

AGENDA

COMMITTEE ON GOVERNMENTAL RELATIONS

Meeting: 3:00 p.m. Tuesday, January 23, 2007
Glenn S. Dumke Auditorium

Melinda Guzman, Chair
Debra S. Farar, Vice Chair
Jeffrey L. Bleich
Carol R. Chandler
Moctesuma Esparza
Murray L. Galinson
William Hauck
Ricardo F. Icaza
Andrew LaFlamme
A. Robert Linscheid
Lou Monville
Craig R. Smith

Consent Items

Approval of Minutes of Meeting of November 14, 2006

Discussion Items

1. Adoption of Trustees' Statement of Legislative Principles, *Action*
2. 2007-2008 Legislative Report No. 1, *Action*
3. California State University Federal Agenda for 2007, *Action*

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

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

November 14, 2006

Members Present

Debra S. Farar, Vice Chair
Roberta Achtenberg, Chair of the Board
Jeffrey L. Bleich
Carol R. Chandler
William Hauck
Andrew LaFlamme
A. Robert Linscheid
Charles B. Reed, Chancellor
Craig R. Smith

Approval of Minutes

The minutes of September 20, 2006 were approved.

2005-2006 Legislative Report No. 12

Trustee Farar introduced Ms. Karen Zamarripa, assistant vice chancellor, advocacy and institutional relations, who brought the committee up to date on the conclusion of the 2005-2006 legislative session.

Ms. Zamarripa referred to the written report in the agenda book and noted it contained detailed information on all of the actions and outcomes of legislation followed by her office in this last legislative session.

CSU was successful in securing the governor's signature on three of its four sponsored bills. In most cases, CSU managed to prevent further mandates, requirements, and unfunded obligations from imposition on the institution. Unfortunately, there were no substantial changes in financial aid funding or program improvement except the age cap modifications in sponsored bill AB 2813.

Ms. Zamarripa also provided a comprehensive recap on the outcomes of the mid-term elections, as well as observations on how election results could affect future university related issues. She

called attention to the passage of Proposition 1D and thanked everyone involved in securing the support of California voters on this significant investment in CSU.

Ms. Zamarripa noted an ongoing issue for CSU and likely CSSA, would be securing greater investments in the State's Cal Grant program. She noted her office will be working in parallel with our Office of Federal Relations to do the same for the federal Pell Grant program.

She also reported on the status of other non-sponsored bills of interest to the CSU and noted there was no action on the creation of a new statutory fee policy and no action on proposed legislation relating to new accountability standards. One disappointment was lack of success in moving forward on the college preparatory curriculum initiative. However, Ms. Zamarripa indicated she looks forward to working on that in the future.

With regard to the 2007 session, it is anticipated there will be several issues before the legislature and the state that will relate to what the board may pursue in addition to the 2007-08 budget. Transportation bonds, design build issues, health care, prison reforms, as well as the overall structural budget problems, will make for a very challenging new session.

Ms. Zamarripa concluded saying she looks forward to those challenges and that she will return at the January board meeting to discuss the 2007 trustees' legislative program.

The committee recommended approval of the proposed resolution (RGR 11-06-08).

Trustee Farar adjourned the meeting.

COMMITTEE ON GOVERNMENTAL RELATIONS

Adoption of Trustees' Statement of Legislative Principles

Presentation By

Karen Y. Zamarripa
Assistant Vice Chancellor
Advocacy and Institutional Relations

Summary

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

Background

At the beginning of each two-year legislative session, the Board of Trustees adopts a formal Statement of Legislative Principles for the California State University. The principles provide basic parameters to guide positions taken by the Chancellor and system representatives on matters pending before the California Legislature. No revisions are proposed for the 2007-2008 Session.

Statement of Legislative Principles

The following constitute the core principles guiding recommendations on legislation:

1. Preserve the California State University's statutory and traditional authority over academic affairs and matters relating to internal governance of the university.
 - a. Continue efforts to enhance and expand flexibility on internal matters and decision making by the Board of Trustees.
 - b. Preserve the integrity of the collective bargaining process.
 - c. Preserve and enhance the California State University's ability to accomplish its mission, as adopted by the Board of Trustees in November 1985.
2. Remain neutral on matters in which the state appropriately seeks to legislate the general public health and safety while not singling out the California State University uniquely.

3. Preserve the integrity of the California State University's budgetary process, and seek adequate funding for ongoing operations, mandatory costs, contractual obligations, increased enrollment, and state-mandated programs.
 - a. Provide that all funds must be appropriated to the Board of Trustees.
 - b. Proposals for operational and academic programs, and capital outlay needs must be approved and placed in priority order by the Board of Trustees through the budgetary process.
4. Preserve the integrity of the California State University's efforts to prepare teachers and administrators for K-12 schools in California and encourage the development and maintenance of partnerships with K-12 schools to improve student achievement and teacher quality at all levels.
5. Seek to influence the outcome of issues, which, while not affecting the California State University alone, would have a disproportionate impact on the university's activities.
6. Seek to provide for representation of the California State University on appropriate boards, commissions, task forces, study groups, etc., that may have an impact on the system.
 - a. Representatives to such bodies shall be appointed by the Board of Trustees or the Chancellor.
 - b. Remain neutral on proposals for studies, so long as funding is provided to cover any substantial costs which are above the base needs of the system budget associated with the study that may be incurred by the system.
7. The Chancellor is recognized as the spokesperson for positions on behalf of the Board of Trustees and the California State University system. Whenever practical, the positions taken should be discussed with the Chair of the Committee on Governmental Relations and the Chair of the Board of Trustees.

Adoption of the following resolution is recommended:

RESOLVED, By the Board of Trustees of the California State University, that the Statement of Legislative Principles in Agenda Item 1 of the January 23-24, 2007 meeting of the Trustees' Committee on Governmental Relations be adopted, and be it further

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

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

COMMITTEE ON GOVERNMENTAL RELATIONS

2007-2008 Legislative Report No. 1

Presentation By

Karen Y. Zamarripa
Assistant Vice Chancellor
Advocacy & Institutional Relations

Summary

This item contains a presentation of proposals for inclusion in the Trustees' 2007 Legislative Program.

Background

The Legislature convened on January 3, 2007 to begin the first year of the 2007-2008 Regular Session. Members including the 33 newly elected were sworn into office last December and began the new year in earnest with over 187 new bills introduced thus far. The legislative calendar has been adopted with several key dates for the year including the California State University Legislative Days in Sacramento:

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|---------------------|--|
| January 10 | Release of Governor's Budget |
| February 15 | Legislative Analyst Office (LAO) review of proposed budget |
| February 23 | Last day to introduce bills |
| March 5 | Budget subcommittees begin |
| <i>March 19</i> | <i>CSU Legislative Days</i> |
| June 8 | Last day for bills to be approved on the floor in house of origin |
| May 15 | Budget subcommittees to complete their work |
| June 15 | Adoption of Budget Bill by midnight |
| July 20 – August 20 | Summer recess provided Budget Bill has been enacted |
| September 14 | Last day for any bill to be passed; Interim Recess begins upon adjournment |
| October 14 | Last day for Governor to sign or veto bills |

The Chancellor initiated requests for CSU-sponsored proposals for the 2007 legislative session last fall. Staff analyzed each of the proposals considering several issues including, but not limited to, making sure that there is a clearly articulated need for each proposal, the programmatic and fiscal implications of the request, the current political and policy environment and the overall relationship to system initiatives and priorities. Campus presidents and vice

presidents as well as the Chancellor's leadership team have reviewed all of these proposals and concur with the recommendation that the following three measures be adopted as the 2007 Board of Trustees Legislative Program:

Revenue Bonds

This technical proposal is a reintroduction of AB 2597 from last year authored by Assembly Member Fran Pavley, with the deletion of the one contentious provision related to the Dormitory Revenue Fund that concerned the state Treasurer's Office. This proposal will enhance the flexibility of the CSU's Systemwide Revenue Bonds (SRB) program resulting in lower interest costs for projects, particularly for student housing, parking facilities, and student union projects. The proposed changes are as follow:

- 1) Authorize the payment of interest on a basis other than semi-annual or annually to accommodate issuance of variable rate debt.
- 2) Authorize the Trustees to issue commercial paper directly by including commercial paper within the statutory definition of notes and revenue bond anticipation notes.
- 3) Authorize the CSU to loan or advance proceeds from its revenue bonds or revenue bond anticipation notes to third parties (e.g. auxiliary organizations) through a loan agreement, for projects approved by the Trustees.

These changes would streamline the external bond financing and treasury processes at the CSU, eliminating unnecessary steps, and cutting financing transaction costs for projects. It also would work to simplify the process of financing projects for auxiliaries and other related entities under the Systemwide Revenue Bonds, thereby saving the CSU and the auxiliaries' money over time, which should translate into lower costs borne by students and other users of auxiliary and other entities' projects.

Financial Aid: Cal Grant Program Revisions

The CSU and the California State Student Association (CSSA) jointly sponsored a measure last year, Assembly Bill 2813 (De La Torre) that was signed into law, which made one significant change to current state law regarding the state financial aid program, Cal Grants – increasing the eligibility age cap from 24 to 27 years. Other provisions of the original proposal were not in the final version that are important to ensuring access and affordability for students; most importantly providing Cal Grant B recipients with funding to cover fees/tuition in their first year. CSSA would like to jointly sponsor legislation with the Board of Trustees to seek the necessary statutory changes and funding for Cal Grant B first-year awards.

The current Cal Grant A and B Entitlement and Competitive Grant programs provide financially needy students with funds to cover designated costs at eligible postsecondary institutions, including proprietary institutions, community colleges, public four-year institutions, and private colleges and universities. The reforms of SB 1644 in 2000 provided that California high school graduates who pursue college immediately after graduating from high school with a 3.0 and 2.0 grade point average (GPA), are entitled to Cal Grant Entitlement A or B awards, respectively. One major difference between the two programs is that Cal Grant B recipients who have greater financial need do not get grants to cover their fees/tuition in their first year creating a serious inequity within this program and leaving the neediest students without the support they need to enroll and persist in their college or university of choice. The other major difference is that Cal Grant B awards are for the neediest students only, and provide a stipend to cover books and living expenses, while Cal Grant A awards are only for tuition/fees.

It is recommended that CSU sponsor legislation with CSSA to provide all Cal Grant B high school entitlement award recipients who enroll at four-year institutions with funds to cover tuition and fees during the initial year of their award. When successful this will ensure consistency and equity for all students, whether recipients of Cal Grant A or B entitlement awards by covering fees and tuition from start to finish (i.e. B recipients will receive the same fee and tuition coverage currently provided to A recipients).

Waiver of Non-Resident Fees for Military Personnel in Graduate Programs

The total active U.S. military force is 1.42 million men and women of whom 160,000 (11.2 percent) come from California. Approximately 175,000 active duty men and women are stationed in California. An additional 25,000 serve in the reserves. The Montgomery GI Bill education benefit is the number one reason American men and women enter the U.S. military and yet in many cases these military personnel do not effectively utilize this benefit and leading them into key roles in our economic development and workforce.

The California State University has been taking a leadership role in an important partnership with the U.S. Department of Defense and the U.S. Department of Veterans Affairs, the Governor of the State of California, the California Community Colleges (CCC), and the University of California (UC). This partnership is working toward California's vision to be the leader in being veteran friendly for college and university education. The system and its partners are dedicated to "developing an academic outreach, admission, and enrollment plan that targets and assists exiting veterans." Further it is our hope that the statewide plan as well as efforts by our campuses will ensure veterans who are California residents or are stationed in California at the time of their exit from the military access to California colleges and universities. The final proposed legislation for the 2007 program comes out of this important work.

Gov. Rel.
Agenda Item 2
January 23-24, 2007
Page 4 of 4

This proposal would revise current law providing non-resident waivers for graduate study for one to three years for military personnel and their spouses stationed in California. This would be make the statutes guiding such waivers consistent for both undergraduate and graduate study and as well as the goals of the veterans partnership. The fiscal impact of the waiver should be minimized with receipt of state-funded marginal cost for these students.

Adoption of the following resolution is recommended:

RESOLVED, By the Board of Trustees of the California State University that the proposals described in Agenda Item 2 of the January 23-24, 2007 meeting of the Trustees' Committee on Governmental Relations be adopted as the 2007 Board of Trustees' Legislative Program.

COMMITTEE ON GOVERNMENTAL RELATIONS

California State University Federal Agenda for 2007

Presentation By

James M. Gelb
Assistant Vice Chancellor
Federal Relations

Summary

This item contains a presentation of items for inclusion in the 2007 CSU Federal Agenda.

Background

In February 2006, the Board of Trustees adopted the 2006 CSU Federal Agenda, a federal legislative program for the system that included both policy and project priorities for the second session of the 109th Congress. Over the past year, the CSU's Office of Federal Relations (OFR) and system leaders worked in Washington to advance those priorities. With regard to the system's policy priorities, the CSU had a significant impact on their primary focus, the still developing reauthorization of the Higher Education Act (HEA), which was last reauthorized for five years in 1998 and has been extended several times since. For example, in March, the House passed its version of reauthorizing legislation, HR 609. That measure included provisions that would have increased the maximum Pell grant authorization and made Pell available for year round study; reauthorized the Perkins Loan program; maintained (and kept separate) the outreach programs known as TRIO and GEAR UP; re-upped international education programs; created a new graduate program for Hispanic Serving Institutions; and enhanced instruction in Science, Technology, Engineering and Mathematics (STEM) fields. All of these provisions were consistent with CSU agenda priorities, and some had been modified from earlier legislative proposals to help assure greater availability of federal resources to CSU students. In addition, CSU experts continued to be called upon to provide insights to federal policymakers. For example, Assistant Vice Chancellor Allison Jones was asked to testify before a House higher education subcommittee regarding innovative CSU academic preparation programs designed to help lower-income students achieve a college education. However, the 109th Congress failed to complete work on HEA reauthorization before adjourning *sine die* in December, and at the end of 2006 it extended provisions of the 1998 Act through June 30, 2007. This latest extension did include some relief from administrative burdens for Hispanic Serving Institutions, a change advocated by the CSU.

While Congressional activity stalled on many matters of interest to higher education, the executive branch was highly active, and the CSU had a major impact in this arena in 2006. Most notably, the CSU was singled out for unique praise in the report published by the Secretary of Education's Commission on the Future of Higher Education, a blue ribbon panel assembled by Secretary Spellings to make recommendations on federal higher education policy. In February, Chancellor Reed was invited to discuss CSU efforts before one of the Commission's hearings. In the recommendations included in its final report in September, the Commission pointed to the CSU system's Early Assessment Program (EAP) and outreach efforts targeting low-income and minority students (reaching future students in their homes, churches and communities, the "How To Get To College" posters, and the CSU Mentor web site) as national models for increasing access and improving preparation of K-12 students. In addition, when the Education Department published draft regulations making changes to Upward Bound, an outreach and preparation program that provides grants to many CSU campuses, Chancellor Reed weighed in with constructive comments on behalf of the system that led to numerous improvements in the final regulations. Similarly, system leaders provided useful comments to proposed regulations to the new ACT and SMART grants, which will assist CSU students studying in math and science fields. And the system has provided input to proposed negotiated rulemaking by the Education Department in a range of areas related to student financial aid.

With regard to project priorities, the CSU had considerable success in gaining broad support from members of the California Congressional delegation for a number of system (and campus) priorities in preliminary House and/or Senate measures. For example, CSU's Strategic Language Initiative (SLI) received \$1 million in the final FY 2007 Defense appropriations bill – these resources will provide a second year of funding to expand the scope of a collaborative program among at least six CSU campuses that delivers intensive training in Chinese, Korean, Arabic and Farsi. The House's FY 2007 Agriculture appropriations bill contained funding for one of the system's top priorities: \$1.25 million for the CSU's Agricultural Research Initiative (ARI), which would supplement ongoing state and industry funding, plus be matched by California agricultural industry dollars to enhance applied research being done at the system's four agriculture colleges and other institutions. In addition, the Senate Appropriations Committee's FY 2007 Science, State, Justice, Commerce appropriations bill contained \$2.5 million to continue funding the system's signature coastal research initiative, CICORE, which leverages the strengths of eight CSU campuses along the entire California coastline. Similarly, the House's FY 2007 Labor/HHS/Education funding measure included \$150,000 for equipment for proposed regional biotechnology workforce training centers overseen by the system's CSUPERB program. Campus earmarks were also included in a variety of appropriations bills. Despite these significant positive developments, the 109th Congress adjourned *sine die* in December without completing work on nine of the eleven appropriations bills typically passed each year to fund federal agencies for the fiscal year that begins each October 1st. Instead, it passed a continuing resolution that will temporarily keep federal programs operating at prior levels until the new

Congress finalizes spending measures in 2007. This means that all of the earmarks mentioned above (save SLI) were never finalized, and it appears likely that the vast majority of earmarks will not survive in whatever funding legislation the new Congress passes to finish out the year. However, it also seems likely that such earmarks start out in a relatively good position for the FY 2008 appropriations process.

This past fall the OFR, in coordination with the Chancellor's Office, again 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 the Executive Staff soliciting recommendations and outlining criteria for the systemwide 2007 Federal Agenda. As in the past, the Chancellor's memo solicited proposals in two distinct areas: (1) federal legislative and regulatory policy; and (2) CSU projects for which direct federal funding will be sought. With respect to both project and policy recommendations, the solicitation emphasized that the federal agenda must be consistent with the CSU system's core objectives, as described in the state's Master Plan, *The Mission of the California State University*, and with the 1998 *Cornerstones Report*, 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 our state program in Sacramento.

The items proposed below for inclusion in the 2007 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.

Recommendations for the 2007 Federal Agenda

Federal Policy Proposals for 2007

The new 110th Congress will continue work on reauthorizing the Higher Education Act of 1965 (HEA), many aspects of which significantly impact the CSU and its students. For example, in 2005-06, CSU students and their families benefited from \$1.25 billion in federal financial assistance. Accordingly, the OFR will continue to work to ensure that the system's interests are advanced during the reauthorization process. In addition, the system will continue to weigh in during relevant federal regulatory efforts that impact the CSU and its students. While the CSU will frequently be called upon to respond to proposals made by others, including members of Congress and the U.S. Department of Education, the following items will continue to be the subject of proactive pursuit:

Pell Grants: Support overall funding increases for the Pell Grant program, an increase to the maximum award, and availability of a second Pell award for students to pursue year-round study.

Early Intervention Programs: Advocate expanding GEAR UP and TRIO, vital to preparing underrepresented students for college and decreasing the need for remediation. These programs, which serve different cohorts of students in distinct ways, should remain separate.

Developing Institutions and Hispanic Serving Institutions: The CSU will work to assure that its campuses receive a fair share of the benefits of programs in Title III and Title V of the HEA that are designed to strengthen “developing” and “Hispanic Serving” institutions, and will advocate Title V changes designed to strengthen graduate programs at Hispanic Serving Institutions.

Science, Technology, Engineering and Mathematics (STEM) fields: The CSU will advocate programs promoting the participation and success of diverse California students in STEM fields.

Veterans Education: Support programs and legislation that enhance higher education opportunities for veterans of U.S. military service.

International Education Programs: Advocate expansion of programs that promote global awareness and understanding, including providing incentives for development of international education programs and creating opportunities for domestic and international students and faculty to study abroad.

Federally supported research: Advocate broadening the federally supported applied research base to include more support for comprehensive universities and authorization of programs to fund the vital workforce preparation conducted by the CSU system.

Community Service Provisions: Advocate increasing incentives for student and campus participation in community service activities, including in the Work-Study program.

Campus-Based Aid Programs Allocation Formula: Support altering the current formula, which affects the Supplemental Educational Opportunity Grants, Work-Study, and Perkins Loans programs, to assure allocation of these funds on a fair-share basis to institutions with growing populations of students with need and to newer campuses, which have been most disadvantaged by the current formula.

Perkins Loans: Advocate for the reinstatement of a federal capital contribution for schools that participate in the Perkins Loan program, thereby enhancing available resources for needy students.

Federal Project Proposals for 2007 (FY 2008)

More than 50 projects, including both campus and multi-campus proposals, were submitted by the campuses in response to this year's solicitation. It is recommended that, as in recent years, the system's project priorities for 2007 be broken in two categories. The first category would encompass six broad-based, multi-campus initiatives consistent with ongoing system collaborative efforts in core areas of CSU strength:

- **Agricultural Research Initiative (ARI):** this initiative leverages state, federal and industry resources to support high impact applied agricultural and related environmental research, development, and technology transfer, as well as public and industry education and outreach.
- **CSU Regional Biotechnology Training Facilities Project:** a proposal led by the California State University Program for Education and Research in Biotechnology (CSUPERB), to create three biotechnology workforce training centers in the San Diego, Los Angeles/Pasadena and Bay areas to address this vital industry's need for innovative, applied training of its specialized workforce.
- **California Center for Integrative Coastal Research and Education (CICORE):** a multi-campus coastal research initiative to provide real-time access to extensive near shore environmental data to regulatory agencies responsible for the development and enforcement of relevant management policies.
- **Strategic Language Initiative (SLI):** a collaborative effort to create programs that will integrate language learning with professional majors and career opportunities and serve as a national model for training modules in critical world languages, helping our nation meet the need for strategic and diplomatic expertise in major world languages, global business, and trade and transportation, plus develop the domestic capability to communicate in response to emergency situations.
- **Service Learning - Math/Science Teacher Training project:** a proposed multi-campus project designed to increase the number and quality of K-12 teachers in math and science and improve student academic performance by creating new service learning opportunities for CSU students in "blended" teacher education programs that integrate teacher training with a math and/or science degree.
- **Next Generation Media Project:** a workforce and product development program in new digital media technologies and applications, linking at least nine system campuses that will partner with industry and provide a test bed for new technologies as well as be an incubator of innovation.

The OFR will work to achieve the broadest possible support for these proposals from members of the California Congressional delegation.

The second category would include campus-oriented projects, provided they have been endorsed and prioritized by the campus president, and meet the following criteria:

- The project significantly impacts a major need or priority of the campus or the system, including:
 - The extent to which the project will benefit a university's students, its programs, the local community, the State of California and/or the nation
 - The extent to which the project is well-tailored to the particular competencies and strengths of the university or universities
- The project is well developed including:
 - How clearly articulated and detailed it is
 - Whether the project has additional supporters and advocates among business, alumni, non-profit or political entities
 - Whether the project has partners that are able to assist with the project's success and/or are willing to invest in the project (cash or in-kind) so as to provide a "match" for federal funds being sought
- The project is well suited to the federal appropriations process, including:
 - The past history of federal funding for the project, if relevant
 - The manner in which federal funds will be used
 - The likely availability of the federal dollars from the account/source proposed
 - The extent of known Congressional sponsorship and support
- The project fits within a balanced program of requests for the CSU for reasonable amounts across different areas of funding

Because the Congress has not yet completed its work on most FY 2007 appropriations, and in light of the inherently shifting nature of campus, state and national priorities, project requests may evolve from time to time. The OFR will continue to work with the campuses to refine and develop project proposals, and to assist them in working productively with their representatives in Congress as they seek support in the relevant appropriations venues for federal funding in FY 2008.

Adoption of the following resolution is recommended:

RESOLVED, By the Board of Trustees of the California State University, that the federal legislative program described in the January 23-24, 2007 Agenda, Item 2 Committee of Governmental Relations is adopted as the 2007 CSU Federal Agenda.