



LEGISLATIVE REPORT

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THE CALIFORNIA STATE UNIVERSITY

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Final Overview of Legislation Introduced in 2002 – See Page 7

2003-04 LEGISLATIVE SESSION BEGINS AMIDST FISCAL CRISIS Budget Deficit Spirals Past \$30 Billion; Governor Calls Special Session

Following tradition, the members of the 2003-04 California Legislature were sworn in on the first Monday of December, December 2. Surprising no one, the respective houses once again elected Assembly Member Herb Wesson (D-Los Angeles) as Assembly Speaker (in the formal floor vote, all Republican Members also voted for Wesson), Senator John Burton (D-San Francisco) as Senate President pro Tem, Assembly Member Dave Cox (R-Fair Oaks) as Assembly Republican Leader, and Senator Jim Brulte (R-Rancho Cucamonga) as Senate Republican Leader.

Also selected for leadership positions by their respective caucuses were the following members: in the Senate, Don Perata (D-Alameda) as Majority Leader, Gloria Romero (D-Los Angeles) as Democratic Caucus Chair; Richard Alarcon (D-Los Angeles) as Majority Whip; and Chuck Poochigian (R-Fresno) as Republican Caucus Chair. In the Assembly, Christine Kehoe (D-San Diego) was elected Speaker pro Tem, Leland Yee (D-San Francisco) chosen as Asst. Speaker pro Tem, Marco Firebaugh (D-Los Angeles) selected as Majority Floor Leader, Wilma Chan (D-Alameda) as Majority Leader, George Nakano (D-Torrance) as Caucus Chair, and Fabian Nuñez (D-Los Angeles) as Majority Whip. On the Republican side of the aisle, Tony Strickland (R-Moorpark) and Keith Richman (R-Northridge) are expected to continue as Caucus Chair/Asst. Leader and Asst. Leader, respectively.

Budget Quagmire Deepens: Now a \$34.8 Billion Problem

Legislators returning to session were welcomed by the state's worst fiscal crisis since the early 1990s, and perhaps the worst ever. On December 18, Governor Davis held a press conference to announce that the budget shortfall has reached \$34.8 billion, which comprises 45% of the state's 2002-03 General Fund. Governor Davis said that 51 percent of the problem (\$17.7 billion) is due to the underperformance of the economy, 13 percent (\$4.5 billion) results from required increases in spending to address caseload growth and the loss of anticipated federal funds, and the remainder (\$12.6 billion) results from one-time solutions used to close the current budget that are no longer available.

On December 3, Governor Davis called a special session of the Legislature to work on solutions to the budget crisis, specifically:

- To consider and act upon legislation to reduce General Fund expenditures and take other actions as necessary to address the budget shortfall;
- To consider and act upon legislation to reorganize and consolidate state operations; and
- To consider and act upon legislation related to protecting access to services in local, public, health care delivery systems.

On December 6, the governor announced \$10.2 billion in mid-year budget reductions, covering virtually all areas of government. In a prepared statement, Governor Davis said that “reductions will be made in every state agency, nearly every department, nearly every program and in all areas of state spending...all of these reductions are painful, but they are absolutely necessary if we are going to be in a stronger position to meet this challenge in the coming year.”

If the initial reactions to the governor’s proposed cuts (see below for an overview of the reduction proposals) from party leaders are any indication, the road to finding budget solutions in 2003 may be a difficult one. Assembly Speaker Wesson said, “we [Democrats] will work to limit the impact of cuts on our schools, our health system and on the most vulnerable Californians, but there’s no way to close a budget gap this large without painful sacrifices. We must recognize that the proposals that the Governor outlined today, as hard as they are to swallow, are only the beginning if those who hide behind the no new taxes mantra have their way.” Meanwhile, his counterpart, Assembly Minority Leader Cox, stated that the governor’s proposals “are a good first step, but the reality is that they don’t fully solve the problem.” Cox also said, “We must look to reduce spending through every possible area – particularly in state bureaucracy...as we have said before, we [Republicans] will not entertain any proposals that would raise taxes on working Californians to solve this crisis.” On the Senate side, Senate President pro Tem Burton has repeatedly stated that Senate Democrats will not accept any budget solution that does not include a package of revenue increases.

As the shortfall increases, so does the pressure to raise revenues to address part of the problem. Former Governor Pete Wilson is often mentioned of late given the comparable problem the state faced during his leadership; specifically the solution being a mix of reductions, deferrals and new revenues. The Assembly conducted a series of hearings in the last week or so looking at the specific mid-year budget cuts proposed by the governor. These hearings have also been a vehicle to educate members, the general public and others about the impact of the proposals – and the need to raise revenues.

Superintendent of Public Instruction Delaine Eastin, who leaves office in January, testified before the education subcommittee in San Jose on January 18th and urged policymakers to raise revenues themselves or at least give the voters the choice to do so to protect education – K-12 through postsecondary.

Overview of Governor’s Proposed Reductions

In contrast to the mid-year reductions implemented in late 2001, most of which were one-time in nature, the governor’s proposed \$10.2 billion in reductions represent *ongoing* reductions to a wide variety of programs. According to an overview prepared by the Legislative Analyst’s Office (LAO), spending reductions account for over 2/3 of the reduction package, with the remaining one-third related to transfers, loans and reversions due to the proposed deferral of expenditures for local mandate claims. Of the \$6.8 billion in proposed 2003-04 savings, the LAO indicates that \$4 billion is related to actions with ongoing savings.

In testimony provided to an overview budget hearing conducted on December 16 by the Assembly Budget Committee (a hearing which was joined by several Senators), Legislative Analyst Elizabeth Hill said that the governor’s plan is credible and an important first step toward addressing the enormous fiscal plan facing California, but that it is difficult to fully evaluate it because the governor’s complete plan will not be available until he presents his 2003-04 budget on January 10, 2003. Directly related to this issue, the LAO outlined tax-related options in her analysis of the Governor’s mid-year proposals as follows:

- **Rate Changes:** Here, the basic definition and coverage of tax base stays the same but more revenues are generated with increased rates. One example is the vehicle license fee (VLF) rate going back to 1998 levels providing \$820 million in 2002-03 and 3.9 billion in 2003-04. Another is a temporary increase in the higher income tax brackets (10 and 11%), raising \$2.5 billion in 2003-04. A half cent sales tax increase would raise \$2.5 billion.
- **Base Broadening:** This involves expanding the tax base to include elements currently untaxed. The LAO cited the \$475 million and \$2 billion available for 2002-03 and the 2003-04 respectively if the state included amusement and recreation services under the sales tax.

- Changes in Tax Expenditures: The LAO suggests the state modify or eliminate certain tax exemptions, exclusions, deductions, and credits. Examples might include eliminating the teacher tax credit in 2003-04, providing \$180 million to the General Fund, or suspending or reducing either the research and development credit or the manufacturer's investment tax credit resulting in \$500 million in annual revenue. Many point out that tax increases alone will not address the entire problem requiring tough choices and reductions in programs and services as well. If the state implemented the items cited here from the LAO report, \$12.87 billion in revenues would be available to the state in 2003-04 - \$34.8 short of the estimated shortfall of \$11.93 billion assuming the \$10 billion mid-year reductions are implemented by the Legislature in January.

LAO REVENUE OPTIONS: IMPACT ON TOTAL SHORTFALL

	Revenues in 2002-03	Revenues in 2003-04
VLF	\$820 million	\$3.9 billion
Higher income tax brackets	N/A	\$2.5 billion
Half cent sales tax	N/A	\$2.5 billion
Amusement and recreation sales tax	\$475 million	\$2.0 billion
Eliminate teacher tax credit	N/A	\$180 million
Suspend or delete research and development credit or manufacturer's investment tax credit	N/A	\$500 million
	\$1.295 Billion	\$11.58 Billion

2-year Total:	\$12.87 billion
Estimated Shortfall:	\$34.80 billion
Difference:	<u>\$21.93 billion</u>
Proposed mid-year reductions	<u>\$10.0 billion</u>
Remaining shortfall:	\$11.93 billion

The following provides an overview of the governor's proposed reductions in higher education and K-14 education, as well as highlights of his proposals for other areas:

California State University/University of California

The governor's proposal includes \$59.6 million in unallocated reductions to 2002-03 General Fund support for the California State University. The governor also proposes reducing General Fund support for the University of California (UC) by \$74.3 million; including \$19 million in unallocated reductions, \$3.3 million in outreach reductions, and \$18 million in savings from research programs including the Multi-Campus Unit for Labor Studies research.

K-14 Education

Due to a decline in expected General Fund revenues, the 2002-03 Proposition 98 funding guarantee for K-12 education and the California Community Colleges (CCC) has dropped. In light of this, the governor proposes \$1.7 billion in reductions to 2002-03 General Fund K-14 Proposition 98 appropriations. Of this amount, \$1.5 billion comes from K-12 education, \$135 million from the CCC, and \$143 million from eliminating the Proposition 98 set-aside reserve. The governor proposes specific reductions including \$1.1

billion for across-the-board reductions in aid to local schools and the CCC. The governor also proposes deferring \$870 million in payments of claims for state mandates in 2003-04. Community colleges would not receive a backfill for a \$37.5 million drop in estimated property tax revenues under the Governor's proposal. The governor would ease restrictions on the use of districts' reserve funds and provide additional flexibility in categorical program funding to help districts cope with the cuts.

During the subcommittee meeting in San Jose, K-12 representatives suggested that they had in fact been reduced in recent years by almost \$7 billion which, according to California Teachers Association (CTA), equates to a shortened school year (2 weeks), the layoff of 35,000 teachers, or \$300 less per student (which was 6,601 in 2001-02).

State Operations/Employee Compensation

The governor proposes a \$470 million reduction in state employee compensation in 2003-04. According to the proposal, possible actions to reach this total include deferring scheduled salary increases, lowering future salary or benefit expenditures, layoffs, and furloughs. The proposal directs the Department of Personnel Administration to negotiate this reduction with state unions, including CSEA.

The governor also proposes \$320.8 million in reductions in state operations in the current year, partly in response to the 2002-03 Budget directive to reduce state operations by \$750 million. According to the release, possible actions to reach this total include eliminations and reductions of departments and programs, program funding shifts, cuts and eliminations in non-essential operating expenses such as out-of-state travel, federal funding increases, and prior year savings.

Health Care

The governor's proposal makes \$201.8 million in reductions in Department of Health Services (DHS) spending, including Medi-Cal funding reductions of \$167.5 million. Included among the proposed reductions are the following:

- Reduce Medi-Cal provider rates by 10 percent effective April 1, 2003, for General Fund savings of \$90.4 million in 2002-03;
- Eliminate selected Medi-Cal optional benefits for adults over age 21, including dental services, medical supplies, podiatry, acupuncture, chiropractic services, psychology, independent rehabilitation centers, and occupational therapy. Eliminating these benefits, effective April 1, 2003, would result in General Fund savings of \$63.3 million in 2002-03;
- Levy an assessment of 6.5 percent on intermediate care facilities for the developmentally disabled, resulting in revenues of \$5 million in the current year and \$20 million annually;
- Reduce funding for Medi-Cal and Healthy Families outreach activities by \$1.9 million in 2002-03.

What Happens Now?

To date, activity surrounding the special legislative session has been limited. Perhaps due to a combination of factors including conflicts with the holidays, the need to conduct their own analysis of these proposals or a means to build pressure for new revenues, both houses went into session December 6th and promptly adjourned until January 2003. The Department of Finance (DOF) and LAO urge action no later than the end of January for mid-year reductions to be implemented.

Note: The following documents were utilized as sources for the above budget-related information: Governor Proposes \$10.2 Billion in Budget Adjustments – *California Budget Project*; Analysis of Mid-Year Budget Proposal – *Legislative Analyst's Office*

GOVERNOR APPOINTS PEACE AS FINANCE DIRECTOR

Tim Gage announced his intention to leave his role as Director of the Department of Finance this week, at which time Governor Davis appointed former State Senator Steve Peace to this position after the first of the year.

In making the appointment, Governor Davis said of Peace, “because of his in-depth knowledge of the budget process and strong ties to legislative leaders we won't lose any momentum as we begin this difficult year. His experience as Chair of the Budget committee and his skill in tackling difficult issues will be critical assets as we face this extraordinary challenge.”

Peace served for nine years in the California State Senate, where he represented the 40th Senate District within San Diego County. Senator Peace chaired the Senate Budget and Fiscal Review Committee and the Senate Committee on Privacy. He also served on the Senate Judiciary Committee. He was elected to and served in the California State Assembly from 1982 to 1993. Peace was considered a strong ally of Senator Burton during his terms in the Senate and may be key in budget negotiations given the close relationship between the Pro Tempore and Governor Davis.

The outgoing Gage said that “four years is a long time to serve as Finance Director and I look forward to other opportunities that will allow me to spend more time with my family.”

MASTER PLAN COMMITTEE INTRODUCES FIRST LEGISLATION TO IMPLEMENT RECOMMENDATIONS

On December 3, Senator Dede Alpert (D-Coronado) held a press conference to announce the introduction of the first two bills sponsored by the Joint Committee to Develop a Master Plan for Education. During a question-and-answer session, Senator Alpert, chair of the joint committee, said “with this legislation, we are sending a message today that we have heard the thousands of Californians who in the past two years have demanded concrete, meaningful action to fix our troubled education system.”

The bills – Senate Bill 6, Senate Bill 7, and Assembly Bill 56 – focus on governance and school readiness issues. Senate Bill 6 is an omnibus bill on education governance which redistributes and defines responsibilities among state, regional, and local entities. Among other provisions, the bill would:

- Transfer management responsibility for the department of education from the Superintendent of Public Instruction (SPI) to the Governor’s office;
- Assign responsibility for performance monitoring, reporting and advocacy to the SPI;
- Reconfigure 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;
- Assign administrative and budget authority to local community college districts to enable them to decide how best to implement systemwide priorities and preserve governance authority for determining local policy priorities; and
- Ensure that overlapping responsibilities and authority now exercised by multiple entities are substantially eliminated.

The remaining bills introduced this month, Senate Bill 7 and Assembly Bill 56, are identical omnibus bills addressing school readiness issues. They declare legislative intent for California to provide opportunities

to parents to voluntarily enroll their three- and four-year old children in structured preschool settings within 10 years. The bills would also convert kindergarten enrollment from a voluntary to a required activity, and phase in expansion of kindergarten from a half-day to a full-day educational experience.

In January, the committee will introduce legislation pertaining to personnel issues, and in February will introduce legislation pertaining to student learning issues. Other issues expected to be addressed in legislation in 2003 are facilities, finance, adult education, and private postsecondary education.

DENHAM, PARRA PREVAIL IN CLOSE LEGISLATIVE RACES

Following Election Day returns, two legislative races were too close to call pending the tabulation of absentee ballots. Both races were certified as final shortly before the Legislature was sworn in on December 2.

In the 30th Assembly District, **Nicole Parra (D-Bakersfield)** prevailed by 187 votes (of more than 52,000 cast) over businessman Dean Gardner. Born in Bakersfield, Ms. Parra returned to the Central Valley after completing law school to work for Congressman Cal Dooley, where she served as his District Director. Her father, Pete Parra, is a Kern County Supervisor.

In the 12 Senate District, **Jeff Denham (R-Modesto)** defeated former Assembly Member Rusty Areias by 1,800 votes, out of more than 140,000 cast. Denham is a graduate of Cal Poly, San Luis Obispo and is an agricultural businessman. After high school he enlisted in the U.S. Air Force, and is a veteran of Operation Desert Storm (Iraq) and Operation Restore Hope (Somalia).

Based on the final election results, the Assembly make-up is 48 Democrats and 32 Republicans (a gain of two for the Republicans) and the Senate is composed of 25 Democrats and 15 Republicans (a gain of one for the Republicans).

LEGISLATIVE COMMITTEE/STAFF NOTES

Members of Assembly Budget Subcommittee on Education Chosen

Returning as Chair of the Assembly Budget Subcommittee #2 on Education Finance will continue to be Assembly Member Joe Simitian (D-Palo Alto). Wilma Chan (D-Alameda), Lynn Daucher (R-Brea), and Jackie Goldberg (D-Los Angeles), remain on the subcommittee along with 2 new members: Carol Liu (D-La Canada/Flintridge), and Sharon Runner (R-Lancaster).

Goldberg and Liu are the chairs of the policy committees on Education and Higher Education, respectively. Max Espinoza returns as consultant to the subcommittee along with Sara Swan serving the Republican Caucus members.

Assembly Policy Committees Name Consultants

Assembly Member Carol Liu (D-La Canada-Flintridge), Chair of the Assembly Higher Education Committee, has named Bruce Hamlett as chief consultant and Keith Nitta as consultant to the committee.

Hamlett returns to California after having spent nine years as Executive Director of the New Mexico Commission on Higher Education. He worked previously at the California Postsecondary Education Commission (CPEC) from 1975 through August 1993, and was also a faculty member at Santa Clara University.

Nitta has been a member of Assembly Member Liu's personal staff since her election. In addition to his committee duties, he will continue to work on legislation seeking to implement portions of the new Education Master Plan. Nitta is pursuing a Ph.D. in political science from the University of California, Berkeley.

Assembly Member Jackie Goldberg (D-Los Angeles), chair of the Assembly Education Committee also named her lead staff – Michael Ricketts.

Mike Ricketts has a long history in K-12 education and finance given his service at the state Departments of Finance and Education, the Office of the Secretary For Education and Child Development for Governor Davis, and most recently the Joint Committee To Develop A Master Plan For Education.

Porini Named as Chief of Staff to Chesbro

Senator Wes Chesbro has named Annette Porini, a long-time fixture on the Sacramento scene, as his Chief of Staff.

Since 1999, Porini has served as Chief Deputy Director for Policy of the Department of Finance. In that role, she represented the Director on more than 70 authorities, boards and commissions dealing with state finance. Prior to that position, Porini was the Chief Consultant to the Joint Legislative Budget Committee for two years. Previously, she served as the Chief Deputy Superintendent for Administrative Services for the California Department of Education.

Ms. Porini was employed in the Legislature between 1975 and 1991 as a Legislative Assistant in the Senate and Assembly, Committee Consultant to the Assembly Revenue and Taxation Committee and Chief of Staff to the Assembly Majority Leader.

Final Overview of Major 2002 Legislative Actions

Note: The summary below provides an overview of major legislative actions taken during 2002. It is not a comprehensive report of all bills that were tracked by the CSU. For bills which were vetoed, what appears in the "Governor's Veto" section of the summary is an excerpt from the formal veto message.

Trustee-Sponsored Legislation Bills Sponsored by the California State University

Senate Bill 277 (Chesbro), Rural Health Care Fund Held in the Assembly Appropriations Committee

Summary: Would have extended the Rural Health Care Equity Program to CSU employees. The program, established in 1999, was designed to provide subsidies for health care costs incurred by state employees and annuitants who live in rural areas, with such areas being defined as those in which there is no HMO plan available that has been approved by the CalPERS Board of Administration.

Comments: Providing health care to rural residents will remain a critical issue in the 2003-04 legislative session. The Legislative Analyst's Office released a report in August which outlined several recommendations on how to improve rural health coverage, and there may be movement on some of those recommendations in 2003. The report may be accessed on the Internet at <http://www.lao.ca.gov/>. Most of the recommendations are of a long-term nature, and will not likely eliminate the need to address health care costs for CSU employees in designated counties and zip code areas.

Assembly Bill 1863 (Higher Education Committee) Authority to Promulgate Regulations Signed by Governor Davis; Chapter 182, Statutes of 2002

Summary: Extends Trustee authority to adopt, amend or repeal regulations pertaining to the California State University (CSU). AB 1863 also requires the CSU to submit an annual report to the Governor and the Education policy committees in the Legislature on the number of regulations adopted during the previous

calendar year, any concerns that were raised regarding any regulation during the public review process, and any actions taken by the CSU to alleviate those concerns.

Impact on CSU: Allows the Board to continue the current practice of adopting and amending regulations, while adding an annual reporting requirement to the governor and Legislature.

***Senate Bill 1539 (Public Employment and Retirement Committee) Retirement Benefits
Vetoed by Governor Davis***

Summary: Among other provisions, the omnibus retirement benefits bill for 2002 would have enabled CSU faculty who retired under an early retirement incentive in 1992 to return to the classroom without forfeiting their service credit, under the same conditions as other retired annuitants.

Governor's Veto: The governor's veto was based on a provision in the bill unrelated to the issue described above. CSU will pursue this matter again in CSU-sponsored omnibus legislation in 2003.

***Senate Concurrent Resolution 93 (Alpert et al) Joint Doctoral Programs: California Universities
Resolution Chapter 157, Statutes of 2002***

Summary: Expresses legislative support for the Joint Education Doctorate Initiative being undertaken by CSU and the University of California. The resolution encourages both institutions, and the joint Ed.D. Board, to take actions (including the submission of periodic joint reports to the Legislature) that will implement joint education doctorate programs.

Impact on CSU: Provides a valuable legislative endorsement of the Joint Ed.D. program.

***Teacher Preparation, Credentialing and Professional Development
Bills Pertaining to Teacher Preparation and Curriculum, Credentialing Issues,
and Professional Development Programs***

***Assembly Bill 1462 (Nakano) Teacher Training
Vetoed by Governor Davis***

Summary: Would have required the Superintendent of Public Instruction to convene a committee of experts to determine programs and processes to improve the quality and quantity of career technical education teachers.

Governor's Veto: "While the study deserves merit, this bill fails to provide the State Board of Education with the opportunity to modify the parameters of questions that would be developed by the advisory committee created by this bill. I believe this bill misses an important step by not allowing the State Board to balance the desires of the committee with current policy direction and the needs of all students."

***Assembly Bill 2120 (Simitian) Teacher Support and Development Act of 2002
Held in Assembly Appropriations Committee***

Summary: Would have created the Teacher Support and Development Act of 2002 by consolidating the funding of numerous existing teacher preparation, support and development programs (including the California Subject Matter Projects and the California Professional Development Institutes) into a formula-based block grant. Would have required the Superintendent of Public Instruction (SPI) to annually award professional development block grants to school districts from funding provided in the annual Budget Act.

***Assembly Bill 2575 (Leach) Teacher Credentialing
Vetoed by Governor Davis***

Summary: Would have expanded the ways by which an individual could obtain a California teaching credential. For example, the bill would have permitted the subject matter requirement for a single subject teaching credential to be satisfied by obtaining approval of an approved evaluation agency of a candidate's undergraduate course work and graduate degree from a regionally-accredited institution of higher education in the subject to be taught, or a closely related subject.

Governor's Veto: "This bill is inconsistent with federal law, which requires that new elementary teachers pass a "rigorous State test" on subject knowledge and teaching skills." [full text of message]

***Assembly Bill 2604 (Oropeza) Teacher Training: Cultural Differences
Vetoed by Governor Davis***

Summary: Would have required the California Research Bureau to contact with an independent evaluator to conduct a study of the availability and effectiveness of cross-cultural professional development programs for teachers and administrators in culturally diverse public schools.

Governor's Veto: "I continue to support the need to provide high quality instruction and professional development to California's teachers. However, in light of the State's current fiscal condition, I do not believe it is prudent to invest in a study focused on the past cross cultural training that teachers have received and in a manner which may not produce valid and reliable recommendations. The CTC has already studied past Cross-cultural, Language and Academic Development (CLAD) requirements, made any necessary revisions and has developed a new protocol for such training which embeds cultural sensitivity within all courses in teacher preparation programs."

***Assembly Bill 2616 (Lowenthal) California State University: Visually-Impaired Programs
Vetoed by Governor Davis***

Summary: Would have expressed legislative intent that the CSU fund programs for teachers of visually-impaired students, including interactive television, Web-based courses, and other off-campus options. The bill also would have required CSU to assess the current status of the university's credential programs that prepare teachers to work with the blind and visually-impaired student population.

Governor's Veto: "This bill's goal of encouraging the California State University to increase the number of preparation programs for teachers who serve blind and visually impaired pupils is meritorious. However, enactment of this bill would create a General Fund cost pressure in excess of \$1.5 million for CSU that is not included in the 2002-03 State budget, and that CSU indicates is not absorbable. In view of the State's current

fiscal situation, I am unable to support this otherwise worthy legislation that would create a cost pressure of this magnitude.”

***Assembly Bill 2950 (Strom-Martin) Instructional Strategies: Subject Matter Projects
Chapter 463, Statutes of 2002***

Summary: Extends the sunset date for the California Subject Matter Projects from January 1, 2003, to January 1, 2008, and also extends the due dates for several related reporting requirements.

Impact on CSU: Allows the Subject Matter Projects, many of which are administered by CSU, to remain operative.

***Senate Bill 1250 (Vincent) Teachers State Basic Skills
Vetoed by Governor Davis***

Summary: Would have exempted retired certificated employees who have taught for 15 years or more, from having to take and pass the state basic skills proficiency test (the California Basic Education Skills Test, CBEST).

Governor's Veto: “California is currently undertaking the task of ensuring that all pupils have a highly qualified teacher, pursuant to the federal No Child Left Behind Act. It would be untimely to make any changes to current law that may be seen as weakening California's rigorous standards for teachers. Additionally, teachers who have been out of the classroom for many years may not have had the benefit of receiving professional development that is aligned to academic content standards and relative to statewide pupil assessments. The refresher course offered pursuant to this bill may not meet federal requirements relative to highly qualified teachers.”

***Senate Bill 1646 (Alpert) Teacher Credentialing
Senate Inactive File (Died on Senate Floor)***

Summary: Would have required each CSU campus, and urged each University of California campus, to establish a baccalaureate degree in elementary education. In addition, the bill would have required the degree program to (a) enable candidates to engage in professional preparation concurrent with subject matter preparation, and (b) provide opportunities for candidates to complete intensive field experiences in public elementary schools early in the undergraduate sequence. The bill would have been implemented only if a federal waiver was granted to make students enrolled in California institutions offering a baccalaureate degree in elementary education eligible for federal Pell Grants.

Comments: There is likely to be further discussion in the Legislature on this issue in 2003, and it is possible that Senator Alpert will re-introduce the bill.

***Senate Bill 1655 (Scott) Teacher Credentialing: Administrative Credential
Signed by Governor Davis; Chapter 225, Statutes of 2002***

Summary: States legislative intent to establish alternative routes to the preliminary and professional administrative services credentials for those who demonstrate competence consistent with state administrative preparation standards. In addition, the bill would authorize the CTC to issue Administrative Services Credentials to individuals who meet the following specified “alternative expedited” requirements:

Preliminary Credential: Meets the following existing provisions of law (possesses a valid teaching credential, passage of CBEST and three years specified experience) and, in place of completion of a CTC-approved program or internship: Successfully passes a test adopted by the CTC, upon a finding by CTC that the test is aligned to state administrator preparation standards.

Professional Clear Credential: Meets the following existing provisions of law (holds or is eligible for a preliminary services credential) and:

1. Completes a CTC-accredited program in administrative services, as specified, and receives a recommendation for the credential from the program, or
2. Demonstrates mastery of CTC-accredited fieldwork performance standards, as specified, and is recommended for the credential from a CTC-accredited program, or
3. Passes a CTC-adopted national administrator performance assessment.

Impact on CSU: Potential fiscal impact to implement performance assessment for administrators.

Senate Bill 1656 (Scott) Teacher Credentialing: Registered Sex Offenders
Signed by Governor Davis; Chapter 471, Statutes of 2002

Summary: Requires the Commission on Teacher Credentialing to deny the application of any applicant who is required to register as a sex offender, and to suspend the credential of any credential holder who is required to register as a sex offender.

Impact on CSU: No fiscal or policy impact.

Senate Bill 2029 (Alarcon) Teacher Certification: District Interns
Signed by Governor Davis; Chapter 1087, Statutes of 2002

Summary: Existing law permits the Commission on Teacher Credentialing (CTC), as a pilot program, to issue district intern certificates authorizing employees of the Los Angeles Unified School District to provide classroom instruction to students with mild and moderate disabilities in special education classes. This bill grants CTC the authority, until January 1, 2008, to issue district intern certificates to employees of *any* school district for the purpose of authorizing classroom instruction in special education classes.

Impact on CSU: Some people with B.A. degrees (likely to be fewer than 50 systemwide) would earn Education Specialist Credentials in programs sponsored by local education agencies instead of enrolling in CSU-sponsored programs. This small reduction of CSU students in Education Specialist Credential Programs could have a minor fiscal impact in terms of lost revenue, if enrollment in these programs drops.

Employee Relations and Human Resources
Bills Pertaining to Collective Bargaining, Employee Benefits, Civil Rights,
and other Human Resources-related issues

Assembly Bill 1825 (Nakano) Leaves of Absences: Organ Donors
Chapter 869, Statutes of 2002

Summary: Requires the appointing power of every State agency, department, board, or commission to grant up to a 30 day leave of absence with pay to employees who have exhausted all available sick leave and who are organ donors and a 5 day leave of absence with pay to employees who are bone marrow donors. Imposes the same employee leave requirements on the Trustees of the CSU. Allows the Trustees to adopt the same leave requirements:

Impact on CSU: Potential minor fiscal impact.

Assembly Bill 1847 (Correa) Public Employees
Chapter 870, Statutes of 2002

Summary: Provides that, for the purposes of qualification for disability retirement benefits, the development of illness due to exposure to a defined biochemical substance by certain peace officer or firefighter members is presumed to arise out of, and in the course of, employment. Provides that for certain peace officers and firefighters, the term injury includes illness or death due to biochemical substance exposure.

Impact on CSU: Allows CSU peace officers to take advantage of this benefit. No fiscal impact foreseen.

Assembly Bill 1908 (Cohn) Public Employees Long Term Care Insurance
Chapter 871, Statutes of 2002

Summary: Existing Long-Term Care law establishes in PERS a program that offers long-term care insurance coverage to all California public employees, their spouses, parents, parents-in-law and siblings. This bill eliminates the statutory provision that requires employees to pay the full cost of long-term care insurance premiums to the program.

Impact on CSU: The bill has no immediate fiscal impact upon the CSU. However, if the CSU were to negotiate an employer-paid long term care benefit, there would be an economic impact – if negotiated with CFA the cost could be from \$5 million up to as much as \$15 million depending upon the level of coverage.

Assembly Bill 2149 (Chu) Unemployment Insurance: Disability Benefits
Chapter 878, Statutes of 2002

Summary: Permits employees of the State of California and the CSU to be covered by the State Disability Insurance (SDI) program. Under current law, such employees are not eligible for the SDI program and, instead, are provided disability payments through the Nonindustrial Disability (NDI) program paid for by the public employer. AB 2149 permits state and CSU employees to negotiate out of the NDI program and into the SDI program when bargaining for a labor agreement.

Impact on CSU: If agreed to in a collective bargaining agreement, this program would require extensive planning, development, and training of appropriate staff, resulting in a major fiscal impact.

***Assembly Bill 2225 (Lowenthal) CSU: Personal Services Contracting
Held in the Senate Education Committee (Failed Passage)***

Summary: Would have subjected CSU to the same requirements state agencies must follow when contracting out work. The bill would have placed restrictions on the contracting out of work unless certain conditions were met, including the following:

- a) The Legislature mandates or authorizes work be performed by independent contractors, and the contract is for a new state function;
- b) Services are unavailable or unable to be satisfactorily performed within the university or by university employees.
- c) Services are incidental to a purchase or lease contract.
- d) The policy, administrative, or legal goals/purposes cannot be accomplished through the regular or ordinary hiring process.
- e) The nature of the work is such that criteria for an emergency appointment applies, i.e. necessary to prevent the stoppage of public business or because of the limited duration of the work.
- f) The contract is for services of an urgent, temporary, or occasional nature.

Comments: AB 2225 was strongly opposed by the CSU. In our letter of opposition to the Senate Education Committee, the following major points were made:

• ***The Courts and the Legislature Have Historically Distinguished CSU from State Civil Service.*** In effect, AB 2225 would import provisions of the State Civil Service Act into the law governing the CSU. In doing so, the bill runs counter to long standing public policy of the state recognizing the CSU as an educational entity and not a state agency such as Water Resources or Transportation.

• ***Collective Bargaining Process under the Higher Education Employer-Employee Relations Act (HEERA) Governs Such Issues.*** As directed by the state, CSU and its employee organizations negotiate through collective bargaining the use of such management tools as contracting out to meet the goals and objectives set forth by the Master Plan, the state, and Board of Trustees policies. The CSU respects the direction of the state in enacting HEERA and believes that mandates such as AB 2225 ignore this policy, failing to recognize the value of collective bargaining agreements, solutions developed between the administration and its employees, and the need for flexibility in responding to the unique needs of higher education students and their future employers. The collaborative approach we have used in balancing the needs of the state, our students and our employees has been worthwhile.

• ***Proposed Legislation is Contrary to Legislative Direction Regarding CSU Authority.*** Not only is AB 2225 contrary to California's public policy excluding CSU from the requirements of state agencies, it is contrary to the Legislature's long-term efforts to make CSU more efficient. As an example relevant to this issue, the Legislature in 1993 granted CSU the independent authority for service acquisitions (AB 1191 – Chapter 1097, Statutes of 1993). Since that time CSU has successfully demonstrated its ability to manage the acquisition of goods and services with integrity and efficiency, has been able to demonstrate improved procurement processing, and has been a leader in procurement reform efforts with demonstrable cost savings to the State. contrary to both prudent administration and CSU's authority expressed in the Government Code to provide for its legal needs.

• ***Bill Imposes Unnecessary and Time Consuming Additional Processing Steps, Resulting in Increased Administrative Costs.*** AB 2225 would impose additional cost analysis, justification and review processes that would result in a significant increase in the time required to process contracts. Conservative estimates for increased processing time to accommodate the additional cost analysis and review and approval process contained in AB 2225 is an additional 5-7 days, which increases the time to awarding of a contract and the start of work. The addition of a cost comparison or analysis step, which includes consideration of staffing resources, time, space, equipment and material to perform the services, plus an analysis of comparable industry standards is estimated conservatively at between 4-6 hours of staff time. A conservative cost impact analysis indicates an increased cost to the CSU of \$3 million to comply with the requirements of AB 2225.

***Assembly Bill 2367 (Correa) Public Employees Retirement: Benefits
Vetoed by Governor Davis***

Summary: Would have allowed members of the California Public Employees' Retirement System (CalPERS) whose retirement accounts have been separated due to divorce or legal separation to maximize their retirement benefit without creating an increased liability to the employer.

Governor's Veto: "This bill would change the method of calculating retirement benefits for divorced CalPERS members. It could result in a higher total benefit being paid to divorced members than for members who do not divorce. The value of the retirement benefits paid to a divorced member should be the same as for members who do not divorce. Furthermore, this bill would increase retirement liabilities of State and local contracting agencies during a difficult financial environment."

***Assembly Bill 2549 (Nation) Public Employees Retirement: Part-Time Employees
Chapter 1045, Statutes of 2002***

Summary: Allows part-time faculty of the CSU who teach six teaching units for two consecutive semesters or three consecutive quarters to qualify for membership in the California Public Employees' Retirement System (CalPERS) on or after July 1, 2004, if agreed to through collective bargaining.

Impact on CSU: Potential major fiscal impact. If provided for in a collective bargaining agreement, lecturers would become eligible to participate in PERS, and the CSU would be required to contribute to Social Security on their behalf. This would cost the CSU approximately \$1.6 million annually. In addition, the employer retirement cost (which is borne by the state) would be equivalent to approximately \$1.557 million, based on next year's employer retirement rate of 7.43%.

***Senate Bill 1175 (Soto) Higher Education Labor Relations
Vetoed by Governor Davis***

Summary: Would have amended the Higher Education Employer-Employee Relations Act to authorize the Public Employment Relations Board to require either an employer or an employee organization that has committed repeated unfair practices, as specified, to pay part or all of the opposing party's litigation expenses.

Governor's Veto: "This bill would create a remedy unprecedented in California and federal labor law, by expanding the authority of PERB beyond what its federal counterpart, the NLRB, can do. If passed, it will open the way for future legislation authorizing PERB to impose other similar penalties against the State employer and public school employers. Furthermore, this bill authorizes PERB to impose monetary damages on state entities as a means of deterring future conduct, which violates Government Code section 818."

***Senate Bill 1516 (Romero) Public Safety Officers: Procedural Bill of Rights
Chapter 1156, Statutes of 2002***

Summary: Provides that, upon a finding by a Superior Court, any public safety department, its employees, agents, or assigns, who maliciously violates any provision of the Public Safety Officers Procedural Bill of Rights Act with the intent to injure a public safety officer, shall be liable to the public safety officer whose right or protection was denied for a civil penalty and attorney's fees. Provides the department would also be liable.

Impact on CSU: Could create a liability for the CSU in the event one of its employees is found to have “maliciously” violated the Procedural Bill of Rights.

Curriculum Issues

Bills Pertaining to Curriculum, Course Content, Standards and Guidelines

Assembly Bill 1342 (Alquist) Postsecondary Education: International Education Chapter 458, Statutes of 2002

Summary: Encourages institutions of higher education to develop programs that support learning about other cultures, global issues, and the international exchange of students and scholars. Encourages public and private institutions to develop programs in international studies, promote the presence of international students, and to facilitate exchange programs, as their resources permit.

Impact on CSU: Direct impact; however, the bill was intentionally crafted to “encourage and further develop” programs *as resources permit* in order to alleviate any potential fiscal impact.

Assembly Bill 1412 (Wright) Career Education Chapter 988, Statutes of 2002

Summary: Among other provisions, requires the California State University (and requests the University of California) to accomplish all of the following:

- (a) Establish a model uniform set of academic standards for high school courses, including career technical courses, for the purposes of recognition for admission to the California State University and to the University of California, respectively. In developing the model academic standards, the faculty of the postsecondary segments may work in consultation with administrators and faculty from K-12 schools maintaining any of grades kindergarten through 12.
- (b) Develop and implement a speedy process whereby high schools may obtain approval of their courses to satisfy specified admissions requirements of the California State University and the University of California, respectively, by January 1, 2006.
- (c) Develop a simple procedure to evaluate a career technical education course submitted by a high school that identifies it as a duplicate of a course offered by another high school that is approved by and satisfies the admissions criteria of the California State University or the University of California. The procedure shall ensure that a duplicated course shall be approved as satisfying the admissions criteria of the California State University or the University of California, respectively, to the same extent as the original course if the review determines that the course successfully duplicates the content and requirements of the original course.

Impact on CSU: Direct impact with potential fiscal impact. Based on analysis, this appears to be an instance of legislation which requires something which for all intents and purposes has already been accomplished or is currently in progress.

Assembly Bill 2003 (Koretz) Holocaust and Genocide

Chapter 702, Statutes of 2002

Summary: Among other provisions, establishes the Center for Excellence on the Study of the Holocaust, Genocide, Human Rights and Tolerance as a pilot program at California State University, Chico for the purpose of:

- a) coordinating and acting as a clearinghouse of information on programs that provide teacher training and instructional materials; and
- b) expanding upon the work of existing Holocaust and genocide institutions, programs and organizations to provide specified training and resources, and to complement and integrate with, rather than duplicate those efforts.

Impact on CSU: The bill could result in a potentially significant fiscal impact to the CSU, Chico campus in that it requires the establishment of a Center, with specified duties, but does not provide any funding for the Center to meet those requirements. Staff at CSU, Chico are proceeding on the assumption that no state funding is available for this purpose.

**Assembly Bill 2202 (Alquist) Gerontology: Service Delivery Personnel: Training
Chapter 551, Statutes of 2002**

Summary: Declares *legislative* intent that CSU students who are receiving training to provide services to the senior population complete a curriculum in the field of gerontology; requires CSU to provide academic courses and training in the field of gerontology for professional service delivery personnel (social workers, nurses, gerontologists, physical therapists, and psychologists); requires CSU campuses that educate professional service delivery personnel to develop and implement guidelines for training in gerontology, and establish a plan for the recruitment of students to enter fields of service for the maturing California population; requires CSU to submit a progress report to the Legislature by 1/1/04 on the status of the establishment and implementation of curricula in gerontology.

Impact on CSU: Moderate. In all likelihood CSU is already in compliance with most of the curricular requirements included in the bill; however, fiscal impact will occur as a result of the required recruitment plan and progress report. With CSU input, the Senate Appropriations Committee estimated the impact to be in the \$30-60,000 range.

**Assembly Bill 2920 (Strom-Martin) California Center on Social Work Careers
Vetoed by Governor Davis**

Summary: Would have required the Health and Human Services Agency to contract with a public or non-profit entity to establish and administer the California Center on Social Work Careers for the purpose of recruiting qualified and capable individuals into the social work profession.

Governor's Veto: "Although the bill's attempts to foster social work careers is meritorious, it would impose ongoing cost pressure during a period of limited resources and uncertain future economic conditions. In order to maintain existing core functions already performed by the HHSA, it is necessary at this time to restrain any discretionary new programs. I would urge advocates of this measure to work informally to accomplish its goals by collaborating with career centers at the University of California, the California State University, the California Community Colleges, and others to encourage their students to consider social work careers."

***Assembly Concurrent Resolution 189 (Longville) California State University: Chicano Studies
Resolution Chapter 170, Statutes of 2002***

Summary: Urges CSU to consider establishing a Chicano/Latino Studies Department at CSU, San Bernardino, and requests CSU to submit to report to specified legislative policy committees regarding their decision. The report must be submitted by December 31, 2004.

Impact on CSU: Over the past year CSU, San Bernardino has been engaged in a consultative process to determine means by which to enhance the role of Chicano Studies on the campus. When a final decision has been reached on how to accomplish this goal, the campus and the Chancellor's Office will need to work together to produce the required report.

***Assembly Concurrent Resolution 215 (Aroner) Public Postsecondary Education: Social Work
Resolution Chapter 174, Statutes of 2002***

Summary: Urges the CSU, UC and the California Community Colleges to expand enrollment in social work preparation programs. Also, requests the California Association of Deans and Directors of Schools of Social Work and the California Social Work Education Center to collaborate with the community colleges and other interested persons to develop a master plan for social work education in the state.

Impact on CSU: At the very least CSU should monitor the work of the groups working to develop a Master Plan. The leadership of the Association of Deans and Directors has been in contact with Academic Affairs to discuss ways to coordinate on this process.

***Senate Bill 953 (Vasconcellos) Aging
Chapter 541, Statutes of 2002***

Summary: Among other provisions, requests that the CSU, UC and the California Community Colleges, in consultation with the California Council on Gerontology and Geriatrics and other qualified groups or individuals, develop standards and guidelines, based on standards developed by the Association for Gerontology in Higher Education, for the biological, social, and psychological aspects of aging for professional degree programs at the associate, bachelor, and graduate levels, including those programs in gerontology, nursing, social work, psychology, marriage and family therapy, and the rehabilitation therapies.

Impact on CSU: A direct policy and fiscal impact; CSU is obligated to participate in the process to develop the standards and guidelines, and bear the cost of that participation.

***Senate Bill 1937 (Costa) Digital Arts Studio Partnership Demonstration
Chapter 980, Statutes of 2002***

Summary: Establishes the Digital Arts Studio Partnership Demonstration Program, to be administered by the California Arts Council, to create voluntary pilot regional public and private partnerships in digital media arts technology. Among the prescribed duties of the Council in accordance with the program is to convene a meeting of the California Technology Project, California Arts Project and education departments from various CSU and UC campuses to review and recommend model curriculum and standards.

Impact on CSU: Potential minor fiscal impact, potential for funding to support CSU programs. The bill was amended late in the session to make implementation of the program reliant on federal or private funding.

Miscellaneous Issues

CSU Budget and Operations

Senate Bill 1450 (Romero) CSU: General Purpose Funds Held in the Senate Education Committee

Summary: Would have required at least 50% of the general purpose funds provided each fiscal year for CSU and its ancillary programs to be expended on the instruction program of the university, including general purpose funds provided for the benefits and salaries of any officer or employee of the university.

Comments: The bill was strongly opposed by the CSU. In our formal letter of opposition to the Education Committee, CSU stated “by placing funding restrictions on the CSU which are based on an erroneous interpretation of recent data trends, *SB 1450* would not enhance CSU’s ability to achieve its mission, would not increase services to students, but would remove budget development flexibility from the system which has greatly benefited students, faculty, and staff.”

Voter Registration/Elections

Senate Bill 902 (Karnette) Postsecondary Education: Precinct Board Members Vetoed by Governor Davis

Summary: Would have required the CSU, UC, and each community college district to post a notice informing students about the requirements, opportunities and benefits of serving as a precinct board member to work at the polls on election day.

Governor’s Veto: “While I support voluntary activities that encourage and facilitate the recruitment of college students for the purpose of becoming poll workers, this bill would result in state reimbursable mandated costs. The bill does not define how the CSU and the CCC would comply with these requirements; therefore those costs could be significant.”

Senate Bill 1412 (Romero) Voter Registration: University Campuses Vetoed by Governor Davis

Summary: Would have required CSU and the Community Colleges, and requested UC, to distribute voter registration forms to students as well as information on how to obtain those forms. It also would have required forms to be made available at specified central campus locations.

Governor’s Veto: “While I support good faith efforts to distribute voter registration materials at our institutions of higher learning, I continue to believe that it is not necessary to impose costs or create a mandate for an activity that could easily be undertaken by campus groups or other civic groups.”

Nursing Education***Assembly Bill 1140 (Thomson) Nursing: Work Force Planning
Chapter 1089, Statutes of 2002***

Summary: Requires the Board of Registered Nursing to obtain workforce data from its licensees for the purposes of workforce planning and to produce reports on the issue at least biannually.

Impact on CSU: No direct impact; potential indirect impact on nursing programs dependent on results of biennial reports.

***Assembly Bill 2314 (Thomson) Nursing Education
Chapter 1093, Statutes of 2002***

Summary: Requires CSU to standardize all nursing program prerequisites on a statewide basis by 9/1/2005, and requires the Chancellor of the California Community Colleges to encourage community college districts to take the same action. Also requires the encouragement of community college districts to negotiate and implement articulation agreements with the university campuses they send nursing students.

Impact on CSU: Minor fiscal impact given that such work has been on-going through IMPAC and other efforts, but major impact in that the issue will now be under the legislative microscope with a clear expectation that the work be completed by the statutory deadline.

***Senate Bill 2008 (Speier) Nursing: Assumption Program for Education Loans
Vetoed by Governor Davis***

Summary: Would have established the Assumption Program of Loans for Nursing Education (Nursing APLE) under the administration of the California Student Aid Commission to provide for assumption of federal educational loans of up to \$11,000 for students who become registered nurses and agree to work at least four years as a registered nurse in a general acute care hospital, a community care clinic, free clinic, or a federally recognized Indian tribal clinic.

Governor's Veto: "I agree with bill's goal of providing incentives to increase the number of registered nurses in California and earlier this year announced a three-year, \$60 million dollar, Nurse Workforce Initiative to establish a variety of incentives to increase the number of nurses and job satisfaction in the nurse workforce. This program is funded by federal Workforce Investment Act funds. This initiative is expected to generate up to 5,000 licensed nurses and the first of these grants will be announced shortly.

I cannot support this bill, however, because it creates an annual General Fund cost pressure in excess of \$2.8 million during a time of necessary fiscal constraint."

Intercollegiate Athletics***Assembly Bill 2295 (Oropeza) School Sponsored Athletic Programs
Chapter 1060, Statutes of 2002***

Summary: Requires the State Department of Education and the California Postsecondary Education Commission to contract with an independent evaluator for the preparation of a report on interscholastic and intercollegiate athletics in the State. The report would be required to include findings relating to the percentage

of participating women athletes, percentage of funding, percentage of scholarships provided and the overall level of compliance with federal law.

Impact on CSU: Because of the annual report which has been produced since the advent of the CSU/Cal-NOW Consent Decree, the fiscal impact to compile the information that will need to be provided to CPEC should be minor. Related to this issue, the Assembly has formed a Select Committee to focus on race and gender issues in athletic programs, particularly in high schools. Data requests may be forthcoming from this committee.

***Senate Bill 1652 (Sher) Athlete Agents
Vetoed by Governor Davis***

Summary: Would have enacted the Uniform Athlete Agents Act to regulate activities of an athlete agent in soliciting or contracting to represent a student athlete in negotiations for a professional sports or endorsement contract.

Governor's Veto: "I previously indicated that I would be open to considering a bill that places this new regulatory program within the Department of Industrial Relations. This bill does that. Unfortunately, the State is now facing a severe fiscal environment coupled with a requirement from the Legislature to reduce an additional 7,000 positions in the current year. Given these factors, it is very difficult to assume new responsibilities.

Tuition/Fee Waivers

***Assembly Bill 1746 (Liu) Postsecondary Education: Tuition and Fees
Chapter 450, Statutes of 2002***

Summary: Prohibits CSU, the University of California, and the California Community Colleges from collecting any systemwide fees or tuition from any student who is a dependent of any individual killed in the September 11, 2001 terrorist attacks.

Impact on CSU: Minor fiscal impact to absorb the fee waivers that may result due to the bill.

***Assembly Bill 1965 (Bogh) Congressional Medal of Honor Recipients
Chapter 202, Statutes of 2002***

Summary: Exempts from systemwide tuition and fees at the CSU, UC or California Community Colleges any recipient of the Congressional Medal of Honor, and their children who are less than 27 years old.

Impact on CSU: Minimal. There have been 3,459 individuals who have been awarded the Medal during its history, and very few in recent years.

Student Residency

***Assembly Bill 1543 (Firebaugh) Public Postsecondary Education
Chapter 19, Statutes of 2002***

Summary: Follow-up legislation to Assembly Bill 540 (Firebaugh), which qualified long-time California residents for resident student tuition rates regardless of their citizenship status. The bill provides immunity from damages to the CSU, University of California, and the California Community Colleges in the event that a state court finds the prior legislation unlawful.

Impact on CSU: Protects CSU from monetary damages in the event the matter is ever brought to court.

Public Works Projects: Prevailing Wages

***Assembly Bill 1506 (Wesson) Public Works
Chapter 868, Statutes of 2002***

Summary: Requires an awarding body that chooses to use funds from either the Kindergarten-University Public Education Facilities Bond Act of 2002 or the Kindergarten-University Public Education Facilities Act of 2004 for a public works project to initiate and enforce, or contract with a third party to initiate and enforce a labor compliance program for that public works project. Provides the provisions will not be operable unless either bond act is approved by voters.

Impact on CSU: For bond-funded projects, Chancellor's office will be required to review campus payroll records on at least a monthly basis to ensure compliance with prevailing wage laws.

Native American Sacred Sites

***Senate Bill 1816 (Chesbro) Historical Resources: Native American Sacred Sites
Chapter 1155, Statutes of 2002***

Summary: Establishes the Native American Historic Resource Protection Act to protect specified Native American sacred sites; and provides penalties for violations of the provisions of the bill.

Impact on CSU: No direct policy or fiscal impact. The bill was amended late in the legislative process to provide an exemption from the bill's provisions for "research conducted under the auspices of an accredited postsecondary educational institution or other legitimate research institution on public land in accordance with applicable permitting requirements."

***Senate Bill 1828 (Burton): Mining: Native American Sacred Sites
Vetoed by Governor Davis***

Summary: Would have prohibited a lead agency from approving a reclamation plan and financial assurances for a surface mining operation for gold, silver, copper, or other metallic minerals that was located on, or within one mile, of a Native American sacred site. Would have required a lead agency to provide any affected tribe with a copy of the initial study if the proposed project was within 20 miles of the exterior boundary of a Native American site or rancheria.

Governors' Veto: This bill "makes some key changes that are highly controversial. It gives Native Americans influence over the CEQA process that no other party, agency or governmental body now has. If we are to develop a process beyond the standard CEQA procedures, there should be a greater effort at collaborative discussions that seek a strong consensus. The protection of sacred sites is a matter that must be addressed. Accordingly, I am directing my Secretary of Resources and my Director of the Governor's Office of Planning

and Research to work with the proponents of this measure and others to introduce a bill next year that meets these concerns.”

Campus Crime

***Assembly Bill 2533 (Jackson) Postsecondary Education: Campus Crime Reporting
Chapter 804, Statutes of 2002***

Summary: Directs the State Auditor to audit and evaluate the data gathering and reporting of a specified sample of the annual security reports prepared by California institutions of higher education. The bill also requires that CPEC provide a web link to each institution's criminal statistics information.

Impact on CSU: Potential minor fiscal impact resulting if a CSU campus is included in the sample to be audited by the State Auditor. The data is already collected under the federal Clery Act.

***Assembly Bill 2583 (Chu) Postsecondary Education: Sexual Assault
Chapter 1066, Statutes of 2002***

Summary: Establishes the California Campus Sexual Assault Task Force to develop a uniform system for gathering information pertaining to campus sex crimes and to create a set of model guidelines for addressing these crimes on higher education campuses. The 15-member task force is required to present a report to the Legislature by April 1, 2004. The costs of the task force would be absorbed by OCJP.

Impact on CSU: The Governor will appoint a CSU representative to the task force, which will request specified information from the University. Campuses already collect and disclose much of this information pursuant to the Clery Act.

Contracts: Conflict of Interest

***Senate Bill 1467 (Bowen) Public Contracts: Conflict of Interest
Chapter 1122, Statutes of 2002***

Summary: Applies certain procurement provisions to the Trustees of the California State University, and would apply specified conflict-of-interest provisions to all transactions under those provisions regulating the acquisition of information technology goods and services. Adds similar conflict-of-interest and remedies provisions with regard to contracting with the University of California. Requires a report to the Legislature on the effect of these provisions.

Impact on CSU: None – CSU worked closely with Senator Bowen and her staff to ensure that recently-gained authority on procurement issues was not affected. However, UC may pursue clean-up legislation next year. We must monitor any such legislation very closely to ensure that it does not adversely impact the CSU.

Reciprocal Admission with Mexico

***Senate Bill 631 (Polanco) Postsecondary Education: Reciprocal Program
Vetoed by Governor Davis***

Summary: Would have expressed the intent of the Legislature to enact legislation establishing a reciprocal program that would enable 1,000 California residents to attend postsecondary institutions in Mexico and 1,000 Mexican residents to attend postsecondary institutions in California. The bill would have directed CPEC to develop a proposal requiring students to obtain admission to a participating institution and granting them an exemption from nonresident tuition.

Governor's Veto: "Although I am very supportive of programs that encourage cooperation and assistance between Mexico and California, I cannot support these provisions that will create additional annual costs in excess of \$1 million and duplicate existing student exchange programs given our current General Fund situation. Furthermore, CSU already has statutory authority to waive tuition for nonresident students who are citizens and residents of a foreign country. UC also has broad constitutional autonomy to create similar programs, if so desired. I encourage both UC and CSU to actively engage in these types of exchange already authorized under current law."

CSU Auxiliary Organizations

Senate Bill 1214 (Romero) CSU Auxiliary Organizations
Chapter 252, Statutes of 2002

Summary: Requires that any auxiliary organization of the CSU that receives a majority of its funding from student fees shall have at least a majority of voting students on the governing board of that auxiliary organization.

Impact on CSU: Minimal impact on CSU auxiliaries, in that only two in this category did not already have a majority of students on their governing board.

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