

**REVISED**

## **AGENDA**

### **COMMITTEE ON GOVERNMENTAL RELATIONS**

**Meeting: 8:30 a.m., Wednesday, January 26, 2000**  
**Glenn S. Dumke Conference Center**

Joan Otomo-Corgel, Chair  
Martha C. Fallgatter, Vice Chair  
**Roberta Achtenberg**  
William D. Campbell  
**Debra S. Farar**  
Bob Foster  
Dee Dee Myers  
Ralph R. Pesqueira  
Michael D. Stennis

#### **Consent Items**

Approval of Minutes of Meeting of November 16, 1999

#### **Discussion Items**

1. 1999-2000 Legislative Report No. 7, *Action*
2. Consideration of Proposals for 2000 Trustees' Legislative Program, *Action*

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

**Trustees of The California State University  
Office of the Chancellor  
Glenn S. Dumke Conference Center  
401 Golden Shore  
Long Beach, California**

**November 16, 1999**

**Members Present**

Joan Otomo-Corgel, Chair  
Martha C. Fallgatter, Vice Chair  
William D. Campbell  
William Hauck, Chairman of the Board, ex officio  
Dee Dee Myers  
Ralph R. Pesqueira  
Charles B. Reed, Chancellor, ex officio  
Michael D. Stennis

**Member Absent**

Bob Foster

**Other Trustees Present**

Delaine Eastin, Superintendent of Public Instruction  
Harold Goldwhite  
Laurence K. Gould, Jr.  
Frederick W. Pierce IV  
Stanley T. Wang

**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  
Douglas X. Patiño, Vice Chancellor, University Advancement  
Christine Helwick, General Counsel

Chair Otomo-Corgel, chair, called the meeting to order at 8:38 a.m.

**Approval of Minutes**

The minutes of September 15, 1999, were approved.

**1999/2000 Legislative Report**

Chair Otomo-Corgel announced that Executive Vice Chancellor West would present the item.

Mr. West made reference to the agenda handout, noting that it contained a comprehensive and detailed review of the recent legislative year. The final legislative report summarizes actions taken on various bills that were of interest to the CSU, as well as the outcomes of several employee relations bills. He explained that this was the first of a two-year session and, therefore, many of the bills included in the report will be continued into the next year.

Primary issues for discussion in the coming year will focus on access, employee relations, year-round operations, and the budget. Accommodation of Tidal Wave 2 will also be an important issue. Mr. West said a proposal for additional initiatives will be presented in January 2000.

The committee recommended approval of the proposed resolution (RGR 11-99-07).

### **Initiative Constitutional Amendment: School Facilities Bonds: Local Majority Vote**

Chair Otomo-Corgel explained that the item raises the question of whether the board should adopt a formal position on the local school bond majority vote initiative that will appear on the March 2000 ballot.

Mr. West explained that the initiative will ask voters to approve a modification to the state constitution which would allow the local vote at the majority level (rather than the  $2/3$  level) for school bonds. The initiative holds a two-fold interest for the CSU from both our public policy and educational mission standpoints, as well as from a financial perspective. It would encourage local communities to take responsibility for construction of their respective K-12 facilities, which would in turn unburden a portion of debt responsibility at the state level.

Chairman Hauck urged the board to take a position in favor of the measure, citing the tremendous support it has already received from a large cross-section of groups throughout the state. He said this is not a controversial position in that only a very few groups are in opposition, with hundreds in favor of the measure.

Chair Otomo-Corgel introduced Delaine Eastin, superintendent of public instruction, and welcomed her to the session. Superintendent Eastin thanked the board for putting this issue on the agenda and for considering support of the initiative. Superintendent Eastin relayed her experience and observations, pointing to the serious level of impaction in the state's schools, as well as the inadequate conditions of many of the facilities in which children are schooled in California.

She called attention to the fact that California is one of only four states in the union that currently maintain a  $2/3$  vote requirement to fix the schools. She stated it is clearly in the best interest of the university to have modern, updated K-12 facilities. The measure would relieve the pressure on the state budget for the state to build all K-12 schools, therefore allowing some additional capital availability for building of the state university system.

Superintendent Eastin thanked Chairman Hauck for his leadership in obtaining the support of the business community for this measure. She concluded by saying that it was incumbent upon them as trustees to act in the interest of all children by supporting this initiative, and that she looks forward to the day when conversations take place about new campuses being built for the CSU.

The committee recommended approval of the proposed resolution (RGR 11-99-08).

**Adjournment**

The meeting adjourned at 8:48 a.m.

**BRIEF**

**Action Item**

Agenda Item 1  
January 25-26, 2000

**COMMITTEE ON GOVERNMENTAL RELATIONS**

**1999-2000 Legislative Report No. 7**

**Presentation By**

Karen L. Yelverton, Assistant Vice Chancellor  
Governmental Affairs

**Summary**

This item contains a status report on priority legislation carried over from the first year of session.

**Recommended Action**

Adoption of the resolution.

**ITEM**

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 Agenda Item 1  
 January 25-26, 2000

**COMMITTEE ON GOVERNMENTAL RELATIONS**

**1999-2000 Legislative Report No. 7**

**Date: 1/3/2000**

1. 1999-2000 Legislative Program Status Report

<b>BILL</b>	<b>Author-Subject</b>							<b>Comments</b>
<b>Carry-Over Legislation</b>								
AB 108	(Mazzoni) Statewide Subject Matter Projects	X	X	X	X	X		Two-Year Bill; location: Senate Appropriations Committee.
AB 252	(Scott) Financial Aid: Year-Round Attendance	X	X	X	X			Two-Year Bill; location: Senate Education Committee.
AB 632	(Romero, Lowenthal) Graduate Student Fee Calculation	X	X	X	X			Two-Year Bill; location: Senate Education Committee.
<b>Items Approved in 1999</b>								
	CSU Auxiliary Organizations: Donor Confidentiality							To be included in omnibus legislation during second year of session.
	Student Fee Revenue Pledge							To be pursued in legislation in 2000
<b>Policy</b> —That committee which evaluates policy implications of bills (e.g., Education, Judiciary, Retirement, etc.).								
X—Indicates Action Taken								
H—Indicates Held in Committee								

## **Status of Priority Legislation at Interim Recess**

### *Regular Session Legislation Carried Over from 1999*

#### **AB 6 (Calderon) California Teacher Academy Program**

This bill would create the California Teacher Academy Program, to permit school districts to apply for funds in collaboration with institutions of higher education to develop programs that provide exposure to coursework and experience relevant to the teaching profession.

**STATUS:** Held in the Assembly Appropriations Committee; two-year bill.

#### **AB 14 (Ducheny) Higher Education Partnership Act of 2000**

Similar to AB 1415 (1997) and AB 1966 (1998) by then-Assembly Member Bustamante, this bill would place in statute a long-term financing structure for public higher education in California.

**STATUS:** Held in the Assembly Appropriations Committee; two-year bill.

#### **AB 360 (Davis) Student Testing**

This bill would require the California State University to offer to all high school students who have completed the 10<sup>th</sup> grade both the English and mathematics proficiency examination which the CSU uses for entering students.

**STATUS:** Held in the Assembly Appropriations Committee; two-year bill.

#### **SB 179 (Alpert) Model Alternative Teacher Preparation Programs**

This bill would create a model alternative teacher preparation program whereby school districts could apply for funding to form a collaborative teacher preparation partnership with one or more institutions of higher education.

**STATUS:** Held in the Senate Appropriations Committee; two-year bill.

#### **SB 338 (Wright) Intercollegiate Athletics: Discontinuation**

This bill would require a public institution of higher education to provide a one-year advance notice of any proposed discontinuation of an intercollegiate athletic team by a number of means.

**STATUS:** Held in the Assembly Higher Education Committee; two-year bill.

#### **SB 572 (Alarcon) Assumption of Loans for Personal Computers Program**

This bill would establish a loan forgiveness program to assist low-income students to purchase computers.

**STATUS:** Two-year bill (scheduled to be heard 1/12/00 in Senate Education Committee).

#### **SB 860 (Hughes) Labor Relations**

Among other provisions, SB 860 would preclude higher education institutions from changing terms and conditions of employment once the parties have exhausted impasse procedures without reaching an agreement.

**STATUS:** Held in the Senate Education Committee; two-year bill.

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Agenda Item 1

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**SB 1132 (Costa) Capital Facilities Fees**

This bill would allow public water agencies to unilaterally impose capital facilities fees on educational institutions such as the CSU by embedding unauthorized fees in monthly service charges, overturning a long-standing agreement negotiated in 1988 between public water agencies and those public agencies which are dependent upon them for water and wastewater service.

**STATUS:** Held in the Assembly Appropriations Committee; two-year bill.

**SB 1211 (Monteith) Postsecondary Education Agreements**

SB 1211 would require that articulation agreements made between public colleges and universities be uniform and consistent for all campuses.

**STATUS:** Held in the Senate Appropriations Committee; two-year bill.

Adoption of the following resolution is recommended:

**RESOLVED,** By the Board of Trustees of The California State University, that the 1999-2000 Legislative Report No. 7 is adopted.

**BRIEF**

**Action Item**

Agenda Item 2  
January 25-26, 2000

**COMMITTEE ON GOVERNMENTAL RELATIONS**

**Consideration of Proposals for 2000 Trustees' Legislative Program**

**Presentation By**

Karen L. Yelverton, Assistant Vice Chancellor  
Governmental Affairs

**Summary**

This item contains a presentation of items for inclusion in the Trustees' Legislative Program for 2000.

**Recommended Action**

Adoption of the resolution.

## ITEM

2

Agenda Item 2  
January 25-26, 2000

### COMMITTEE ON GOVERNMENTAL RELATIONS

#### Consideration of Proposals for 2000 Trustees' Legislative Program

##### Proposals for 2000 Trustee-Sponsored Legislation

The following proposals are presented to the committee for inclusion in the 2000 Trustees' Legislative Program. Each item has advanced through several levels of review, including Governmental Affairs, Business and Finance, and the chancellor and his executive leadership staff.

##### *1. Student Fee Revenue Pledge for Debt Financing/Future Bond Financing Programs Using Combined Revenue for Debt Repayment*

Currently, all campuses collect mandatory fees (such as the State University Fee) from students, and then deposit the fees in the State Treasury. Since this system treats the collection of mandatory fees as payments to the General Fund, the CSU loses control and ownership of the funds.

This proposal would modify the current revenue accounting system by allowing the CSU to retain fees in a CSU local trust account. In addition it would permit the trustees to capture the interest income from the fees that would be deposited in a local trust account. The proposed legislation creates the ability to pledge all of the fees and interest income for the repayment of debt, thereby creating a viable new credit source to back financing for the construction, maintenance, repair and acquisition of facilities for the CSU.

The strategy for pursuing this proposal may include both budget and legislative action; specifics are still to be determined after further consultation in Sacramento.

The second part of this legislative proposal would permit revenues of projects funded by bonds issued by the trustees pursuant to the State University Bond Act of 1947 to be shared with other self-supporting revenue funded projects with debt obligations issued pursuant to the same bond act. The changes would not affect existing campus debt obligations and programs, but could allow future cross subsidies between revenue-funded debt programs should that debt structure be desired by one or more campuses. This change is desired to permit campuses to have greater flexibility in how revenue from nonstate funded fee-based programs is used to support construction, maintenance, repair and acquisition of such projects.

##### *2. Authority to Dispose of Non-Gifted Real Property*

Under current law, the CSU is authorized to sell any real property if it was received as a "gift, bequest, devise, or donation," or acquired with parking or housing revenues. In the case of real property purchased with state funds, legislative authority is required to make such a sale and retain the proceeds.

Several campuses have expressed an interest in selling properties that were purchased for use by the university and to invest the proceeds in their campus programs. In the past, the CSU has obtained legislative authorization to sell properties on a case-by-case basis, but this is a tedious and time-consuming process that can hinder proactive asset management by preventing opportunities that require quick action.

This proposal would provide the CSU statutory authority to dispose of real property systemwide without legislative approval, and to deposit the proceeds in local trust funds for campus-specific needs.

### ***3. California-Mexico Students' Program***

In 1999, Governor Davis established as a priority the enhancement of economic and educational relations between California and Mexico. The governor was accompanied on one trip to Mexico by CSU leaders, and one result of these joint efforts is a proposal to establish a scholarship and fee-waiver program for CSU students and students at Mexican universities to participate in an educational program in the other country. Specifically, the proposal would fund (1) a new international scholarship program, and (2) a tuition reduction program for identified Mexican students.

The State of California would fund up to fifty tuition-free scholarships for qualified Mexican citizens to attend the CSU, while the Mexican government would fund up to fifty tuition-free scholarships for qualified California residents. In addition, the State of California would reduce tuition at the CSU for up to fifty limited income residents of the border area in the state of Baja California to the same level afforded California residents, while the Mexican government would similarly reduce tuition at public Mexican universities for up to fifty qualified residents of the border area in the state of California.

Current law allows the CSU to reduce or waive tuition for nonresident students who are citizens of foreign countries where the principal purpose of the tuition reduction or waiver is the enhancement of international goodwill and understanding. Thus, the CSU is already authorized to waive tuition for the fifty Mexican students selected to participate in the scholarship program and to reduce tuition for an additional fifty students. This proposal ensures that the revenue loss from this new state program is funded through the General Fund, thus protecting the CSU from any revenue losses due to these new scholarship and tuition reduction programs.

### ***4. Use of State School Bonds for Purchase of Property Not Owned by a School District***

The California Academy of Mathematics and Science (CAMS) is a specialized high school located on the campus of CSU Dominguez Hills which is jointly administered by the CSU and the Long Beach Unified School District. CAMS leases the temporary classroom facilities they currently occupy, and intends to fund a permanent facility on the campus. However, a recent Legislative Counsel opinion stated that a school district may not expend state bond funds to construct a school facility on property that is leased, but not owned, by the school district.

This proposal would make the appropriate statutory changes to allow K-12 bond funds to be spent on projects that are located on leased property, including but not limited to CAMS. The CSU would explore, in conjunction with the Long Beach Unified School District and others, the means to fund permanent facilities for such joint programs through K-12 bond funds.

### ***5. CSU Omnibus Legislation***

During the course of each legislative session, several relatively minor, technical legislative items are brought to the attention of the Chancellor's Office. On several occasions, the CSU has sponsored omnibus legislation that includes all of these items in one bill.

This year, the following items are under consideration for inclusion in a CSU omnibus bill. It is possible that these items will be included in legislation introduced by the Assembly Higher Education Committee.

- I. *Auxiliary Organizations Closed Sessions.* Allow auxiliary organization boards to meet in closed session to protect donor or prospective donor confidentiality.
- II. *Emergency Permit Teachers.* Exemption from Nonresident Tuition. Exempt holders of an emergency permit who are employed in a school district from paying nonresident tuition.
- III. *Financial Aid Resources in Local Trust Accounts.* Allow deposit of work-study and grant funds in local trust accounts. The authority currently exists to allow such deposits for scholarship funds and student loan programs.
- IV. *Non-Academic Sections of Education Code.* Education Code Sections 89531-33 pertain to the appointment and dismissal of non-academic employees. Since their enactment many years ago, these sections have become outdated due to subsequent developments (such as the establishment of the Management Personnel Program) and supersession clauses in other code sections. Thus, it is proposed to repeal or narrow the application of these non-academic employee sections.
- V. *Repeal of Government Code Section 18598.* Repeal an outdated reference to the "State Nautical School," now the California Maritime Academy.
- VI. *Student Health Centers.* Remove the outdated cap for health center construction which is the only such cap that currently exists in statute for self-supported programs.

Since the omnibus bill is a vehicle for minor statutory changes, authority is sought to include additional items in the legislation as the session progresses and such issues are brought to the attention of the Chancellor's Office.

Adoption of the following resolution is recommended:

**RESOLVED,** By the Board of Trustees of The California State University, that the legislative proposals described in this item are adopted as the 2000 Board of Trustees' Legislative Program.