

# Auxiliaries and Public Records Act

Auxiliaries Organization Association (AOA)

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# Overview

- The Politics of the Issue
- Policy Issues
- Legislative Activity
- What's Next

# Politics of the Issue

- Private and Public Sector Excesses
  - Distrust of financial institutions
  - “Special deals” like UC provides to executives, AIG and the like
- Transparency and Accountability
  - Mom and Apple Pie
  - Easy message to legislators, voters, press

# Politics of the Issue

- Tough Economic Times
  - Best use of resources
  - Alternative to General Fund
- Union Agenda
  - Motivate membership
  - Cannot get more money, redirect
  - Way to harass administration
  - Create doubt

# Policy Issues

- System and campus public entities
  - CSU is a public entity accountable to state
- Budget Oversight by Legislature
  - Significant money controlled by auxiliaries
    - No public scrutiny or legislative oversight of one-third of our budget

# Policy Issues

- Public Records Act
  - Put in place to protect the interests of the people
    - What do we have to hide?
- Auxiliaries and Foundations
  - What role do they play that is different?
    - Why should they be exempt from CPRA?
    - Used simply to circumvent accountability?

# Legislative Activity

- Senate Bill 218 (Yee – 2009)
  - Provide transparency and accountability
    - Simple message to tell
    - Hard to Oppose
  - Campus-based examples, whether related or not
    - Fresno, Sonoma, Sacramento

# Legislative Activity

- Supported by unions, publishers
  - Powerful constituent for the democratic leadership
- Opposition only segments
  - The culprits that need the oversight in the first place!
- Lots of press attention for sponsors and author
  - Press loves a good conflict and controversy

# Outcome of SB 218

- Adopted by Senate Assembly
  - NO votes: One in Senate, NONE in Assembly
  - Amended to protect anonymous donors in Senate
- Vetoed by Governor
  - Priority for CSU, UC and CCC

# New Year, New Fun

- SB 330 (Yee – 2010)
  - “Gut and amend” to reintroduce SB 218
  - Avoids need for 2/3 vote for veto override
- Likely to pass legislature, again
  - Continued media and legislative attacks
  - Fostering mistrust of the segments
- Likely to get veto, again, maybe
  - Last year of Administration

# Strategy for 2010

- Same approach as 2009?
  - Win the battle, lose the war
  - Bad press, messages about CSU all year
  - Another Schwarzenegger veto
- What About 2011?
  - New Governor , New Legislators
    - Jerry Brown, current Attorney General?
    - Unions' activity with new legislators?

# Strategy Alternatives

- **Alternative #1 – Stay the Course**
  - Same outcome, for now
- **Alternative #2 – Improve our Approach**
  - More campus-based advocacy
    - Find non-segment opponents? Possible?
  - Develop a better way to demonstrate, explain value, role of auxiliaries
    - Why CPRA would hurt the auxiliaries operations?
    - Why is separate important?

# Strategy Alternatives

- **Alternative #3: Offer Transparency and Accountability**
  - Legislators may want to help but cannot “buck” arguments in support
  - Legislators and staff do not understand role of auxiliaries
    - Also do not want to jeopardize non-state funds
  - Option: measure for greater transparency and accountability without changing auxiliaries’ role and function
    - Legitimate option for elected officials, Governor

# Higher Education Option

- **Alternative #3: Offer Transparency and Accountability**
  - Statutory requirements for:
    - Financial reporting and audits
    - Auxiliary board membership, meetings
    - Others?
  - No change to auxiliaries operations, not subject to CPRA but commitment to more openness

# What's Next

- SB 330 in Senate Judiciary today
  - Cannot stop that train
- 2010 Strategy
  - CSU (and UC and CCC) need to consider alternatives including risk under new Administration
  - Alternative #3 needs to explored, developed with Chancellor's Office, AOA, and business officers
    - New legislative proposals need to be to legislative Counsel by end of the month and in print by late February

# Conclusion

- Politics, policy issues not likely to simply go away
  - Attorney General investigations pending
- Legislation already in play
  - CSU needs to decide its best approach to preventing long-term damage to our auxiliaries
- Protecting the organizations may require change, compromise