

AGENDA

COMMITTEE ON GOVERNMENTAL RELATIONS

Meeting: 10:20 a.m. Wednesday, July 19, 2006
Glenn S. Dumke Auditorium

Melinda Guzman Moore, Chair
Debra S. Farar, Vice Chair
Jeffrey L. Bleich
Carol R. Chandler
Moctesuma Esparza
Murray Galinson
William Hauck
Ricardo F. Icaza
Andrew LaFlamme
A. Robert Linscheid
Craig R. Smith

Consent Items

Approval of Minutes of Meeting of May 17, 2006

Discussion Items

1. 2005-2006 Legislative Report No. 10, *Action*
2. Education Facilities: Kindergarten- University Public Education Facilities Bond Act of 2006 (Proposition 1-D): Endorsement by Board of Trustees, *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**

May 17, 2006

Members Present

Jeffrey L. Bleich, Chair
Melinda Guzman Moore, Vice Chair
Roberta Achtenberg
Herbert L. Carter
Carol R. Chandler
Moctesuma Esparza
Debra S. Farar
Murray L. Galinson, Chair of the Board
William Hauck
Ricardo F. Icaza
Corey Jackson
A. Robert Linscheid
Charles B. Reed, Chancellor
Craig R. Smith

Approval of Minutes

The minutes of March 14, 2006 were approved.

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Trustee Bleich called the meeting to order and asked Ms. Karen Zamarripa, Assistant Vice Chancellor, Advocacy and Institutional Relations, to present the report.

Ms. Zamarripa updated the committee on the legislative schedule including the upcoming deadlines for 2006 bills. She also reported on the status of the CSU Board of Trustees' sponsored bills and highlighted other bills of interest in the agenda report. Finally, Ms. Zamarripa reported on the final bond package placed by the legislature and governor on the November ballot including Prop 1-D for K-12 and higher education capital outlay investments. She indicated that the board would be asked to consider a resolution in support of this bond at its next meeting.

Some points of interest included in report were:

The three Trustees' sponsored bills were passed unanimously by the Assembly Higher Education committee and would next be heard in the fiscal committees and the full house of origin by June 2nd.

Trustee Chandler asked for an update on SB 1209 (Scott) regarding credentialing of out-of-state teachers. Ms. Zamarripa explained that the core issue for CSU has been ensuring that out-of-state teachers meet a comparable level and quality of training as required in California under The Ryan Act and through the California Commission on Teacher Credentialing (CCTC). Ms. Zamarripa said she was uncertain about the status of the bill and that she would research it and report back to Trustee Chandler.

Chair Galinson inquired about AB 1561 (Umberg) that allows the appointing authority of a board or commission to remove and replace a termed appointed member should the member miss three out of four regularly scheduled consecutive meetings. He asked if the terms of the bill applied to the CSU. Ms. Zamarripa, with the aid of General Counsel, Christine Helwick, explained the course of events leading to CSU's exemption from participation under this proposed legislation.

Trustee LaFlamme inquired about the status of the student fee policy bill AB 1072 (Liu). Ms. Zamarripa explained it was in the Senate Education Committee and has been substantially amended to proposed what the author calls a more comprehensive policy regarding higher education financing and affordability. She indicated she would have a better idea of the bill's direction after further analysis of amendments.

Following questions from the Board, Ms. Zamarripa reported the details of the final bond deal reached by the legislature and Governor Schwarzenegger on May 5th. She indicated there are six total proposals and provided a quick summary of them all ranging from Prop 1-A dealing with sales tax revenues on gasoline to five general obligation bonds including Prop 1-D, which is the education bond. CSU would expect to receive \$345 million for 2006/07 and 2007/08 for construction of campus space if the bond passes in November.

Trustee Hauck cautioned that none of the bonds was a certainty and that everything possible needs to be done to get them in place for passage. He acknowledged it was not going to be an easy task and that cooperation and assistance from everyone would be necessary.

The committee recommended approval of the proposed resolution (RGR 05-06-04).

COMMITTEE ON GOVERNMENTAL RELATIONS

2005-2006 Legislative Report No. 10

Presentation By

Karen Y. Zamarripa
Assistant Vice Chancellor
Advocacy and Institutional Relations

Summary

This item contains a status report on the Trustees' legislative program, and priority legislation identified consistent with system principles, goals and objectives.

Trustees' Legislative Program

The following proposals comprise the Trustees' legislative program for 2006.

Assembly Bill 2597 (Pavley) Revenue Bonds: This technical proposal enhances the CSU's ability to use its system-wide bonds for future projects, and potentially lower its interest costs. Specifically this measure makes the five following changes: (1) Authorizes the CSU to loan or advance proceeds from its revenue bonds or revenue bond anticipation notes to third parties (e.g. auxiliary organizations) through a loan agreement, for projects approved by BOT; (2) authorizes the payment of interest on a basis other than semi-annual or annually to accommodate issuance of variable rate debt; (3) authorizes the BOT to issue commercial paper directly by including commercial paper within the statutory definition of notes and revenue bond anticipation notes; (4) authorizes the State Treasurer to appoint an agent to serve as trustee of CSU revenue bonds, and; (5) authorizes investment of dormitory revenue, dormitory construction, dormitory interest and redemption and dormitory maintenance and repair accounts to be invested outside the State Treasurer's accounts, but maintaining BOT investment policy.

Status: This measure was passed out of Assembly on a unanimous vote of 80-0 and was approved by Senate Education Committee on June 29th.

Assembly Bill 2813 (De La Torre) Financial Aid: Cal Grant Program Revisions: This proposal revises the Cal Grant program by modifying the age cap limitation for Cal Grant Transfer Entitlement awards from 24 to 27 years to reflect the average age of students seeking a college degree in California.

Status: This measure was passed out of the Assembly on a vote of 73-5 and was approved by Senate Education on June 29th.

Senate Bill 1724 (Runner) Efficiency and Productivity Omnibus: This proposal would improve efficiency and reduce costs to the CSU: (1) Victim Compensation Board: Authorize the CSU to handle tort claims directly rather than through the Victim Compensation Board, which costs the CSU up to 15 percent of each settlement amount and (2) Retailer Sellers Permit: Exempt CSU from the statutory requirement to collect California retailers' seller's permits in order to contract for purchases.

Status: This measure was passed out of Assembly Higher Education on a vote of 7-0 and was unanimously approved by Assembly Judiciary on June 27th.

Priority Bills

In addition to our trustee-sponsored bills, the CSU is tracking the following priority bills:

Assembly Bill 196 (Liu) Postsecondary Education: Accountability: This bill would create a centralized reporting mechanism for all three segments of the California's higher education institutions located within CPEC.

CSU Position: Oppose

Status: This measure was held under submission by the Senate Appropriations Committee last year, it was amended on June 12 to among other things, change the reporting requirement from annually to biannually.

Assembly Bill 546 (Garcia): State Computers Prohibited Use, Obscene Matter: This bill amends the Government Code to clarify that the use of a state computer to view obscene materials is a misuse of state resources punishable with a \$1,000 civil penalty. Assembly Member Garcia has amended AB 546 to allow for legitimate academic and legislative purposes.

CSU Position: Support

Status: AB 546 has been passed out of the Senate Judiciary Committee and is now headed to the Senate Appropriations Committee.

Assembly Bill 840 (Arambula): Student Financial Aid: California Community College Transfer Cal Grant Entitlement Program: This bill forgives those students who, between 2002 and 2005, were awarded California Community College Transfer Entitlement Program (CCCTEP) grants in error, by retroactively exempting these students from the statutory requirement to be California residents at the time of high school graduation. The measure also

requires recipients to complete a supplemental verification form and requires colleges to verify a percentage of these forms.

CSU Position: No Official Position
Status: This measure has gone to the Governor for final action.

Assembly Bill 1072 (Liu): Public Postsecondary Education, Student Fee Policy: This measure would establish a policy on setting student fees at the CSU and the UC in order to ensure that students are receiving an affordable undergraduate education. It also requests CPEC to report to the legislature annually on the affordability of undergraduate education at the CSU and the UC.

CSU Position: Pending: Amendments are under review
Status: AB 1072 was passed out of the Senate Education Committee on June 29th.

Assembly Bill 1315 (Liu) Cal Grant B Awards: Access Costs: This provides for a phase in of the maximum award for Cal Grant B access costs for items such as books, supplies, living expenses and transportation.

CSU Position: Support
Status: AB 1315 was passed out of the Senate Education Committee on June 29th.

Assembly Bill 1561 (Umberg): State Boards and Commissions: Member Removal: Failure to Attend Meetings: This bill allows the appointing authority of a board or commission to remove and replace a termed appointed member should the member miss three out of four regularly scheduled meetings in row. The measure provides that an excused absence includes an absence for sickness, or for legitimate board, commission or state work.

CSU Position: Pending
Status: AB 1561 was never referred by the Senate Rules Committee to an appropriate policy committee.

Assembly Bill 1782 (Mullin): Lottery Act: Multistate Lottery: Distribution of Revenues: This proposal would allow the voters of California to authorize California's participation in the multi-state lottery, MegaMillions. This measure was amended to no longer redirect funds derived from a multi-state lottery away from the CSU and towards certain K-12 programs.

CSU Position: No Official Position
Status: AB 1782 failed to move out of the Senate Education Committee at the June 21st hearing, receiving 6 "No" votes.

Assembly Bill 1896 (Coto): High School Requirements. This measure would essentially make the college preparatory curriculum the default high school graduation requirement for all students. The bill allows parents to make different choices including career tech curriculum or a general course of study consistent with graduation requirements.

CSU Position: Support
Status: This measure was held under submission by the Assembly Appropriations Committee and is effectively dead for the legislative year.

Assembly Bill 1986 (De la Torre): California State University: Auxiliary Organization contracts: qualified project. This measure would essentially place the CSU's current policy into statute, which requires that auxiliaries must use the CSU Contract Law for projects involving public funds.

CSU Position: No Official Position
Status: This measure will be heard in Senate Appropriations in August.

Assembly Bill 2017 (Dymally) Postsecondary Education Accrediting Agencies: This bill originally would have changed the accreditation standards for California postsecondary education. It was subsequently amended to remove that language and was replaced with language dealing with elections in the City of Vernon.

CSU Position: No Official Position
Status: AB 2017 was double referred to Assembly Higher Education and Government Organization. This measure was not moved out of the Assembly by the legislative deadline and has died.

Assembly Bill 2168 (Liu) Public Postsecondary Education: Common Core Curriculum: This measure would require the creation of a single common core curriculum in general education courses for those students of the California Community College (CCC) students who desire to transfer to the University of California (UC) or the California State University (CSU).

CSU Position: Oppose
Status: This measure was held by the Senate Education Committee.

Assembly Bill 2355 (Negrete McLeod) Public Employees' Retirement: Service Credit: California State University Academic Employees: This measure which is sponsored by CFA, would allow an academic employee to "buy back" service time at the cost of the employer. For the Academic Year 2005/2006, the CSU estimates that these costs could be \$600,000 annually.

CSU Position: Oppose

Status: This measure was approved by Senate Public Employee and Relations Committee on a partisan vote.

Assembly Bill 2653 (Dymally) Accreditation: California Commission on Accreditation: This bill establishes the California Commission on Accreditation responsible for the reviewing and accrediting, all elementary, secondary, and postsecondary schools in the state.

CSU Position: Oppose
Status: This bill did not make it out of the Assembly Education Committee.

Assembly Bill 2665 (Goldberg) California American Indian Education Commission: This measure would establish the California American Indian Commission in order to improve educational opportunities for California's American Indian students.

CSU Position: Support
Status: This measure was approved by the Senate Education Committee the last week of June and is now pending action in Appropriations in August.

Assembly Bill 2666 (Goldberg) Public Postsecondary Education: Resident Classification: Members of Recognized Tribes: This measure would provide a student who is a member of a federally recognized tribe is entitled to resident classification.

CSU Position: No Official Position
Status: This measure was held in Senate Education Committee.

Assembly Bill 2748 (Jones) Public Postsecondary Education: Student Housing Report: This measure would request the regents, and require the trustees, to each prepare a report on campus student housing due to the Legislature on or before March 31, 2007.

CSU Position: Pending: Amendments Under Review
Status: This measure was approved by the Senate Education Committee on June 29th.

Assembly Bill 2992 (Evans) California State University: This measure would single out the CSU by requiring the system to prequalify mechanical subcontractors for every public works project at the CSU that exceeds \$1,000,000 in cost.

CSU Position: Oppose
Status: This measure was approved by the Senate Education Committee after a tense debate. Chair Jack Scott did not vote for the bill but it ultimately passed on a voted of 7-2-1.

Assembly Bill 2951 (Goldberg) Capital Facilities Fees: This measure expands the scope of capital facilities fees that may be assessed by publicly owned utilities to public entities. The bill also limits the scope of relief available to those challenging illegal increases to capital facilities fees.

CSU Position: Oppose
Status: This measure will be heard in Senate Education in August.

Senate Bill 160 (Cedillo): Student Financial Aid: Eligibility: California Dream Act: This proposal requests the University of California and requires the California State University, and the California Community Colleges to establish procedures and forms to enable students who are exempt from paying nonresident tuition to participate in all applicable student aid programs administered.

CSU Position: Support
Status: SB 160 has been referred to Assembly Appropriations Committee.

Senate Bill 845 (Scott) Postsecondary Education: College Opportunity Act of 2006: This bill would enact the College Opportunity Act of 2006 which seeks to develop a long-term enrollment plan, expand outreach and academic preparation efforts, and encourage the increase in funding for enrollment.

CSU Position: Support
Status: This measure was amended in the Assembly to contain the language previously found in SB 1709, which was held in Senate Appropriations Committee. The measure is currently in the possession of Assembly Rules and is dead for the year.

Senate Bill 1124 (Torlakson) Teacher Development: Recruitment, Training, and Retention: This measure would set in place various financial aid and loan forgiveness programs for new teachers in order to provide a qualified teacher in every classroom.

CSU Position: Support
Status: This measure was passed out of Assembly Education on June 28th.

Senate Bill 1181 (Maldonado): Public Postsecondary Education: Supplemental Report on Academic and Executive Salaries: This bill requests the University of California (UC) and requires the California State University (CSU) and Community College (system-wide level only) to report annually on the total compensation of specified executive and senior level administrative positions.

CSU Position: Oppose Unless Amended
Status: This measure will be heard in Assembly Appropriations Committee in August. Budget bill language was included in the final budget for UC on this matter, making this bill unnecessary and duplicative.

Senate Bill 1209 (Scott) Teachers: Teacher Credentialing: Out-of-State Teachers: Professional Growth Programs: Teacher Compensation: This omnibus measure removes certain requirements for out-of-state trained teachers related to credentialing, as well as other changes to the teacher credentialing process.

CSU Position: Support
Status: This measure will be heard in Assembly Appropriations in August.

Senate Bill 1264 (Alquist) Student Financial Aid: Ortiz-Pacheco-Poohigian-Vasconcellos Cal Grant Program: This measure would increase the number of competitive Cal Grant A and B awards by 500, bringing the total amount of Grants awarded annually to 23,000.

CSU Position: Support
Status: This measure was placed on the Assembly Appropriations Suspense File.

Senate Bill 1309 (Scott) Nursing Education: State Nursing Assumption Program of Loans for Education: California Community Colleges: This measure modifies the State Nursing Assumption Program of Loans for Education (SNAPLE) as well as investments in Community College Nursing Programs. It also states the intent of the Legislature to expand the number of nurses educated in California by increasing enrollment at the CSU.

CSU Position: Support
Status: This measure was approved by the Assembly Higher Education on June 27th.

Senate Bill 1604 (Margett) Public Contracts: Bids and Disputes: This measure would prohibit the CSU from requiring bidders on public works contracts to submit proposed substitutions of products or materials called for in the bid prior to the award of a contract.

CSU Position: Oppose
Status: This measure was defeated in the Assembly Business and Professions on June 27th.

Senate Bill 1709 (Scott) Postsecondary Education: College Opportunity Act of 2006: This bill would have enacted the College Opportunity Act of 2006 which would have sought to develop a

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long-term enrollment plan, expand outreach and academic preparation efforts and encourage the increase in funding for enrollment.

CSU Position: Support
Status: This measure was held on the Senate Appropriation Committee suspense calendar.

Adoption of the following resolution is recommended:

RESOLVED, By the Board of Trustees of the California State University, that the 2005-2006 Legislative Report No. 10 is adopted.

COMMITTEE ON GOVERNMENTAL RELATIONS

Education Facilities: Kindergarten- University Public Education Facilities Bond Act of 2006 (Proposition 1-D): Endorsement by Board of Trustees

Presentation By:

Karen Y. Zamarripa
Assistant Vice Chancellor
Advocacy and Institutional Relations

Summary

From time to time, the Committee on Governmental Relations reviews statewide ballot measures for their implications for the California State University. This item contains a resolution expressing support for an education bond appearing on the November 2006 ballot.

Infrastructure Financing

The Legislature and the Governor placed the following five propositions on the November Ballot as part of an agreement. This bond package represents a total bond value of **\$37 billion**. In addition a Parks Bond (\$5.4 billion) has been placed on the ballot by the initiative process making the total bond value appearing on the ballot of almost \$42.4 billion.

Legislation was recently implemented that pushes back, again, the High Speed Rail proposition to its third election cycle, November 2008. By resetting this measure, the voters will have a smaller total bond package before them this November, a reduction of almost \$10 billion.

As a part of the infrastructure package, the bonds were divided into four separate initiatives and were mandated that they have a specifically assigned proposition number, with the Transportation protection proposition being the first listed.

Proposition 1-A: Transportation Investment Fund (SCA 7 --Torlakson)

Summary: This proposition would put before the voters a proposal amending the constitution by strengthening the suspension provisions on the Transportation Investment Fund (TIF) in the following fashion:

- Loans from the fund would be due back in three years, with interest.
- No more than two loans would be allowed in a 10-year period.
- The first loan must be repaid before second loan is allowed.

Provides a 10-year repayment of Proposition 42 debt (\$2.4 billion).

Fiscal Impact: Limiting the ability to suspend the Article XIX B transfer may require other General Fund solutions totaling at least \$1.5 billion during tough budget times such as tax increases or cuts to other areas of the state budget, including K-12 education, higher education, public safety, local governments, health care, and services to the aged, blind and disabled.

Proposition 1-B: Highway Safety, Traffic Reduction, Air Quality, Port Security Bond Act Of 2006 (SB 1266 -- Perata)

Summary: This proposition would enact the Highway Safety, Traffic Reduction Air Quality, and Port Security Bond Act of 2006 with a bond total of \$19.925 billion that would go to the following projects:

Mobility, transit, congestion relief: \$16.250 billion

\$4.5 billion for high priority corridor improvements

\$1 billion for State Highway 99 Enhancement Plan

\$2 billion for trade infrastructure

\$2 billion STIP augmentation

\$4 billion for rail, bus, transit improvements

\$750 million for SHOPP and ITS

\$1 billion for State-Local Partnership Program

\$2 billion for local streets and roads

Safety, security, disaster preparedness: \$1.525 billion

\$1 billion for transit safety and disaster response (new program)

\$100 million for Port Security Program

\$125 million for local bridge seismic retrofit

\$250 million for grade separations.

Air quality: \$1.2 billion

\$1 billion for port air quality

\$200 million for school bus retrofit and replacement

Fiscal Impact: Principal and interest totaling \$27,966,418,750 over 20 years. Average annual costs of approximately \$1,398,320,938 based on 4.55 percent average yield rate. For 30 year repayment, principal and interest totaling \$32,271,856,250 based on 4.55 percent average yield rate, with approximate annual cost of \$1,075,728,542.

Proposition 1-C: Housing And Emergency Shelter Trust Fund Act Of 2006 (SB 1689 -- Perata)

Summary: This proposition would enact the Housing and Emergency Shelter Trust Fund Act of 2006 with a bond total of \$2.85 billion divided between affordable housing (\$1.50 billion); housing-related parks in urban, suburban, and rural areas (\$200 million); and transit oriented development (\$300 million).

Affordable housing: \$1.50 billion

\$345 million for multifamily housing

\$300 million for Cal Home homeownership program

\$200 million for CHADAP down payment assistance program

\$195 million for supportive housing

\$135 million for farm worker housing

\$125 million for the Building Equity and Growth in Neighborhoods (BEGIN) Program

\$100 million for affordable housing innovation

\$50 million for homeless youth housing

\$50 million for domestic violence shelters

Infill incentives: \$850 million (up to \$200 million available for urban parks)

Housing-related parks in urban, suburban, and rural areas: \$200 million

Transit oriented development: \$300 million

Fiscal Impact: Assuming 6 percent interest, repaid over 30 years, the total estimated principal and interest payments on a \$2.8 billion bond is \$5.5 billion. The estimated average annual payment is \$182 million.

*Proposition 1-D: Education Facilities: Kindergarten- University Public Education Facilities
Bond Act Of 2006 (AB 127 -- Nunez):*

Summary: This proposition would enact the Kindergarten-University Public Education Facilities Bond Act of 2006 worth \$10.416 billion with K-12 education receiving \$7.329 billion; Higher education receiving \$3.087 billion. Of this amount the CSU would receive \$690 million over two years (\$345 million each year).

K-12 facilities: \$7.329 billion

- \$1.9 billion for new construction
- \$3.3 billion for rehabilitation and modernization
- \$200 million for small high schools—(included in new construction and modernization above)
- \$1 billion for hyper-dense overcrowded schools
- \$500 million for career technical education facilities
- \$500 million for charter schools
- \$100 million for "green" schools
- \$29 million for joint use facilities

Higher education: \$3.087 billion

- \$1.580 billion for UC and CSU, of which \$690 is for CSU over two years (\$345 million each year)
- \$1.5 billion for community colleges

Fiscal Impact: If the \$10.416 billion in bonds were to be sold at an average interest rate of 6 percent and then be paid off over 30 years, debt service costs for principal and interest would total about \$20.3 billion.

Proposition 1-E: Disaster Preparedness and Flood Prevention Bond Act Of 2006 (AB 140 -- Nunez):

Summary: This proposition would enact the Disaster Preparedness and Flood Prevention Bond Act of 2006, which would authorize bonds in the amount of \$4.090 billion for the purposes of financing disaster preparedness and flood prevention projects. This would include \$3 billion for levee inspection, repair, flood control improvements, and delta levee protection; \$500 million for flood control subventions; \$290 million for flood corridors, bypasses, and flood plain mapping; and \$300 million for storm flood management.

Fiscal Impact: Assuming the \$4.090 billion in bonds would be sold at an average interest rate of 5 percent and then be paid off over 30 years, debt service costs for principal and interest would total about \$8 billion, or an average of about \$270 million annually.

Other Bond Measures

The remaining bond measures were placed on the ballot either by the legislature or by the use of the initiative process and will be assigned numbers by the Secretary of State later this summer.

Sex Offenders. Sexually Violent Predators. Punishment, Residence Restrictions and Monitoring

Summary: This proposition would increase penalties for violent and habitual sex offenders and child molesters. It also would prohibit registered sex offenders from residing within 2,000 feet of any school or park, and requires lifetime Global Positioning System monitoring of felony registered sex offenders.

Fiscal Impact: Unknown net costs to the state, potentially in the low hundreds of millions of dollars annually due primarily to increased state prison, parole supervision, and mental health program costs. These costs would grow significantly in the long term. Potential one-time state capital outlay costs, within a few years, in the low hundreds of millions of dollars for construction of additional state mental hospital and prison beds. Unknown but potentially significant net operating costs or savings to counties for jail, probation supervision, district attorneys, and public defenders, reimbursed by the state.

Water Quality, Safety and Supply. Flood Control. Natural Resource Protection. Park Improvements. Bonds. Initiative Statute.

Summary: This proposition would provide almost \$5.4 billion in general obligation bonds, to fund projects relating to safe drinking water, water quality and supply, flood control, waterway and natural resource protection, water pollution and contamination control, state and local park

improvements, public access to natural resources, and conservation efforts. Provides funding for emergency drinking water, and exempts such expenditures from public contract and procurement requirements to ensure immediate action for public safety.

Fiscal Impact: A cost to the state of about \$10.5 billion over 30 years to pay off both the principal (\$5.4 billion) and interest (\$5.1 billion) costs on the bonds. Payments of about \$350 million per year. Reduction in local property tax revenues of several million dollars annually, about one-half of which would be offset by state payments to schools to make up their revenue loss. Unknown costs, potentially tens of millions of dollars per year, to state and local governments to operate or maintain properties or projects acquired or developed with these bond funds.

Waiting Period and Parental Notification Before Termination of Minor's Pregnancy. Initiative Constitutional Amendment.

Summary: This proposition would amend California's Constitution to prohibit an abortion for an unemancipated minor until 48 hours after physician notifies minor's parent or legal guardian, except in medical emergency or with parental waiver.

Fiscal Impact: Potential unknown net state costs of several million dollars annually for health and social services programs, court administration, and state health agency administration combined.

Tax on Cigarettes. Initiative Constitutional Amendment and Statute.

Summary: Would impose an additional 13-cent tax on each cigarette distributed (\$2.60 per pack), and indirectly increases tax on other tobacco products. Provides funding to qualified hospitals for emergency services, nursing education and health insurance to eligible children.

Fiscal Impact: Increase in new state tobacco tax revenues of about \$2.1 billion annually by 2007-08, declining slightly annually thereafter.

Alternative Energy. Research, Production, Incentives. Tax on California Oil. Initiative Constitutional Amendment and Statute.

Summary: Establishes \$4 billion program to reduce oil and gasoline usage by 25 percent, with research and production incentives for alternative energy, alternative energy vehicles, energy efficient technologies, and for education and training. Funded by tax of 1.5 to 6 percent, depending on oil price per barrel, on producers of oil extracted in California with a prohibition for producers in passing this new tax on to consumers.

Fiscal Impact: New state revenues annually – depending on the interpretation of the measure's tax rate provisions – of either about \$200 million or about \$380 million from the imposition of a severance tax on oil production, to be used to fund a variety of new alternative energy programs.

Education Funding. Real Property Parcel Tax. Initiative Constitutional Amendment and Statute.
Summary This proposition would provide additional public school funding for K-12 schools by imposing a \$50 tax on each real property parcel; exempts certain elderly and disabled homeowners. These funds would be used for class size reduction, textbooks, school safety, academic success facility grants, and a data system to evaluate educational program effectiveness. It would prohibit these funds from being used for school administrative overhead.

Fiscal Impact: Annual revenue of up to \$500 million from a new, statewide parcel tax with the revenue dedicated to specific K-12 education programs above current Proposition 98 guarantee.

Political Campaigns. Public Financing. Corporate Tax Increase. Contribution and Expenditure Limits. Initiative Statute.

Summary: This proposition would provide that candidates for state elective office who meet certain requirements might voluntarily receive public campaign funding from the Fair Political Practices Commission. This would be paid for by an increase in the income tax rate on corporations and financial institutions by 0.2 percent. It would also impose a new limit on campaign contributions to state-office candidates and campaign committees, and new restrictions on contributions and expenditures by lobbyists and corporations.

Fiscal Impact: Increased revenues (primarily from increased taxes on corporations and financial institutions) totaling more than \$200 million annually to pay for the public financing of political campaigns for state elected offices.

Government Acquisition, Regulation of Private Property. Initiative Constitutional Amendment.

Summary: This proposition would prohibit state and local governments from condemning or damaging private property to promote other private projects and uses. It would also limit the authority of government to adopt certain land use, housing, consumer, environmental and workplace laws and regulations, except when necessary to preserve public health or safety.

Fiscal Impact: Unknown, but potentially significant major future costs for state and local governments to pay damages and/or modify regulatory or other policies to conform to the measure's provisions.

Recommended Action

Should the Trustees determine they wish to take a position on an education bond act appearing on the November 2006 General Election ballot, the following resolution is recommended:

WHEREAS, Prop. 1-D, the Kindergarten-University Public Education Facilities Bond Act of 2006, provides \$10.4 billion in bonds to repair and upgrade California's elementary, middle and high schools, community colleges and

universities and to build new schools to relieve the overcrowding and reduce class sizes; and

WHEREAS, Proposition 1-D would provide all of higher education with \$3.087 billion, with the California State University with \$690 million over two years (\$345 million each year); therefore be it

RESOLVED, By the Board of Trustees of the California State University, that the board supports the education bond act, Proposition 1-D, that appears on the November 2006 General Election ballot.