinguished from non-core functions (i.e. those unique to individual campuses). This year's MOS retains that reporting convention.

Since the inception of the CMS initiative in FY 1998-99, implementation expenditures for core functions total $328.1 million. Operational costs for the same period were $301.3 million. Non-core implementation expenditures amounted to $12.5 million, and non-core operational costs were $4.6 million.

User Findings

Staff and administrator use of and satisfaction with computerized campus financial information and student records systems were surveyed in 2002, 2004 and 2006. The findings from those surveys are reported in the 2006 MOS. Students were asked about their use of these administrative information systems in biennial surveys conducted in 2001, 2003, 2005 and 2007. Figure 5B shows changes in number of students who reported using these systems.



Student use of campus administrative information systems increased at an annual average rate of just under 30% since tracking began in 2001. As of 2007, almost all CSU students report use of the systems for registration and grade information. Growth in use of the systems doubled over the same period for financial aid and tripled for billing transactions and for monitoring progress to degree. Satisfaction ratings remained quite high, fluctuating in a narrow band between 7.62 and 8.75 where 0 equates to "not at all satisfied" and 10 to "extremely satisfied". These ratings reflect a mixture of legacy systems and newly installed CMS applications over the years.

Streamlining Information Technology Delivery

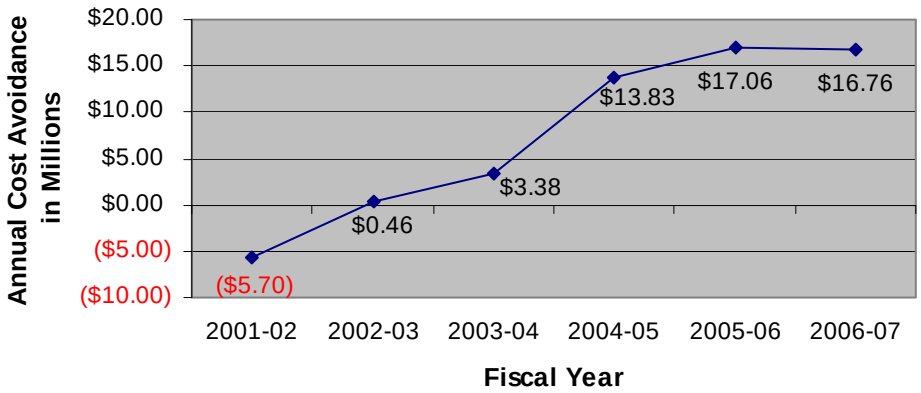
This initiative leverages the size of the CSU to contain costs and improve efficiencies for administrative operations and for the hardware operations and support services used for the CMS initiative. By reducing the number of administrative data centers that support campus administrative systems from 23 to 1, the CSU seeks to achieve economies of scale while maintaining quality of service to the campus communities.

To this end, a consolidated Hardware Operations and Support Services data center (HOSS) was established in June 2001. Unisys, under contract with the CSU, provides HOSS services from a data center in Salt Lake City, Utah. The HOSS data center is connected to the CSU through the CalREN inter-campus network. As of the end of FY 2006-07, the HOSS data center was providing both CMS operational support and support for new development and/or application upgrades on 23 campuses.

A comparison model was developed to measure progress toward cost containment. The model compares actual costs for centralized data processing in support of the CMS with the estimated costs of separate processing on each CSU campus, taking into account differences in campus size and the number of applications implemented. The estimated aggregate costs of separate data centers on the 23 operational campuses are compared with actual HOSS expenditures. (Cost data from campuses in the initial developmental stage are not included in the model.)

In 2006–07, an estimated cost avoidance of $16.76 million was realized for the year (Figure 5C); the total was $17.06 million in 2005–06. The moderate difference in cost avoidance was primarily due to the lack of significant change in the number of campuses using the data center for development and production. The CSU negotiated a new agreement with Unisys during 2005-06 to continue providing data center services. This new agreement includes changes to the service model that bring certain support functions back to the CSU. These changes do not impact the overall comparison model, since all costs for the centralized data center services are still included for comparison.

Figure 5C - System Profile: Cost Avoidance Achieved through Data Center Consolidation



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