

**REVISED**

**AGENDA**

**COMMITTEE ON GOVERNMENTAL RELATIONS**

**Meeting: 11:30 a.m., Wednesday, November 19, 2003**  
**Glenn S. Dumke Auditorium**

Murray L. Galinson, Chair  
Roberta Achtenberg, Vice Chair  
Robert G. Foster  
William Hauck  
M. Alexander Lopez  
Ralph R. Pesqueira  
Kyriakos Tsakopoulos

**Consent Items**

Approval of Minutes of Meeting of September 16, 2003

**Discussion Items**

1. 2003/2004 Legislative Report No. 6, *Action*

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

**September 16, 2003**

**Members Present**

Murray L. Galinson, Chair  
Roberta Achtenberg  
Debra S. Farar, Chair of the Board  
Robert G. Foster  
William Hauck  
M. Alexander Lopez  
Ralph R. Pesqueira  
Charles B. Reed, Chancellor

**Members Absent**

Kyriakos Tsakopoulos

**Other Trustees Present**

Eric Guerra  
Alice A. Huffman  
Ricardo F. Icaza  
Kathleen Kaiser  
Shailesh J. Mehta  
Frederick W. Pierce, IV  
Stanley M. Toy  
Daniel Weinstein  
Milton M. Younger

**Chancellor's Office Staff**

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

Chair Galinson called the meeting to order at 3:47 p.m.

### **Approval of Minutes**

The minutes of July 15, 2003 were approved.

### **2003/2004 Legislative Report No. 5**

Ms. Karen Y. Zamarripa, assistant vice chancellor, governmental affairs welcomed new trustees, Kathleen Kaiser, Eric Guerra, Milton M. Younger, Stanley M. Toy, and Daniel Weinstein to the board.

Ms. Zamarripa prefaced her remarks by noting that the first year of the 2003/200 legislative year could be summarized as one which featured a difficult budget, challenging politics, defense of the CSU, and damage control.

Ms. Zamarripa proceeded to outline and provide details on various events during the legislative year and how they have affected, or will affect CSU:

Workers' compensation. She noted that CSU supported the workers' compensation legislative package approved by the Legislature, as part of a continuing effort to manage costs in that area. She explained that the primary focus of legislative discussions was how to cap medical costs, the number of times and individual may visit the chiropractor, and provisions relating to reimbursement issues for surgical centers.

Ms. Zamarripa made reference to Senate Bill 2, the universal health care bill authored by Senator Burton. The bill will require employers with 20 or more employees to provide health coverage for their employees; and require employers with 50 or more employees to provide health care coverage for their employees and their dependents. The bill was approved by the Legislature, and is pending on the Governor's desk.

Ms. Zamarripa also reported on AB 457 (Negrete McLeod), an early retirement bill that was approved and is pending on the governor's desk. The bill would allow the trustees to determine whether it would be in CSU's interest to provide an early retirement program of a two-year service credit, 2-year age credit, or some combination of both; and require that net savings be achieved in the current fiscal year (2003-2004). She cautioned that the bill would be subject to collective bargaining to determine eligibility for the program, should the trustees determine it appropriate.

Ms. Zamarripa provided an overview of two bills with major fiscal implications for CSU. Assembly Bill 1051 (Goldberg) pertains to the issue of capital facilities fees and was sent to the Governor. Essentially, the bill would allow public utilities to use CSU, UC, K-12 education, and other state agencies as the deep pockets for any utility infrastructure long-term costs in order to build the capacity for various utility programs. Ms. Zamarripa indicated this was the only measure she knew of on which the CSU would request a veto by the governor.

Ms. Zamarripa reviewed the history of events surrounding the defeat of Senate Bill 18 (Burton), pertaining to the treatment of sacred sites, and CSU's influence in defeating the bill. By creating a procedure in the California Environmental Quality Act for reviewing proposed capital projects that may adversely affect traditional tribal cultural sites, she noted that the bill would have been devastating to the authority of the CSU.

Reviewing trustee-sponsored legislation, Ms. Zamarripa noted that Assembly Bill 1778 had been signed into law, and that the remaining bills have become two-year bills. She alerted the committee to a last minute effort to gut and amend a bill to cut the CSU budget by an additional \$55 million by redirecting funds from the CMS project. CSU registered opposition to the bill, and the Senate concluded that the budget agreement was completed and the bill had to be heard by a policy committee in order to move forward. However, she noted that the bill – AB 610 – is in print and as a 2-year bill can be considered when the legislature returns in January.

Ms. Zamarripa indicated she plans to provide a report in January assessing all bills enacted in the state that are new mandates and require non-instructional expenditures and use of personnel, thereby diverting money from the classroom. The report is intended to serve to provide a context for additional obligations to the CSU beyond the current budget crisis.

Ms. Zamarripa concluded noting the process will begin shortly to examine legislative proposals for the 2004 session as well as preparing for the new trustee confirmations when the legislature returns in January.

Trustee Huffman thanked Ms. Zamarripa and her staff for their excellent work and commended them for their success in defeating the sacred site proposal.

The committee recommended approval of the proposed resolution (RGR 09-03-08).

### **Federal Relations Report: California State University 2003/2004 Goals and Role in Reauthorization of the Higher Education Act**

Trustee Galinson introduced Mr. George Conant, legislative director, office of federal relations and welcomed him to the CSU.

Mr. Conant provided an update on the status of the reauthorization of the Higher Education Act and focused on CSU's legislative priorities for reauthorization, and the role-played by CSU in the reauthorization process. Mr. Conant explained the background and history of the Higher Education Act and stressed the importance of the act to higher education and to CSU in particular. He then explained the six-tiered approach being pursued by the House to move their reauthorization bills through the process before conclusion of the current session in the fall. Mr. Conant noted the Senate would not begin its process on the act until next year.

Trustee Pesquiera expressed concern about proposed legislation by congressman McKeon that could penalize colleges and universities that increase tuition. Mr. Conant acknowledged this was

an issue of great concern, and said he and his staff have been working with congressional staff to inform them of CSU's past tuition reductions and efforts in pursuing a formal tuition policy. He pointed out CSU still remains the lowest cost institution of higher education in the country.

Chancellor Reed said he has spoken with congressman McKeon, and he is confident the congressman is ultimately on the side of higher education. Mr. Conant agreed saying he was confident the congressman would listen to the system.

Trustee Kaiser asked if there was any movement on allowing a 12-month cycle for student fee financial aid. Mr. Conant said there was interest in pursuing this issue, but cautioned there was the potential that changes to the existing program could negatively affect students if not handled carefully. He said he and his staff would be closely monitoring this situation.

### **California State Ballot Initiative**

Ms. Christine Helwick, general counsel, read a statement outlining CSU's position against the proposed ballot initiative known as Proposition 54. Ms. Helwick informed the committee that the University of California and California Postsecondary Education Commission have each voted to take a similar position opposing Proposition 54.

Trustee Pesqueira said he would abstain from voting citing the board's previous position on remaining apolitical on such matters.

A discussion took place and several trustees stated their reasons for varying from the board's usual stance of taking no formal position.

Trustee Milton Younger summarized that there is no intelligent way of allocating scarce resources without collecting the type of data Proposition 54 would disallow. Without such data, it will be impossible to know who is getting access to proper education, housing, medical care, and other vital services. He stated a vote for Proposition 54 is a vote for ignorance and CSU cannot afford that. He said it undermines the mission of our university, and hoped that everyone would join him in voting to adopt the proposed resolution.

Trustee Pesqueira thanked his colleagues for their persuasive arguments and comments. In particular, he stated trustee Younger's remarks had convinced him to support the resolution.

The committee recommended approval of the proposed resolution (RGR 09-03-09).

The meeting adjourned at 4:40 p.m.

## COMMITTEE ON GOVERNMENTAL RELATIONS

### 2003/2004 Legislative Report No. 6

#### **Presentation By**

Karen Y. Zamarripa  
Assistant Vice Chancellor  
Governmental Affairs

#### **Summary**

This item contains a status report on the Trustees' Legislative Program, and legislation introduced this year pertaining to the CSU or higher education in general. The status of each bill at the end of the first year of session is shown.

#### **Background**

##### *Trustees' Legislative Program*

The following proposals comprise the Trustees' Legislative Program for 2003.

***Senate Bill 971 (Burton) California State University.*** As amended on April 23, Senate Bill 971 includes three sections pertaining to various employees of the CSU:

- The bill would require Executive, Management Personnel Plan (MPP), and Academic employees to report on outside employment and business activities to ensure that such activities do not constitute a conflict of interest with CSU employment or conflict with normal work assignments or the performance of duties.
- The bill would prohibit an employee of the CSU from being a consultant or an employee of a for-profit business entity that provides services to the university.
- The bill would require CSU to offer ethics training to each employee who is required to file a Statement of Economic Interests in accordance with current law.

**Status:** Assembly Inactive File. The bill was amended late in the session to "double-join" its provisions with those contained in Assembly Bill 491 (Diaz). With this action, both bills became "two-year bills."

***Assembly Bill 825 (Firebaugh) Student Financial Aid: Ensuring Access to Cal Grant Program.*** In 2000, the State Legislature passed Senate Bill 1644 (Ortiz), legislation that made California a leader in guaranteeing financial aid for students based on merit and need. Among the four categories of the new Cal Grant structure, the California Community College (CCC) Transfer Entitlement has the greatest potential in providing financial aid to students who have chosen the Community College as their route to a college degree, program or certificate.

This entitlement is structured in such a way that a large portion of CCC students who desire to transfer to a four-year university cannot participate due to the age restriction as set forth in the California Education Code Sec 69436.8 (A-E). Essentially, only students who are under the age of 24 are eligible for this entitlement. This has a significant impact on CCC transfer students, as many are over the age of 24. Another provision in the CCC Transfer Entitlement Program requires that students maintain a community college GPA of 2.4 in order to be eligible for the award. However, transfer students are CSU-eligible if they maintain a 2.0 GPA. Therefore, the current statutory GPA requirement disenfranchises a significant number of eligible transfer students.

As an initial step in an effort by CSU to address these issues, Assembly Bill 825 expresses a finding by the Legislature that the current Cal Grant Competitive Program should be modified to ensure that the program clearly addresses the unique needs of older, adult, nontraditional, returning, and reentry students; and that the current program structure should be modified to ensure that the needs of students pursuing vocational and technical education programs are adequately being met.

In addition, the bill expresses the intent of the Legislature that the Student Aid Commission convene a group of interested parties to prepare a study regarding the extent to which the current Cal Grant programs adequately address the needs of California residents pursuing a postsecondary education.

**Status:** Held in the Senate Education Committee (two-year bill). The 2003 Budget Act requests CPEC to convene an advisory group to analyze the impact of the new Cal Grant on students, including those targeted in AB 825. In addition, the Governor signed legislation by Senator Bruce McPherson (SB 680) that requires the Student Aid Commission to convene an advisory committee to review the existing formula for calculating high school grade-point average under the Cal Grant program.

***Assembly Bill 1778 (Higher Education Committee) California State University Omnibus Proposals.*** The following technical and/or non-controversial proposals comprise this year's omnibus legislation:

Repeal Government Code Section Pertaining to Lottery Payments. This proposal would delete an obsolete reference in the Code to the California Maritime Academy (CMA) Board of Governors which no longer applies given the CMA's formal inclusion in the CSU.

Amend Government Code Section Pertaining to CSU Lottery Education Fund To Reflect CSU Authority. This proposal would amend Government Code section 8880.5 to reflect authority in the Education Code which provides CSU discretion to deposit lottery funds in local trust accounts.

Repeal Education Code Section Pertaining to Auxiliary Organization Obligations. Education Code Section 89911 was added to the Code by CSU-sponsored legislation in 1988 to enable favorable tax treatment of auxiliary organization revenue bonds. Since that time the IRS has issued a revenue ruling which assures favorable treatment, and this section is now obsolete.

Amend Education Code Section to Update Internal Citation. This proposal would update an internal citation in Education Code Section 90404 pertaining to the CSU's mission, which is located in a different code section than it was at the time that Section 90404 was adopted.

**Status:** Signed by Governor Davis; Chapter 187, Statutes of 2003

***International Polytechnic High School: Specialized Secondary Funding.*** This proposal would seek enhanced funding, through the budget process, for the International Polytechnic High School (I-Poly), a public specialized secondary school operated and housed at Cal Poly, Pomona.

**Status:** Ongoing conversations with key legislators involved in the budget process. For the time being, the initiative has been deferred given the state's fiscal condition.

#### *Notable Legislation*

The bills in this section of the report would result in an impact on the CSU or on higher education in general. The bills are organized under the following subject matters:

- Bills Directly Impacting the California State University
- Workers' Compensation
- Student Fee Policy
- Student Financial Aid

- Bills to Implement the Recommendations of the Joint Master Plan Committee
- California Postsecondary Education Commission
- Miscellaneous Relevant Legislation

*Bills Directly Impacting the California State University*

***Assembly Bill 457 (Negrete McLeod) Public Employees: Early Retirement Incentives.*** This bill would authorize specified state, local, and school employees, upon a specified determination by their employer, to receive credit for an additional 2 years of service and 2 years of age if those employees retire within a designated period, prior to January 1, 2005. As introduced, the bill would include employees of the CSU in its provisions.

**Status:** Vetoed by Governor Davis. In his veto message, the Governor stated that the bill would result in “a very real potential that public employers will be paying to encourage retirements that would have occurred even without that incentive.”

***Assembly Bill 491 (Diaz) California State University: Information Technology Projects.*** Assembly Bill 491 would enact a comprehensive statutory scheme relating to information technology projects of the CSU. Specifically, the bill would:

- Require that any CSU IT project that exceeds \$1 million in costs, be overseen, by an auditor appointed by the Director of the Department of Finance (DOF).
- Require a systemwide IT project that is approved on or before 6/30/09, and that exceeds \$20 million in costs, to be submitted to the Governor for consideration and inclusion in the Governor’s Budget and require the project to be reviewed through the annual budget process. Require CSU to take measures to analyze and justify IT project costs.
- Require CSU to disclose, prior to entering into a contract with a private vendor, any donations to the CSU, made by that vendor for up to one year before the date on which the contract is to be executed.
- Require CSU to take prescribed actions to safeguard electronic records that contain confidential student information.
- Require CSU to develop specified policies and procedures relating to the acquisition of IT goods or services.

**Status:** Assembly Inactive File (see SB 971 above)

***Assembly Bill 610 (Diaz) California State University: CMS Funding.*** As proposed to be amended, this bill would require CSU to redirect \$55.8 million intended for the implementation, integration, upgrade and in-kind costs of the Common Management Systems project to offset the impact of budget reductions on students by reducing fee increases adopted by the Board of

Trustees in July 2003. The bill would also direct CSU to not seek any alternative funding such as campus funds or special funds to subsidize this reduction.

**Status:** Senate Floor

***Assembly Bill 1051 (Goldberg) Capital Facilities Fees.*** Under current law, the CSU is not obligated to pay any share of the cost of construction of public utility facilities that do not directly serve CSU [this applies to other public education entities as well]. Assembly Bill 1051 would eliminate this existing exemption thus allowing utility companies to charge CSU for the costs of operation, maintenance, construction, repair, replacement or rehabilitation of facilities or debt service payments on facilities that are not in excess of the “reasonable cost” of providing the public utility service. The bill would set aside the statutory compromise negotiated in 1988 after a California Supreme Court decision ruled any such fees illegal without legislative authorization, and increase annual operational costs for the CSU by as much as \$2.5 million.

**Status:** Vetoed by Governor Davis. The Governor’s veto message stated, “...I am concerned about the potentially significant fiscal impact on public entities and state agencies, specifically, educational institutions. Public utility providers should provide more information about how capital costs are allocated by rate class. I note that some public agencies providing utility services already make such information available to their customers.

***Assembly Bill 1144 (Pavley) California State University: Employees.*** This bill would require the CSU to provide employees who are appealing notices of adverse actions or who are challenging denials of requests for reasonable accommodation for disabilities with procedural rights similar to those granted to some civil service employees.

**Status:** Signed by Governor Davis; Chapter 846, Statutes of 2003

***Assembly Bill 1185 (Montañez) California State University: Administrative Costs.*** Assembly Bill 1185 would require the Chancellor’s Office and each campus of the CSU, using existing resources, to provide annual reports on administrative costs, which are defined to include only non-represented employees; i.e. executives, confidential and management personnel plan employees.

**Status:** Failed Passage in the Senate Education Committee

***Assembly Bill 1253 (Bermudez) Public Employees’ Retirement: CSU Employees.*** Assembly Bill 1253 would provide an additional 2 years of service credit for employees of CSU, if those employees retire within a period to be designated by the Director of the Department of Finance

during fiscal year 2003-04. The bill requires that CSU must offer this benefit to all eligible employees.

**Status:** Held on the Senate Appropriations Committee Suspense File

***Assembly Bill 1465 (Negrete McLeod) California State University: Independent Audit.*** This bill would require the CSU to annually provide a detailed accounting of funds related to the CSU Continuing Education Program in an independent audit.

**Status:** Dropped by Author pursuant to agreement that a one-time systemwide independent audit of Continuing Education Revenue Funds will be conducted.

***Senate Bill 18 (Burton) Traditional Tribal Culture Sites.*** This bill would create a procedure in the California Environmental Quality Act for the Native American Heritage Commission to review proposed projects that may adversely affect traditional tribal cultural sites, and require mitigation as determined by the Commission. The bill also establishes criminal penalties for disclosure of traditional tribal cultural sites, revises the duties and composition of the Native American Heritage Commission, increases participation by Native Americans in the local land use planning process, and allows Native American tribes to hold conservation easements. CSU opposes the bill, as it could adversely impact the system's capital outlay program by increasing litigation costs and restricting the CSU's ability to use campus land for planned university development.

**Status:** Failed Passage on the Assembly Floor

***Senate Bill 25 (Bowen) Personal Information: Security.*** Senate Bill 25 makes applicable to state and local agencies (including the CSU) the restrictions on use of social security numbers (SSNs) that currently apply to private entities. The bill would also prohibit imbedding the SSN in a card or document as an alternative to removing the SSN (as required by the section). At the CSU's request, an amendment was adopted to delay the bill's application to CSU to July 1, 2005.

**Status:** Signed by Governor Davis; Chapter 907, Statutes of 2003

***Senate Bill 41 (Bowen) Public Contracts: Services.*** The bill is a follow-up measure to SB 1467 (Chapter 1122, Statutes of 2002), which extended certain provisions of existing law regarding conflict of interest and contract-related penalties to the CSU and University of California. By creating a new section of the Public Contract Code devoted solely to CSU conflict of interest issues, SB 41 provides additional clarity to the issue, in particular with regard to the contract work which staff and faculty may perform within the scope and conditions of their employment.

**Status:** Signed by Governor Davis; Chapter 699, Statutes of 2003

***Senate Bill 81 (Alpert) Teacher Training: California State University Integrated Programs.***

This bill would require greater uniformity among integrated teacher preparation programs offered by the CSU, beginning in 2006-07. The bill also requires the CSU and community colleges to strengthen articulation for students who transfer into such integrated programs.

**Status:** Signed by Governor Davis; Chapter 896, Statutes of 2003

*Workers' Compensation*

***Various Bills.*** The rising costs of workers' compensation reached crisis levels in 2003, leading to the formation of a legislative conference committee co-chaired by Senator Richard Alarcon (D-San Fernando Valley) and Assembly Member Juan Vargas (D-San Diego), who were joined by Senators John Burton (D-San Francisco) and Chuck Poochigian (R-Fresno), and Assembly Members Fabian Nunez (D-Los Angeles) and Ken Maddox (R-Garden Grove). The conference committee adopted a package of reform legislation that was signed into law by Governor Davis. It is estimated by the State Compensation Insurance Rating Bureau that at least \$2.6 billion in ongoing savings will be achieved through this effort. Others, including business leaders, Governor-elect Arnold Schwarzenegger and State Insurance Commissioner John Garamendi, argue that cost savings will be much less and have recommended that further reforms be pursued as soon as possible.

The CSU expressed support for the efforts of the conference committee to achieve savings in the workers' compensation system. Despite a reduction in the total number of claims, workers' compensations costs at the CSU have continued to increase – by nearly \$10 million in the past three fiscal years.

The legislative package signed by the Governor focuses on capping health-care costs and includes the following components:

- Implementing HMO-like utilization management tools;
- Establishing a three-year pilot for an independent second opinion on recommendations for spinal surgery;
- Prohibiting doctors from referring patients to outpatient surgery clinics where the doctors have financial interests;
- Setting an outpatient surgery facility fee schedule based on the Medicare fee plus 20 percent;
- Setting a pharmaceutical fee schedule based on 100 percent of the Medi-Cal fee and requiring greater use of generic drugs;

- Increasing the penalty from 10 to 15 percent to insurance companies for late payment to health care providers;
- Reducing fraud through increased penalties, information-sharing among state programs, consistent medical billing and fraud referral protocols;
- Requiring insurance commissioner to adopt minimum standards of training, experience and skill for workers' compensation claims administrators and bill reviewers. Insurers are required to certify compliance;
- Expanding alternative workers' compensation dispute resolution processes to other unionized industries besides construction; and
- Requiring listing of insurance companies and rates on the Internet.

The legislation also provides a new supplemental job displacement benefit for training, education and skill enhancement to substitute for vocational rehabilitation, estimated to save \$1.2 billion per year, a cap of 24 visits to a chiropractor, and a cap of 24 visits for physical therapy for the life of a claim unless authorized by the insurance carrier.

**Status:** Various Bills Signed by Governor Davis

#### *Student Fee Policy*

***Assembly Bill 843 (Higher Education Committee) Public Postsecondary Education: Resident Student Fee Policy.*** During the 2002-03 State budget deliberations, the Legislature adopted Supplemental Report Language directing the California Postsecondary Education Commission (CPEC) to convene various parties to develop long-term student fee policy recommendations for students enrolled at the University of California and the CSU. The CSU was an active participant in this process, and after a series of formal meetings and extensive consultation an advisory group reached broad general agreement about a recommended framework for implementing a long-term student fee policy.

Assembly Bill 843 incorporates the policy principles and implementation recommendations which were developed during the CPEC process, and calls for the state to continue to bear the principal responsibility for ensuring that all financially needy students have the financial assistance necessary for them to complete their postsecondary education objectives. In addition, the bill directs the Board of Trustees and the University of California Board of Regents to develop in consultation with students, faculty, and staff, a state university fee policy. The bill would require any changes in resident student fees to reflect several fundamental policy principles, including a) any changes should be graduate, moderate and predictable; b) available State General Fund revenues should be considered; c) the total cost of educating a student should be considered; and d) timely information about available financial aid should be provided.

**Status:** Held on the Assembly Appropriations Committee Suspense File

***Assembly Bill 550 (Diaz) Public Postsecondary Education: Resident Student Fee Policy.*** As amended on April 21, this bill would have established a Systemwide Student Fee Advisory Committee as an official standing committee of the Board of Trustees, the University of California Board of Regents, and the California Community Colleges Board of Governors. The committee would have been comprised of 11 members, as follows: six students; 2 faculty members; 1 administrator; 1 non-faculty, non-administrator employee; and 1 parent of a student enrolled in that segment. The bill would have directed the committee to develop and implement a process requiring that any alternative funding for that segment be considered and exhausted before consideration of a student fee increase.

**Status:** Held on the Assembly Appropriations Committee Suspense File

*Student Financial Aid*

***Assembly Bill 153 (Calderon) Student Financial Aid: Eligibility.*** In 2001, Assembly Bill 540 (Firebaugh and Maldonado) exempted non-resident students from paying resident tuition at CSU and CCC provided they: a) attended high school in California for three or more years; b) graduated from a California high school or attainment of the equivalent thereof; c) have registered at or attends an accredited institution of higher education in California not earlier than the fall semester or quarter of the 2001-02 academic year.

Following up on that measure, AB 153 would require the CSU and the California Community Colleges, and request the University of California, to establish procedures and forms that enable students exempted from paying non-resident tuition pursuant to AB 540 to apply for, and participate in to the full extent permitted by federal law, all student aid programs administered by each respective segment.

**Status:** Held on the Senate Appropriations Committee Suspense File (see SB 328 below for related bill)

***Assembly Bill 547 (Liu) Student Financial Aid: Tuition and Fee Waivers for National Guard and Military Reserve.*** This bill would establish the National Guard State Tuition Benefits Program (NGSTBP). Specifically, it would award qualifying members of the California Army National Guard (NG), the California Air NG, State Military Reserves, and the Naval Militia with the following tuition benefits:

a) For students attending California Community Colleges (CCC), eligible NG members shall be eligible for the Board of Governors Fee Waivers; and,

b) For students attending California State University and University of California (UC) institutions, the tuition and student fee benefit shall not exceed 75% of the fee charged students enrolled in UC campuses on the quarter system.

**Status:** Signed by Governor Davis; Chapter 345, Statutes of 2003

***Assembly Bill 1323 (Jackson) Student Financial Aid: Decentralized Campus-Based Approach.*** Assembly Bill 1323 would require the California Postsecondary Education Commission to establish a Cal Grant Delivery Transition Work Group to discuss, negotiate, and resolve technical and logistical issues relating to the transition to a decentralized, campus-based approach for the administration of Cal Grant award programs. The bill would require the commission to submit a plan for the implementation of this decentralized, campus-based approach to the Legislature by December 31, 2004.

**Status:** Held on the Assembly Appropriations Committee Suspense File

***Senate Bill 328 (Escutia) Tuition Waivers for Undocumented Students.*** Amended during the final days of session, this bill would have authorized the California Community Colleges Board of Governors (BOG) to provide a tuition waiver to students who are exempt from paying non-resident tuition pursuant to AB 540. The bill also would have placed in statute a requirement that CSU use California resident admission criteria for AB 540 students (which is current policy).

**Status:** Vetoed by Governor Davis. In his veto message, the Governor stated, "this bill would result in significant additional costs to the State to backfill lost fee revenue as a result of the additional students who would qualify for student financial aid at the community colleges."

***Senate Bill 680 (McPherson) Student Financial Aid: Cal Grant M Program.*** Among other provisions, this bill would establish, commencing in an unspecified fiscal year, the Cal Grant M Program to defray the cost of tuition and mandatory systemwide fees for nontraditional, returning, and older adult students.

**Status:** Signed by Governor Davis; Chapter 795, Statutes of 2003

*Bills to Implement the Recommendations of the Joint Master Plan Committee*

The following bills would implement various recommendations of the Joint Committee to Develop a Master Plan for Education. Each bill was held in the Appropriations Committee in its

house of origin, to allow substantive deliberations on the final content of each bill to begin. No further legislative action on the bills is expected this year, although the committee will hold an informational hearing later this summer on higher education student fee and financial aid policy.

***Assembly Bill 242 (Liu) Teachers.*** This bill contains the committee's recommendations on teacher personnel matters. With a goal of ensuring that every student in the state is taught by a qualified, credentialed teacher, the bill would:

- provide financial aid and other incentives for the best teachers to move to low-performing schools
- boost salaries for teachers and principals
- eliminate emergency teaching permits
- establish career opportunities that encourage exceptional teachers to remain in the classroom
- provide salary credits tied to professional development goals
- develop rigorous standards and training for those who teach young children

While the bill's primary focus is on K-12 teachers, it also includes several provisions pertaining to university faculty and higher education issues, including:

- States legislative intent that the state increase the capacity of California's postsecondary education system to prepare larger and more sufficient numbers of qualified educators, especially from among racial, ethnic, and linguistic groups that are underrepresented in today's teaching workforce.
- Requires the CSU and the California Community Colleges (CCC), and requesting the University of California (UC), to adopt policies regarding the appropriate balance of temporary and permanent tenure-track faculty for their respective systems and to report these respective policies, and the rationales therefore, in written reports to the Legislature, to be submitted no later than January 1, 2005. In addition, the bill requires that the segments report the ratio of permanent/tenure-track faculty to temporary faculty who are employed by their respective systems, how this ratio compares to their respective systemwide policies, which activities are reserved for permanent/tenure-track faculty in their respective systems, and the reasons why temporary faculty cannot be enlisted in carrying out these activities.
- States legislative intent that the CSU, CCC, and UC provide adequate pro rata compensation to temporary faculty who agree to perform functions usually restricted to permanent/tenure-track faculty and direct an examination of faculty promotion, tenure, and review policies and practices, and revise them, as needed, to ensure that teaching excellence is given significant weight in decisions that affect the compensation awarded to faculty.

**Status:** Held in the Assembly Appropriations Committee (two-year bill)

***Assembly Bill 1550 (Goldberg) Public Education Facilities.*** Assembly Bill 1550 contains the committee's recommendations on public facilities, and presently includes the following provisions pertaining to higher education facilities:

- Requires the Department of General Services (DGS) to adopt facility standards for public postsecondary education facilities in consultation with the CSU, the California Community Colleges (CCC), and the University of California (UC).
- Requires DGS to establish and maintain an inventory of all public school facilities, including at the CCC, CSU, and UC. The inventory must include: a) a description of the facility; b) the facility's student loading capacity; c) a description of its current use and condition; d) an assessment of its expected life; e) a description of any prior or planned modernization or renovation projects that would extend the expected life of the facility; and f) an assessment of the regional importance of the facility.
- Requires the Legislative Analyst and the Director of the Department of Finance (DOF), with the assistance of the segments, to jointly review the postsecondary education facilities funding methodology and develop a plan for postsecondary facilities construction.

**Status:** Held in the Assembly Appropriations Committee (two-year bill)

***Senate Bill 6 (Alpert) Public Education Governance.*** This bill contains the committee's recommendations on Governance issues, including:

- Transfers management responsibility for the department of education from the Superintendent of Public Instruction (SPI) to the Governor's office;
- Assigns responsibility for performance monitoring, reporting and advocacy to the SPI;
- Reconfigures the California Community Colleges as a multi-district system of colleges by designating it as a public trust and assigning accountability for systemwide governance and representation to the Board of Governors;
- Establishes a California Education Commission to serve as the statewide education data repository from pre-kindergarten to postsecondary education.

**Status:** Held in the Senate Appropriations Committee (two-year bill)

***Senate Bill 550 (Vasconcellos) Education.*** Senate Bill 550 contains the committee's recommendations on issues of student learning. Among other provisions, the bill would:

- Require the State Board of Education (SBE) to establish an academically rigorous curriculum for every high school pupil, including career and technical courses for every high school pupil and necessary learning support, including career guidance, to enable pupils to pursue a postsecondary education or career options.
- Require the Community Colleges, the CSU, UC to establish an intersegmental group, including faculty and students, to consider the steps needed to be taken to establish a transfer associate's degree, within the existing associate degree unit requirements, the attainment of which would guarantee admission and course transferability, but not necessarily admission to the major of choice, at any campus of the California State University or the University of California for students who successfully complete the transfer associate degree program.

In addition, the bill states legislative intent that:

- The CSU and UC systems continue to collaborate with the public elementary and secondary schools to increase the rigor of all academic courses, to reduce the demand for remedial instruction among freshman college students, and to eliminate the current practice of providing additional weight to honors and advanced placement courses in the grade point average calculations made during the admissions process.
- Legislation be enacted to mandate the development of transparent and sustainable articulation and transfer processes to provide students with clear curricular guidance on the transition between grade levels, between high school and college, and between and among 2- and 4-year colleges and universities.
- Legislation be enacted that would require the CCC, CSU, and UC to collaborate to strengthen the programs in community colleges that prepare students to transfer successfully to CSU or UC.
- Legislation be enacted to require that the courses taken by community college students who plan to transfer are acceptable for transfer credit at all CSU and UC campuses.

**Status:** Held in the Senate Appropriations Committee (two-year bill)

California Postsecondary Education Commission

**Assembly Bill 655 (Liu) Consolidation of Functions: Postsecondary Education.** Assembly Bill 655 would create the California Higher Education Policy and Finance Commission, which would consolidate the current responsibilities of the California Postsecondary Education Commission, the California Student Aid Commission, and the Bureau of Private Postsecondary and Vocational Education into a single agency. Considered a work-in-progress that will be further developed during intersegmental consultation with legislative staff, the bill's goal is to create an agency which would provide:

- Strong capacity for independent and objective higher education policy planning and analysis.
- Full integration of the resources of the private postsecondary sector, in combination with the public and independent sectors, in accommodating enrollment growth and providing workforce training.
- Full integration of student fee policy and financial aid policy with higher education funding and finance policies.
- A comprehensive higher education information system, integrating all sectors of postsecondary education including financial aid, providing accurate current and historical data about higher education.

**Status:** Held in the Senate Appropriations Committee (two-year bill)

**Senate Bill 542 (Murray) California Postsecondary Education Commission.** This bill would transfer from the Bureau of Private Postsecondary and Vocational Education to the California Postsecondary Education Commission (CPEC) the authority to regulate and approve private postsecondary institutions that grant degrees, and to assume the administration and oversight of the federal Veterans program from the State Department of Education. In addition, the bill would require CPEC to consult with representatives of the private, public, and independent postsecondary education sectors, and develop recommendations for long-term policies that guide oversight and regulation of the nonpublic sectors of postsecondary education. The bill would require CPEC to submit the recommendations to the appropriate education committees of the Legislature by September 1, 2004.

**Status:** Senate Business and Professions Committee (two-year bill)

Miscellaneous Legislation

***Senate Bill 1 (Speier) Financial Institutions: Nonpublic Information.*** This bill would enact the California Financial Information Privacy Act, which requires a financial institution to provide a written form to a consumer relative to the sharing of the consumer's nonpublic personal information. The bill allows a consumer to direct the financial institution to not share the nonpublic information with affiliated companies or with nonaffiliated financial companies with which the financial institution has contracted to provide services.

**Status:** Signed by Governor Davis; Chapter 241, Statutes of 2003

***Senate Bill 2 (Burton) Universal Health Coverage.*** This bill creates the State Health Purchasing Program. Under the program, employers would be required to either purchase private health-care policies for their workers or to pay a fee into a statewide pool that would purchase insurance coverage on their behalf. The requirement would neither be immediate nor across the board: employers with 200 or more workers would not be required to provide insurance until Jan. 1, 2006; businesses with 50 to 199 workers would have still another year to act. Employers with fewer than 20 workers would be exempt, while those with payrolls of 20 to 49 people would be exempt until the state provided them with a tax credit subsidy to help offset the insurance cost.

Employers such as CSU who provide employee health care through PERS will be exempt from the fee into the statewide pool. However, the definition of part-time employees may need further clarification for CSU and other systems of higher education given our unique workload definitions for faculty.

**Status:** Signed by Governor Davis; Chapter 673, Statutes of 2003

Adoption of the following resolution is recommended:

**RESOLVED**, By the Board of Trustees of the California State University,  
that the 2003-04 Legislative Report No. 6 is adopted.