



2013 Year-End Briefing

**UC Office of State Governmental Relations
October 24, 2013**

End of 2013 Legislative Session Caps a Successful Year for UC Interests

The University of California enjoyed a number of legislative successes in 2013, including an improved budget outlook that saw the UC's base appropriation increase by five percent, budget trailer language that endorsed a significant debt restructuring policy that will pay dividends for years to come, and the initial state appropriation of funds for the UC Riverside School of Medicine.

On the bill front, the University was able to successfully oppose or stall legislation that UC believed would have been detrimental to our tripartite mission of instruction, research and public service, including measures (1) affecting the academic status of graduate student researchers, (2) directing the application of certain online education approaches that could negatively impact current and planned online development at UC, and (3) applying caps to final retirement for UC employees that would severely impact the recruitment and retention of quality faculty, administrators and staff who have made the University a model of academic and research excellence. While these bills could still be pursued in the coming year, we are cautiously optimistic that sufficient groundwork has been laid that will make their passage difficult.

Among UC-supported bills, State Government Relations helped win legislative approval and the Governor's signature on measures that will (a) improve the business operations of the campuses, (b) increase support for our five academic medical centers, (c) make it easier for veterans who did a significant part of their military service in California to qualify for resident tuition at UC, and (d) create a process for measuring how UC is doing in the future in addressing statewide goals. Unfortunately, SB 502 (Block), legislation sponsored by UC to streamline the competitive bidding process and save campuses significant dollars, was put over in the Assembly and will not be taken up until next year. Overall, the University requested the Governor's signature on seven bills and the Governor signed all of these bills. More importantly, and for the first time in recent memory, the University was not placed in a position where it needed to request a Governor's veto.

The University tracked approximately 270 "significant impact" bills this year and took positions on over 50 measures. Important legislation tracked by the University included academic affairs,

business operations, and health-related measures directly affecting the University. Significant bills included the aforementioned SB 502 (Block), streamlining the competitive bidding process; AB 13 (Chávez), exempting veterans from paying nonresident tuition at UC and CSU; AB 21 (Roth) and AB 27 (Medina), requesting funding for UC Riverside School of Medicine; SB 141 (Correa), exempting from nonresident tuition students whose parents were deported; AB 195 (Liu), establishing goals for postsecondary education; SB 8 (Yee), placing restrictions on executive compensation; SB 222 (Padilla), prohibiting the collection of genetic information; SB 239 (Hernandez), extending the Hospital Quality Assurance Fee; SB 259 (Hancock), proposing to confer collective bargaining rights on UC graduate student researchers; SB 520 (Steinberg), establishing the California Online Student Access Incentive Grant programs; SCA 15 (Yee), subjecting UC's retirement plan to the requirements of the California Public Employees' Pension Reform Act of 2013; SB 491 (Hernandez), expanding the scope of practice for nurse practitioners; SB 493 (Hernandez), proposing changes in the scope of practice for pharmacists; and AB 314 (Pan), prohibiting the lifetime or annual dollar limit on health plans operated by public or private colleges or universities. These bills are discussed in greater detail in the following sections.

Major Legislation Focused on the University of California

Bill to streamline competitive bidding process becomes two-year bill. **SB 502 (Block)**, legislation sponsored by UC, would authorize the University to employ an informal and streamlined competitive bidding process for projects costing less than \$1 million. This measure was removed from the policy committee agenda in the Assembly, and SGR continues to work with the committee chair and committee staff to address stated concerns, with the intent that the bill will proceed early in 2014.

Veteran tuition exemption bill becomes two-year bill. **AB 13 (Chávez)** would exempt veterans discharged from active duty in California within the immediately prior year from paying non-resident tuition at UC and CSU. The University took a concern position due to the fiscal issues that might arise if the bill is implemented. The bill was amended in the Senate Appropriations Committee with language that would have addressed UC's concerns. However, the bill was amended again on the Senate Floor with language that is problematic for the University. The bill has been referred to the Senate Rules Committee.

UC Riverside School of Medicine receives \$15 million in ongoing support. **SB 21 (Roth)** and **AB 27 (Medina)** would have raised awareness of and appropriated \$15 million in ongoing support to the UC Riverside School of Medicine (UCR SOM). The bills were amended because

of budget negotiations with the state that resulted in \$15 million in ongoing support being appropriated to UCR SOM in the finalized state budget. SB 21 was amended to state a request of UCR SOM to develop a program, consistent with its mission, to identify eligible medical residents and assist those medical residents to apply for the Steven M. Thompson physician retention programs. The bill was signed by the Governor. AB 27 was amended to a different subject matter having no impact on the University and remains in the Senate Transportation and Housing Committee. **ACR 1 (Medina)**, also signed into law, specifies the valuable role of UCR SOM in training a diverse workforce for the state of California.

Governor signs nonresident tuition legislation. **SB 141 (Correa)** would exempt from nonresident tuition, students whose parents were deported and who lived in California immediately preceding deportation. The University worked closely with the author on clarifying amendments to make the bill consistent with our existing non-resident tuition exemption policies. The author accepted the amendments, and the University took a neutral position on the bill. The Governor signed the bill on October 5, 2013.

Postsecondary education goals legislation signed into law. **SB 195 (Liu)** would establish three broad goals for higher education and state legislative intent that appropriate metrics be identified, defined, and formally adopted to monitor progress toward achievement of the goals. The University took a support position after our requested amendments were accepted by the author. The Governor signed the bill on September 26, 2013.

Executive compensation bill becomes two-year bill. **SB 8 (Yee)** would seek to prohibit UC and CSU from increasing monetary compensation or approving payment of a bonus for any executive officer within two years of a fiscal year in which a) the amount of General Fund moneys appropriated to the segment is less than or equal to the amount appropriated in the preceding fiscal year, or b) the systemwide fees were increased from the previous year. The bill would also place an arbitrary limit on compensation to an incoming executive officer in comparison to the compensation provided to the person whom they are replacing. The University issued an “oppose” letter in advance of the Senate Education Committee; the bill was pulled from the agenda before it was heard.

Genetic information privacy bill becomes two-year bill. **SB 222 (Padilla)** would prohibit the collection, storage, analysis and disclosure of genetic information without the written authorization of the individual to whom the information pertains, affecting research entities, hospitals and biomedical activities. UC opposed this legislation out of concern that the written authorization provisions could adversely affect patient care by inhibiting necessary, rapid

exchange of critical course of treatment information among health care providers. The contemplated changes in privacy laws contained in this bill would have devastated millions of dollars in UC research funding and patient care activities. Since this legislation would have had wide-sweeping impact on academic, biomedical research and healthcare activities, UC formed a multi-organizational coalition to negotiate the provisions of this legislation. UC's conservative fiscal estimate of \$58 million was provided to legislative fiscal committees, and as a result, this bill remains in the Senate Appropriations committee.

Governor signs Hospital Quality Assurance Fee bill. SB 239 (Hernandez) would enact the Private Hospital Quality Assurance Fee Act of 2014 extending the current fee program ending December 31, 2013 to December 31, 2016. The Hospital Quality Assurance Fee, established in 2009, is imposed on private general acute care hospitals and has been extended several times. The five UC hospitals are designated public hospitals and are grantees in the hospital fee program, which is valued at several hundred millions. The University requested the Governor's signature on the bill, and the Governor signed the bill on October 8, 2013.

Bill to confer collective bargaining rights on UC graduate student researchers (GSRs) becomes two-year bill. SB 259 (Hancock) would amend the Higher Education Employer Employee Relations Act to create collective bargaining rights for new classes of working students, including UC GSRs. The University remains in strong opposition to this measure, which we expect the author will continue to pursue in 2014. The bill remains in the Senate Appropriations Committee.

Online education bill remains in Assembly Higher Education Committee. SB 520 (Steinberg) would establish the California Online Student Access Incentive Grant programs as three separate programs under the administration of UC, CSU and California Community Colleges (CCC), for each segment respectively, in consultation with their respective statewide academic senates. The University raised strong opposition to the provisions of the bill and worked closely with our Academic Senate, the author, and other stakeholders to make our concerns known. Although the author amended the bill in an effort to address the concerns of stakeholders, the University remained opposed because the bill continues to fall short of serving as a legislative vehicle that could add value to online course development at the University. In response to our opposition and that of others, the author agreed to make SB 520 a two-year bill and continue to push the conversation on existing online education efforts by the University.

Legislation relating to the UC retirement plan becomes two-year bill. SCA 15 (Yee) would amend the California State Constitution to require UC's retirement plan to be subject to the

requirements of the California Public Employees' Pension Reform Act of 2013 (PEPRA) for all new employees. UC's strong opposition to this measure is rooted in the significant negative consequences a PEPRA-like retirement tier for new UC employees would have on our ability to recruit and retain senior faculty and professionals within the clinical enterprise. The bill was pulled from the agenda in the Senate Public Employment and Retirement Committee hearing, where it remains.

Actions on Health Reform Legislation. In preparation for the expansion of the Patient Protection and Affordable Care Act (ACA) in January 2014, several bills were introduced to deal with various aspects of the expansion. SGR tracked many bills relating to the ACA and took active positions on three bills relating to healthcare workforce and student health issues. **SB 491 (Hernandez)** authorizes a nurse practitioner to diagnose patients, perform therapeutic procedures, and prescribe drugs and devices to the full extent of their licensure. The University supported the bill, which remains in the Assembly Appropriations Committee as a two-year bill. **SB 493 (Hernandez)** proposes changes in the "scope of practice" for pharmacists who are licensed to practice in California. The bill also proposes a mechanism for recognition of advanced practice pharmacists (APP) and authorizes the California Board of Pharmacy to set the fee for the issuance and renewal of APP recognition. The University supported the bill, which was signed on October 1, 2013. **AB 314 (Pan)** would prohibit a lifetime or annual dollar limit on any health benefit for any participant or beneficiary of a health plan directly operated by a public or private college or university that directly provides health care services only to its students, faculty, staff, administration, and their respective dependents. When this bill was introduced, the UC Student Health Insurance Plan (UCSHIP) program managers were already contemplating lifting the caps on the UCSHIP program. The Chancellors of the 10 campuses took action in April 2013 to lift lifetime benefit caps in UCSHIP. UC maintained a concern position because the bill was amended to make sweeping changes that might impact UC employee coverage. The bill remains in the Senate Education Committee as a two-year bill.

Proposition 39 Implementation. A number of legislative measures were introduced this year that sought to implement programs and appropriate funds pursuant to Proposition 39, approved by voters in November 2012. SGR monitored up to ten bills in this area throughout the year, seeking to discern which measure might eventually emerge as the principal vehicle. Notable measures included **AB 29 (Williams)**, which the University supported, **AB 39 (Skinner)**, **SB 35 (Pavley)**, **SB 39 (DeLeon)** and **SB 267 (Pavley)**. Ultimately, Proposition 39 implementation for 2013-2014 was accomplished through the Budget Bill. However, SGR will continue to work with our supporters in the Legislature – and with our segmental partners, as appropriate – to

secure a portion of the Proposition 39 monies for UC's ongoing energy efficiency and sustainability initiatives.

Other Key Bills Followed Closely by UC

- Academic Affairs

AB 67 (Olsen) would encourage the Regents to refrain from increasing undergraduate tuition and mandatory statewide fees for California residents from the amounts charged in the 2012–13 fiscal year in either the 2013–14 or 2014–15 fiscal year if there is at least a five percent increase in state budget support for UC over the previous year. Additionally, the same fee restriction was requested in 2015-16 and 2016-17 if there is at least a four percent increase in the state budget support over the previous year. The University took an oppose position and expressed concerns to the author and committee staff about the serious shortfall in funding and impact on the quality of a UC education if the bill were implemented. The bill remains in the Assembly Appropriations Committee.

AB 475 (Brown) would define the term "licensing fees" for purposes of the Student Athlete Bill of Rights and would instead make those provisions applicable to intercollegiate athletic programs at four-year institutions of higher education in the state that receive, as an average, \$20 million or more in annual revenue derived from media rights and licensing fees for intercollegiate athletics. The University did not take a formal position on the bill but worked with the author and committee staff to make them aware of the collaborative work done by the University and other stakeholders on student athletes as part of last year's legislation, SB 1525 (Padilla). The bill remains in the Assembly Higher Education Committee.

AB 609 (Nestande) would enact the California Taxpayer Access to Publicly Funded Research Act. It would establish public access publication requirements for UC faculty and other researchers who receive state agency-funded research grants. The University supported the bill and worked closely with the author and other stakeholders to request an amendment seeking a twelve month embargo period. They accepted the amendment, but the bill failed passage and remains in the Senate Governmental Organization Committee.

AB 1162 (Frazier) would encourage postsecondary educational institutions to consider specified issues in adopting their policies related to contracts with banks and other financial institutions to disburse a student's financial aid award and other refunds onto a debit card, prepaid card, or preloaded card. The University did not take a formal position on this bill, but we did provide the

author and committee staff with information on our existing policies related to the limited use of debit cards at UC. The bill failed passage in the Senate Banking and Financial Institutions Committee.

AB 1348 (Pérez J) would, commencing July 1, 2014, establish the California Higher Education Authority to develop, present, and monitor postsecondary education goals for the state. The University expressed concern due to the lack of University representation on the governing board and proposed amendments to include representatives from the three higher education segments as well as other issues. The author made this a two-year bill.

AJR 20 (Pérez J) would urge Congress and the President of the United States to enact legislation to maintain the interest rate of 3.4% for Federal Direct Stafford Loans. The University supported the resolution, which was chaptered.

SB 58 (Cannella) would, from the 2013–14 fiscal year to the 2018–19 fiscal year, prohibit UC mandatory systemwide fees or tuition from exceeding the level of the mandatory systemwide fees or tuition charged to UC students for the 2011–12 fiscal year. Similar to AB 67 (Olsen), the University opposed the bill, expressing concerns to the author and committee staff about the impact on the quality of a UC education that would result from the serious shortfall this bill would impose. The bill remains in the Senate Education Committee.

SB 190 (Wright) would legalize professional and intercollegiate sports gambling in California. The University expressed concern on a prior bill, SB 1390, also by Senator Wright, that was held in the Assembly Appropriations Committee. SB 190 was introduced with language similar to SB 1390, and UC once again took a Concern position due to our view that the negative impacts on California student athletes, families, institutions, and businesses will be severe if gambling on intercollegiate sports is allowed. The bill remains in the Senate Appropriations Committee.

SB 290 (Knight) would allow members of the Armed Forces who are discharged in California and meet specified conditions to use their one-year waiver of nonresident tuition at CCC, CSU, or UC within two years of discharge rather than one year of discharge. The University requested the Governor's signature, and the Governor signed the bill on October 10, 2013.

SB 547 (Block) would direct the Academic Senates of UC, CSU, and CCC to begin developing online courses that satisfy the requirements of the Intersegmental General Education and Transfer Curriculum (IGETC). The University took a Support if Amended position on the bill, working closely with our Academic Senate, the author, and other stakeholders on proposed

amendments to provide incremental funds for needed infrastructure and technical support. The bill remains in the Senate Appropriations Committee.

SCA 5 (Hernandez) would eliminate the prohibition of using race, sex, color, ethnicity, or national origin on state discrimination or preference in the operation of public education. The University did not take a formal position on this bill but provided the author with technical support in policy committee. The bill remains in the Senate Appropriations Committee.

- Business Operations

AB 173 (Weber) would allow UC to award contracts for goods, services or information technology with a value between \$100,000 and \$250,000 to a certified small business, micro business, or disabled veteran business enterprise provided UC obtains at least two price quotes from these businesses. Under current law, the University is only authorized to contract with such entities in such an expedited manner on contracts less than \$100,000. This bill, which UC supported, was signed by the Governor.

AB 734 (Mansoor) would encourage the UC Regents to allow a student, selected by the University of California Student Association, to attend closed session meetings as a nonvoting, noncontributing participant. This bill was not set for hearing in policy committee.

SB 11 (Pavley) would reauthorize the Alternative and Renewable Fuel and Vehicle Technology and the Air Quality Improvement programs created pursuant to AB 118 (Nunez, Chapter 750, Statutes of 2007). The funding UC has received from AB 118 programs has provided critical support for advancing new ideas and innovations needed to achieve California's environmental policy goals. The University supported this measure, which remains pending as a two-year bill.

SB 135 (Padilla) would require the Office of Emergency Services, in collaboration with the California Integrated Seismic Network (CISN), to develop a comprehensive statewide earthquake early warning system in California. The UC Berkeley Seismological Lab has been a longstanding partner/contributor to the CISN and provided significant expertise during deliberations around this bill. This measure, which UC supported, was signed by the Governor.

SB 241 (Evans) would impose a 9.9% tax on the gross value of each barrel of oil severed in California. The tax would be administered by the Department of Conservation and require the department to deposit all revenues collected under the tax in the Oil Severance Fund in the State Treasury. Funds in the Oil Severance Fund would be continuously appropriated to the state's K-

12 and higher education institutions and state parks. This bill remains on the Senate Appropriations Committee's suspense file.

- Health Sciences and Services

AB 58 (Wieckowski) would continue the informed consent exemption for medical experimental treatment that benefits patients subject to life threatening emergencies. The University supported the bill, which was signed by the Governor on October 4, 2013.

AB 394 (Yamada) would extend until January 1, 2020, the opportunity for California taxpayers to voluntarily specify that a portion of their tax refund be contributed to the California Alzheimer's Disease and Related Disorders Research Fund. The University supported this bill, which the Governor signed on October 9, 2013.

AB 1286 (Skinner) would adjust the minimum contribution requirement for the California Breast Cancer Research Fund tax check-off. The University supported this bill, which the Governor signed on October 9, 2013.

SB 495 (Yee) would encourage UC to make student health centers a priority and to give consideration for additional compensation to the physicians who address student health care challenges. The University opposed the bill, which remains in the Assembly as a two-year bill.