

AGENDA

COMMITTEE ON GOVERNMENTAL RELATIONS

Meeting: **8:30 a.m., Wednesday, November 17, 1999**
 Glenn S. Dumke Conference Center

Joan Otomo-Corgel, Chair
Martha C. Fallgatter, Vice Chair
William D. Campbell
Bob Foster
Dee Dee Myers
Ralph R. Pesqueira
Michael D. Stennis

Consent Item

Approval of Minutes of Meeting of September 15, 1999

Discussion Items

1. 1999-2000 Legislative Report No. 6, *Action*
2. Initiative Constitutional Amendment: School Facilities Bonds: Local Majority Vote, *Action*

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

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

September 15, 1999

Members Present

Joan Otomo-Corgel, Chair
Martha C. Fallgatter, Vice Chair
William D. Campbell
William Hauck, Chairman of the Board, ex officio
Dee Dee Myers
Ralph R. Pesqueira
Charles B. Reed, Chancellor, ex officio
Michael D. Stennis

Members Absent

Bob Foster

Other Trustees Present

Frederick W. Pierce IV
Anthony M. Vitti

Chancellor's Office Staff

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

Chair Otomo-Corgel called the meeting to order at 8:40 a.m.

Approval of Minutes

The minutes of July 8, 1999, were approved.

1999/2000 Legislative Report No. 5

Chair Otomo-Corgel asked Ms. Karen L. Yelverton, assistant vice chancellor, governmental affairs, to present the report.

Ms. Yelverton prefaced her report by providing a comprehensive overview of the past legislative year. She said it had been a difficult and exciting year, further complicated by the need to adjust to a new administration and all of the various experiences associated with a major change of leadership.

Ms. Yelverton began her report by stating that it was a particularly unusual year in that it was the first time the CSU has been involved in several issues that are not traditionally linked to our educational mission. Those issues ranged from water utility rates and the structure with which special districts can charge campuses for services and for their capital facilities fees; Cal-OSHA reform; environmental or “green” standards for public buildings and public schools; credit card marketing; and open meeting and privacy laws. Ms. Yelverton remarked that many of these issues proved to be overwhelming, and probably overshadowed many of the educational objectives and discussions we would have normally been involved in.

Ms. Yelverton updated the committee on several trustee-sponsored bills:

SB 679 (Johnston). This bill was a last minute successful effort to restore the \$1.3 million for the Stockton Multi-Campus Regional Center that was vetoed in the budget.

AB 968 (Ducheny). This bill, which codifies our efforts in the area of biotechnology applied research, has been signed into law by the governor.

AB 1279 (Scott). This bill initiates a study by the California Postsecondary Education Commission to examine the capacity and need for joint doctoral programs in California. The bill has also been signed into law by the governor.

AB 902 (Torlakson). This bill is still before the governor and relates to the streamlining of our capital outlay process.

Ms. Yelverton said she wanted to recognize the work of CSSA in assisting with the successful signing of AB 213 (Romero). The bill provides for one additional student to work with a voting student member of the Board of Trustees in order to become more grounded in the policies and procedures of the board. This opportunity will prepare the student for becoming a fully effective member of the board in the second year of his/her term.

Ms. Yelverton noted there were two bills that went to the governor regarding teacher preparation.

AB 31 (Reyes), which would expand the APLE Program to include hard-to-staff schools in rural areas.

AB 192 (Scott), which would provide for a California Teacher Cadet Program, similar to other programs in the country, under the auspices of the California Center for Teaching Careers at CSU Sacramento.

Other bills of note were:

SB 338 (Wright), which relates to intercollegiate athletics and would require public institutions of higher education to provide a one-year advance notice of any proposed discontinuation of an intercollegiate athletic team. The bill is currently dead for the year, but is expected to return.

SB 1132 (Costa) and AB 1657 (Wright et al.) are two bills that dealt with the water utility issue. Ms. Yelverton commented that negotiations on these bills were difficult. She acknowledged the assistance of Assembly Speaker Villaraigosa and Assembly Member Rod Wright in holding the bills until we can reach a fair compromise balancing CSU's fiscal needs with those of the water districts.

SB 400 (Ortiz), which would provide enhancements to retirement benefits under PERS. The proposal provides for a 2 percent factor at age 55, and moves gradually to 2.5 percent at age 63. The governor is expected to sign the bill.

Ms. Yelverton brought to the committee's attention SB 733 (Poochigian), which creates an institute at CSU Fresno in honor of Senator Ken Maddy. This bill was heartily supported by the entire legislature.

Ms. Yelverton reported that there have already been some bond discussions for the 2000 ballot. At this point, there have been negotiations to send 2.5 billion dollars worth of bonds to the March ballot, and 2.6 billion to the November ballot. The bonds would be for parks, resources, water, veterans homes, forensic labs, and libraries. She suggested that our own discussions should begin soon, regarding what our timing should be for the next bond.

In conclusion, Ms. Yelverton expressed her gratitude for all the assistance she and her staff received during the year. She informed the committee of anticipated issues and discussions for next year's legislative program, and assured them that she and her staff will be working closely on several major issues, including the Master Plan process; Changes to HEERA; Direct Vendor Pay; and Year Round Financial Aid.

The committee recommitted the approval of the proposed resolution (RGR 09-99-06).

Adjournment

The meeting adjourned at 9:04 am.

BRIEF

Action Item

Agenda Item 1
November 15-17, 1999

COMMITTEE ON GOVERNMENTAL RELATIONS

1999-2000 Legislative Report No. 6

Presentation By

Karen L. Yelverton, Assistant Vice Chancellor
Governmental Affairs

Summary

This item contains a status report on the Trustees' Legislative Program for 1999 and priority legislation introduced in 1999.

Recommended Action

Adoption of the resolution.

ITEM

2

Agenda Item 1

November 15-17, 1999

COMMITTEE ON GOVERNMENTAL RELATIONS

1999-2000 Legislative Report No. 6

Date: 10/21/99

1. 1999-2000 Legislative Program Status Report

Bill	Author-Subject								Comments
AB 108	(Mazzoni) Statewide Subject Matter Projects	X	X	X	X	X			Two-Year Bill; location: Senate Appropriations Committee.
AB 252	(Scott) Financial Aid: Year-Round Attendance	X	X	X	X				Two-Year Bill; location: Senate Education Committee.
AB 632	(Romero, Lowenthal) Graduate Student Fee Calculation	X	X	X	X				Two-Year Bill; location: Senate Education Committee.
AB 902	(Torlakson) Capital Outlay Issues: Budget Transfer Authority; Health Center Limits	X	X	X	X	X	X	X	Vetoed by Governor Davis.
AB 968	(Ducheny) CSU Biotechnology Program	X	X	X	X	X	X	X	Signed by Governor Davis; Chapter 285, Statutes of 1999.
AB 1279	(Scott) Joint Doctoral Degree Study	X	X	X	X	X	X	X	Signed by Governor Davis; Chapter 337, Statutes of 1999.
AB 1323	(Cardoza) Optional Retirement Program	X							Bill withdrawn by CSU.
SB 679	(Johnston) Stockton Multi-Campus Regional Center	X	X	X	X	X	X	X	Signed by Governor Davis; Chapter 1020, Statutes of 1999.
	CSU Auxiliary Organizations: Donor Confidentiality								To be pursued in omnibus legislation during second year of legislative session.
	Student Fee Revenue Pledge								Authority to be sought through the budget process.

Policy—That committee which evaluates policy implications of bills (e.g., Education, Judiciary, Retirement, etc.).

X—Indicates Action Taken

H—Indicates Held in Committee

Status of Priority Legislation at Interim Recess

Special Session Legislation

AB 1X (Villaraigosa) Mentor Peer Review and Assistance Program for Teachers

This bill redesigns the California Mentor Teacher Program to establish the Teacher Peer Assistance and Review Program.

STATUS: Signed into law by Governor Gray Davis.

AB 2X (Mazzoni) Pupil Reading and Reading Staff Development Programs

AB 2X establishes a comprehensive statewide reading proposal that includes the development and implementation of the Elementary School Intensive Reading Program, Governor's Reading Award Program, and Public Involvement Reading Campaign.

STATUS: Signed into law by Governor Gray Davis.

SB 1X (Alpert) Education Accountability

This bill establishes the Public School Performance and Accountability Program that would consist of a state Academic Performance Index, an Immediate Intervention/Underperforming Schools Program, and a Governor's High Achieving/Improving Schools Program.

STATUS: Signed into law by Governor Gray Davis.

SB 2X (O'Connell) High School Exit Examination

This bill requires (a) the State Department of Education to develop a high school exit examination, (b) the State Board of Education to adopt an exit exam by July 2000 aligned with performance standards, and (c) 10th grade students beginning with the 2004 school year to pass the exam in order to receive a diploma.

STATUS: Signed into law by Governor Gray Davis.

Regular Session Legislation

AB 6 (Calderon) California Teacher Academy Program

This bill would create the California Teacher Academy Program, to permit school districts to apply for funds in collaboration with IHE's to develop programs that provide exposure to coursework and experience relevant to the teaching profession.

STATUS: Held in the Assembly Appropriations Committee; two-year bill.

AB 14 (Ducheny) Higher Education Partnership Act of 2000

Similar to AB 1415 (1997) and AB 1966 (1998) by then-Assembly Member Bustamante, this bill would place in statute a long-term financing structure for public higher education in California.

STATUS: Held in the Assembly Appropriations Committee; two-year bill.

AB 31 (Reyes) Teacher Training: Rural Schools

AB 31 expands the APLE program (a loan assumption program) to applicants who agree to provide classroom instruction in rural school districts.

STATUS: Signed into law by Governor Davis; Chapter 650, Statutes of 1999.

AB 126 (Runner) Year-Round Operation

This bill would implement year-round operation for the California State University and the University of California.

STATUS: Held in the Assembly Appropriations Committee. The Supplemental Report to the Budget stated legislative intent that the CSU and the University of California conduct feasibility studies to examine the advantages and disadvantages of implementing year-round academic programs as one means of helping to accommodate projected enrollment growth over the next 10 years to 15 years and improving student progress to degree. The Department of Finance is also currently conducting a study of year-round operations.

AB 164 (Romero) Voter Registration: University Campuses

AB 164 would have required the CSU to make every effort to ensure that students are provided voter registration forms on an annual basis, and make voter registration forms available to students at various sites on each campus.

STATUS: Vetoed by Governor Davis.

AB 192 (Scott) California Teacher Cadet Program

This bill would have required the California Center on Teaching Careers to operate the California Teacher Cadet Program for the purpose of introducing high school students to the teaching profession.

STATUS: Vetoed by Governor Davis.

AB 213 (Romero) CSU Trustees

AB 213 increases the number of student members on the CSU Board of Trustees to two, with one vote and staggered terms. The student member of the board serving his/her second year of appointment will vote on behalf of students.

STATUS: Signed into law by Governor Davis; Chapter 251, Statutes of 1999.

AB 360 (Davis) Student Testing

This bill would require the California State University to offer to all high school students who have completed the 10th grade both the English and mathematics proficiency examinations which the CSU uses for entering students.

STATUS: Held in the Assembly Appropriations Committee; two-year bill.

AB 406 (Knox) Contracts: California State University

This bill would have prohibited agreements for personal services from causing the displacement of CSU employees (contracting out).

STATUS: Withdrawn by the sponsor (California State Employees' Association) upon ratification of the collective bargaining agreement between CSU and CSEA, which contained provisions regarding contracting out.

AB 655 (Scott) Nursing Programs

This bill requires the CSU, the University of California, the California Community Colleges, and the independent colleges and universities to issue a joint report to the governor and the legislature that outlines a plan and budget for increasing the number of students graduating from nursing programs.

STATUS: Signed into law by Governor Davis; Chapter 954, Statutes of 1999.

AB 1372 (Reyes) Non-Academic Employees: California State University

This bill would have provided that a temporary non-academic employee, employed by the California State University, shall be granted permanent status if the employee has served in his or her classification at the campus for at least three consecutive years in a time base of at least 50 percent.

STATUS: Withdrawn by the sponsor (California State Employees' Association) upon ratification of the collective bargaining agreement between CSU and CSEA, which contained provisions regarding temporary employees.

SB 22 (Brulte) Public Postsecondary Education Fees

This bill would reduce student fees at the CSU and UC for the 1999-2000 year by 10 percent below the current level, and reduce fees for graduate students by 15 percent.

STATUS: Held in the Senate Appropriations Committee; two-year bill. The 1999 Budget Act included funding for a 5 percent student fee reduction.

SB 179 (Alpert) Model Alternative Teacher Preparation Programs

This bill would create a model alternative teacher preparation program whereby school districts could apply for funding to form a collaborative teacher preparation partnership with one or more institutions of higher education.

STATUS: Held in the Senate Appropriations Committee; two-year bill.

SB 338 (Wright) Intercollegiate Athletics: Discontinuation

This bill would require a public institution of higher education to provide a one-year advance notice of any proposed discontinuation of an intercollegiate athletic team by a number of means.

STATUS: Held in the Assembly Higher Education Committee; two-year bill.

SB 391 (Chesbro) Tuition and Fee Forgiveness

This bill expands the fee waiver provision provided under current law (the Alan Pattee Scholarship) to include surviving children of contractors or employees of contractors who lost their life in service of law enforcement or fire suppression.

STATUS: Signed into law by Governor Davis; Chapter 953, Statutes of 1999.

SB 572 (Alarcon) Assumption of Loans for Personal Computers Program

This bill would establish a loan forgiveness program to assist low-income students to purchase computers.

STATUS: Two-year bill.

SB 645 (Burton) Labor Relations

This bill amends HEERA to mandate that all CSU employees pay agency fees to unions who are their exclusive representatives for collective bargaining.

STATUS: Signed into law by Governor Davis; Chapter 952, Statutes of 1999.

SB 860 (Hughes) Labor Relations

Among other provisions, SB 860 would preclude higher education institutions from changing terms and conditions of employment once the parties have exhausted impasse procedures without reaching an agreement.

STATUS: Held in the Senate Education Committee; two-year bill.

SB 1132 (Costa) Capital Facilities Fees

This bill would allow public water agencies to unilaterally impose capital facilities fees on educational institutions such as the CSU by embedding unauthorized fees in monthly service

charges, overturning a long-standing agreement negotiated in 1988 between public water agencies and those public agencies which are dependent upon them for water and wastewater service.

STATUS: Held in the Assembly Appropriations Committee; two-year bill.

SB 1211 (Monteith) Postsecondary Education Agreements

SB 1211 would require that articulation agreements made between public colleges and universities be uniform and consistent for all campuses.

STATUS: Held in the Senate Appropriations Committee; two-year bill.

Adoption of the following resolution is recommended:

RESOLVED, By the Board of Trustees of The California State University, that the 1999-2000 Legislative Report No. 6 is adopted.

BRIEF

Action Item

Agenda Item 2
November 15-17, 1999

COMMITTEE ON GOVERNMENTAL RELATIONS

Initiative Constitutional Amendment: School Facilities Bonds: Local Majority Vote

Presentation By

Karen L. Yelverton, Assistant Vice Chancellor
Governmental Affairs

Summary

From time to time, the Committee on Governmental Relations reviews statewide ballot measures and their implications for the California State University. This item contains a description of an initiative to provide for majority vote approval of local school facilities bonds that will appear on the March 7, 2000, Primary Election ballot.

Recommended Action

The trustees should determine if they wish to adopt a formal position on this initiative.

ITEM

2

Agenda Item 2
November 15-17, 1999

COMMITTEE ON GOVERNMENTAL RELATIONS

Initiative Constitutional Amendment: School Facilities Bonds: Local Majority Vote

Purpose

An initiative to amend the California Constitution to allow passage of local school bond issues with a simple majority, rather than the two-thirds vote currently required, has qualified for the March 2000 Primary Election ballot. This item provides the trustees an opportunity to determine whether they wish to adopt a formal position on this initiative.

Facilities Needs and Student Achievement

The California Department of Finance (DOF) estimates the state's K-12 public school enrollment will increase by nearly one million students over the next decade. To serve those students, the California Department of Education (CDE) has projected the need over that time period for K-12 facilities to be as high as \$46.6 billion. The CDE also reports that 55 percent of California's public school buildings are over 30 years old, and that a major investment in modernization is essential to enable schools to use computers and other technology as part of their instructional program.

Research evidence has indicated that there is a minimum level of quality for a school facility below which student and teacher effectiveness can be seriously compromised. Many researchers view existing school facilities as obstacles to educational improvement, noting that schools need enough room to design areas for special activities such as science labs and library/media centers.

California's Class Size Reduction program (CSR) has also exacerbated the need for new and improved school facilities. In the first two years of CSR implementation, the state's elementary schools added 28,000 new classroom spaces, with a heavy reliance on portable classrooms.

In 1998, California voters approved Proposition 1A, a statewide education bond act to provide \$9.2 billion, over four years, for new construction and repairs of public elementary schools, high schools, community colleges, and universities. Of that amount \$6.7 million was dedicated to K-12 schools. However, in order to receive funds from Proposition 1A, local communities must provide 50 percent of the costs of building new schools and 20 percent of the costs of repairing old schools. This local money can be raised through any combination of developer fees, local bonds and other sources of local funds.

Historical Background: Two-thirds Vote Requirement

The state constitution requires a 2/3 vote on all local general obligation bonds. Such bonds were prohibited in 1978, but local school district bonding capacity was reinstated in 1986 when Proposition 146 was approved. Since that time, there have been 473 attempts by school districts to pass general obligation bonds, with a 50 percent passage rate (237-236) during that time. The successful measures authorized more than \$8.7 billion in capital expenditures, while the aggregate of the unsuccessful measures totaled \$6.8 billion.

There have been several legislative efforts to remove the 2/3 vote requirement since 1990, including SCA 12 (O'Connell) in 1997, which was co-sponsored by Governor Pete Wilson. In 1993, Proposition 170, which would have authorized majority approval for local general obligation bonds of school districts, community college districts, and counties, failed at the polls. That initiative did not enjoy the broad-based support and funding of the current effort (see below for a partial list of supporters).

Initiative

The initiative which will appear on the March ballot would authorize simple majority approval for local school bonds, authorize property taxes in excess of 1 percent to pay the bonds, and prohibit bond use for teacher and administrator salaries and other school operating expenses. The initiative would also implement accountability requirements including annual performance and financial audits, and a requirement that a specific list of projects to be built with bond money be provided to voters. Finally, it would provide that charter schools are entitled to facilities that are equitable to those provided to other public school students.

Silicon Valley businessman Reed Hastings (chief executive officer of NetFlix.com) and Barbara E. Kerr of the California Teachers Association served as co-chairs of the signature-gathering effort. Senator Jack O'Connell serves as the honorary chair of the "Let's Fix Our Schools" initiative, as it is referred to by supporters.

The following businesses, organizations, and advocacy groups have endorsed the initiative: California Building Industry Association, California Business Roundtable, California Chamber of Commerce, California Manufacturers Association, Association of California School Administrators, California School Boards Association, California School Employees Association, California Teachers Association, Community College League of California, American Federation of State, County and Municipal Employees, and the California State Association of Counties. Supporters point out that Proposition 170, which failed in 1993, did not have the same broad-based support that this initiative has.

Fiscal Impact

According to the Legislative Analyst and California Department of Finance, the initiative would result in major annual savings in state debt service costs and annual increases of potentially a similar amount in local debt service costs, for kindergarten through community college facilities.

Arguments in Support of Initiative/Rationale for CSU Support

As the primary source of teachers for California's public schools, the CSU is expected to play a central role in supporting improvements in the state's K-12 schools. Demonstrating CSU's support for K-12 schools and community colleges will reinforce the view that education in California should be viewed as a seamless K-university system. Many of the initiatives contained within Cornerstones cannot succeed unless K-12 schools are able to function at a level that will allow their students to succeed.

In addition, the state's level of bonded indebtedness continues to be a concern to policymakers. To the extent that funding of K-12 facilities can be shifted to the local level, the pressure on the state to fund these facilities through general obligation bonds will lessen, and allow more room for state programs such as CSU.

Arguments presented by supporters of the initiative include:

- The 2/3 vote requirement is inherently undemocratic; public policy and our statewide decision-making process rely on a majority vote. California is one of only seven states that require a 2/3 majority for local school bonds.
- This initiative will return authority and responsibility for local schools and community colleges to local communities.

Probable Arguments in Opposition

There is no declared opposition to the initiative at the present time, but taxpayer advocacy groups such as the California Taxpayers Association (Cal-Tax) and the Howard Jarvis Taxpayers Association have been consistent in their opposition to a simple majority for local bonds. Cal-Tax supported Proposition 1A in 1998, partly on the rationale that a multi-year bond package would lessen the need for local school bond issues.

During past campaigns, the above-referenced organizations have made the following opposition arguments:

- A 2/3 vote ensures proper representation of property owners who will pay the taxes associated with the passage of local school bonds. Because not all voters are property owners, a 2/3 vote gives more assurance that a majority of property owners who pay the tax are represented in vote results.
- Many school districts are able to pass bonds under existing law. There has been great success at the polls when the district has presented a good case to the voters and included a healthy accountability aspect in the bond measure.
- If too much reliance is placed on local funding, California could face a mandate for equalization of school facilities. State-level funding for school facilities is the most equitable method and the most likely to avoid district-to-district disparities and associated legal consequences.

Recommended Action

Should the trustees determine that they wish to take a position in support of the initiative, the following resolution is recommended:

RESOLVED, By the Board of Trustees of The California State University, that the board supports the “Majority Rule Act for Smaller Classes, Safer Schools and Financial Accountability” constitutional amendment initiative which will appear on the March 2000 Primary ballot.