



2018 Year-End Briefing UC Office of State Governmental Relations October 4, 2018

Annual Year-End Briefing recaps UC's legislative year

This 2018 edition of the University of California (UC) Office of State Governmental Relations (SGR) *Year-End Briefing* wraps up legislation that posed a “significant impact” to the University during the past year.

The University reviewed almost 2,700 new bill introductions and about 2,500 subsequently amended bills this year. SGR tracked approximately 580 “significant impact” measures in 2018 and UC took positions on over 60 measures that directly affected its academic affairs, business operations, and health sciences and services. SGR staff testified over 25 times in 15 different policy and fiscal committees. Additionally, SGR prepared many UC subject matter experts to testify in committee hearings.

Among the most significant legislation this year were bills sponsored by the University, including: AB 2311 (Arambula), which deletes the sunset on the UCLA International Medical Graduate Program (IMG) program; AB 3186 (Medina), which deletes the sunset on UC's existing Best Value Procurement pilot program; and AB 1840 (Assembly Budget Committee), which contains a provision that authorizes UC to provide services, benefits, and any other form of assistance aimed at furthering educational success for all of its enrolled students meeting eligibility requirements for any such program at the University. All three measures were signed by Governor Brown. The University only sought one gubernatorial veto: AB 2361 (Weber), which would have added extensive new reporting requirements on the UC and its contractors. The bill was vetoed by the Governor on September 30, 2018.

UC's 2018 Legislative Portfolio (Sponsored Legislation)

AB 2311 (Arambula) deletes the sunset on the UCLA IMG pilot program and permanently establishes the program. IMG program participants will be authorized to engage in supervised patient care activities and pursue residencies in underserved communities in California. The University co-sponsored the legislation for the pilot program with the Medical Board of California. The bill was signed by the Governor on July 20, 2018 (Chapter 144).

AB 3186 (Medina) eliminates the sunset on UC's existing Best Value Procurement pilot program, thus providing UC with ongoing authority to take in account factors other than just lowest cost in the procurement of goods and services. Going forward, as the use of the Best Value selection methodology grows, UC savings will be in the low millions of dollars annually – potentially reaching \$10 million to \$15 million per year in future years – as we save approximately 2% of the overall contract value for procurements done utilizing Best Value. The University sponsored this bill as a follow up to SB 1280 (Pavley) from 2012 that initiated the pilot, and requested the Governor's signature on the bill, which he signed on September 23, 2018 (Chapter 725).

AB 1840 (Assembly Budget Committee) authorizes UC to provide services, benefits, and any other form of assistance aimed at furthering educational success for all of its enrolled students meeting eligibility requirements for any such program the University, or its campuses, establishes. The University sponsored this provision in the bill, and the Governor signed the bill on September 17, 2018 (Chapter 426).

Major Legislation Focused on the University of California

AB 1435 (Gonzalez) would have established the College Athlete Protection Act. This bill would have established an appointed panel within the California Department of Education to create and distribute, to every institution of higher education (IHE) with an intercollegiate athletic program, best practices to minimize injuries, develop guidelines and mandates, perform compliance inspections, exercise subpoena power, investigate complaints, and issue penalties. The bill would have also required every IHE with an intercollegiate athletic program to pay an annual fee for the administration and activities of this panel. The University was deeply concerned with several provisions of the bill including the panel structure, student privacy issues, the broad authority and oversight given to the panel, individual civil penalties for violations of the Act, and the funding of the panel. When the bill was introduced in 2017, it passed the Assembly, but remained stationary in the Senate for over a year. The University had an Oppose position on the bill. In June 2018, the bill was amended and re-referred to the Senate Education Committee. None of the amendments addressed UC's concerns. Subsequently, the University submitted an opposition letter to the newest version of the bill. The University worked closely with campuses, California State University (CSU) and the private colleges and universities to stop the bill from moving forward. The bill was held in the Senate Education Committee.

AB 2041 (Caballero) urges the UC Regents to direct the Office of the Chief Investment Officer (OCIO) to use best efforts to encourage diversity, including a hiring strategy that requires that candidates from underrepresented groups be given full consideration whenever an OCIO position is to be filled, and requires that the OCIO's partner firms implement similar efforts and hiring strategies. SGR and UC Associate Chief Investment Officer Arthur Guimaraes and the Office of General Counsel (OGC) negotiated a compromise that was acceptable to both the University and the author. UC's proposed amendments were adopted in whole. The University requested the Governor's signature on the bill, which he signed on September 29, 2018 (Chapter 912).

AB 2192 (Stone) expands the California Taxpayer Access to Publicly Funded Research Act to include research grants by any state agency in the executive branch. The bill requires UC faculty and other researchers who receive a state agency-funded research grant to make final peer-reviewed manuscripts generated from the grant available to the public through an online digital repository no later than 12 months after publication. The University requested the Governor's signature on the bill, which he signed on September 7, 2018 (Chapter 296).

AB 2202 (Gray) establishes an endowment fund in the State Treasury authorizing public and private contributions to a fund for the creation, construction, and expansion of a branch campus of UC San Francisco, Fresno School of Medicine. The UCSF School of Medicine is not required to expand the UCSF Fresno branch campus until there is \$500 million in the fund and the State Controller and UC determine that these are sufficient for this purpose. In addition, funds to this endowment are to be supplemental to the UC budget and not supplant base funding. The

University supported the bill and requested the Governor's signature on the bill, which he signed on September 26, 2018 (Chapter 756).

AB 2220 (Bonta) would have required all intercollegiate athletic programs at UC, CSU, private postsecondary educational institutions, and independent institutions of higher education that provide athletic scholarships for student athletes to comply with the Student Athlete Bill of Rights (SABR). Currently, SABR only applies to IHEs with athletic programs that generate over \$10 million in media revenue derived from athletics related activities (television contracts, ticket sales, merchandise, etc.) SABR applies to only 5 athletics programs in California; University of Southern California (USC), Stanford University, UCLA, UC Berkeley, and San Diego State University (SDSU). This bill would have applied the provisions of SABR to all of UC's Division I athletic programs, which would have increased cost pressures on those programs dramatically. The University also had concerns about a right of action and duplicative complaint procedures. The University worked closely with campuses, CSU, and the private colleges and universities to stop the bill from moving forward. The University had an Oppose position on the bill. The bill was held in the Senate Appropriations Committee.

AB 2361 (Weber) would have instituted extensive new reporting requirements on the UC and its service contractors for specified service categories. Sponsored by AFSCME, the primary intent of this bill was to limit the University's ability to contract out for service by instituting reporting requirements that cannot be met. If AB 2361 had been signed by the Governor, UC would have experienced additional operating costs of approximately **\$26.7 million** in the first year, up to **\$52.6 million** in year two – and up to **\$74.6 million** in the third year after passage. The University requested the Governor to veto the bill, which he did on September 30, 2018.

AB 2477 (Rubio) would have required California Community Colleges (CCC) and CSU, and requested UC, to designate a Dream Resource Liaison on each of their respective campuses. The University supported the bill, which the Governor vetoed on September 26, 2018.

AB 2571 (Gonzalez) would have required that – after January 2019 – public investment funds (CalPERS, CalSTRS and UCRS) only make new or renewed investments in an alternative investment vehicle if the investment manager adopts and commits to a race and gender equity policy outlined in the bill. UC Office of Legislative Analysis and SGR worked with the OCIO's office and collected their feedback. SGR worked with the OCIO office and coordinated with CalPERS and CalSTRS, and determined appropriate next steps. The bill was held in the Assembly Public Employees, Retirement and Social Security Committee.

AB 2597 (Arambula) would have appropriated \$9,350,000 from the General Fund to UC to support Programs in Medical Education (PRIME). The bill was amended to allow UC to support it; however, the bill only provided one-time funding, and UC would have liked the funding to be ongoing. The bill was held in the Senate Appropriations Committee.

AB 2747 (Holden) would have allowed a higher education institution to create a "degree completion fund" and required institutions of higher education to provide student athletes with notice of their rights under various state and federal laws. The University had a position of Opposed Unless Amended on the bill. The University worked closely with campuses, CSU, and the private colleges and universities to suggest amendments to the author that would alleviate our concerns. The bill was held in the Senate Appropriations Committee.

AB 2836 (Gloria) requires UC to establish a systemwide Native American Graves Protection and Repatriation Act Implementation and Oversight Committee, with specified membership, and, for any campus subject to the federal act, a campus implementation committee, with specified membership. The bill requires UC, in consultation with the systemwide committee, to adopt and implement certain policies, procedures, and guidelines to better implement the federal act and to timely submit the policies, procedures, and guidelines to the Native American Heritage Commission for review and approval by July 1, 2019. The University had a Concern position on the bill, and the bill was signed by the Governor on September 27, 2018 (Chapter 823).

AB 3087 (Kalra) would have created the California Health Care Cost, Quality, and Equity Commission, an independent state agency, to control in-state health care costs and set the amounts accepted as payment by health plans, hospitals, physicians, physician groups, and other health care providers, among other things. The bill raised extensive concerns throughout the provider community. UC Health anticipated the bill could have cost more than one billion dollars to the health system, and assisted SGR with a fiscal analysis that was provided to the Appropriations committee. The bill was held in the Assembly Appropriations Committee.

AB 3153 (Levine) would have added the equivalent of two summer sessions at UC or CSU to be included in a Cal Grant A award. The University worked closely with the Assembly Higher Education Committee to craft language and clarifying amendments in partnership with the UC Student Association (UCSA) and the California Student Aid Commission (CSAC). The bill was sponsored by UCSA. The University supported the bill. The bill was held in the Senate Appropriations Committee.

ACA 13 (Eggman) would have excluded the Higher Education Assistance Fund from the appropriations subject to constitutional limitation (Gann limit), and also excluded revenues derived from a tax from being deemed to be General Fund revenues, state revenues, or General Fund proceeds of taxes for purposes of calculating the minimum funding requirements for school districts and community college districts (Prop. 98). The constitutional amendment was held in the Assembly.

ACA 26 (Weber) would have authorized the Legislature to suspend or expel a UC regent by resolution adopted by rollcall vote entered in the journal, with 2/3 of the membership of each house concurring. The constitutional amendment was held in the Assembly.

ACA 27 (Quirk-Silva) would have prohibited the reappointment of members appointed to the UC Board of Regents before March 4, 2020 to additional terms after that date and provided that members of the Regents appointed on or after that date serve 4-year terms, except for 5 appointive positions that would have been filled through appointments by the Governor, faculty, students, and classified employees of the University for 2-year terms. It would have required UC Office of the President (UCOP) to submit a written report to the Regents, the Governor, and the appropriate policy and fiscal committees of the Legislature specifying its receipts and expenditures for the immediately preceding fiscal year. It would also have required that an appropriation for UCOP be made only in the annual Budget Bill relating solely to that office, added the CCC Chancellor to the Regents as a voting ex officio member, and made the UC President a nonvoting ex officio member. It would have prohibited any officer or employee of the University, other than a faculty member, from receiving a compensation over \$200,000 per year unless approved by a vote of the Regents in a public meeting. The constitutional amendment was held in the Assembly Higher Education Committee.

ACA 31 (Cervantes) would have enacted the Public Executive Pay Reform Act of 2018 which would have prohibited an employee of a public employer, including UC, from receiving an annual base salary or pay rate that exceeds the salary of the Governor. The constitutional amendment was held in the Assembly Public Employees, Retirement and Social Security Committee.

ACR 80 (Allen) would have urged the UC Regents to reverse recently adopted tuition and fee increases for students at UC campuses statewide. The constitutional amendment was held in the Assembly.

SB 183 (Lara) adds immigration status to the list of covered classes of people afforded equal rights and opportunities in higher education institutions. The Governor signed the bill on September 26, 2018 (Chapter 779).

SB 237 (Hertzberg) requires the California Public Utilities Commission (CPUC) to expand the permissible capacity of the Direct Access program. The University participates in the Direct Access program, which is currently capped – and views our ability to participate more robustly in the program as an important element of our overall carbon-neutrality efforts. The University requested the Governor’s signature on the bill, which he signed on September 20, 2018 (Chapter 600).

SB 320 (Leyva) would have required UC Student Health Centers to make available abortion by medication by 2022. The bill provided grant funding to UC and CSU from 2019 to 2022 in support of readiness for implementation. UC determined that grant funds were insufficient to meet the cost estimates of pre-implementation costs. The bill was silent on a funding source for 2022 and beyond. In addition, UC determined that there are significant ongoing costs associated with implementing this bill. At the request of legislative fiscal committees, the Department of Finance, and the Governor’s office, UC provided a fiscal analysis which shows costs in the millions to the UC student health centers, and would cause student fee increases at implementation and beyond. The University had a Cost position on the bill. The bill was vetoed by the Governor on September 30, 2018.

SB 573 (Lara) would have authorized UC, CSU, and CCC to develop a student service program at each campus for specified students with financial need who qualify for the nonresident tuition exemption, including AB 540 students. The bill was held in the Assembly.

SB 862 (Mitchell), among numerous other unrelated provisions, contains a budget control language amendment to the UC main support item (644-001-0001, 2.1 (c) to extend until June 30, 2022, the availability of the \$4 million appropriated for legal services to undocumented and immigrant students, faculty, and staff. The bill also extends until June 30, 2021, availability of the \$12 million to support UC Davis research on Jordan’s Syndrome. The bill was signed by the Governor on September 17, 2018 (Chapter 449).

SB 866 (Budget & Fiscal Review) expands certain authorizations and requirements relating to employee organizations currently applicable to the Controller and employees of the state and CSU to apply also to UC, and correspondingly broadens the definition of an employee organization. The bill was signed by the Governor on June 27, 2018 (Chapter 53).

SB 940 (Beall) would have removed the requirement that foster youth apply for a Cal Grant within one year of high school graduation, and subsequently extended the length of time a foster youth is eligible for a Cal Grant from 4 years to 8 years. The University had a Support position on the bill. The bill was held in the Assembly Higher Education Committee.

SB 1152 (Hernandez) establishes new hospital discharge policies for homeless and mentally ill patients. At the request of legislative fiscal committees and the Department of Finance, UC provided a fiscal analysis indicating costs in the millions to UC medical centers. UC had a Cost position on the bill and the California Hospital Association (CHA) requested a veto from the Governor. The bill was signed by the Governor on September 30, 2018 (Chapter 981).

SB 1225 (Glazer) would have enacted the Higher Education Facilities Bond Act of 2018 for a \$2 billion General Obligation (GO) bond for UC and UC Hastings. The University supported the bill. The bill was held in the Assembly.

SB 1275 (Stern) would have enacted the Plan Against College Hunger Act of 2018 and established the Plan Against College Hunger Program to reimburse public postsecondary educational institutions that provide student meal plans at no cost to the students attending more than part-time and who are Cal Grant recipients. The bill was held in the Senate Appropriations Committee.

SB 1381 (Nielsen) would have enacted the Campus Free Expression Act, which would have declared that outdoor areas of public postsecondary educational institutions are traditional public forums. UC presented amendments to the author which would have removed our concerns and cost impacts. The author did not accept these amendments. The bill was held in the Senate Appropriations Committee.

SB 1440 (Hueso) establishes a biomethane procurement program that establishes goals for certain gas corporations to collectively procure up to 32 billion cubic feet of biomethane from a variety of in-state resources, and establishes a requirement to execute procurement contracts for biomethane – creating much needed, longer-term market certainty that current credit driven programs do not provide. At the request of the UC Energy Services Group, SGR adopted a Support position on this measure. The bill was signed by the Governor on September 23, 2018 (Chapter 739).

SCA 13 (Galgiani) would have prohibited UC – in any year in which it has more than 600 managerial employees earning more than the Governor’s salary (\$201,680, effective December 3, 2018) – from 1) increasing systemwide student tuition and fees, or 2) entering into a new services contract with a vendor paying wages lower than the rate of pay for UC employees performing similar work. The constitutional amendment was held in the Senate Education Committee.

SCA 14 (Hernandez) would have prohibited the reappointment of members appointed to the UC Board of Regents before June 6, 2018 to additional terms after the completion of their current terms and would have specified that new Regents appointed after that date serve only 4-year terms – with an opportunity to be reappointed to two additional terms. In addition, new UC faculty, student, and classified employee representatives would have been added to the Board of Regents (serving 2-year terms), commencing with the expiration of 12-year terms on March 1 of 2020, 2021, 2022, and 2024. It would have added the CCC Chancellor to the Regents as a voting

ex officio member, and provided that the UC President be a non-voting, rather than a voting, ex officio member. It would have required UCOP, on or before October 1 annually, to submit a written report to the Regents, the Governor, and the appropriate policy and fiscal legislative committees specifying its receipts and expenditures for the immediately preceding fiscal year, and would have required that an appropriation for UCOP be made only pursuant to an annual Budget Bill item relating solely to that office. The constitutional amendment was held in the Senate Education Committee.

Other Key Bills Followed Closely by UC

AB 1895 (Calderon) requires a CSU or UC campus participating in the DREAM Loan Program to adopt procedures for a borrower to select an income-based repayment plan for the repayment of a DREAM loan. The University raised concerns around the high cost of implementing and administering an income-based repayment program for DREAM loan recipients to the author's office. The Governor signed the bill on September 26, 2018 (Chapter 747).

AB 1896 (Cervantes) includes within the definition of "sexual assault counselor" a person who is engaged in a program on the campus of a public institution of higher education, whose primary purpose is the rendering of advice or assistance to victims of sexual assault and who has met specified qualifications. The bill was signed by the Governor on July 18, 2018 (Chapter 123).

AB 1951 (O'Donnell) would have required the Superintendent of Public Instruction (SPI) to approve one or more nationally recognized high school assessments that a local education agency (LEA) may, at its own discretion, administer in lieu of the grade 11 Smarter Balanced Summative Assessment (SBAC). The University did not take a position on the bill, but was responsive to requests for information by the Governor's office. The bill was vetoed by the Governor on September 28, 2018.

AB 2248 (McCarty) requires CSAC to notify in writing a Cal Grant award recipient that, if he or she takes less than 15 semester units or the equivalent per semester or the equivalent or less than 30 semester units or the equivalent per academic year, he or she will not graduate in 4 years. The University has a Neutral position on the bill. The Governor signed the bill on September 26, 2018 (Chapter 758).

AB 2374 (Kiley) would have required CCC and CSU, and requested UC, campuses to make and disseminate free speech statements that affirm the importance of and commitment to promoting freedom of expression. The University had a Support position on the bill. The bill was held in the Assembly Appropriations Committee.

AB 2771 (Eggman) would have enacted the Higher Education Facilities Bond Act of 2020 to authorize the issuance of \$7 billion in state GO bonds for the construction, reconstruction, and remodeling of facilities at UC, UC Hastings, and CSU. The bill was held in the Senate.

AB 3160 (Grayson) would have allocated \$2.5 million to UC to place science advisors in underserved counties within state responsibility areas to build capacity to deliver structural hardening, defensible space, forest fire resiliency, and carbon sequestration, in consultation with interested public/private entities, and reduced greenhouse gas (GHG) emissions. The bill was held in the Senate Natural Resources and Water Committee.

SB 783 (Pan) would have requested UC to establish the Pension Divestment Review Program (PDRP) to provide expert, independent, and dispassionate review of legislative proposals affecting the investment earnings of public employee pension funds towards balancing the constitutional authority granted to the legislature and public employee pension funds. After consultation with the OCIO's office, SGR adopted a Neutral position on this measure. The bill was held in the Assembly Appropriations Committee.

SB 968 (Pan) would have requested UC and required CSU, CCC, and qualifying independent higher education institutions to hire one full-time equivalent mental health counselor per 1,500 students at each campus. The bill was vetoed by the Governor on September 23, 2018.

SB 1185 (Hill) would have required a law enforcement agency to adopt a written procedure to account for firearms that are owned, acquired, maintained, sold, loaned, lost, stolen, or in any way possessed by that agency. The bill was held in the Senate Appropriations Committee.

SB 1186 (Hill) would have required law enforcement agencies to submit a proposed Surveillance Use Policy to its governing body at a regularly scheduled open public hearing, and to cease using the surveillance technology within 30 days if the proposed plan is not adopted. The bill was held in the Assembly Appropriations Committee.

SB 1227 (Skinner) requires a density bonus to be provided to a developer that agrees to construct an off-campus housing development in a city or county in which 20 percent of the units in the development will be used for low-income students enrolled full-time at an institution of higher education, if the developer enters into an agreement with an institution of higher education where a percentage of the units are used for lower income students, provided at a specified rent level; and provides priority for students experiencing homelessness. The bill was signed by the Governor on September 29, 2018 (Chapter 937).