

Information/Action Item

GRANT ADVISORY COMMITTEE

State Legislative Update

This tab is included as an informational item. The attachment includes an update on the legislation staff has been tracking. The Legislature in its interim period and gearing up for the November 2nd general election. Many Assembly and Senate seats are involved with more than 30 new members potentially coming in or moving from the Assembly to the Senate. New committee assignments will follow the election.

There will also be a discussion of AB 205, SB 25, SB 680, and SB 728. Copies of the bills will be provided.

Responsible Staff: Steve Caldwell, State Legislative Liaison
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STATE LEGISLATIVE UPDATE

The second year of the 2-year session ended on August 31, 2004. The Governor had 30 days to sign or veto any bills sent to the Governor before September 1 which were in his possession after September 1. Any bills on which the Governor took no action during that time become law without his signature. The following is a summary of the bills staff have been tracking and the outcomes. Excerpts from the Governor's signing and veto messages have been included as available.

COMMISSION PROGRAMS

AB 598

Position: Support

Author: Nunez (D-Los Angeles)

Version: As amended on August 23

Subject: Additional Business Flexibility for the Commission and EDFUND

AB 598 was one of four pieces of legislation that affect the Commission and EDFUND's business diversification plan. AB 2122 is listed below and;

- SB 1113 (Chapter 208, Statutes of 2004) – The Budget Act provides the Commission with the authority to use up to \$70 million from the Student Loan Operating Fund to pursue business diversification plans.
- SB 1108 (Chapter 216, Statutes of 2004) – The Omnibus Education Trailer Bill provides the Commission with the authority to amend the operating agreement to include new services or activities as authorized, provided that notice of such proposed changes are provided to the Department of Finance with 45 days advanced notice.

Status: On August 26, AB 2122 was gutted and the contents of AB 598, as amended on August 17, 2004 were included in AB 2122. (See AB 2122 below)

AB 2122

Position: Support

Author: Steinberg (D-Sacramento)

Version: As amended on August 26

Subject: Business Diversification for the Commission and EDFUND

AB 2122 includes the language from AB 598 (as amended on August 17, 2004). This bill would:

- Require that the diversification activities approved by the Commission not include loan origination or loan capitalization activities or bond issuance. This requirement will not preclude the Commission or the auxiliary organization from utilizing partnerships with institutions that conduct loan origination or loan capitalization activities.
- Require the Commission to provide copies of a proposed operating agreement to the Department of Finance and the Joint Legislative Budget Committee, with 45 days advanced notice.

Status: Chaptered by Secretary of State on 9/21/04 (Chapter 657, Statutes of 2004).

AB 825**Position:** None

Author: Firebaugh (D-Los Angeles)
Version: As Amended on August 9, 2004
Subject: Cal Grant Competitive Award Program

This bill would have reallocated any and all funds originally appropriated from the Student Loan Operating Fund to the Student Aid Commission for the Cal Grant Entitlement Programs if those funds are determined by the Commission, on or after January 1, 2005, to be unclaimed.

Status: Chaptered by Secretary of State on 9/29/04. (Chapter 871, Statutes of 2004). Governor's signing message: "I am committed to shifting greater control over educational decisions to the local level, and the increasing number of categorical programs that school districts have had to manage impedes that process." (Arnold Schwarzenegger)

SB 1501**Position:** None

Author: Escutia (D - Whittier)
Version: As Amended on March 25, 2004
Subject: Competitive Cal Grant Awards

This bill would increase the number of Competitive Cal Grant awards beyond the currently authorized 22,500. It would reduce the current credit afforded to corporations for increasing research expenses to create a funding source for additional awards.

SB 1501 would delete the requirement that a total of 22,500 grants be made in any academic year under the Competitive Cal Grant A and B award program, and would instead provide that these grants be awarded in a quantity determined in the annual Budget Act.

Status: In the Senate Education Committee. Hearing cancelled at the author's request.

AB 2469**Position:** None

Author: Higher Education Committee
Version: As Amended June 30, 2004
Subject: Reports Required of Higher Education Entities

This bill would:

- Delete the requirement for CPEC to review and comment on specified reports related to disabled students which are compiled biennially by UC, CSU and the CCCs and submitted to the Governor and the Legislature.
- Change from annual to biennial the requirement for CSU to report on specified sales and leases of land comprising Camarillo State Hospital.
- Delete the requirement for CSU and the Department of General Services to report to the Governor and Legislature various recommendations related to purchasing recycled paper products.

Status: Chaptered on August 25, 2004 (Chapter 303, Statutes of 2004).

EDUCATIONAL BENEFITS FOR MILITARY PERSONNEL

AB 655**Position:** None

Author: Liu (D-La Canada)
Version: As Amended July 15, 2004
Subject: APLE for National Guard Members

This bill would specify that, in the 2004–05 fiscal year, the Commission shall issue up to 100 new warrants under the National Guard Assumption Program of Loans for Education, and, beginning in the 2005–06 fiscal year, the Commission would be authorized to issue no more than the number of warrants that are authorized in the annual Budget Act.

Status: As the 2003-04 Legislative session ended, AB 655 was referred to the Senate Budget and Fiscal Review Committee and held in committee.

SB 1193**Position:** None

Author: Soto (D-Pomona)
Version: As Amended June 29, 2004
Subject: Military - Death Benefits

Current law provides certain protection for members of the National Guard and reservists called to active duty, as specified, during the period of military service.

This bill would:

- Require the state to pay a \$10,000 death benefit to the surviving spouse or designated beneficiary of any member of the California National Guard, State Military Reserve, or Naval Militia who dies or is killed after March 1, 2003, in the performance of duty, as determined by the Military Department.
- Exclude certain death benefits payable to eligible individuals from gross income of those individuals for taxable years beginning on or after January 1, 2005. Currently, the Personal Income Tax Law imposes a tax on an individual taxpayer measured by the amount of the taxpayer's taxable income for the taxable year, but excludes certain items of income from the computation of tax.
- Become operative upon an appropriation by the Legislature for purposes of funding the payments of military benefits.

Status: Chaptered by Secretary of State on 9/16/04 (Chapter 547, Statutes of 2004). Governor's signing message: "This benefit is meant to assist the surviving spouse with immediate financial needs, as well as demonstrates California's gratitude of the sacrifices that our men and women in the California National Guard make to protect California citizens and resources, in peace time and in war." (Arnold Schwarzenegger)

SB 1322**Position:** None

Author: Denham (R-Salinas)
Version: As Amended June 21, 2004
Subject: APLE Program for National Guard Members

This bill would extend the National Guard Assumption Program of Loans for Education (AB 547) until January 1, 2012. The bill would also:

- Authorize qualifying members of the National Guard, the State Military Reserve, and the Naval Militia who are enrolled in, or have completed a qualifying vocational diploma program to participate in the program.
- Require the Commission to provide an annual report to the Legislature.
- Specify that, in the 2004–05 fiscal year, the Commission shall issue up to 100 new warrants under this program.
- Incorporate additional changes to Sections 66025.6 and 69751 of the Education Code proposed by AB 1997, to become operative only if AB 1997 and this bill are both chaptered and become effective on or before January 1, 2005, and this bill is chaptered last.

The National Guard APLE program (AB 547) has not been funded in the Budget Act. Therefore, the program has not been implemented. The Senate Education Committee staff analysis recommends that AB 1997 and SB 1322 be linked in order to prevent an overlap. No appropriation is provided in the bill.

Status: Chaptered by Secretary of State on 9/16/04 (Chapter 554, Statutes of 2004).

AB 1997**Position:** None

Author: Liu (D-La Canada)
Version: As amended August 9, 2004
Subject: APLE Program for National Guard

This bill would make technical amendments to the APLE program for National Guard members. Among other things, the bill:

- Expands the pool of potential participants by redefining "qualified member" to include National Guard members enrolled in or having completed their education at any California higher education institution. Under current law, the NG-APPLE program is available only to National Guard members with attendance at a public higher education institution (i.e. UC, CSU or the CCCs).
- Requires Commission (CSAC) to consult with the Military Department in adopting rules and regulations.
- Directs the Commission to commence loan repayments upon receipt of specified information from the Military Department.
- Adds language clarifying that the number of NG-APPLE warrants issued by the CSAC is limited by the number authorized and funded in the annual budget act.
- Provides that the program is established to provide an enlistment incentive and requires a person to agree to enlist, or reenlist, in the National Guard, the State Military Reserve, or the Naval Militia in order to qualify to apply to enter into an agreement for loan assumption.
- Requires the Commission to adopt initial regulations for the program within 6 months of the effective date of the initial appropriation funding the program.
- Requires, in any fiscal year in which the Commission determines that funding is insufficient to fully support the program that the Commission, to the extent feasible, grant priority to

individuals who are financially needy, as defined, and individuals who have been called to full-time active military duty.

Status: Chaptered by Secretary of State on 9/16/04 (Chapter 549, Statutes of 2004).

FEE POLICY

AB 2710

Position: None

Author: Liu (D-La Canada)

Version: As Amended on August 17, 2004

Subject: Fee Policy

This bill would add provisions to the Donohoe Higher Education Act (Act) to express legislative findings and intent with respect to the process of setting student fee levels. The bill would:

- Provide that the UC Regents and the Trustees of the CSU bear the primary responsibility for adjusting mandatory systemwide resident student fees at their respective systems;
- Add provisions to the Act to require these universities to develop methodologies for the adjustment of fees in accordance with a prescribed procedure; and
- Require CPEC to annually review the policies and procedures adopted pursuant to the bill and report to the Legislature and the Director of Finance.
- Require the LAO to provide the Legislature with information regarding the per-student cost of education at the CSU and the UC.

Status: Vetoed by Governor on 9/18/04. Governor's veto message: "This bill establishes a resident student fee policy that is inconsistent with the student fee policy provisions of the higher education Compact that I reached with the UC and CSU systems." (Arnold Schwarzenegger)

THE MASTER PLAN FOR EDUCATION

SB 1331

Position: None

Author: Alpert/Scott (D-San Diego/D-Altadena)

Version: As amended August 17, 2004

Subject: Postsecondary Education - Accountability

This bill would enact the California Postsecondary Accountability Act of 2004, which would establish a statewide California Postsecondary Education Accountability (CPSEA) structure that would annually provide an assessment of the progress made by the state's postsecondary education system in meetings Californian's educational needs. It would also:

- Require the information to be collected through a new statewide reporting system administered by CPEC.
- Require the CCC and the CSU, and request the UC and the AICCU to, annually report to the Legislature and the Governor, to become part of the state accountability record.
- Deletes some of CPEC's current statutory obligations to help focus its workload and align expectations with its current funding level.

Status: Vetoed by Governor on September 16, 2004. Governor's veto message: "While I favor accountability for all levels of education, this bill mainly establishes only a reporting structure for four broad policy goals rather than providing for outcomes,"

"Furthermore, CPEC, the body charged with collecting and analyzing data under this proposal, and the other higher education entities involved in data collection are proposed to be restructured by the CPR. It is premature to implement a new data collection system until the recommendations of the team are reviewed and more fully vetted for feasibility and efficiency." (Arnold Schwarzenegger)

PRIVACY PROTECTIONS

AB 3016

Position: None

Author: Pavley (D-Agoura Hills)
Version: As Amended April 27, 2004
Subject: Privacy – Social Security Number (SSN)

This bill would make technical changes to existing law, which prohibits a person or entity, with specified exceptions, from publicly posting, or displaying an individual's SSN or doing certain other acts that might compromise the security of an individual's SSN.

Status: Chaptered by Secretary of State on August 23, 2004 (Chapter 282, Statutes of 2004).

STUDENT PREPARATION FOR POSTSECONDARY EDUCATION

SB 1639

Position: None

Author: Alarcon (D-Sun Valley)
Version: As Amended on August 23, 2004
Subject: Foster Youth - Cal WORKS

This bill proposes changes to the California Work Opportunity and Responsibility to Kids (CalWORKs) program.

Status: Chaptered by Secretary of State on 9/21/04 (Chapter 668, Statutes of 2004).

AB 2080

Position: None

Author: Firebaugh (D-South Gate)
Version: As Amended August 23, 2004
Subject: Academic Achievement and Improvement Act

This bill would appropriate \$5 million from the General Fund to the Dept. of Education for the Academic Improvement and Achievement Act. These funds would be applied toward the minimum funding requirements for school districts and community college districts imposed by Section 8 of Article XVI of the California Constitution.

Status: Vetoed by Governor on 9/21/04. Governor's veto message: "I deleted the \$5 million augmentation because this small competitive grant program helps only 12 districts out of over 1,000 school districts in the state." (Arnold Schwarzenegger)

AB 2295**Position:** None

Author: Hancock (D-Berkeley)

Version: As Amended April 27, 2004

Subject: Career Exploration Plan for Students

This bill would:

- Authorize a school district to provide pupils with a career exploration plan prior to completion of 9th grade.
- Require the plan to include academic courses that satisfy; 1) state and school district requirements, 2) standards for entry into postsecondary education, 3) experience that provides an awareness of opportunities for either postsecondary education or employment following high school graduation.

Status: Vetoed by Governor on September 24, 2004. Governor's veto message: "... the CPR taskforce report will provide a more appropriate venue for consideration of these goals in concert with other components of a more preferable systematic approach to workforce preparation and career technical education." (Arnold Schwarzenegger)

ADMISSIONS CRITERIA**AB 2387****Position:** None

Author: Firebaugh (D-South Gate)

Version: As Amended July 1, 2004

Subject: Postsecondary Education: Resident Classification

This bill would:

- Add a provision to current law authorizing the UC and the CSU to consider culture, race, ethnicity, national origin, geographic origin, and household income, along with other relevant factors, in undergraduate and graduate admissions, so long as no preference is given, if and when the university, campus, college, school, or program is attempting to obtain educational benefit through the recruitment of a multifaceted, diverse student body.
- Express legislative intent that the authority granted by the bill be implemented to the extent permitted by relevant case law and in conformity with the relevant provisions of the California Constitution.

Status: Vetoed by Governor on September 9, 2004. Governor's veto message: "The practical implementation of the provisions of this bill would be contrary to the expressed will of the people who voted to approve Proposition 209 in 1996. Therefore, since the provisions of this bill would likely be ruled as unconstitutional, they would be more appropriately addressed through a change in the State Constitution." (Arnold Schwarzenegger)

DUAL ADMISSIONS AND CAMPUS PROGRAMS

SB 1785**Position:** None

Author: Scott/Alpert (D-Altadena/D-San Diego)

Version: As Amended August 17, 2004

Subject: CSU – Transfer Programs and Dual Admissions

This bill would:

- Establish a program to enhance transfer and dual admissions for CCC students who wish to earn baccalaureate degrees at a CSU. The bill would:
- Require the CSU to establish admissions requirements for CCC transfer students. Require CSU to guarantee that transfer students admitted under the bill will be able to complete the baccalaureate degree in the minimum number of course units required for that degree.
- Require each CSU campus, as allowed by enrollment demand and available space, to develop a transfer admission agreement with each student who intends to meet the bill's requirements. This transfer admission agreement would guarantee admission to the campus and major transfer of 60 semester units toward the baccalaureate degree.

Status: Chaptered by Secretary of State on 9/24/04 (Chapter 743, Statutes of 2004). Governor's signing message: "The Chancellor of the CSU and COCCC committing to implementation of this bill within their existing resources, and stating that this bill will not result in a State-reimbursable mandate for local community college districts. The community colleges already receive incentive funding for course articulation activities in the annual budget, and should any mandated costs arise from implementation of this bill, those costs will be paid from within the existing resources of the CSU and community colleges." (Arnold Schwarzenegger)

PRIVATE POSTSECONDARY AND VOCATIONAL EDUCATION ACT

AB 2457**Position:** None

Author: Goldberg (D-Los Angeles)

Version: As Amended June 23, 2004

Subject: Private Postsecondary and Vocational Education Reform Act of 1989.

Under current law, the Private Postsecondary and Vocational Education Reform Act (Act) of 1989 will sunset on January 1, 2005. AB 2457 would:

- Delete the provision that requires that the act be repealed on January 1, 2005; and
- Require that the act become inoperative on July 1, 2007, and thereafter be repealed on January 1, 2008, thus extending operation of the Act by 2 ½ years.

Status: To Senate inactive file.

THE HIGH COST OF COLLEGE TEXTBOOKS

AB 2477**Position:** None

Author: Liu (D-La Canada)
 Version: As Amended on August 17, 2004
 Subject: Textbook Pricing

This bill would express various findings and declarations of the Legislature with respect to the cost of college textbooks. The bill would:

- Urge textbook publishers to take specified actions aimed at reducing the amounts that students currently pay for textbooks.
- Require the Trustees of the CSU and the Board of Governors of the CCC, and request the Regents of the UC, to encourage faculty members, when assigning textbooks, to work with the Academic Senates to encourage practices that are less costly to students and to encourage campuses to provide as many forums as possible for students to purchase used textbooks.
- Express Legislative intent to encourage private colleges and universities to work with their academic senates and to encourage faculty to consider practices in selecting textbooks that will result in the lowest costs to students.

Status: Chaptered by Secretary of State on 9/16/04 (Chapter 556, Statutes of 2004).

AB 2678**Position:** None

Author: Koretz (D-West Hollywood)
 Version: As Amended on August 10, 2004
 Subject: Textbook Rental Library Service

This bill is intended to provide students with an alternative, less expensive way to access the textbooks necessary to complete their coursework. It would:

- Urge the trustees, the governing board of each community college district in the state, and the regents to set up a textbook rental service for the students at each of their campuses if specified conditions are met.
- Urge the trustees, the governing boards of community college districts, and the regents to convene task forces to determine recommended procedures and policies for the establishment and operation of textbook rental services.
- Require that any textbook rental program established under the bill be funded by students and financially self-sustaining; have a textbook rental cost for full-time undergraduate students that does not exceed 50% of the average annual retail purchase cost of textbooks for full-time undergraduate students (calculated, as specified).
- Specify that the provisions of the bill would not apply to the UC unless the regents act to approve them.
- Express the intent of the Legislature to encourage private colleges and universities to employ the provisions of the bill in the establishment and operation of textbook rental services.
- Prohibit redirecting money from the General Fund or mandatory systemwide fee revenues available for the support of the segments' educational mission to support a textbook rental service under the bill.

Status: Vetoed by Governor on 9/16/04. Governor's veto message: "I am opposed to provisions in the bill that would allow additional fees to be assessed to all students, even those not using the program, in order to keep a textbook rental service financially self sustaining." (Arnold Schwarzenegger)

OTHER BILLS

AB 2724

Position: None

Author: Laird (D-Santa Cruz)
Version: As Amended August 19, 2004
Subject: ScholarShare

This bill would delete the provision that permits participants in the Golden State ScholarShare Trust to make up payments for years in which they were eligible to contribute, but did not. The bill would also make some technical and conforming changes in provisions of the act.

Existing provisions of the Golden State ScholarShare Trust Act provide that participation agreements may be amended throughout their terms to enable participants to increase or decrease their levels of participation. This bill would delete these provisions. It would have no direct effect on the Commission or EDFUND.

Status: Vetoed by Governor on September 23, 2004. Governor's veto message: "...Unfortunately, this bill also includes unrelated provisions that expand the powers of the California Educational Facilities Authority (CEFA) to allow financing of entities that can already be funded through the California Infrastructure and Economic Development Bank. Therefore, expanding that authority to CEFA is duplicative and unnecessary." (Arnold Schwarzenegger)

AB 2923

Position: None

Author: Liu (D-La Canada)
Version: As Amended August 17, 2004
Subject: California Postsecondary Education Commission (CPEC)

This bill would:

- Recast and revise provisions relating to the California Postsecondary Education Commission's (CPEC) duties, membership, priorities, and policy responsibilities.
- Expand the policy responsibilities of CPEC to include maintaining a statewide postsecondary accountability framework that identifies state public policy goals and provides a means for assessing progress toward meeting those goals across all segments of postsecondary education.
- Establish a Policy Advisory Committee to CPEC.

Status: Vetoed by Governor on September 15, 2004. Governor's veto message: "Among its recommendations, the CPR advocated for a more comprehensive approach to higher education governance restructuring. This bill may have merit in its intent to basically revitalize CPEC, but we need to continue the work begun by the CPR before enacting a measure like this." (Arnold Schwarzenegger)
