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CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 1413

Introduced by Assembly Members Portantino and Brownley

(Principal coauthor: Senator Romero)

**(Coauthors: Assembly Members Beall, Berg, DeVore, Huffman,
Leno, Levine, Lieber, and Ruskin)**

(Coauthor: Senator Padilla)

February 23, 2007

An act to amend ~~Sections 66600 and~~ *Section* 66602 of, and to add Sections 66602.8 and 89504.7 to, the Education Code, relating to public postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

AB 1413, as amended, Portantino. Public postsecondary education: California State University: trustees.

(1) Existing law establishes the California State University, under the administration of the Trustees of the California State University, as one of the segments of public postsecondary education in this state.

This bill would express findings and declarations of the Legislature, as well as the intent of the Legislature, relating to executive compensation of top officials of the California State University ~~and the ethical standards of the trustees.~~

(2) Under existing law, the trustees are composed of a total of 25 members, which include 5 specified ex officio members, a representative of the alumni associations of the university, 16 members appointed by the Governor, subject to confirmation by $\frac{2}{3}$ of the membership of the Senate, for 8-year terms, and 2 California State University students and one California State University faculty member appointed by the Governor for 2-year terms.

This bill would authorize any ex officio trustee to designate a *staff* person to attend a meeting or meetings of the board in his or her absence and to act on his or her behalf at that meeting or those meetings. *The bill would prohibit an ex officio trustee from designating more than one staff person to attend board meetings in any calendar year.*

(3) Existing law authorizes the trustees to select a chief executive officer for the university, known as the Chancellor of the California State University, to employ other officers and employees, and to delegate powers and responsibilities to these individuals. Existing law authorizes the university to operate 25 institutions of higher education at designated locations throughout the state.

This bill would prohibit the trustees, on and after January 1, 2008, from approving a contract for the hiring of an executive officer, as defined, unless and until that contract and its terms are adopted, by resolution, in a duly noticed meeting of the board.

The bill would require that, to the extent that the trustees provide executive officer compensation in the form of transition pay at the time an executive officer, as defined, ceases to perform his or her regular duties, that transition pay would not exceed the compensation, as defined, being received by that executive officer in the last year of regular duties, and would only be paid for actual duties performed. The bill would provide that, to the extent the trustees provide executive compensation in the form of trustee professorships at the time an executive officer, as defined, ceases to perform his or her regular duties, no compensation, as defined, would be paid unless it is paid in consideration for actual teaching and does not exceed the amount a full professor of the California State University would be paid for a similar teaching assignment. *The bill would exempt from these provisions employment agreements approved by the trustees prior to January 1, 2008.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The Legislature finds and declares that reports
2 regarding executive compensation for the top officials of the
3 California State University system reveal a need for improved
4 communication between the Trustees of the California State
5 University and the Legislature and the need for immediate reforms
6 related to excess compensation.

7 (b) Therefore, it is the intent of the Legislature to allow for
8 improved communication between the California State University
9 and the Legislature, and to make some immediate reforms in
10 executive compensation.

11 ~~SEC. 2. Section 66600 of the Education Code is amended to~~
12 ~~read:~~

13 ~~66600. The California State University shall be administered~~
14 ~~by a board designated as the Trustees of the California State~~
15 ~~University, which is hereby created. It is the intent of the~~
16 ~~Legislature that the trustees shall be held to appropriate ethical~~
17 ~~standards relating to any conflict of interest between the private~~
18 ~~interests of each member and the business of the university. It is~~
19 ~~further the intent of the Legislature to enact legislation if, after~~
20 ~~additional review of the California State University, the Legislature~~
21 ~~finds the enactment of a statute governing ethical standards of the~~
22 ~~trustees to be necessary and appropriate.~~

23 ~~SEC. 3.~~

24 ~~SEC. 2.~~ Section 66602 of the Education Code is amended to
25 read:

26 66602. (a) (1) The board shall be composed of the following
27 five ex officio members: the Governor, the Lieutenant Governor,
28 the Superintendent of Public Instruction, the Speaker of the
29 Assembly, and the person named by the trustees to serve as the
30 Chancellor of the California State University; a representative of
31 the alumni associations of the state university, selected for a
32 two-year term by the alumni council, California State University,
33 which representative shall not be an employee of the California
34 State University during the two-year term; and 16 appointive
35 members appointed by the Governor and subject to confirmation
36 by two-thirds of the membership of the Senate.

37 (2) Any ex officio member of the board may designate a *staff*
38 person to attend a meeting or meetings of the board in his or her

1 absence and to act on his or her behalf at that meeting or those
2 meetings. *No more than one staff person may be designated under*
3 *this paragraph to attend board meetings in any calendar year.*

4 (b) (1) Two students from the California State University, who
5 shall have at least a junior year standing at the institutions they
6 attend, and who remain in good standing as students during their
7 respective terms, shall also be appointed by the Governor for
8 two-year terms.

9 (2) In the selection of students as members of the board, the
10 Governor shall appoint the students from lists of names of at least
11 two, but not more than five, persons furnished by the governing
12 board of any statewide student organization that represents the
13 students of the California State University and the student body
14 organizations of the campuses of the California State University.
15 Any appointment to fill a vacancy of a student member shall be
16 effective only for the remainder of the term of the person's office
17 that became vacated.

18 (3) The term of office of one student member of the board shall
19 commence on July 1 of an even-numbered year and expire on June
20 30 two years thereafter. The term of office of the other student
21 member of the board shall commence on July 1 of an
22 odd-numbered year and expire on June 30 two years thereafter.
23 Notwithstanding paragraph (1), a student member who graduates
24 from his or her college or university on or after January 1 of the
25 second year of his or her term of office may serve the remainder
26 of the term.

27 (4) During the first year of a student member's term, a student
28 member shall be a member of the board and may attend all
29 meetings of the board and its committees. At these meetings, a
30 student member may fully participate in discussion and debate,
31 but may not vote. During the second year of a student member's
32 term, a student member may exercise the same right to attend
33 meetings of the board, and its committees, and shall have the same
34 right to vote as the members appointed pursuant to subdivision
35 (a).

36 (5) Notwithstanding paragraph (4), if a student member resigns
37 from office or a vacancy is otherwise created in that office during
38 the second year of a student member's term, the remaining student
39 member shall immediately assume the office created by the vacancy
40 and all of the participation privileges of the second-year student

1 member, including the right to vote, for the remainder of that term
2 of office.

3 (c) (1) A faculty member from the California State University,
4 who shall be tenured at the California State University campus at
5 which he or she teaches, shall also be appointed by the Governor
6 for a two-year term. In the selection of a faculty member as a
7 member of the board, the Governor shall appoint the faculty
8 member from a list of names of at least two persons furnished by
9 the Academic Senate of the California State University.

10 (2) The faculty member of the board appointed by the Governor
11 pursuant to this subdivision shall not participate on any
12 subcommittee of the board responsible for collective bargaining
13 negotiations.

14 (3) The term of office of the faculty member of the board shall
15 commence on July 1, and shall expire on June 30 two years
16 thereafter.

17 ~~SEC. 4.~~

18 *SEC. 3.* Section 66602.8 is added to the Education Code, to
19 read:

20 66602.8. (a) Notwithstanding any other provision of law, on
21 and after January 1, 2008, the board is not authorized to approve
22 a contract for the hiring of an executive officer unless and until
23 that contract and its terms are adopted, by resolution, in a duly
24 noticed meeting of the board.

25 ~~(b) As used in this section, "executive officer" includes, but is~~
26 ~~not necessarily limited to, the Chancellor of the California State~~
27 ~~University, a vice chancellor or an executive vice chancellor of~~
28 ~~the university, the general counsel of the university, or a president~~
29 ~~of a campus.~~

30 *(b) As used in this section:*

31 *(1) "Contract" means the terms and conditions of employment*
32 *agreements.*

33 *(2) "Executive officer" includes, but is not necessarily limited*
34 *to, the Chancellor of the California State University, a vice*
35 *chancellor or an executive vice chancellor of the university, the*
36 *general counsel of the university, or a president of a campus.*

37 ~~SEC. 5.~~

38 *SEC. 4.* Section 89504.7 is added to the Education Code, to
39 read:

1 89504.7. (a) To the extent that the trustees provide executive
2 officer compensation in the form of transition pay at the time an
3 executive officer ceases to perform his or her regular duties, that
4 transition pay shall not exceed the compensation being received
5 by that executive in the last year of regular duties, and shall only
6 be paid for actual duties performed.

7 (b) To the extent that the trustees provide executive officer
8 compensation in the form of trustee professorships at the time an
9 executive officer ceases to perform his or her regular duties,
10 compensation shall not be paid unless it is paid in consideration
11 for actual teaching. This compensation shall not exceed the amount
12 a full professor of the California State University would be paid
13 for a similar teaching assignment.

14 (c) As used in this section:

15 (1) "Compensation" includes, but is not necessarily limited to,
16 salary, pension benefits, and automobile and housing allowances.

17 (2) "Executive officer" includes, but is not necessarily limited
18 to, the Chancellor of the California State University, a vice
19 chancellor or an executive vice chancellor of the university, the
20 general counsel of the university, or a president of a campus.

21 (d) *Subdivision (a) and (b) shall not apply to employment*
22 *agreements approved by the trustees prior to January 1, 2008.*