

AGENDA

COMMITTEE ON GOVERNMENTAL RELATIONS

Meeting: 2:30 p.m., Tuesday, January 26, 1999
Auditorium

Joan Otomo-Corgel, Chair
Martha C. Fallgatter, Vice Chair
Ronald L. Cedillos
Bob Foster
Harold Goldwhite
Laurence K. Gould, Jr.
Ralph R. Pesqueira
Frederick W. Pierce, IV
Ali C. Razi
Michael D. Stennis

Consent Items

Approval of Minutes of Meeting of November 10, 1998

Discussion Items

1. Adoption of Trustees' Statement of Legislative Principles, *Action*
2. 1999-2000 Legislative Report No. 1, *Action*

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

**Trustees of The California State University
Glenn S. Dumke Conference Center
400 Golden Shore
Long Beach, California**

November 10, 1998

Members Present

Joan Otomo-Corgel, Chair
Martha C. Fallgatter, Vice Chair
Ronald L. Cedillos
Jim Considine
Harold Goldwhite
Laurence K. Gould, Jr.
James H. Gray
William Hauck, Chairman of the Board, ex officio
Maridel Moulton
Ralph R. Pesqueira
Alice S. Petrossian
Ali C. Razi
Charles B. Reed, Chancellor, ex officio
Michael D. Stennis

Members Absent

Bob Foster

Other Trustees Present

Stanley T. Wang

Chancellor's Office Staff

David S. Spence, Executive Vice Chancellor
Richard P. West, Senior Vice Chancellor, Business and Finance
Douglas X. Patiño, Vice Chancellor, University Advancement
Christine Helwick, General Counsel
Samuel A. Strafaci, Interim Senior Director, Human Resources
Karen L. Yelverton, Senior Director, Governmental Affairs

Presidential Liaisons

Robert A. Corrigan, President, San Francisco State University, present
Donald R. Gerth, President, California State University, Sacramento, present
James M. Rosser, President, California State University, Los Angeles, present

Chair Otomo-Corgel called the meeting to order at 3:01 p.m.

Approval of Minutes

The minutes of September 15, 1998, were approved.

Chairman Hauck commented on the successful passage of Proposition 1A, noting that it was the largest single bond measure ever attempted. He credited those who participated in guiding the bond measure to a successful completion and expressed his gratitude to the campus presidents for their staunch support.

Chairman Hauck then presented Ms. Bobbie Metzger, executive director of strategic planning and communications, with a plaque in recognition of her outstanding leadership and hard work during the campaign.

1997/98 Legislative Report No. 13

Ms. Karen L. Yelverton, senior director, governmental affairs, presented the final status report on the 1997/98 legislative session. She reported that all three of the trustee-sponsored bills were enacted, providing the CSU with improvements in our capital outlay program, enhanced management efficiency in operations and student services.

Trustee Pesqueira asked if there was any plan to resurrect the valedictorian scholarship program in the legislature. Senior Director Yelverton replied that there was a great deal of interest from legislators at the beginning of the year, but ultimately the bill was defeated in the first policy committee because of concerns with limited financial aid dollars for needy students, as well as the existing Cal Grant A program, which currently recognizes academic achievement.

There being no further discussion on the item, the committee recommended approval of the proposed resolution (RGR 11-98-07).

1998 General Election Report

Senior Director Yelverton presented an in-depth review of the November 1998 general election results and how those results may affect the CSU. She noted education is clearly a priority issue for the governor-elect and the new legislature. Ms. Yelverton also reported on the changes in the legislature since the passage of term limits, trends in the backgrounds of new legislators, and issues expected in the 1999-2000 Session. She stated that the Democratic majority in both houses of the legislature are expected to be very interested in investments in education, given campaign themes. However, because of the two-thirds vote requirement for the budget, Republicans will remain a key factor in any budget deal.

Dr. Alistair W. McCrone, president, Humboldt State University, asked if the number of CSU alumni has increased in the legislature. Senior Director Yelverton said that the recent election included four new alumni, however, she did not know the total number at this time. She noted that further evaluation of the election results would be forthcoming at future meetings.

Trustee Pesqueira inquired about the date for the CSU Legislative Day. Senior Director Yelverton replied that it would be on March 1, 1999.

Adjournment

The meeting adjourned at 3:31 p.m.

BRIEF

Action Item

Agenda Item 1
January 26-27, 1999

COMMITTEE ON GOVERNMENTAL RELATIONS

Adoption of Trustees' Statement of Legislative Principles

Presentation By

Karen L. Yelverton, Senior Director
Governmental Affairs

Summary

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

Recommended Action

Adoption of the resolution.

ITEM

2

Agenda Item 1
January 26-27, 1999

COMMITTEE ON GOVERNMENTAL RELATIONS

Adoption of Trustees' Statement of Legislative Principles

Background

On October 22, 1985, the Committee on Gifts and Public Affairs (the forerunner of the Committee on Governmental Relations) conducted a major review of the Statement of Legislative Principles for the California State University. The purpose of the principles is to provide basic parameters guiding positions taken by the chancellor and Office of Governmental Affairs on matters pending before the California Legislature.

Upon recommendation of the committee, the Board of Trustees adopted the principles at the January 14-15, 1986, meeting and, in addition, approved the delegation of legislative matters referred to in the principles to the chancellor. The delegation was subsequently incorporated into the Standing Orders of the Board of Trustees at the March 11, 1986, meeting.

The Trustees' Statement of Legislative Principles is typically adopted by the Board of Trustees at the beginning of each legislative session. For 1999-2000, the principles have been slightly revised to recognize the CSU's role in teacher preparation and our partnerships with K-12 institutions.

Revised Statement of Legislative Principles, As Proposed for Adoption

Statement of Legislative Principles

The following constitute the core principles guiding recommendations on legislation:

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

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

Adoption of the following resolution is recommended:

RESOLVED, By the Board of Trustees of The California State University, that the Statement of Legislative Principles included in Agenda Item 1 of the January 26-27, 1999, meeting of the trustees' Committee on Governmental Relations be adopted as amended; and, be it further

RESOLVED, That the chancellor is authorized to take positions on pending legislation on behalf of the Board of Trustees, but in taking such positions, the chancellor shall consult, when practical, with the chair of the Committee 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 desirable and necessary.

BRIEF

Action Item

Agenda Item 2
January 26-27, 1999

COMMITTEE ON GOVERNMENTAL RELATIONS

1999-2000 Legislative Report No. 1

Presentation By

Karen L. Yelverton, Senior Director
Governmental Affairs

Summary

This item contains a presentation of items for inclusion in the Trustees' Legislative Program for 1999.

Recommended Action

Adoption of the resolution.

ITEM

2

Agenda Item 2
January 26-27, 1999

COMMITTEE ON GOVERNMENTAL RELATIONS

1999-2000 Legislative Report No. 1

Proposals for 1999 Trustee-Sponsored Legislation

The following proposals are presented to the committee for approval for inclusion in the Trustees' 1999 Legislative Program.

Optional Retirement Plan

In 1996, the governor signed Assembly Bill 3453 (Kaloogian), legislation permitting the California State University (CSU) to proceed with an optional retirement program (ORP) for faculty, staff and executives. This statutory language ties the annual CSU ORP employer contribution to the fiscal year Public Employees Retirement System (PERS) employer contribution rate. Thus, as the PERS contribution rate varies, the ORP rate will vary, resulting in an unpredictability which does not lend itself to a sound defined contribution plan for employees who would like to benefit from this alternative. With assistance from consultants, it was determined that a minimum contribution by employees and employers was necessary to ensure this defined contribution plan would be fiscally sound. It is therefore recommended, as a means to enhance recruitment of new faculty and staff, that the CSU seek legislation to define a minimum guaranteed ORP employer contribution and make this option available to new hires.

Capital Issues

Expansion of Budget Transfer Authority. This proposal would expand the authority of the trustees to use general funds for certain capital outlay purposes. Building upon recent successes in streamlining the CSU capital outlay process, this proposed change would allow CSU to complete up-front preliminary planning along with engineered feasibility studies using General Fund dollars to ensure that trustee budget requests have a higher degree of accuracy and provide increased assurance that projects can be completed within the appropriations.

Health Center Capital Outlay Limits. Current law governing health center capital outlay projects is outdated and inconsistent with other nonstate funded trustee programs such as housing, parking, and student unions. This proposal would amend the Education Code to provide CSU with the flexibility to spend health center facilities funds in excess of \$65,000 within this self-supported program without the approval of the Legislature.

Supplemental Funding Issues

The following items may be pursued concurrently through legislation and the state budget process:

Verducci Hall, San Francisco State University. Verducci Hall at San Francisco State University (SFSU) has been unoccupied since mid-1990, due to serious structural damage caused by the 1989 Loma Prieta earthquake. CSU's numerous requests for funding from FEMA were finally approved in May 1998, with the understanding that FEMA would provide 75 percent (\$7.2 million), with

25 percent (\$2.5 million) required as a state match. As part of the agreement, SFSU agreed that Verducci Hall would be demolished and a state-of-the-art apartment complex would be built.

An effort to secure the state's share of these funds was made during last year's budget process, and an amount was included in the budget sent to Governor Wilson for this purpose. This item was vetoed by the governor, who stated that it was inappropriate to use state funds for this purpose because "Verducci Hall is owned and operated by a campus auxiliary enterprise."

This proposal would provide the state's matching share of these funds, without which FEMA will withdraw their portion. Concurrently, discussions will continue with the Davis Administration and the Department of Finance seeking modification of the previous position.

Stockton Developmental Center. In January 1997 the Board of Trustees approved the conveyance of the Stockton Developmental Center to the California State University for the purpose of creating the California State University, Stanislaus Multi-Campus Regional Center. From its initial stages, a key component of the Center's development plan has been the lease of facilities for revenue to cover the costs of capital outlay and maintenance. However, the status of the existing buildings on the site, many of which are in disrepair, has made it difficult to attract potential business occupants. This proposal would provide long-term financial stability for the Center by relieving the existing deficit in leasing revenue.

CSU Biotechnology Program. The California State University Program for Education and Research in Biotechnology (CSUPERB) was created in 1987 to provide a coordinated and amplified development of biotechnology training, education, research, and research training within the CSU. Based on the growth of the biotechnology industry and the role of its workforce in achieving the opportunities that the industry offers for various sectors of the economy, this proposal would fund CSUPERB at a level in parity with similar programs at the University of California and the California Community Colleges.

Academic Issues

Subject Matter Projects. Legislation signed in 1989 created the California Subject Matter Projects to provide intensive professional development experiences for teachers and promote the concept of teacher professionalism. Modeled after the California Writing and California Mathematics Projects, Projects were established for each subject area required for high school graduation, offering intensive summer and intersession institutes for teachers, with ongoing follow-up support during the school year.

In 1998, legislation was signed which reauthorized the Subject Matter Projects, restructured its governance mechanism, and eliminated funding for three of the projects (Arts, Foreign Language, and Physical Education/Health) administered by the CSU. This proposal would seek to reinstate the discontinued projects and deal with issues of program and curriculum development through the governance structure.

Joint Doctoral Degree. The CSU currently has the authority to establish joint doctoral programs with the University of California. This proposal would allow CSU campuses to provide a joint doctoral program with fully accredited out-of-state institutions with which they have intellectual ties. For example, San Diego State University has had discussions with Howard University on a joint Ph.D. program in Communications.

Financial Aid. This proposal would seek, on behalf of our students, to recognize within the current financial aid mechanisms two issues of increasing importance: (a) technology/computer purchases, and (b) year-round operations. The introduction of such a bill will provide an opportunity for leveraging increased Cal Grant resources for CSU students.

Fiscal Issues

External Financing Authority. This proposal, through a revision of existing fee authority, would allow the CSU to make the greatest use of limited state dollars by increasing the capability of the Trustees to use fee revenue to leverage financing for such long term items as deferred maintenance and large equipment purchases for technology.

Graduate Student FTE Calculation. This proposal would institute for the CSU an FTE calculation for graduate students (including teacher preparation) based on 12 units. This is consistent with common practice in California higher education, and will allow the CSU to recognize the differences in the cost of our graduate programs.

Miscellaneous Issues

CSU Auxiliary Organizations: Donor Confidentiality. Auxiliary Organization Boards currently have the authority to meet in closed session for a number of purposes, including sessions to discuss investments where a public discussion could have a negative impact on the auxiliary organization's financial situation. This proposal would allow those boards to also meet in closed session to consider financial information of donors to protect donor confidentiality.

Adoption of the following resolution is recommended:

RESOLVED, By the Board of Trustees of The California State University, that the 1999-2000 Legislative Report No. 1 is adopted.