

REVISED

AGENDA

COMMITTEE ON GOVERNMENTAL RELATIONS

Meeting: 2:30 p.m., Tuesday, May 13, 2003
Glenn S. Dumke Auditorium

Murray L. Galinson, Chair
Roberta Achtenberg
Robert Foster
Dee Dee Myers
Ralph R. Pesqueira
Frederick W. Pierce IV

Consent Items

Approval of Minutes of Meeting of March 11, 2003

Discussion Items

1. 2003/2004 Legislative Report No. 3, *Action*
2. Education Bond Act: Endorsement by Board of Trustees, *Action*

**MINUTES OF THE MEETING OF
COMMITTEE ON GOVERNMENTAL RELATIONS**

**Trustees of The California State University
California State University, Fullerton
Titan Student Union, Portola Pavilions B & C
800 North State College Blvd.
Fullerton, California**

March 11, 2003

Members Present

Murray L. Galinson, Chair
Debra S. Farar, Chair of the Board
Roberta Achtenberg
Bob Foster
Ralph R. Pesqueira
Frederick W. Pierce IV
Charles B. Reed, Chancellor

Members Absent

Dee Dee Myers
Martha Walda

Other Trustees Present

William Campbell
Harold Goldwhite
William Hauck
Alexander Lopez
Shailesh J. Mehta
Erene S. Thomas

Chancellor's Office Staff

David S. Spence, Executive Vice Chancellor and Chief Academic Officer
Richard P. West, Executive Vice Chancellor and Chief Financial Officer
Jackie R. McClain, Vice Chancellor, Human Resources
Christine Helwick, General Counsel
Louis Caldera, Vice Chancellor, University Affairs
Karen Y. Zamarripa, Assistant Vice Chancellor, Governmental Affairs

Trustee Galinson called the meeting to order at 4:15 p.m.

Approval of Minutes

The minutes of January 28, 2003 were approved.

2003-2004 Legislative Report No. 2

Trustee Galinson asked Ms. Karen Y. Zamarripa, assistant vice chancellor, governmental affairs, to present the item. Ms. Zamarripa proceeded to provide the committee with a status report on the Trustees' Legislative Program, and other legislation of interest to the CSU.

Ms. Zamarripa outlined the bills that comprise the 2003 legislative program:

Assembly Bill 825 (Firebaugh), which addresses several issues in the current Cal Grant program that adversely affect older, non-traditional students at CSU. Ms. Zamarripa said that these provisions were put in place as cost containment measures when the Entitlement Program was established.

Senate Bill 971 (Burton) pertains to conflict of commitment. The bill provides for disclosure of outside employment, consistent with CSU's comparable institutions (and the University of California) by full-time executive, management personnel plan, and faculty unit employees.

In addition, CSU is still exploring a budget proposal pertaining to the International Polytechnic High School located on the Cal Poly Pomona campus. The proposal would seek to provide Proposition 98 funding to the school comparable to similar high schools located on the Los Angeles and Dominguez Hills campuses.

Ms. Zamarripa indicated that over 2,000 bills were introduced this year by the Legislature, and that many of those are "spot bills," which contain statements of legislative intent on certain subject matters but not substantive statutory language. The policy of both houses is to defer reference of those bills to a policy committee until they are amended to fully address their actual intent. She noted that the CSU is actively tracking 300 bills, as well as following many others for their potential impact on the system. She noted that several trends have emerged in this year's legislation, including bills related to budget reform, revenue enhancement, and lowering vote requirements to raise parcel taxes for local governments, community colleges, colleges, and public schools. She stated that there is also discussion regarding expenditure limits that CSU plans to follow carefully because of the impact it could have on the discretionary part of the state's general fund budget. She also noted there are several legislators interested in privacy and confidentiality issues.

With regard to financial aid, several different approaches have emerged to provide nursing programs with special assistance. In addition, bills have been introduced to establish specialized Cal Grant programs for older students, and students who are members or reservists of the California National Guard. Other bills would decentralize student aid programs to the campuses, and create a new state entity that combines the current functions of the Student Aid Commission, the California Postsecondary Education Commission, and the oversight of private, non-degree granting institutions. Ms. Zamarripa noted that the Master Plan Committee has introduced four omnibus bills, each dealing with a specific general subject matter: governance, personnel, facilities, and student learning.

A number of bills concerning CSU operations have also been introduced, including one that would require annual reports on administrative expenditures, and one that would require an annual audit of continuing education funds.

Other legislative issues requiring time and attention this year include athletics, teacher preparation and assessment, Workers Compensation, Native American sacred sites, and early retirement.

Trustee Goldwhite asked about the content of the proposed conflict of interest bill, and whether there is a specific procedure outlined in the bill regarding how judgments would be made to determine actual employment conflicts. Ms. Zamarripa replied that at this time, the bill simply requires full-time employees to disclose such activity.

Trustee Pierce asked for comment on how the local property tax proposal relates to Proposition 13. Ms. Zamarripa responded that the proposal, sponsored by Assembly Member Joe Simitian, is a constitutional amendment and therefore requires approval by the legislature and then the voters. The measure is one of several alternatives that members are discussing in the context of a structural examination of tax and revenue policies in California.

The committee recommended approval of the proposed resolution (RGR 03-03-04) accepting Legislative Report No. 2.

The meeting adjourned at 4:35 p.m.

COMMITTEE ON GOVERNMENTAL RELATIONS

2003/2004 Legislative Report No. 3

Presentation By

Karen Y. Zamarripa
Assistant Vice Chancellor
Governmental Affairs

Summary

This item contains a status report on the Trustees' Legislative Program, and legislation introduced this year pertaining to the CSU or higher education in general.

Background

Trustees' Legislative Program

The following proposals comprise the Trustees' Legislative Program for 2003.

Senate Bill 971 (Burton) California State University. As amended on April 23, Senate Bill 971 includes three sections pertaining to various employees of the CSU:

- The bill would require Executive, Management Personnel Plan (MPP), and Academic employees to report on outside employment and business activities to ensure that such activities do not constitute a conflict of interest with CSU employment or conflict with normal work assignments or the performance of duties.
- The bill would prohibit an employee of the CSU from being a consultant or an employee of a for-profit business entity that provides services to the university.
- The bill would require CSU to offer ethics training to each employee who is required to file a Statement of Economic Interests in accordance with current law.

The latter two provisions are in response to recommendations made by the Bureau of State Audits in the recent audit of CSU's Common Management Systems.

Status: Set for Hearing in the Senate Education Committee, April 30

Assembly Bill 825 (Firebaugh) Student Financial Aid: Ensuring Access to Cal Grant Program. In 2000, the State Legislature passed Senate Bill 1644 (Ortiz), legislation that made California a leader in guaranteeing financial aid for students based on merit and need. Among the four categories of the new Cal Grant structure, the California Community College (CCC) Transfer Entitlement has the greatest potential in providing financial aid to students who have chosen the Community College as their route to a college degree, program or certificate.

This entitlement is structured in such a way that a large portion of CCC students who desire to transfer to a four-year university cannot participate due to the age restriction as set forth in the California Education Code Sec 69436.8 (A-E). Essentially, only students who are under the age of 24 are eligible for this entitlement. This has a significant impact on CCC transfer students, as many are over the age of 24. Another provision in the CCC Transfer Entitlement Program requires that students maintain a community college GPA of 2.4 in order to be eligible for the award. However, transfer students are CSU-eligible if they maintain a 2.0 GPA. Therefore, the current statutory GPA requirement disenfranchises a significant number of eligible transfer students.

As an initial step in an effort by CSU to address these issues, Assembly Bill 825 expresses a finding by the Legislature that the current Cal Grant Competitive Program should be modified to ensure that the program clearly addresses the unique needs of older, adult, nontraditional, returning, and reentry students; and that the current program structure should be modified to ensure that the needs of students pursuing vocational and technical education programs are adequately being met.

In addition, the bill expresses the intent of the Legislature that the Student Aid Commission convene a group of interested parties to prepare a study regarding the extent to which the current Cal Grant programs adequately address the needs of California residents pursuing a postsecondary education. The study would specifically address means by which the current structure could be enhanced to meet the needs of nontraditional, returning, and older adult students, and focus on the current limitations on eligibility which are identified above.

Status: Set for Hearing in the Assembly Higher Education Committee, May 6

Assembly Bill 1778 (Higher Education Committee) California State University Omnibus Proposals. The following technical and/or non-controversial proposals comprise this year's omnibus legislation:

Repeal Government Code Section Pertaining to Lottery Payments. This proposal would delete an obsolete reference in the Code to the California Maritime Academy (CMA) Board of Governors which no longer applies given the CMA's formal inclusion in the CSU.

Amend Government Code Section Pertaining to CSU Lottery Education Fund To Reflect CSU Authority. This proposal would amend Government Code section 8880.5 to reflect authority in the Education Code which provides CSU discretion to deposit lottery funds in local trust accounts.

Repeal Education Code Section Pertaining to Auxiliary Organization Obligations. Education Code Section 89911 was added to the Code by CSU-sponsored legislation in 1988 to enable favorable tax treatment of auxiliary organization revenue bonds. Since that time the IRS has issued a revenue ruling which assures favorable treatment, and this section is now obsolete.

Amend Education Code Section to Update Internal Citation. This proposal would update an internal citation in Education Code Section 90404 pertaining to the CSU's mission, which is located in a different code section than it was at the time that Section 90404 was adopted.

Status: Approved by the Assembly Higher Education Committee, April 22

International Polytechnic High School: Specialized Secondary Funding. This proposal would seek enhanced funding, through the budget process, for the International Polytechnic High School (I-Poly), a public specialized secondary school operated and housed at Cal Poly, Pomona.

Status: Ongoing conversations with key legislators involved in the budget process

Notable Legislation

The bills in this section of the report would result in an impact on the CSU or on higher education in general. The bills are organized under the following subject matters:

- Bills Directly Impacting the California State University
- Student Fee Policy
- Student Financial Aid
- Bills to Implement the Recommendations of the Joint Master Plan Committee
- California Postsecondary Education Commission
- Miscellaneous Relevant Legislation

Bills Directly Impacting the California State University

Assembly Bill 475 (Negrete McLeod) Public Employees: Early Retirement Incentives. This bill would authorize specified state, local, and school employees, upon a specified determination by their employer, to receive credit for an additional 2 years of service and 2 years of age if those employees retire within a designated period, prior to January 1, 2005. As introduced, the bill would include employees of the CSU in its provisions.

Status: Approved by the Assembly Public Employees, Retirement, and Social Security Committee, April 23

Assembly Bill 1051 (Goldberg) Capital Facilities Fees. Under current law, the CSU is not obligated to pay any share of the cost of construction of public utility facilities that do not serve CSU [this applies to other public education entities as well]. Assembly Bill 1051 would eliminate this existing exemption and provide that a utility may charge CSU for the costs of operation, maintenance, construction, repair, replacement or rehabilitation of facilities or debt service payments on facilities that are not in excess of the “reasonable cost” of providing the public utility service. The bill would set aside the statutory compromise negotiated in 1988 after a California Supreme Court decision ruled any such fees illegal without legislative authorization.

Status: Pending Hearing in the Assembly Local Government Committee

Assembly Bill 1144 (Pavley) California State University: Employees. This bill would require the CSU to provide employees who are appealing notices of adverse actions or who are challenging denials of requests for reasonable accommodation for disabilities with procedural rights based on those granted to some civil service employees.

Status: Approved by the Assembly Higher Education Committee, April 22

Assembly Bill 1185 (Montañez) California State University: Administrative Costs. Assembly Bill 1185 would require the Chancellor’s Office and each campus of the CSU, using existing resources, to provide annual reports on administrative costs, which are defined to include only non-represented employees; i.e. executives, confidential and management personnel plan employees.

Status: Approved by the Assembly Higher Education Committee, April 22

Assembly Bill 1465 (Negrete McLeod) California State University: Independent Audit. This bill would require the CSU to annually provide a detailed accounting of funds related to the CSU Continuing Education Program in an independent audit.

Status: Approved by the Assembly Higher Education Committee, April 22

Senate Bill 81 (Alpert) Teacher Training: California State University Integrated Programs. This bill would require greater uniformity among integrated teacher preparation programs offered by the CSU, beginning in 2006-07. The bill also requires the CSU and community colleges to strengthen articulation for students who transfer into such integrated programs.

Status: Set for Hearing in the Senate Appropriations Committee, April 28

Student Fee Policy

Assembly Bill 843 (Higher Education Committee) Public Postsecondary Education: Resident Student Fee Policy. During the 2002-03 State budget deliberations, the Legislature adopted Supplemental Report Language directing the California Postsecondary Education Commission (CPEC) to convene various parties to develop long-term student fee policy recommendations for students enrolled at the University of California and the CSU. The CSU was an active participant in this process, and after a series of formal meetings and extensive consultation an advisory group reached broad general agreement about a recommended framework for implementing a long-term student fee policy.

Assembly Bill 843 incorporates the policy principles and implementation recommendations which were developed during the CPEC process, and calls for the state to continue to bear the principal responsibility for ensuring that all financially needy students have the financial assistance necessary for them to complete their postsecondary education objectives. In addition, the bill directs the Board of Trustees and the University of California Board of Regents to develop in consultation with students, faculty, and staff, a state university fee policy. The bill would require any changes in resident student fees to reflect several fundamental policy principles, including a) any changes should be gradual, moderate and predictable; b) available State General Fund revenues should be considered; c) the total cost of educating a student should be considered; and d) timely information about available financial aid should be provided.

Status: Approved by the Assembly Higher Education Committee, April 8

Assembly Bill 550 (Diaz) Public Postsecondary Education: Resident Student Fee Policy. As amended on April 21, this bill would establish a Systemwide Student Fee Advisory Committee as an official standing committee of the Board of Trustees, the University of California Board of Regents, and the California Community Colleges Board of Governors. The committee would be comprised of 11 members, as follows: six students; 2 faculty members; 1 administrator; 1 non-faculty, non-administrator employee; and 1 parent of a student enrolled in that segment. The bill would direct the committee to develop and implement a process requiring that any alternative funding for that segment be considered and exhausted before consideration of a student fee increase.

Status: Set for Hearing in the Assembly Higher Education Committee, April 28

Student Financial Aid

Assembly Bill 153 (Calderon) Student Financial Aid: Eligibility. In 2001, Assembly Bill 540 (Firebaugh and Maldonado) exempted non-resident students from paying resident tuition at CSU and CCC provided they: a) attended high school in California for three or more years; b) graduated from a California high school or attainment of the equivalent thereof; c) have registered at or attends an accredited institution of higher education in California not earlier than the fall semester or quarter of the 2001-02 academic year.

Following up on that measure, AB 153 would require the CSU and the California Community Colleges, and request the University of California, to establish procedures and forms that enable students exempted from paying non-resident tuition pursuant to AB 540 to apply for, and participate in to the full extent permitted by federal law, all student aid programs administered by each respective segment.

Status: Approved by the Assembly Higher Education Committee, April 22

Assembly Bill 307 (Maddox) Student Financial Aid: Cal Grant NG Awards. As amended on April 22, this bill would establish a Fee Waiver Program at public higher education institutions for members of the California National Guard. During the bill's hearing, the Higher Education Committee amended it over the author's objections to add a needs assessment component to the program.

Status: Approved as amended by the Assembly Higher Education Committee, April 22

Assembly Bill 1323 (Jackson) Student Financial Aid: Decentralized Campus-Based Approach. Assembly Bill 1323 would require the California Postsecondary Education Commission to establish a Cal Grant Delivery Transition Work Group to discuss, negotiate, and resolve technical and logistical issues relating to the transition to a decentralized, campus-based approach for the administration of Cal Grant award programs. The bill would require the commission to submit a plan for the implementation of this decentralized, campus-based approach to the Legislature by December 31, 2004.

Status: Approved by the Assembly Higher Education Committee, April 7

Senate Bill 680 (McPherson) Student Financial Aid: Cal Grant M Program. Among other provisions, this bill would establish, commencing in an unspecified fiscal year, the Cal Grant M Program to defray the cost of tuition and mandatory systemwide fees for nontraditional, returning, and older adult students.

Status: Set for Hearing in the Senate Education Committee, April 30

Bills to Implement the Recommendations of the Joint Master Plan Committee

The following bills would implement various recommendations of the Joint Committee to Develop a Master Plan for Education. Senator Dede Alpert, the chair of that committee, has stated that each bill will be allowed to advance through the first house of the Legislature, and be held for further discussion and debate in the second year of session. Committee staff has indicated that meetings will commence this spring to begin substantive deliberations on the final content of each bill.

Assembly Bill 242 (Liu) Teachers. This bill contains the committee's recommendations on teacher personnel matters. With a goal of ensuring that every student in the state is taught by a qualified, credentialed teacher, the bill would:

- provide financial aid and other incentives for the best teachers to move to low-performing schools
- boost salaries for teachers and principals
- eliminate emergency teaching permits
- establish career opportunities that encourage exceptional teachers to remain in the classroom
- provide salary credits tied to professional development goals
- develop rigorous standards and training for those who teach young children

While the bill's primary focus is on K-12 teachers, it also includes several provisions pertaining to university faculty and higher education issues, including:

- States legislative intent that the state increase the capacity of California's postsecondary education system to prepare larger and more sufficient numbers of qualified educators, especially from among racial, ethnic, and linguistic groups that are underrepresented in today's teaching workforce.
- Requires the CSU and the California Community Colleges (CCC), and requesting the University of California (UC), to adopt policies regarding the appropriate balance of temporary and permanent tenure-track faculty for their respective systems and to report these respective policies, and the rationales therefore, in written reports to the Legislature, to be submitted no later than January 1, 2005. In addition, the bill requires that the segments report the ratio of permanent/tenure-track faculty to temporary faculty who are employed by their respective systems, how this ratio compares to their respective systemwide policies, which activities are reserved for permanent/tenure-track faculty in their respective systems, and the reasons why temporary faculty cannot be enlisted in carrying out these activities.
- States legislative intent that the CSU, CCC, and UC provide adequate pro rata compensation to temporary faculty who agree to perform functions usually restricted to permanent/tenure-track faculty and direct an examination of faculty promotion, tenure, and review policies and practices, and revise them, as needed, to ensure that teaching excellence is given significant weight in decisions that affect the compensation awarded to faculty.

Status: Approved by Assembly Education and Higher Education Committees

Assembly Bill 1550 (Goldberg) Public Education Facilities. Assembly Bill 1550 contains the committee's recommendations on public facilities, and presently includes the following provisions pertaining to higher education facilities:

- Requires the Department of General Services (DGS) to adopt facility standards for public postsecondary education facilities in consultation with the CSU, the California Community Colleges (CCC), and the University of California (UC).
- Requires DGS to establish and maintain an inventory of all public school facilities, including at the CCC, CSU, and UC. The inventory must include: a) a description of the facility; b) the facility's student loading capacity; c) a description of its current use and condition; d) an assessment of its expected life; e) a description of any prior or planned

modernization or renovation projects that would extend the expected life of the facility; and f) an assessment of the regional importance of the facility.

- Requires the Legislative Analyst and the Director of the Department of Finance (DOF), with the assistance of the segments, to jointly review the postsecondary education facilities funding methodology and develop a plan for postsecondary facilities construction.

Status: Approved by Assembly Education and Higher Education Committees

Senate Bill 6 (Alpert) Public Education Governance. This bill contains the committee's recommendations on Governance issues, including:

- Transfers management responsibility for the department of education from the Superintendent of Public Instruction (SPI) to the Governor's office;
- Assigns responsibility for performance monitoring, reporting and advocacy to the SPI;
- Reconfigures the California Community Colleges as a multi-district system of colleges by designating it as a public trust and assigning accountability for systemwide governance and representation to the Board of Governors;
- Establishes a California Education Commission to serve as the statewide education data repository from pre-kindergarten to postsecondary education.

Status: Set to be Heard in the Senate Education Committee, April 30

Senate Bill 550 (Vasconcellos) Education. Senate Bill 550 contains the committee's recommendations on issues of student learning. Among other provisions, the bill would:

- Require the State Board of Education (SBE) to establish an academically rigorous curriculum for every high school pupil, including career and technical courses for every high school pupil and necessary learning support, including career guidance, to enable pupils to pursue a postsecondary education or career options.
- Require the Community Colleges, the CSU, UC to establish an intersegmental group, including faculty and students, to consider the steps needed to be taken to establish a transfer associate's degree, within the existing associate degree unit requirements, the

attainment of which would guarantee admission and course transferability, but not necessarily admission to the major of choice, at any campus of the California State University or the University of California for students who successfully complete the transfer associate degree program.

In addition, the bill states legislative intent that:

- The CSU and UC systems continue to collaborate with the public elementary and secondary schools to increase the rigor of all academic courses, to reduce the demand for remedial instruction among freshman college students, and to eliminate the current practice of providing additional weight to honors and advanced placement courses in the grade point average calculations made during the admissions process.
- Legislation be enacted to mandate the development of transparent and sustainable articulation and transfer processes to provide students with clear curricular guidance on the transition between grade levels, between high school and college, and between and among 2- and 4-year colleges and universities.
- Legislation be enacted that would require the CCC, CSU, and UC to collaborate to strengthen the programs in community colleges that prepare students to transfer successfully to CSU or UC.
- Legislation be enacted to require that the courses taken by community college students who plan to transfer are acceptable for transfer credit at all CSU and UC campuses.

Status: Set for Hearing in the Senate Education Committee, April 30

California Postsecondary Education Commission

Assembly Bill 655 (Liu) Consolidation of Functions: Postsecondary Education. Assembly Bill 655 would create the California Higher Education Policy and Finance Commission, which would consolidate the current responsibilities of the California Postsecondary Education Commission, the California Student Aid Commission, and the Bureau of Private Postsecondary and Vocational Education into a single agency. Considered a work-in-progress that will be further developed during intersegmental consultation with legislative staff, the bill's goal is to create an agency which would provide:

- Strong capacity for independent and objective higher education policy planning and analysis.

- Full integration of the resources of the private postsecondary sector, in combination with the public and independent sectors, in accommodating enrollment growth and providing workforce training.
- Full integration of student fee policy and financial aid policy with higher education funding and finance policies.
- A comprehensive higher education information system, integrating all sectors of postsecondary education including financial aid, providing accurate current and historical data about higher education.

Status: Pending Hearing in the Assembly Higher Education Committee

Senate Bill 542 (Murray) California Postsecondary Education Commission. This bill would transfer from the Bureau of Private Postsecondary and Vocational Education to the California Postsecondary Education Commission (CPEC) the authority to regulate and approve private postsecondary institutions that grant degrees, and to assume the administration and oversight of the federal Veterans program from the State Department of Education. In addition, the bill would require CPEC to consult with representatives of the private, public, and independent postsecondary education sectors, and develop recommendations for long-term policies that guide oversight and regulation of the nonpublic sectors of postsecondary education. The bill would require CPEC to submit the recommendations to the appropriate education committees of the Legislature by September 1, 2004.

Status: Pending Hearing in the Senate Education Committee

Adoption of the following resolution is recommended:

RESOLVED, By the Board of Trustees of the California State University,
that the 2003-04 Legislative Report No. 3 is adopted.

COMMITTEE ON GOVERNMENTAL RELATIONS

Education Bond Act: Endorsement by Board of Trustees

Presentation By

Karen Y. Zamarripa
Assistant Vice Chancellor
Governmental Affairs

Background

From time to time, the Committee on Governmental Relations reviews statewide ballot measures for their implications for the California State University. This item contains a resolution expressing support for the education bond act that is scheduled to appear on either the March 2004 Primary Election ballot or the November 2004 General Election ballot.

In 2002, legislation (Assembly Bill 16, Hertzberg et al.) was enacted to place two successive K-University Education Bond Acts on the ballot. The first, Proposition 47, was approved last November and provided \$13.05 billion in state general obligation bonds for public K-12 and higher education facilities. From this bond act, the California State University received \$495.9 million for its capital outlay program.

The second bond act is scheduled to appear on either the March 2004 Primary Election or November 2004 General Election ballot, and if approved by the voters will provide for \$12.3 billion for K-University facilities. Of this amount, \$10 billion would be devoted to K-12 education facilities for a variety of purposes (including new school construction, modernization, and joint facilities), and \$2.3 billion devoted to higher education facilities: \$690 million for the California State University and University of California, and \$920 million for the California Community Colleges.

The following resolution is recommended for approval:

RESOLVED, By the Board of Trustees of the California State University, that the board supports the education bond initiative that is scheduled to appear on either the March 2004 Primary Election or November 2004 General Election ballot.