

AGENDA

COMMITTEE ON GOVERNMENTAL RELATIONS

Meeting: 1:00 p.m., Tuesday, January 24, 2012
Glenn S. Dumke Auditorium

Peter G. Mehas, Chair
Carol R. Chandler, Vice Chair
Bernadette Cheyne
Steven Dixon
Debra S. Farar
Steven M. Glazer
Melinda Guzman
William Hauck
Linda A. Lang
Bob Linscheid
Henry Mendoza
Lou Monville

Consent Items

Approval of Minutes of Meeting of November 15, 2011

Discussion Items

1. 2011-2012 Legislative Report No. 7, *Action*
2. California State University Federal Agenda for 2012, *Action*

**MINUTES OF THE MEETING OF
COMMITTEE ON GOVERNMENTAL RELATIONS
Office of the Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

November 15, 2011

Members Present

Peter G. Mehas, Chair
Carol R. Chandler, Vice Chair
Herbert L. Carter, Chair of the Board
Debra S. Farar
Steve M. Glazer
William Hauck
Bob Linscheid
Henry Mendoza
Lou Monville
Charles B. Reed, Chancellor

Trustee Mehas called the meeting to order.

Approval of Minutes

The minutes of September 20, 2011, were approved by consent as submitted.

2011/2012 Legislative Report No. 6

Mr. Garrett P. Ashley, vice chancellor for university relations and advancement, informed the board that the 2011 legislative session had come to an end. He provided a brief introduction followed by a detailed report by Karen Y. Zamarripa, assistant vice chancellor advocacy and state relations.

Ms. Zamarripa provided a written report outlining the disposition of various legislative bills, followed by a verbal report highlighting various measures that Governor Brown signed into law. She incorporated into her report a prediction of the 2012 legislative session, emphasizing the strategies under consideration as the 2012 general election approaches.

Ms. Zamarripa presented the following bills which were supported by the CSU and approved by the Governor, they include AB 130 and 131 (Cedillo) Student Financial Aid which makes provisions for SB 540 students to be eligible for institutional and state financial aid starting in 2013; AB 194 (Beall) Public Postsecondary Education: Priority Enrollment: Foster Youth. Ms. Zamarripa explained this measure grants authority to any CSU, UC, or California Community College (CCC) to provide priority registration for former foster youth until 2017. Two bills written by Senate Pro Tempore Darrell Steinberg SB 611 (Steinberg) Public Postsecondary

Education: The University of California and SB 612 (Steinberg) Postsecondary Education: Instructional Strategies were also approved by the Governor. Both of these measures address subject matter projects which provide curriculum and professional development for K-12 teachers. SB 813 (Committee on Veterans Affairs) Public Postsecondary Education: Veterans' Enrollment which grants priority enrollment for coursework to members or former members of the Armed Forces of the United States within four years of leaving active duty, clarifying the enrollment status of veterans as it pertains to the newly enacted SB 1440.

Ms. Zamarripa reviewed AB 633 (Olsen) California State University: Acquisition or Replacement of Motor Vehicle which is still under consideration. This measure would grant CSU permanent authority to purchase vehicles without the Department of General Services (DGS). This authorization is set to expire on July 1, 2012. This measure was placed on the Senate Floor's inactive file at the request of the author, making this measure a two-year bill after questions were raised by DGS and the Department of Finance (DOF). The CSU is working with both agencies to address concerns and move the bill to the governor prior to the sunset date next June.

Ms. Zamarripa announced that SB 8 (Yee) Public Records: Auxiliary Organizations has been signed into law by the governor. This measure creates a Public Records Act-like statute in the Education Code for CSU's auxiliaries while protecting donor privacy and proprietary information. She stated that the advocacy office is working closely with campuses to assure that the CSU is able to implement the necessary adjustments to comply.

Lastly, Ms. Zamarripa shared predictions for the 2012 legislative sessions. Items expected to be up for discussion include the governor's long and short term pension reform proposals, legislation redesigning executive compensation, and reinvestment in higher education. She stated that as the election year approaches, and high turnover is expected, the CSU has begun to engage candidates in dialogue to promote the need for greater state investment in higher education. She stated that during the January board meeting she will provide recommended proposals for the 2012 Legislative program.

Adoption of the following resolution is recommended:

RESOLVED, By the Board of Trustees of The California State University, that 2011-12 Legislative Report Number 6 is adopted.

COMMITTEE ON GOVERNMENTAL RELATIONS

2011-2012 Legislative Report No. 7

Presentation By

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Karen Y. Zamarripa
Assistant Vice Chancellor
Advocacy & State Relations

Summary

This item contains a presentation of proposals for consideration as the Trustees' 2012 Legislative Program.

Background

The chancellor initiated requests for proposals for the 2012 legislative session last fall. Staff analyzed all proposals submitted within the context of the state's fiscal condition, the political and policy environment and overall relationship to system initiatives and priorities. Campus presidents and vice presidents as well as the chancellor's leadership team have reviewed these proposals and concur with these recommendations.

Two measures that the CSU Board of Trustees approved for our 2011 Legislative Program will continue into this year as described below.

K-12 Higher Education General Obligation Bond

AB 822 by the Chair of the Assembly Higher Education Committee, Marty Block proposes a four-year K-12/higher education bond measure for the November 2012 General Election ballot. Voters would be asked to approve a still unspecified amount for K-12, and an anticipated request of \$1.2 billion dollars a year for higher education with equal distribution to each segment, or a minimum funding of \$450 million to the CSU annually. If approved, the bond would address 34% of CSU's established total need, resulting in about 5,100 jobs on CSU projects and a total of 15,300 jobs for higher education projects over the next five years.

This measure, along with another bond proposal, AB 331 authored by Assembly Member Julia Brownley, were made into two-year bills last spring given the State's ongoing fiscal crisis. Assembly Member Block intends to move this measure out of the Assembly and over to the Senate to keep the CSU's options open, however it is anticipated that given the complexity of the November 2012 ballot and concerns about debt service, this effort may be delayed until 2014.

Vehicle Purchasing

Assembly Bill 633 by Assembly Member Kristin Olsen seeks to grant the CSU permanent authority to purchase vehicles without the Department of General Services (DGS). The CSU, as an education entity, and not a state agency, has special needs that DGS is not prepared to meet. For almost twenty years the CSU had conducted all procurements and contracts, including the purchase of vehicles until our authority was removed in 2004 by SB 1757 (Denham), which required vehicles procured by the CSU to be approved by the DGS. In 2007 CSU's authority was temporarily restored until July 1, 2012 by AB 262 (Joe Coto).

Last year AB 633 advanced out of the assembly and through the senate policy and fiscal committees with overwhelming bipartisan support but was made a two year-bill at the discretion of the author and the CSU. This action was done to provide the system an opportunity to overcome opposition by DGS to ensure its signature by the governor. AB 633 must advance to the governor prior to July 1, 2012 to ensure that our current authority is not interrupted.

New Proposals for Consideration

Three additional proposals have been submitted for consideration. Given the economic instability, these proposals are intended to improve operations and/or increase our effectiveness.

Energy Management Authority

The California State University (CSU) has worked hard to manage its energy and utility costs currently estimated at \$130 million per year. Given the state's underfunding of the system, finding more ways to decrease these costs is critical.

At present the majority of the CSU and University of California (UC) campuses are tied to investor owned utilities and are prohibited from purchasing power on the open market. When CSU was able to participate in the Direct Access Retail Electricity Procurement Program, it resulted in its campuses realizing a 5-15 percent discount over the energy purchase from the local utility. This provided the CSU an annual savings of approximately \$3-5 million in avoided costs for electricity energy service.

Based on the potential for savings, the CSU is proposing legislation to allow the system to exercise strategic energy management and procurement strategies for their energy requirements itself or through another qualified licensed entity of its choosing in a manner similar to what was provided to the Bay Area Rapid Transit (BART) in 1995. The Legislature granted BART the authority under SB 184 to manage their energy and utility procurement for the public good. The CSU and UC believe that this approach would help minimize future increases in energy and utility costs for the systems.

If enacted the CSU and UC would be allowed to enter into long term strategic energy and utility procurement, partnering with local utilities in long term mutually beneficial ways. Both systems would still be required to be in compliance with the Renewable Portfolio Standard; the Resource Adequacy requirement and other existing laws, regulations and requirements; while capping the exit fees the CSU and the UC would otherwise pay.

Through this proposal, the UC and the CSU shall have the authority, and may procure federal or public wholesale power modeled much like the BART authority; and possibly enter into a joint powers agreement with the Northern California Power Agency or other entity. This will enable the CSU and other public higher education agencies to act as wholesale energy end users similar to a municipality or community choice aggregator providing procurement discounts and management of best practices to our campuses.

Board of Trustees' Regulatory Authority

In 1996, the CSU, as a public higher education entity with its own governing board, was provided the authority to adopt its own regulations. Prior to this action CSU's adoption of regulations was governed by the Administrative Procedure Act, which required review of all proposed regulations by the Office of Administrative Law (OAL). OAL had 30 working days to review and comment on regulations. Regulations only became law after OAL's review was finalized. The rules relating to CSU's rulemaking authority were subject to a "sunset" which was extended in 2001 as part of AB 1718 and again in 2007 as part of AB 262. The rules are set to expire on January 1, 2013 without subsequent legislation.

During the time this authority has been in place, the CSU has been able to streamline and shorten the timeline for implementing regulations and remove a duplicative process of review. It has also benefited the state by eliminating the need for another state agency (OAL) to spend time and resources reviewing unfamiliar, specialized subject matter. CSU's ability to act on new regulations immediately has been especially important for emergency and time-sensitive regulations. For example, the CSU was able to immediately implement regulations relating to employee furloughs and pay reductions and implement needed changes to support the new student transfer reform legislation, SB 1440. This proposal would grant the CSU permanent authority to issue its own regulations.

Confidential Employees

Given the recent trigger cut directed at the CSU, the university needs as much flexibility as possible to manage its dwindling resources to support students, programs and operations.

The CSU relies on a small pool of employees known as “confidential employees” who are comprised of non-represented clerical and support staff that have access to confidential materials that deal with labor related issues. Because of the unique position they hold within the CSU, they would have a conflict of interest to work on these issues while being represented by a bargaining unit. At present of the 43,000 employees of the CSU, 343 have been categorized as “confidential employees.”

Current law requires the CSU to conduct layoffs of all employees of the CSU campuses and the Chancellor’s office by class. Should a “confidential employee” position be deemed unnecessary, that employee would be allowed to “bump” another employee within the “confidential” category even though the skill set, duties and responsibilities vary widely within the classification. This results in “confidential employees” who are placed in a position where they are unable to perform the necessary duties of the position, even with reasonable training - significantly impacting the business operations of the system.

The proposal would allow the system to add consideration on the skill level needed for specific positions when releasing an employee similar to our authority with managerial employees. This proposal would only apply to “confidential” employees of the CSU and would not apply to represented employees who are covered by a collective bargaining agreement.

Adoption of the following resolution is recommended:

RESOLVED, By the Board of Trustees of The California State University, that the legislative proposals described in Item 1 of the Committee on Governmental Relations on January 24-25, 2012 are adopted as the 2012 Board of Trustees’ Legislative Program.

COMMITTEE ON GOVERNMENTAL RELATIONS

California State University Federal Agenda for 2012

Presentation By

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

James M. Gelb
Assistant Vice Chancellor
Federal Relations

Summary

This item contains a presentation of recommendations for the 2012 CSU Federal Agenda.

Background

In January 2011, the Board of Trustees adopted the 2011 CSU Federal Agenda, a legislative program for the system that included both policy and project priorities for the first session of the 112th Congress. Congress subsequently imposed a moratorium on congressionally directed spending for projects, or earmarking, so CSU project requests for 2011 (FY 2012) were put aside. CSU policy priorities encompassed a broad range of initiatives geared toward: Ensuring Access through Aid to Students; Preparing Students for College Success; Fostering Success for California's Diverse Population; Training Students for Today's Workforce; and Solving Problems through Applied Research. Over the past year, the CSU's Office of Federal Relations (OFR) and system leaders worked to advance those priorities. Given the nation's charged political climate and severe economic woes, which resulted in cuts to many areas of domestic spending, the CSU fought with some success to defend priority programs and promote targeted investments in higher education.

Preserving Pell: The CSU played a significant role in preserving the need-based Pell Grant program, the cornerstone of federal student aid. In August, President Obama signed the Budget Control Act of 2011, a complicated compromise package to raise the nation's debt limit and reduce the deficit by cutting federal spending across a wide array of programs. Most importantly for the CSU, the bill set aside \$17 billion to sustain the Pell Grant program over the next two fiscal years (\$10 billion in FY 2012, \$7 billion for FY 2013). These dedicated resources helped alleviate a massive funding shortfall that posed a broad threat to current levels of Pell benefits, making it possible for Congress to both maintain the maximum Pell Grant at \$5,550 in FY 2012

and limit cuts to student eligibility. It also helped reduce potential damage to other education programs that could have faced deep cuts to help prop up Pell.

This injection of new Pell funding was by no means assured. Congressional leaders on both sides of the aisle, along with Obama administration officials and national higher education associations, seriously examined options to cut down the size and scope of the Pell program. At times there appeared to be significant traction for proposals that could have been especially detrimental to CSU students, such as changing the definition of “full-time” students from the current 12 units to 15 units, which could have significantly reduced aid for thousands of CSU students. Led by Chancellor Reed, the CSU fought such proposals, making the case for full Pell preservation both within the higher education community and with policymakers on the Hill and in the Obama administration. In meetings, correspondence and briefings, Reed stressed the potentially devastating impact proposed cuts would have on working, first-generation, and underrepresented minority students, and on our nation’s ability to close the achievement gap and produce the job-ready graduates needed for future economic success.

Key Education Department Programs: Beyond Pell, final spending bills for the current fiscal year (FY 2012) generally provided flat funding (with a small across-the-board “haircut”) for many CSU priority programs housed in the Education Department, including aid programs like the Supplemental Educational Opportunity Grant (SEOG) and Work-Study, and the Teacher Quality Partnership program. Among pipeline programs, GEAR UP was level-funded, while TRIO programs (e.g., Upward Bound) actually saw a \$15 million increase. Aid for institutional development programs geared toward minority-serving institutions, such as those for Hispanic-serving institutions, were subjected to small cuts.

Support for Applied Research and Workforce Training: FY 2012 spending measures included support for a number of CSU programmatic priorities outside of the Education Department as well. For example, the US Department of Agriculture (USDA) spending bill contained \$4.5 million in first time ever funding for competitive capacity building grants for non land-grant colleges of agriculture (NLGCA). Four CSU campuses are NLGCAs. In addition, the CSU lobbied successfully to maintain prior-year funding levels for USDA’s Hispanic-Serving Institutions Education Grants Program, which has benefited many CSU students over the years. In the National Science Foundation (NSF) budget, the CSU successfully sought Congressional report language instructing the agency that its proposed funding reduction for the Robert Noyce Scholarship Program, which helps train Science, Technology, Engineering and Mathematics (STEM) teachers for underserved communities, was not warranted. The CSU also helped draft report language asking NSF to provide resources in support of professional science masters (PSM) degree programs.

Recommendations for the 2012 Federal Agenda

This past fall the OFR, in coordination with the Chancellor's Office, set in motion the annual process designed to produce a well-honed federal agenda. In September, Chancellor Reed sent a memo to all 23 CSU presidents and senior system leaders, soliciting recommendations and outlining criteria for the system's 2012 Federal Agenda. The solicitation emphasized that the federal agenda must be consistent with the CSU system's core objectives, and they must contribute to system goals of preserving access, providing quality instruction, and preparing students for the workforce. While these principles have their own relevance in the federal arena, it was stressed that the federal agenda should also complement and be consistent with the system's state program in Sacramento.

The items proposed below for inclusion in the 2012 Federal Agenda are based upon submissions received in response to the Chancellor's solicitation, and have advanced through several levels of review, including the Executive Council, and the Chancellor and his executive leadership staff.

With the Obama administration entering its fourth year and the second session of the 112th Congress commencing, a number of policy items of significant interest to the CSU are likely to come into play. Given the current political atmosphere and the nation's economic and fiscal situation, certain to be at issue is FY 2013 funding of a broad range of programs important to CSU students, faculty, institutions and programs, from student aid to investments in research. Another area is the ongoing if balky effort to reauthorize the Elementary and Secondary Education Act (currently known as "No Child Left Behind"), where teacher preparation programs and pipeline issues will be of particular interest to the CSU. While the CSU will frequently be called upon to respond to proposals made by others, such as members of Congress and the U.S. Department of Education, the following priority areas should be the subject of proactive pursuit:

- **Ensure Access through Aid to Students:** Federal financial aid programs are critical to CSU students, accounting for more than \$1 billion in assistance annually. For example, more than 140,000 CSU students receive need-based Pell Grants. It will be important to maintain overall funding for the Pell program and the maximum grant at its current level. Aid programs like the Supplemental Educational Opportunity Grant (SEOG) and Work-Study programs, along with National and Community service programs, are additional key examples of federal assistance important to the CSU.
- **Prepare Students for College Success:** The CSU is on the cutting edge of partnering with K-12 to improve student preparation, and the federal government is a vital partner. The CSU should promote robust GEAR UP and TRIO funding; resources for programs that prepare teachers, especially in underserved areas; and programs that enhance the community colleges transfer process.

- **Foster Success for California's Diverse Population:** The CSU provides more than half of all undergraduate degrees granted to California's Latino, African American and Native American students, and is a leader in transitioning veterans to the civilian workforce. The CSU should support programs and resources that assist veterans with college success, help build capacity and programs at developing, Hispanic-serving and other minority-serving institutions, and provide institutional aid to universities that educate the greatest number of Pell-eligible students.
- **Train Students for Today's Workforce:** 93,000 annual graduates drive California's economy in information technology, life sciences, agriculture, business, education, public administration, entertainment and multimedia industries. In the federal environment, the CSU should seek support for complementary initiatives, such as professional science masters (PSM) programs, teacher preparation programs like the Teacher Quality Partnership and Noyce Scholarship programs, and federal study abroad programs.
- **Solve Problems through Applied Research:** In laboratories, at field sites and through programs at the CSU, students, faculty and collaborating scientists advance California's capacity to address key issues of significance to our state and nation. The CSU should advocate broadening the federally supported applied research base for comprehensive universities, including, for example, in the STEM fields (America COMPETES, NSF and NIH funding) and agriculture (Non-land-grant colleges of agriculture ("NLGCA") and HSACU programs), among others.

Finally, it is recommended that the CSU continue to advocate for policies that promote philanthropy to universities and a positive climate for university advancement.

Because of the inherently shifting nature of campus, state and national priorities, the CSU federal agenda process recognizes that priorities may evolve over time. The OFR will continue to work with the campuses and system leaders to refine and develop proposals, and to assist all in working productively with their representatives in Congress and with federal agencies in the year ahead.

The following resolution is recommended for approval:

RESOLVED, by the Board of Trustees of the California State University, that the federal legislative program described in the Agenda Item 2 of the Committee on Governmental Relations on January 24-25, 2012 is adopted as the 2012 CSU Federal Agenda.