

AGENDA

COMMITTEE ON GOVERNMENTAL RELATIONS

Meeting: 8:30 a.m., Wednesday, January 24, 2001
Glenn S. Dumke Conference Center

Martha C. Fallgatter, Chair
Roberta Achtenberg, Vice Chair
Debra S. Farar
Bob Foster
Murray L. Galinson
William Hauck
Neel I. Murarka
Dee Dee Myers
Ralph R. Pesqueira

Consent Items

Approval of Minutes of Meeting of November 9, 2000

Discussion Items

1. Adoption of Trustees' Statement of Legislative Principles, *Action*
2. 2001-2002 Legislative Report No. 1, *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 9, 2000

Members Present

Martha C. Fallgatter, Chair
Roberta Achtenberg, Vice Chair
Debra S. Farar
Bob Foster
Murray L. Galinson
Laurence K. Gould, Jr., Chair of Board, ex officio
William Hauck
Neel I. Murarka
Ralph R. Pesqueira
Charles B. Reed, Chancellor, ex officio

Members Absent

Dee Dee Myers

Other Trustees Present

Harold Goldwhite
William D. Campbell
Daniel N. Cartwright
Shailesh J. Mehta
Frederick W. Pierce IV
Ali C. Razi
Stanley T. Wang

Chancellor's Office Staff

David S. Spence, Executive Vice Chancellor, Chief Academic Officer
Richard P. West, Executive Vice Chancellor, Chief Financial Officer
Jackie R. McClain, Vice Chancellor, Human Resources
Douglas X. Patiño, Vice Chancellor, University Advancement
Karen Yelverton-Zamarripa, Assistant Vice Chancellor, Governmental Affairs
Christine Helwick, General Counsel

Chair Fallgatter called the meeting to order at 8:46 a.m.

Approval of Minutes

The minutes of September 19, 2000 were approved.

1999-2000 Legislative Report No. 12

Chair Fallgatter asked Ms. Karen Yelverton Zamarripa, assistant vice chancellor, governmental affairs, to present the report.

Ms. Yelverton Zamarripa noted that a detailed written account on final legislative actions had been provided in the agenda book. She also provided the committee with an overview of the legislative election results from the previous evening's general election. She stated that the Senate is now comprised of 25 Democrats and 14 Republicans, with the Machado vs. Nakanishi race undecided pending absentee ballot counts. The Assembly is now comprised of 50 Democrats and 30 Republicans, a gain of 4 seats for Speaker Bob Hertzberg and his caucus.

Ms. Yelverton Zamarripa informed the committee that the process for development of next year's legislative program had begun with the Chancellor's Office and campuses. Recommendations for the 2001 Legislative Program would be presented to the board in January, after consultation with the Presidents in December.

She stated that one definite item would be a proposed bond for the March 2002 ballot. In addition, CSU will need to seek reauthorization of current authority for CSU's Direct Vendor Pay program. There will also be follow-up on provisions through another omnibus bill.

Ms. Yelverton Zamarripa called attention to the results of the November 7th vote on the two propositions most closely affecting the CSU: Proposition 38, pertaining to school vouchers, was defeated by a wide margin. The Board had adopted a formal "oppose" position on this initiative.

Proposition 39, which was endorsed by the Board, was approved. This proposition changes the local vote requirement for local bonds from a 2/3-vote requirement to a 55% vote. This change in local vote requirements will allow the community colleges to seek bonds at the local level and will undoubtedly be a part of negotiations on the 2002 bond bill.

Trustee Pesqueira asked about a bill included in the written report, AB 172, which was vetoed by the Governor. Ms. Yelverton Zamarripa responded that the bill was vetoed based on the fact that CSU already has the authority to establish a California-Mexico Students' program if it so chooses.

The committee recommended approval of the proposed resolution (RGR 11-09-00).

The meeting adjourned at 9:12 a.m.

COMMITTEE ON GOVERNMENTAL RELATIONS

Adoption of Trustees' Statement of Legislative Principles

Presentation By

Karen Yelverton Zamarripa, Assistant Vice Chancellor
Governmental Affairs

Summary

This item consists of a briefing on the Trustees' Statement of Legislative Principles, which are adopted by the Board of Trustees at the beginning of each legislative session.

Background

At their October 1985 meeting, the Board of Trustees conducted a major review of the Statement of Legislative Principles for the California State University. The purpose of the principles is to provide basic parameters to guide positions taken by the Chancellor and Office of Governmental Affairs on matters pending before the California Legislature.

Upon recommendation of the Committee on Gifts and Public Affairs (the forerunner of the Committee on Governmental Relations), the Board of Trustees adopted the principles at their January 1986 meeting and, in addition, approved the delegation of legislative matters referred to in the Principles to the Chancellor. The delegation was subsequently incorporated into the Standing Orders of the Board of Trustees at their March 1986 meeting.

The Trustee's Statement of Legislative Principles is adopted by the Board of Trustees at the beginning of each legislative session. For the 1999-2000 Session, the principles were revised slightly to recognize the CSU's role in teacher preparation and partnerships with K-12 institutions. No revisions are proposed for the 2001-2002 Session.

Statement of Legislative Principles, As Proposed for Adoption

Statement of Legislative Principles

The following constitute the core principles guiding recommendations on legislation:

1. Preserve the California State University's statutory and traditional authority over academic affairs and matters relating to internal governance of the university.

- a. Continue efforts to enhance and expand flexibility on internal matters and decision making by the Board of Trustees.
 - b. Preserve the integrity of the collective bargaining process.
 - c. Preserve and enhance the California State University's ability to accomplish its mission, as adopted by the Board of Trustees in November 1985.
2. Remain neutral on matters in which the state appropriately seeks to legislate the general public health and safety while not singling out the California State University uniquely.
3. Preserve the integrity of the California State University's budgetary process, and seek adequate funding for state-mandated programs.
 - a. Provide that all funds must be appropriated to the Board of Trustees.
 - b. Proposals for programs and capital outlay needs must be approved and placed in priority order by the Board of Trustees through the budgetary process.
4. Preserve the integrity of the California State University's efforts to prepare teachers for K-12 schools in California and encourage the development and maintenance of partnerships with K-12 schools to achieve the improvement of schools and of teacher education at all levels.
5. Seek to influence the outcome of issues which, while not affecting the California State University alone, would have a disproportionate impact on the university's activities.
6. Seek to provide for representation of the California State University on appropriate boards, commissions, task forces, study groups, etc., that may have an impact on the system.
 - a. Representatives to such bodies shall be appointed by the Board of Trustees or the Chancellor.
 - b. Remain neutral on proposals for studies, so long as funding is provided to cover any substantial costs associated with the study that may be incurred by the system.
7. The Chancellor of the California State University is recognized as spokesperson for the positions on behalf of the Board of Trustees. Whenever practical, the positions taken

should be discussed with the chair of the Committee on Governmental Relations and the chair of the Board of Trustees.

Recommended Action

RESOLVED, By the Board of Trustees of the California State University, that the Statement of Legislative Principles as contained in Agenda Item 1 of the January 23-24 meeting of the Trustees' Committee on Governmental Relations be adopted, and be it further

RESOLVED, That the Chancellor is authorized to take positions on pending legislation on behalf of the Board of Trustees, but in taking such positions, the Chancellor shall consult, when practical, with the Chair of the Committee Governmental Relations, the Committee on Governmental Relations, the full Board, or the Chair of the Board of Trustees; and be it further

RESOLVED, That the Chancellor shall keep the Board regularly informed of the positions taken and of such other matters affecting governmental relations as is deemed desirable and necessary.

COMMITTEE ON GOVERNMENTAL RELATIONS

2001-2002 Legislative Report No. 1

Presentation By

Karen Yelverton Zamarripa, Assistant Vice Chancellor
Governmental Affairs

Summary

This item contains a presentation of items for inclusion in the Trustees' Legislative Program for 2001.

Background

The following proposals are presented to the committee for approval for inclusion in the Trustees' 2001 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.

Public Education Bond Act

Proposition 1A, approved by the voters in November 1998, provided \$2.5 billion for public higher education facilities over a period of four years, amounting to approximately \$208 million per year for each segment. The state is reaching the end of a four-year bond with the 2001/02 capital outlay program.

The Higher Education Partnership agreement with the Davis Administration includes a commitment of \$210 million annually for each segment of public higher education to support capital outlay needs. The partnership also states support for a State general obligation bond measure (and/or lease revenue bonds) that would provide additional support for capital outlay needs beginning in 2002-03.

Assembly Speaker Bob Hertzberg has introduced Assembly Bill 16, which provides for a Bond Act of an unspecified amount to appear on the March 2002 Primary Election ballot. As has been the case in past years, it is likely that additional education bond acts will be introduced in the upcoming session. Many issues regarding an education bond remain to be resolved, including the amount of funding, the distribution of funds among the higher education segments, the role of local bond financing with the passage of Proposition 39, and the question of whether this will again be a joint K-12/Higher Education Bond.

It is proposed that the CSU sponsor a higher education bond act, which would appear on the March 2002 ballot.

Direct Vendor Pay: Permanent Authorization

Legislation Approved in 1993 (AB 322 (Bronshvag); Chapter 790/Statutes of 1993) authorized a three-campus pilot program to allow CSU campuses to make direct vendor payments, rather than the traditional method of processing payments through the State Controller's Office (SCO). Based on the success of this pilot, the Legislature in 1996 approved AB 2613 (Aguiar; Chapter 934/Statutes of 1996), which allowed all CSU campuses to pay vendors directly until January 1, 2002.

Audits of the Direct Vendor Pay Program by the SCO and the Bureau of State Audits indicate the process has been successful in processing timely payments, without causing material weaknesses in the system of checks and balances over disbursements. The current payment system promotes a positive business relationship between the University and vendors, and has streamlined business processes.

This proposed legislation would permanently authorize the CSU Direct Vendor Pay Program. Continuance of the program will assure the maintenance of achieved streamlined and simplified processes in the University's procurement and accounts payable functions. The process promotes greater control over: disbursements; tracking of vendor payments; research of unpaid invoices; and, increased accountability. In addition, the program promotes the University's responsiveness to local/small business concerns of partnering with a government entity that is traditionally viewed as bureaucratic and unsympathetic to the needs of the business community.

Property Exchange Issues: CSU, Channel Islands; CSU, Northridge

Senate Bill 1547 (Costa), legislation sponsored by the CSU in 2000, would have authorized the sale or exchange of specified properties on four CSU campuses: Channel Islands, Fresno, Northridge, and San Luis Obispo. In addition, the bill would have allowed the proceeds from these transactions to remain with the CSU system.

Despite extensive work with the Department of Finance to resolve their concerns with the measure, Governor Davis vetoed SB 1547. In his veto message, the governor stated that disposal of such properties should continue to be approved on a case-by-case basis, and that proceeds from the sale of property originally purchased by General Fund monies should return to the General Fund for reallocation by the State on a priority basis.

Of the four transactions included in SB 1547, two are particularly time-sensitive, require legislative action and should be addressed during the 2001 legislative session:

- **Channel Islands.** The campus is seeking to acquire approximately 75 acres of farmland adjacent to the main campus, in order to develop a primary access road and needed athletic fields to meet the needs of the 11,750 students that will be coming to the campus. In order to obtain this land (which is part of a larger parcel owned by the state until 1988), CSU Channel Islands would like to exchange 118 acres of a 262-acre site, located eight miles northwest of the main campus, for the 75 acres. The CSU obtained this 262-acre site, which is comprised of a 196-acre lemon orchard and 66 acres of row crops, from the state in 1995.
- **Northridge.** The campus has joined with the Los Angeles Unified School District (LAUSD) to explore the district's building a small, specialized "academy" high school on campus property, the five-acre Zelzah Court site that would accommodate about 800 ninth through twelfth graders at a time. Construction and operation of the new high school would be the sole financial obligation and responsibility of the school district.

In return, the school district would transfer to the university full ownership of the 8.5-acre former Prairie Street School site located about a half mile south along Zelzah just north of Nordhoff Street. Acquiring this property would achieve a longstanding campus goal, help round out the perimeter of the campus core, and provide land for hundreds of much-needed new parking spaces for students and others.

The proposal is to pursue these two items in separate legislation, while continuing to work with the Department of Finance and the Davis Administration on remaining items involving the sale of property at Fresno, San Luis Obispo, and other campuses.

Health Care for CSU Employees in Underserved Areas

Legislation approved in 1999, Senate Bill 514 (Chesbro), created the Rural Health Care Equity Trust Fund to be used to provide subsidies and reimbursements for various health care costs incurred by state employees and annuitants who live in "rural areas." "Rural area" is defined as an area in which there is no health maintenance organization (HMO) plan available that has been approved by the Public Employees' Retirement System (PERS) Board of Administration.

Because of the way that the current law is structured, this fund may be utilized only by state civil service employees and is not available to CSU personnel. However, a growing number of CSU employees are faced with this problem, and it has become a significant issue for the Monterey Bay campus.

This proposal would extend accessibility to the Rural Health Care Equity Trust Fund to CSU employees.

Omnibus Items

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 which includes all of these items.

Such a bill, AB 2384, was introduced in 1999. Authored by the Assembly Higher Education Committee, the bill included several items sponsored by the CSU, and others sponsored by other higher education segments, including the California Community Colleges. The bill advanced through the Legislature without receiving a single "no" vote, but was vetoed by Governor Davis after the Department of Finance raised concerns with one provision pertaining to the community colleges.

It is proposed that the CSU pursue the items from AB 2384, and new technical matters which arise during the legislative session, either in omnibus legislation or in separate bills.

- *Auxiliary Organizations Closed Sessions.* Allow auxiliary organization boards to meet in closed session to protect donor or prospective donor confidentiality.
- *Repeal of Government Code Section 18598.* Repeal an outdated reference to the "State Nautical School," now the California Maritime Academy.
- *CSU Procurement Authority.* Clarify and organize CSU's authority for procurement and contracting to strengthen legislative intent by providing a central location for procurement policies applicable only to the CSU.

To date, there are two items which appear to meet the criteria for omnibus legislation:

- Amend the Public Contract Code to clarify the ability to receive competitive bids from subcontractors for a "change order" scope of work which is a change or deviation from the original contract.
- Amend the CSU Contract Law in the Public Contract Code to reflect the recent change in statute for the minor capital outlay limit (now \$400,000).

The following resolution is presented for adoption:

RESOLVED, By the Board of Trustees of The California State University, that the legislative proposals described in Agenda item 2 of the January 23-24, 2001 meeting of the Trustees' Committee on Governmental Relations are adopted as the 2001 Board of Trustees' Legislative Program.