California Polytechnic State University

DATE: May 19, 2004

TO: Cal Poly Employees

FROM:
Bob Detweiler, Interim Provost/Vice President for AcademicAffairs
Larry Kelley, Vice President for Administration and Finance

RE: Budget Update

BUDGET: MAY REVISE
Last week, Governor Schwarzenegger released the May Revision of the
Governor's Budget. The introduction of the Higher Education Section of
the May Revise refers to the Higher Education Compact with UC and CSU
that we presented in our most recent update. As previously mentioned,
the new compact will begin in 2005-06 and last through 2010-11. The
agreement is intended to both stabilize then improve the ability of the
UC and CSU to meet the ideals of the Master Plan.

The actual May Revision proposes increases to the CSU General Fund of
$623,000 from the level proposed previously in the 2004 Governor's
Budget. This increase is associated with a recalculation of the
revenues based on undergraduate fee increases, but provides no material
change to our budget.

The CSU Board of Trustees approved increases to the State University Fee
consistent with the rates of increase that were proposed in the May
Revise. This increase of $96 per quarter for undergraduate students in
the CSU system will be effective for the fall 2004 quarter. This
increase in the State University Fee is the third increase in the last
two years and follows a period of eight years in which there were no
increases to the State University Fee. In fact, two of those years
actually had fee reductions.

The Board also approved a 20% fee increase for qualified credential
program participants and a 25% fee increase for other post-baccalaureate
graduate students. Both of these increases also are effective for the
fall quarter.

Funding the cost of higher education in California is a partnership
between the State and the students. Unfortunately, due to a poor
economy in California, the State is not able to meet its normal share of
that partnership and the students are being asked to pay more.

While we recognize that any increase in prices is a concern, the students at Cal Poly will continue to receive a good value for their money as they participate in nationally recognized quality academic programs. The total average annual undergraduate fee for a California resident attending the CSU is $2,860, the lowest fee among peer institutions throughout the nation. In fact, the current CSU fee would need to more than double to reach the average of the fees charged by peer institutions.

While we will not have our final budget allocation from the Chancellor's Office until the Final Budget is approved, we do not anticipate that it will be substantially different than our current planning for a budget shortfall of $9.3 million in 2004-05.

CMS
There has been discussion and activity recently related to the Cal Poly decision to begin implementation of the PeopleSoft Student Administration system. We have reported the reasons for this implementation as well as the funding plan to the campus community regularly over the last few months but would like to reiterate them here:

The CSU system selected the PeopleSoft suite of software products in 1998 and is requiring each of the 23 campuses to implement all three of the PeopleSoft systems (Finance, Human Resources, and Student Administration) as a part of the Common Management System (CMS) by 2008 (the original deadline of 2007 was moved to 2008). Cal Poly was represented in the selection process and concurred with the choice. Other products considered during the selection process were systems from SCT (now SCT/SunGard) and Oracle.

Cal Poly took a lead role in the CSU in implementing the Finance and Human Resources systems. We have been using those systems since 2001 and both systems are working well. The cost to implement those systems was funded out of the general operating budget on a pay-as-you-go basis in a better budget climate.

Cal Poly did not implement the PeopleSoft Student Administration system previously because we did not think the system was ready. PeopleSoft has upgraded the system and, recently, the Student Administration system has been implemented on eight CSU campuses as well as other universities across the nation. It has been tested and is working well.

The current Student Administration system in use at Cal Poly was designed by Westinghouse Corporation in the 1970's. It has served us well, but the technology is old and while the company that currently owns the software (SCT/SunGard) continues to maintain it, they are not upgrading the software to use current technology consistent with competitive systems such as those offered by PeopleSoft.

Cal Poly's current Student Administration system runs on a mainframe computer for which support for both the hardware and the operating system will end by February, 2007. This current "legacy" Student Administration system and the mainframe support system need to be replaced. To continue to use them beyond the next couple of years will require additional expenditures that will have no continuing value. By beginning the necessary migration now, the new system can be fully operational for the 2006-07 academic year.

In order to provide quality reliable service to the students, faculty, and staff at Cal Poly, a web-based system using current user-friendly technology that is actively supported by the CSU and the vendor is needed. The additional alignment and integration of the Cal Poly system to the CSU on a common platform and with common applications and similar, web-based interfaces for users is now both achievable and beneficial to students, faculty, and staff.

One example of how the PeopleSoft Student Administration system can further serve us is when we act to integrate that functionality with existing and emerging learning management systems--an objective being pursued by both Cal Poly and the entire CSU.

There also is value and efficiency in having easy, seamless integration and compatibility among the Finance, Human Resources, and Student Administration systems. The cost to implement the Student Administration system, just as was the cost to implement the Finance and Human Resources systems, is part of operating a full service university.

Cal Poly is working with the Chancellor's Office to finalize details of a funding plan which allows the implementation to begin now, preventing risks from obsolescent hardware and limitations from legacy applications, while minimizing the impact on the current operating budget.

For the reasons identified above, Cal Poly needs a new software system to process and record student admission, advising and records, financial aid, and accounts--a new Student Administration system. The CSU has chosen--and is requiring--the PeopleSoft system as a part of the Common Management System for all 23 campuses. Cal Poly is moving forward with that implementation.

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