

AGENDA

COMMITTEE ON GOVERNMENTAL RELATIONS

Meeting: 3:15 p.m., Tuesday, November 13, 2001
Glenn S. Dumke Conference Center

Martha C. Fallgatter, Chair
Roberta Achtenberg, Vice Chair
Daniel N. Cartwright
Debra S. Farar
Bob Foster
Murray L. Galinson
William Hauck
Ricardo F. Icaza
Dee Dee Myers
Ralph R. Pesqueira
Kyriakos Tsakopoulos

Consent Items

Approval of Minutes of Meeting of July 10, 2001

Discussion Items

1. 2001/2002 Legislative Report No. 5A, *Action*

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

July 10, 2001

Members Present

Martha C. Fallgatter, Chair
Daniel N. Cartwright
Debra S. Farar
Murray L. Galinson
William Hauck
Dee Dee Myers
Ralph R. Pesqueira
Kyriakos Tsakopoulos

Members Absent

Roberta Achtenberg, Vice Chair
Bob Foster

Chancellor's Office Staff

David S. Spence, Executive Vice Chancellor and Chief Academic Officer
Richard P. West, Executive Vice Chancellor and Chief Financial Officer
Louis Caldera, Vice Chancellor, University Advancement
Christine Helwick, General Counsel
Jackie R. McClain, Vice Chancellor, Human Resources
Karen Yelverton Zamarripa, Assistant Vice Chancellor, Governmental Affairs

Chair Fallgatter called the meeting to order at 3:18 p.m.

Approval of Minutes

The minutes of May 15, 2001 were approved.

2001-2002 Legislative Report No. 4

Chair Fallgatter announced Ms. Karen Yelverton Zamarripa, Assistant Vice Chancellor, Governmental Affairs, would present the report.

Ms. Yelverton Zamarripa presented highlights of the report, noting that a more detailed account was included in the written agenda.

She reported a final budget had not yet been adopted, and it was hoped that a decision would be made within the next week or two.

Ms. Yelverton Zamarripa stated that the Trustees' Legislative Program continues to move very effectively through the legislative process and that the bills are, in most cases, one or two steps away from the Governor's desk for his final action.

The property exchange bills, SB 323 (O'Connell) for CSU, Channel Islands and SB 593 (Alarcon) for the Northridge campus are currently in the fiscal committee. The bills have received no negative votes, and will hopefully go before the Governor's desk prior to the break for summer recess. The same is true for AB 1689 (Assembly Jobs Committee), the direct vendor pay bill. Letters from vendors doing business with CSU have been generated and directed to the Governor's office to reinforce our request for him to sign this bill into law.

AB 1719 (Assembly Higher Education Committee), CSU's omnibus bill, continues to move along. An additional component was recently added to the bill to address questions regarding the permissible use of the CSU name. SB 277 (Chesbro), which would provide healthcare assistance to CSU employees living in rural areas without access to a PERS approved HMO, has been placed on the Assembly Appropriations suspense file due to its fiscal impact; however, there is general optimism that it will eventually move forward.

A discussion took place regarding a possible higher education bond measure for the 2002 fiscal year. CSU has been working with the California Community Colleges and the University of California, as well as meeting with members of the legislature and others to discuss the proposal of a \$4.8 billion higher education component of such a bond. Two bills on this issue are already in the pipeline; however, public support for a bond has yet to be determined.

CSU's efforts on the education doctorate continue to move forward. Meetings with members of the legislature are going well, and the CSU presidents are actively working in their communities to develop support with local school and community college districts. To date, approximately 135 school districts and approximately 37 community college districts have endorsed the effort.

Chancellor Reed commented on the positive collaboration occurring among the segments regarding the bond issue. He stressed the importance of continuing such collaboration as a means of improving the odds for a bond. The Chancellor said he would keep the board informed of progress on this issue as it occurs.

The committee recommended approval of the proposed resolution (RGR 07-01-05).

The meeting adjourned at 3:26 p.m.

COMMITTEE ON GOVERNMENTAL RELATIONS

2001/2002 Legislative Report No. 5A

Presentation By

Karen Yelverton Zamarripa
Assistant Vice Chancellor
Governmental Affairs

Summary

This item contains a status report on the Trustees' Legislative Program for 2001, and priority legislation introduced this year.

Background

The following bills comprise the Trustees' Legislative Program for 2001. The status of each bill at Interim Recess, following action by Governor Davis, is indicated.

Senate Bill 277 (Chesbro) Public Employee Health Care Benefits: Rural Areas: State University Employees. This bill would make employees of the California State University eligible to access the Rural Health Care Equity Trust Fund, which provides subsidies and reimbursements for health care costs incurred by state employees and annuitants who live in rural areas where there is no available health maintenance organization (HMO) plan that has been approved by the Public Employees' Retirement System (PERS) Board of Administration.

Status: Assembly Appropriations Committee. Given the increasing uncertainty of the economy, SB 277 was held in committee. The CSU is working during interim recess to explore means to secure passage of the bill in the second year of session.

Senate Bill 323 (O'Connell) California State University: Real Property Exchange. Senate Bill 323 authorizes the CSU to acquire approximately 75 acres of farmland adjacent to the main campus at CSU, Channel Islands, in order to develop a primary access road and athletic fields, in exchange for a portion of a 262-acre site, located eight miles northwest of the main campus. The CSU obtained this 262-acre site, which is comprised of a 196-acre lemon orchard and 66 acres of row crops, from the state in 1995.

Status: Signed by Governor Davis; Chapter 402, Statutes of 2001

Senate Bill 593 (Alarcon) California State University: Real Property Exchange. This bill authorizes the CSU to exchange a 5-acre parcel of land at CSU, Northridge (CSUN), known as Zelzah Court, for the approximately 8.5-acre Prairie Street school site, which is owned by the Los Angeles Unified School District (LAUSD). CSUN will partner with LAUSD to build a small, specialized “academy” high school on the Zelzah Court site that would accommodate 800 students. Construction and operation of the new high school would be the sole financial obligation and responsibility of the school district. In return, the school district would transfer to the university full ownership of the 8.5-acre former Prairie Street School site. Acquiring this property would help round out the perimeter of the campus core, and provide land for hundreds of much-needed new parking spaces for students and others.

Status: Signed by Governor Davis; Chapter 726, Statutes of 2001

Senate Bill 713 (Alpert) Doctorate of Education Degree. As introduced, SB 713 requires the state to ensure that a sufficient number of affordable, high-quality opportunities to obtain the doctoral degree in education (Ed.D.) are made available to interested candidates. It is anticipated that the bill will be amended prior to its policy hearing in January 2002 to grant CSU the authority to offer the Ed.D.

Status: Senate Education Committee; to be heard in January 2002.

Assembly Bill 895 (Wiggins) Public Employees’ Retirement System: State Peace Officer/Firefighter Members. On May 31 of this year, negotiators for the CSU and the Statewide University Police Association (SUPA) reached tentative agreement on a new 3-year contract. This bill provides the necessary statutory authorization for the provision in the contract that provides a 3% at age 50 retirement formula for specified members of the CSU police department.

Status: Signed by Governor Davis; Chapter 785, Statutes of 2001

Assembly Bill 1689 (Assembly Jobs and Economic Development Committee) California State University Direct Vendor Pay. In 1996 the Legislature approved AB 2613 (Aguilar; Chapter 934/Statutes of 1996), which allowed all CSU campuses to pay vendors directly until January 1, 2002. Audits of the Direct Vendor Pay Program by the State Controller’s Office and the Bureau of State Audits indicate that the process has been successful in processing timely payments, without causing material weaknesses in the system of checks and balances over disbursements.

This proposal permanently authorizes the CSU Direct Vendor Pay Program.

Status: Signed by Governor Davis; Chapter 169, Statutes of 2001

Assembly Bill 1718 (Assembly Higher Education Committee) California State University Authority to Promulgate Regulations. In 1996, the Legislature approved AB 3132 (Firestone, Chapter 938/Statutes of 1996), which among other provisions authorized the CSU to promulgate regulations, until January 1, 2002, without their being subject to approval by the state Office of Administrative Law. AB 1718 extends that authority for one year.

Status: Signed by Governor Davis; Chapter 717, Statutes of 2001

Assembly Bill 1719 (Assembly Higher Education Committee) California State University Omnibus Proposals. This omnibus bill includes several items pertaining to the CSU, including clarification of CSU's procurement and contracting authority by providing a central location for procurement policies applicable only to the CSU. The bill also adds a provision clarifying existing law governing the use of the name "California State University." In addition, the bill includes other technical, non-controversial items.

Status: Signed by Governor Davis; Chapter 219, Statutes of 2001

Higher Education Bond Act. The Board included as part of the Trustees' Legislative Program a proposal to place a higher education bond act on the March 2002 Primary Election Ballot. The three public segments (CSU, University of California, and the California Community Colleges) reached an agreement earlier this year on the parameters of the higher education portion of the proposed education bond. Together, the segments have advocated for \$4.8 billion, \$4 billion of which would be split evenly with each segment receiving \$1.333 billion (or \$333 million annually) over the four-year period of the bond. The remaining portion would be devoted to joint facilities projects (\$200 million), new campuses and centers (\$200 million), community college modernization (\$200 million), and a set aside for a reserve and multi-purpose use (\$200 million).

Status: Legislative negotiations on an education bond continued until the final hours of session, but did not reach fruition before adjournment. The proposal that was discussed on the final night of session would have placed an \$11.4 billion bond on

the March 2002 and November 2004 ballots. \$2.3 billion of each bond would have been devoted to higher education, in the following manner:

- \$0.66 billion – University of California
- \$0.66 billion – California State University
- \$0.86 billion – California Community Colleges
- \$60 million – Joint Use/Intersegmental Facilities
- \$60 million – New Campuses/Off Campus Centers

The issue of placing an education bond on the ballot will be revisited in 2002; whether the distribution of the higher education portion of the bond will remain as outlined above is not known. The deadline for placing a bond on the November ballot is June 27.

Priority Legislation

The following bills have been classified as priority legislation because their impact on the CSU would be particularly significant. The report is divided into two sections: *Governor's Actions*, covering bills which were approved by the Legislature, and *Two-Year Legislation*, bills on which action can occur in the second year of session.

Governor's Actions

Assembly Bill 75 (Steinberg) Principal Training Program. This bill creates the Principal Training Program to provide training for 5,000 school principals and vice principals per year, until all 15,000 school site administrators are trained. The bill requires the Superintendent of Public Instruction, with the approval of the State Board of Education, to administer the program.

Status: Signed by Governor Davis; Chapter 697, Statutes of 2001

Assembly Bill 978 (Steinberg) Repatriation of Native American Remains and Artifacts. Assembly Bill 978 establishes a process for repatriation of Native American human remains and cultural items that are currently in the possession of state agencies and museums that receive state funding. The bill was amended to reduce its scope and cost to the public segments of higher education.

Status: Signed by Governor Davis; Chapter 818, Statutes of 2001

Assembly Bill 1081 (Nation) California State University Faculty. This bill would have required that temporary faculty of the California State University who work 40% of full-time or more not be excluded from membership in the Public Employees' Retirement System, if so provided in a collective bargaining agreement or by the Trustees with respect to excluded employees.

Status: Vetoed by Governor Davis. In his veto message, Governor Davis stated, "this bill would result in General Fund costs of over \$800,000 in additional employer retirement contributions, in addition to pressure to provide CSU over \$1 million General Fund to cover additional social security costs. I cannot support substantial new spending when state revenues have dropped \$1.1 billion in the first three months of this fiscal year alone."

Assembly Bill 1611 (Keeley) Higher Education Housing. Assembly Bill 1611 authorizes the California Educational Facilities Authority (a division of the State Treasurer's Office that finances facility construction at private higher education institutions) to enter into agreements with nonprofit entities to finance the cost of constructing student and faculty housing near the campuses of the University of California, the California State University, and the California Community Colleges.

Status: Signed by Governor Davis; Chapter 569, Statutes of 2001

Senate Bill 327 (Scott) California State University: Biotechnology. This bill expresses legislative intent to provide additional state funding to the California State University for development of a bioscience center that would integrate research and innovation, applied workforce training, and incubation of new bioscience enterprises.

Status: Signed by Governor Davis; Chapter 403, Statutes of 2001

Senate Bill 517 (Torlakson) California Postsecondary Education Commission. Senate Bill 517 requires the California Postsecondary Education Commission to consider the development of facilities to be used by more than one segment of public higher education, and to recommend to the Legislature criteria and processes for different segments to utilize bond funds for joint-use facilities.

Status: Signed by Governor Davis; Chapter 580, Statutes of 2001

Senate Bill 1212 (Romero) Higher Education Labor Relations. Senate Bill 1212 amends the Higher Education Employer-Employee Relations Act (HEERA) to provide that the grievance and disciplinary action procedure established in statute for CSU academic employees may be superseded by a memorandum of understanding (MOU) only if the procedure developed through the collective bargaining process provides a greater level of benefits or rights.

Status: Signed by Governor Davis; Chapter 808, Statutes of 2001

Two-Year Legislation

To remain active in the second year of session, the following bills must be approved by their house of origin by January 31, 2002. It is unlikely that any bill held in one of the Appropriations Committees will advance further next year.

Assembly Bill 195 (Alquist) Student Charges. Assembly Bill 195 would place in statute state policies regarding undergraduate student fees at public higher education institutions. Among those would be a policy that increases in student fees should be moderate and predictable so that students and their families can prepare for the costs of college attendance.

Status: Senate Appropriations Committee

Assembly Bill 307 (Pavley) Trustees of the California State University. This bill would increase the membership of the Board of Trustees by requiring the Governor to appoint a nonfaculty employee of the university for a two-year term. AB 307 is a reintroduction of Senate Bill 1604 (O'Connell), which was returned to the Legislature last year after Governor Davis indicated that he would not sign the bill.

Status: Senate Inactive File

Assembly Bill 338 (Correa) Postsecondary Education: Orange County Project. Assembly Bill 338 would create a demonstration project to address the nursing shortage in Orange County as a public/private partnership. The bill allocates funds to California State University, Fullerton as one of the public partners in the program.

Status: Senate Appropriations Committee

Assembly Bill 689 (Steinberg) California State University. This bill would enact the Quality of California State University Services through Contractor Accountability Act of 2001. The bill would prohibit the CSU from entering into a privatization contract, unless the university and the contractor comply with prescribed procedures, including the submission of a written statement of services proposed to be the subject of the contract and the solicitation of sealed bids for the contract.

Status: Assembly Higher Education Committee

Assembly Bill 707 (Negrete McLeod) Higher Education Labor Relations. As amended on April 24, AB 707 would authorize employees of CSU auxiliary organizations to collectively bargain with their employer under the Meyers-Milias-Brown Act (MMBA). The bill would exclude from its provisions a) student body organizations and student union organizations, b) persons employed in a unit responsible for fundraising, grants and contract administration; and c) confidential, managerial, and supervisory employees.

Status: Assembly Appropriations Committee

Assembly Bill 792 (Kehoe) Public Postsecondary Education: Systemwide Fees. This bill would provide that systemwide undergraduate and graduate fees at the CSU and University of California be reduced to the level charged for the 1991-92 fiscal year, as adjusted by the Department of Finance by an amount reflecting the increases in the California Consumer Price Index occurring during the intervening years.

Status: Assembly Higher Education Committee

Assembly Bill 820 (Shelley) California State University Housing Finance Pilot Program. As amended on April 16, AB 820 would enact the California State University Housing Finance Pilot Program, which would be administered by the California Housing Finance Agency to provide home loan assistance for the CSU system to recruit and retain newly hired professors and faculty at CSU campuses.

Status: Assembly Housing and Community Development Committee

Assembly Bill 1063 (Aroner) Public Colleges and Universities. This bill would authorize the State Public Works Board to finance the acquisition of sites and the construction, renovation, and

equipping of student, faculty, and staff housing facilities on those sites for use by public colleges and universities.

Status: Assembly Appropriations Committee

Assembly Bill 1342 (Alquist) Professional Services Certificate Program. This bill would require the California State University and the University of California to develop a Professional Services Certificate Program, consistent with the standards of the National Board of Professional Teaching Standards, to produce specially trained teachers to provide California with a cadre of experienced high quality teachers to serve as mentors, supervisors and support providers to novice professionals, especially at low-performing schools.

Status: Senate Education Committee

Senate Bill 317 (Ortiz) Nursing Education. Senate Bill 317 would create two programs to increase the number of competent registered nurses who are graduated by California colleges and universities, to provide health care services to people in underserved areas in California: the Registered Nursing Enhancement Grant Program, and the Registered Nursing Loan Forgiveness Program.

Status: Senate Appropriations Committee

Senate Bill 457 (Scott) Public Postsecondary Education: Nursing Programs. Senate Bill 457 would require the California Community Colleges and the California State University to standardize all nursing program prerequisites on a statewide basis between the 2 systems, enter into transfer agreements between all of the universities of the State University and all community colleges statewide, and create and implement a statewide nursing program vacancy information system.

Status: Senate Education Committee

Senate Bill 494 (Karnette) California State University. This bill would require that, when a campus of the California State University operates on a year-round schedule, the employment standards of each academic employee at that campus who is employed during the extended academic year is to be maintained at the level applied to academic employees in the academic year prior to the commencement of year-round operation.

Status: Senate Education Committee

Senate Bill 1070 (Ortiz) Postsecondary Education: Student Aid Commission. This bill, sponsored by Lt. Governor Cruz Bustamante, would establish the College Opportunity Corps Program under the administration of the Student Aid. The mission of the College Opportunity Corps would be to work with California high schools to educate high school seniors about the new Cal Grant program and to help high school pupils fill out the necessary application forms for that program. The bill would authorize the commission to select no more than 3,000 students for membership in the corps.

Status: Senate Appropriations Committee

Senate Bill 1214 (Romero) California State University: Auxiliary Organizations. As amended on May 2, this bill would require that, if a majority of the funding of an auxiliary organization is received from student fees, at least a majority of the board of directors of that auxiliary organization shall consist of students. This provision would only be applicable if the trustees determine that there is no legal or contractual barrier to changing the governing structure of that organization. The bill would also require the CSU to study the fiscal impact on auxiliary organizations of the policy relating to the reimbursement to the university of certain costs attributed to those organizations.

Status: Assembly Higher Education Committee

The following resolution is presented for adoption:

RESOLVED, By the Board of Trustees of the California State University,
that the 2001-02 Legislative Report No. 5A is adopted.