

## **AGENDA**

### **COMMITTEE ON GOVERNMENTAL RELATIONS**

**Meeting: 11:00 a.m., Tuesday, July 17, 2012**  
**Glenn S. Dumke Auditorium**

Steven M. Glazer, Chair  
Henry Mendoza, Vice Chair  
Bernadette Cheyne  
Debra S. Farar  
William Hauck  
Peter G. Mehas  
Lou Monville  
Jillian Ruddell

#### **Consent Items**

Approval of Minutes of Meeting of May 8, 2012

#### **Discussion Items**

1. 2011-2012 Legislative Report No. 10, *Information*
2. 2012 Initiatives, *Action*

**MINUTES OF THE 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**

**May 8, 2012**

**Members Present**

Peter G. Mehas, Chair  
Bernadette Cheyne  
Steven Dixon  
Debra S. Farar  
Steven M. Glazer  
Bob Linscheid, Chair of the Board  
Lou Monville  
Charles B. Reed, Chancellor

**Approval of Minutes**

The minutes of March 20, 2012 were approved as amended.

**2011-2012 Legislative Report No. 9**

Mr. Garrett P. Ashley, vice chancellor for university relations and advancement, introduced the 2011-2012 Legislative Report No. 9. He remarked that the CSU is actively advocating in Sacramento.

Karen Zamarripa, assistant vice chancellor for advocacy and state relations congratulated Trustee Steven Glazer on his confirmation by the legislature. She then offered highlights from the written report:

Two sponsored bills *Assembly Bill 633 by Assembly Member Kristin Olsen* which addresses the purchase of vehicles by the CSU, and *Assembly Bill 2126 by Assembly Member Marty Block*, the CSU Board of Trustees' right to adopt regulations are moving through the process and Ms. Zamarripa anticipates that they will be passed and signed by the governor.

Four bills that relate to child abuse reporting that are the result of events at Penn State were highlighted: *AB 1434 (Feuer): Child Abuse Reporting-Mandated Reporters*; *AB 1435 (Dickinson): Child Abuse Reporting-Athletic Personnel*; *AB 1564 (Lara): Child Abuse Reporting-Mandated Reporters: Tax-Exempt Organizations*; and *SB 1264 (Vargas): Child*

*Abuse Reporting-Mandated Reporters.* SB 1265 and AB 1484 seem to be the primary vehicles for necessary changes.

Ms. Zamarripa also provided updates on the following bills outlined in Legislative Report #9:

*AB 2497 (Solorio): California State University: Early Start Program* was significantly amended and now provides for reporting relative to Early Start, which is consistent with what the board has requested; CSU is now supporting the measure.

*AB 2427 (Butler): California State University: Special Session Fees,* sponsored by the CFA (California Faculty Association), originally provided that summer session and extended education courses could not be used toward a degree. This bill has undergone considerable revisions, now prohibiting the CSU from charging higher fees for self-support programs offered in the summer or through Extended Ed, and CSU is opposing its passage.

*AB 1723 (Fuentes) Postsecondary Educational Institutions: Meetings: Live Audio Transmission* mandates that the CSU provide audio and video streaming of all board meetings. The CSU has taken no position on this measure.

*AB 1965 (Pan): California State University: Trustees* allows ex-officio board members to send alternatives to attend and vote at board meetings, and allow the second, currently non-voting, student representative to vote in the absence of the voting student trustee. CSU opposes ex officio alternates but support the changes for students.

*SB 1515 (Yee): California State University: Board of Trustees: Membership* substantially restructures the Board, adding additional faculty, staff and students. There is concern that this would represent a radical shift away from a “public” board to one more focused on the institution’s constituencies.

*SB 952 (Alquist): California State University: Compensation* is the only legislation regarding executive compensation that remains active and was referred to the Assembly Higher Education Committee for hearing later this spring. CSU opposes the measure.

The committee recommended approval by the board of the proposed resolution (RGR 05-12-04).

Trustee Mehas adjourned the meeting.

## **COMMITTEE ON GOVERNMENTAL RELATIONS**

### **2011-2012 Legislative Report No. 10**

#### **Presentation By**

Garrett Ashley  
Vice Chancellor  
University Relations and Advancement

Karen Y. Zamarripa  
Assistant Vice Chancellor  
Advocacy & State Relations

#### **Summary**

This item contains an update on the CSU Board of Trustees' 2011-12 Legislative Program and bills of interest for the CSU.

#### **Background**

The 2011-12 legislative session will adjourn on August 31. Thus, with the adoption of a final budget the focus shifts to the hundreds of bills that have moved from their house of origin to the second house. Measures not approved by policy committees before the summer recess which began the first week in July are technically dead for the year. When the legislature returns on August 6 they will have less than three weeks to deal with issues ranging from high-speed rail to pension reform to cap and trade.

Below is a status report on key legislation CSU has been most interested in this year.

#### **Sponsored Legislation**

##### **Assembly Bill 633 (Olsen): Vehicle Purchasing**

Assembly Bill 633 by Assembly Member Kristin Olsen would grant the CSU permanent authority to purchase vehicles and manage our fleet without the Department of General Services (DGS). The CSU has had this authority since 1986, but the five-year "sunset" needs to be extended before the end of summer. The bill contains an urgency clause that would make it go into effect immediately if it is signed by the Governor.

*Status:* The measure passed the Senate with a 28-4 vote and is back in the Assembly for concurrence in Senate amendments. The Governor's Office is not yet ready to recommend a signature on AB 633 given objections by DGS and Department of Finance and CSU staff is working hard to find an appropriate resolution.

**AB 2126 (Block): Board of Trustees' Regulatory Authority**

As a public higher education entity with its own governing board, the CSU was provided the authority to adopt its own regulations in 1996. This authority is set to expire on January 1, 2013. This proposal would grant the CSU the authority to continue issuing its own regulations for an additional five years.

*Status:* The measure passed out of the Assembly with a 63-10 vote and was passed by the Senate Education and Appropriations Committees prior to the summer recess.

**Academic Issues**

**AB 2093 (Skinner): Foster Youth Higher Education Preparation and Support Act of 2012.** This measure would have required the CSU and requested the California Community Colleges (CCC) and University of California (UC) to create a foster youth campus support program on each campus.

*CSU Position:* SUPPORT IF AMENDED

*Status:* This measure failed.

**AB 2132 (Lara): Public Postsecondary Education: Tenure Policy.** The proposal requires the CSU and requests the UC to develop and adopt tenure policies that encourage and reward faculty for service including work in the community.

*CSU Position:* NO OFFICIAL POSITION. The author accepted the CSU amendments so that the bill now conforms to current CSU policy regarding service in the retention, tenure and promotion process.

*Status:* This measure was passed by the Senate Education Committee on June 27.

**AB 2497 (Solorio): California State University: Early Start Program.** This measure, sponsored by the California Faculty Association, as introduced would have prohibited the CSU from operating the Early Start Program unless the state appropriated funding specifically for this purpose. The author amended the measure in the first policy committee to instead require the Legislative Analyst Office, in consultation with the CSU, to conduct an annual evaluation of the Early Start Program over the next few years.

*CSU Position:* SUPPORT

*Status:* This measure was passed by the Senate Education Committee on June 27 and will be heard next in the Senate Appropriations Committee in August.

### **Child Abuse Reporting**

**AB 1434 (Feuer): Child Abuse Reporting: Mandated Reporters.** This bill would make all CSU and higher education employees mandated reporters, as to any child abuse or neglect occurring on the campuses. While training would only be encouraged, all employees would have to sign a certification acknowledging their reporting responsibilities.

*CSU Position:* NO OFFICIAL POSITION

*Status:* This measure passed the Senate Public Safety Committee and will next be heard by the Senate Appropriations Committee in August.

**AB 1435 (Dickinson): Child Abuse Reporting: Athletic Personnel.** This bill adds an administrator or employee of a public or private youth center, youth recreation program or youth organization, including an athletic coach, administrator or athletic director at the CSU as child abuse and neglect mandated reporters. It would also require that these individuals receive training relating to child abuse and neglect within six months of being employed and every two years thereafter.

*CSU Position:* NO OFFICIAL POSITION

*Status:* This measure passed the Senate Public Safety Committee and will next be heard by the Senate Appropriations Committee later this summer

**AB 1564 (Lara): Child Abuse Reporting: Mandated Reporters: Tax-Exempt Organizations.** This measure would have included volunteers of public or private organizations, including nonprofit organizations, whose duties require direct contact with, and supervision of, children, as mandatory reporters. The bill also required employers to provide training in child abuse and neglect identification.

*CSU Position:* NO OFFICIAL POSITION

*Status:* This measure failed.

**SB 1264 (Vargas): Child Abuse Reporting: Mandated Reporters.** This measure adds athletic coaches, assistant coaches and graduate assistants at postsecondary institutions to the list of mandated reporters.

*CSU Position:* SUPPORT

*Status:* This measure was passed by the Assembly Public Safety Committee on June 26.

### **Compensation**

**AB 1561 (R. Hernandez): California State University and University of California: Compensation.** This proposal would have requested the UC and prohibited the CSU from increasing compensation for any *administrator* when the state provides less money than it did the prior year, or tuition fees have increased. In years when increases can be approved they cannot exceed 10 percent, and subsequent to that increase could only be adjusted by inflation.

*CSU Position:* OPPOSE

*Status:* The measure failed.

**AB 1787 (Portantino): State Employment: Salary Freeze.** This measure would have forbid any state employee making more than \$100,000 from receiving a salary increase until January 1, 2015.

*CSU Position:* OPPOSE

*Status:* The measure failed.

**SB 952 (Alquist): California State University: Compensation.** This bill would have prohibited the CSU from providing a compensation increase for any employee whose annual salary exceeded \$200,000 from General Fund sources through June 30, 2014. It would have also prohibited from June 1, 2014 to July 1, 2018, the CSU from providing a compensation increase of more than 10 percent for any employee whose annual salary exceeded \$200,000 from General Fund sources and regardless of circumstances including added workload and assignments.

*CSU Position:* OPPOSE

*Status:* The measure was reconsidered and approved. It goes to the Appropriations Committee.

**SB 967 (Yee): Public Postsecondary Education: Executive Officer Compensation.** This proposal would have prohibited a monetary compensation augmentation for an executive officer within two years of an increase in a mandatory systemwide fee at CSU or UC.

*CSU Position:* OPPOSE

*Status:* The measure failed.

**SB 1368 (Anderson) State employees: Salaries:** This proposal would have restricted any employee of the State, except for constitutionally elected positions, from earning more than the Governor or \$174,000 including any overtime.

*CSU Position:* OPPOSE

*Status:* The measure failed.

### **Fees and Financial Aid**

**AB 970 (Fong): University of California and California State University: Systemwide Student Fees: Student Financial Aid Report.** This measure provides notification and consultation in the adoption of student fee increases by the CSU and UC governing boards.

Students from both segments sponsored this measure so that students and families, to the extent possible, could plan for increases. This measure was a “gut and amend” that, as introduced, would have required the Board of Trustees to adopt a tuition fee increase 11 months prior to its implementation and after consultation with the recognized statewide student association and the community at large. It would also have required extensive reporting on the use of student tuition fee revenues and would have prohibited the use of the word “tuition.” The bill now prescribes a timeline for consultation prior to an information item on proposed fee increases followed by an action item no less than 45 days later. It also prescribes information to be provided for such consultation, revisions in the timetable in cases where the budget is lower than the prior year or cut midyear, urges the systems to continue investing in financial aid and finally directs both boards to develop factors to be used in setting fee levels in the future.

*CSU Position:* SUPPORT. The bill now reflects the work of the CSU and UC staff with the author, students and Speaker’s office in developing a more balanced, workable approach to the legitimate concerns of students and their families.

*Status:* The measure was passed by the Senate Education Committee on June 27 and will next be considered by Appropriations.

**AB 1500 (J. Pérez): Corporation Taxes: Single Sales Factor: Middle Class Scholarship Fund.** This bill implements the single sales tax factor for out-of-state businesses. This change is estimated to bring in up to \$1 billion in new revenues to the state that would be deposited into the Middle Class Scholarship Fund created by AB 1501 (below).

*CSU Position:* SUPPORT

*Status:* The measure is waiting for a vote on the Assembly Floor.

**AB 1501 (J. Pérez): Student Financial Aid: Middle Class Scholarship Program.** This bill would establish the Middle Class Scholarship Program. If enacted, commencing with the 2012-13 academic year, all resident undergraduate students enrolled at the University of California or the California State University with a household income of \$150,000 or less would be given a scholarship award that combined with other financial aid would cover at least 2/3 of the student's mandatory systemwide fees.

*CSU Position:* SUPPORT

*Status:* This measure was passed by the Senate Education Committee on June 27.

**AB 2427 (Butler): California State University: Special Session Fees.** This measure is one of five CFA-sponsored measures and would have essentially prohibited self-support programs at the CSU, whether non-state support summer terms or extended education. This bill was recently amended to require that changes to any Special Session fees must be publically noticed and approved by the Board of Trustees. This bill would also require an annual report about CSU's Extended and Continuing Education programs.

*CSU Position:* OPPOSE. The bill faced stiff opposition in the Higher Education Committee chaired by Marty Block and the author amended the bill to provide detailed reporting on extended education programs and charges which we estimate will cost at least \$500,000 a year.

*Status:* This measure will be heard by the Senate Education Committee on July 3.

**SB 960 (Rubio): California State University: Campus-Based Mandatory Fees.** This bill would prohibit revenues from campus-based mandatory fees that are approved by an affirmative vote of the student body from being *reallocated* without an affirmative vote of either the student body or a campus fee advisory committee. The advisory committee must be comprised of a majority of students elected by their peers.

*CSU Position:* NO OFFICIAL POSITION

*Status:* This bill will be heard by the Assembly Higher Education Committee on July 3.

**SB 1461 (Negrete McLeod): Public Postsecondary Education: Tuition and Mandatory Systemwide Fees.** This bill would have required the CSU, and requested the UC, to limit annual increases for resident undergraduate students to two percent above the percentage change in the state per capita personal income for the prior fiscal year.

*CSU Position:* OPPOSE

*Status:* The measure failed.

## Governance

**AB 1723 (Fuentes) Postsecondary educational institutions: meetings: live audio transmission:** This measure requires all public meetings of the CSU, UC, CCCs and the Student Aid Commission be video-streamed live on the internet, and that recordings of all such meetings be retained and accessible to the public for up to 12 months.

*CSU Position:* NO OFFICIAL POSITION

*Status:* The measure has been approved by the Senate policy and fiscal committees and awaits further action when they return from summer recess in August.

**AB 1965 (Pan): California State University: Trustees.** This measure allows ex-officio members of the Board to designate staff to represent them and serve as Trustees. In addition, the bill also allows the second, currently non-voting, student representative to vote, in the absence of the voting student trustee.

*CSU Position:* OPPOSE UNLESS AMENDED. The CSU opposes this measure unless the provision related to ex-officio Trustees is deleted from the bill.

*Status:* The measure was heard by the Senate Education Committee on June 27. In order to receive enough votes to pass out of the Committee, the author agreed to amend the bill in the Senate Appropriations Committee to delete the provisions related to ex-officio BOT members' designees.

**AB 2190 (J. Pérez): Postsecondary Education: Oversight and Coordination Commission.** This measure would have created a new postsecondary oversight entity, to replace the California Postsecondary Education Commission (CPEC).

*CSU Position:* WATCH

*Status:* The measure failed.

**SB 1515 (Yee): California State University: Board of Trustees: Membership.** This measure would have reduced the number of general appointments the Governor can make to the Board of Trustees from 16 to 14. Further, the bill would have mandated that seven of the members of the Board of Trustees be faculty, represented nonacademic staff and students.

*CSU Position:* OPPOSE

*Status:* The bill failed.

## Miscellaneous

**AB 1955 (Block): Public Postsecondary Education: Campus Law Enforcement Agency and Student Liaison.** This measure would require each CSU campus to designate a liaison to work between campus public safety officers and students exercising First Amendment rights. The UC would be requested to do the same.

*CSU Position:* NO OFFICIAL POSITION

*Status:* The bill passed the Senate Education Committee on June 12 and is now awaiting consideration by the fiscal committee.

**SB 1138 (Liu): Educational Data: State Department of Education: California Postsecondary Education Commission.** This measure would have done several things dealing with higher education oversight, data management and financial reporting.

*CSU Position:* WATCH

*Status:* The measure failed.

## Textbooks

**SB 1052 (Steinberg): Public Postsecondary Education: California Open Education Resources Council.** This measure would create the California Open Education Resources Council comprised of faculty of each public postsecondary institution in the state (three from each segment as selected by the Academic Senate). The Council would be charged with the identification of the 50 most common lower division courses and to ensure the creation of open digital material of “high-quality” for all students.

*CSU Position:* SUPPORT

*Status:* This measure will be heard by the Assembly Higher Education Committee on July 3.

**SB 1053 (Steinberg): Public Postsecondary Education: California Digital Open Source Library.** This measure creates the California Open Source Digital Library, which would be administered by the CSU in coordination with the UC and Community Colleges. The library would house open source materials while providing a web-based way for students, faculty and staff to easily find, adopt, utilize or modify course materials for little or no cost. The funding of this project would be contingent on funding being made available by the annual budget act.

*CSU Position:* SUPPORT

*Status:* This measure will be heard by the Assembly Higher Education Committee on July 3.

**AB 2471 (Lara): Postsecondary Education: E-Textbooks.** This measure would have restricted the offering of an “e-textbook” unless certain requirements are met, such as being available via cloud storage and having a clear refund policy provided by the publisher.

*CSU Position:* NO OFFICIAL POSITION

*Status:* The measure failed.

**Veterans**

**AB 2250 (Gaines) Public Postsecondary Education: Nonresident Tuition: Military Members.** This bill would have exempted members of the armed forces and their spouses from paying nonresident tuition fees, regardless of where they served or were stationed.

*CSU Position:* NO OFFICIAL POSITION

*Status:* The measure failed.

**AB 2462 (Block) Military Training: Course Credit:** This bill requires the Chancellor’s Office of the California Community Colleges (CCC), by July 1, 2013, to determine which community college courses veterans should be awarded credit for, based on prior military experience and in accordance with American Council on Education recommendations. It also encourages community college districts to award credit to veterans for prior military experience, including applying the determinations made by the Chancellor's Office.

*CSU Position:* NO OFFICIAL POSITION

*Status:* This bill was passed by the Senate Education Committee on June 27.

## **COMMITTEE ON GOVERNMENTAL RELATIONS**

### **2012 Initiatives**

#### **Presentation By**

Garrett Ashley  
Vice Chancellor  
University Relations and Advancement

Karen Y. Zamarripa  
Assistant Vice Chancellor  
Advocacy and State Relations

#### **Summary**

This item outlines pending initiatives for the November 2012 ballot.

**November Ballot:** There are up to 12 items that will be on the November ballot. Below is an overview on what is currently in play for the fall election:

#### **Paycheck Protection**

This proposition would prohibit the government from deducting union dues from government employee paychecks that would be used for political purposes unless approved by the employee, in writing. It also bans contributions to candidate-controlled committees by corporations and labor unions. Contractors who receive government contracts would also be banned from donating to the officeholder who awarded the contract.

#### **Auto Insurance Prices Based on a Driver's History of Insurance Coverage**

This proposition is another attempt by the insurance industry to allow them to set prices based on whether a driver previously carried auto insurance or for those drivers who have not maintained continuous coverage.

#### **Redistricting State Senate Districts**

This referendum places on the ballot the question of whether the maps created and approved by the newly created California Citizens Redistricting Commission for the State Senate should be used past this election cycle. If this initiative passes then the state senate lines would be redrawn for 2014.

### **Death Penalty Repeal. Initiative Statute**

The proposal would repeal the death penalty as the maximum punishment for persons found guilty of murder and replaces it with life imprisonment without the possibility of parole. The measure would apply retroactively to persons already sentenced.

### **Human Trafficking. Penalties. Sex Offender Registration**

This proposal would increase criminal penalties for human trafficking, mandating up to 15-years-to-life and fines up to \$1.5 million. Any person convicted of trafficking would be required to register as a sex offender.

### **Three Strikes Revision**

This proposal would revise the state's three strikes law by requiring life sentence only when a new felony conviction is serious or violent. It would also authorize the re-sentencing of offenders currently serving life sentences if the third strike conviction was not serious or violent and a judge determines that this change in sentence does not pose unreasonable risk to public safety. It would also maintain life sentence penalties for felons with non-serious, non-violent third strike if prior convictions were for rape, murder, or child molestation.

### **Approval of Healthcare Insurance Rate Changes**

This proposal would require health insurance rate changes to be approved by the State Insurance Commissioner before taking effect. Public notice would be required along with a hearing on the proposed rate changes. The proposal would not apply to employer large group health plans. It would prohibit health, auto and homeowners insurers from determining policy eligibility or rates based on lack of prior coverage or credit history.

### **Out-of-State Tax Break to be Redirected Towards Investing in Clean Energy**

This proposal requires a single sales tax for out-of-state corporations and would then direct the revenues of \$550 million annually for five years from the anticipated increase in revenue for the purpose of funding projects that create energy efficiency and clean energy jobs in California. This proposal is seeking to use the same funding stream as the Speaker's Middle Class Scholarship, but the proponents have indicated that they would drop their proposal should the Speaker's measures become enacted into law.

### **Genetically Engineered Foods**

This proposal would require labeling of food sold to consumers if it was made from plants or animals with genetically altered material. It would also prohibit the labeling or advertising of such food as being "natural."

### **Government Performance and Accountability Act**

This proposal is backed by California Forward as a means to improve the state's fiscal stability and long-term planning. The initiative has several key provisions which include: establishing a two-year budget cycle; prohibiting the Legislature from creating expenditures of more than \$25 million unless offsetting revenues or spending cuts are identified; implementing performance reviews of all state programs; using performance goals in state and local budgeting; and requiring all legislative budget bills be in print for three days prior to a vote.

### **Brown/CFT: Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding**

Known as the "Schools and Local Public Safety Protection Act of 2012" this initiative is the compromise proposal between the Governor's initial temporary sales tax and the CFT upper income tax proposal.

The proposal establishes two **temporary taxes**. The first increases personal income tax on annual earnings of more than \$250,000 for seven years. The second increases sales and use tax by ¼ cent for four years. These funds would be used in the following manner: 89 percent to K-12 schools and 11 percent to community colleges. The proposal also bars these funds from being used for administrative costs, but does allow local school governing boards discretion to decide, in open meetings and subject to annual audit, how funds are to be spent.

The proposal also completes the **realignment agreement** reached by the Governor and local governments by guaranteeing funds for public safety services are shifted from state to local governments. Previous action taken by the Governor and the Legislature stated that the 1.0625 cent sales and user tax realignment revenues were to be excluded from the Proposition 98 calculation. This provision however, was made contingent on the approval of a ballot measure by November 2012 that: 1) authorizes the exclusion of the 1.0625 cent sales tax revenues from the Proposition 98 calculation; and, 2) provides funding for school districts and community colleges in an amount equal to the reduction in the minimum guarantee due to the exclusion. If these conditions are not met, the legislation enacted would have an obligation for settling up the difference for the lower Proposition 98 spending in 2011-12 to be paid over the next five fiscal years.

It has been estimated that increased revenues could range from \$6.8 billion to \$9 billion for 2012-13 and from \$5.4 billion to \$7.6 billion, on average, in the following five fiscal years, with lesser amounts in 2018-19. These revenues would be available to pay for the state's school and community college funding requirements, as increased by this measure, and address the state's budgetary problem by paying for other spending commitments. The state also would not have as much of an ability to change programs and revenues shifted to local governments in 2011, resulting in a more stable fiscal situation for local governments. *The initiative also contains a*

*conflicting measure clause attached to it, which states that should two incremental personal income tax proposals appear on the same ballot, and should this proposal earn more votes, then this proposal would succeed and the other item would be null and void. While there is no direct or increased funding for the CSU related to the passage of this initiative, its failure guarantees another \$250 million trigger cut for the system.*

**Munger: Tax to Fund Education, Preschools, and Child Care**

This proposal would implement a 12 year personal income tax that, while levels increase on a sliding scale, would start for individual earners who make as little as \$7,316 a year. The lowest earners would pay an additional 0.4 percent in personal income taxes in California and would incrementally increase until it caps out at 2.2 percent for individuals earning over \$2.5 million. During the first four years, 60 percent of revenues would be directed towards K-12 schools, 30 percent to repaying state debt and 10 percent to early childhood programs.

Of the revenues collected and used by the state to pay bond debt-service costs, the proposal would require that education debt-service costs (pre-kindergarten through university school facilities) be paid off first. If, however, the state has no outstanding education debt-service costs, funds can be used to pay other general obligation bond debt-service costs. These funds would offset the state's General Fund costs and would provide some state General Fund savings.

For the remaining eight years of the life of the tax increase, 85 percent of its revenues would be allocated to K-12 schools and 15 percent to early child education programs. While local control would be provided, the state would be prohibited from directing or using new funds. It should also be noted that while the first four years would provide some General Fund savings (the LAO estimates about \$1.5 billion in 2012-13 and \$3 billion in 2013-14, tending to grow thereafter until 2016-17), most of the revenue raised would only benefit K-12 and early child development programs, with little to no aid in the subsequent years to the General Fund. All revenue collected by the measure and allocations made to schools are excluded from the calculation of the Proposition 98 minimum guarantee.

The proposal would generate new revenues from 2013 through 2024 of amounts varying from \$10 billion to \$11 billion per fiscal year that would likely increase over time. The 2012-13 revenue increase would be about half this amount. This revenue will not be dedicated to the CSU and could create greater fiscal pressures for the state in future years given the temporary nature of the revenue and long-term obligations to Proposition 98.

The Governor's initiative does ensure that the system does not have to sustain even greater cuts, possibly even greater than the proposed \$250 million trigger, in 2012-13 and beyond. As such staff recommends the board consider taking action on the Brown/CFT initiative.

The following resolution is recommended for adoption:

**RESOLVED**, By the Board of Trustees endorse the Brown/CFT Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding initiative given its direct relationship to the systems' fiscal stability and funding levels in 2012-2013 and beyond.