AGENDA

COMMITTEE ON GOVERNMENTAL RELATIONS

Meeting: 10:50 a.m., Tuesday, March 22, 2011
Glenn S. Dumke Auditorium

Peter G. Mehas, Chair
A. Robert Linscheid, Vice Chair
Nicole M. Anderson
Carol R. Chandler
Debra S. Farar
Melinda Guzman
William Hauck
Raymond W. Holdsworth
Linda A. Lang
Lou Monville

Consent Items

Approval of Minutes of Meeting of January 26, 2011

Discussion Items

1. 2011-2012 Legislative Report No. 2, Action
Members Present

Peter G. Mehas, Chair
A. Robert Linscheid, Vice Chair
Nicole M. Anderson
Herbert L. Carter, Chair of the Board
Carol R. Chandler
Melinda Guzman
William Hauck
Raymond W. Holdsworth
Linda A. Lang
Lou Monville
Charles B. Reed, Chancellor

Approval of Minutes

The minutes of November 9, 2010, were approved by consent as submitted.

CSU Trustees’ Statement of Legislative Principles

Trustee Mehas asked Vice Chancellor for University Relations and Advancement Garrett P. Ashley to introduce the agenda items. Mr. Ashley stated that work on the introduction of legislation had just begun. February 18 is the final deadline to introduce 2011 legislation. He asked Assistant Vice Chancellor Karen Y. Zamarripa to present the principles for the 2011-2012 legislative session and the 2011-2012 Legislative Report Number 1, which contains the Board of Trustees’ proposed sponsored legislation for the year.

Ms. Zamarripa provided an overview of current events in Sacramento noting that the new session got underway with over 30 new members in the legislature and the return of Governor Jerry Brown for his third term. So far, a broad smattering of new legislation has been introduced, and it is unclear when the work will begin, given the special budget session.

Ms. Zamarripa stated that, as in past practice at the beginning of each new legislative session, the CSU’s legislative principles are being brought forth for the board’s adoption. These principles are used by the chancellor and others, including the Advocacy and State Relations (ASR) office,
in representing the CSU in the State Capitol. She stated that the proposed principles reflect only two changes to those that were adopted in the previous legislative session: 1) Item 3C, which reinforces the importance of retaining as much flexibility as possible for the board and the chancellor in the management and operation of the system; and 2) Item 5, which recognizes the CSU’s role and responsibility in meeting the workforce needs of the state.

In response to a question from Trustee Hauck, Ms. Zamarripa confirmed that the recommendations in the auxiliary report presented to the board the day before by Executive Vice Chancellor Emeritus Richard P. West would be incorporated into our sponsored legislation.

Lieutenant Governor Newsom expressed his interest in the CSU’s use of alternative fuel vehicles and other sustainability efforts, which he noted were not represented in the legislative principles. Ms. Zamarripa replied that the CSU has been fully committed and involved in sustainability efforts as they relate to green jobs, operations, vehicles, and energy use at its campuses. Further, there have been several initiatives supported by the board that are being implemented by the system and campuses.

The committee recommended approval of the proposed resolution (RGR 01-11-01) adopting the Trustees’ Statement of Legislative Principles for 2011-2012.

**2011-2012 Legislative Report No. 1**

Ms. Zamarripa reviewed the five recommended CSU Board of Trustees-sponsored bills for the 2011 legislative session:

1) SB 1440 – Veterans Clean-up Effort: As this historic legislation went before the Senate for a final vote, questions arose about whether its provisions would supersede the admissions priority currently granted for veterans. Senator Padilla, the CSU and other partners committed to pursue clean-up legislation to clarify this issue. Legislative staff has agreed to include such language in the annual higher education omnibus bill.

2) K-12/Higher Education General Obligation Bond: Proposes a four-year K-12/higher education bond measure for the November 2012 ballot to fund the systems’ capital outlay needs. It is important that the CSU get this proposal in motion and begin discussions within the higher education community, with K-12 education and other partners interested in making investments in its educational infrastructure.

3) Vehicle Purchasing: Legislation is proposed to permanently restore CSU’s authority to purchase vehicles necessary to support its campuses and academic programs. Assembly Member Kristen Olsen has agreed to author this legislation on behalf of the CSU.

4) Direct Vendor Pay: Campus Audits: This measure will provide a cost savings of $1.5 million a year to the system and improve the CSU’s operational efficiency by eliminating duplicative auditing requirements associated with the CSU’s direct vendor pay authority.
5) Auxiliary Transparency and Accountability: Staff is recommending that the CSU sponsor legislation to improve the transparency and accountability of its auxiliaries to ensure that the public is confident about the important role these non-state entities have in serving students and faculty as well as campus programs and services. This proposal will also protect donors’ and volunteers’ privacy rights and the proprietary information associated with commercial contracts.

Trustee Anderson asked if any feedback has been received from legislators as to how this bill might fare compared to the other transparency bills out there. Ms. Zamarripa replied that most legislators understand that the CSU is trying to protect the role of its auxiliaries while providing the transparency and accountability that students, policymakers, and the general public expects. The real issue is how to achieve the right balance between the two. Trustee Chandler expressed appreciation to the CSU Advocacy and State Relations staff for all its efforts in this regard and offered the board’s assistance.

Superintendent Torlakson offered comments on the proposed education bond. He invited CSU experts to join K-12 in examining the construction process, how money is being spent, and ways to streamline the process by cutting across jurisdictional lines so that all segments can work together in efforts such as energy and water conservation, to show the public that funds are being wisely spent.

The committee recommended approval of the proposed resolution (RGR 01-11-02) adopting the 2011-2012 Legislative Report Number 1.

California State University Federal Agenda for 2011

Trustee Mehas asked Vice Chancellor Garrett Ashley to introduce the item. Vice Chancellor Ashley commented on the tremendous impact that the federal government has on the CSU in providing critical financial assistance to our students, support to our campuses and research funding to our faculty. He introduced Assistant Vice Chancellor Jim Gelb.

Mr. Gelb began with a review of the 2010 federal agenda, which he noted was divided into two parts: policy priorities and directed spending requests (earmarks). He indicated that overall, 2010 was a relatively good year for CSU policy priorities. The Health Care and Education Reconciliation Act was a significant piece of legislation for the CSU as it provided for a major boost to the Pell grant program over the next decade by increasing the maximum Pell grant award from last year’s rate of $5,350 to a projected maximum of $5,975 by 2017 (using the Consumer Price Index). The bill also continued significant supplementary funding to minority serving institutions, including Hispanic Serving Institutions (HSIs), to support students in STEM programs. Chancellor Reed played a key role in helping to enact this legislation with his testimony to the House Education Committee.
In addition, Mr. Gelb noted that the CSU provided strong support for the reauthorization of the America COMPETES bill, particularly in ensuring inclusion of Professional Science Master’s programs. The CSU also helped advance first-time funding efforts for a program to enhance capacity at Hispanic-serving agricultural colleges. Other areas of interest to the CSU included year-end tax legislation, which contained provisions supported by the CSU extending the American Opportunity Tax Credit, deductions for qualified tuition expenses, the R&D tax credit, and the ability to roll over assets in IRAs to charitable organizations, including institutions of higher education.

Mr. Gelb also mentioned revisions made to the GI bill, some of which will broaden the number of veterans that will be eligible for enrollment in CSU institutions, and some modest but useful increases in funds to universities to process applications for veterans. He reported that the DREAM Act fell short in the number of votes required to pass in the last Congress.

With regard to projects, the CSU submitted six systemwide earmark requests this past year, all of which received formal support from House or Senate delegation members and several of which received initial funding amounts in House or Senate appropriations bills. However, all appropriations requests collapsed in December as opposition to earmarking grew stronger in the Congress.

Mr. Gelb provided an overview of the current political landscape in Washington in light of the recent election cycle. He noted that there was very little change in California’s Congressional delegation, though there were significant shifts in leadership roles in the House due to the Republican takeover. He explained that no “big ticket” legislative policy items are anticipated for higher education in 2011, except for a bi-partisan push to reauthorize the Elementary and Secondary Education Act, which is of particular interest to the CSU in the realm of teacher preparation. There will be big changes in earmarking as the House and the Senate Republican leadership have declared a moratorium. The most significant factor is the overall budget situation and the likelihood of significant federal spending cuts; in particular, what it means for discretionary funding, which is where the federal government affects the CSU most through programs ranging from financial aid to research.

He stated that in looking at initial cuts likely to surface in the current fiscal year, one number frequently used as a benchmark for cuts is a return to 2008 spending levels. He went over what that might mean for the CSU as it relates to Pell grant funding, GEAR-UP funding, TRIO, etc. He noted that the Pell grant program is of serious concern since the CSU has more than 140,000 students who receive Pell grants, with the average award of $4,000. Chancellor Reed noted that the CSU is the largest beneficiary in the United States of many federal programs. Mr. Gelb added that the biggest concern with the Pell program is that its costs are growing while the shortfall to fund it is also growing. There is a projected $14 billion shortfall in funding the Pell grant program this coming year, which signifies a precarious environment going forward. He also relayed that science and research funding received a lot of new money last year as part of federal “stimulus” efforts, which benefited CSU research but will not come back this year.
For 2011, Mr. Gelb stated, it is proposed that the CSU continue its same policy priorities as in 2010, but streamline them into a simpler list of broad categories, including ensuring access through aid to students; better preparing students for college; fostering success for the state’s diverse population; training students for today’s workforce; and solving problems through applied research. It will be important to remind representatives in Washington of the tremendous role that education and applied research play in our nation’s economy. In addition, the CSU should continue to advocate for policies that promote philanthropy to universities and a positive climate for university advancement. He reviewed these priorities in the context of subjects likely to come up in 2011, such as teacher preparation, scrutiny of for-profit institutions, America COMPETES/Professional Science Master’s program funding, farm bill programs aimed at institutions like ours, regulatory reform and the DREAM Act. Mr. Gelb also highlighted several key dates in 2011 and noted that the list should include the president’s budget, which is to be released around February 14.

Trustee Guzman asked what message the CSU Trustees should consider carrying at the federal level. Mr. Gelb responded that the CSU has a great story to tell about its innovativeness that many in Washington do not know about, in board-supported areas ranging from teacher evaluation to early assessment to outreach. It is also important to emphasize the CSU’s low cost of attendance, the value received for the federal government’s investment in the Pell grant programs, and the CSU’s programs that assist veterans and other groups with diverse needs. Trustee Guzman noted that although the trustees are well-schooled on issues at the state level, it would be good to have talking points available to them for the national level.

Trustee Chandler inquired whether, with the difficult climate for earmarks in Congress this next year, there might be an opportunity through the Farm Bill to get some funding for the CSU’s two priorities for training workforce and applied research, making it possible for the CSU to leverage more funding and not rely so heavily on the earmarks? Mr. Gelb replied that the CSU has historically tried to do this and would continue to explore it, but it is a two-step process: first, to get an appropriate program authorized in the Farm Bill; and second, to get the item funded in the appropriations process. The CSU must be wary about putting program language that is very specific into authorizing bills, which may be perceived as earmark language and subject to the same kinds of objections as appropriations earmarks.

Lieutenant Governor Newsom asked if the Board of Trustees had taken a formal action on the DREAM Act and what the board’s position is in terms of legislation in California. Ms. Zamarripa replied that the CSU was proud to be an active partner with former Assembly Member Marco Firebaugh in making college accessible for students who have attended a California high school for three years and graduated, known as AB 540 students. Further, she reported that CSU has supported state efforts to provide these students eligibility for financial aid. Mr. Gelb noted that on the federal front, CSU has always supported a federal version of the DREAM Act; in fact, in 2010 Chancellor Reed cosigned a letter along with many other university presidents in support of such legislation. Chancellor Reed also related that he and
Chancellor Brit Kirwan from Maryland had visited with Senator Dick Durbin of Illinois, the lead sponsor of the DREAM Act, to declare their support for the legislation.

Trustee Dixon inquired if there was any plan for attempts to get maintenance of effort laws included in the Pell grant or other authorizations and, if not, what the CSU’s considerations were for doing so in the long term. Mr. Gelb stated that some maintenance of effort provisions that have been included in the higher education realm have been effective, but it has been difficult to do politically and will be even more so in the current environment, including significant opposition from governors. However, the CSU will continue to discuss and encourage such efforts going forward. President Alexander noted that when the first time maintenance of effort provisions went though in the Higher Education Act, there were 47 governors against it; however, it was only included in a very modest program.

The committee recommended approval of the proposed resolution (RGR 01-11-03) adopting the California State University Federal Agenda for 2011.

Trustee Mehas adjourned the committee.
COMMITTEE ON GOVERNMENTAL RELATIONS

2011-2012 Legislative Report No. 2

Presentation By

Garrett P. Ashley
Vice Chancellor
University Relations and Advancement

Karen Y. Zamarripa
Assistant Vice Chancellor
Advocacy and State Relations

Summary

This item contains an update on the Board of Trustees’ 2011 Legislative Program and a look at bills of interest to the CSU. Further analysis and consultation will lead to the development of the priority bill list for the year.

Board of Trustees’ Sponsored Bills

AB 633 (Olsen) California State University: Acquisition or Replacement of Motor Vehicle: This measure permanently authorizes the CSU to purchase vehicles, an authority that is set to expire next spring. The CSU had the authority to conduct all procurements and contracts, including the purchase of vehicles, since 1986. In 2004, legislation was enacted that addressed state agencies and added the CSU back into the statute requiring the approval of the Department of General Services for vehicle purchases. In 2007, the CSU’s authority was reinstated until July 1, 2012.

Status: This measure may be heard on or after March 19.

AB 822 (Block) Public Postsecondary Education Facilities: Kindergarten-University Public Education Facilities Bond Act of 2012: This legislation would propose a four-year K-12/Higher Education bond measure for the November 2012 ballot.

Status: This measure may be heard in committee on or after March 20.

SB 292 (Padilla) Public Postsecondary Education: Community Colleges: Transfer: This measure has been introduced for clean-up that may be necessary from the enactment of the original proposal (SB 1440) to include veterans’ priority admissions status.

Status: This measure was referred to the Senate Committee on Rules.
SB 736 (Cannella) California State University: Trustees: This proposal would eliminate time-consuming and duplicative independent campus audits associated with our direct vendor pay program, reducing administrative costs of $2 million per year. The CSU would still complete its systemwide annual audit and provide specific data from the individual audit to the public. This proposal would have no affect on auxiliary organizations as an independent audit would still be required on every auxiliary in accordance with the Education Code.

Status: This measure may be acted upon on or after March 21.

Other Legislative Measures of Interest to the CSU

AB 2 (Portantino) Postsecondary Education: Educational and Economic Goals for California Higher Education: This bill proposes a statewide accountability framework for higher education, similar to prior legislation.

CSU Position: SUPPORT
Status: This measure was referred to the Assembly Committee on Higher Education.

AB 7 (Portantino) State Employment: Salary Freeze: This is the third attempt to restrict salary increases for state employees who earn more than $150,000 a year and are not part of collective bargaining agreements.

CSU Position: OPPOSE
Status: This measure was referred to the Assembly Committee on Public Employees, Retirement and Social Security.

AB 24 (Block) California Postsecondary Education Commission: Feasibility Study: Chula Vista: This measure would direct the California Postsecondary Education Commission (CPEC) to study and report on the feasibility of establishing a higher education campus at Chula Vista.

CSU Position: NO OFFICIAL POSITION
Status: This measure was referred to the Assembly Committee on Higher Education.

AB 63 (Donnelly) Public Postsecondary Education: Tuition and Fees: This measure would repeal the law established by AB 540 (Firebaugh, Chapter 814, Statutes of 2001), which requires that any student that has attended a California high school for at least three years and graduated pay in-state tuition.

CSU Position: OPPOSE
Status: This measure was referred to the Assembly Committee on Higher Education and Veterans’ Affairs.

**AB 130** (Cedillo) **Student Financial Aid: Eligibility: California Dream Act of 2011:** This measure modifies AB 540 to also treat adult education or trade school graduates as in-state students for purposes of tuition. The bill will allow financially needy students to receive student scholarships from a public postsecondary institution if funded by non-state sources.

**CSU Position:** SUPPORT

Status: This measure was referred to the Assembly Committee on Higher Education.

**AB 131** (Cedillo) **Student Financial Aid:** This measure would allow students who are covered by AB 540 to receive state financial aid.

**CSU Position:** SUPPORT

Status: This measure was referred to the Assembly Committee on Higher Education.

**AB 194** (Beall) **Public Postsecondary Education: Priority Enrollment: Foster Youth:** This measure would require the CSU, UC or CCC to provide priority registration for former foster youth.

**CSU Position:** PENDING

Status: This measure was referred to the Assembly Committee on Higher Education.

**AB 331** (Brownley) **The Leroy F. Greene School Facilities Act of 1998:** This measure, authored by the Chair of the Assembly Committee on Education, is one of three spot bills introduced that would place a K-12/higher education bond on the November 2012 general election ballot.

**CSU Position:** WATCH

Status: This measure was referred to the Assembly Committee on Education.

**AB 372** (Hernández, Roger) **Public Postsecondary Education: Veterans ‘Academic Credit’:** This proposal would require the CSU to grant academic credit for military training that a veteran has received while serving in the armed forces.

**CSU Position:** PENDING

Status: This measure was referred to the Assembly Committee on Higher Education.
AB 620 (Block) Public Postsecondary Education: Nondiscrimination and Training: Sexual Orientation and Gender Identity: Numerous legislative measures have been introduced this legislative session dealing with bullying on educational campuses. This proposal would require the CSU, along with the other two segments of higher education, to amend their Student Code of Conduct to address harassment, intimidation and bullying, as well as mandating professional development and training for faculty and administrators.

CSU Position: PENDING
Status: This measure may be heard in committee on or after March 19.

AB 635 (Knight) Veterans’ Benefits: Public Postsecondary Education: Mandatory Educational Fees: This measure seeks to align California law with the recently enacted federal benefits for veterans by changing “fee” to "tuition."

CSU Position: SUPPORT
Status: This measure may be heard in committee on or after March 19.

AB 636 (Knight) Military Service: Benefits: Current law allows a student, who is called into active duty by a certain date, to receive a credit toward a future academic term. This proposal would delete the cutoff date and would provide that any refund have equal value in a future term, regardless of any future tuition/fee increase enacted in their absence.

CSU Position: PENDING
Status: This measure may be heard in committee on or after March 19.

AB 649 (Harkey) Public Postsecondary Education: Veterans’ Enrollment: Current law allows a veteran to receive priority registration for courses two years after leaving the military. This proposal would provide priority admission and registration for five years after their departure from the military.

CSU Position: PENDING
Status: This measure may be heard in committee on or after March 19.

AB 661 (Block) Public Postsecondary Education: San Diego Community College District: Baccalaureate Degree Pilot Program: This measure would provide the San Diego Community College District the authority to offer certain bachelor's degrees as a pilot program for eight years to meet workforce shortages.

CSU Position: WATCH
Status: This measure may be heard in committee on or after March 19.
AB 740 (Blumenfield) Personal Services Contracts: This measure restricts the ability of a state agency from using outside consultants and would require all contracts to be cancelled if they are in conflict with an existing civil service employee’s position.

CSU Position: PENDING
Status: This measure may be heard in committee on or after March 20.

AB 844 (Lara) Student Government: Students Qualifying for Exemption from Nonresident Tuition: This measure would state that any student who is eligible to receive the benefit for tuition/fees established by AB 540 also be allowed to serve on a student government body and receive appropriate compensation.

CSU Position: PENDING
Status: This measure may be heard in committee on or after March 20.

AB 853 (Blumenfield) Public Postsecondary Education: Tuition and Fees: Veterans: This measure would conform state law to federal law in regard to enrollment for a member of the military and their dependents. Specifically, it would state that they are both entitled to receive the in-state resident fee for as long as they are continuously enrolled, whether they are determined residents under current policy or not.

CSU Position: PENDING
Status: This measure may be heard in committee on or after March 20.

AB 1237 (Nestande) Postsecondary Education: Funding: This measure prohibits the CSU from spending any general fund dollars on remedial programs.

CSU Position: OPPOSE
Status: This measure may be heard in committee on or after March 22.

SB 8 (Yee) Public Records: Auxiliary Organizations: This measure is another attempt by Senator Yee to make the CSU’s auxiliaries subject to the Public Records Act, as previously attempted with SB 330 from last year, which was vetoed by the governor.

CSU Position: OPPOSE
Status: This measure was referred to the Senate Judiciary Committee.

SB 27 (Simitian) Public Retirement: Final Compensation: Computation: Retirees: This measure is similar to a bill that was vetoed last year, and states that the Public Employees’ Retirement System (PERS) should have a methodology (within the current law of not considering the last three years salary prior to retirement) to ensure that an employee does not receive a salary increase solely for the purposes of increasing a retirement package. The bill would also restrict
the ability of a retired annuitant to return to work prior to 180 days after their initial separation date.

**CSU Position:** PENDING
**Status:** This measure was referred to the Senate Public Employment and Retirement Committee.

**SB 181 (Liu) Public Postsecondary Education: Student Fee Policy:** This measure would require that the CSU, and request that the UC, provide that any tuition/fee increase be passed at least three months prior to its effective date. It also would require/request the CSU/UC to create a methodology for tuition/fee increases. Finally, the measure would require the Legislative Analyst's Office to report on the implementation of this proposal annually. The bill would go into effect for the 2012-2013 academic year.

**CSU Position:** PENDING
**Status:** This measure was referred to the Senate Education Committee.

**SB 185 (Hernandez) Public Postsecondary Education:** This legislative measure is an attempt by the author to increase the diversity at the CSU and the UC by allowing both systems to look at a student's geographic origin and household income when considering admissions. They would also be allowed to consider race, gender, ethnicity, and national origin to the extent allowable under the 14th amendment of the U.S. Constitution and any relevant case law.

**CSU Position:** PENDING
**Status:** This measure was referred to the Senate Rules Committee.

**SB 483 (Calderon) The University of California and the California State University: Summer Session Fees:** This measure prohibits summer session fees at the UC and CSU campuses from exceeding the fees charged per credit unit for any other academic term.

**CSU Position:** OPPOSE
**Status:** This measure may be heard in committee on or after March 20.

**SB 721 (Lowenthal) California Higher Education: Educational and Economic Goals:** This measure is the Senate's vehicle for creating a higher education accountability system in California.

**CSU Position:** SUPPORT
**Status:** This measure may be heard in committee on or after March 21.
SB 788 (Lowenthal) School Facilities: This proposal is the Senate's vehicle for a possible K-12/Higher Education bond in 2012.

CSU Position: WATCH
Status: This measure may be heard in committee on or after March 22.

SB 813 (Committee on Veterans' Affairs) Public Postsecondary Education: Veterans' Enrollment: This measure would grant priority enrollment to these members or former members of the armed forces of the United States within four years of leaving active duty.

CSU Position: PENDING
Status: This measure may be heard in committee on or after March 22.

SB 931 (Vargas) Public Employee Organizations: This bill prohibits public agencies from using public funds to pay outside consultants or legal advisors for the purpose of counseling the public employer about ways to minimize or deter the exercise of rights to organizations representing their employees as guaranteed under this chapter.

CSU Position: OPPOSE
Status: This measure may be heard in committee on or after March 21.

Adoption of the following resolution is recommended:

RESOLVED, By the Board of Trustees of the California State University, that 2011-2012 Legislative Report No. 2 be adopted.